MER 5862: ARCO OIL AND GAS COMPANY FOR AN UNDERENCOOK OIL WELL LOCATION, LEACUNTY, 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-) pany for an unorthodox oil well loca-) tion, Lea County, New Mexico.

CASE 6862

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

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. MINKLE LAW FIRM P. O. Box 3580 Midland, Texas 79701

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Direct Examination by Mr Coffield

Cross Examination by Mr. Nutter

EXHIBITS

Applicant Exhibit One, Document 5

Applicant Exhibit Two, Land Plat 6

Applicant Exhibit Three, Structure Map 6

Applicant Exhibit Four, Map 6

SALI.Y W. BOYD, C.S.R. Rt. 1 Box 193-B Sat 12 Fe, New Mexico 57301 Phone (505) 455-7409

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MR. NUTTER: We'll call next Case Number

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

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

(Witness sworn.)

RONALD B. MARQUEZ

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

DIRECT EXAMINATION

BY MR. COFFIELD:

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

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

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

No, I have not.

Would you please state then for the Examiner's benefit, a brief resume of your educational background and work experience as a petroleum engineer? I graduated from the University of New

Mexico in May of 1978 with a BS in chemical engineering.

I began working for ARCO Oil and Gas Company in June, 1978; spent my first year on a petroleum engireering training program in Midland, Texas.

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

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

Yes, I am.

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

Yes.

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

MR. NUTTER: No. Mr. Marquez is qualific

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

We seek approval for the unorthodox location of the State 157-D Well No. 11, drilled 2123 feet from the south line and 1644 feet from the east line of Section

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Phone (305) 455-7409

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

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

A Exhibit Number One is the well location and acreage dedication plat of the State 157-D Well No. 11.

From the plat it can be seen the well is located 2123 feet from the south line and 1644 from the east line of Section 12. The well is located 6 feet east of a standard location.

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

A Yes.

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

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

Q Has this well actually been drilled?

A Yes, it has.

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

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

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

A. This is a land plat that shows all the offset operators to the subject 40-acres. Gulf Oil Corporation operates the land north of the subject acreage, and ARCO Oil and Gas Company operates the remaining offsetting acreage.

Gulf has only one well that offsets our State 157-D No. 11. The offset well is located 1560 northeast of the subject well.

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

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

Q Okay, let's go to Exhibit Four, Mr. Marquez, and please explain that one.

A. This is the Drinkard Oil Production Map.

It shows the Drinkard production in the area.

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

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

There is no significant difference in the drainage patterns.

Were these Exhibits One through Four prepared by you or under your supervision, Mr. Marquez?

Yes, they were.

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

Yes.

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

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

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Marquez, when was this well completed

It was -- the final report was in December of 1979.

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

It is a brand new well, yes, sir.

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SALLY W. BOYD; C.S.R. Rt. 1 Box 193-B Sames Pt. New Menico 57304 Phone (302) 435-7489 And the location being 2123 from the south line doesn't make it non-standard in that direction.

A Not in that direction, no, sir.

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

A Correct.

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

A Correct.

Which resulted from a surveying error?

A Yes, sir.

MR. NUTTER: Are there any further questions of the witness? He may be excused.

Do you have anything further, Mr. Coffield

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

MR. NUTTER: Does anyone have anything

they wish to offer in Case Number 6862?

We'll take the case under advisement.

(Hearing concluded.)

Page ______9

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.

Souly 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 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

APPEARANCES

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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RONALD B. MARQUEZ

Direct Examination by Mr Coffield

Cross Examination by Mr. Nutter

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Frank (200) 455-7409

Page ______3____

MR. NUTTER: We'll call next Case Number

6862.

MK. PAULDLAY Application of ARCO Oil

and Gas Company for an unorthodox oil well location, Lea County, New Mexico.

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

(Witness sworn.)

RONALD B. MARQUEZ

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

DIRECT EXAMINATION

BY MR. COFFIELD:

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

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

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

No, I have not.

IALLY W. BOYD, C.E. Rt. 1 Box 199-B Mans Pt. Now Menton 5730 Phone (305) 455-7439

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Q Would you please state then for the Examiner's benefit, a brief resume of your educational background and work experience as a petroleum engineer?
A I graduated from the University of New

Mexico in May of 1978 with a BS in chemical engineering.

I began working for ARCO Oil and Gas Company in June, 1978; spent my first year on a petroleum engineering training program in Midland, Texas.

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

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

A. Yes, I am.

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

A Yes.

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

MR. NUTTER: No. Mr. Marquez is qualified

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

We seek approval for the unorthodox location of the State 157-D Well No. 11, drilled 2123 feet from the south line and 1644 feet from the east line of Section

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

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

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

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

Yes.

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

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

Has this well actually been drilled?

Yes, it has.

Now did it happen that the well was not drilled at a standard location?

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

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Two and explain that to the Examiner, please.

offset operators to the subject 40-acres. Gulf Oil Corporation operates the land north of the subject acreage, and ARCO Oil and Gas Company operates the remaining offsetting acreage.

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

Q Refer to what we've marked as Exhibit

Three and explain that to the Examiner.

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

Q Okay, let's go to Exhibit Four, Mr. Marquez, and please explain that one.

This is the Drinkard Oil Production Map.

It shows the Drinkard production in the area.

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

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

There is no significant difference in the drainage patterns.

Q Were these Exhibits One through Four prepared by you or under your supervision, Mr. Marquez?

A Yes, they were.

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

a Yes.

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

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

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Marquez, when was this well completed?

A It was -- the final report was in December of 1979.

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

It is a brand new well, yes, sir.

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A Not in that direction, no, sir.

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A Correct.

0 --or to the east of where it should have been.

A. Correct.

Q Which resulted from a surveying error?

A. Yes, sir.

MR. NUTTER: Are there any further questions of the witness? He may be excused.

Do you have anything further, Mr. Coffield

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

MR. NUTTER: Does anyone have anything

they wish to offer in Case Number 6862?

We'll take the case under advisement.

(Hearing concluded.)

PEROPTER'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.

> I do homely carrie that the foregoing is the Examiner hearing of , Examiner Oil Conservation Division

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

FOST OFFICE BOX 2088

BIATE LANGU CATALL COLLEGE

SANTA FE, NEW MEXICO 8750

April 17, 1980

Re: Mr. Conrad E. Coffield Hinkle, Cox, Baton, Coffield	CASE NO. 6862 ORDER NO. R-6318
& Hensley Attorneys at Law P. J. Box 3580	Applicant:
Hidiani, Texas 79702	ARCO 011 and Gas Company
Dear Sir:	
Enclosed herewith are two copies Division order recently entered i	
Pours very truly,	
JOE D. RAMEY Director	
JDR/ia	
Copy of order also sent to:	the state of the
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Other	

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE CIL CONDERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 6862 Order No. R-6318

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

ORDER OF THE DIVISION

BY THE DIVISION:

Th's cause came on for hearing at 9 a.m. on April 9, 1980, at Santa Fe, New Mexico, before Examiner Daniel 8. Nutter.

Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

PINDS:

- (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, MMPM, Drinkard Pool, Lea County, New Mexico.
- (3) That the NW/4 SE/4 of said Section 12 is to be dedi-
- (4) That due to an error in surveying, the subject well was drilled six feet closer to the proration unit boundary than a permitted by the Division Rules and Regulations.
- (5) That no offset operator objected to the proposed un-

-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 uncrthodox 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, MIPM, Drinkard Pool, Lea County, Herigo.
- (2) That the NW/4 SE/4 of said Section 12 shall be dedi-cated to the above-described well.
- (3) That jurisdiction of this cause is retained for the netry of such further orders as the Division may deem necessary.

DONE at Santa For New Mexico, on the day and year hereinshove designated.

STATE OF NEW MEXICO QIL CONSERVATION DIVISION

JOE D. RAMEY Director

Dockets Nos. 12-80 and 13-80 are tentatively set for April 23 and May 7, 1980. Applications for nearing 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. Stameta, 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 5851: 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 Satural 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 ChaGallup 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 Hississippian 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 ZI North, Kange 10 week.
- Application of Texaco Inc. for downhole commingling, Los County, New Hexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, 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 15 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.

- Application of H. L. Brown, Jr. for gas well commingling, Roosevelt County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to commingle Bluitt-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 & G 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 II 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 Andres 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.
- UASE 6637: (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 Cas 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 weil.
- 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, Les County, New Nexico. 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.

Page 3 of 3 Examiner Hearing - Wednesday - April 9, 1989 Docket No. 9-80

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 1550 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: 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 befor 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 Les, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for May, 1960, from four protect pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Docket Mo. 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)

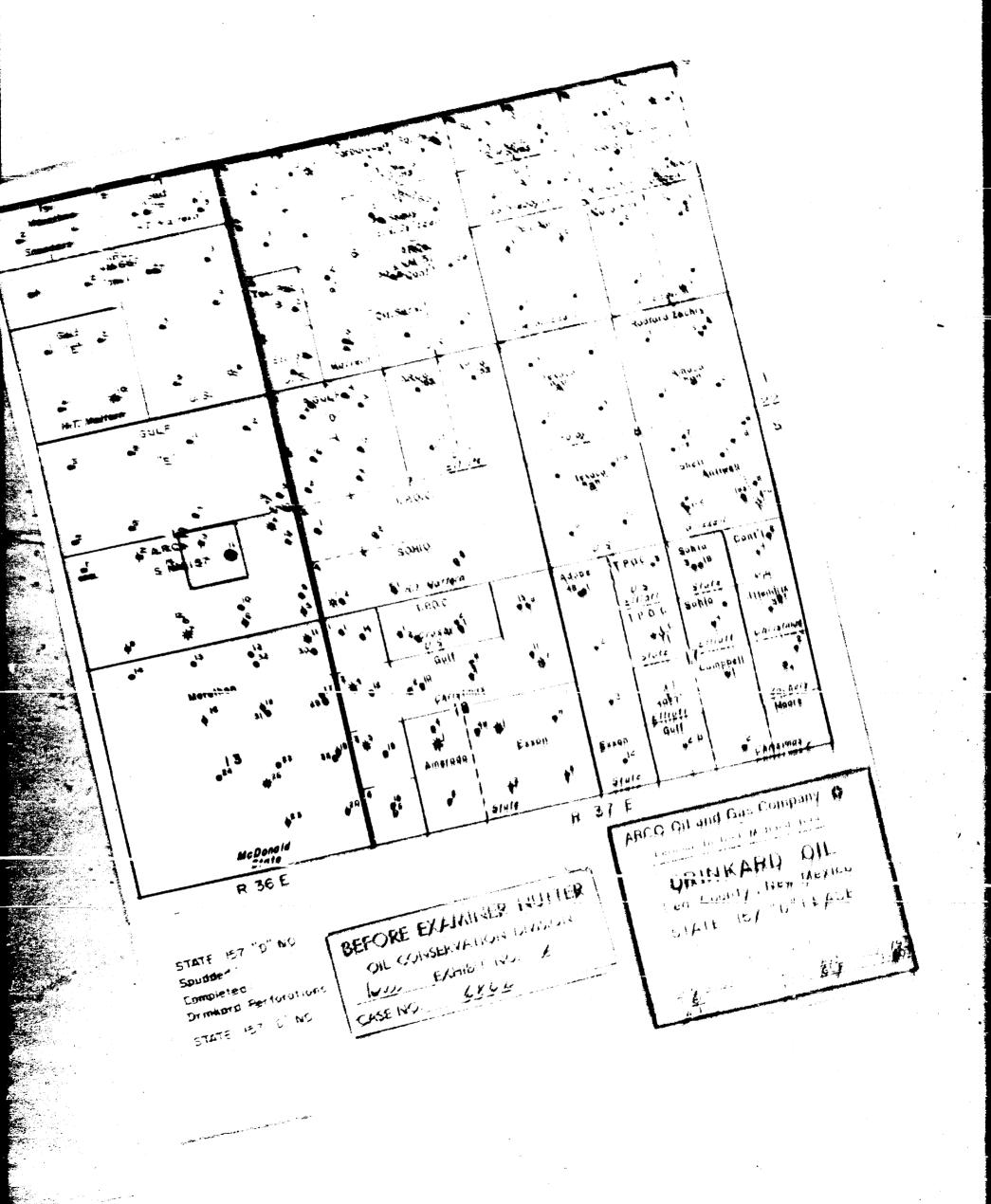
Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit O of Section 33, Township 18 South, Range 30 East, and special rules therefor,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

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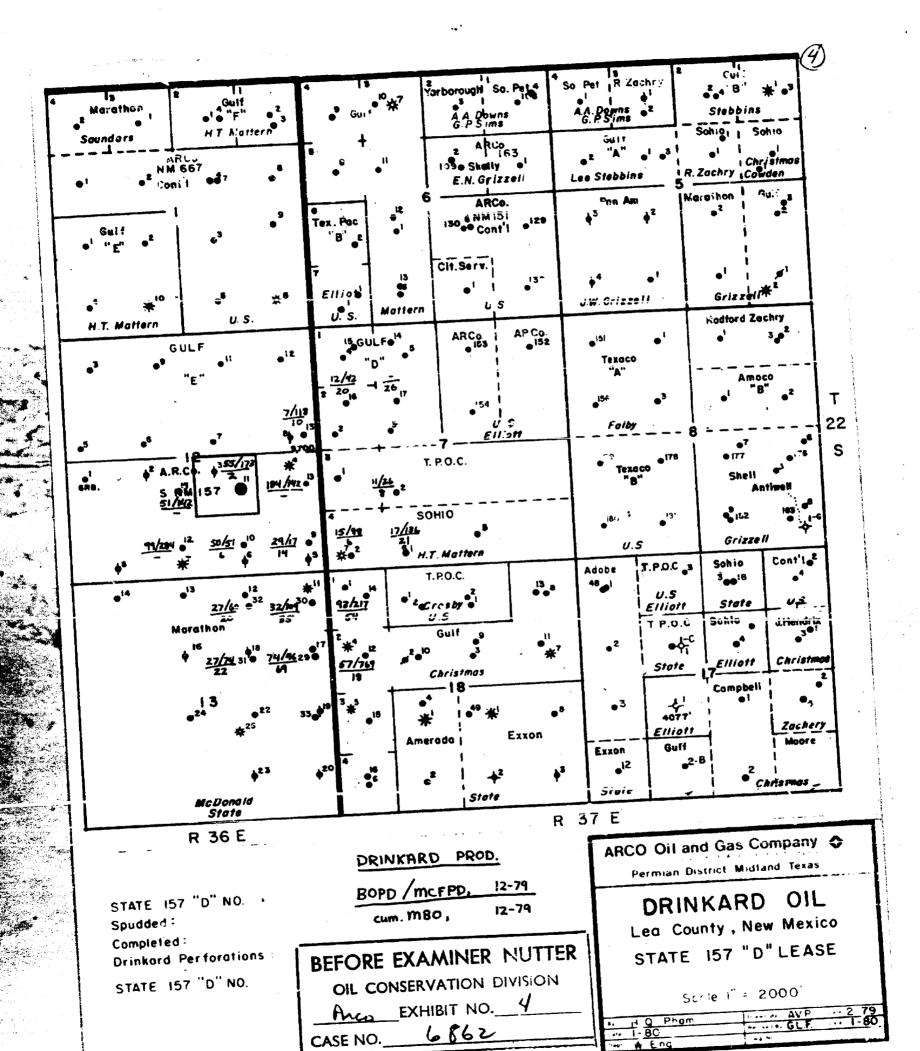


BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

EXHIBIT NO. 3

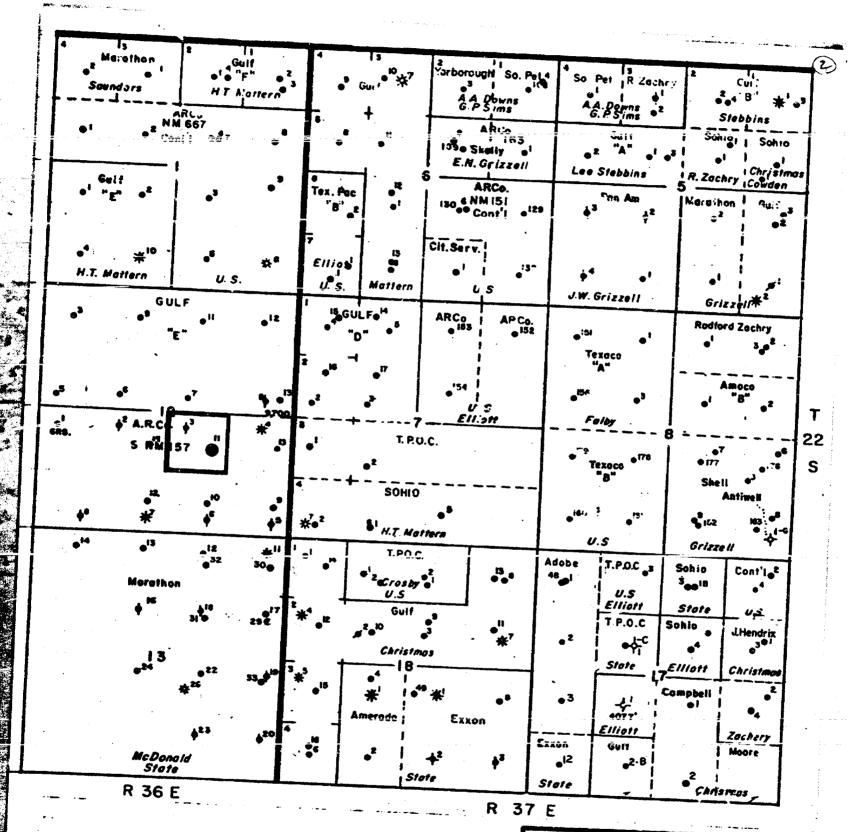
CASE NO. 6862



NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

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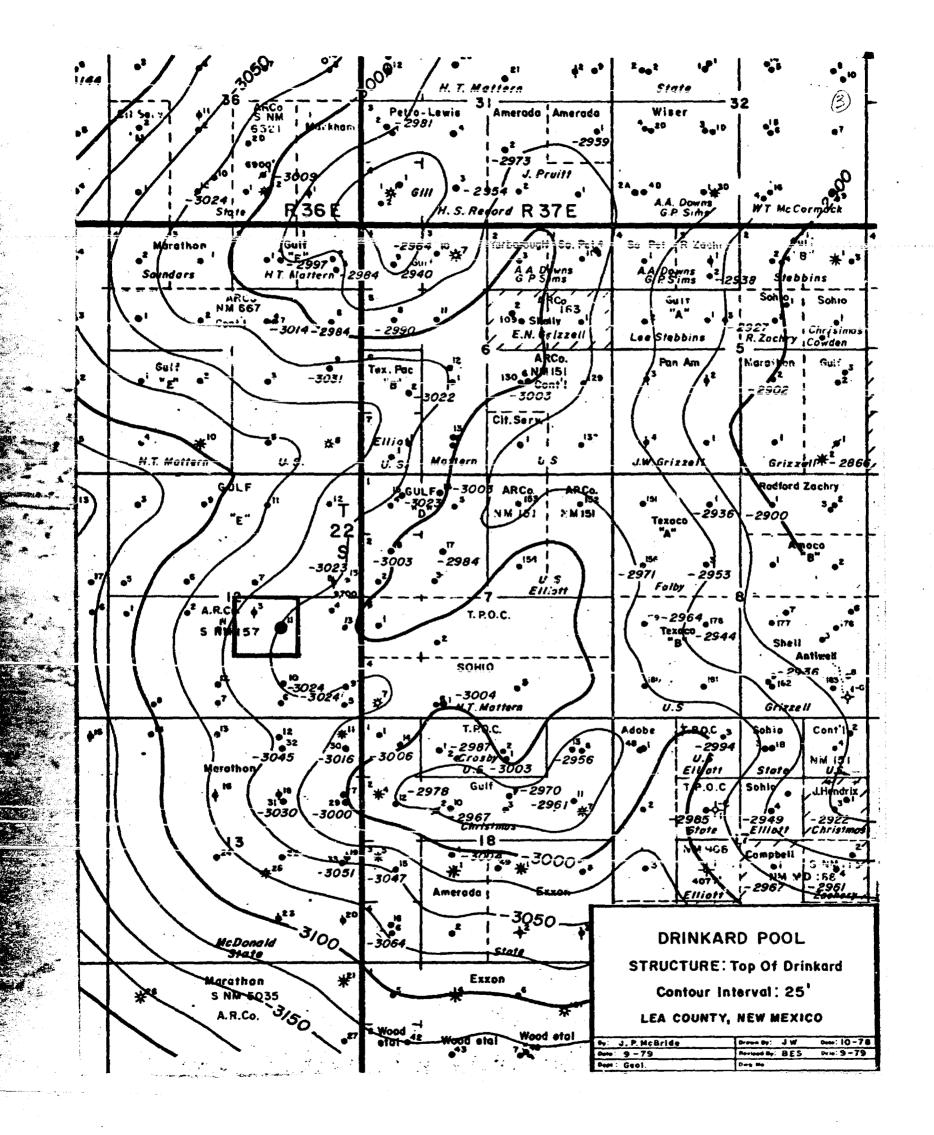
CASE NO. 6862

ARCO Oil and Gas Company Permian District Midland Texas

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

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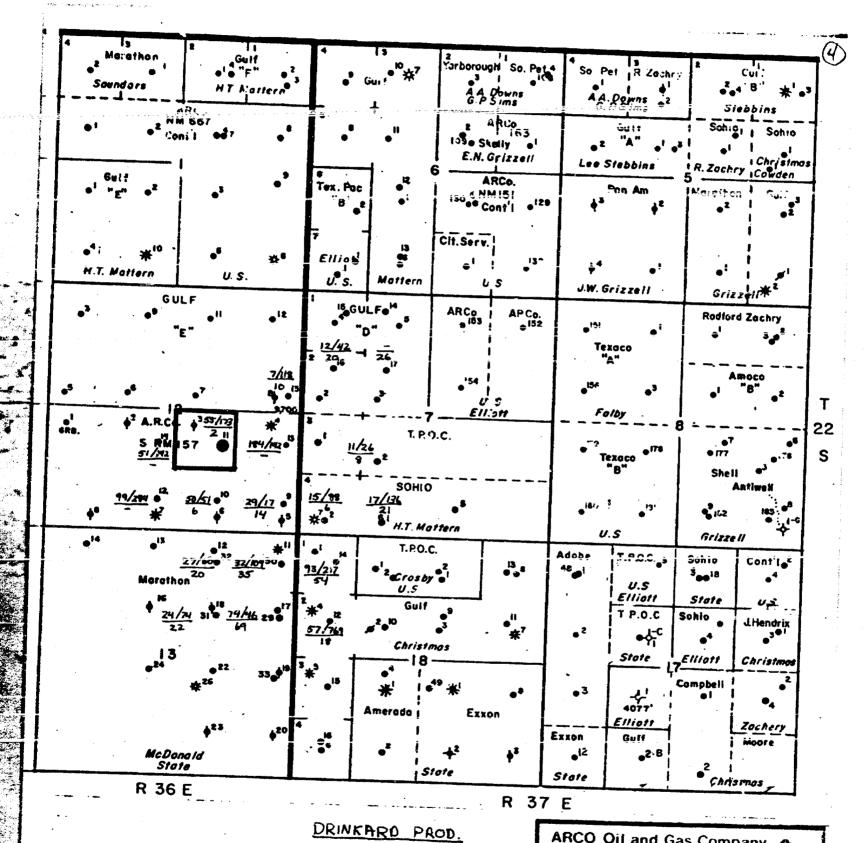


OIL CONSERVATION DIVISION

ACCOMPANY

EXHIBIT NO. 3

CASE NO. 6862



STATE 157 "D" NO.

Spudded: Completed:

Drinkard Perforations:

STATE 157 "D" NO.

BOPD/MCFPD , 12-79 cum. MBO , 12-79

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION EXHIBIT NO. 6862

ARCO Oil and Gas Company �

Permian District Midland Texas

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

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W Eng	***

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

Set for hearing CD not qualify



March 13, 1980

Oil Conservation Division Aff The New Mexico Depti of Energy & Minerals P. O. Box 2088 Oil CC S. P. J.C. I DIVISION Santa Fe, New Mexico 8750 SANTA FE

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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 T57 "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 Ellective tot-65

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HE AEXICO OIL CONSERVATION COMMISSE WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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STATE 157 "D" NO.

ARCO Oil and Gas Company &

Permian District Midland, Texas

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

location.

IN THE MATTER OF CALLED BY THE OF CONSIDERING:	IL CONSERVATION		
TAH	2	CASE NO. 6862	
7.01		ORDER NO. R-	318
APPLICATION OF	OIL OX CRS WELL LOCA		
Lea	COUNTY, NEW	MEXICO.	
	ORDER OF THE	DIVISION	Wa
BY THE DIVISIO	<u>N</u> :		0
This caus	se came on for hea	aring at 9 a.m.	on April 9
V*		- before Exami	ner Daniel S. Nutt

19 80 , at Santa Fe, New Mexico, before Examin NOW, on this _____day of April , 19 80 , the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises, FINDS: (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof. for its State 157 "D" Well No. 11 drilled at a paint 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 , NMPM, to test the Range 36 East Pool, Lea formation, Drinkard County, New Mexico. (3) That the NW/4 SE/4 of said Section 12 is to be dedicated to the well.

That hue to an liver in Recovering the But that hue to an liver in Recovering the But that a well at said unorthodox location will better the was drilled & say feet closer to the provation in the grant to produce the gas underlying the provation ungashe applicant to produce the gas underlying the provation ungashe applicant to produce the gas underlying the provation ungashes and by comble applicant to produce the gas underlying the provation unit boundary than is permitted by the Division bulg and pulsaring (5) That no offset operator objected to the proposed unorthodox

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Case	No.		
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(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the xgas 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 ges well location for the ARCO Oil and Gas Company State 157 "D" Well No. feet from the South line and 1644 feet from the _____ , Range 36 East line of Section 12, Township 22 South Pool, Drinkard NMPM.
 - (2) That the NW/4 SE of said Section 12 shall be dedicated to New Mexico.
 - (3) That jurisdiction of this cause is retained for the entry of such the above-described well. further orders as the Division may deem necessary.

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