

CASE NO. 1018: STEVENS OIL COMPANY FOR A
NEW STANDARD GAS PRODUCTION UNIT, CHAVES
COUNTY, NEW MEXICO

CASE NO.

6878

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 FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6878
Order No. R-6357

APPLICATION OF STEVENS OIL COMPANY
FOR A NON-STANDARD GAS PRORATION
UNIT AND UNORTHODOX LOCATION, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 21, 1980,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 5th day of June, 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, Stevens Oil Company, seeks
approval of a 160-acre non-standard gas proration unit compris-
ing the N/2 SW/4 and S/2 NW/4 of Section 25, Township 8 South,
Range 28 East, NMPM, to be dedicated to its O'Brien "F" Well
No. 4 to be located at an unorthodox location 1650 feet from
the South line and 2310 feet from the West line of said Section
25.

(3) That the entire non-standard proration unit may reason-
ably be presumed productive of gas from the Twin Lakes-San Andres
Associated Pool and that the entire non-standard gas proration
unit can be efficiently and economically drained and developed
by the aforesaid well.

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Case No. 6878
Order No. R-6357

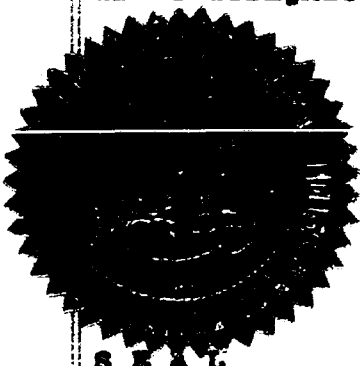
(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Twin Lakes-San Andres Associated Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Twin Lakes-San Andres Associated Pool comprising the N/2 SW/4 and S/2 NW/4 of Section 25, Township 8 South, Range 28 East, NMPN, Chaves County, New Mexico, is hereby established and dedicated to the Stevens Oil Company O'Brien "F" Well No. 4 at an unorthodox location, hereby approved, 1650 feet from the South line and 2310 feet from the West line of said Section 25.

(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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Stevens Oil Company
for a non-standard gas proration
unit and unorthodox location, Chaves
County, New Mexico.

and

Application of Stevens Oil Company
to amend Order No. R-5353, Chaves
County, New Mexico.

CASE
6878

CASE
6893

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

For the Applicant:

Donald W. Miller, Esq.
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I N D E X

JACK ALLEN

| | |
|----------------------------------|----|
| Direct Examination by Mr. Miller | 3 |
| Cross Examination by Mr. Stamets | 12 |

E X H I B I T S

| | |
|------------------------------|---|
| Applicant Exhibit Five, Plat | 6 |
| Applicant Exhibit Six, Plat | 9 |

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1 MR. STAMETS: We'll call next Case 6878.

2 MR. PADILLA: Application of Stevens Oil
3 Company for a non-standard gas proration unit and unorthodox
4 location, Chaves County, New Mexico.

5 MR. STAMETS: I'll call for appearances
6 in this case.

7 MR. MILLER: My name is Donald Miller
8 and I represent Stevens Oil Company in this case. I have one
9 witness.

10
11 (Witness sworn.)

12
13 JACK ALLEN
14 being called as a witness and having been duly sworn upon
15 his oath, testified as follows, to-wit:

16
17 DIRECT EXAMINATION

18 BY MR. MILLER:

19 Q Mr. Allen, would you state your name,
20 please?

21 A My name is Jack Allen.

22 Q Where do you live?

23 A I live in Roswell, New Mexico.

24 Q What is your occupation?

25 A I'm a consulting geologist.

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1 Q What is your relationship to the applicant
2 here, Stevens Oil Company?

3 A I have been employed by Stevens Oil Com-
4 pany to investigate the circumstances of Twin Lake Oil and
5 Gas Pool and present testimony to that effect.

6 Q Have you testified before the Hearing
7 Examiner before and been accepted as an expert witness?

8 A Yes, I have.

9 MR. MILLER: Mr. Hearing Examiner, is the
10 witness -- are the witness' qualifications acceptable for
11 testimony?

12 MR. STAMETS: They are.

13 MR. MILLER: Mr. Hearing Examiner, I move
14 that the testimony and exhibits presented at the previous
15 hearing by Mr. Allen be combined and consolidated with the
16 testimony and exhibits which will be presented here today
17 under Cause Number 6893 for purposes of this hearing.

18 MR. STAMETS: You want to combine 6878
19 with 6893?

20 MR. MILLER: Yes, sir.

21 MR. STAMETS: Okay. Let's call 6893.

22 MR. PADILLA: Application of Stevens Oil
23 Company to amend Order No. R-5353, Chaves County, New Mex-
24 ico.

25 MR. STAMETS: Are there any other appear-

1 ances in either of these two cases?

2 We will consolidate Case 6878 and 6893.

3 MR. MILLER: Thank you.

4 Q Mr. Allen, would you state what the appli-
5 cant seeks in these petitions?

6 A The application, yes, sir.

7 In Case 6878 the applicant seeks approval
8 of a 160-acre non-standard proration unit, comprising the
9 north half of the southwest quarter and the south half of the
10 northwest quarter of Section 25 of Township 8 South, Range
11 28 East, which is located in the Twin Lake San Andres Asso-
12 ciated Pool.

13 This proration unit would be dedicated to
14 the O'Brien "F" Well No. 4 at an unorthodox location of 1650
15 feet from the south line and 2310 feet from the west line
16 of the said Section 25.

17 Okay. In Case 6893 the applicant seeks
18 to amend Order No. R-5353, which are rules governing the
19 Twin Lakes San Andres Pool. The revision to the rules would
20 provide that each well, whether oil or gas, shall be loca-
21 ted no nearer than 330 feet from any quarter-quarter section
22 line, except that any well drilled specifically for known
23 gas in a known gas productive area, shall be located within
24 150 feet of the center of a quarter-quarter area.

25 Q Would you explain to the Hearing Examiner

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1 why the applicant seeks this relief?

2 A There are essentially three reasons for
3 seeking this relief.

4 Our primary reason being that it allows
5 considerably more flexibility in well location to avoid gas,
6 known gas areas. A gas well is less commercial than an oil
7 well. Producing a gas well would adversely affect reservoir
8 energy and the applicant seeks to drill oil wells only, and
9 only by accident will we be drilling into a gas cap or a
10 gaseous portion of the reservoir.

11 Secondly, we are attempting to maintain
12 the spacing that has already been established and the pattern
13 already established within the oil field. If you'll note
14 on the map, Exhibit Number Five, that in Section 25 most of
15 the wells are pulled south and east from the center of a
16 quarter-quarter section. This is for purposes of secondary
17 recovery at the time when we feel that it is proper to pro-
18 ceed with secondary recovery endeavors.

19 Q What will be the effect on the applicant
20 if the applicant is drilling for oil and strikes gas and does
21 not have -- if this application is not granted?

22 A Okay, the requirement would be that in
23 each instance a special hearing would have to be held in
24 Santa Fe for permission for an unorthodox location for a gas
25 well. This would waste the time of the Oil Conservation

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1 Commission as well as that of the applicant.

2 Q And that is also because there is no
3 allowable, am I correct.

4 A There would be no allowable for the well
5 unless they were approved.

6 Q Mr. Allen, I hand you what has been marked
7 as Applicant's Exhibit Number Five and ask you if you recog-
8 nize that and state what it is.

9 A Yes, sir, this is a location plat in the
10 Twin Lake San Andres Pool, showing the location of all of the
11 wells that have been drilled to date and some proposed loca-
12 tions.

13 Q Is that exhibit the same exhibit as what
14 has previously been admitted by the Hearing Examiner in the
15 previous hearing as Exhibit One?

16 A Yes, sir, with the exception of the loca-
17 tion of two wells that are being proposed by applicant.

18 Q Where are those wells?

19 A The location for Well "F" No. 5 O'Brien
20 is in Section 35 and it is circled in red in Section 35,
21 located 330 from the south line and 1650 feet from the east
22 line.

23 Well No. "F" 6 is located in Section 26,
24 being 1650 from the south and 330 from the east.

25 Q In these wells under the present rules,

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1 if gas is encountered after drilling it as an oil well, are
2 you in an orthodox or an unorthodox location?

3 A According to current rules, we are in an
4 unorthodox location; therefor, a hearing would have to be
5 set in each of those instances and we'd go through the same
6 thing again.

7 The primary purpose of Stevens Oil Comapny
8 is to find oil and not gas, and these wells are located on
9 the premise that we will be exploring for oil.

10 Q Let me refer you, then, Mr. Allen, to
11 what has been marked as Applicant's Exhibit Number Six and
12 ask you if you recognize that, and ask you to state what it
13 is to the Hearing Examiner?

14 A Yes, sir, this is the same exhibit that
15 we used at the previous hearing. I think it was Exhibit
16 Number Two, with the exception of the wells No. 5 O'Brien
17 and 6 O'Brien, as previously stated.

18 Q All right, sir. Now, relating to the
19 known gas caps, where are these wells located?

20 A Okay, they are located outside the known
21 gas caps.

22 Q All right.

23 A As I have projected them based on the
24 evidence a month ago.

25 Q All right, and the reason they're located

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1 is that the applicant is purposely attempting to avoid drilling
2 near the gas caps, is that correct?

3 A That is correct.

4 Q In your opinion do the locations of these
5 two wells conform with the field spacing patterns?

6 A They do. For oil wells, yes, sir.

7 Q For oil wells?

8 A Yes, sir.

9 Q What purpose as related to secondary re-
10 covery and infill drilling is the -- is served by locating
11 these wells where they are -- would be located?

12 A Okay. Applicant feels that one well on
13 40-acres will not adequately drain the reservoir and in the
14 development that has been carried on by Stevens Oil Company,
15 provision has been made for another well, a second well, on
16 each 40-acre proration unit at the diagonal location from
17 the present location, and applicant has maintained a pattern
18 with certain exceptions, those wells that have been drilled
19 in the distant past are not on this particular pattern.
20 But all recent wells are maintained on this pattern so that
21 a second well in a 40 may be drilled.

22 And after that well is drilled, then
23 secondary recovery procedures can take place.

24 Q All right. Would you please explain for
25 the Hearing Examiner the factors behind the unorthodox loca-

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1 tion of F-4?

2 A Yes, sir. The F-4 was located on the
3 basis of attempting to extend the oil field in a northerly
4 direction from already developed production on the Stevens
5 Oil Company O'Brien lease in the west half of Section 25.
6 The well was drilled in the normal pattern that Stevens Oil
7 Company drills their wells.

8 In Section 25 Harlow Corporation initiated
9 drilling in the south and east portion of each 40. They
10 were pulled south and east of each 40. So applicant, on his
11 second well reflected this pulling to maintain the standard
12 pattern so that engineering studies would be more compatible.

13 At the time Well No. 4 was drilled the
14 No. 1 O'Brien of Stevens Oil Company was a very poor well.
15 As a matter of fact, it had been temporarily abandoned, and
16 the No. 3 Well which you see on the map was drilled to re-
17 place it. It is -- it was a producing oil well.

18 The No. 2 O'Brien, a good producing oil
19 well, also. The Harlow Corporation No. 1, 2, 3, and 4 were
20 oil wells. Therefor a well at this location, this structural
21 position down-dip from some oil wells, at the same structural
22 datum as other producing oil wells, it was expected that it
23 would be an oil well, also.

24 Q Under the present rules what sort of
25 location would this be for a gas well?

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1 A Unorthodox.

2 Q And I think you've testified there would
3 be no allowable therefor without an exception?

4 A That is correct.

5 Q If the applicant is denied the allowable,
6 what will be the result regarding the drilling of another
7 unorthodox location?

8 A Another unorthodox location?

9 Q A new -- a new --

10 A A new well?

11 Q Yeah.

12 A A new well would have to be drilled at an
13 orthodox location which is within 150 feet of the center of
14 the quarter-quarter section, a No. 5 well, perhaps; the cost
15 of such a well is approximately \$150,000. The No. 4 Well
16 would have to be abandoned and it would be a very significant
17 economic waste.

18 Q Mr. Allen, were these exhibits prepared
19 by you or under your direction and supervision?

20 A Yes, sir, they were.

21 Q Five and Six? In your opinion, and based
22 upon your experience and knowledge in this field, would the
23 granting of the applications prohibit waste, protect correl-
24 ative rights, and avoid the necessity of incurring further
25 drilling costs by the applicant?

1 A Yes, sir, I do believe so, as previously
2 stated in my testimony.

3 Q All right, would you just sum up why you
4 believe that is so for the Hearing Examiner? Why would it
5 prohibit waste?

6 A It would prohibit waste -- the granting
7 of the application would prohibit waste in that another, a
8 second well would not have to be drilled on this same pro-
9 ration unit.

10 It would protect correlative rights in
11 that there is oil underneath this lease that applicant has
12 a right to recover, and would not be able to recover if he
13 were not granted this application.

14 Q And he would lose that correlative right
15 if the application was denied, is that true?

16 A Yes, sir.

17 MR. MILLER: I have no further questions.
18

19 CROSS EXAMINATION

20 BY MR. STAMETS:

21 Q Mr. Allen, looking at your exhibits here,
22 it appears as though the location of gas zones in this parti-
23 cular pool is a difficult problem. They are not very pre-
24 dictable, is that right?

25 A That is correct.

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1 Q Now, one thing I'm not certain about, do
2 you feel that a 160-acre gas allowable can be produced with
3 this corner location on this 160?

4 A As adequately as it could be from a 150
5 location.

6 Q You don't believe that would cause any
7 production problems or any waste in the reservoir?

8 A Sir, the production -- the problem has
9 already been caused. This is an anomolous gas area in this
10 particular position, due to excessive production from off-
11 setting wells, and the problem is already there in this
12 particular instance.

13 The applicant is seeking only to recover
14 his rightful amount of oil and gas.

15 MR. STAMETS: Any other questions of the
16 witness?

17 MR. MILLER: I think, Mr. Hearing Examiner,
18 I did not move the admission of the two exhibits, and I do
19 so now.

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

22 If there is nothing further, the witness
23 may be excused and the case will be taken under advisement.
24

25 (Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, CSR, 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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I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the Ex. Div. hearing of Case No. 6878 and 6873 heard by me on 5-21-1980.
Richard L. Hunt Examiner
Oil Conservation Division

Docket No. 14-80

Dockets Nos. 16-80 and 17-80 are tentatively set for June 4 and 25, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - MAY 20, 1980

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

CASE 6715: (DE NOVO)

Application of Texaco Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Loomis Fed. Well No. 1 to be drilled 1600 feet from the North line and 660 feet from the West line of Section 5, Township 21 South, Range 32 East, South Salt Lake-Morrow Gas Pool, the N/2 of said Section 5 to be dedicated to the well.

Upon application of Texaco Inc. and Bass Enterprises Production Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 15-80

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 21, 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:

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

CASE 6891: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Midwest Refining Company and all other interested parties to appear and show cause why the State Well No. 1 located in Unit A of Section 16, Township 33 South, Range 14 West, Hidalgo County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6859: (Continued from April 9, 1980, Examiner Hearing)

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 11 West, Kutz-Fruitland Pool, the NE/4 of said Section 28 to be dedicated to the well.

CASE 6886: (Continued from May 7, 1980, Examiner Hearing)

Application of Aminoil USA, Inc. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10. 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 6884: (Continued from May 7, 1980, Examiner Hearing)

Application of Supron Energy Corporation for compulsory pooling and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the N/2 of Section 4, Township 30 North, Range 11 West, to be dedicated to a proposed dual completion 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 6892:** Application of Merrion & Bayless for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the South Blanco-Pictured Cliffs Pool underlying the SW/4 of Section 27, Township 24 North, Range 2 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 6878:** (Readvertised)
Application of Stevens Oil Company for a non-standard gas proration unit and unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the N/2 SW/4 and S/2 NW/4 of Section 25, Township 8 South, Range 28 East, Twin Lakes-San Andres Associated Pool, to be dedicated to its O'Brien "F" Well No. 4 at an unorthodox location 1650 feet from the South line and 2310 feet from the West line of said Section 25.
- CASE 6893:** Application of Stevens Oil Company to amend Order No. R-5353, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a revision of the special rules for the Twin Lakes-San Andres Associated Pool as promulgated by Order No. R-5353 to provide that each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located within 150 feet of the center of the quarter-quarter section.
- CASE 6894:** Application of Sun Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jennings-Federal "B" Well No. 1, a Yates test to be drilled 2440 feet from the South line and 2790 feet from the West line of Section 15, Township 19 South, Range 32 East, Lusk Field, the NE/4 SW/4 to be dedicated to the well.
- CASE 6895:** Application of Sun Gas Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks findings that the drilling of its J. A. Akens Well No. 10 located in Unit N of Section 3, Township 21 South, Range 36 East, was necessary to effectively and efficiently drain that portion of an existing proration unit which could not be drained by the existing well.
- CASE 6896:** Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.
- CASE 6897:** Application of McClellan Oil Corporation for two compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 1200 feet below the surface to the base of the Abo formation underlying the SW/4 and the SE/4 of Section 30, Township 6 South, Range 26 East, each to be dedicated to a proposed gas 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 6898:** Application of Conoco Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Meyer B-28 Well No. 4 to be drilled 560 feet from the North line and 1980 feet from the West line of Section 28, Township 20 South, Range 37 East, Eumont Gas Pool, to be simultaneously dedicated with its Meyer B-28 Well No. 1 in Unit G to the NE/4 and E/2 NW/4 of said Section 28.
- CASE 6899:** Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the South and East lines of Section 9, Township 17 South, Range 26 East, the E/2 of said Section 9 to be dedicated to the well.
- CASE 6900:** Application of Yates Petroleum Corporation for a non-standard oil proration unit, unorthodox well location, and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard oil proration unit comprising the N/2 SE/4 of Section 22, Township 16 South, Range 33 East, Kemnitz Field, to be dedicated to its Sombrero "MS" State Well No. 1 at an unorthodox location 1650 feet from the South and East lines of said Section 22. Applicant also seeks approval for the downhole commingling of Wolfcamp and Cisco production in the wellbore of said well.

- CASE 6901:** Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Mississippian formations underlying the E/2 of Section 19, Township 14 South, Range 36 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 6902:** Application of Harvey E. Yates Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Young Deep Unit Well No. 1 located in Unit D of Section 10, Township 18 South, Range 32 East, to produce gas from the Morrow formation and oil from the Bone Springs formation thru parallel strings of tubing.
- CASE 6903:** Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian-Mississippian test well to be drilled 660 feet from the South line and 990 feet from the East line of Section 33, Township 13 South, Range 36 East, the S/2 of said Section 33 to be dedicated to the well.
- CASE 6904:** Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the McDonald Unit Area, comprising 1,440 acres, more or less, of fee lands in Townships 13 and 14 South, Range 36 East.
- CASE 6905:** Application of Harvey E. Yates Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Buffalo Lake Unit Area, comprising 2,560 acres, more or less, of Federal, State, and fee lands in Township 15 South, Range 27 East.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Stevens Oil Company for
a non-standard gas proration unit,
Chaves County, New Mexico.

CASE
6878

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

For the Applicant:

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I N D E X

JACK ALLEN

| | |
|-----------------------------------|----|
| Direct Examination by Mr. Stevens | 3 |
| Cross Examination by Mr. Stamets | 11 |

E X H I B I T S

| | |
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| Applicant Exhibit Two, Map | 5 |
| Applicant Exhibit Three, C-122 | 7 |
| Applicant Exhibit Four, Cross Section | 9 |

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Page 3

1 MR. STAMETS: Call next Case 6878.

2 MR. PADILLA: Application of Stevens Oil
3 Company for a non-standard gas proration unit, Chaves County,
4 New Mexico.

5 MR. STEVENS: Mr. Examiner, I'm Don
6 Stevens, representing the applicant, Stevens Oil Company, in
7 this case, and co-counsel Don Miller of Santa Fe. We have
8 one witness to be sworn.

9 MR. STAMETS: Any other appearances in
10 this case?

11
12 (Witness sworn.)

13
14 JACK ALLEN
15 being called as a witness and having been duly sworn upon his
16 oath, testified as follows, to-wit:

17
18 DIRECT EXAMINATION

19 BY MR. STEVENS:

20 Q Would you state your name, your residence,
21 occupation, and your relationship to the applicant in this
22 case, please?

23 A My name is Jack Allen, I live in Roswell,
24 New Mexico. I'm a consulting geologist in Roswell, and I'm
25 a consulting geologist for the applicant in this case.

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Page 4

1 Q Have you previously testified before the
2 Division and had your qualifications accepted thereby?

3 A Yes, sir.

4 MR. STEVENS: Mr. Examiner, are the wit-
5 ness' qualifications acceptable to you?

6 MR. STAMETS: They are.

7 Q Briefly would you state what the applicant
8 seeks at this hearing, Mr. Allen?

9 A The applicant seeks approval of a non-
10 standard proration unit in Section 25 of Township 8 South,
11 Range 28 East, being a south half of the northwest quarter
12 and the north half of the southwest quarter, as illustrated
13 on Exhibit Number One, colored yellow, outlined in red.

14 The well to be designated as the well
15 draining that proration unit is the Stevens Oil Company
16 O'Brien "F" Well No. 4, outlined -- or circled in red on
17 Exhibit Number One.

18 Q Why is this application necessary? Why
19 is this not a standard unit?

20 A A standard proration unit is a govern-
21 mental quarter section. This is not a governmental quarter
22 section. It's part of two governmental quarter sections.

23 Q Is there any reason why this couldn't
24 be in the southwest quarter, being a governmental quarter
25 section?

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1 A The proration could not consist of the
 2 southwest quarter of Section 25 because there are oil wells
 3 already located in that -- in that position, and you cannot
 4 have oil wells and oil wells -- gas wells in the same proration
 5 unit.

Q That's under the field rules?

A Yes, sir.

Q Of the Twin Lakes-San Andres Associated

9 Pool?

A Right.

Q Referring then to Exhibit Number Two,

11 would you explain it, please?

12 A Exhibit Number Two is a structure contour
 13 map, contoured on the top of the P-1 porosity zone, which is
 14 the producing zone in the field. The contour interval is
 15 25 feet. The structure datum is a positive datum above
 16 sea level, therefor the highest numbers are the structurally
 17 highest portion of the field.

18 You'll note that the wells produce from
 19 a datum of approximately 1300 feet up to a datum of 1425.
 20 The highest structural well in the field so far is the Stevens
 21 Oil Company State "CH" No. 1 in the northwest of the southwest
 22 of Section 36.

23 You'll note that that particular -- the
 24 highest well is a gas well. It was originally completed for
 25

1 900,000 cubic feet of gas and probably was in the original
2 gas cap of the pool.

3 The area to the north, the proration unit
4 under question, is apparently also in a gas cap. The well
5 was drilled originally as an oil well in the normal oil well
6 spacing in the pool. It was expected that it would be an
7 oil well when it was spudded, and it is in a normal location
8 for an oil well, according to the field rules.

9 You'll note that the subsurface datum of
10 the No. 4 Well is exactly the same as the well No. 2, directly
11 south of it, and it's only slightly higher than the No. 4
12 Harlow O'Brien Well.

13 It also is down dip structurally from the
14 Stevens O'Brien "F" No. 1 and No. 3 Wells, which were oil
15 wells.

16 Also illustrated on this map is a line
17 running diagonally northwest, suggesting high permeability
18 to the northeast of the line and moderate permeability to the
19 southwest of that line. This is established by relative
20 productivity of the wells. The wells to the northeast of
21 that particular line seem to have a higher productive capa-
22 city; therefor better permeability. This is based on pro-
23 duction records.

24 The wells to the southwest of that line
25 are moderate wells. They certainly don't have the productive

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1 capacity of the other wells.

2 The second diagonally northwest running
3 line is a line which separates relatively high water cutting
4 producing wells with low water cutting producing wells. In
5 addition to productive capacity the characteristics of these
6 wells when they were drilled, the drilling characteristics,
7 suggested a significant amount of additional permeability
8 from fracturing in those wells as the No. 4 "F" did. While
9 it was drilling there was a significant amount of torquing
10 and bouncing of the bit in the drill pipe. Our drilling rate
11 was better than average, and the cuttings actually suggest
12 a great deal of fracturing in the reservoir.

13 Q Is this permeability evidenced by the
14 flow rates of the well itself?

15 A Yes, sir. The No. 4 O'Brien "F" has an
16 unusually high capability of producing. During production
17 tests the well flowed approximately 2-1/2 million cubic feet
18 of gas a day on a 3/4 inch choke.

19 Q Is that information shown in Exhibit
20 Number Three?

21 A Yes, sir.

22 Exhibit Number Three is a New Mexico Oil
23 Conservation Commission Form C-122, the multipoint and 1-point
24 back pressure test for a gas well, of the Stevens Oil Com-
25 pany O'Brien "F" No. 4 Well, located in Section 25 of Township

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1 8 South, 28 East, the subject well. You will note in the
2 flow data that the well was flowed at various chokes from 1/8th
3 of an inch to 3/4 of an inch. The flow rates varied from
4 144,000 cubic feet of gas per day to 2,755,000 cubic feet of
5 gas a day on the 3/4 inch choke.

6 This has been interpreted for a calculated
7 absolute open flow of 6.8 million cubic feet per day, which
8 is exceptionally high for a San Andres well.

9 Q Do you have bottom hole pressure informa-
10 tion on that and its significance?

11 A Yes, sir. Bottom hole pressure of the
12 "F" 4 Well at the beginning of this test was 616 pounds.
13 616 pounds is a subnormal pressure in the field. Most wells
14 that have been measured in the field before initial production
15 are on the 850 to 950 pounds category.

16 It would appear as though this well is
17 subnormal in bottom hole pressure due to production from
18 adjacent wells.

19 Q How do you explain, Mr. Allen, the fact
20 that you have a gas well down dip from oil wells in the same
21 reservoir?

22 A This is highly unusual and it's very
23 difficult to explain, but I would attribute it to the excep-
24 tional permeability in the particular reservoir and the
5 possibility of drawdown from adjacent wells.

And that critical phase has been reached

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1 in that part of the reservoir.

2 Q In your opinion is the entire proposed
3 proration unit underlain by gas?

4 A It would appear so from the structure con-
5 tours and permeability barriers that have been projected.

6 Q Referring to what has been marked as Ex-
7 hibit Number Four, would you explain it, please?

8 A Yes, sir.

9 Exhibit Number Four is a structure cross
10 section of the Twin Lakes-San Andres Pool. It is cross sec-
11 tion A-B, as indicated on the index maps attached to the
12 cross section. The well in question is the well that's
13 colored red on the -- in Section 25. It also is the Well
14 Number A on the cross section on the left, and the cross
15 section runs diagonally southeast through the Harlow Corpor-
16 ation O'Brien Fee 25 No. 1 Well, southeastward from there,
17 the Stevens Company CITGO "A" State No. 7 Well. These three
18 wells are all in the highly permeable zone of the field.

19 You'll note that I have indicated on the
20 cross section -- oh, the cross section is datumized on sea
21 level datum illustrating the structural configuration of the
22 pool, of this portion of the pool. I have marked the top of
23 P-1, the first porosity zone in the field. The base of P-1,
24 which is an anhydrite marker and an effective seal between
25 P-1 and the second porosity zone, which is designated as P-2

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1 in the field.

2 P-2 carries water in all of the wells in
 3 the field. P-1 is the productive zone in the field and all
 4 wells indicated as producing wells in the field are producing
 5 from P-1.

6 Treatment is similar in all three of these
 7 wells. You'll note that in the CITGO State "A" No. 7 had
 8 24 shots, 6000 gallons of acid in the interval as indicated.

9 The Harlow O'Brien 25 No. 1 had 23 shots,
 10 acidized with 6000 gallons of acid, and the Stevens O'Brien
 11 "P" No. 4 had 22 shots, acidized with 6000, so the perfora-
 12 tions are all in the same place, approximately the same number
 13 of shots, and the same acid treatment, giving different re-
 14 sults.

15 In the lower structure wells the wells
 16 flowed approximately the allowable, on a relatively small
 17 choke. The choke size and back pressures indicated that the
 18 wells could substantially flow at a much greater volume. The
 19 IP on the structurally highest well, the O'Brien "P" No. 4,
 20 the calculated absolute open flow of 6.8 million per day,
 21 also indicating high permeability.

22 Q Mr. Allen, if this application were
 23 denied, could you give your opinion as to the effect thereof?

24 A If the application were denied, it would
 25 contribute to economic waste in the area. It would probably

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1 force the operator to drill an additional well to drill an
2 area that would not necessarily need to be drained by the
3 additional well.

4 Q And it is your opinion that one well --
5 is it your opinion that one well would drain 160 acres?

6 A A gas well should, yes. Normal statewide
7 rules suggest this.

8 Q Were these Exhibits One, Two, Three, Four
9 prepared by you or under your direction?

10 A Yes, sir.

11 MR. STEVENS: Mr. Examiner, we move the
12 introduction of Exhibits One through Four, and we have no
13 further questions of the witness at this time.

14 MR. STAMETS: These exhibits will be ad-
15 mitted.

16
17 CROSS EXAMINATION

18 BY MR. STAMETS:

19 Q Mr. Allen, to your knowledge has the --
20 well, is this an unorthodox gas location?

21 A By field rules if it were drilled speci-
22 fically as a gas well, yes, sir, it would be considered un-
23 orthodox. It should have been drilled 660 from the line.

24 Q I believe the general rules for asso-
25 ciated pools under which this is covered, provide that the

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1 well should be located within 150 feet of the center of the
2 quarter section wherein it is located.

3 A But this well was originally drilled as
4 an oil well.

5 Q I don't believe that the rules provide
6 for any exceptions under those conditions.

7 MR. STEVENS: Mr. Examiner, I have --

8 MR. STAMETS: I'm not certain about that.
9 Do you have another thought?

10 MR. STEVENS: We have the field rules for
11 Twin Lakes-San Andres Pool, Order No. R-4102.

12 MR. STAMETS: Those are now covered under
13 5353.

14 MR. STEVENS: Did they subvert and take
15 over?

16 MR. STAMETS: Yeah, subvert isn't the
17 word.

18 MR. STEVENS: The application was made on
19 the basis of Twin Lakes-San Andres Pool Rules, which provide
20 that if the well were originally staked as an oil well, that
21 it would not be a non-standard proration unit, and the evi-
22 dence we present, of course, indicates that it was staked as
23 an oil well for obvious good reasons, inasmuch as the datum
24 expected to be decided. You wouldn't expect any gas well
25 down dip from oil. Unfortunately, we did.

1 A There was no indication that there would
2 be a gas well at this location. In addition to the structural
3 configuration, GORs in offset wells are well below the 2000-
4 to-1 limits that are the field rules. As a matter of fact,
5 the "F" No. 2 Well had a GOR of 351-to-1, the direct south
6 offset.

7 The southeast offset, the Harlow Well No.
8 1 had a GOR of 327-to-1, and the newly completed Harlow No. 4
9 has a GOR of 803-to-1.

10 Q I believe you have been caught in Catch
11 22 on this. Just reviewing the Order R-5353, which is now
12 the controlling order, it does not appear as though there is
13 any exception provided either administratively or authoma-
14 tically. It would appear as though what we would need to do
15 is re-advertise this case to provide for an unorthodox loca-
16 tion for the well, and I will assume that the testimony given
17 here today will be sufficient in that case. No one will need
18 to appear, so long as you don't have any opposition when the
19 case is re-opened.

20 What is the location of the well?

21 MR. STEVENS: The location of the well
22 is 2310 from the west line and 1650 feet from the south line,
23 which makes it 330 from the south and east of the 40-acre
24 unit, which was the same spacing pattern that had been adopted
25 by the operator and the applicant, and other operators in the

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1 north part of the field for oil wells: informally adopted,
2 adopted by use.

3 MR. STAMETS: Well, we'll see if we can
4 get this re-advertised as quickly as possible. Looking at
5 your Exhibit Number Two, looking at the southern gas cap,
6 would it be conceivable that you might have some oil wells in
7 the northern part of your northern gas cap?

8 A It may be possible but at this particular
9 point, without drilling additional wells, there's no way to
10 tell.

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

13 And the case will be continued and re-
14 advertised.

15
16 (Hearing concluded.)
17
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., 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.

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I do hereby certify that the foregoing is a complete report of the proceedings in the Examiner hearing of Case No. 19 heard by me on 19

Oil Conservation Division, Examiner

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Stevens Oil Company for) CASE
a non-standard gas proration unit,) 6878
Chaves County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

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I N D E X

JACK ALLEN

Direct Examination by Mr. Stevens

3

Cross Examination by Mr. Stamets

11

E X H I B I T S

Applicant Exhibit One, Plat

4

Applicant Exhibit Two, Map

5

Applicant Exhibit Three, C-122

7

Applicant Exhibit Four, Cross Section

9

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MR. STAMETS: Call next Case 6878.

MR. PADILLA: Application of Stevens Oil Company for a non-standard gas proration unit, Chaves County, New Mexico.

MR. STEVENS: Mr. Examiner, I'm Don Stevens, representing the applicant, Stevens Oil Company, in this case, and co-counsel Don Miller of Santa Fe. We have one witness to be sworn.

MR. STAMETS: Any other appearances in this case?

(Witness sworn.)

JACK ALLEN

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

DIRECT EXAMINATION

BY MR. STEVENS:

Q Would you state your name, your residence occupation, and your relationship to the applicant in this case, please?

A My name is Jack Allen, I live in Roswell New Mexico. I'm a consulting geologist in Roswell, and I'm a consulting geologist for the applicant in this case.

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1 Q Have you previously testified before the
2 Division and had your qualifications accepted thereby?

3 A Yes, sir.

4 MR. STEVENS: Mr. Examiner, are the wit-
5 ness' qualifications acceptable to you?

6 MR. STAMETS: They are.

7 Q Briefly would you state what the applicant
8 seeks at this hearing, Mr. Allen?

9 A The applicant seeks approval of a non-
10 standard proration unit in Section 25 of Township 8 South,
11 Range 28 East, being a south half of the northwest quarter
12 and the north half of the southwest quarter, as illustrated
13 on Exhibit Number One, colored yellow, outlined in red.

14 The well to be designated as the well
15 draining that proration unit is the Stevens Oil Company
16 O'Brien "F" Well No. 4, outlined -- or circled in red on
17 Exhibit Number One.

18 Q Why is this application necessary? Why
19 is this not a standard unit?

20 A A standard proration unit is a govern-
21 mental quarter section. This is not a governmental quarter
22 section. It's part of two governmental quarter sections.

23 Q Is there any reason why this couldn't
24 be in the southwest quarter, being a governmental quarter
25 section?

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1 A The proration could not consist of the
2 southwest quarter of Section 25 because there are oil wells
3 already located in that -- in that position, and you cannot
4 have oil wells and oil wells -- gas wells in the same proration
5 unit.

6 Q That's under the field rules?

7 A Yes, sir.

8 Q Of the Twin Lakes-San Andres Associated
9 Pool?

10 A Right.

11 Q Referring then to Exhibit Number Two,
12 would you explain it, please?

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14 map, contoured on the top of the P-1 porosity zone, which is
15 the producing zone in the field. The contour interval is
16 25 feet. The structure datum is a positive datum above
17 sea level, therefor the highest numbers are the structurally
18 highest portion of the field.

19 You'll note that the wells produce from
20 a datum of approximately 1300 feet up to a datum of 1425.

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22 Oil Company State "CH" No. 1 in the northwest of the southwest
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1 900,000 cubic feet of gas and probably was in the original
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5 was drilled originally as an oil well in the normal oil well
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7 oil well when it was spudded, and it is in a normal location
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15 wells.

16 Also illustrated on this map is a line
17 running diagonally northwest, suggesting high permeability
18 to the northeast of the line and moderate permeability to the
19 southwest of that line. This is established by relative
20 productivity of the wells. The wells to the northeast of
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25 are moderate wells. They certainly don't have the productive

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Page 7

1 capacity of the other wells.

2 The second diagonally northwest running
3 line is a line which separates relatively high water cutting
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8 from fracturing in those wells as the No. 4 "F" did. While
9 it was drilling there was a significant amount of torquing
10 and bouncing of the bit in the drill pipe. Our drilling rate
11 was better than average, and the cuttings actually suggest
12 a great deal of fracturing in the reservoir.

13 Q Is this permeability evidenced by the
14 flow rates of the well itself?

15 A Yes, sir. The No. 4 O'Brien "F" has an
16 unusually high capability of producing. During production
17 tests the well flowed approximately 2-1/2 million cubic feet
18 of gas a day on a 3/4 inch choke.

19 Q Is that information shown in Exhibit
20 Number Three?

21 A Yes, sir.

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1 8 South, 28 East, the subject well. You will note in the
2 flow data that the well was flowed at various chokes from 1/8th
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4 144,000 cubic feet of gas per day to 2,755,000 cubic feet of
5 gas a day on the 3/4 inch choke.

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16 It would appear as though this well is
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20 that you have a gas well down dip from oil wells in the same
21 reservoir?

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23 difficult to explain, but I would attribute it to the excep-
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And that critical phase has been reached

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1 in that part of the reservoir.

2 Q In your opinion is the entire proposed
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4 A It would appear so from the structure con-
5 tours and permeability barriers that have been projected.

6 Q Referring to what has been marked as Ex-
7 hibit Number Four, would you explain it, please?

8 A Yes, sir.

9 Exhibit Number Four is a structure cross
10 section of the Twin Lakes-San Andres Pool. It is cross sec-
11 tion A-B, as indicated on the index maps attached to the
12 cross section. The well in question is the well that's
13 colored red on the -- in Section 25. It also is the well
14 Number A on the cross section on the left, and the cross
15 section runs diagonally southeast through the Harlow Corpor-
16 ation O'Brien Fee 25 No. 1 Well, southeastward from there,
17 the Stevens Company CITGO "A" State No. 7 Well. These three
18 wells are all in the highly permeable zone of the field.

19 You'll note that I have indicated on the
20 cross section -- oh, the cross section is datumized on sea
21 level datum illustrating the structural configuration of the
22 pool, of this portion of the pool. I have marked the top of
23 P-1, the first porosity zone in the field. The base of P-1,
24 which is an anhydrite marker and an effective seal between
25 P-1 and the second porosity zone, which is designated as P-2

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1 in the field.

2 P-2 carries water in all of the wells in
3 the field. P-1 is the productive zone in the field and all
4 wells indicated as producing wells in the field are producing
5 from P-1.

6 Treatment is similar in all three of these
7 wells. You'll note that in the CITGO State "A" No. 7 had
8 24 shots, 6000 gallons of acid in the interval as indicated.

9 The Harlow O'Brien 25 No. 1 had 23 shots,
10 acidized with 6000 gallons of acid, and the Stevens O'Brien
11 "F" No. 4 had 22 shots, acidized with 6000, so the perfora-
12 tions are all in the same place, approximately the same number
13 of shots, and the same acid treatment, giving different re-
14 sults.

15 In the lower structure wells the wells
16 flowed approximately the allowable, on a relatively small
17 choke. The choke size and back pressures indicated that the
18 wells could substantially flow at a much greater volume. The
19 IP on the structurally highest well, the O'Brien "F" No. 4,
20 the calculated absolute open flow of 6.8 million per day,
21 also indicating high permeability.

22 Q Mr. Allen, if this application were
23 denied, could you give your opinion as to the effect thereof?

24 A If the application were denied, it would
25 contribute to economic waste in the area. It would probably

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1 force the operator to drill an additional well to drill an
2 area that would not necessarily need to be drained by the
3 additional well.

4 Q And it is your opinion that one well --
5 is it your opinion that one well would drain 160 acres?

6 A A gas well should, yes. Normal statewide
7 rules suggest this.

8 Q Were these Exhibits One, Two, Three, Four
9 prepared by you or under your direction?

10 A Yes, sir.

11 MR. STEVENS: Mr. Examiner, we move the
12 introduction of Exhibits One through Four, and we have no
13 further questions of the witness at this time.

14 MR. STAMETS: These exhibits will be ad-
15 mitted.

16 CROSS EXAMINATION

17 BY MR. STAMETS:

18 Q Mr. Allen, to your knowledge has the --
19 well, is this an unorthodox gas location?

20 A By field rules if it were drilled speci-
21 fically as a gas well, yes, sir, it would be considered un-
22 orthodox. It should have been drilled 660 from the line.

23 Q I believe the general rules for asso-
24 ciated pools under which this is covered, provide that the
25

1 well should be located within 150 feet of the center of the
2 quarter section wherein it is located.

3 A But this well was originally drilled as
4 an oil well.

5 Q I don't believe that the rules provide
6 for any exceptions under those conditions.

7 MR. STEVENS: Mr. Examiner, I have --

8 MR. STAMETS: I'm not certain about that.

9 Do you have another thought?

10 MR. STEVENS: We have the field rules for
11 Twin Lakes-San Andres Pool, Order No. R-4102.

12 MR. STAMETS: Those are now covered under
13 5353.

14 MR. STEVENS: Did they subvert and take
15 over?

16 MR. STAMETS: Yeah, subvert isn't the
17 word.

18 MR. STEVENS: The application was made on
19 the basis of Twin Lakes-San Andres Pool Rules, which provide
20 that if the well were originally staked as an oil well, that
21 it would not be a non-standard proration unit, and the evi-
22 dence we present, of course, indicates that it was staked as
23 an oil well for obvious good reasons, inasmuch as the datum
24 expected to be decided. You wouldn't expect any gas well
25 down dip from oil. Unfortunately, we did.

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1 A There was no indication that there would
2 be a gas well at this location. In addition to the structural
3 configuration, GORs in offset wells are well below the 2000-
4 to-1 limits that are the field rules. As a matter of fact,
5 the "F" No. 2 Well had a GOR of 351-to-1, the direct south
6 offset.

7 The southeast offset, the Harlow Well No.
8 1 had a GOR of 327-to-1, and the newly completed Harlow No. 4
9 has a GOR of 803-to-1.

10 Q I believe you have been caught in Catch
11 22 on this. Just reviewing the Order R-5353, which is now
12 the controlling order, it does not appear as though there is
13 any exception provided either administratively or authoma-
14 tically. It would appear as though what we would need to do
15 is re-advertise this case to provide for an unorthodox loca-
16 tion for the well, and I will assume that the testimony given
17 here today will be sufficient in that case. No one will need
18 to appear, so long as you don't have any opposition when the
19 case is re-opened.

20 What is the location of the well?

21 MR. STEVENS: The location of the well
22 is 2310 from the west line and 1650 feet from the south line,
23 which makes it 330 from the south and east of the 40-acre
24 unit, which was the same spacing pattern that had been adopted
25 by the operator and the applicant, and other operators in the

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1 north part of the field for oil wells; informally adopted,
2 adopted by use.

3 MR. STAMETS: Well, we'll see if we can
4 get this re-advertised as quickly as possible. Looking at
5 your Exhibit Number Two, looking at the southern gas cap,
6 would it be conceivable that you might have some oil wells in
7 the northern part of your northern gas cap?

8 A It may be possible but at this particular
9 point, without drilling additional wells, there's no way to
10 tell.

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

13 And the case will be continued and re-
14 advertised.

15
16 (Hearing concluded.)
17
18
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REPORTER'S CERTIFICATE

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

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6878 heard by me on 4-23 19 88.

Richard P. Stamm, Examiner
Oil Conservation Division

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Unorthodox Location

1650/S

2310/W

Dockets Nos. 13-80 and 14-80 are tentatively set for May 7 and 21, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 23, 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 6803: (Continued from February 13, 1980, Examiner Hearing)

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 6866: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Hare and McCoy and all other interested parties to appear and show cause why the H. L. Hare Well No. 2 located in Unit B of Section 23, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6867: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit all interested parties to appear and show cause why the following abandoned wells drilled by unknown party or parties and located in Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program: a well in the SW/4 of Section 24, a well in the SE/4 of Section 22, and a well in the SE/4 of Section 28.

CASE 6850: (Continued from April 9, 1980, Examiner Hearing)

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 6870: Application of Bass Enterprises 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 Bass State 36 Well No. 1 located in Unit E of Section 36, Township 15 South, Range 34 East, to produce oil from the Townsend-Wolfcamp Pool and gas from an undesignated Morrow pool thru the tubing and casing-tubing annulus, respectively, by means of a cross-over assembly.

CASE 6871: Application of Bass Enterprises Production Company to amend Order No. R-5693, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-5693 to remove the restriction as to the time limit in which salt water may be disposed into Big Eddy Unit Well No. 56 located in Unit G of Section 35, Township 21 South, Range 28 East.

CASE 6872: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its State "HQ" Well No. 1 located in Unit P of Section 26, Township 18 South, Range 34 East, Airstrip Field, to produce Bone Springs and Wolfcamp oil thru parallel strings of tubing.

CASE 6873: Application of Harvey E. Yates 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 Travis Deep Well No. 5, a Morrow test to be drilled 660 feet from the South line and 1650 feet from the East line of Section 12, Township 18 South, Range 28 East, the S/2 of said Section 12 to be dedicated to the well.

CASE 6874: Application of HMC Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 6, Township 22 South, Range 35 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 6853: (Continued from April 9, 1980, Examiner Hearing)

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 6875: Application of Maurice L. Brown Co. for compulsory pooling, Lea 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 NW/4 of Section 4, Township 9 South, Range 34 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 6876: Application of Maurice L. Brown Co. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the SW/4 of Section 5, Township 9 South, Range 34 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 6467: (Reopened and Readvertised)

In the matter of Case 6467 being reopened pursuant to the provisions of Order No. R-5958 which order created the Grama Ridge-Bone Spring Pool in Lea County with temporary special rules therefor providing for 160-acre spacing. All interested parties may appear and show cause why the Grama Ridge-Bone Spring Pool should not be developed on 40-acre spacing units.

CASE 6877: Application of Florida Exploration Company for compulsory pooling and unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Ellenburger formations underlying the N/2 of Section 11, Township 25 South, Range 35 East, to be dedicated to a well to be drilled at an unorthodox location 1200 feet from the North and West lines of said Section 11. 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 6878: Application of Stevens Oil Company for a non-standard gas proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the N/2 SW/4 and S/2 NW/4 of Section 25, Township 8 South, Range 28 East, Twin Lakes-San Andres Associated Pool, to be dedicated to its O'Brien "F" Well No. 4 located in Unit F of said Section 25. *and unorthodox location,*
at an unorthodox location 1650 feet from the South line of
and 2510 feet from the West line of

CASE 6879: Application of Jake L. Hamon for a tubingless completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce his Amerada Federal Well No. 2 located in Unit F of Section 17, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, thru 4 1/2-inch drill pipe cemented in the hole.

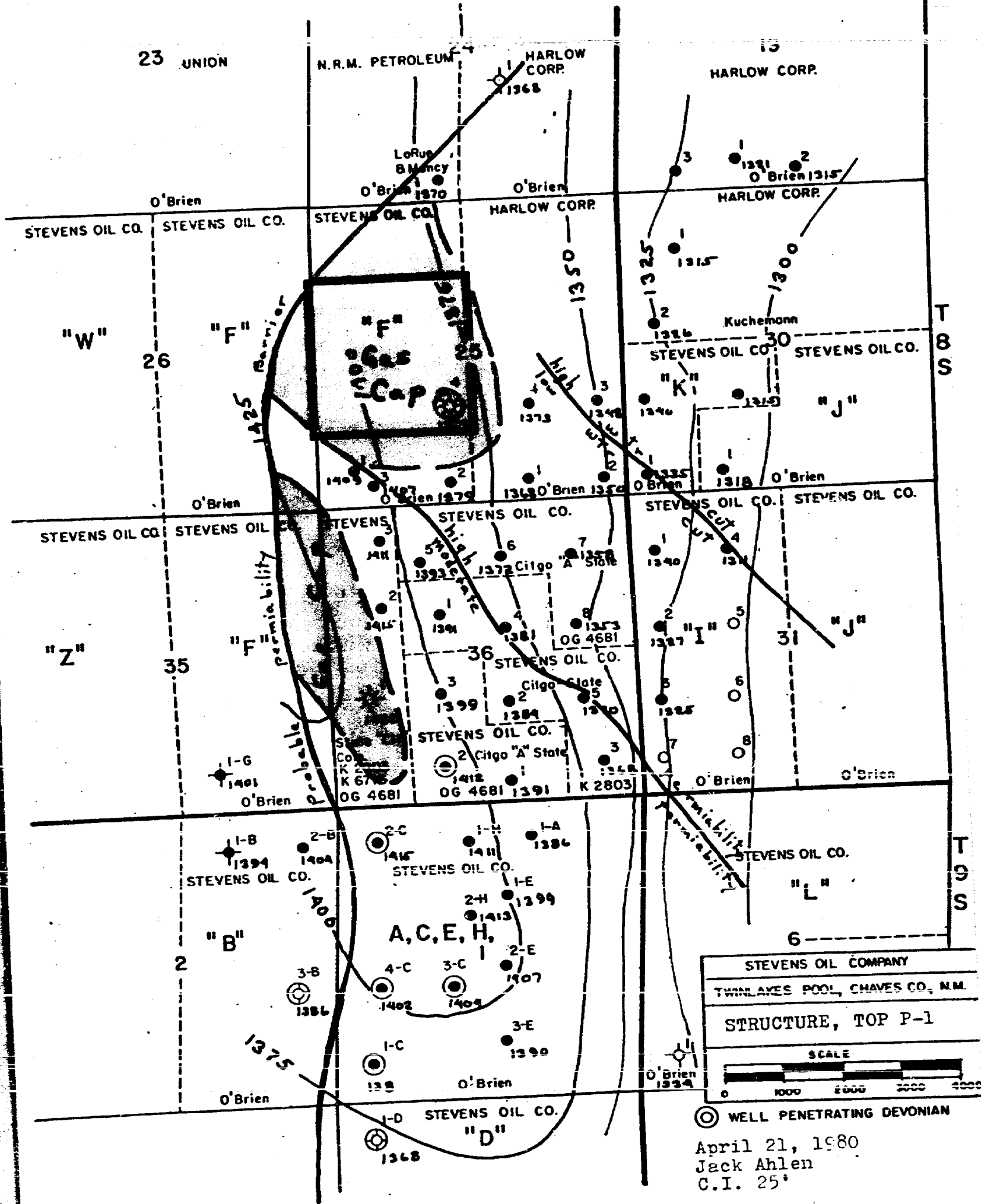
CASE 6861: (Continued from April 9, 1980, Examiner Hearing)

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.

CASE 6837: (Continued from April 9, 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.

23 UNION



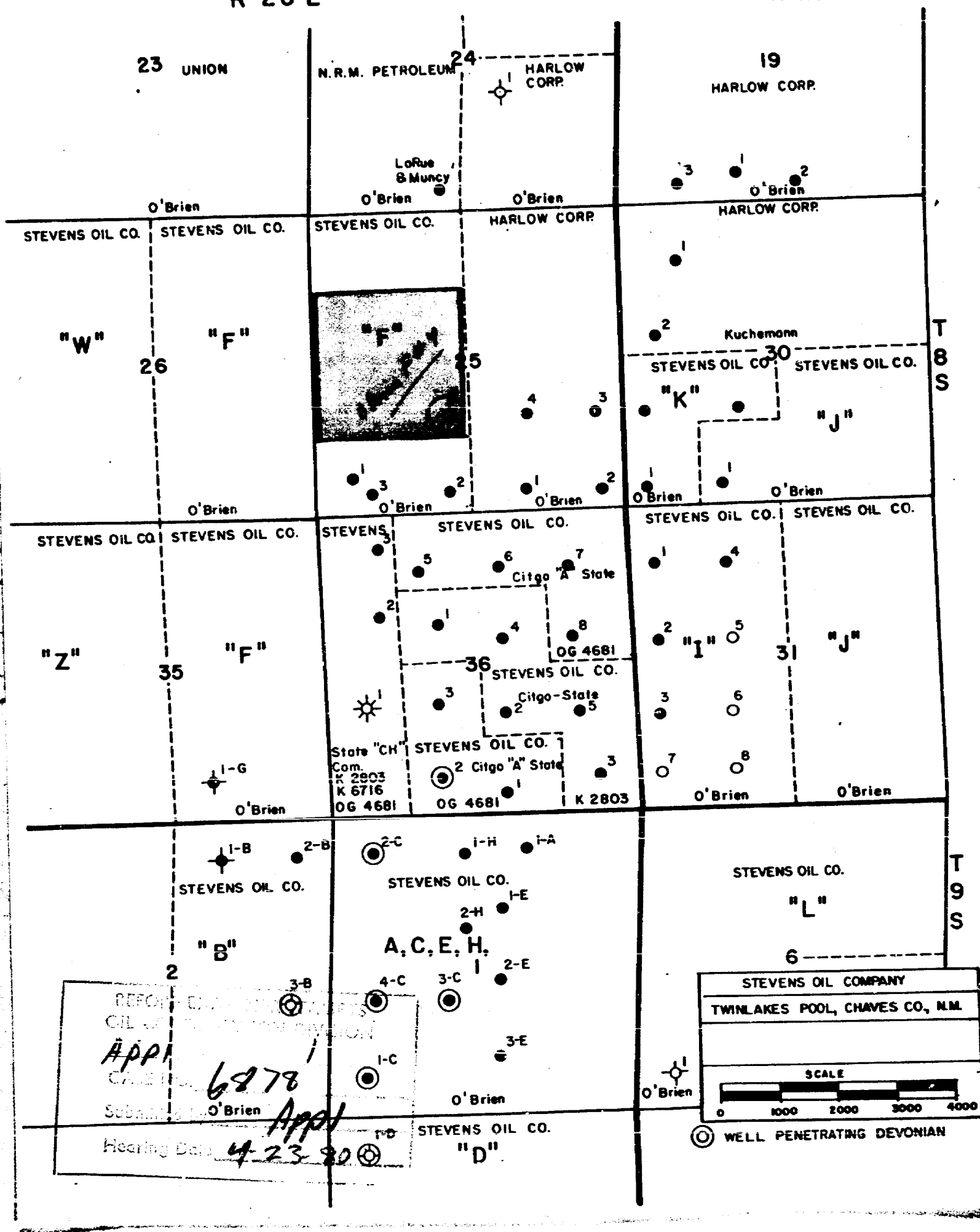
STEVENS OIL COMPANY
TWINLAKES POOL, CHAVES CO., N.M.
STRUCTURE, TOP P-1
SCALE
0 1000 2000 3000 4000

© WELL PENETRATING DEVONIAN
April 21, 1980
Jack Ahlen
C.I. 25'

APPL 2
6878
APPL.
4-73-80

R 28 E

R 29 E



**NEW MEXICO OIL CONSERVATION COMMISSION
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL**

Form C-122
Revised 9-1-65

| | | | |
|---|----------------------------|--|-----------------------------------|
| Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special | | Test Date 3-30-80 | |
| Company STEVENS OIL COMPANY | | Connection TO AIR | |
| Pool Twin Lakes | | Formation SAN ANDRES | |
| Completion Date 3-21-80 | Total Depth 2770 | Plug Back TD 2760 | Elevation 3923.3 GL |
| Form or Lease Name O'BRIEN "F" | | Well No. 4 | |
| Csg. Size 4 1/2 | Wt. 11.60 | d 4.000 | Set At 2770 |
| Perforations: From 2566 To 2598 | | Well No. | |
| Tbg. Size 2 3/8 | Wt. 4.60 | d 2.375 | Set At 2595 |
| Perforations: From OPEN To END | | Unit 25 Sec. 8S Twp. 28E | |
| Type Well - Single - Bradenhead - C.G. or G.O. Multiple SINGLE | | Packer Set At 2534 | |
| Producing Thru TUBING | | County CHAVES | |
| Reservoir Temp. °F 100° @ 2566 | | State NEW MEXICO | |
| Mean Annual Temp. °F 60° | | Baro. Press. - P _a 13.2 | |
| L 2566 | H 2566 | G _g .808 | % CO ₂ 8.292 |
| | | % N ₂ 18.637 | % H ₂ S 2.11 |
| Prover 2" | | Meter Run 2" | |
| Taps | | | |

| FLOW DATA | | | | | | TUBING DATA | | CASING DATA | | Duration of Flow |
|-----------|------------------|---|--------------|-----------------|----------------------|-------------|-----------------|-------------|-----------------|------------------|
| NO. | Prover Line Size | X | Orifice Size | Press. p.s.i.g. | Diff. h _w | Temp. °F | Press. p.s.i.g. | Temp. °F | Press. p.s.i.g. | |
| SI | | | | | | | 568 | | | |
| 1. | 2 X 1/8 | | | 455 | | 61 | 455 | | | |
| 2. | 2 X 1/4 | | | 420 | | 65 | 531 | | | 30 MIN. |
| 3. | 2 X 7/16 | | | 453 | | 65 | 468 | | | 30 MIN. |
| 4. | 2 X 3/4 | | | 243 | | 60 | 315 | | | 30 MIN. |
| 5. | | | | | | | | | | |

| RATE OF FLOW CALCULATIONS | | | | | | | |
|---------------------------|-----------------------|------------------|-------------------------|-----------------------|-------------------------------|---|----------------------|
| NO. | Coefficient (24 Hour) | $\sqrt{h_w P_m}$ | Pressure P _m | Flow Temp. Factor Ft. | Gravity Factor F _g | Super Compress. Factor, F _{sp} | Rate of Flow Q, Mcfd |
| 1 | 2.648 | | 468.2 | .9990 | 1.112 | 1.043 | 144 |
| 2 | 1.087 | | 433.2 | .9952 | 1.112 | 1.038 | 541 |
| 3 | 3.408 | | 466.2 | .9952 | 1.112 | 1.042 | 1832 |
| 4 | 9.453 | | 256.2 | 1.0000 | 1.112 | 1.023 | 2755 |
| 5 | | | | | | | |

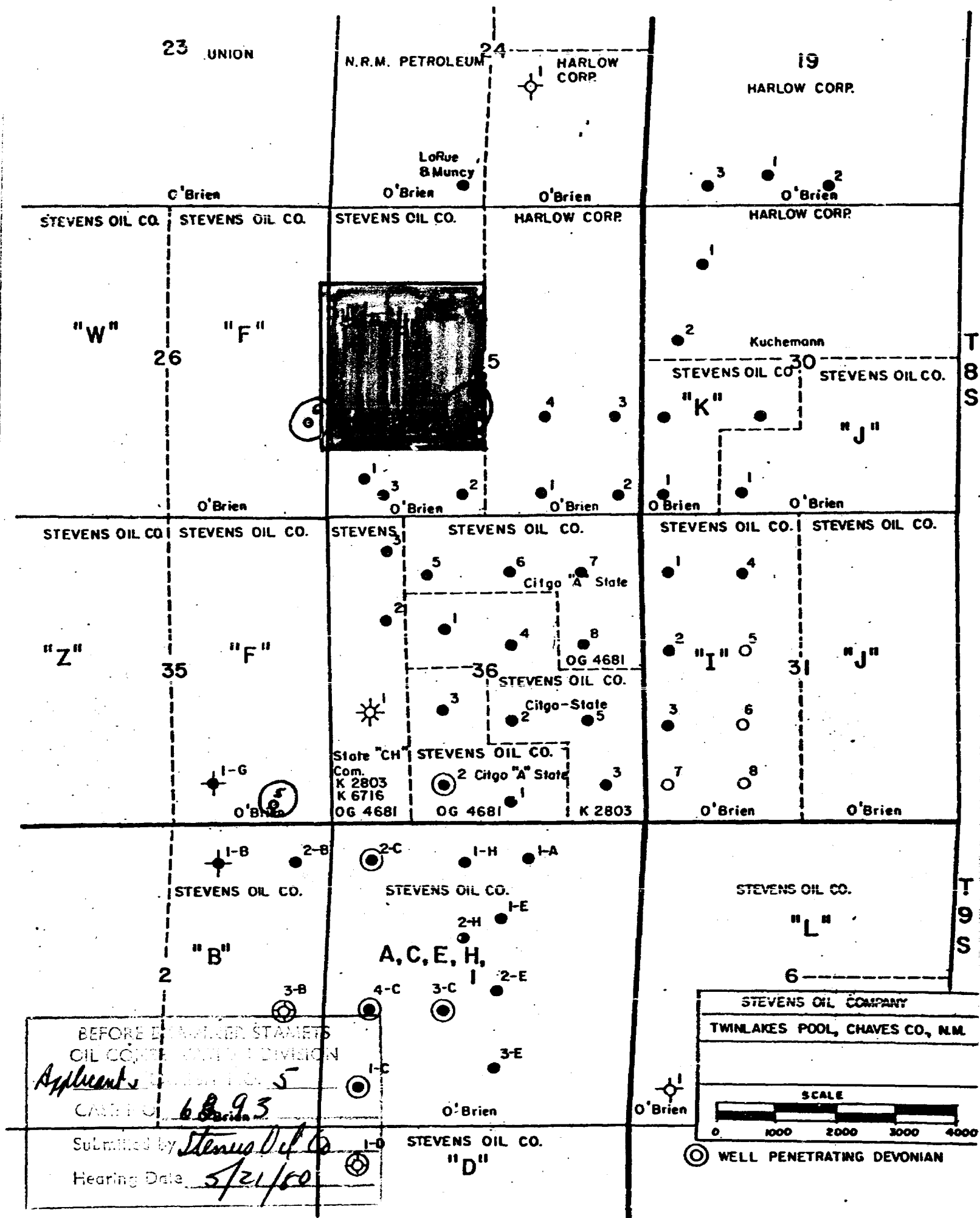
| NO. | P _i | Temp. °R | T _g | Z | Gas Liquid Hydrocarbon Ratio | Mcf/bbl. |
|-----|----------------|----------|----------------|------|---------------------------------------|--------------|
| 1. | .60 | 521 | 1.38 | .919 | A.P.I. Gravity of Liquid Hydrocarbons | Dec. |
| 2. | .55 | 525 | 1.39 | .928 | Specific Gravity Separator Gas | .808 |
| 3. | .60 | 525 | 1.39 | .921 | Specific Gravity Flowing Fluid | X X X X X |
| 4. | .33 | 520 | 1.38 | .956 | Critical Pressure | 782 P.S.I.A. |
| 5. | | | | | Critical Temperature | 378 °R |

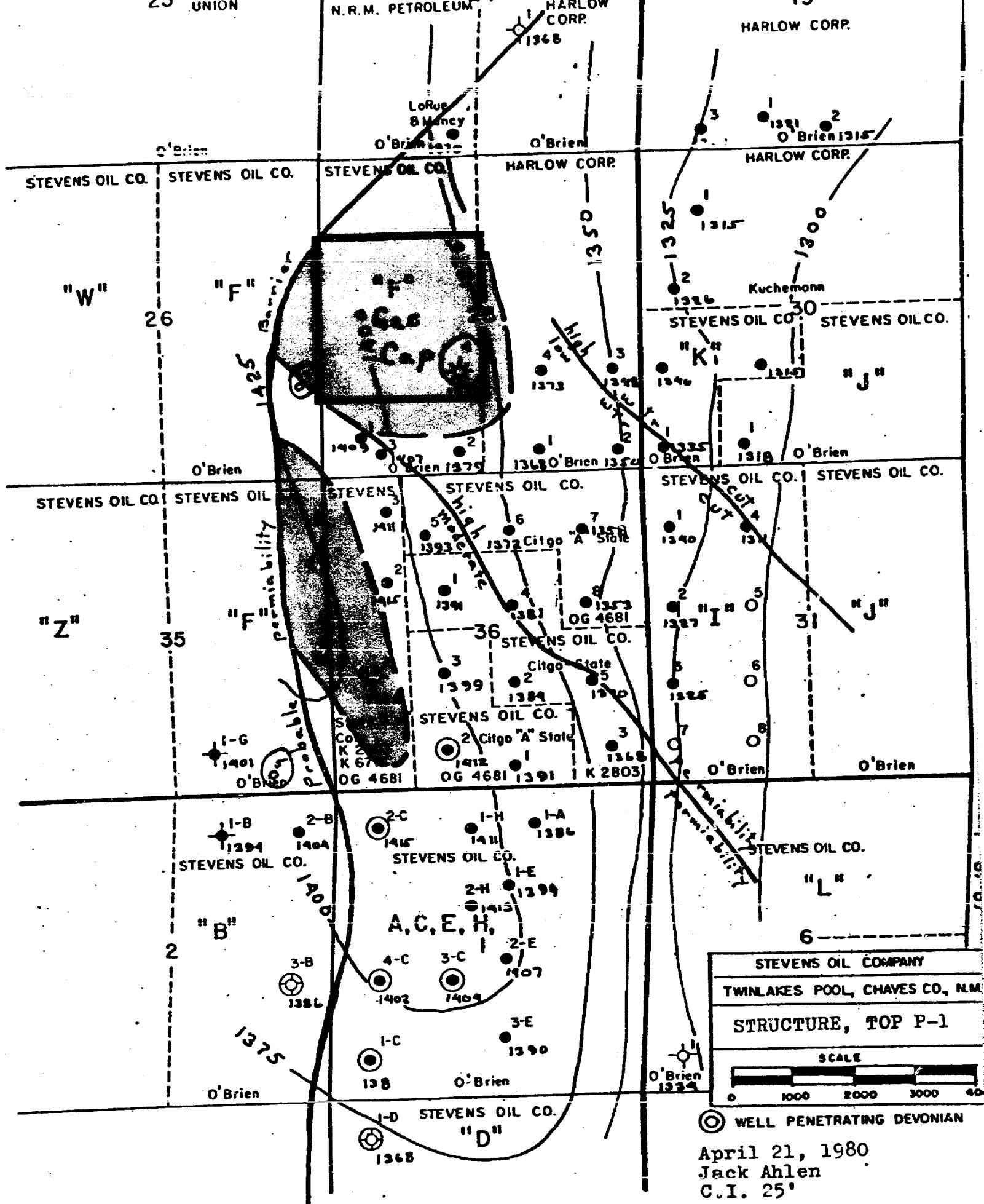
| NO. | P _i ² | P _w | P _w ² | P _i ² - P _w ² | (1) $\frac{P_c^2}{P_i^2 - P_w^2} =$ | (2) $\frac{P_c^2}{P_i^2 - P_w^2} =$ |
|-----|-----------------------------|----------------|-----------------------------|---|-------------------------------------|-------------------------------------|
| 1 | | 468.5 | 219.5 | 118.3 | 2.475 | 2.475 |
| 2 | | 547.4 | 299.7 | 38.1 | | |
| 3 | | 521.6 | 272.1 | 65.7 | | |
| 4 | | 488.7 | 201.3 | 136.5 | | |
| 5 | | | | | | |

| | | | |
|---|--|-----------------------------|--|
| Absolute Open Flow 6.818 Mcfd @ 15.025 | | Hearing Date 4-23-80 | |
| Angle of Slope 45 | | Slope, W 1.00 | |

Remarks: **NO WAY TO MEASURE FLUID. POINT ALIGNMENT TOO FLAT A SLOPE OF 45° WAS DRAWN THROUGH HIGH POINT OF FLOW.**

| | | | |
|-------------------------|-----------------------------|-----------------------------|---------------------------|
| Approved By Commission: | Conducted By: MCT | Calculated By: RR | Checked By: IWW |
|-------------------------|-----------------------------|-----------------------------|---------------------------|





BEFORE EXAMINER STAMETS
OIL COMPANY DIVISION

Applicants Stevens Oil Co.

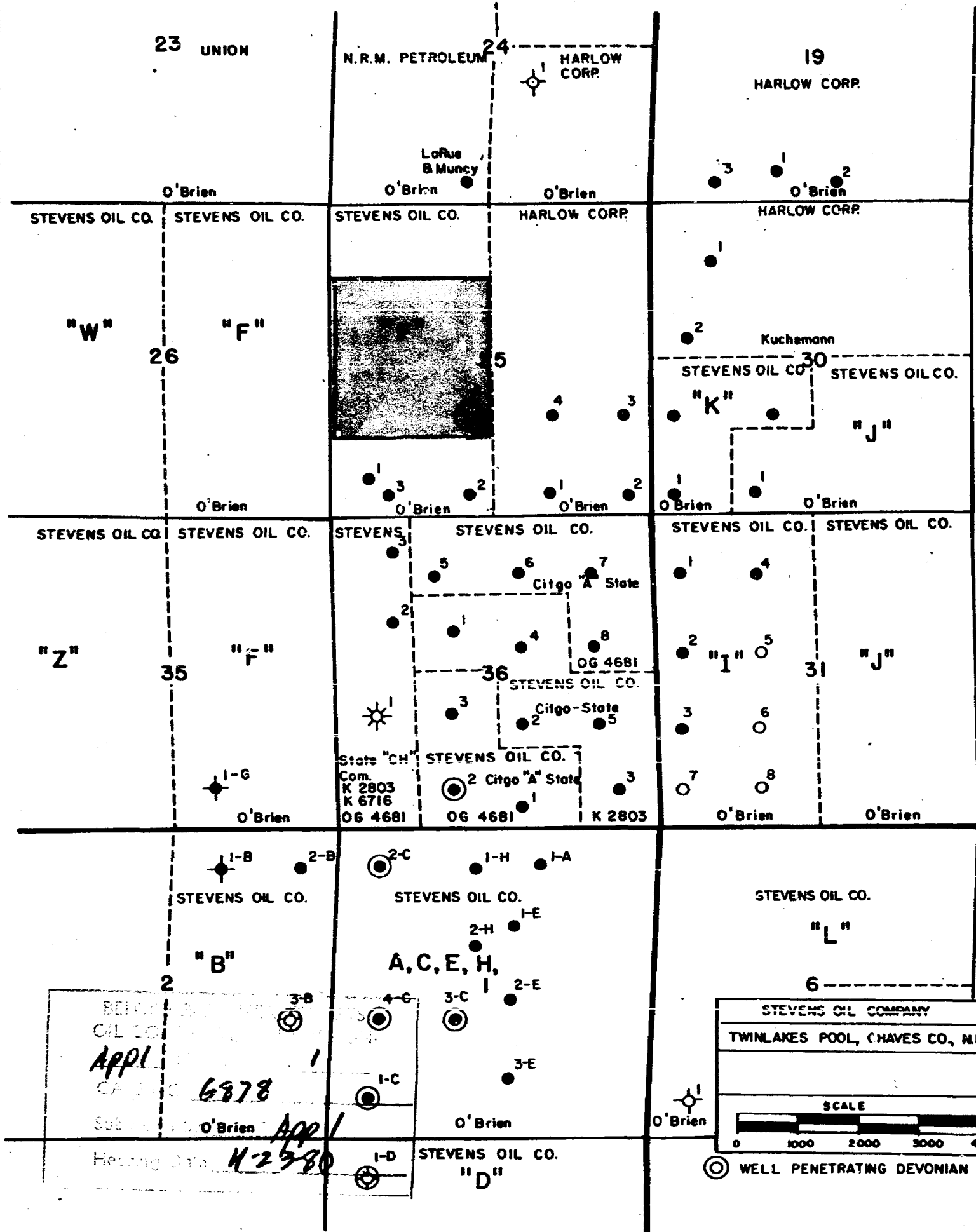
CASE NO. 8893

Submitted by Stevens Oil Co.

Hearing Date 5/21/80

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R 29 E



BELOW AND TO THE
OIL CO.
APPL
CA 210 **6878**
SUB. **APPL**
Hearing Date **4-23-80**

STEVENS OIL COMPANY
TWINLAKES POOL, CHAVES CO., N.M.
SCALE
0 1000 2000 3000 4000
WELL PENETRATING DEVONIAN

**NEW MEXICO OIL CONSERVATION COMMISSION
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL**

Form C-122
Revised 9-1-65

| | | | | | |
|---|--------------|-----------------------------------|----------------------------|------------------------------------|--------------------------|
| Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special | | | | Test Date 3-30-80 | |
| Company STEVENS OIL COMPANY | | | | Connection TO AIR | |
| Pool Twin Lakes | | | | Formation SAN ANDRES | |
| Completion Date 3-21-80 | | Total Depth 2770 | | Plug Back TD 2760 | |
| Elevation 3923.3 GL | | Farm or Lease Name O'BRIEN "F" | | | |
| Csg. Size 4 1/2 | Wt. 11.60 | d 4.000 | Set At 2770 | Perforations: From 2566 To 2598 | |
| Tbg. Size 2 3/8 | Wt. 4.60 | d 2.375 | Set At 2595 | Perforations: From OPEN To END | |
| Type Well - Single - Bradenhead - G.C. or G.O. Multiple SINGLE | | | | Packer Set At 2534 | |
| Producing Thru TUBING | | Reservoir Temp. °F 100° = 2566 | | Mean Annual Temp. °F 60° | |
| Baro. Press. - P _g 13.2 | | County CHAVES | | | |
| State NEW MEXICO | | Unit Sec. Twp. Rge. 25 8S 28E | | | |
| L .2566 | H 2566 | Gg .808 | % CO ₂ 8.292 | % N ₂ 18.637 | % H ₂ S 2" |
| Prover 2" | | Meter Run | | Taps | |

| FLOW DATA | | | | | | TUBING DATA | | CASING DATA | | Duration of Flow |
|-----------|------------------|---|--------------|-----------------|----------------------|-------------|-----------------|-------------|-----------------|------------------|
| NO. | Prover Line Size | X | Orifice Size | Press. p.s.i.g. | Diff. h _w | Temp. °F | Press. p.s.i.g. | Temp. °F | Press. p.s.i.g. | |
| SI | | | | | | | 568 | | | |
| 1. | 2 X 1/8 | | | 455 | | 61 | 455 | | | |
| 2. | 2 X 1/4 | | | 420 | | 65 | 531 | | | 30 MIN. |
| 3. | 2 X 7/16 | | | 453 | | 65 | 468 | | | 30 MIN. |
| 4. | 2 X 3/4 | | | 243 | | 60 | 315 | | | 30 MIN. |
| 5. | | | | | | | | | | |

| RATE OF FLOW CALCULATIONS | | | | | | | |
|---------------------------|-----------------------|------------------|-------------------------|-----------------------|-------------------|---|----------------------|
| NO. | Coefficient (24 Hour) | $\sqrt{h_w P_m}$ | Pressure P _m | Flow Temp. Factor Ft. | Gravity Factor Fg | Super Compress. Factor, F _{pv} | Rate of Flow Q, Mcfd |
| 1. | 2.648 | | 468.2 | .9990 | 1.112 | 1.043 | 144 |
| 2. | 1.087 | | 433.2 | .9952 | 1.112 | 1.038 | 541 |
| 3. | 3.408 | | 466.2 | .9952 | 1.112 | 1.042 | 1832 |
| 4. | 9.453 | | 256.2 | 1.0000 | 1.112 | 1.023 | 2755 |
| 5. | | | | | | | |

| NO. | R ₁ | Temp. °R | T ₁ | Z | Gas Liquid Hydrocarbon Ratio | Mcf/bbl. |
|-----|----------------|----------|----------------|------|---------------------------------------|--------------|
| 1. | .60 | 521 | 1.38 | .919 | A.P.G. Gravity of Liquid Hydrocarbons | Dec. |
| 2. | .55 | 525 | 1.39 | .928 | Specific Gravity Separator Gas | .808 |
| 3. | .60 | 525 | 1.39 | .921 | Specific Gravity Flowing Fluid | X X X X X |
| 4. | .33 | 520 | 1.38 | .956 | Critical Pressure | 782 P.S.I.A. |
| 5. | | | | | Critical Temperature | 378 R |

| NO. | P ₁ ² | P _w | P _w ² | P _c ² - P _w ² |
|-----|-----------------------------|----------------|-----------------------------|---|
| 1 | | 468.5 | 219.5 | 118.3 |
| 2 | | 547.4 | 299.7 | 38.1 |
| 3 | | 521.6 | 272.1 | 65.7 |
| 4 | | 488.7 | 201.3 | 136.5 |
| 5 | | | | |

$$(1) \frac{P_c^2}{P_c^2 - P_w^2} = 2.475$$

$$AOF = Q \left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 6.818$$

$$(2) \left[\frac{P_c^2}{P_c^2 - P_w^2} \right]^n = 2.475$$

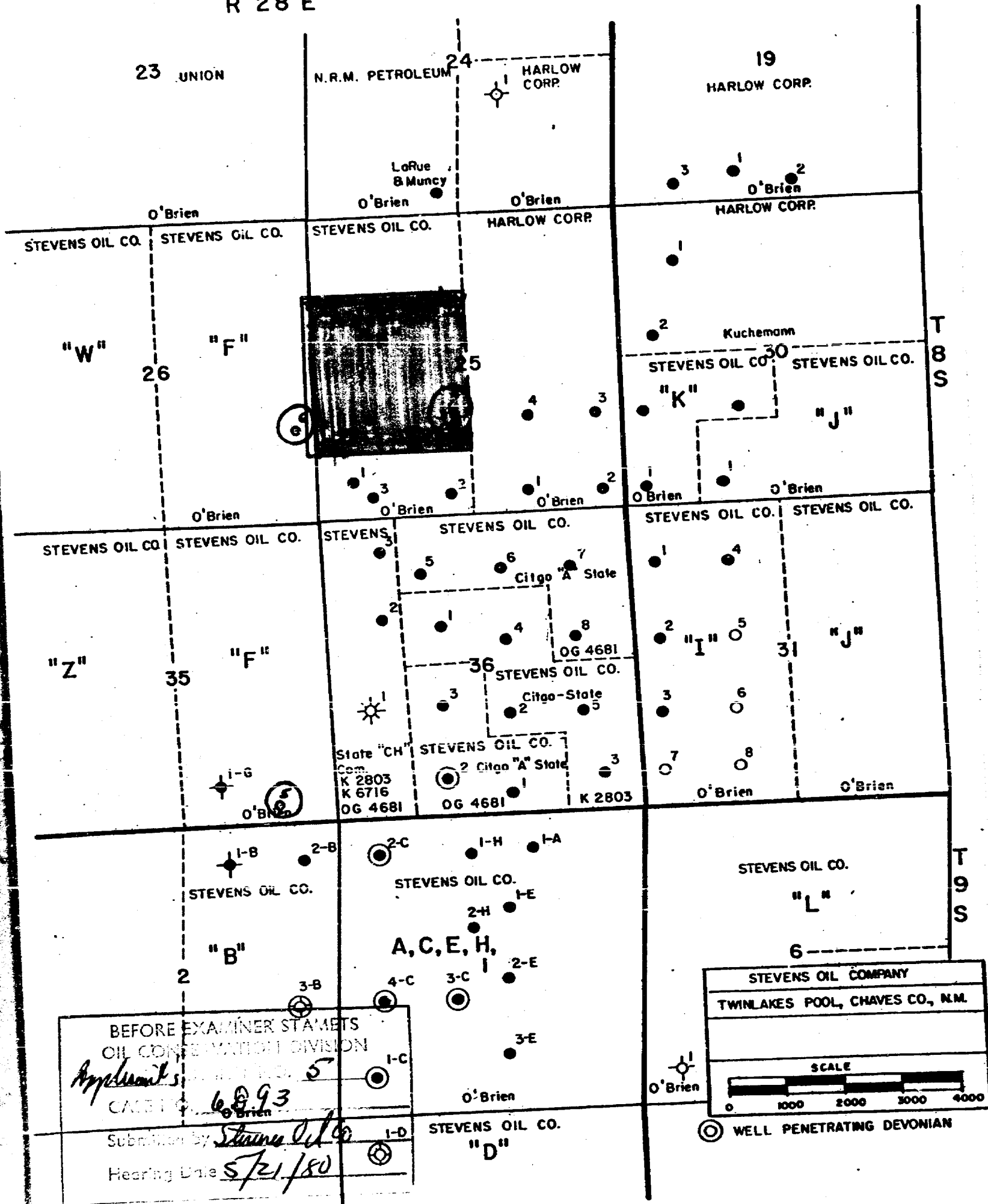
| | | | | | | |
|--------------------|-------|--------------|----------------|---------|----------|------|
| Absolute Open Flow | 6.818 | Mcf @ 15.025 | Angle of Slope | 45.6278 | Slope, n | 1.00 |
|--------------------|-------|--------------|----------------|---------|----------|------|

Remarks: NO WAY TO MEASURE FLUID. POINT ALIGNMENT TOO FLAT A SLOPE OF .459 WAS DRAWN THROUGH HIGH POINT OF FLOW.

| | | | | |
|-------------------------|----------------------|----------------------|-------------------------|--------------------|
| Approved By Commission: | Conducted By: MCT | Calculated By: RR | Heating Date: 4-23-8 | Checked By: JWW |
|-------------------------|----------------------|----------------------|-------------------------|--------------------|

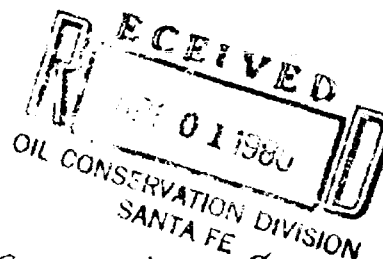
R 28 E

R 29 E



BEFORE THE
OIL CONSERVATION DIVISION OF NEW MEXICO

APPLICATION OF STEVENS OIL COMPANY
A NON-STANDARD GAS PRORATION UNIT,
IN N/2 SW/4, S/2 NW/4, SECTION 25,
TOWNSHIP 8 SOUTH, RANGE 28 EAST,
TWIN LAKES-SAN ANDRES ASSOCIATED
POOL, CHAVES COUNTY, NEW MEXICO



APPLICATION

Case 6878

Comes now Stevens Oil Company and applies to the Oil
Conservation Division of the State of New Mexico as follows:

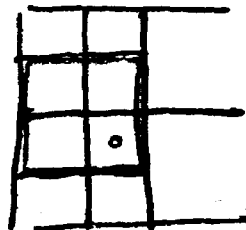
I.

Application requests that a non-standard gas proration unit
consisting of the N/2 SW/4 and S/2 NW/4 of Section 25, Township
8 South, Range 28 East, Twin Lakes San Andres Associated Pool, Chaves
County, New Mexico be approved.

II.

In support of this application applicant herein would show the
Commission:

1. Applicant is the operator of the W/2 Section 25, Township
8 South, Range 28 East.
2. Applicant has completed his O'Brien "F" No. 4, NE/4 SW/4
Section 25, Township 8 South, Range 28 East, Chaves County, originally
staked as an oil well, as a gas well.
3. A standard proration unit would encompass the SW/4 Section
25 and would include oil wells in S/2 SW/4, prohibited by Rule 5
of Order No. R-4102, Twin Lakes San Andres Associated Pool.
4. The non-standard gas proration unit is necessary since
the non-standard unit is apparently underlain by gas and no additional
acreage within the above described section is known to be gas bearing.
Such non-standard unit is necessary to protect the correlative rights
and prevent waste.



5. Approval of the above application will result in the recovery of gas and oil that probably would not otherwise be recovered, will prevent waste, and correlative rights of the other owners in the area will be protected.

WHEREFORE, applicant prays that this matter be set for hearing before the Commission, or before the Commission's duly appointed examiner, on April 29, 1980, and that after notice and hearing as required by law, the Commission enter its order approving the non-standard gas proration unit, above described, as prayed for.

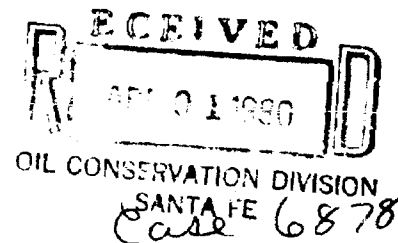
Respectfully Submitted,

STEVENS OIL COMPANY

By Donald G. Stevens
Donald G. Stevens
Attorney for Applicant

BEFORE THE
OIL CONSERVATION DIVISION OF NEW MEXICO

APPLICATION OF STEVENS OIL COMPANY
A NON-STANDARD GAS PRORATION UNIT,
IN N/2 SW/4, S/2 NW/4, SECTION 25,
TOWNSHIP 8 SOUTH, RANGE 28 EAST,
TWIN LAKES-SAN ANDRES ASSOCIATED
POOL, CHAVES COUNTY, NEW MEXICO



APPLICATION

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II.

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Commission:

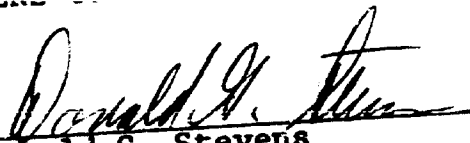
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4. The non-standard gas proration unit is necessary since
the non-standard unit is apparently underlain by gas and no additional
acreage within the above described section is known to be gas bearing.
Such non-standard unit is necessary to protect the correlative rights
and prevent waste.

5. Approval of the above application will result in the recovery of gas and oil that probably would not otherwise be recovered, will prevent waste, and correlative rights of the other owners in the area will be protected.

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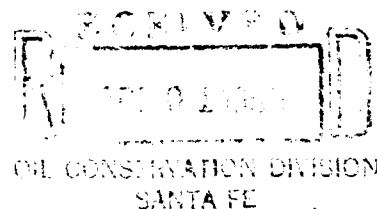
Respectfully Submitted,

STEVENS OIL COMPANY

By 
Donald G. Stevens
Attorney for Applicant

BEFORE THE
OIL CONSERVATION DIVISION OF NEW MEXICO

APPLICATION OF STEVENS OIL COMPANY
A NON-STANDARD GAS PRORATION UNIT,
IN N/2 SW/4, S/2 NW/4, SECTION 25,
TOWNSHIP 8 SOUTH, RANGE 28 EAST,
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APPLICATION

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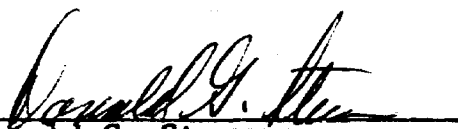
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WHEREFORE, applicant prays that this matter be set for hearing before the Commission, or before the Commission's duly appointed examiner, on April 29, 1980, and that after notice and hearing as required by law, the Commission enter its order approving the non-standard gas proration unit, above described, as prayed for.

Respectfully Submitted,

STEVENS OIL COMPANY

By


Donald G. Stevens
Attorney for Applicant

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. 6878

Order No. R- 6357

APPLICATION OF STEVENS OIL COMPANY

GAS
FOR A NON-STANDARD PRORATION UNIT AND UNORTHODOX LOCATION,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 21
19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of May, 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, Stevens Oil Company
seeks approval of a 160-acre non-standard gas proration unit
comprising the N/2 SW/4 and S/2 NW/4 of Section 25, Town-
ship 8 South, Range 28 East, NMPM, to be dedicated to
its O'Brien "F" Well No. 4 to be xxx located at an
unorthodox location 1650 feet from the South line and 2310 feet from
the West line xxxx of said Section 25.

(3) That the entire non-standard proration unit may reasonably
be presumed productive of gas from the Twin Lakes-San Andres Associa-
ted xxx Pool and that the entire non-standard gas proration unit can
be efficiently and economically drained and developed by the
aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Twin Lakes-San Andres Associated ~~Gas~~ Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Twin Lakes-San Andres Associated Gas Pool comprising the N/2 SW/4 and S/2 NW/4 of Section 25, Township 8 South, Range 28 East, NMPM, Chaves County, New Mexico, ^{*the Stevens Oil Company*} is hereby established and dedicated to ~~the~~ O'Brien "F" Well No. 4 at an unorthodox location 1650 feet from the South line and 2310 feet from the West line of ~~xxx located in Unit xxxxxxxxxxxxxx~~ of said Section 25, *hereby approved,*

(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.