

CASE 6787: OCD ON ITS OWN MOTION TO CON-
SIDER APPROVAL OF 31 NON-STANDARD PROBATION
UNITS FOR 320-ACRE AND 160-ACRE
SPACED POOLS. RIO ARriba COUNTY. N.M.

READVERTISED

AND

CONTINUED TO JANUARY 30

CONTINUE TO FEBRUARY 27

CASE NO.

6787

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION ON ITS OWN MOTION TO
CONSIDER ESTABLISHING NON-STANDARD
PRORATION UNITS, RIO ARriba COUNTY,
NEW MEXICO.

CASE NO. 6787
ORDER NO. R-6287

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 27, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of March, 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 Sections 1 through 7 and 18, 19, 30, and 31 of Township 28 North, Range 3 West, Rio Arriba County, New Mexico, are irregular sections resulting from variations in the United States Public Lands Survey.

(3) That, in order to ensure systematic development and thereby prevent waste and protect correlative rights, the Division should establish individual proration units in said sections for wells completed in or to be completed in 160-acre and 320-acre spaced gas pools which underlie or may subsequently be developed thereunder.

(4) That the acreage contained in each individual proration unit should be based on the latest official surveys and resurveys accepted by the Federal Bureau of Land Management.

(5) That any non-standard proration unit previously approved for any existing well within said sections and inconsistent with those proposed in this case should be

Case No. 6767
Order No. R-6287

superseded and the non-standard proration unit proposed in this case should be substituted in its stead.

(6) That the effective date of this order and of any non-standard gas proration unit granted hereunder or the supersadure of previously authorized non-standard gas proration units should be April 1, 1980.

IT IS THEREFORE ORDERED:

(1) That the following non-standard gas proration units are hereby established for 320-acre spaced gas pools currently underlying or subsequently developed under the tracts listed below, Rio Arriba County, New Mexico.

TOWNSHIP 28 NORTH, RANGE 3 WEST, NMPM

<u>Tract</u>	<u>Acreage</u>	<u>Section(s)</u>	<u>Description</u>
A	334.24	1	lots 1 through 4 and S/2 N/2
		2	lot 1 and SE/4 NE/4
B	320.02	2	lots 2, 3, and 4, S/2 NW/4 and SW/4 NE/4
		3	lots 1 and 2 and S/2 NE/4
C	325.29	3	lots 3 and 4 and S/2 NW/4
		4	lots 1, 2, and 3, S/2 NE/4 and SE/4 NW/4
D	326.65	4	lot 4 and SW/4 NW/4
		5	lots 1 through 4 and S/2 N/2
E	261.51	6	lots 1 through 5, S/2 NE/4, and N/2 SE/4
F	297.73	6	lot 6 and S/2 SE/4
		7	lots 1 and 2 and NE/4
G	299.23	7	lots 3 and 4 and SE/4
		18	lot 1 and N/2 NE/4
H	299.11	18	lots 2, 3, and 4, S/2 NE/4, and SE/4

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Case No. 6787

Order No. R-6287

<u>Tract</u>	<u>Acreage</u>	<u>Section(s)</u>	<u>Description</u>
I	298.82	19	lots 1, 2, and 3, NE/4 and N/2 SE/4
J	299.13	19 30	lot 4 and S/2 SE/4 lots 1 and 2 and NE/4
K	305.05	30 31	lots 3 and 4 and SE/4 lots 1, 2, and 3
L	305.97	31	lots 4, 5, and 6, S/2 NE/4, and SE/4

(2) That the following non-standard gas proration units are hereby established for 160-acre spaced gas pools currently underlying or subsequently developed under the tracts listed below, Rio Arriba County, New Mexico.

TOWNSHIP 28 NORTH, RANGE 3 WEST, NMPM

<u>Tract</u>	<u>Acreage</u>	<u>Section(s)</u>	<u>Description</u>
A	162.65	1	lots 1, 2, and 3 and S/2 NE/4
B	168.89	1 2	lot 4 and S/2 NW/4 lot 1 and SE/4 NE/4
C	168.24	2	lots 2 and 3, S/2 NW/4, and SW/4 NE/4
D	191.78	2 3	lot 4 lots 1 and 2, S/2 NE/4 and SE/4 NW/4
E	194.85	3 4	lots 3 and 4 and SW/4 NW/4 lot 1 and S/2 NE/4
F	195.61	4 5	lots 2, 3, and 4, and S/2 NW/4 SE/4 NE/4
G	195.95	5	lots 1, 2, and 3, S/2 NW/4 and SW/4 NE/4

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Case No. 6787
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<u>Tract</u>	<u>Acreage</u>	<u>Section(s)</u>	<u>Description</u>
H	187.94	5 6	lot 4 lots 1 through 4 and S/2 NE/4
I	198.21	6	lots 5 and 6 and SE/4
J	198.62	7	lots 1 and 2 and NE/4
K	199.38	7	lots 3 and 4 and SE/4
L	199.62	18	lots 1 and 2 and NE/4
M	199.34	18	lots 3 and 4 and SE/4
N	199.21	19	lots 1 and 2 and NE/4
O	199.23	19	lots 3 and 4 and SE/4
P	199.51	30	lots 1 and 2 and NE/4
Q	199.60	30	lots 3 and 4 and SE/4
R	207.57	31	lots 1 through 4 and S/2 NE/4
S	203.85	31	lots 5 and 6 and SE/4

(3) That Division Administrative Order No. NWU 3-666 granting a 130.53-acre non-standrd Pictured Cliffs gas proration unit to the Jerome P. McHugh Burke Well No. 2 located in lot 2 of said Section 5 is hereby superseded and the non-standard gas proration unit described as Tract G in Order (2) above shall be dedicated to said well.

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Case No. 6787
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(4) That Division Administrative Order No. NWU 3-619 granting a 162.41-acre non-standard Pictured Cliffs gas proration unit to the Jerome P. McHugh Jicarilla 28-3 Well No. 1 located in Unit G of said Section 6 is hereby superseded and the non-standard gas proration unit described as Tract H in Order (2) above shall be dedicated to said well.

(5) That the 199.51-acre non-standard gas proration unit described as Tract P in Order (2) above shall be dedicated to the Southland Royalty Company Jicarilla 449 well No. 1 located in Unit B of said Section 30.

(6) That the operators of the three wells identified in Orders (3), (4), and (5) above shall on or before June 1, 1980, file revised Division Form C-102s for such wells reflecting the revised dedicated acreage in conformance with this order.

(7) Failure to file such revised Form C-102s shall subject said well(s) to cancellation of their allowable.

IT IS FURTHER ORDERED:

(1) That the effective date of this order and of the non-standard gas proration units created or superseded hereby shall be April 1, 1980.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

fd/

TOWNSHIP 28 NORTH, RANGE 3 WEST

320-ACRE SPACED UNITS

L A 305.97
 K B 305.05
 J C 299.13
 Z D 298.82
 H E 299.11
 G F 299.23
 F G 297.73
 E H 261.51
 D I 326.65
 C J 325.29
 B K 320.02
 A L 334.24

Case #6787
 examiner bearing
 exhibit #2

BEFORE EXAMINER STAMETS
 OIL CONSERVATION DIVISION
 EXHIBIT NO. 2

CASE NO. 6787

Submitted by Chan

Hearing Date 2-27-80

	25.56	25.57	25.53	25.42	25.32	25.21	25.17	25.21	25.23	25.27	25.04	24.54	24.12	23.81	23.85	24.06	24.18	24.17	22.42	26.13	27.55			
4	E			D					C						B					A				
6																								
6																								
1	BF																							
2																								
3																								
4	D		ALL SUBDIVISIONS STANDARD UNLESS SHOWN OTHERWISE																					
1																								
2																								
3	H																							
4																								
1																								
2	I																							
3																								
4																								
1	J																							
2																								
3																								
4	K																							
4			41.59	42.83	44.02	45.27	40.13	40.49	40.71	40.85														
3	2 1																							
4																								
5																								
6																								
	Southland Royalty										Jicarilla 449 #2										203.85 Ac.		305.97 AC	

RANGE 3 WEST

CO UNITS

305.97

305.05

299.13

298.82

299.11

299.23

297.73

261.51

326.65

325.29

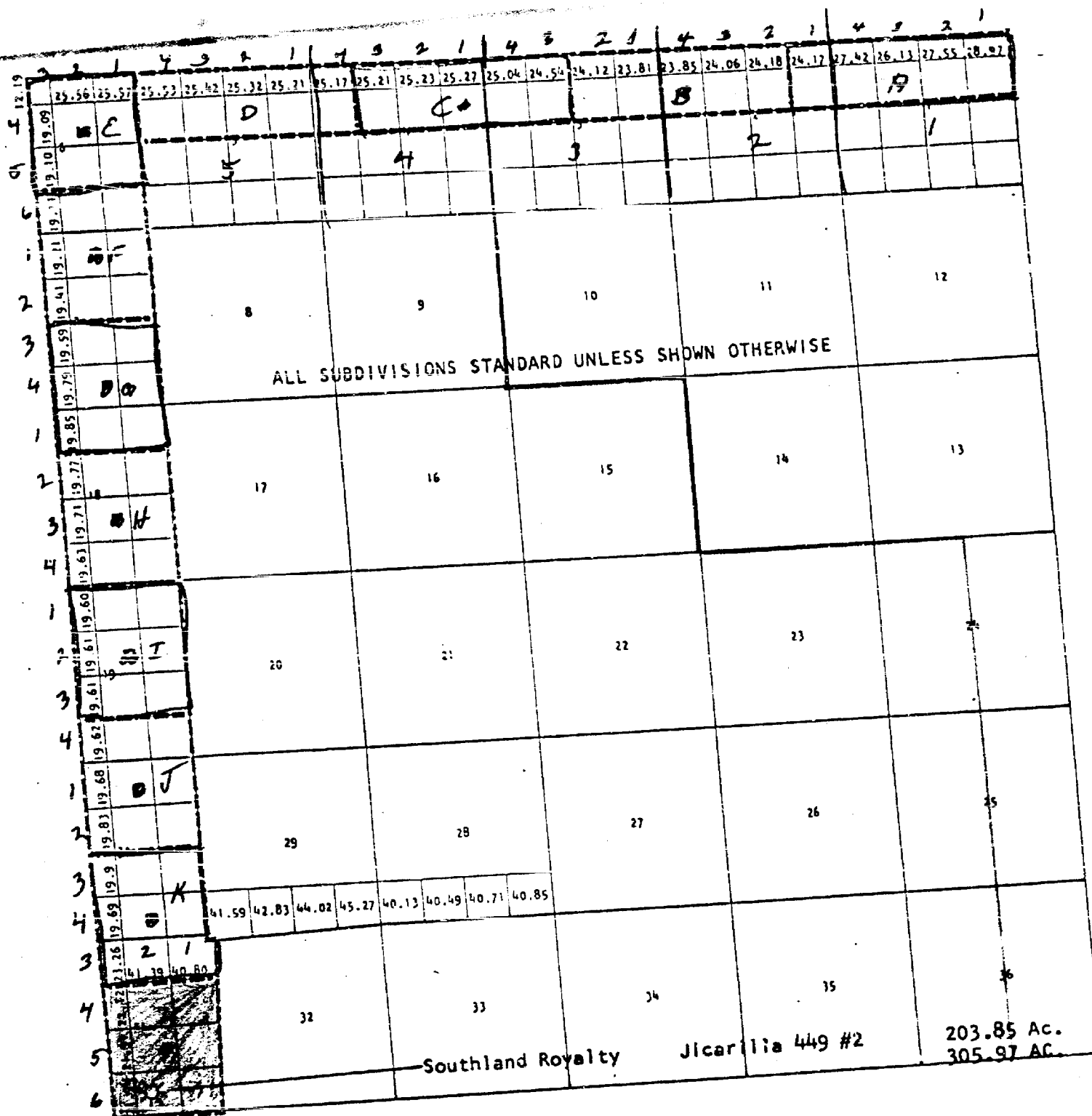
320.02

334.24

ER STAMETS
ON DIVISION
NO. 2

6787

2-27-80



TOWNSHIP 28 NORTH, RANGE 3 WEST

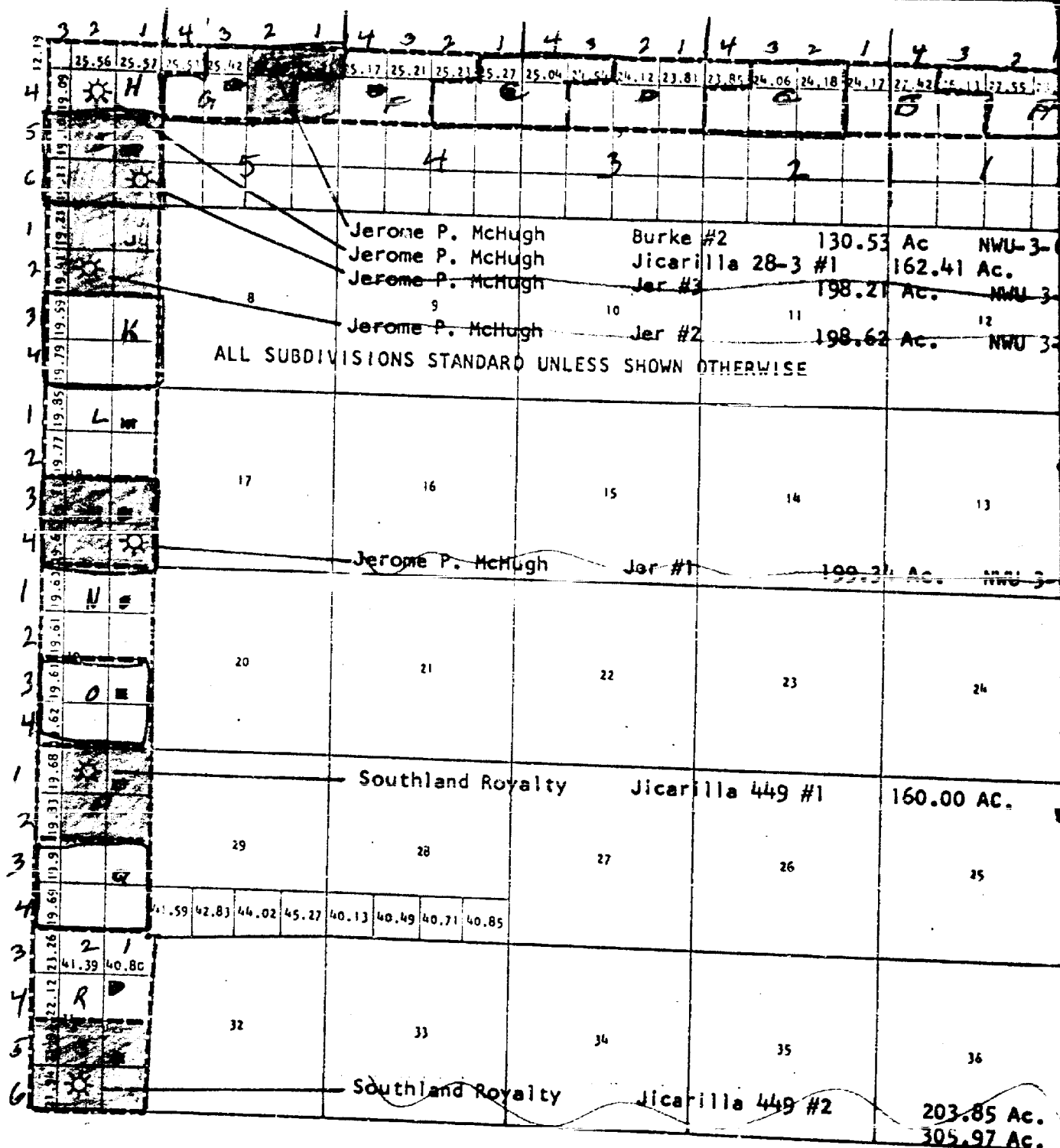
160-ACRE

SPACED

UNITS

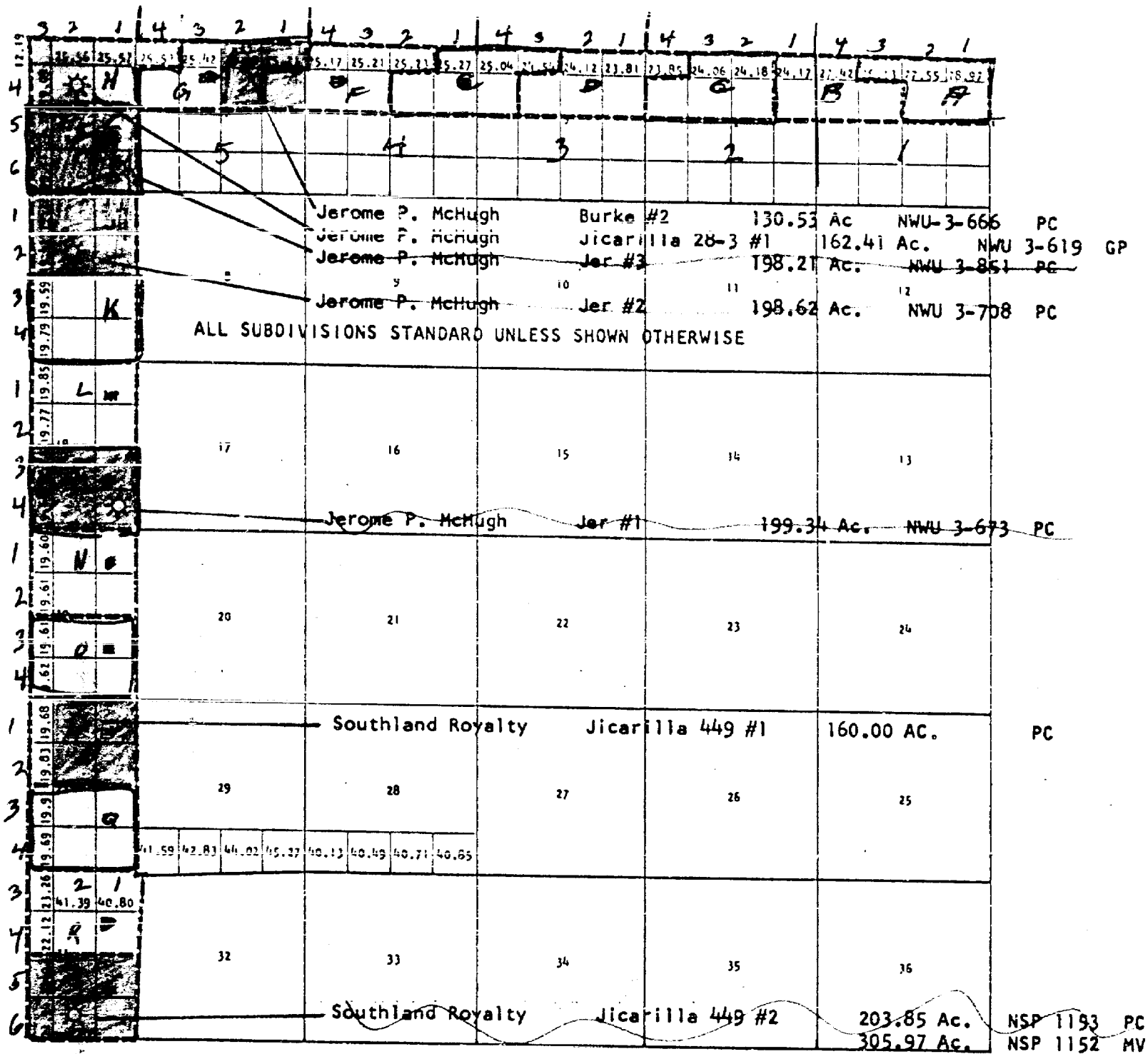
A S 203.85
B R 207.57
C Q 199.60
D P 199.51
E 199.23
F N 199.21
G M 199.34
H L 199.62
I K 199.38
J T 198.62
K I 198.21
L H 187.94
M G 195.95
N F 195.61
O E 194.85
P D 191.78
Q C 168.24
R B 168.89
S A 162.65

Case # 6787
BEFORE EXAMINER STAMENS
OIL CONSERVATION DIVISION
EXHIBIT NO. 1
CASE NO. 6787
Submitted by Chris
Hearing Date 2-27-80



RANGE 3 WEST

S 203.85
R 207.57
Q 199.60
P 199.51
D 199.23
N 199.21
M 199.34
L 199.62
K 199.38
J 198.62
I 198.21
H 187.94
G 195.95
F 195.61
E 194.85
D 191.78
C 168.24
B 168.89
A 162.65



TOWNSHIP 28 NORTH, RANGE 3 WEST

160-ACRE	A	203.85
SPACED	B	207.57
UNITS	C	199.60

Case #6781
Examiner Hearing

BEFORE EXAMINER STAMETS
CIL CONSERVATION DIVISION
EXHIBIT NO. 1
CASE NO. 6787
Submitted By *Chap*
Hearing Date 2-27-24

	5	4	3	2	1
A 203.85					
B 207.57					
C 199.60					
D 199.51					
E 199.23					
F 199.21					
G 199.34					
H 199.62					
I 199.38					
J 198.62					
K 198.21					
L 187.94					
M 195.95					
N 195.61					
O 194.85					
P 191.78					
Q 168.24					
R 168.89					
S 162.65					

Jerome P. McHugh Burke #2 130.53 Ac NWU-3-6

Jerome P. McHugh Jicarilla 28-3 #1 162.41 Ac.

Jerome P. McHugh Jer #3 198.21 Ac. NWU 3-

Jerome P. McHugh Jer #2 198.62 Ac. NWU 3-

ALL SUBDIVISIONS STANDARD UNLESS SHOWN OTHERWISE

Jerome P. McHugh Jer #1 199.34 Ac. NWU 3-6

Southland Royalty Jicarilla 449 #1 160.00 AC.

Southland Royalty Jicarilla 449 #2 203.85 Ac.

305.97 Ac.

162.65

	L	M	N	O	P	Q	R	S
					3		2	1
Jerome P. McHugh	Burke #2	130.53 Ac.	NWU-3-666	PC				
Jerome P. McHugh	Jicarilla 28-3 #1	162.41 Ac.	NWU 3-619	GP				
Jerome P. McHugh	Jer #3	198.21 Ac.	NWU 3-851	PC				
Jerome P. McHugh	Jer #2	198.62 Ac.	NWU 3-708	PC				
ALL SUBDIVISIONS STANDARD UNLESS SHOWN OTHERWISE								
17	16	15	14	13				
Jerome P. McHugh	Jer #1	199.34 Ac.	NWU 3-673	PC				
20	21	22	23	24				
Southland Royalty		Jicarilla 449 #1	160.00 AC.	PC				
29	28	27	26	25				
32	33	34	35	36				
Southland Royalty		Jicarilla 449 #2	203.85 Ac. 305.97 Ac.	NSP 1153 PC NSP 1152 MV				

A	305.97
B	305.05
C	299.13
D	298.82
E	299.11
F	299.23
G	297.73
H	261.51
I	326.65
J	325.29
K	320.02
L	334.24

Case # 6787
examiner bearing
exhibit # 2

BEFORE ENGINEER STAMETS
OIL CONDEMNATION DIVISION
EXHIBIT NO. 2
CASE NO. 6787
Submitted by Dave
Hearing Date 2-27-80

[illegible]

AS

NSP 1153 PC
NSP 1152 MV

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date FEBRUARY 27, 1980 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
E.R. Manning	El Paso Natural Gas	El Paso, TX
William L. Carr	Campbell Black, P.A.	Santa Fe
Pano is white	Beard Oil Co.	Artesia, N.M.
Wm. P. Aycock	Kathco, American Assoc.	Midland
Tommy Ph. pp	Alpha Technology Prod. Co.	MIDLAND
James L. Carr	Kirkley Saw Firm	Windham
R. A. Lawrence	Maralo, Inc.	Midland
J. B. Christy	Laguna Pet	Rowell
Stephen Christman	Oil, Molasses, and Estate of Christy	Albuquerque
James Hull	Shell Oil Co.	Houston
A. F. Osborne	Shell Oil Co.	Houston
R. R. Fors	Shell Oil Co.	Houston
A. J. Fore	Shell Oil Co.	Houston
W. I. Kellahin	Kellahin & Kellahin	Santa Fe
E. L. E. Carr	UCD	Artesia
Joseph M. J. Carr	UCD Petroleum Co.	Midland
L. M. CHARNES	" " "	AMARILLO, TEX.
ALL PWMA	" " "	"

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date FEBRUARY 27, 1980 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
D. Dale Reed	Mesa Petro. Co.	Armiño
M.H. Cusick Jr.	Mechanics Oil Co.	Midland
Orville Hoff	Montgomery Law Firm	Santa Fe
Robert H. Strand	Harvey E. Yates Co.	Roswell
B.C. Smith	" " " "	Midland
Henry H. Juncos	U.S.G.S.	Albuquerque
J.M. Benge	Petroleum Operating Co.	Roswell
Joe Lara	USGS	Albuquerque

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
27 February 1980

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non standard proration units along the north and west sides of Township 28 North, Range 3 West, Rio Arriba County, New Mexico. CASE 6787

BEFORE:

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-2

Santa Fe, New Mexico 87501

Phone (505) 455-7409

I N D E X

FRANK CHAVEZ

Direct Examination by Mr. Padilla 3

Cross Examination by Mr. Stamets 7

E X H I B I T S

Division Exhibit Number One, Plat 4

Division Exhibit Number Two, Plat 5

SALLY W. ELOYD, C.S.R.

Rt. 1 Box 195-B
Santa Fe, N.M. 87501
Phone: (505) 435-7429

SALLY W. BOYD, C.S.R.

11. J Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

Page 3

MR. STAMETS: The hearing will please come

to order.

We'll call first today Case 6787, in the matter of the hearing called by the Oil Conservation Division on its own motion to consider approval of twelve non-standard proration units, Rio Arriba County, New Mexico.

Call for appearances in this case.

MR. PADILLA: Ernest L. Padilla, on behalf

of the Oil Conservation Division.

Mr. Examiner, I have one witness who

needs to be sworn.

(Witness sworn.)

FRANK CHAVEZ

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

DIRECT EXAMINATION

BY MR. PADILLA:

Q For the record, would you please state your name, by whom you're employed, and in what capacity?

A My name is Frank Chavez. I am employed by the Oil Conservation Division as Supervisor of the Aztec District Office.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7401

1 Q Mr. Chavez, have you previously testified
2 before the Division and are your credentials a matter of
3 record?

4 A Yes, they are.

5 Q Mr. Chavez, are you familiar with the pur-
6 pose of this hearing?

7 A Yes, I am.

8 MR. PADILLA: Mr. Examiner, is the witness
9 qualified?

10 MR. STAMETS: He is so considered.

11 Q Mr. Chavez, what is the purpose of this
12 hearing?

13 A The purpose of this hearing is to esta-
14 blish 160-acre and 320-acre drill tracts in Township 28 North
15 3 West, in Rio Arriba County, based on -- because of the
16 irregular divisions, subdivisions of that township.

17 Q Mr. Chavez, I hand you what has been
18 marked as Exhibit Number One. Would you please refer to
19 that and identify that, please?

20 A Okay. Exhibit Number One shows several
21 things. It shows the desired drill tracts lettered A through
22 S, and outlined in heavy dashed lines. These are the drill
23 tracts which we would like to have from this order.

24 There are nineteen drill tracts which
25 would take acreages ranging from 207 acres to 262 acres.

This would give us 19 drill tracts, approximately 160 acres, instead of 22 drill tracts, around the subdivision.

The wells spotted on the exhibit are those which are presently drilled or permitted to the Pictured Cliffs and Gallup formations. Shown -- they are listed by operator, well name, the present acres dedicated to the well, and the non-standard unit approval that's been given from our office or from the Santa Fe office to these tracts.

Q. Now let me hand you what has been identified as Exhibit Two. Would you please tell the Examiner what that represents?

A. Exhibit Two is an exhibit which shows the 320-acre tracts which we desire in this township, labeled A through L. The size of these drill tracts would range from approximately 261 acres to 234 acres -- I'm sorry, 334 acres. There are 12 Mesaverde drill tracts -- or I'm sorry, 12 320-acre drill tracts instead of what would be approximately 14 drill tracts, which would come from the natural division of the township along the edge.

There is only one Mesaverde well in this township. It's not presently drilled; it is permitted. It's shown on the bottom there in Tract A.

Also shown is the outline of the Blanco-Mesaverde Pool, starting up at the top and going down zig-

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Page 6

1 zagging to the bottom right of the township. The Blanco-
2 Mesaverde Pool lies to the left of this stated line.

3 We feel that the -- this order, allowing
4 these drill tracts, is a lot more orderly development of this
5 township in the 160-acre tracts and 320-acre tracts, and
6 prevent the drilling of unnecessary wells.

7 Q Mr. Chavez, would approval of this appli-
8 cation impair correlative rights in any way?

9 A Not that I can see so far. There are three
10 changes that would have to be made in dedication.

11 The first two -- well, the first change
12 would be in the Jerome P. McHugh Burke No. 2 Well, which is
13 the first one listed on the township. The acreage dedication
14 would change from 130.53 to 195.95 acres. The well would be
15 located at a standard location for that tract.

16 The second change would have to be the
17 Jerome P. McHugh Jicarilla 28-3 No. 1, which is the second
18 well shown on the listing there on the township. The dedi-
19 cated acreage would change from 162.41 to 187.94 acres.

20 The third change would have to be the
21 Southland Royalty Company Jicarilla 449 No. 1. The acreage
22 would change from 160 acres to 199.51 acres. That is the
23 well that's shown in Tract D on Exhibit One.

24 So those are the only changes that would
25 have to be made.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
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1 In personal conversation with Southland
2 Royalty, they see no problems with this as they are in total
3 ownership of the acreage in question.

4 And I have not talked with Mr. Jerome P.
5 McHugh about any problems with his acreage.

6 Q Would approval of this application in any
7 way cause waste?

8 A No. We hope to prevent the -- prevent
9 waste by dividing the drill tracts like this. We would pre-
10 vent the drilling of unnecessary wells.

11 Q Mr. Chavez, did you prepare Exhibits One
12 and Two, or were they prepared under your supervision?

13 A Yes.

14 Q You prepared them is that --

15 A I prepared them myself and along with Mr.
16 Alton Kendrick.

17 MR. PADILLA: Mr. Examiner, I move the
18 introduction of Exhibits One and Two, and I have nothing
19 further.

20 MR. STAMETS: These exhibits will be ad-
21 mitted.

22
23 CROSS EXAMINATION

24 BY MR. STAMETS:

25 Q Mr. Chavez, on the shallower zone here,

SAI LY W. BOYD, C.S.R.

RL 1 Box 193-B
Santa Fe, New Mexico 87101
Phone (505) 455-7409

1 what is this, Pictured Cliffs?

2 A The orange shading is Pictured Cliffs, and
3 the yellow shading is Gallup.

4 Q Okay, what you've identified as Unit D,
5 like in dog, --

6 A Yes.

7 Q -- the two westernmost lots have not been
8 colored in. Was that in error or is it --

9 A No. What that shows is that the dedicated
10 the present dedicated acres to the well is what is shaded in,
11 what is colored in.

12 Q Uh-huh, I see.

13 A At the present time those two western
14 lots in that tract D are not dedicated to that well.

15 Q So the same thing would be true with this
16 Burke No. 2 Well that you mentioned --

17 A That's correct.

18 Q -- involving the unit which you've labeled
19 as M and N, is that right?

20 A That is correct. The shaded area is what
21 is presently dedicated to the well.

22 Q Okay. Has this sort of thing been done
23 by the Division in the past, establishing units where there
24 are no wells?

25 A Yes, it was done in a Dakota order. I

1 don't recall the order number. In the 2400 series of our
2 orders. Where -- along the north part of Township -- well,
3 the 29 north townships across the San Juan Basin, the 320-
4 acre tracts were divided up for the Dakota before many of the
5 wells were drilled.

6 Q Do you have access to that order number?

7 A I could get it.

8 Q Okay, we'd appreciate that.

9 MR. STAMETS: Are there other questions
10 of this witness? He may be excused.

11 Anything further in this case?

12 The case will be taken under advisement.

13

14

(Hearing concluded.)

15

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24

25

SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87501
Phone (505) 435-7409

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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 Examiner hearing of Case No. 6787
heard by me on 2-27 1980.
Richard L. Hunt, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
27 February 1980

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units along the north and west sides of Township 28 North, Range 3 West, Rio Arriba County, New Mexico.

CASE
6787

BEFORE:

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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I N D E X

FRANK CHAVEZ

Direct Examination by Mr. Padilla

3

Cross Examination by Mr. Stamets

7

E X H I B I T S

Division Exhibit Number One, Plat

4

Division Exhibit Number Two, Plat

5

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Page 3

1
2 MR. STAMETS: The hearing will please come
3 to order.

4 We'll call first today Case 6787, in the
5 matter of the hearing called by the Oil Conservation Division
6 on its own motion to consider approval of twelve non-standard
7 proration units, Rio Arriba County, New Mexico.

8 Call for appearances in this case.

9 MR. PADILLA: Ernest L. Padilla, on behalf
10 of the Oil Conservation Division.

11 Mr. Examiner, I have one witness who
12 needs to be sworn.

13 (Witness sworn.)

14 FRANK CHAVEZ

15 being called as a witness and having been duly sworn upon
16 his oath, testified as follows, to-wit:
17

18 DIRECT EXAMINATION

19 BY MR. PADILLA:

20 Q For the record, would you please state
21 your name, by whom you're employed, and in what capacity?

22 A My name is Frank Chavez. I am employed
23 by the Oil Conservation Division as Supervisor of the Aztec
24 District Office.
25

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Page 4

1 Q Mr. Chavez, have you previously testified
2 before the Division and are your credentials a matter of
3 record?

4 A Yes, they are.

5 Q Mr. Chavez, are you familiar with the pur-
6 pose of this hearing?

7 A Yes, I am.

8 MR. PADILLA: Mr. Examiner, is the witness
9 qualified?

10 MR. STAMETS: He is so considered.

11 Q Mr. Chavez, what is the purpose of this
12 hearing?

13 A The purpose of this hearing is to esta-
14 blish 160-acre and 320-acre drill tracts in Township 28 North,
15 3 West, in Rio Arriba County, based on -- because of the
16 irregular divisions, subdivisions of that township.

17 Q Mr. Chavez, I hand you what has been
18 marked as Exhibit Number One. Would you please refer to
19 that and identify that, please?

20 A Okay. Exhibit Number One shows several
21 things. It shows the desired drill tracts lettered A through
22 S, and outlined in heavy dashed lines. These are the drill
23 tracts which we would like to have from this order.

24 There are nineteen drill tracts which
25 would take acreages ranging from 207 acres to 262 acres.

1 This would give us 19 drill tracts, ap-
2 proximately 160 acres, instead of 22 drill tracts, around
3 the subdivision.

4 The wells spotted on the exhibit are those
5 which are presently drilled or permitted to the Pictured
6 Cliffs and Gallup formations. Shown -- they are listed by
7 operator, well name, the present acres dedicated to the well,
8 and the non-standard unit approval that's been given from our
9 office or from the Santa Fe office to these tracts.

10 Q Now let me hand you what has been identi-
11 fied as Exhibit Two. Would you please tell the Examiner
12 what that represents?

13 A Exhibit Two is an exhibit which shows the
14 320-acre tracts which we desire in this township, labeled
15 A through L. The size of these drill tracts would range from
16 approximately 261 acres to 234 acres -- I'm sorry, 334 acres.
17 There are 12 Mesaverde drill tracts -- or I'm sorry, 12
18 320-acre drill tracts instead of what would be approximately
19 14 drill tracts, which would come from the natural division
20 of the township along the edge.

21 There is only one Mesaverde well in this
22 township. It's not presently drilled; it is permitted.
23 It's shown on the bottom there in Tract A.

24 Also shown is the outline of the Blanco-
25 Masaverde Pool, starting up at the top and going down zig-

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1 zagging to the bottom right of the township. The Blanco-
2 Mesaverde Pool lies to the left of this stated line.

3 We feel that the -- this order, allowing
4 these drill tracts, is a lot more orderly development of this
5 township in the 160-acre tracts and 320-acre tracts, and
6 prevent the drilling of unnecessary wells.

7 Q Mr. Chavez, would approval of this appli-
8 cation impair correlative rights in any way?

9 A Not that I can see so far. There are three
10 changes that would have to be made in dedication.

11 The first two -- well, the first change
12 would be in the Jerome P. McHugh Burke No. 2 Well, which is
13 the first one listed on the township. The acreage dedication
14 would change from 130.53 to 195.95 acres. The well would be
15 located at a standard location for that tract.

16 The second change would have to be the
17 Jerome P. McHugh Jicarilla 28-3 No. 1, which is the second
18 well shown on the listing there on the township. The dedi-
19 cated acreage would change from 162.41 to 187.94 acres.

20 The third change would have to be the
21 Southland Royalty Company Jicarilla 449 No. 1. The acreage
22 would change from 160 acres to 199.51 acres. That is the
23 well that's shown in Tract D on Exhibit One.

24 So those are the only changes that would
25 have to be made.

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1 In personal conversation with Southland
2 Royalty, they see no problems with this as they are in total
3 ownership of the acreage in question.

4 And I have not talked with Mr. Jerome P.
5 McHugh about any problems with his acreage.

6 Q Would approval of this application in any
7 way cause waste?

8 A No. We hope to prevent the -- prevent
9 waste by dividing the drill tracts like this. We would pre-
10 vent the drilling of unnecessary wells.

11 Q Mr. Chavez, did you prepare Exhibits One
12 and Two, or were they prepared under your supervision?

13 A Yes.

14 Q You prepared them is that --

15 A I prepared them myself and along with Mr.
16 Alton Kendrick.

17 MR. PADILLA: Mr. Examiner, I move the
18 introduction of Exhibits One and Two, and I have nothing
19 further.

20 MR. STAMETS: These exhibits will be ad-
21 mitted.

22
23 CROSS EXAMINATION

24 BY MR. STAMETS:

25 Q Mr. Chavez, on the shallower zone here,

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1 what is this, Pictured Cliffs?

2 A The orange shading is Pictured Cliffs, and
3 the yellow shading is Gallup.

4 Q Okay, what you've identified as Unit D,
5 like in dog, --

6 A Yes.

7 Q -- the two westernmost lots have not been
8 colored in. Was that in error or is it --

9 A No. What that shows is that the dedicated,
10 the present dedicated acres to the well is what is shaded in,
11 what is colored in.

12 Q Uh-huh, I see.

13 A At the present time those two western
14 lots in that tract D are not dedicated to that well.

15 Q So the same thing would be true with this
16 Burke No. 2 Well that you mentioned --

17 A That's correct.

18 Q -- involving the unit which you've labeled
19 as M and N, is that right?

20 A That is correct. The shaded area is what
21 is presently dedicated to the well.

22 Q Okay. Has this sort of thing been done
23 by the Division in the past, establishing units where there
24 are no wells?

25 A Yes, it was done in a Dakota order. I

1 don't recall the order number. In the 2400 series of our
2 orders. Where -- along the north part of Township -- well,
3 the 29 north townships across the San Juan Basin, the 320-
4 acre tracts were divided up for the Dakota before many of the
5 wells were drilled.

6 Q Do you have access to that order number?

7 A I could get it.

8 Q Okay, we'd appreciate that.

9 MR. STAMETS: Are there other questions
10 of this witness? He may be excused.

11 Anything further in this case?

12 The case will be taken under advisement.

13
14 (Hearing concluded.)
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.
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Santa Fe, New Mexico 87501
Phone (505) 455-7409

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

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Page 1

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
13 February 1980

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conser-
vation Division on its own motion to
consider the approval of certain non-
standard proration units in Township
28 North, Range 3 West, Rio Arriba
County, New Mexico.

CASE
6787

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

1 MR. NUTTER: We will now call Case Number
2 6787, which is the matter of the hearing called by the OCD
3 on its own motion to consider the approval of certain non-
4 standard proration units in Township 28 North, Range 3 West,
5 Rio Arriba County, New Mexico.

6 MR. PADILLA: Ernest L. Padilla on behalf
7 of the Oil Conservation Division.

8 Mr. Examiner, we request that this hearing
9 be continued to the February 27th hearing.

10 MR. NUTTER: Case Number 6787 will be
11 continued to the Examiner Hearing scheduled to be held at
12 this same place at 9:00 o'clock a. m. February 27, 1980.

13
14 (Hearing concluded.)
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Page 3

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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 correct and true transcript of the hearing in
the Examiner's hearing of Case No. 6787
heard by me on 2/13 1980.

[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
13 February 1980

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conser-
vation Division on its own motion to
consider the approval of certain non-
standard proration units in Township
28 North, Range 3 West, Rio Arriba
County, New Mexico.

CASE
6787

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

SALLY W. BOYD, C.S.R.

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1 MR. NUTTER: We will now call Case Number
2 6787, which is the matter of the hearing called by the OCD
3 on its own motion to consider the approval of certain non-
4 standard proration units in Township 28 North, Range 3 West,
5 Rio Arriba County, New Mexico.

6 MR. PADILLA: Ernest L. Padilla on behalf
7 of the Oil Conservation Division.

8 Mr. Examiner, we request that this hearing
9 be continued to the February 27th hearing.

10 MR. NUTTER: Case Number 6787 will be
11 continued to the Examiner Hearing scheduled to be held at
12 this same place at 9:00 o'clock a. m. February 27, 1980.

13
14 (Hearing concluded.)
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

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Phone (505) 455-7409

I do hereby certify that the foregoing is
a correct and true transcript of the hearing in
the Oil Conservation Division of Case No. 6787
heard by me on 2/13 1980.
[Signature], Examiner
Oil Conservation Division

Docket No. 5-80

Dockets Nos. 6-80 and 7-80 are tentatively set for March 12 and 26, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 27, 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 6787: (Continued from February 13, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units ranging in size from 261.51 acres to 334.24 acres for 320-acre spaced pools, and 19 non-standard proration units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 30, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.

CASE 6811: Application of Laguna Petroleum Company 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 SE/4 NE/4 of Section 13, Township 8 South, Range 32 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 6812: Application of Maralo Inc. to amend Order No. R-5816, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-5816 to permit the seven waterflood injection wells authorized to be drilled at unorthodox locations by said order to be produced until May 1, 1980, or until depleted, prior to being placed on water injection.

CASE 6813: Application of Petroleum Development Corporation to amend Order No. R-6196, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6196 which authorized re-entry of a well at an unorthodox location in the Lusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Range 31 East. Applicant now seeks approval for a new revised location 750 feet from the North line and 660 feet from the West line of said Section 13.

CASE 6814: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Betenbough Unit Area, comprising 1921 acres, more or less, of State and fee lands in Township 13 South, Range 36 East.

CASE 6797: (Continued from January 30, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 28, Township 18 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.

CASE 6815: Application of Florida Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Ross Draw Unit Well No. 8, a Wolfcamp gas well 1650 feet from the North and East lines of Section 27, Township 26 South, Range 30 East, the N/2 of said Section 27 being dedicated to the well.

CASE 6816: Application of Hanson Oil Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Penrose Grayburg formation in the perforated interval from 3404 feet to 3633 feet in its Creek Well No. 1 located in Unit G of Section 35, Township 18 South, Range 30 East, Shugart Pool.

CASE 6817: Application of Mewbourne Oil Company to amend Order No. R-6100, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6100 whereby the unorthodox Morrow location approved by said order would instead be applicable to the Wolfcamp and Bone Springs formations.

CASE 6818: Application of Tenneco Oil Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its State HL 11 Well No. 1 located in Unit H of Section 11, Township 19 South, Range 29 East.

- CASE 6819: Application of V-F Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee or Devonian formations, or both, underlying four 40-acre units, being the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 of Section 21, Township 23 South, Range 37 East, North Teague Field, each 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 wells 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 wells and a charge for risk involved in drilling said wells.
- CASE 6373: (Reopened and Readvertised) (Continued from January 30, 1980, Examiner Hearing)
- In the matter of Case 6373 being reopened pursuant to the provisions of Order No. 2-5875 which order created the East High Hope-Abo Gas Pool with temporary special rules therefor providing for 320-acre spacing. All interested parties may appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.
- CASE 6820: Application of Boyd Operating Co. for a dual completion and unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Blakemore Federal Well No. 1 at an unorthodox Wolfcamp location in the center of Unit A of Section 20, Township 9 South, Range 26 East, to produce gas from the Wolfcamp and Abo formations.
- CASE 6821: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its Andrews Well No. 1 located in Unit F of Section 14, Township 21 South, Range 37 East.
- CASE 6822: Application of Mesa Petroleum Co. for a gas well classification and unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the classification of its Jog State Well No. 1 as a retrograde gas condensate well with 320-acre spacing; applicant further seeks approval for the unorthodox location of said well in the center of Unit L of Section 2, Township 24 South, Range 32 East, the S/2 of said Section 2 to be dedicated to the well.
- CASE 6767: (Continued from February 13, 1980, 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, 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.

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

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil
Conservation Division on its
own motion to consider the
approval of 12 non-standard
proration units, Rio Arriba
County, New Mexico.

CASE
6787

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

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Phone (505) 433-7409

1 MR. STAMETS: We'll call finally Case
2 6787.

3 MR. PADILLA: Mr. Examiner, Ernest L.
4 Padilla on behalf of the Oil Conservation Division.

5 We would like to continue this case to
6 the Examiner Hearing on February 27th. We had been pre-
7 pared to present testimony today except due to a misunder-
8 standing we will -- someone may have been misled by our
9 continuance on January 16, wherein I indicated we wanted it
10 continued to today's hearing date and that it would then
11 again be further continued today.

12 Because someone may have relied on what
13 I said, I think we should just continue this case to the
14 February 27th hearing.

15 MR. STAMETS: Case 6787 will be con-
16 tinued again to the February 27th Examiner Hearing.

17
18 (Hearing concluded.)
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25

SALLY W. BOYD, C.S.R.

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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 and true record of the proceedings in the Examiner hearing of Case No. 6783 heard by me on 1-30 1980.

Richard L. Lamm, Examiner
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units, Rio Arriba County, New Mexico.

CASE
6787

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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1 MR. STAMETS: We'll call finally Case
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3 MR. PADILLA: Mr. Examiner, Ernest L.
4 Padilla on behalf of the Oil Conservation Division.

5 We would like to continue this case to
6 the Examiner Hearing on February 27th. We had been pre-
7 pared to present testimony today except due to a misunder-
8 standing we will -- someone may have been misled by our
9 continuance on January 16, wherein I indicated we wanted it
10 continued to today's hearing date and that it would then
11 again be further continued today.

12 Because someone may have relied on what
13 I said, I think we should just continue this case to the
14 February 27th hearing.

15 MR. STAMETS: Case 6787 will be con-
16 tinued again to the February 27th Examiner Hearing.

17
18 (Hearing concluded.)
19
20
21
22
23
24
25

SALLY W. BOYD, C.S.R.

At. 1 Box 193-B
Santa Fe, New Mexico 87501
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I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

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Phone (505) 455-7409**

Oil Conservation Division, Examiner

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

EXAMINER HEARING

IN THE MATTER OF:

A hearing called by the Oil Conser-) CASE
vation Division on its own motion) 6797
to consider the approval of 12 non-)
standard proration units.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation	Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501
--------------------------	---

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Page 2

1 MR. NUTTER: Call Case Number 6787,
2 which is in the matter of the hearing called by the Oil
3 Conservation Division on its own motion to consider the ap-
4 proval of 12 specified non-standard units for 320 acre
5 spaced pools and 19 non-standard units for 160-acre spaced
6 pools in Township 28 North, Range 3 West, Rio Arriba County,
7 New Mexico.

8 MR. PADILLA: Mr. Examiner, Ernest L.
9 Padilla on behalf of the Oil Conservation Division.

10 We request that this case be continued
11 to the January 30th hearing date and at that time we will
12 then ask for a further continuance to February 13th, 1980.

13 MR. NUTTER: There was an error in the
14 advertisement of the case --

15 MR. PADILLA: That is correct.

16 MR. NUTTER: -- in the Rio Arriba County
17 newspaper, so it will have to be continued and re-advertised.

18 And then you will at that time request
19 further continuance to February 13th.

20 MR. PADILLA: That's correct.

21 MR. NUTTER: Case Number 6787 for the
22 time being will be continued to the January 30, 1980,
23 hearing, to be re-advertised.

24
25 (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. 6787
heard by me on 1/16 1980
[Signature] Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
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Santa Fe, New Mexico 87501
Phone (505) 455-7409

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Page 1

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

EXAMINER HEARING

IN THE MATTER OF:

A hearing called by the Oil Conser-
vation Division on its own motion
to consider the approval of 12 non-
standard proration units.

CASE
6787

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation

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

SALLY W. BOYD, C.S.R.

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1 MR. NUTTER: Call Case Number 6787.
2 which is in the matter of the hearing called by the Oil
3 Conservation Division on its own motion to consider the ap-
4 proval of 12 specified non-standard units for 320-acre
5 spaced pools and 19 non-standard units for 160-acre spaced
6 pools in Township 28 North, Range 3 West, Rio Arriba County,
7 New Mexico.

8 MR. PADILLA: Mr. Examiner, Ernest L.
9 Padilla on behalf of the Oil Conservation Division.

10 We request that this case be continued
11 to the January 30th hearing date and at that time we will
12 then ask for a further continuance to February 13th, 1980.

13 MR. NUTTER: There was an error in the
14 advertisement of the case --

15 MR. PADILLA: That is correct.

16 MR. NUTTER: -- in the Rio Arriba County
17 newspaper, so it will have to be continued and re-advertised.

18 And then you will at that time request
19 further continuance to February 13th.

20 MR. PADILLA: That's correct.

21 MR. NUTTER: Case Number 6787 for the
22 time being will be continued to the January 30, 1980,
23 hearing, to be re-advertised.

24
25 (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. 6787
heard by me on 11/16 1980.

[Signature] Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

Dockets Nos. 5-80 and 6-80 are tentatively set for February 27 and March 12, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 13, 1980

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 March, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one year period beginning April 1, 1980, for both of the above areas.

CASE 6803: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit EPROC Associates, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why its Monsanto State H Well No. 1 located in Unit E of Section 2, Township 30 North, Range 16 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6787: (Continued from January 16, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units ranging in size from 261.51 acres to 334.24 acres for 320-acre spaced pools, and 19 non-standard proration units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 30, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.

CASE 6487: (Continued from January 3, 1980, 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 6804: Application of The Superior Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Bondurant Federal Com Well No. 1, a Morrow test to be drilled 1980 feet from the South line and 660 feet from the East line of Section 1, Township 19 South, Range 32 East, the S/2 of said Section 1 to be dedicated to the well.

CASE 6767: (Continued from January 16, 1980, 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, 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 6805: Application of Hondo Oil and Gas Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 10 Well No. 1, a Wolfcamp-Pennsylvanian test to be drilled 1550 feet from the North line and 660 feet from the West line of Section 10, Township 18 South, Range 28 East, the W/2 of said Section 10 to be dedicated to the well.

CASE 6806: Application of Westall, Mask and Jennings 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 unlined surface pits adjacent to tank batteries in Sections 23, 24, 25, 26, 27, 34 and 35, Township 18 South, Range 31 East.

CASE 6807: Application of Meadco Properties, Ltd. for an exception to Order No. R-111-A, 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 permit a proposed well in Unit L of Section 4, Township 21 South, Range 29 East, to be completed by setting surface casing at 550 feet and production casing at total depth and cementing both casing strings to the surface.

CASE 6808: Application of Conoco Inc. for two non-standard gas proration units and two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the NW/4 of Section 24, Township 20 South, Range 37 East, Eumont Gas Pool, and also a 120-acre non-standard gas proration unit comprising the W/2 SW/4 and SE/4 of said Section 24, each of said units to be dedicated to a well to be drilled at an unorthodox location, the first being 990 feet from the North line and 330 feet from the West line of the section, and the second being 1650 feet from the South line and 330 feet from the East line.

CASE 6387: (Reopened and Readvertised)

In the matter of Case 6387 being reopened pursuant to the provisions of Order No. R-5353-E which order reclassified the North Tooto Dome-Pennsylvanian Gas Pool as an associated pool with special rules and regulations therefor. All interested parties may appear and show cause why the North Tooto Dome-Pennsylvanian Associated pool should not be reclassified as a gas pool to be governed by statewide rules.

CASE 6809: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Betenbough Unit Area, comprising 1921 acres, more or less, of State and fee lands in Township 13 South, Range 36 East.

CASE 6790: (Continued from January 30, 1980, Examiner Hearing)

Application of Merrion & Bayless for gas well commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to temporarily commingle certain of its Pictured Cliffs gas wells in Sections 1, 2, 3, 9, 10, and 11, Township 26 North, Range 13 West, in a common gathering system and meter the entire lease output through the purchaser's sales meter located in Unit M of said Section 7.

CASE 6784: (Continued from January 30, 1980, Examiner Hearing)

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 6795: (Continued and Readvertised)

Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Oil Pool by the injection of water into the Menafee formation through its San Luis Fed. Wells Nos. 1 and 2, located in Unit K of Section 21, Township 18 North, Range 3 West. Applicant further seeks an administrative procedure for approval of additional producing and injection wells at unorthodox locations in said project.

CASE 6810: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending the vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Fusselman production and designated as the Brunson-Fusselman Pool. The discovery well is Amoco Production Company Grizzell B Well No. 3 located in Unit H of Section 8, Township 22 South, Range 37 East, NMPH. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPH
Section 8: NE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the North Illinois Camp-Morrow Gas Pool. The discovery well is Hondo Oil and Gas Company Exxon State Well No. 1 located in Unit K of Section 9, Township 18 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 9: All

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Kennedy Farms-Upper Pennsylvanian Gas Pool. The discovery well is Yates Petroleum Corporation Seigenthaler "15" Com Well No. 2 located in Unit K of Section 21, Township 17 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 15: All
Section 16: E/2
Section 21: All
Section 28: E/2
Section 33: E/2

(d) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the East Siete-San Andres Pool. The discovery well is Sundance Oil Company Grynberg Federal Well No. 3 located in Unit D of Section 14, Township 8 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 14: NW/4

(e) EXTEND the vertical limits of the Angell Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include the Atoka formation and redesignate said pool as the Angell Ranch Atoka-Morrow Gas Pool and extend the horizontal limits of said pool to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 24: W/2

(f) EXTEND the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 23: N/2

(g) EXTEND the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 23: All

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 3: N/2

(h) EXTEND the West Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 29: NE/4

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

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 18: N/2

(j) EXTEND the South Bell Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 1: SE/4
Section 12: N/2

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

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

- (l) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM
Section 25: S/2

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 20: N/2

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 22: W/2

- (n) EXTEND the South Carlsbad-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 24: SW/4 NE/4

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

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM
Section 9: NW/4 and N/2 SW/4

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

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

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 11: E/2

- (r) EXTEND the Diamond Mound-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 10: All
Section 12: S/2

- (s) EXTEND the Double L Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM
Section 23: W/2
Section 24: W/2 NE/4

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

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 12: SW/4

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

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 15: S/2

- (v) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 25: N/2

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 4: S/2

- (w) EXTEND the East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 22: NE/4 and NE/4 SE/4

(x) EXTEND the Eumont Yates Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 4: Lots 9, 10, 11, 12, 13, 14,
15 and 16

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

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 33: E/2 NE/4
Section 34: W/2

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

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 5: S/2
Section 8: N/2

(aa) EXTEND the Hardy-Blaine Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 11: NE/4

(bb) EXTEND the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 22: W/2

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

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 23: NE/4
Section 24: NW/4

(dd) EXTEND the Palmillo-Bone Springs Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 1: NE/4 and N/2 NW/4

(ee) EXTEND the Penasco Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 27: W/2
Section 28: All

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 31: W/2 W/2

(gg) EXTEND the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 19: N/2 NE/4
Section 20: NW/4 NW/4

(hh) EXTEND the Sand Dunes-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 18: W/2

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

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 16: NW/4

(jj) EXTEND the Warren-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, N4PM
Section 20: NW/4

(kk) EXTEND the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, N4PM
Section 27: W/2

Dockets Nos. 4-80 and 5-80 are tentatively set for February 13 and 27, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 30, 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 6787: (Continued from January 16, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units ranging in size from 261.51 acres to 334.24 acres for 320-acre spaced pools, and 19 non-standard proration units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 30, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.

CASE 6796: Application of Union Oil Company of California 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 1, Township 8 South, Range 28 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 6797: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 28, Township 18 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.

CASE 6798: Application of Estoril Producing Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Curry Federal Well No. 1, to be drilled 1980 feet from the South line and 660 feet from the East line of Section 22, Township 23 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, the S/2 of said Section 22 to be dedicated to the well.

CASE 6799: Application of Caulkins Oil Company for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4, S/2 NE/4 and S/2 SW/4 of Section 16, Township 26 North, Range 6 West, Blanco Mesaverde Pool, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6794: (Continued from January 16, 1980, Examiner Hearing)

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tootie Gallup and Dakota production in the wellbore of its Breech "D" Well No. 140 located in Unit A of Section 11, Township 26 North, Range 6 West.

CASE 6800: Application of Caulkins Oil Company for dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Breech "E" Wells Nos. 83-E located in Unit L of Section 5 and 54-E and 68-E located in Units P and L of Section 4; Breech "A" No. 268-E located in Unit P of Section 16; and Breech "D" No. 346 located in Unit D of Section 22, all in Township 26 North, Range 6 West, in such a manner as to produce gas from the Dakota formation and commingled Chacra and Mesaverde production through parallel strings of tubing.

CASE 6801: Application of Caulkins Oil Company for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Breech "C" Well No. 246-E located in Unit D of Section 13, Township 26 North, Range 6 West, in such a manner as to produce commingled Tapacito-Gallup and Dakota production and commingled Chacra and Mesaverde production through parallel strings of tubing.

CASE 6790: (Continued from January 16, 1980, Examiner Hearing)

Application of Merrion & Rayiens for gas well commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to temporarily commingle certain of its Pictured Cliffs gas wells in Sections 1, 2, 3, 9, 10, and 11, Township 26 North, Range 13 West, in a common gathering system and meter the entire lease output through the purchaser's sales meter located in Unit M of said Section 7.

Examiner Hearing - Wednesday - January 30, 1980

Docket No. 3-80

CASE 6784: (Continued from January 16, 1980, Examiner Hearing)

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 6373: (Reopened and Readvertised)

In the matter of Case 6373 being reopened pursuant to the provisions of Order No. R-5875 which order created the East High Hope-Abo Gas Pool with temporary special rules therefor providing for 320-acre spacing. All interested parties may appear and show cause why the East High Hope-Abo Gas Pool should not be developed on 160-acre spacing units.

CASE 6802: Application of Harlan Drilling Company for drilling drainholes, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill and case a vertical hole to an approximate depth of 3200 feet in the Gallup formation from a surface location 1930 feet from the South line and 678 feet from the East line of Section 13, Township 19 North, Range 6 West, and to then drill two lateral drainholes therefrom, each to a distance of approximately 200 feet in the Gallup formation. In the event the Gallup formation is non-productive, applicant seeks authority to drill vertically to the Dakota formation at a depth of approximately 4200 feet and to then drill two 200-foot lateral drainholes.

CASE 6795: (Continued from January 16, 1980, Examiner Hearing)

Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Oil Pool by the injection of water into the Menafee formation through its San Luis Fed. Wells Nos. 1 and 2, located in Unit K of Section 21, Township 18 South, Range 3 East. Applicant further seeks an administrative procedure for approval of additional producing and injection wells at unorthodox locations in said project.

Dockets Nos. 3-80 and 4-80 are tentatively set for January 30 and February 13, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 16, 1980

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 February, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for February, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6787: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units ranging in size from 261.51 acres to 314.24 acres for 320-acre spaced pools, and 19 non-standard proration units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 30, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.

CASE 6788: 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 South Matrix Unit Well No. 35 located in Unit F of Section 15, Township 24 South, Range 37 East, to produce gas from the Fowler-Upper Paddock Pool and oil from the Fowler-Brinkard Pool thru parallel strings of tubing.

CASE 6789: Application of Knox Industries, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the well location requirements of the Scharb-Bone Springs Pool as promulgated by Order No. R-2589 to permit its New Mexico State Well No. 2 to be drilled in Unit H of Section 1, Township 19 South, Range 34 East, the E/2 NE/4 of said Section 1 to be dedicated to the well.

CASE 6790: Application of Merrion & Bayless for gas well commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to temporarily commingle certain of its Pictured Cliffs gas wells in Sections 1, 2, 3, 9, 10, and 11, Township 26 North, Range 13 West, in a common gathering system and meter the entire lease output through the purchaser's sales meter located in Unit M of said Section 7.

CASE 6784: (Continued from January 3, 1980, Examiner Hearing)

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 5555 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 6791: Application of Holly Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 30 Well No. 1, a Morrow test to be drilled 660 feet from the North line and 840 feet from the East line of Section 30, Township 17 South, Range 28 East, the N/2 of said Section 30 to be dedicated to the well.

CASE 6792: Application of Florida Exploration Company for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 324.25-acre non-standard gas proration unit comprising Lots 1 and 2 and N/2 NE/4 of Section 33 and Lots 2, 3, and 4 and NW/4 NE/4 and N/2 NW/4 of Section 34, all in Township 26 South, Range 30 East, Ross Draw Area, to be dedicated to a well to be drilled at a standard location thereon.

CASE 6793: Application of Meadco Properties, Ltd. for an exception to Order No. R-111-A, 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 permit a proposed well in Unit E of Section 4, Township 21 South, Range 29 East, to be completed by setting surface casing at 550 feet and production casing at total depth and cementing both casing strings to the surface.

CASE 6794: Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tocito Gallup and Dakota production in the wellbore of its Breech "D" Well No. 140 located in Unit A of Section 11, Township 26 North, Range 6 West.

CASE 6795: Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Oil Pool by the injection of water into the Menafee formation through its San Luis Fed. Wells Nos. 1 and 2, located in Unit K of Section 21, Township 18 South, Range 3 East. Applicant further seeks an administrative procedure for approval of additional producing and injection wells at unorthodox locations in said project.

CASE 6608: (Reopened and Readvertised)

In the matter of Case 6608 being reopened pursuant to the provisions of Order No. R-6088 which order created the Grama Ridge-Wolfcamp Pool with temporary special rules and regulations with provisions for 160-acre spacing. All interested parties may appear and show cause whether the Grama Ridge-Wolfcamp Pool is in fact an oil reservoir or a gas reservoir, and if it is an oil reservoir, show cause why the Grama Ridge-Wolfcamp Pool should not be developed on less than 160-acre spacing units.

CASE 6771: (Continued from January 3, 1980, Examiner Hearing)

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 6767: (Continued from January 3, 1980, Examiner Hearing)

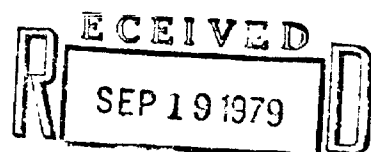
Application of Alpha Twenty-One Production Company for two non-standard gas proration units, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 NW/4 of Section 27, Township 25 South, Range 37 East, 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 wells.



BRUCE KING
GOVERNOR
LARRY KENICE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-8178



OIL CONSERVATION DIVISION
SANTA FE

September 17, 1979

Case 6787

Mr. D. S. Nutter
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Nonstandard Drill Tracts, T28N, R3W

Dear Dan:

The enclosed copies of the plat of Township 28 North, Range 3 West show our proposed arrangement for nonstandard drill tracts for 160-acre and 320-acre drill tracts.

We find it too difficult to cause the proposed 320-acre drill tract NSP's to be arranged such that they could be divided for the 160-acre tracts.

We do not want to name the pools or formations - only the tract sizes.

We are not particular whether this be one case or two.

If there are questions, please call.

Yours very truly,

A. R. Kendrick
District Supervisor

Enclosures

ARK:no

FOR
320-ACRE
SPACED
UNITS

ACRES
PER NSP

A	305.97
B	305.05
C	299.13
D	296.62
E	299.11
F	299.23
G	297.73
H	261.51
I	326.65
J	325.29
K	320.02
L	334.24

[illegible]

305.97
305.05
299.13
298.82
299.11
299.23
297.73
261.51 ✓
326.65
325.29
320.02
334.24 -

LOT NUMBERS

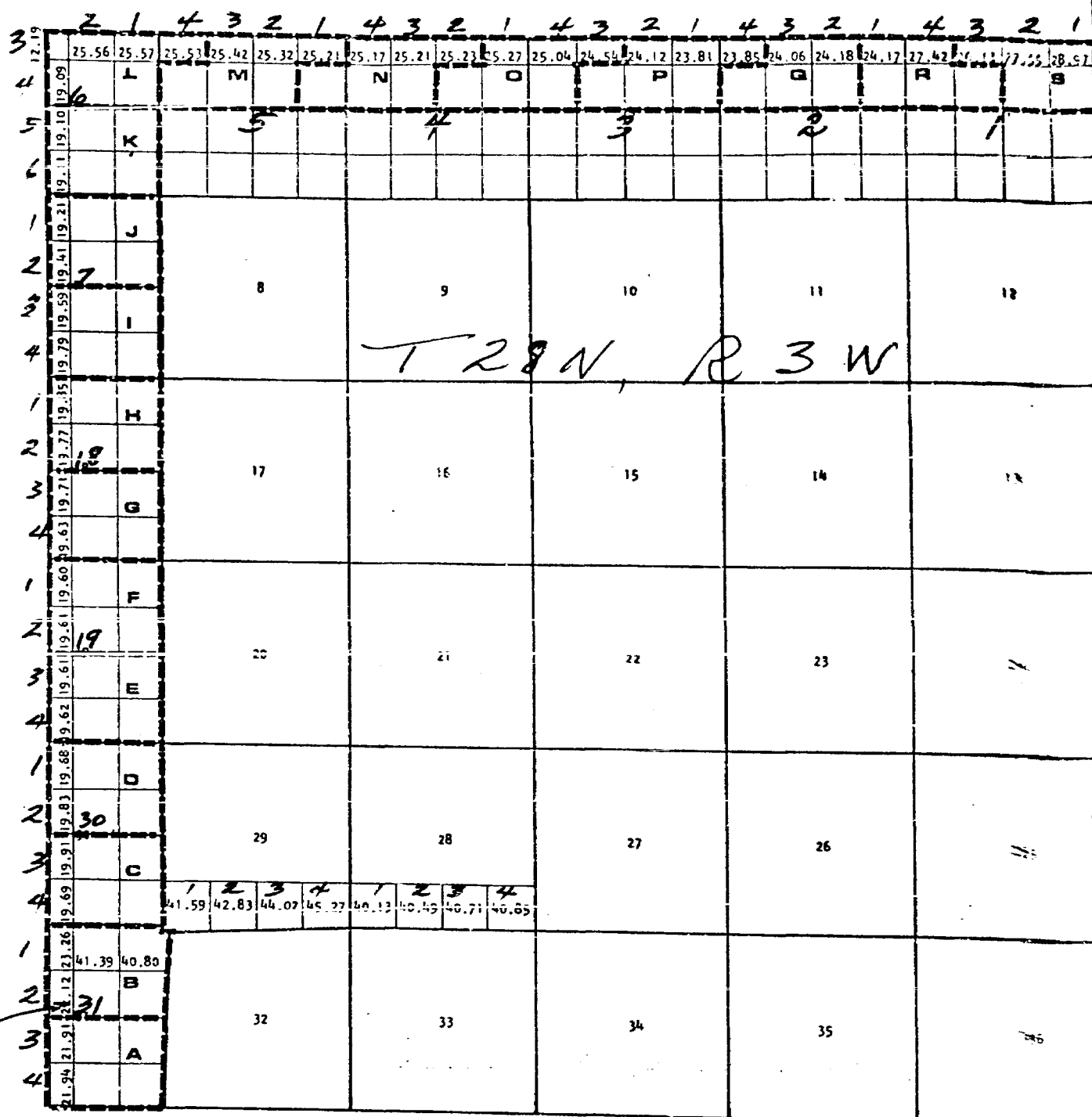
SECTION NUMBER

T 28N, R 3W

FOR
160-ACRE
SPACED
UNITS

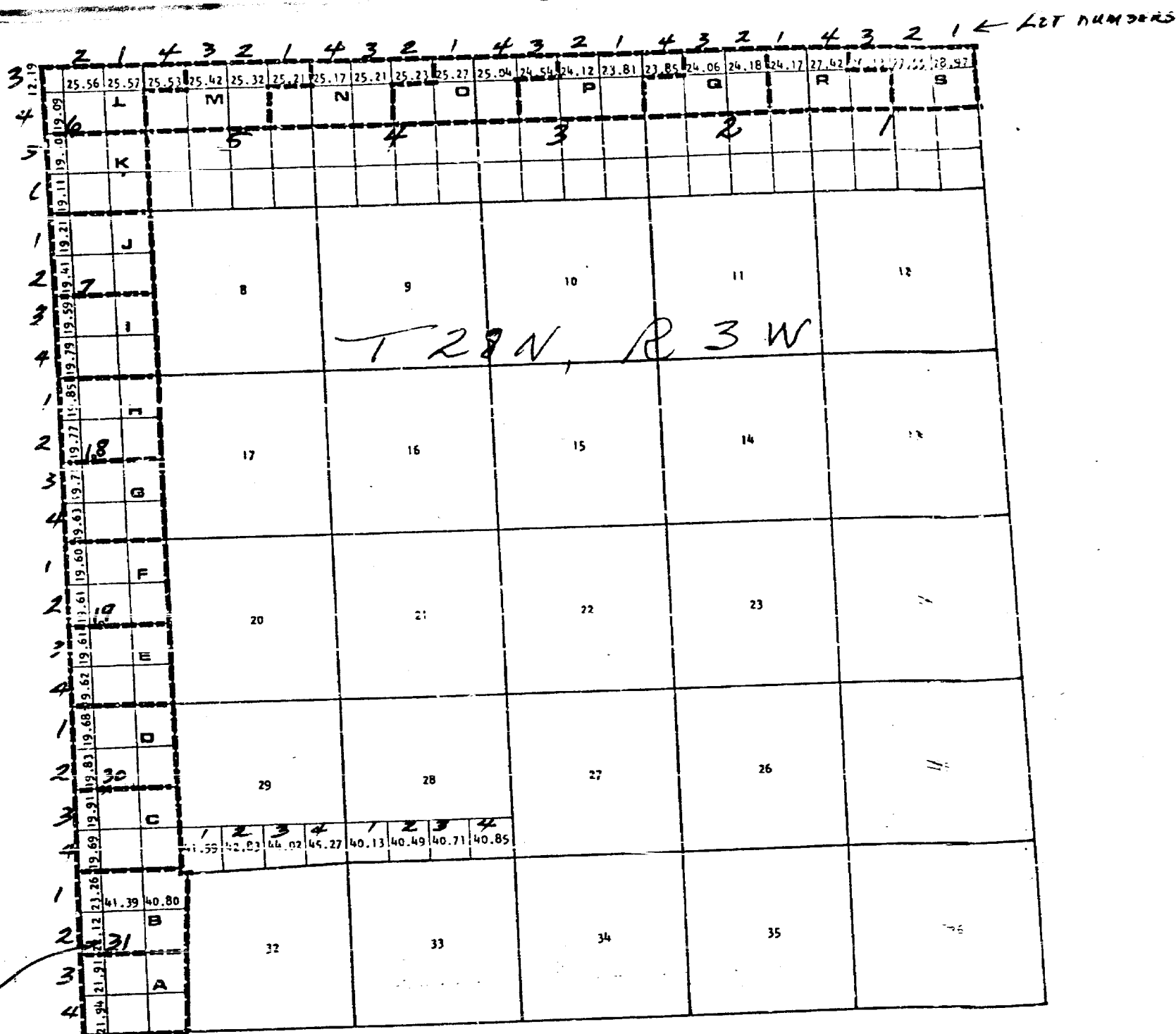
ACRES PER NSP	
A	203.85
B	207.57
C	199.60
D	199.51
E	199.23
F	199.21
G	199.34
H	199.62
I	199.38
J	198.62
K	198.21
L	187.94
M	195.95
N	195.61
O	194.85
P	191.78
Q	168.24
R	168.89
S	162.65

SECTION
NUMBERS



162.65 -

SECTION
NUMBERS



In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non standard ~~gas~~ production units ranging from 261.51 acres to 334.24 acres for 820-acre spaced pools, and 19 non-standard ~~gas~~ production units ranging from 162.66 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units resulting from the irregular size and shape of Sections 1, three 7, 18 and 19, and 30 and 31, along the north and west sides of Township 28 North, Range 3 West, Rio Arriba County.

ROUGH

Expedite Please (i)

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

Establishing
on its own motion to consider
~~CONSIDERING Approval of Non-Standard Prometric Units, Rio Arriba~~
County, New Mexico

CASE NO. 6787

Order No. R-6287

JOR *JS*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on Feb 27
19 80, at Santa Fe, New Mexico, before Examiner RLS

NOW, on this _____ day of _____, 19____, 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 Sections 1 through 7 and 18, 19, 30, and
31 of Township 28 North, Range 3 West,
Rio Arriba County, New Mexico are irregular sections
resulting from variations in the United
States Public Lands Survey.

(2)

(3) That, in order to ensure systematic development and thereby prevent waste and protect correlative rights, the ~~Division~~ Division should establish individual proration units in the ~~main-~~

said sections for wells completed in or to be completed in 160-acre and 320-acre spaced gas pools which ~~hereinafter~~ or may subsequently be developed thereunder.

(4) That the acreage contained in each individual proration unit should be based on the latest official surveys and resurveys accepted by the Federal Bureau of Land Management.

(5) That any non-standard proration unit previously approved for any existing well within said sections ^{and inconsistent with those proposed in this case} should be superseded ~~rescinded~~ and the non-standard proration unit ~~to be authorized by~~ proposed in this case ~~should~~ should be substituted in its stead.

(6) That the effective date of this order and of any ^{standard gas} proration unit ^{granted hereunder} ~~rescinded~~ ^{superseded} or the rescission of previously authorized non-standard gas proration units should be April 1, 1980.

IT IS Therefore Ordered

(1) That the following non-standard ~~proration~~ gas proration units are hereby established for 320-acre spaced gas pools currently ~~under~~ underlying or subsequently developed under the tracts listed ~~below~~ below, Rio Arriba County, New Mexico.

(3)

28 North
~~Township 18 South~~, Range 3 West, N.M.P. 4

<u>Tract</u>	<u>Area</u>	<u>Section(s)</u>	<u>Description</u>
A	334.24	1	lots 1 ^{through} 2 and 4 and S/2 N/2
		2	lot 1 and 2 SE/4 NE/4
B	320.02	2	lots 2, 3, and 4, and S/2 NW/4 and SW/4 NE/4
		3	lots 1 and 2, and S/2 NE/4
C	325.29	3	lots 3 and 4 and S/2 ^{NW/4} NE/4
		4	lots 1, 2, and 3, and S/2 NE/4 and SE/4 NW/4
D	326.65	4	lot 4 and SW/4 NW/4
		5	lots 1 ^{through} 2 and 4 and S/2 N/2
E	261.51	6	lots 1 ^{through} 5 , S/2 NE/4, and N/2 SE/4
F	297.73	6	lot 6 and S/2 SE/4
		7	lots 1 and 2 and NE/4
G	299.23	7	lots 3 and 4 and SE/4
		18	lot 1 and N/2 NE/4
H	299.11	18	lots 2, 3, and 4, and S/2 NE/4, and SE/4

④

<u>Tract</u>	<u>Acreage</u>	<u>Section(s)</u>	<u>Description</u>
I	298.82	19	lots 1, 2, and 3, NE 1/4 and N 1/2 SE 1/4
J	299.13	19	lot 4 and S 1/2 SE 1/4
		30	lots 1 and 2 and NE 1/4
K	305.05	30	lots 3 and 4 and SE 1/4
		31	lots 1, 2, and 3
L	305.97	31	lots 4, 5, and 6, S 1/2 NE 1/4 and SE 1/4.

~~(2) That Division Administrative Order NSP 1152
granting a 305.97~~

(2) That the following non-standard gas promotion
units are hereby established for 160-acre
spaced gas pools currently underlying
or subsequently developed under the
tracts listed below, Rio Arriba County,
New Mexico

<u>Tract</u>	<u>Acreage</u>	<u>Section(s)</u>	<u>Description</u>
A	162.65	1	lots 1, 2, and 3 and S 1/2 NE 1/4
B	168.89	1	lot 4 and S 1/2 NW 1/4
		2	lot 1 and SE 1/4 NE 1/4
C	168.24	2	lots 2 and 3, and S 1/2 NW 1/4, SW 1/4 NE 1/4

<u>Tract</u>	<u>Area</u>	<u>Section</u>	<u>Description</u>
D	191.78	<u>3</u>	lot 4 lots 1 and 2, 3/2 NE 1/4, and SE 1/4 NW 1/4
E	194.85	3	lot 4 ^{and 4} and SW 1/4 NW 1/4
		4	lot 1 and 5/2 NE 1/4
F	195.61	4	lots 2, 3, and 4, and 5/2 NW 1/4
		5	SE 1/4 NE 1/4
G	195.95	5	lots 1, 2, and 3, 5/2 NW 1/4 and SE 1/4 NE 1/4
H	187.74	5	lot 4
		6	lots 1 through 4 and 5/2 NE 1/4
I	198.21	6	lots 5 and 6 and SE 1/4
J	198.62	7	lots 1 and 2 and NE 1/4
K	199.38	7	lots 3 and 4 and SE 1/4
L	199.62	18	lots 1 and 2 and NE 1/4
M	199.34	18	lots 3 and 4 and SE 1/4
N	199.21	19	lots 1 and 2 and NE 1/4
O	199.23	19	lots 3 and 4 and SE 1/4
P	199.51	30	lots 1 and 2 and NE 1/4

(5)

Tract	Acres	Section(s)	Description
Q	199.60	30	lots 3 and 4 and SE 1/4
R	207.57	31	lots 1 through 4 and S 1/2 NE 1/4
S	203.85	31	lots 5 and 6 and SE 1/4

(3) That Division Administrative Order No NW 43-66 granting a 130.53-acre non-standard Pictured Cliffs gas proration unit to the Jerome P. McHugh Burke Well No 2 located in lot 2 of said Section 5 is hereby superseded and the non-standard gas proration unit described as ~~Tract Q~~ ~~as~~ ~~Tract Q~~ ~~in~~ Order (2) above ~~assigned~~ ^{dedicated} ~~there to~~ to said well.

(4) That Division Administrative Order No NW 43-619 granting a 162.41-acre non-standard Pictured Cliffs gas proration unit to the Jerome P. McHugh Jicarilla 28-3 Well No 1 located in Unit 6 of said Section 6 is hereby superseded and the non-standard gas proration unit ^{described} ~~as~~ ~~Tract H~~ ~~in~~ Order (2) above ~~assigned~~ ^{dedicated} ~~there to~~ to said well.

(5) That the 199.57-acre non-standard gas proration unit described as Tract P in Order (2) above shall be dedicated to The Southland Royalty Company Jicarilla 449 Well No 1 located in ~~Section~~ Unit B of said Section 30, ~~for purposes of Pictured Cliffs gas production~~

(6) That the operators of the ^{five} wells identified in Orders (3), (4), and (5) above shall ~~the~~ ^{be} on or before June 1, 1980, file revised Division Form C-102 for such wells ~~dedication~~ ^{reflecting} the revised dedicated acreage ~~for such wells~~ in conformance with this Order.

of the C&H

IT IS FURTHER ORDERED

(1) That the effective date of this order and of the non-standard gas provision units created ~~thereby~~ or superseded hereby shall be April 1, 1980.

(2) Jurisdiction