

CASE No.

4954

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Application,  
Transcripts,  
Small Exhibits

ETC.



In the matter of Case No. 4954 being reopened pursuant to the provisions of Order No. R-4535, which order established temporary special pool rules for the South Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico.

Case No. 4954 (reopened)

Order No. 4535-A

July 24, 1974 - RLS

(1) Jurisdiction

(2) That Order No. R-4535, dated June 25, 1974, established temporary pool rules for the South Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, which rules provided for 160 acre spacing in the pool.

(3) That Order No. R-4535 provided that Case No. 4954 would be reopened in July of 1974 to allow operators in the subject pool to appear and show cause why the pool should not be developed on 40-acre spacing.

(4) That no operator has offered evidence to establish that the pool should be developed on other than 40-acre spacing.

(5) That the Temporary Special Rules and Regulations for the South Lindrith Gallup-Dakota Oil Pool should be rescinded and said pool should be governed by the Statewide Rules for

oil pools in the State, effective August 1, 1974.

ORDERED

(1) That effective August 1, 1974, the Temporary Special Rules and Regulations for the South Lindsey Gallup-Sakata Oil Pool are hereby rescinded and the pool is placed under the Statewide Rules for oil pools in the State.

(2) Jurisdiction

Proposed by Order No. R-4553, dated Jan. 25, 1974



EWELL N. WALSH PETROLEUM ENGINEER CONSULTANT

CHACE OIL COMPANY  
JICARILLA 70, Well No. 3  
PROPOSED  
DOWNHOLE COMINGLING INSTALLATION

CASE 4954  
Exhibit A

8-5/8" Surface  
Casing at 334' KB  
w/175 sxs. Cement  
Circulated to Surface

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 2  
CASE NO. 4954  
Submitted by Chace  
Hearing Date 4/25/73

Stage Collar at 5097' (Below  
Mesa Verde Formation) w/  
460 sxs. Lightweight Cement  
and 540 sxs 50/50 Pozmix  
Cement. Calc. top of cement  
at 2500'.

2-3/8" EUE, tubing

Anchor-Catcher at 5779'.

Gallup Perforations  
5828'-6122' (Overall)

Dakota Perforations  
6941'-7112' (overall)

4-1/2", 11.6#, Casing at  
7240' w/550 sxs. 50/50  
Pozmix Cement. Calc. top  
of cement at 5500'.

Seating Nipple & Subsurface  
Pump at 7048'

Plug back T. D. 7203'  
T. D. 7242'

## PERFORATIONS AND FRACTURING

### GALLUP

2-13-73 T. D. 7242', P.B.T.D. 7203'. Temporary bridge plug at 6400'.  
Perforated Gallup 5828'-5834', 5895'-5907', 5914'-5922', 5945'-5956',  
5968'-5972', 5982'-5994', 6000'-6004', 6008'-6014', 6036'-6040',  
6066'-6070', 6076'-6104', 6118'-6122'. 2 shots per foot.

2-15-73 T. D. 7242', P.B.T.D. 7203'. Temporary bridge plug at 6400'.  
Sandwater frac Gallup as follows:

Water - 41,400 gallons

Sand - 36,000 lbs. 20-40

Additives - 2% Potassium Chloride, 1½ lbs. Friction Reducer per  
1000 gals, 30 lbs. Adomite Aqua per 1000 gals and one  
gal. Morflo per 1000 gallons.

Flush - 5000 gallons

Breakdown pressure - Pump in at 2500 psig.

Average treating Pressure - 2500 psig.

Hydraulic Horsepower - 3370

Instantaneous SIP - 900 psig

5 minute SIP - 775 psig

10 minute SIP - 750 psig

15 minute SIP - 700 psig.

500 gallons 15% MCA used during breakdown of perforations prior to  
frac treatment

### DAKOTA

2-6-73 T. D. 7242', P. B.T.D. 7203'.

Perforated Dakota 6941'-6965', 7065'-7075' and 7100'-7112'  
with 2 shots per foot.

2-8-73 T. D. 7242', P.B.T.D. 7203'.

Sandwater fracture Dakota as follows:

Water - 43,710 gallons

Sand - 40,000 pounds (20-40)

Additives - 2% Potassium Chloride, 2 lbs, per 1000 gals.

Friction Reducer, 20 lbs. per 1000 gals.

Adomite Aqua and 1 gal. per 1000 gals. Morflo.

Flush - 5000 gallons

Breakdown - Pump in at 3100 psig (Prior breakdown 1000 psig)

Average Treating pressure - 3300 psig

Average Injection Rate - 45 BPM

Hydraulic Horsepower - 3640

Instantaneous SIP - 2200 psig

5 minute SIP - 2100 psig

10 minute SIP - 1975 psig

15 minute SIP - 1900 psig.

Pumped 750 gals. 15% MCA and rubber balls prior to frac to  
break down perforations.

## SWABBING INFORMATION

### DAKOTA

Swabbed Dakota interval, after sand water fracture treatment for total of 25 hours. Approximate swab rate of fluid at end of 25 hours - 12 barrels per hour. Fluid was approximately 65.0% recovered frac water, determined by water analyses, and 35.0% oil. Gas production approximately 100 MCF per day. Approximately 720 barrels frac water to recover.

### GALLUP

Swabbed Gallup interval, after sand water fracture treatment for total of 22 hours. Approximate swab rate of fluid at end of 22 hours - 10 barrels per hour. Fluid was approximately 75.0% recovered frac water, determined by water analysis, and 25.0% oil. Gas production approximately 100 MCF per day. Approximately 950 barrels of frac water to recover.

### GALLUP AND DAKOTA

Swabbed Gallup and Dakota interval, commingled, for total of 37.5 hours. Approximate swab rate of fluid at end of 37.5 hours - 10 barrels per hour. Fluid was approximately 20.0% recovered frac water, determined by water analysis, and 80.0% oil. Gas production approximately 100-200 MCF per day. Approximately 1000 barrels frac water to recover. Well would not continually flow.

Swabbed Gallup and Dakota interval, commingled, for total of 53 hours into tank. Approximate swab rate of fluid at end of 53 hours - 12 barrels per hour. During last 10 hours of swabbing, fluid recovery was 51 barrels of oil and 75 barrels of recovered frac water. Gas production approximately 100-200 MCF per day.

Installed pumping unit.



# OIL CONSERVATION COMMISSION

**STATE OF NEW MEXICO**  
**P. O. BOX 2088 - SANTA FE**  
**87501**

**July 30, 1974**

**L. R. TRUJILLO**  
**CHAIRMAN**

LAND COMMISSIONER  
ALEX J. ARIAS  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

Re: CASE NO. 4954  
ORDER NO. R-4555-A

Applicant:

**CHACE OIL COMPANY**

**Mr. J. M. Durrett, Jr.**  
**Attorney at Law**  
**1004 Sandia Savings Building**  
**Albuquerque, New Mexico 87110**

**Dear Sir:**

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	<u>x</u>
Aztec OCC	

Other \_\_\_\_\_

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4954 (REOPENED)  
Order No. R-4555-A

IN THE MATTER OF CASE NO. 4954 BEING  
REOPENED PURSUANT TO THE PROVISIONS OF  
ORDER NO. R-4555, WHICH ORDER ESTABLISHED  
TEMPORARY SPECIAL POOL RULES FOR THE SOUTH  
LINDRITH GALLUP-DAKOTA OIL POOL, RIO ARriba  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1974,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of July, 1974, the Commission,  
a quorum being present, 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 Commission has jurisdiction of this cause and the  
subject matter thereof.

(2) That Order No. R-4555, dated June 25, 1974, established  
temporary pool rules for the South Lindrith Gallup-Dakota Oil  
Pool, Rio Arriba County, New Mexico, which rules provided for  
160-acre spacing in the pool.

(3) That Order No. R-4555 provided that Case No. 4954  
would be reopened in July of 1974 to allow operators in the  
subject pool to appear and show cause why the pool should not  
be developed on 40-acre spacing.

(4) That no operator has offered evidence to establish  
that the pool should be developed on other than 40-acre spacing.

(5) That the Temporary Special Rules and Regulations for  
the South Lindrith Gallup-Dakota Oil Pool should be rescinded  
and said pool should be governed by the Statewide Rules for oil  
pools in the State, effective August 1, 1974.

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Case No. 4954 (Reopened)  
Order No. R-4555-A

IT IS THEREFORE ORDERED:

(1) That effective August 1, 1974, the Temporary Special Rules and Regulations for the South Lindrith Gallup-Dakota Oil Pool, promulgated by Order No. R-4555, dated June 25, 1974, are hereby rescinded and the pool is placed under the Statewide Rules for oil pools in the State.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*[Signature]*  
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

*[Signature]*  
A. L. PORTER, Jr., Member & Secretary

S E A L

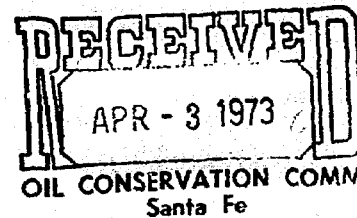
dr/

EWELL N. WALSH  
PETROLEUM ENGINEER CONSULTANT  
EXECUTIVE BLDG. - 413 W. MAIN  
P. O. BOX 254  
FARMINGTON, NEW MEXICO  
87401

Case 4954

TELEPHONE BUS. 325-8203

April 2, 1973



AIRMAIL

Mr. A. L. Porter, Jr., Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Ref: Chace Oil Company  
Jicarilla 70, Well No. 3  
Gallup-Dakota Dual Oil Well,  
Unit C, 1080' FNL, 1590' FWL,  
Sec. 33-T24N-R4W, N.M.P.M.,  
Rio Arriba County, New Mexico

Dear Mr. Porter:

Please consider this letter as a request on behalf of the above-referred-to operator to have a hearing before the New Mexico Oil Conservation Commission. It is requested the hearing be scheduled as soon as possible.

A hearing is requested to consider, but not limited to, the following:

1. Approval to downhole commingle production from an Undesignated Gallup Oil Pool and an Undesignated Dakota Oil Pool in the well bore of the above-referred-to well.
2. Procedure whereby similar approval may be granted administratively for other wells to be drilled in the area of the above-referred-to well.
3. Create a new oil pool based upon the above-referred-to well as the discovery well. Said pool to be comprised of:

Township 24 North, Range 4 West, N.M.P.M.  
Section 33: NW/4

DOCKET MAILED

Date 4-12-73

CHW



Mr. A. L. Porter, Jr.

-2-

April 2, 1973

Your consideration to schedule the requested hearing as soon as possible would be greatly appreciated.

Very truly yours,



Ewell N. Walsh, P. E.

ENW:lt

cc:Chace Oil Company, 313 Washington, S. E.,  
Albuquerque, New Mexico 87108  
New Mexico Oil Conservation Commission, 1000 Rio Brazos Road,  
Aztec, New Mexico 87410  
Geological Survey, U. S. Dept. of the Interior, DOCKET MAILED  
P. O. Box 1809, Durango, Colorado 81301

Date

4-12-73

## NEW MEXICO OIL CONSERVATION COMMISSION

## EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date JULY 24, 1974 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
S.G. Buell	Montgomery, et al	Santa Fe
Bart Giles	Amoco Production Co.	Denver
Paul Cooter	Itwood + Malone	Roswell
K.L. PETERS	TEXACO INC.	DENVER
J. A. Ramsey	TEXACO INC	Denver
James Hanger	Tom Ingram	Roswell
Jack Allen	Tom Ingram	Roswell
Lee G. Nering	Belco Petroleum Corp.	Houston
J. L. SCHNEIDER JR.	" " "	"
J. E. Sullivan	Shell oil company	Midland, Tex.
E.H. BALCH	Champlin Pet Co	Fr. Worth
E.C. Hinrichs	Texaco INC	HOBBS
KW Harbin	Texaco Inc.	Hobbs
DS SPRAGUE	TEXACO INC.	MIDLAND, TEX.
Don Stevens	Morris R. Antweil	Santa Fe
Tom Kellahin	Kellahin + Fox	SANTA FE
R. M. Williams	Morris R. Antweil	Hobbs

## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date JULY 24, 1974TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
W. T. McEllen	Phillips Pet.	Odessa
Boyle Kelly	White Rock, et	S. F.
Jason Kellahin	Kellahin & Co.	Santa Fe
G. W. EDWARDS	PHILLIPS	Odessa
Jack M. McAdams	Marathon Oil Co.	Houston

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 24, 1974

EXAMINER HEARING

IN THE MATTER OF :

Case 4954 being reopened pursuant to  
the provisions of Order No. R-4555,  
which order established temporary  
special pool rules for the South  
Lindrith Gallup-Dakota Oil Pool, Rio  
Arriba County, New Mexico.

Case No.  
4954

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

William Carr, Esq.  
Legal Counsel for the  
Commission  
State Land Office Bldg.  
Santa Fe, New Mexico

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0366

MR. STAMETS: The Hearing will please come to order. I'll call the first Case, Case 4954.

MR. CARR: Case 4954. In the matter of the Case 4954 being reopened pursuant to the provisions of Order No. R-4555, which order established temporary special pool rules for the South Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico.

MR. STAMETS: The Commission has received correspondence from J. M. Durett, Jr., Attorney for the Applicant in this Case, stating that the Applicant does not feel that it has sufficient information at this time to establish that this pool should be developed on 160-acre spacing, and that the pool should revert to 40-acre spacing. There will be no appearance in this Case.

CASE 4954

Page.....3

STATE OF NEW MEXICO )  
COUNTY OF SANTA FE ) SS.

I, RICHARD L. NYE, Court Reporter, do hereby  
certify that the foregoing and attached Transcript of  
Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct  
record of the said proceedings, to the best of my knowledge,  
skill and ability.

Richard L. Nye  
RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 4954  
heard by me on July 24, 1954.  
Richard L. Nye, Examiner  
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
MORGAN HALL  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
Wednesday, April 25, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Chace Oil  
Company for pool creation  
and down-hole commingling,  
Rio Arriba County, New  
Mexico.

Case No. 4954

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING



1 MR. STAMETS: We will call next Case 4954.

2 MR. CARR: Case 4954, application of Chace Oil  
3 Company for pool creation and down-hole commingling, Rio  
4 Arriba County, New Mexico.

5 MR. DURRETT: If the Examiner please, my name is  
6 J. M. Durrett representing Chace Oil Company. I have  
7 one witness, Mr. Walsh.

8 EWELL N. WALSH,

9 called as a witness and after being duly sworn, according  
10 to law, testified as follows:

11 DIRECT EXAMINATION

12 BY MR. DURRETT:

13 Q Will you please state your name?

14 A My name is Ewell N. Walsh.

15 Q What's your occupation, Mr. Walsh?

16 A Petroleum Engineering Consultant in Farmington, New  
17 Mexico.

18 Q Have you previously testified as an expert witness before  
19 this Commission?

20 A On several occasions.

21 Q And have you been retained by Chace Oil Company concerning  
22 this Case Number 4954 which is before the Commission?

23 A Yes, I have.

24 Q Would you briefly state to the Examiner what it is  
25 that Chace is seeking with this application?

1 A Chace is seeking for the approval to down-hole commingle  
2 production from the Gallup and Dakota formations in  
3 their well Jicarilla 70, Well Number 3, and also to seek  
4 approval for establishment of a pool for this area of  
5 this well and administrative procedure for approving  
6 down-hole commingling of additional wells that will be  
7 drilled in the area outside the pool limits.

8 Q Please refer now to your Exhibit Number 1 which is the  
9 map of the area.

10 A This is a map of the area in general covering Township 24  
11 North, Range 4 West, and a portion of Township 23 North,  
12 Range 4 West and surrounding townships and ranges.

13 Q And you have indicated on there the Chace Oil Company  
14 acreage; is that correct?

15 A Yes, I have. This is indicated by the dotting or shading;  
16 and as indicated, acreage is located in Section 21, 22,  
17 27, 28, 33, 34 of Township 24 North, Range 4 West.  
18 Also Sections 9 and 10 of Township 23 North, Range 4  
19 West.

20 Q What are the three arrows that you show on your Chace  
21 acreage there?

22 A The three arrows, the red arrow indicates the well upon  
23 which this hearing concerns the Chace 70 - Number 3  
24 located in the Northwest quarter of Section 33, 24 North,  
25 4 West.

1           The blue arrow north of that indicates a well has  
2           just been drilled by Chace Oil Company, the Jicarilla  
3           363 Well Number 1 located in the Southeast quarter of  
4           Section 21, Township 24 North, Range 4 West.

5           The green arrow to the south indicates the well  
6           which Chace Oil Company has just currently spudded, and  
7           this well is the Jicarilla 71 Well Number 3 located in  
8           the Northwest quarter of Section 3, Township 23 North,  
9           Range 4 West.

10          The Well Number 70-3 has been drilled and completed  
11          as a Gallup and Dakota down-hole commingling. The Well  
12          Number 363 Number 1, the production casing was just set  
13          on this well on Monday night.

14          Q   Which arrow was that now, the Number 1? Was that the  
15              blue?

16          A   The blue arrow is the last well I referred to.

17          Q   And then the green arrow has just been spudded?

18          A   Just been spudded, yes.

19          Q   And what do you indicate at the top of your plat here  
20              with your shading?

21          A   Outlined there is the horizontal limits of the Southern  
22              portion of the Lindrith Gallup-Dakota West Oil Pool  
23              which has been established by this Commission.

24          Q   Let's move now to your Exhibit Number 2 which is a  
25              schematic drawing of your proposed commingling.

1 A Exhibit 2, the first page of Exhibit 2 is a schematic  
2 drawing of the proposed down-hole commingling installation  
3 we are requesting approval of. On there is indicated  
4 the depth at which our surface casing is set.

5 The depth with four-and-a-half inch casing has  
6 been set and cemented in two stages. The depth of the  
7 two-and-three-eighths inch tubing, production tubing,  
8 anchor-catcher, and also the Gallup and Dakota perfora-  
9 tions from the top perforation to the bottom perforation.

10 Q Now, as far as the second page of that Exhibit Number 2,  
11 that shows your test calculations there; and, well,  
12 that's perforations, your second page; isn't it?

13 A The second page indicates the individual perforations  
14 and our fracturing procedure of the two zones. They  
15 were fractured separately.

16 Q And what is your third page on that Exhibit?

17 A The third page is being presented to give evidence to  
18 the Commission that individually the Dakota and  
19 Gallup zones were capable of producing oil and gas,  
20 that the test was conducted in such a manner to determine  
21 that the formations were not making formation water,  
22 that the water we were recovering was frac water from  
23 considerable water analyses we made.

24 Also, there is information there concerning when the  
25 bridge plug was drilled out between the two formations

1 indicating approximately during swabbing period the  
2 volumes of oil and gas and water that was being obtained  
3 from the well.

4 The well at the end of the swab period would not  
5 flow, so it has been necessary to install a pumping unit.

6 Q Have you performed any tests on this well as of this  
7 date?

8 A The well has not been officially tested for initial  
9 potential due to some problems we have had with our  
10 pumping equipment.

11 However, about the only indication I have at this  
12 time is that the well has made approximately 30 barrels  
13 of oil, 50 barrels of recovered frac water, and about  
14 100 MCF per day anytime we had it on sustained production.

15 However, I do not feel that this is indicative of  
16 the capabilities of the well.

17 Q Will you go in briefly to your well cost information and  
18 show the Examiner what your costs were?

19 A The information furnished to me by the operator indicates  
20 that their current costs in this well was approximately  
21 \$176,000. Now, this is in excess of what you would  
22 consider a normal well cost in the range of \$135,000  
23 to \$140,000; but this excess was due to some hole  
24 problems we had when trying to log and run casing and  
25 then the considerable expense the operator went through

1 to obtain information individually on each zone to  
2 determine if they were capable of producing gas and oil.

3 Q What would you estimate would be your approximate cost  
4 of a normal down-hole commingled well in this area?

5 A Approximately \$135,000 to \$140,000.

6 Q Would you feel like this cost, that your normal production  
7 would justify this cost without this type of commingling?

8 A No, I do not. I believe it would be an additional  
9 cost to have some efficient method of segregating the  
10 zones and also producing the zone satisfactorily.

11 I believe the Commission is aware of the problems  
12 of Continental Oil Company had in their area which was  
13 included in this West Lindrith Gallup-Dakota Oil Pool  
14 during the time they were trying to segregate production.

15 Q Is the completion that you are requesting in this Hearing  
16 similar to the one that has been approved up in that  
17 pool in the north there?

18 A Yes. It is almost, let me say, an identical type  
19 completion.

20 Q Let's go now into your request for the creation of the  
21 pool referring to your area map which is Exhibit Number 1.  
22 You have shown us where the Chace acreage was. What would  
23 you propose that the pool limits be?

24 A At this time, I would request that the horizontal limits  
25 for the pool be established as the Northwest quarter of

1 to obtain information individually on each zone to  
2 determine if they were capable of producing gas and oil.

3 Q What would you estimate would be your approximate cost  
4 of a normal down-hole commingled well in this area?

5 A Approximately \$135,000 to \$140,000.

6 Q Would you feel like this cost, that your normal production  
7 would justify this cost without this type of commingling?

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10 zones and also producing the zone satisfactorily.

11 I believe the Commission is aware of the problems  
12 of Continental Oil Company had in their area which was  
13 included in this West Lindrith Gallup-Dakota Oil Pool  
14 during the time they were trying to segregate production.

15 Q Is the completion that you are requesting in this Hearing  
16 similar to the one that has been approved up in that  
17 pool in the north there?

18 A Yes. It is almost, let me say, an identical type  
19 completion.

20 Q Let's go now into your request for the creation of the  
21 pool referring to your area map which is Exhibit Number 1.  
22 You have shown us where the Chace acreage was. What would  
23 you propose that the pool limits be?

24 A At this time, I would request that the horizontal limits  
25 for the pool be established as the Northwest quarter of



1 Section 33, Township 24 North, Range 4 West, which is  
2 the acreage surrounding the Jicarilla 70-3 which is the  
3 well we are requesting permission to down-hole commingle.

4 For the vertical limits of the pool, I would like to  
5 refer you to Exhibit 3.

6 Q That's the log?

7 A The log of the well. If the Examiner please, to the  
8 five-inch scale which is the lower portion of the log,  
9 as I go starting at the depth of 2192 which is the top  
10 of the Oh-ho Alamo formation, I have gone through and  
11 individually marked the formation tops.

12 However, our area of interest will be concerning  
13 the Gallup. I have indicated at the top of the Gallup  
14 at 5536 feet. This is the top of what you call the  
15 Upper Gallup.

16 They are considered two zones in the Gallup, the  
17 Upper and the Lower. Down further in the log starting  
18 below 5800 foot down to below 6100, in blue I have  
19 indicated the perforations in the Gallup formation.

20 Further down the log, if you will, at 6850 I have  
21 indicated the top of the Greenhorn, at 6910, the top or  
22 base of the Greenhorn which is a good geological marker  
23 for the area..

24 Then at 6941 I have indicated the top of the Dakota.  
25 I have indicated this interval at the top of the Dakota.

1 It does contain possibly what you would call errors,  
2 however, on completion practices; and geologically  
3 the recent interpretation is calling this the top of  
4 the Dakota, the indicated top of the Dakota.

5 Also in blue we have indicated the perforations  
6 that were completed in this interval. I would request  
7 that in the formation of the pool for this area that  
8 the vertical limits be from the top of the Gallup, as  
9 indicated at 5536 feet, to 400 feet below the base of the  
10 Greenhorn.

11 That would enable an operator to commingle,  
12 down-hole commingle in the porosity zones which he  
13 may be encountering in this area.

14 Q So that would be 400 feet below the base of the Greenhorn  
15 is what you are recommending?

16 A Yes, from the top of the Gallup to the depth of 400  
17 feet below. One reason I request this as an overall  
18 interval is in the Well Number, Chace Oil Jicarilla 363-1  
19 located in Section 21, 24 North, 4 West, there was by  
20 mud log some indication of liquid carbons in the  
21 Greenhorn; and I do not feel, though, that there is, it  
22 is capable of producing, that it would be a situation  
23 that could evenly segregate.

24 Q Just very briefly discuss for the Examiner the various  
25 orders that have been entered in this area concerning

1 commingling and the things that we are seeking here,  
2 similar type orders.

3 A Prior to the formation of the Lindrith Gallup-Dakota  
4 West Oil Pool, Continental Oil Company had on several  
5 hearings requested approval for different types of  
6 down-hole commingling or producing methods from production  
7 in the Gallup and Dakota.

8 Also in Order R-4245, the Manning Gas and Oil  
9 Company obtained approval to down-hole commingle the  
10 Gallup and Dakota formations. This well is now included  
11 in the pool and is located in the Northeast quarter of  
12 Section 3, Township 24 North, Range 4 West.

13 Then additional orders concerning this matter would  
14 be Order Number R-4260 which was a nomenclature case by  
15 the Commission establishing the limits or forming the  
16 Lindrith Gallup-Dakota West Oil Pool.

17 Then in addition to that, there was Order Number  
18 R-4314 which was a case on request of Continental Oil  
19 Company which established special pool rules for the  
20 Lindrith Gallup-Dakota West Oil Pool.

21 Q Now, is the administrative procedure that you are seeking  
22 in your application similar to that which was authorized  
23 by this Order Number R-4314?

24 A No.

25 Q Which one is it, then?

1 A There was an administrative procedure established for  
2 approval of wells to down-hole commingle. This was  
3 established during the cases of Continental Oil Company  
4 prior to the formations.

5 I don't know what their numbers were, but there  
6 wasn't a procedure established for those orders.

7 Q Let's go through very briefly the rules that you are  
8 seeking here so that the Examiner will know.

9 A The rules that I would seek for the establishing of this  
10 pool would be the same as set forth in Order R-4314 which  
11 was approved by the Commission and effective July 1st, 1972,  
12 of which portion of special rules and regulations for the  
13 West Lindrith Gallup-Dakota Oil Pool.

14 If the Examiner wishes, I would read them all  
15 individually; but I'm requesting them as a whole and body.

16 Q I don't think it would be necessary to read the West  
17 Lindrith Gallup-Dakota rule.

18 A The rule is similar to this. We believe it would be  
19 applicable to the pool we are requesting. There is, I  
20 believe, one main point in there that is an exception  
21 to the normal rules, that is that a 160-acre proration  
22 unit be established instead of the normal 40.

23 And the other matter, one other matter was the  
24 limiting GOR, and it was approved to be 2,000 to 1.  
25 And this is acceptable also.

1 Q Do you have a name to suggest for your pool that you  
2 are seeking?

3 A I would like to suggest that the name of the pool be  
4 called the Lindrith Gallup-Dakota Southwest Pool due to  
5 the positive probability of these two pools merging  
6 together at some future date when drilling occurs between  
7 the boundaries of the unit. Then they can be merged  
8 very easily.

9 Q I believe you testified concerning your horizontal limits?

10 A Yes. The horizontal limits are the Northwest quarter of  
11 Section 33, Township 24 North, Range 4 West.

12 Q What about the distance from the wells to be included  
13 on your proposed commingling administrative procedure?  
14 Are you wanting farther than the one mile that is usual?

15 A The two wells in addition to the well requested approval  
16 today actually lie just outside of one mile from what  
17 may be the pool boundaries. We don't feel now at this  
18 time that these wells, we feel that these wells will be  
19 completed in a similar-type manner; however, being in  
20 excess, slightly in excess of one mile from the proposed  
21 pool, we would like to request the Commission to be able  
22 to administratively approve the completion of these  
23 wells as a down-hole commingled Gallup Dakota until such  
24 time as they are actually taken into the pool. This is  
25 to prevent another hearing or any delay in getting the

1 wells, in here under production.

2 Q That would be a special provision in your proposed  
3 administrative procedure?

4 A Yes. This could be handled on the basis of many base  
5 administrative procedures in that all offset operators  
6 would be notified of the request, and their approval  
7 of the request would be sent to the Commission and be  
8 given all the information, if the Commission would feel  
9 that it was necessary to do this.

10 Q Were Exhibits 1, 2, and 3 prepared by you or under  
11 your supervision?

12 A Yes, they were.

13 MR. DURRETT: If the Examiner please, I would move  
14 the introduction of Exhibits 1, 2, and 3; and that would  
15 conclude my Direct Examination.

16 MR. STAMETS: Without objection, these exhibits  
17 will be admitted into evidence.

18 CROSS-EXAMINATION

19 BY MR. STAMETS:

20 Q Mr. Walsh, what you are seeking here is a single Gallup  
21 Dakota Oil Pool?

22 A This is right.

23 Q The West Lindrith Gallup-Dakota Oil Pool is currently  
24 being developed on 160-acre spacing?

25 A In general, yes, it is.

1 Q In your application here, do you feel that the 160-acre  
2 spacing is justified because the well will drain the  
3 160 acres or because it's uneconomical to drill a well  
4 any closer than 160?

5 A I would say it is based basically on the basis that it  
6 is uneconomical to drill a well any closer.

7 Q Do you anticipate that the cost of the average well in here  
8 will be \$135,000 to \$140,000?

9 A Yes.

10 Q I don't see any indication here of reserves or anything  
11 that you expect to pay out this \$135,000 to \$140,000.

12 A The only type of reserves I could calculate would be  
13 strictly from log interpretation. Now, if you are not  
14 familiar with the density log with the determined porosity,  
15 shale has a great effect on them, and many calculations  
16 you try to make on these producing intervals would show  
17 100 percent or excess water, and they are not producing  
18 water.

19 On a comparative basis from work I performed on  
20 the Manning Well in Section 3 of this township, I would  
21 say that the recovery would be approximately 30 barrels  
22 of oil per acre-foot and 20 MCF of gas per acre-foot of  
23 pay.

24 Q Since we don't have too much to go on here, as to the  
25 anticipated drainage or production, would Chace Oil



1 Company have any objections to making these pool rules  
2 temporary for a period of one year and then coming back  
3 at the end of that time and justifying the wider spacing?

4 A I don't believe so. No, sir.

5 Q Southwest Lindrith Gallup-Dakota is kind of a lot to  
6 put in a small blank. Would Chace Oil Company have  
7 any objections if a logical shorter name did occur to  
8 the Examiner in this case?

9 A No. We would request discussion on the point prior to  
10 the approval of the name.

11 Q Okay. What would the extra cost of dual completion  
12 equipment be, approximately, in this well?

13 A In a well like this, in the neighborhood, counting all  
14 your equipment and work necessary and so forth, in the  
15 neighborhood of \$10,000 to \$15,000.

16 Q And you don't anticipate any lessened recovery because of  
17 the commingling situation here?

18 A No, sir. In fact, working on an economic basis I believe  
19 your recovery would be more, because it was more economical  
20 to produce the well longer.

21 Q In the Gallup Dakota, all wells are compatible?

22 A Yes, they are.

23 MR. STAMETS: Are there any other questions of  
24 the witness? He may be excused. Any statements or any  
25 other testimony in this case? We will take the case

1 under advisement. Let's recess the hearing until 1:15.

2 (Whereupon, the hearing was recessed until 1:15.)

3  
4 \* \* \* \* \*

5 STATE OF NEW MEXICO )  
6 ) ss.  
COUNTY OF BERNALILLO )

7 I, JANET RUSSELL, a Notary Public, in and for the  
8 County of Bernalillo, State of New Mexico do hereby certify  
9 that the foregoing and attached Transcript of Hearing before  
10 the New Mexico Oil Conservation Commission was reported by  
11 me; and that the same is a true and correct record of the  
12 said proceedings to the best of my knowledge, skill and  
13 ability.

14  
15  
16 Janet Russell  
NOTARY PUBLIC

17  
18  
19  
20  
21  
22  
23 I do hereby certify that the foregoing is  
24 a complete record of the proceedings in  
the Examiner hearing of Case No. 4954,  
25 heard by me on April 25, 1973.  
Richard J. Ham, Examiner  
New Mexico Oil Conservation Commission

1

I N D E X

2

WITNESS:PAGE

3

EWELL N. WALSH

4

Direct Examination by Mr. Durrett

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5

Cross-Examination by Mr. Stamets

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E X H I B I T S

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OfferedAdmitted

16

Exhibit #1

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Exhibit #2

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Exhibit #3

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4954  
Order No. R-4555

NOMENCLATURE

APPLICATION OF CHACE OIL COMPANY  
FOR POOL CREATION AND DOWN-HOLE  
COMMINGLING AND SPECIAL POOL RULES,  
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1973,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of June, 1973, the Commission,  
a quorum being present, 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 Commission has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Chace Oil Company, seeks the crea-  
tion of a new oil pool for Gallup and Dakota production in Rio  
Arriba County, New Mexico, and the promulgation of temporary  
special rules and regulations governing said pool, including pro-  
visions for 160-acre spacing and proration units and limited well  
locations.

(3) That the applicant further seeks to have such temporary  
special pool rules apply to two drilling wells in Unit O of Sec-  
tion 21, Township 24 North, Range 4 West, and Unit E of Section 5,  
Township 23 North, Range 4 West, NMPM, Rio Arriba County, New  
Mexico.

(4) That Chace Oil Company's Jicarilla 70 Well No. 3,  
located in Unit C, Section 33, Township 24 North, Range 4 West,  
NMPM, Rio Arriba County, New Mexico, has discovered a separat  
and common source of supply which should be designated the  
South Lindrith Gallup-Dakota Oil Pool; that the vertical limits  
of said pool should be the Gallup and Dakota formations and that  
the horizontal limits of said pool should be the NW/4 of said  
Section 33.

(5) That the evidence presently available indicates that

-2-

Case No. 4954  
Order No. R-4555

one well in the South Lindrith Gallup-Dakota Oil Pool can efficiently and economically drain and develop 160 acres.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the South Lindrith Gallup-Dakota Oil Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations for the South Lindrith Gallup-Dakota Oil Pool should apply only to wells located within the horizontal limits of said pool except that they should immediately apply to the two Chace Oil Company wells described in Finding (3) above upon their completion as Gallup-Dakota oil wells.

(9) That this case should be reopened at an examiner hearing during the month of July, 1974, at which time operators in the South Lindrith Gallup-Dakota Oil Pool should appear and show cause why said pool should not be developed on 40-acre spacing.

IT IS THEREFORE ORDERED:

(1) That a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Gallup and Dakota production, is hereby created and designated as the South Lindrith Gallup-Dakota Pool, consisting of the following described area:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM  
Section 33: NW/4

(2) That, effective July 1, 1973, Temporary Special Rules and Regulations for the South Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, are hereby promulgated as follows:

TEMPORARY SPECIAL RULES AND REGULATIONS  
FOR THE  
SOUTH LINDRITH GALLUP-DAKOTA OIL POOL

RULE 1. Each well completed or recompleted in the South Lindrith Gallup-Dakota Oil Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

**RULE 3.** The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

**RULE 4.** Each well shall be located no nearer than 330 feet to the outer boundary of the proration unit or to any governmental quarter-quarter section line nor nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

**RULE 5.** The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

**RULE 6.** A standard proration unit (158 through 162 acres) shall be assigned a 160-acre depth bracket allowable of 347 barrels for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

**IT IS FURTHER ORDERED:**

(1) That the above pool rules shall apply only to wells completed within the horizontal limits of the South Lindrith Gallup-Dakota Oil Pool, provided however, that upon completion of applicant's wells in Unit O of Section 21, Township 24 North, Range 4 West, and Unit E of Section 3, Township 23 North, Range 4 West, NMPM, as Gallup-Dakota oil wells, said rules shall be applicable thereto prior to extension of the horizontal limits of the pool to include said wells.



-4-

Case No. 4954  
Order No. R-4555

(2) That the locations of all wells presently drilling to the South Lindrith Gallup-Dakota Oil Pool are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before July 1, 1973.

(3) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the South Lindrith Gallup-Dakota Oil Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.


Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Lindrith Gallup-Dakota Oil Pool shall receive no more than one-fourth of a standard allowable for the pool.

(4) That this cause shall be reopened at an examiner hearing during the month of July, 1974, at which time the operators in the South Lindrith Gallup-Dakota Oil Pool may appear and show cause why said pool should not be developed on 40-acre spacing.


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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
I. R. TRUJILLO, Chairman

ALEX J. ARMISTEAD, Member

  
A. L. PORTER, Jr., Member & Secretary

SEAL

dr/



Case 4954

Reopened ~~to show cause~~ in accordance with order R4555

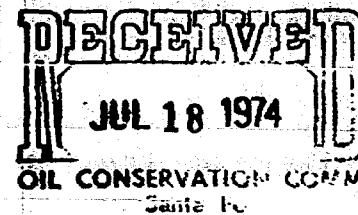
No appearances

Temporary

Special Pool Rules for the  
South Lindrieth - Gallup - Dakota Oil  
Pool should be rescinded.

J. M. DURRETT, JR.  
*Attorney at Law*  
XXXXXXXXXXXXXXXXXXXX  
ALBUQUERQUE, NEW MEXICO 87110  
1004 Sandia Savings Building  
766-5454

July 17, 1974



Mr. A. L. Porter, Jr.  
Secretary-Director  
Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Re: Docket No. 21-74  
Case 4954 (Reopened)

Dear Mr. Porter:

Chace Oil Company, the applicant in the above case, does not feel that it has sufficient information available at this time to establish that the South Lindrith Gallup-Dakota Oil Pool should continue to be developed on 160-acre spacing. For this reason Chace Oil Company does not plan to appear at the Examiner hearing on July 24, 1974 and recommends that the pool be developed on 40-acre spacing.

Very truly yours,

*J. M. Durrett, Jr.*  
J. M. Durrett, Jr.

JMD/vc

Docket No. 21-74

Dockets Nos. 22-74 and 24-74 are tentatively set for hearing on August 7 and August 21. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 24, 1974

9 A.M. - OIL CONSERVATION COMMISSION 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 4954: (Reopened)

In the matter of Case 4954 being reopened pursuant to the provisions of Order No. R-4555, which order established temporary special pool rules for the South Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, including a provision for 160-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing.

CASE 5277: Application of Pierce & Dehlinger for the amendment of Order No. R-4560, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an extension of time in which to commence the drilling of the third well covered by Order No. R-4560, to be drilled in the NE/4 of Section 24, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant further seeks the establishment of an administrative procedure for additional extension of time in which to comply with the drilling schedule as set forth in the subject order. Applicant further seeks the amendment of Orders Nos. 4 and 5 of Order No. R-4560 to provide certain changes in the time schedules outlined therein for the furnishing of estimated well costs and the payment of proportionate shares of well costs by all parties.

CASE 5278: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Drinkard, and Tubb production in the wellbores of its A. H. Blinebry Federal Wells Nos. 23 and 26, located in Units C and B, respectively, of Section 29, and its C. H. Lockhart Federal Well No. 5, located in Unit C of Section 18, all in Township 22 South, Range 38 East, Lea County, New Mexico.

CASE 5279: Application of Tom L. Ingram for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware Sand in the perforated interval from 5012 feet to 5033 feet in his State "O" Well No. 2 located in Unit E of Section 7, Township 24 South, Range 33 East, Triple X-Delaware Pool, Lea County, New Mexico.

CASE 5280: Application of Coastal States Gas Producing Company for an unorthodox location and the amendment of Order No. R-4715, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-2746, approval for the unorthodox oil well location for its

(Case 5280 continued from Page 1)

McGuffin Well No. 3 to be drilled 660 feet from the North line and 1980 feet from the West line of Section 29, Township 9 South, Range 33 East, Flying "M" San Andres Pool, Lea County, New Mexico, the N/2 NW/4 of said Section 29 to be dedicated to the well. Applicant further seeks the amendment of Order No. R-4715 which dedicated the W/2 NW/4 of Section 29 to its McGuffin Well No. 2 located 1980 feet from the North line and 660 feet from the West line of said Section 29. Applicant proposes that the N/2 NW/4 of said Section 29 be dedicated jointly to said McGuffin Well No. 2 and to its McGuffin Well No. 1 located in Unit F of said Section 29.

CASE 5281: Application of Morris R. Antweil for an extension of time, Order No. R-4772, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a 90-day extension of the July 15 deadline for the commencement of drilling operations in the S/2 of Section 17, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, which lands were pooled to form a standard 320-acre gas spacing and proration unit by Order No. R-4772.

CASE 5282: Application of Union Texas Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat and Langlie-Mattix production in certain of its wells in the Langlie-Jal Unit Area, currently being waterflooded under authority of Commission Order No. R-4051.

CASE 4969: (Reopened)

In the matter of Case No. 4969 being reopened pursuant to the provisions of Order No. R-4557-A, which order continued the special depth bracket allowable for the Tocito Dome-Pennsylvanian "D" Pool, San Juan County, New Mexico, for an additional six months. All interested parties may appear and show cause why said special depth bracket allowable should not be rescinded.

CASE 5283: Application of Belco Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in formations of Pennsylvanian age or older underlying the W/2 of Section 5, Township 22 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit in Unit F of said Section 5. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5284: Application of Champlin Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Nix-Yates Well No. 1 located in Unit G of Section 2, Township 22 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce gas from the Morrow formation through tubing and from the Wolfcamp formation through the casing-tubing annulus.

CASE 5152: (Reopened)

In the matter of Case No. 5152 being reopened pursuant to the provisions of Order No. R-4713, which order established a special depth bracket allowable for the Media-Entrada Oil Pool, Sandoval County, New Mexico. All interested parties may appear and show cause why said special depth bracket allowable should not be rescinded.

CASE 5285: Application of Texas Pacific Oil Co. for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Phantom Draw Unit Well No. 1 to be located at a point 800 feet from the South line and 1000 feet from the West line of Section 20, Township 26 South, Range 31 East, Eddy County, New Mexico, the W/2 of said Section 20 to be dedicated to the well.

CASE 5286: Application of Texaco Inc. for a Special Allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an injection response allowable increase for its Vacuum Grayburg-San Andres Unit Pressure Maintenance Project, Lea County, New Mexico. Applicant seeks an additional 2320 barrels of oil per day to be added incrementally to the current 4640 barrel per day allowable as injection response occurs. Applicant further seeks the establishment of an allowable of up to 240 barrels per day for lease line wells which have demonstrated a substantial response to water injection.



# OIL CONSERVATION COMMISSION

**STATE OF NEW MEXICO**  
**P. O. BOX 2688 - SANTA FE**  
**87301**

**June 25, 1973**

**GOVERNOR  
BRUCE KING  
CHAIRMAN**

**LAND COMMISSIONER  
ALEX J. ARMJO  
MEMBER**

**STATE GEOLOGIST**  
**A. L. PORTER, JR.**  
**SECRETARY - DIRECTOR**

Serial 1004 - Sandra Savage Bldg. - Alky.

Re: Case No. 4954

**Order No. R-4555**

**Applicant:**

**Chace Oil Company**

Mr. J. M. Durrett  
~~1911 Carlisle Boulevard NE~~  
Albuquerque, New Mexico 87110

**DOCKET MAILED**

Date 7-12-74

**Dear Sir:**

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

Very truly yours,

A. L. Porter

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC            **x**

Artesia OCC

**Aztec OCC** **x**

**Other** \_\_\_\_\_



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4954  
Order No. R-4555

*Nomenclature*

APPLICATION OF CHACE OIL COMPANY  
FOR POOL CREATION AND DOWN-HOLE  
COMMINGLING AND SPECIAL POOL RULES,  
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1973,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of June, 1973, the Commission,  
a quorum being present, 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 Commission has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Chace Oil Company, seeks the crea-  
tion of a new oil pool for Gallup and Dakota production in  
Rio Arriba County, New Mexico, and the promulgation of temporary  
special rules and regulations governing said pool, including  
provisions for 160-acre spacing and proration units and limited  
well locations.

(3) That the applicant further seeks to have such temporary  
special pool rules apply to two drilling wells in Unit O of  
Section 21, Township 24 North, Range 4 West, and Unit E of  
Section 3, Township 23 North, Range 4 West, NMPM, Rio Arriba  
County, New Mexico.

(4) That Chace Oil Company's Jicarilla 70 Well No. 3,  
located in Unit C, Section 33, Township 24 North, Range 4 West,  
NMPM, Rio Arriba County, New Mexico, has discovered a separate  
and common source of supply which should be designated the  
South Lindrith Gallup-Dakota Oil Pool; that the vertical limits  
of said pool should be the Gallup and Dakota formations and that  
the horizontal limits of said pool should be the NW/4 of said  
Section 33.



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Case No. 4954

Order No. R-4555

(5) That the evidence presently available indicates that one well in the South Lindrith Gallup-Dakota Oil Pool can efficiently and economically drain and develop 160 acres.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the South Lindrith Gallup-Dakota Oil Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations for the South Lindrith Gallup-Dakota Oil Pool should apply only to wells located within the horizontal limits of said pool except that they should immediately apply to the two Chace Oil Company wells described in Finding (3) above upon their completion as Gallup-Dakota oil wells.

(9) That this case should be reopened at an examiner hearing during the month of July, 1974, at which time operators in the South Lindrith Gallup-Dakota Oil Pool should appear and show cause why said pool should not be developed on 40-acre spacing.

*insert (9) →*  
IT IS THEREFORE ORDERED:

(2) That, effective July 1, 1973, Temporary Special Rules and Regulations for the South Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, are hereby promulgated as follows:

TEMPORARY SPECIAL RULES AND REGULATIONS  
FOR THE  
SOUTH LINDRITH GALLUP-DAKOTA OIL POOL

RULE 1. Each well completed or recompleted in the South Lindrith Gallup-Dakota Oil Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a

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Case No. 4954

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non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 330 feet to the outer boundary of the proration unit or to any governmental quarter-quarter section line nor nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre depth bracket allowable of 347 barrels for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That the above pool rules shall apply only to wells completed within the horizontal limits of the South Lindrith Gallup-Dakota Oil Pool, provided however that upon completion of applicant's wells in Unit O of Section 21, Township 24 North, Range 4 West, and Unit E of Section 3, Township 23 North, Range 4 West, NMPM, as Gallup-Dakota oil wells, said rules shall be applicable thereto prior to extension of the horizontal limits of the pool to include said wells.

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Case No. 4954  
Order No. R-4555

(2) That the locations of all wells presently drilling to the South Lindrith Gallup-Dakota Oil Pool are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before July 1, 1973.

(3) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the South Lindrith Gallup-Dakota Oil Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Lindrith Gallup-Dakota Oil Pool shall receive no more than one-fourth of a standard allowable for the pool.

(4) That this cause shall be reopened at an examiner hearing during the month of July, 1974, at which time the operators in the South Lindrith Gallup-Dakota Oil Pool may appear and show cause why said pool should not be developed on 40-acre spacing.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

(1) That a new pool in Lincoln County, classified as an oil pool for Gallup and Dakota production, is hereby created and designated as the North Lincoln Gallup - Dakota Pool, consisting of the following described area:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM  
Section 33: NW/4

4954

Create New oil pool for Gallup-Dakota  
production, South Lindrith Gallup-Dakota  
N W/4 Sec 33-24N-4W Rio Arriba

Special Rules Temporary on year  
from date of order, reopen  
at that time

Rules like West Lindrith -  
Gallup-Dakota Rules R-4314

Rules should apply to any  
well drilled to the  
Gallup-Dakota formation  
within 2 miles of the  
S. Lindrith GI DK pool or  
any well capable of producing  
therefrom.



Find

Chace has discovered  
new Gallup Dakota Pool.

Economics at this time  
favor down hole commingling  
of Gallup Dakota &  
160 acre spacing

To avoid the drilling of  
unnecessary wells to permit  
orderly development of the  
~~pool~~ pool, the special rules  
should apply to any well  
drilled to Gallup-Dakota  
within 2 miles of the pool  
or well capable of producing from  
the pool

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 25, 1973

9 A.M. - OIL CONSERVATION COMMISSION 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 or Elvis A. Hutz, Alternate Examiners:

CASE 4946: Application of Union Texas Petroleum for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Crosby-Fusselman Pool, Lea County, New Mexico, including a provision for classification of oil wells and gas wells, 80-acre spacing for oil wells, 320-acre spacing for gas wells, and a limiting gas-oil ratio of 5000 to one.

CASE 4947: Application of Tom Brown, Inc., for compulsory pooling, and a non-standard unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field Extension, Eddy County, New Mexico, to form a non-standard 336.6-acre unit to be dedicated to a well to be drilled 1680 feet from the North line and 1980 feet from the East line of said Section 13.

Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4948: Application of Skelly Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-complete its R. R. Sims Well No. 7 located 2200 feet from the South and West lines of Section 3, Township 23 South, Range 37 East, Lea County, New Mexico, as a producing oil well in its Penrose "A" waterflood project, Langlie-Mattix Pool, said well being an unorthodox location closer than 330 feet to another well producing from the same pool. Applicant further seeks an administrative procedure for approval of further in-fill development at unorthodox locations in its Penrose "A" Unit Area.

CASE 4949: Application of Skelly Oil Company for the amendment of Order No. R-1069-B, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-1069-B, which order promulgated special pool rules for the Bisti Lower-Gallup Oil Pool, San Juan County, New Mexico. Applicant seeks the adoption of rules for the classification of gas wells in said pool and the dedication of 320 acres thereto.



CASE 4950: Application of Monsanto Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Burton Flat Deep Unit Well No. 3 located in Unit V of Section 3, Township 21 South, Range 27 East, Eddy County, New Mexico, to produce gas from the Burton Flat-Morrow Gas Pool Extension and from an undesignated Strawn pool through parallel strings of tubing.

CASE 4951: Application of Atlantic Richfield Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 15, Township 21 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled by the applicant at a standard location to test the Morrow formation. 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 is the designation of applicant as operator and the risk involved in drilling said well.

CASE 4952: Application of Atlantic Richfield Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Empire Abo Unit Area comprising 11,339 acres, more or less of State and Federal lands in Townships 17 and 18 South, Ranges 27, 28, and 29 East, Eddy County, New Mexico.

CASE 4953: Application of Atlantic Richfield Company for a pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its Empire Abo Unit Area, Empire-Abo Pool, Eddy County, New Mexico, by the injection of gas into the Abo formation through eight wells in Section 36, Township 17 South, Range 27 East, Sections 3, 4, and 9, Township 18 South, Range 27 East, and Sections 26, 31, 32, and 33, Township 17 South, Range 28 East. Applicant further seeks the promulgation of special rules for the operation of said project, including provision for the assignment of special allowables to wells in the project area based on reservoir voidage factors, the shutting-in of less efficient wells, and volumes of gas injected.

CASE 4954: Application of Chace Oil Company for pool creation and down-hole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup Oil Pool and Dakota Oil Pool for its Jicarilla 70 Well No. 3 located in Unit C of Section 33, Township 24 North, Range 4 West, Rio Arriba County, New Mexico. Applicant further seeks authority to commingle production from each of said pools in the well-bore of said well and the establishment of an administrative procedure for down-hole commingling of additional wells to be drilled in the area.

CASE 4955: Application of Pierce & Dehlinger for a non-standard oil proration unit, or in the alternative, compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for

(Case 4955 continued from page 2)

a 160-acre non-standard oil proration unit comprising the SW/4 NE/4 and S/2 NW/4 of Section 13, and the SE/4 NE/4 of Section 14, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, to be dedicated to a well to be drilled in Unit G of said Section 13, or in the alternative, applicant seeks approval of a 120-acre non-standard unit comprising only the above-described lands in Section 13, to be dedicated to the aforesaid proposed well.

As an alternative to either of the above-described non-standard units, applicant seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NE/4 of the aforesaid Section 13 to be dedicated to a well which would be drilled in Unit H of said Section 13. Also to be considered would be designation of applicant as operator of the well, allocation of well costs and charges for operation, charges for supervision of the well, and the establishment of a 200 percent risk factor for the well.

CASE 4956: Application of Pierce & Dehlinger for a non-standard oil proration unit, or in the alternative, compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard oil proration unit comprising the S/2 S/2 of Section 13, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, to be dedicated to its Sheridan Well No. 1, located in Unit M of said Section 13. In the alternative, applicant seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the SW/4 of said Section 13 to be dedicated to said well; and also pooling all said mineral interests underlying the SE/4 of said Section 13 to be dedicated to a well which would be drilled in Unit P of said Section 13. Also to be considered would be designation of applicant as operator of the well, allocation of well costs and charges for operation, charges for supervision of the well, and the establishment of a 200 percent risk factor for the well.

CASE 4957: Application of Pierce & Dehlinger for a non-standard oil proration unit, or in the alternative, compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard oil proration unit comprising the S/2 N/2 of Section 24, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, to be dedicated to a well to be drilled in Unit H of said Section 24. In the alternative, applicant seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NE/4 of said Section 24 to be dedicated to the aforesaid proposed well. Also to be considered would be designation of applicant as operator of the well, allocation of well costs and charges for operation, charges for supervision of the well, and the establishment of a 200 percent risk factor for the well.

**CASE 4958:** Southeastern New Mexico nomenclature case calling for an order for the extension of certain pools in Lea County, New Mexico:

(a) Extend the Eumont Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 28: SW/4

(b) Extend the Gladiola-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM  
Section 19: NE/4  
Section 20: NW/4

(c) Extend the Humble City-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM  
Section 10: SE/4

(d) Extend the Jalmat Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 19: N/2

(e) Extend the Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM  
Section 5: Lots 11, 12, 13, 14 and SW/4

(f) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM  
Section 26: W/2 NW/4

(g) Extend the Triple X-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM  
Section 7: NW/4

(h) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
Section 8: N/2 SW/4

DRAFT

WRC/dr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4954

Order No. R-4555

APPLICATION OF CHACE OIL COMPANY  
FOR POOL CREATION AND DOWN-HOLE  
COMMINGLING AND SPECIAL POOL RULES  
RIO ARriba COUNTY, NEW MEXICO.

*RLH*  
*WRC*  
*John* *6-14-73*  
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1973, at Santa Fe, New Mexico, before Examiner Richard Stamets.

NOW, on this June day of June, 1973, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Chace Oil Company, seeks the creation of a new oil pool for Gallup and Dakota production in Rio Arriba County, New Mexico, and the promulgation of temporary special rules and regulations governing said pool, including provisions for 160-acre spacing and proration units and limited well locations.

(3) That the applicant further seeks to have such temporary special pool rules apply to two drilling wells in Unit O of Section 21, Township 24 North, Range 4 West, and Unit E of Section 3, Township 23 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(4) That Chace Oil Company's Jicarilla 70 Well No. 3, located in Unit C, Section 33, Township 24 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, has discovered a separate and common source of supply which should be designated the South Lindrith/Gallup-Dakota Oil Pool; that the vertical limits of said pool should be the Gallup and Dakota formations and that the horizontal limits of said pool should be the NW/4 of said Section 33.

(5) That the evidence presently available indicates that one well in the South Lindrith Gallup-Dakota Oil Pool can efficiently and economically drain and develop 160 acres.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the South Lindrith Gallup-Dakota Oil Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations for the South Lindrith Gallup-Dakota Oil Pool should apply only to wells located within the horizontal limits of said pool except that they should immediately apply to the two Chace Oil Company wells described in Finding (3) above upon their completion as Gallup-Dakota oil wells.

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Case No. 4954  
Order No. R-

(9) That this case should be reopened at an examiner hearing during the month of ~~June~~<sup>July</sup>, 1974, at which time operators in the South Lindrith Gallup-Dakota Oil Pool should appear and show cause why said pool should not be developed on 40-acre spacing.

IT IS THEREFORE ORDERED:

(1) That, effective ~~June~~<sup>July</sup> 1, 1973, Temporary Special Rules and Regulations for the South Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, are hereby promulgated as follows:

TEMPORARY SPECIAL RULES AND REGULATIONS  
FOR THE

SOUTH LINDRITH GALLUP-DAKOTA OIL POOL

RULE 1. Each well completed or recompleted in the South Lindrith Gallup-Dakota Oil Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.



RULE 4. Each well shall be located no nearer than 330 feet to the outer boundary of the proration unit or to any governmental quarter-quarter section line nor nearer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre depth bracket allowable of 347 barrels for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to the South Lindrith-Gallup-Dakota Oil Pool are hereby approved; that the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before <sup>July 1</sup> ~~June 15~~ 1973.

(1) That the above pool rules shall apply only to wells completed within the horizontal limits of the South Lindrith-Gallup-Dakota Oil Pool, provided however, that upon completion of applicant's wells in Unit O of Section 21, Township 24 North, Range 4 West, and Unit E of Section 3, Township 23 North, Range 4 West, NMPM, as Gallup-Dakota oil wells, said rules shall be applicable thereto prior to extension of the horizontal limits of the pool to include said wells.



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Case No. 4954

Order No. R-

(3) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the South Lindrith-Gallup-Dakota Oil Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject <sup>to</sup> ~~or~~ said 60-day limitation, each well presently drilling to or completed in the South Lindrith-Gallup-Dakota Oil Pool shall receive no more than one-fourth of a standard allowable for the pool.

(4) That this cause shall be reopened at an examiner hearing during the month of <sup>July</sup> ~~June~~, 1974, at which time the operators in the South Lindrith-Gallup-Dakota Oil Pool may appear and show cause why said pool should not be developed on 40-acre spacing.

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

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

DRAFT

dr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4954 (Reopened)

Order No. R-4555-A

IN THE MATTER OF CASE NO. 4954 BEING  
REOPENED PURSUANT TO THE PROVISIONS OF  
ORDER NO. R-4555, WHICH ORDER ESTABLISHED  
TEMPORARY SPECIAL POOL RULES FOR THE SOUTH  
LINDRITH GALLUP-DAKOTA OIL POOL, RIO ARriba  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1974,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this July day of August, 1974, the Commission,  
a quorum being present, 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 Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That Order No. R-4555, dated June 25, 1974, established  
temporary pool rules for the South Lindrith Gallup-Dakota Oil  
Pool, Rio Arriba County, New Mexico, which rules provided for  
160-acre spacing in the pool.

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Case No. 4954 (Reopened)  
Order No. R-4555-A

(3) That Order No. R-4555 provided that Case No. 4954 would be reopened in July of 1974 to allow operators in the subject pool to appear and show cause why the pool should not be developed on 40-acre spacing.

(4) That no operator has offered evidence to establish that the pool should be developed on other than 40-acre spacing.

(5) That the Temporary Special Rules and Regulations for the South Lindrith Gallup-Dakota Oil Pool should be rescinded and said pool should be governed by the Statewide Rules for oil pools in the State, effective August 1, 1974.

IT IS THEREFORE ORDERED:

(1) That effective August 1, 1974, the Temporary Special Rules and Regulations for the South Lindrith Gallup-Dakota Oil Pool, promulgated by Order No. R-4555, dated June 25, 1974, are hereby rescinded and the pool is placed under the Statewide Rules for oil pools in the State.

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

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