

FILE 6862: ARCO OIL AND GAS COMPANY FOR
AN UNUSUAL OIL WELL LOCATION, LEA
COUNTY, NEW MEXICO

CASE NO.

5862

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas Com-) CASE
pany for an unorthodox oil well loca-) 6862
tion, 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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Conrad Coffield, Esq.
HINKLE LAW FIRM
P. O. Box 3580
Midland, Texas 79701

SALLY W. BOYD, C.S.R.

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Phone (505) 455-7409

I N D E X

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RONALD B. MARQUEZ

Direct Examination by Mr Coffield 3

Cross Examination by Mr. Nutter 7

E X H I B I T S

Applicant Exhibit One, Document 5

Applicant Exhibit Two, Land Plat 6

Applicant Exhibit Three, Structure Map 6

Applicant Exhibit Four, Map 6

SALLY W. BOYD, C.S.R.

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1 MR. NUTTER: We'll call next Case Number
2 6862.

3 MR. PADILLA: Application of ARCO Oil
4 and Gas Company for an unorthodox oil well location, Lea
5 County, New Mexico.

6 MR. COFFIELD: Conrad Coffield with the
7 Hinkle Law Firm of Midland, Texas, appearing on behalf of
8 the applicant, and I have one witness.

9
10 (Witness sworn.)

11
12 RONALD B. MARQUEZ
13 being called as a witness and having been duly sworn upon
14 his oath, testified as follows, to-wit:

15
16 DIRECT EXAMINATION
17 BY MR. COFFIELD:

18 Q Mr. Marquez, would you please for the
19 record state your name, address, occupation, and employer?

20 A My name is Ronald B. Marquez. I live in
21 Midland, Texas. I'm an Operations Engineer for ARCO Oil and
22 Gas Company.

23 Q Have you previously testified before the
24 Division as a petroleum engineer?

25 A No, I have not.

SALLY W. BOYD, C.S.R.

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1 Q Would you please state then for the Exa-
2 miner's benefit, a brief resume of your educational back-
3 ground and work experience as a petroleum engineer?

4 A I graduated from the University of New
5 Mexico in May of 1978 with a BS in chemical engineering.

6 I began working for ARCO Oil and Gas Com-
7 pany in June, 1978; spent my first year on a petroleum en-
8 gineering training program in Midland, Texas.

9 I completed my training program and was
10 assigned to the engineering group for Lea County, New
11 Mexico. I have worked in this group for nine months.

12 Q Mr. Marquez, are you familiar with ARCO's
13 application in this particular case?

14 A Yes, I am.

15 Q And are you familiar with the property
16 and the proposed well location?

17 A Yes.

18 MR. COFFIELD: Mr. Examiner, do you have
19 any other questions of Mr. Marquez?

20 MR. NUTTER: No. Mr. Marquez is qualified.

21 Q Mr. Marquez, what is it that ARCO Oil
22 and Gas Company seeks by this application?

23 A We seek approval for the unorthodox loca-
24 tion of the State 157-D Well No. 11, drilled 2123 feet from
25 the south line and 1644 feet from the east line of Section

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1 12, Township 22 South, Range 36 East, of the Drinkard Pool,
2 the northwest quarter southeast quarter of said Section 12
3 to be dedicated to this well.

4 Q Mr. Marquez, refer to what we've marked
5 as Exhibit One and explain what this represents.

6 A Exhibit Number One is the well location
7 and acreage dedication plat of the State 157-D Well No. 11.
8 From the plat it can be seen the well is located 2123 feet
9 from the south line and 1644 from the east line of Section
10 12. The well is located 6 feet east of a standard location.

11 Q And is ARCO the leasehold owner and the
12 proposed operator of this well?

13 A Yes.

14 Q Where would the standard well location
15 be placed compared to the location sought in this application?

16 A The well would have been located 1980 from
17 the south line and 1650 from the east line.

18 Q Has this well actually been drilled?

19 A Yes, it has.

20 Q How did it happen that the well was not
21 drilled at a standard location?

22 A The well was not drilled in a standard
23 location dues to a surveying error. The error was discovered
24 upon surveying a location for a development well to the
25 west.

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1 Q Now go on to what we've marked as Exhibit
2 Two and explain that to the Examiner, please.

3 A This is a land plat that shows all the
4 offset operators to the subject 40-acres. Gulf Oil Corpora-
5 tion operates the land north of the subject acreage, and
6 ARCO Oil and Gas Company operates the remaining offsetting
7 acreage.

8 Gulf has only one well that offsets our
9 State 157-D No. 11. The offset well is located 1560 north-
10 east of the subject well.

11 Q Refer to what we've marked as Exhibit
12 Three and explain that to the Examiner.

13 A This is a structure map with the top of
14 the Drinkard Pool. From the structure it can be seen that
15 there's structurally no significant difference between the
16 existing well location and the standard well location.

17 Q Okay, let's go to Exhibit Four, Mr. Mar-
18 quez, and please explain that one.

19 A This is the Drinkard Oil Production Map.
20 It shows the Drinkard production in the area.

21 The production from the offsetting Gulf
22 Well is not very much, which indicates a small drainage
23 area. It also indicates that the formation is deteriorating
24 to the north. This indicates that we will not infringe on
25 the rights of the offset operators.

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1 Q Mr. Marquez, in your expert opinion, what
2 difference is there in the drainage pattern in the existing
3 location as compared to what the situation would have been
4 if the well had been drilled in a standard location?

5 A There is no significant difference in the
6 drainage patterns.

7 Q Were these Exhibits One through Four pre-
8 pared by you or under your supervision, Mr. Marquez?

9 A Yes, they were.

10 Q In your opinion will the approval of this
11 application by ARCO prevent the drilling of unnecessary wells
12 and otherwise prevent waste and protect correlative rights?

13 A Yes.

14 MR. COFFIELD: Mr. Examiner, I move the
15 admission of Exhibits One through Four.

16 MR. NUTTER: Atlantic's Exhibits One
17 through Four will be admitted in evidence.

18
19 CROSS EXAMINATION

20 BY MR. NUTTER:

21 Q Mr. Marquez, when was this well completed?

22 A It was -- the final report was in Decem-
23 ber of 1979.

24 Q So it's almost a brand new well, then.

25 A It is a brand new well, yes, sir.

SALLY W. BOYD, C.S.R.

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1 Q And the location being 2123 from the
2 south line doesn't make it non-standard in that direction.

3 A Not in that direction, no, sir.

4 Q And the only non-standard part about it
5 is it's 6 feet to the west of --

6 A Correct.

7 Q --or to the east of where it should have
8 been.

9 A Correct.

10 Q Which resulted from a surveying error?

11 A Yes, sir.

12 MR. NUTTER: Are there any further ques-
13 tions of the witness? He may be excused.

14 Do you have anything further, Mr. Coffield?

15 MR. COFFIELD: No, sir, I do not.

16 MR. NUTTER: Does anyone have anything
17 they wish to offer in Case Number 6862?

18 We'll take the case under advisement.

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

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Phone (505) 455-7469

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.

SALLY W. BOYD, C.S.R.

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I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1862 heard by me on 4/9 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
9 April 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas Com-
pany for an unorthodox oil well loca-
tion, Lea County, New Mexico.

CASE
6862

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

For the Applicant:

Conrad Coffield, Esq.
HINKLE LAW FIRM
P. O. Box 3580
Midland, Texas 79701

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I N D E X

RONALD B. MARQUEZ

Direct Examination by Mr. Coffield 3

Cross Examination by Mr. Nutter 7

E X H I B I T S

Applicant Exhibit One, Document 5

Applicant Exhibit Two, Land Plat 6

Applicant Exhibit Three, Structure Map 6

Applicant Exhibit Four, Map 6

SALLY W. BOYD, C.S.N.

El. 1 Box 199-B
Santa Fe, New Mexico 87501
Phone (505) 433-7409

1 MR. NUTTER: We'll call next Case Number
2 6862.

3 MR. FADILLAY: Application of ARCO Oil
4 and Gas Company for an unorthodox oil well location, Lea
5 County, New Mexico.

6 MR. COFFIELD: Conrad Coffield with the
7 Hinkle Law Firm of Midland, Texas, appearing on behalf of
8 the applicant, and I have one witness.

9
10 (Witness sworn.)

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12 RONALD B. MARQUEZ
13 being called as a witness and having been duly sworn upon
14 his oath, testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. COFFIELD:

18 Q Mr. Marquez, would you please for the
19 record state your name, address, occupation, and employer?

20 A My name is Ronald B. Marquez. I live in
21 Midland, Texas. I'm an Operations Engineer for ARCO Oil and
22 Gas Company.

23 Q Have you previously testified before the
24 Division as a petroleum engineer?

25 A No, I have not.

SALLY W. BOYD, C.S.R.

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Lubbock, Texas 79401
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1 Q Would you please state then for the Exa-
2 miner's benefit, a brief resume of your educational back-
3 ground and work experience as a petroleum engineer?

4 A I graduated from the University of New
5 Mexico in May of 1978 with a BS in chemical engineering.

6 I began working for ARCO Oil and Gas Com-
7 pany in June, 1978; spent my first year on a petroleum en-
8 gineering training program in Midland, Texas.

9 I completed my training program and was
10 assigned to the engineering group for Lea County, New
11 Mexico. I have worked in this group for nine months.

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13 application in this particular case?

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16 and the proposed well location?

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24 tion of the State 157-D Well No. 11, drilled 2123 feet from
25 the south line and 1644 feet from the east line of Section

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1 12, Township 22 South, Range 36 East, of the Drinkard Pool,
2 the northwest quarter southeast quarter of said Section 12
3 to be dedicated to this well.

4 Q Mr. Marquez, refer to what we've marked
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22 Well is not very much, which indicates a small drainage
23 area. It also indicates that the formation is deteriorating
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2 difference is there in the drainage pattern in the existing
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6 drainage patterns.

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8 pared by you or under your supervision, Mr. Marquez?

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11 application by ARCO prevent the drilling of unnecessary wells
12 and otherwise prevent waste and protect correlative rights?

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SALLY W. BOYD, C.S.R.

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1 Q And the location being 2123 from the
2 south line doesn't make it non-standard in that direction.

3 A Not in that direction, no, sir.

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5 is it's 6 feet to the west of --

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8 been.

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12 MR. NUTTER: Are there any further ques-
13 tions of the witness? He may be excused.

14 Do you have anything further, Mr. Coffield?

15 MR. COFFIELD: No, sir, I do not.

16 MR. NUTTER: Does anyone have anything
17 they wish to offer in Case Number 6862?

18 We'll take the case under advisement.

19
20 (Hearing concluded.)
21
22
23
24
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.

Rt. 1 Box 195-B
Santa Fe, New Mexico 87501
Phone (505) 415-7409

I do hereby certify that the foregoing is a complete and true transcript of the proceedings in the Examiner hearing of Case No. 6962 heard by me on 4/9 1980

Oil Conservation Division, Examiner

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. 6862
Order No. R-6312

APPLICATION OF ARCO OIL AND GAS COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 9, 1980,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

Now, on this 15th day of April, 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, ARCO Oil and Gas Company, seeks
approval of an unorthodox oil well location for its State 157
"D" Well No. 11 drilled at a point 2123 feet from the South line
and 1644 feet from the East line of Section 12, Township 22 South,
Range 36 East, N10W, Drinkard Pool, Lea County, New Mexico.

(3) That the NW/4 SE/4 of said Section 12 is to be dedi-
cated to the well.

(4) That due to an error in surveying, the subject well
was drilled six feet closer to the proration unit boundary than
is permitted by the Division Rules and Regulations.

(5) That no offset operator objected to the proposed un-
orthodox location.

-2-

Case No. 6862
Order No. R-6318

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location for the Drinkard formation is hereby approved for the ARCO Oil and Gas Company State 157 "D" Well No. 11 drilled at a point 2123 feet from the South line and 1644 feet from the East line of Section 12, Township 22 South, Range 36 East, NMPM, Drinkard Pool, Lea County, New Mexico.

(2) That the NW/4 SE/4 of said Section 12 shall be dedicated to the above-described well.

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

Dockets Nos. 12-80 and 13-80 are tentatively set for April 23 and May 7, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 9, 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:

- CASE 6850:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Jack F. Grimm, N. B. Hunt, George R. Brown, Am-Arctic, Ltd., The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Mobil 32 Well No. 1 located in Unit D of Section 32, Township 25 South, Range 1 East, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6851:** In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS as promulgated by Division Order No. R-5878 and amended by R-5878-A. The proposed amendments would make said SPECIAL RULES conform to FERC Order No. 65 which promulgated final regulations implementing filing requirements of the Natural Gas Policy Act of 1978.
- CASE 6852:** In the matter of the hearing called by the Oil Conservation Division on its own motion to consider special rules and procedures for the designation of "tight formations" or "tight sands" as outlined in the FERC interim rules and regulations issued February 20, 1980, relating to Section 107(b) of the Natural Gas Policy Act of 1978.
- CASE 6853:** Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cha-Cha Gallup Pool underlying the N/2 NE/4 of Section 18, Township 29 North, Range 14 West, 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 6854:** Application of Jack A. Cole for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Apache Hills Well No. 6, 1326 feet from the North line and 1843 feet from the West line of Section 17, Township 23 North, Range 3 West, Ballard-Pictured Cliffs Pool, the NW/4 of said Section 17 to be dedicated to the well.
- CASE 6841:** (Continued from March 26, 1980, Examiner Hearing)
Application of CIG Exploration, Inc. for two non-standard gas proration units, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units in Township 16 South, Range 28 East, the first being 219.6 acres comprising Lots 1 thru 8 of Section 1 and the second being 219.92 acres comprising Lots 1 thru 8 of Section 2, for the Wolfcamp, Pennsylvanian, and Mississippian formations, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6855:** Application of Dome Petroleum Corporation for an unorthodox well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Santa Fe 3 Well No. 1 to be drilled 1220 feet from the North line and 900 feet from the West line of Section 3, Township 21 North, Range 10 West.
- CASE 6856:** Application of Texaco Inc. for downhole commingling, Los County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry, Tubb-Drinkard, and Fusselman production in the wellbore of its C. C. Fristoe "B" Federal NCT-2 Well No. 6 located in Unit H of Section 34, Township 24 South, Range 37 East, Justis Field.
- CASE 6857:** 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 14 Well No. 1, a Morrow test to be drilled 660 feet from the South line and 990 feet from the East line of Section 14, Township 18 South, Range 28 East, the S/2 of said Section 14 to be dedicated to the well.

CASE 6843: (Continued from March 26, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yeso formation underlying two 40-acre proration units, the first being the SE/4 SE/4 and the second being the SW/4 SE/4 of Section 6, Township 19 South, Range 25 East, Penasco Draw Field, each unit 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 6858: Application of H. L. Brown, Jr. for gas well commingling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Bluit-Wolfcamp gas and condensate production from ten federal wells located as follows: Units K and P of Section 33 and L of 34, Township 7 South, Range 37 East; Units D and L of Section 3, C and J of 4, I of 5, C of 9 and G of 10; and one fee well in D of 10, all in Township 8 South, Range 37 East. Applicant would separate and meter the gas and condensate production from each well, then recombine the well's stream and commingle all wells into a small gasoline plant. Allocation of gas and condensate to each well would be on the basis of wellhead meter readings and allocation of gasoline plant production would be on the basis of gas production and BTU content at each well.

CASE 6859: Application of R & C Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1890 feet from the North line and 1830 feet from the East line of Section 28, Township 28 North, Range 11 West, Kutz-Fruitland Pool, the NE/4 of said Section 28 to be dedicated to the well.

CASE 6860: Application of Flag-Redfern Oil Company 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 Unit P of Section 3, Township 19 South, Range 31 East.

CASE 6861: Application of Zia Energy, Inc. for pool creation, special pool rules, and an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andrea oil pool for its State "C" Well No. 1 located in Unit F of Section 17, Township 22 South, Range 37 East, and special rules therefor, including a provision for a limiting gas-oil ratio of 10,000 to 1. Applicant further seeks a new onshore reservoir determination for said State "C" Well No. 1.

CASE 6862: (Continued from March 26, 1980, Examiner Hearing)

Application of Curtis Little 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 W/2 of Section 7, Township 25 North, Range 3 West, 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 6862: Application of ARCO Oil and Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 157 "D" Well No. 11 drilled 2123 feet from the South line and 1644 feet from the East line of Section 12, Township 22 South, Range 36 East, Drinkard Pool, the NW/4 SE/4 of said Section 12 to be dedicated to the well.

CASE 6863: Application of Bass Enterprises Production Co. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Big Eddy Unit Well No. 72 located in Unit R of Section 3, Township 21 South, Range 28 East, to produce undesignated Atoka and Morrow gas thru parallel strings of tubing.

CASE 6864: Application of Grace Petroleum 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 Smith Ranch Well No. 11, to be drilled 1980 feet from the North line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East, Teas-Penn Gas Pool, the N/2 of said Section 11 to be dedicated to the well.

CASE 6846: (Amended)

In the matter of Case No. 6846 being amended to reflect that the location for the unorthodox location of the well on the second unit is 330 feet from the North line and 2310 feet from the East line of Section 13, Township 21 South, Range 36 East, Lea County.

CASE 6846: (Continued from March 26, 1980, Examiner Hearing)

Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying two 80-acre non-standard gas proration units, the first being the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13, and the second being the N/2 NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13. 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 6865: Application of Getty Oil Company to reopen Case No. 6608, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to reopen Case No. 6608 for consideration of the establishment of maximum efficient rates of withdrawal from the Grama Ridge-Wolfcamp Gas Pool.

Docket No. 10-80

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 16, 1980

8:45 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

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

Docket No. 11-80

DOCKET: COMMISSION HEARING - WEDNESDAY - APRIL 16, 1980

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

CASE 6609: (DE NOVO) (Continued from March 11, 1980, Commission Hearing)

Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit 0 of Section 33, Township 18 South, Range 30 East, and special rules therefor, including 160-acre spacing and standard well locations.

Upon application of Yates Petroleum Corporation and Napeco Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220. Applicants allege this is not an "oil" pool but is a "volatile" oil pool.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

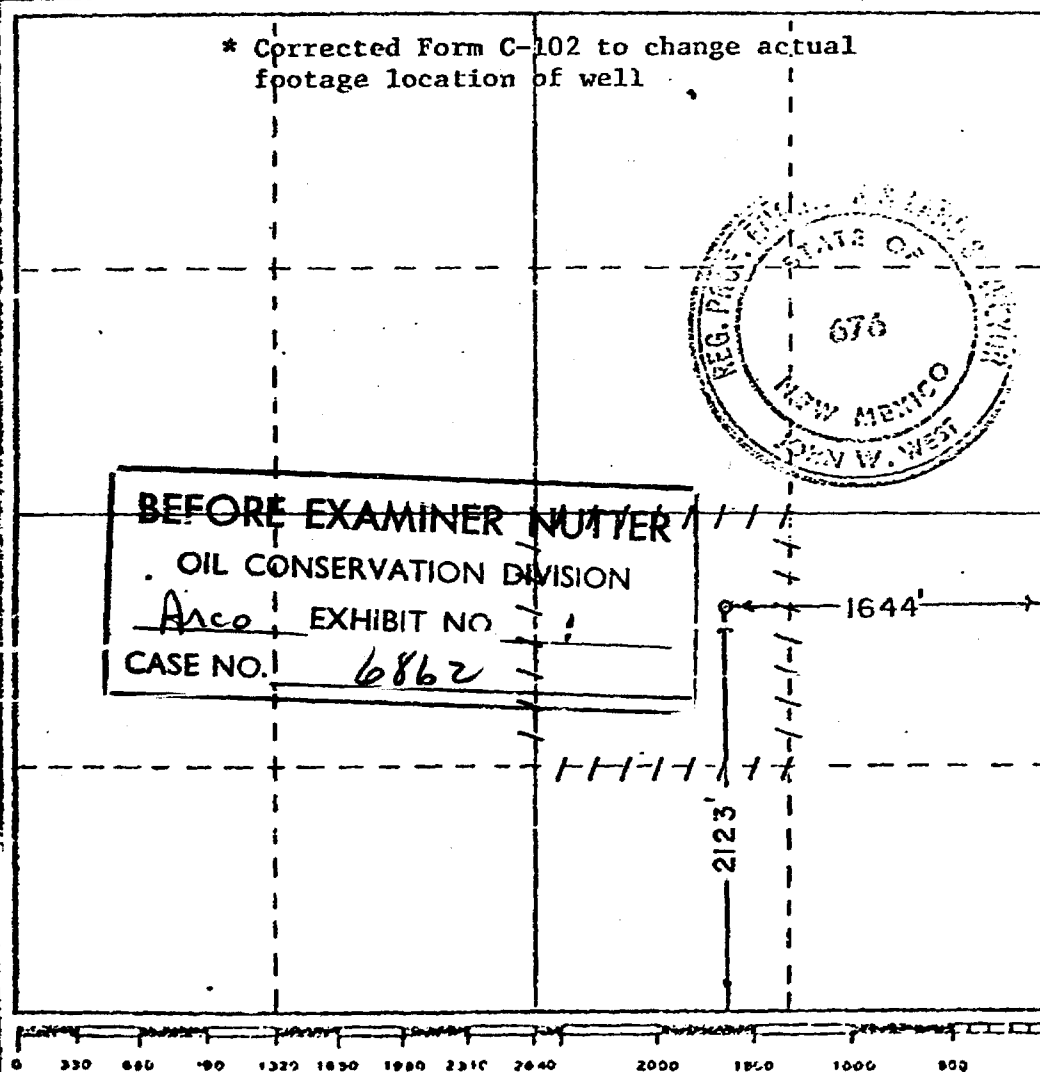
Operator Division of Atlantic Richfield Co. Arco Oil & Gas Co.		Lease State 157 - D		Well No. 11
Unit Letter J	Section 12	Township 22 South	Range 36 East	County Lea
Actual Lease Location of Well:				
2123	feet from the	South	line and	1644
				feet from the
				East
Ground Level Elev. 3461.9	Producing Formation Drinkard	Pool Drinkard	Dedicated Acreage: 40 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
[Signature]

Position
Dist. Drlg. Supt.
ARCO Oil and Gas Company
Division of Atlantic Richfield Company

Date
3/5/80

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief

Date Surveyed
Jan. 9, 1980

Registered Professional Engineer
and/or Land Surveyor

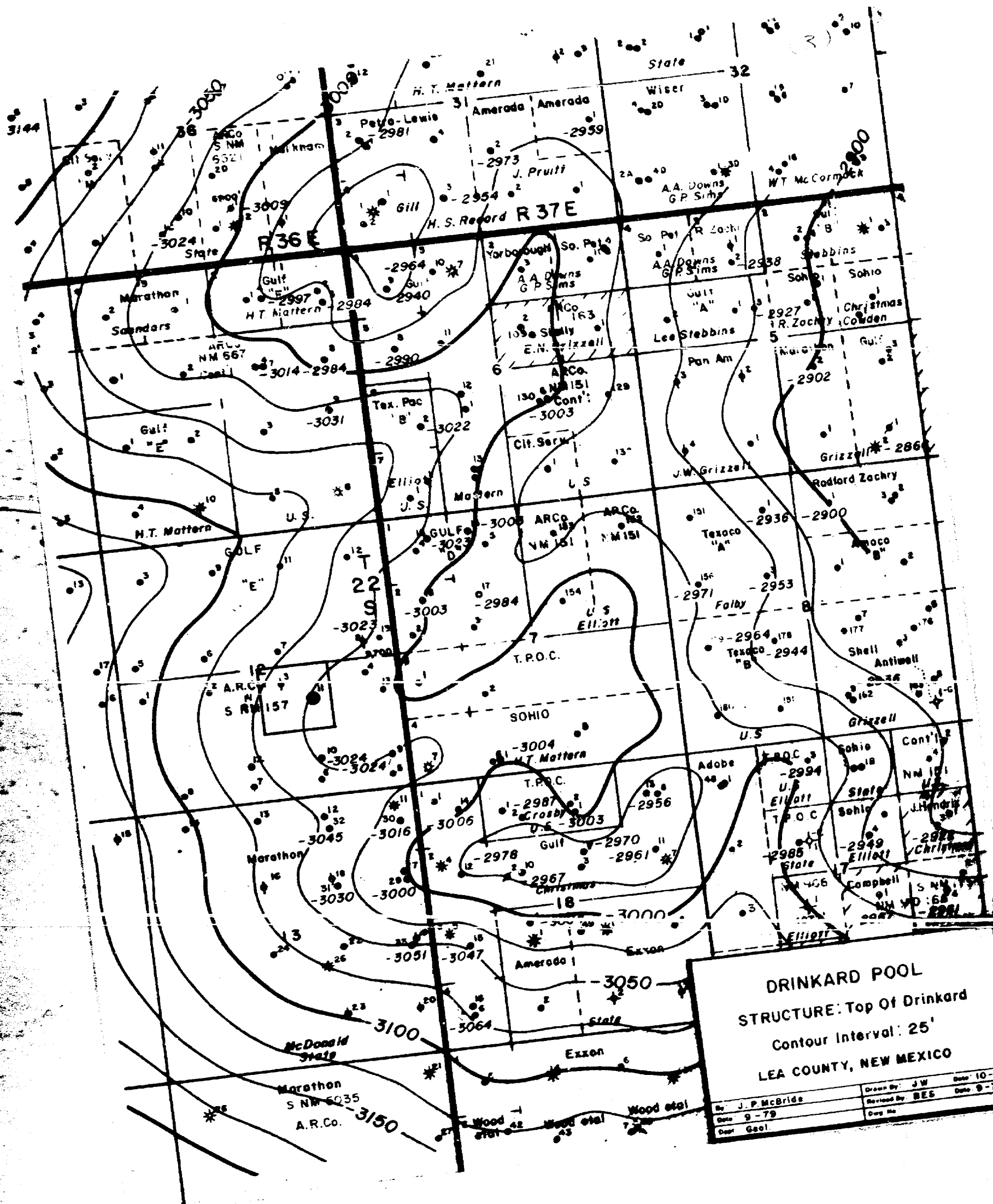
Signature
[Signature]
Certificate No. JOHN J. WEST 673
PATRICK A. ROMERO 0455
Ronald J. Eldon 3239



STATE 157 "D" NO
Souded
Completed
Drilled Perforations
STATE 157 "D" NO

BEFORE EXAMINER NOTED
OIL CONSERVATION DIVISION
WILL EXHIBIT NO. 1
CASE NO. 6866

ARCO Oil and Gas Company
 151 "D" LEASE
 GRINKARD OIL
 New Mexico
 STATE 151 "D" LEASE



DRINKARD POOL
STRUCTURE: Top of Drinkard
Contour Interval: 25'
LEA COUNTY, NEW MEXICO

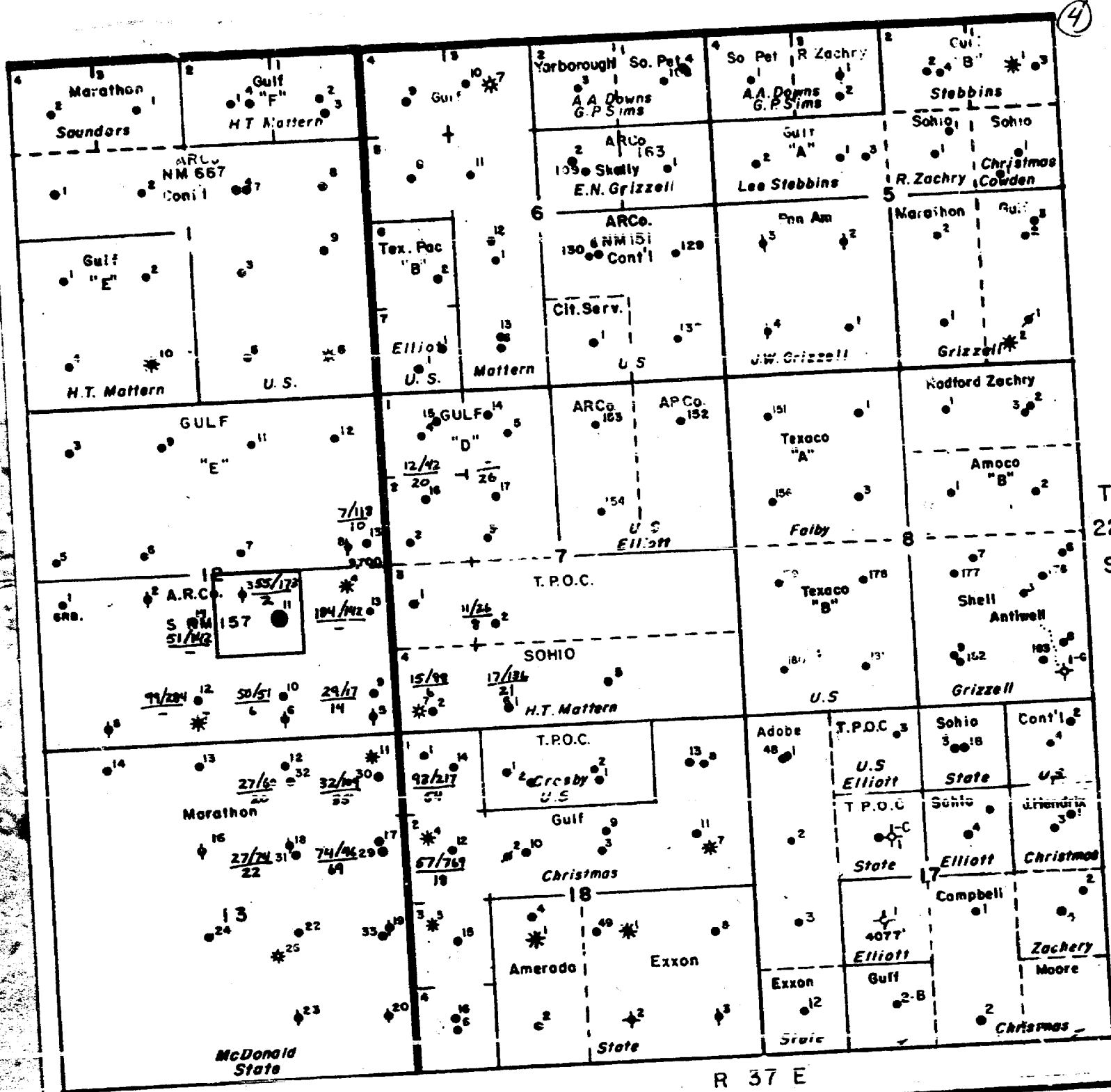
By: J. P. McBride	Drawn By: J.W.	Date: 10-78
Date: 9-79	Revised By: BES	Date: 9-79
Dept: Geol.	Org: No.	

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Free EXHIBIT NO. 3

CASE NO. 6862



R 36 E

R 37 E

STATE 157 "D" NO.
Spudded:
Completed:
Drinkard Perforations:
STATE 157 "D" NO.

DRINKARD PROD.

BOPD / mcf PD, 12-79
cum. MBO, 12-79

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Area EXHIBIT NO. 4
CASE NO. 6862

ARCO Oil and Gas Company
Permian District Midland Texas

DRINKARD OIL
Lea County, New Mexico
STATE 157 "D" LEASE

Scale 1" = 2000'

H Q Phgm	AVP	2 79
I-80	GLF	1-80
Eng		

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-85

All distances must be from the outer boundaries of the Section

Operator: Division of Atlantic Richfield Co. Arco Oil & Gas Co.				Location: State 157 - D		Well No. 11
Section Letter J	Section 12	Township 22 South	Range 35 East	County Lea		
Actual Well Location of Well:						
2123 feet from the South line and		1644 feet from the East line				
Ground Level Elev. 3461.9	Producing Formation Drinkard		Pool Drinkard	Dedicated Acreage: 40 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

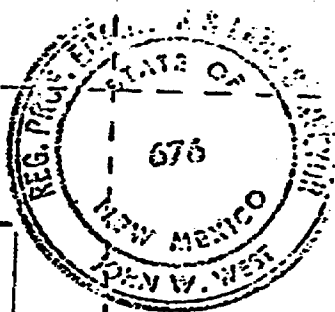
☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

* Corrected Form C-102 to change actual footage location of well

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXHIBIT NO. _____
CASE NO. 6862



1644'
Should have been 1650'

2123'

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *[Signature]*
Position: Dist. Dir. Supt.
Arco Oil and Gas Company
Division of Atlantic Richfield Company

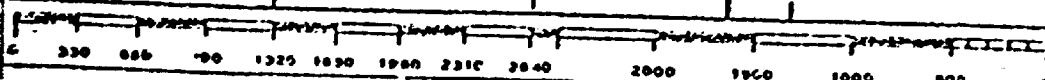
Date: 3/5/80

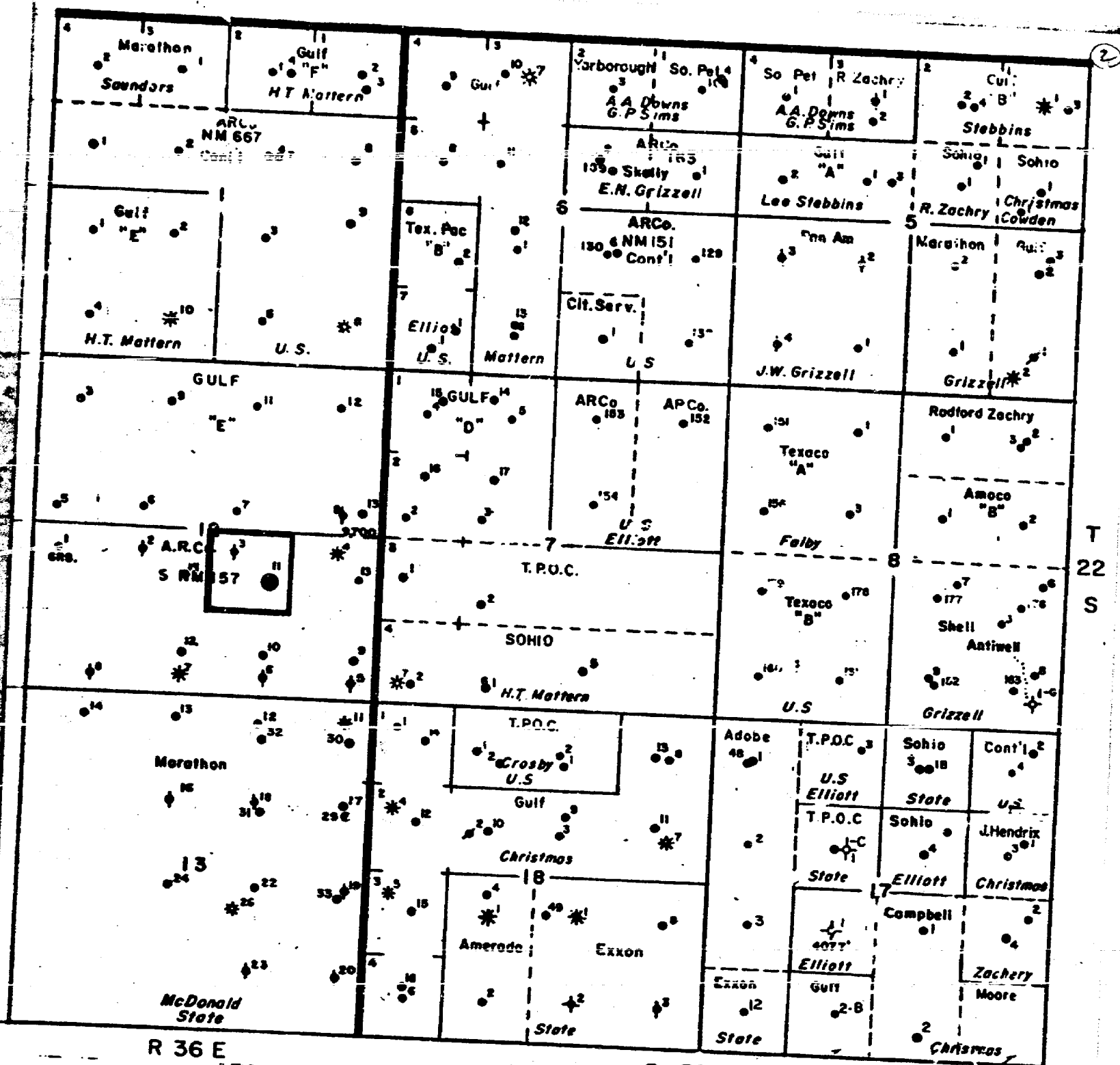
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: Jan. 9, 1980

Registered Professional Engineer and/or Land Surveyor

Signature: *[Signature]*
Certificate No. JOHN F. WEST 673
PATRICK A. RONZRO 0458
Ronald J. Fiddan 3239





T
22
S

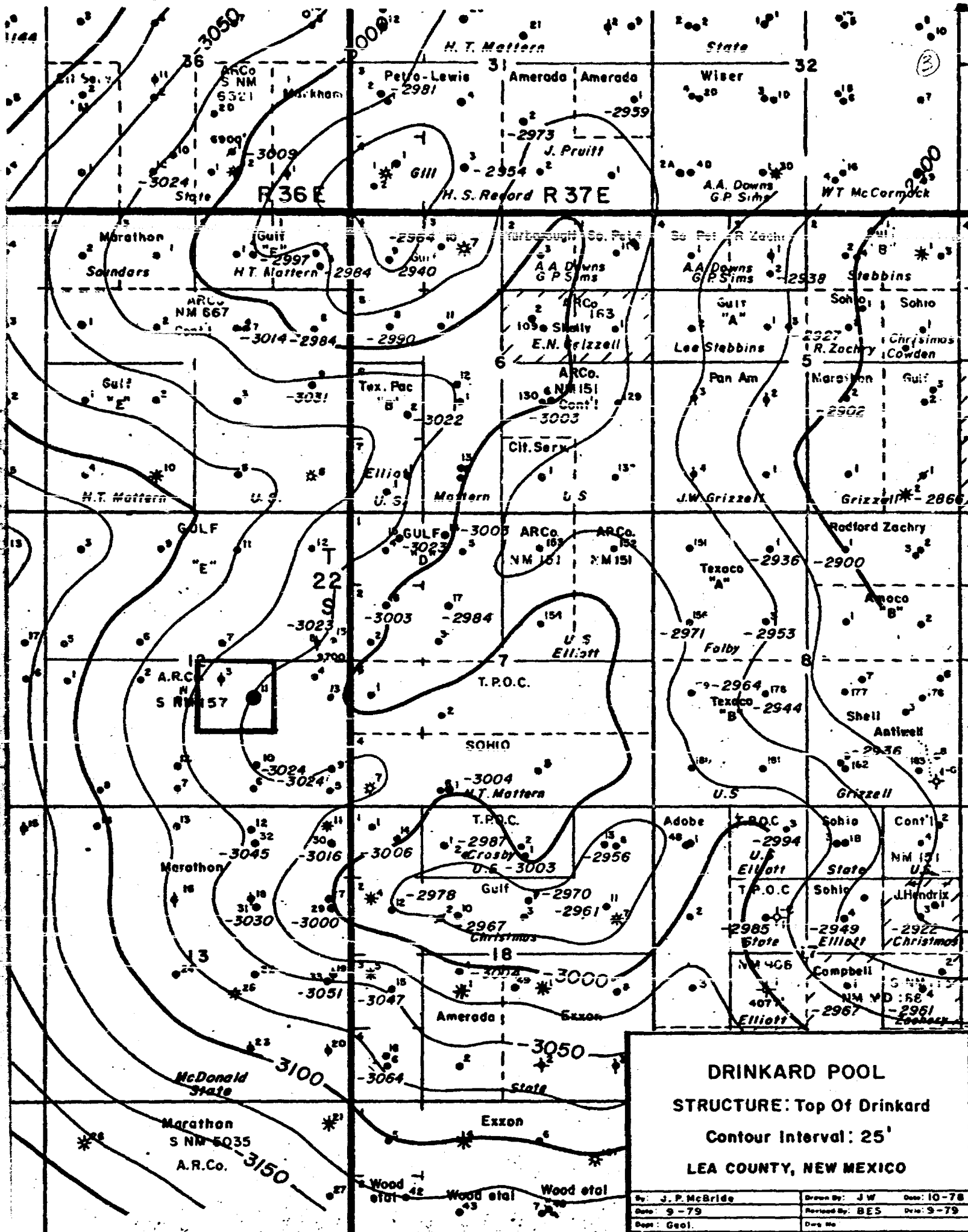
R 36 E

R 37 E

STATE 157 "D" NO. .
Spudded :
Completed :
Drinkard Perforations :
STATE 157 "D" NO.

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Arco EXHIBIT NO. 2
CASE NO. 6862

ARCO Oil and Gas Company ♦
Permian District Midland Texas
DRINKARD OIL
Leo County, New Mexico
STATE 157 "D" LEASE
Scale 1" = 2000'
No. 140 Phgm
Date 1-80
Drawn by A. Eng
AVP 2 79
GLF 1-80



BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Arco EXHIBIT NO. 3

CASE NO. 6862

ARCO Oil and Gas Company
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684 0100

*Set for hearing
& notify ARCO
Does not qualify*



March 13, 1980

OIL CONSERVATION DIVISION
The New Mexico Dept. of Energy & Minerals
P. O. Box 2088
Santa Fe, New Mexico 87501
RECEIVED
MAR 17 1980
OIL CONSERVATION DIVISION
SANTA FE

RE: State 157 "D" No. 11
Non-Standard Location
Drinkard Oil Pool
2123' FSL & 1644' FWL
Section 12, T22S, R36E
Lea County, New Mexico

Case 6862

Gentlemen:

ARCO Oil & Gas Company respectfully requests approval of a non-standard location for the State 157 "D" No. 11. The well is located in the 40-acre proration unit consisting of the NW/4 SE/4 of Section 12, T22S, R36E. The State 157 "D" No. 11 was drilled and completed in the Drinkard oil formation. The well was believed to have been drilled at 1980' FSL and 1650' FEL of Section 12. A surveying error was discovered and the well was drilled in a non-standard location. The well is located 2123' FSL and 1644' FWL which is 324 feet from the east boundary of the 40-acre tract.

ARCO Oil & Gas Company believes approval of this requests will be in the interest of conservation, protect correlative rights and allow for efficient recovery of oil reserves.

Attached are the original well location and acreage dedication plat, the corrected well location and acreage dedication plat (Form C-102), a map showing offset operators, and a list of offset operators who have been furnished a copy of this application by registered mail.

Very truly yours,

Ronald B. Marquez
Engineer

RBM:ad

OFFSET OPERATORS - STATE 157 "D" No. 11

Marathon Oil Company
C&K Petroleum Bldg.
Midland, Texas 79702

Gulf Oil Company
Gulf Building
P. O. Box 1150
Midland, Texas 79702

Martindale Oil Company
Box 1955
Hobbs, New Mexico 88240

Sohio
Box 3000
Midland, Texas 79702

Texas Pacific Oil Company
P O Box 4067
Midland, Texas 79701

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator Division of Atlantic Richfield Co. Arco Oil & Gas Co.		Lease State 157 - D		Well No. 11	
Unit Letter J	Section 12	Township 22 South	Range 36 East	County SANTA FE	
Actual Footage Location of Well: 2123 feet from the South line and 1644 feet from the East line					
Ground Level Elev. 3461.9	Producing Formation Drinkard		Pool Drinkard	Dedicated Acreage: 40 Acres	

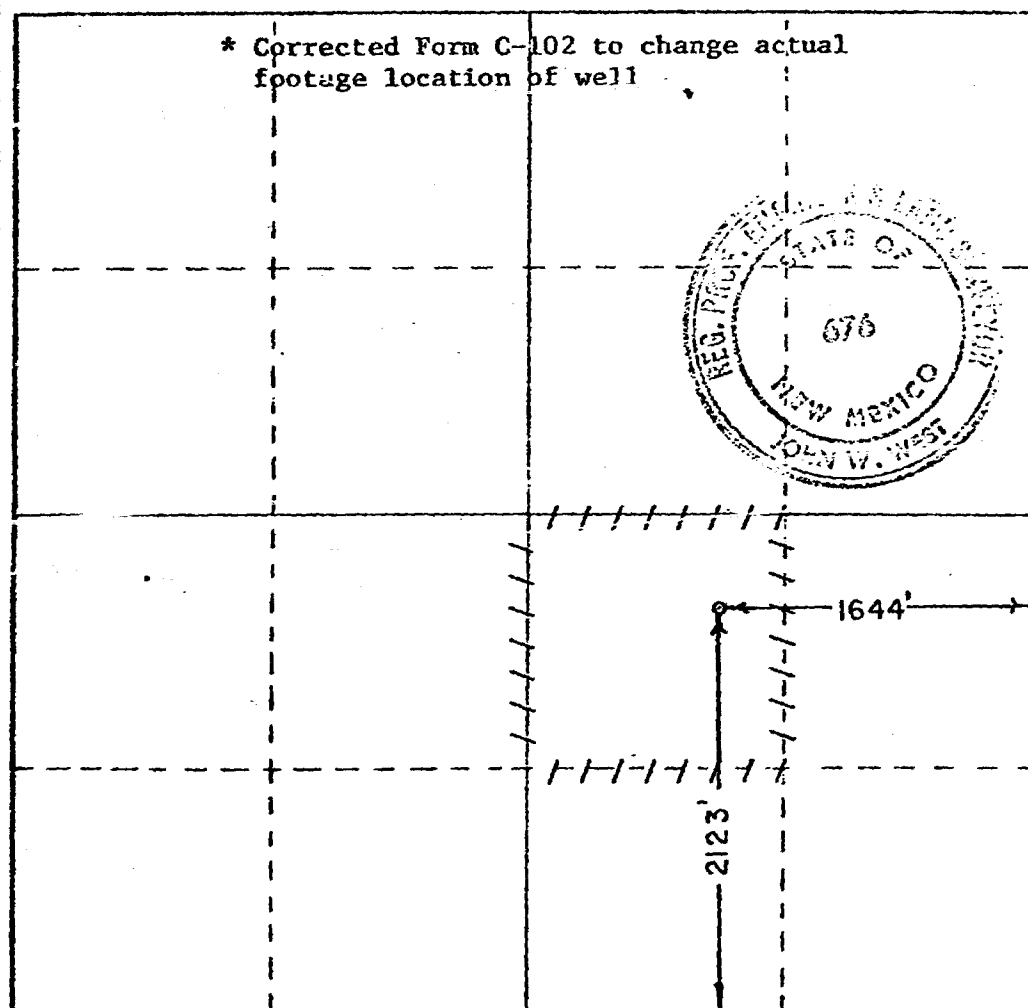
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

* Corrected Form C-102 to change actual footage location of well



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
John W. West

Position
Dist. Dirg. Supt.
ARCO Oil and Gas Company
Division of Atlantic Richfield Company

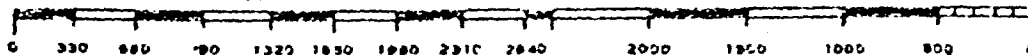
Date
3/5/80

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
Jan. 9, 1980

Registered Professional Engineer
and/or Land Surveyor

Signature
John W. West
Certificate No. JOHN W. WEST 676
PATRICK A. ROMERO 3393
Ronald J. Eidson 3239



NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the section.

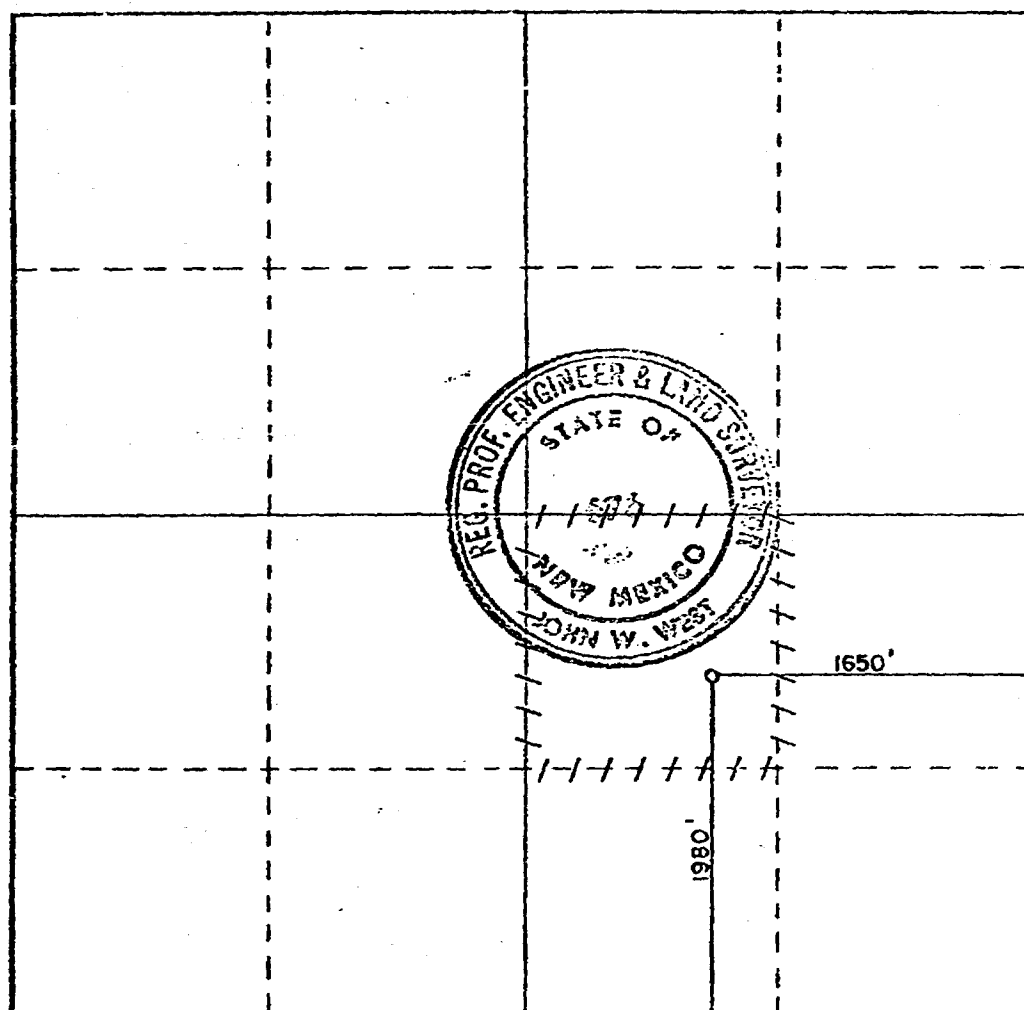
Operator Division of Atlantic Richfield Co. ARCO Oil & Gas Company		Lease State 157 D.		Well No. 11	
Unit Letter J	Section 12	Township 22 South	Range 36 East	County Lea	
Actual Frontage Location of Well: 1980 feet from the South line and 1650 feet from the East line					
Ground Level Elev. 3461.9	Producing Formation Drinkard	Pool Drinkard	Dedicated Acreage: 40 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

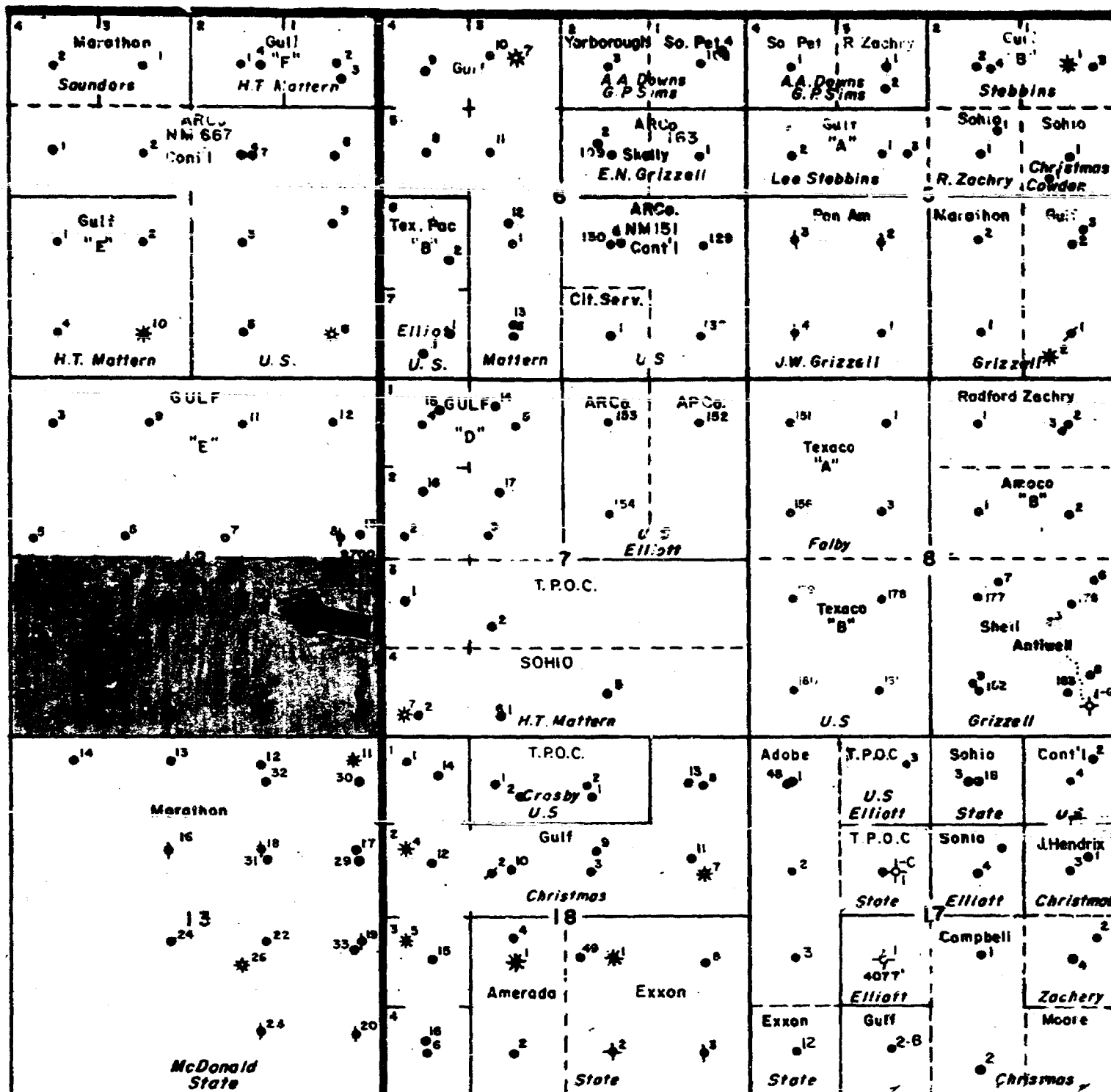
Name
John W. West
Position
Dist. Dir. Supt.
ARCO Oil and Gas Company
Division of Atlantic Richfield Company

Date
9/20/79

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
September 17, 1979
Registered Professional Engineer
and/or Land Surveyor

John W. West
Certificate No. John W. West 676
Ronald J. Eidson 3239



T
22
S

R 36 E

R 37 E

STATE 157 "D" NO.
Spudded:
Completed:
Drinkard Perforations:
STATE 157 "D" NO.

ARCO Oil and Gas Company

Permian District Midland, Texas

DRINKARD OIL

Lea County, New Mexico

STATE 157 "D" LEASE

Scale 1" = 2000'

Q. Pham	AVP 2 79
I-80	GLF 1-80
W. Eng	

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6862

ORDER NO. R- 6318

APPLICATION OF ARCO Oil and Gas Company
OIL
FOR AN UNORTHODOX ~~gas~~ WELL LOCATION.

Lea COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 9, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of April, 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, ARCO Oil and Gas Company, for its State 157 "D" Well No. 111 drilled at a point seeks approval of an unorthodox ~~gas~~ well location 2123 feet from the South line and 1644 feet from the East line of Section 12, Township 22 South Range 36 East, NMPM, to test the formation, Drinkard Pool, Lea County, New Mexico.

(3) That the NW/4 SE/4 of said Section 12 is to be dedicated to the well.

~~(4) That a well at said unorthodox location will better~~
~~well was drilled 8 six feet closer to the proration unit~~
~~enable applicant to produce the gas underlying the proration unit~~
~~boundary than is permitted by the Division Rules and Regulations~~
(5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. _____

Order No. R- _____

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox ^{oil} gas well location for ~~the~~ the Drinkard the ARCO Oil and Gas Company State 157 "D" Well No. 11 drilled formation is hereby approved for a well to be located at a point 2123 feet from the South line and 1644 feet from the East line of Section 12, Township 22 South, Range 36 East NMPM, Drinkard Pool, Lea County, New Mexico.

(2) That the NW/4 SE/4 of said Section 12 shall be dedicated to the above-described well.

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

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