

CASE No.

4976

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Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 16, 1974

EXAMINER HEARING

IN THE MATTER OF:

Case 4976 being reopened pursuant to the  
provisions of Order R-4638 to permit all  
operators in the West Parkway-Strawn and  
West Parkway-Atoka Gas Pools to appear  
and present evidence to clearly establish  
the nature of the reservoirs, proper rates  
of production for wells therein, and special  
rules therefor.

CASE  
4976

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 Building  
Santa Fe, New Mexico

For the Petroleum Corp.:

Clarence Hinkle, Esq.  
HINKLE, BONDURANT, COX & EATON  
Hinkle Building  
Roswell, New Mexico

CASE 4976

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I N D E X

LARRY SHANNON

Direct Examination by Mr. Hinkle  
Cross Examination by Mr. Stamets

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E X H I B I T S

Exhibits 1 through 5

Page

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

SHANNON-DIRECT

CASE 4976

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MR. STAMETS: We will call the next Case, 4976.

MR. CARR: Case 4976 reopened and continued from the October 2, 1974, Examiner Hearing. In the matter of Case 4976 being reopened pursuant to the provisions of Order No. R-4638 to permit all operators in the West Parkway-Strawn and West Parkway-Atoka Gas Pools in Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico, to appear and present evidence to clearly establish the nature of the reservoirs, proper rates of production for wells therein, and special rules therefor.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant, Cox and Eaton, Roswell appearing on behalf of the Petroleum Corporation, we have one witness.

MR. STAMETS: Are there any other appearances in this Case? Will the witness stand and be sworn, please?

(Whereupon, the witness was duly sworn.)

LARRY SHANNON

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence, and by whom you are employed?

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A My name is Larry Shannon; I live in Dallas, Texas, and I am employed by the Petroleum Corporation.

Q What is your position with the Petroleum Corporation?

A I am a petroleum engineer and am manager of operations.

Q Have you previously testified before the Commission and been qualified as a petroleum engineer?

A Yes, I have.

Q As a matter of fact, you were the original witness in this case, were you not?

A Yes, sir, that is correct.

Q Have you prepared, or has there been prepared under your direction certain exhibits for introduction in this case?

A Yes, sir.

Q They are the ones that have been marked 1 through 5?

A That is correct.

MR. HINKLE: Let me have a set of them here. These are the officially marked ones there.

Are the qualifications of the witness acceptable?

MR. STAMETS: They are.

BY MR. HINKLE:

Q Refer to Exhibit 1 and explain what this is and what it shows?

MR. HINKLE: We only have two of these exhibits, and I might say this is the same exhibit that was introduced at the previous hearing by the Petroleum Corporation, and Larry can explain the only difference in it.

A Right. The only thing that is changed in that is that I show the location of the second well drilled on our six-section unit, the West Parkway Unit; and that well has been drilled and we will present as evidence the logs of that well. It has not been completed as of yet because of the rainy weather that we have experienced in Eddy County, and we have been unable to move heavy equipment in to complete the well.

Q Has it been cased?

A It has been cased; the casing has been run and the rig has been released.

Q Do you anticipate when it might be completed?

A We anticipate a Morrow-gas-sand completion. There have been two other wells drilled, I might make note of, and I show in pencil because I don't know the exact location, but they are in the northwest corner of our six-section unit.

the Strawn. There was a weak show, but the top of the Strawn has not been the main productive interval in our first well in this area, and in this pool.

Q Now, have you compiled information with regard to the production history of this No. 1 Well?

A Yes, Exhibit No. 3 is a recap of the gas and condensate production from the West Parkway Strawn pool of the No. 1 Well. This well is being dually completed. We show the major bottom-hole pressures that were obtained at the depth of 10,200 feet and the gas-oil ratio accumulatively being 4,731, to 1. We have produced accumulatively from this zone in not quite a year of 135 million cubic feet of gas, and 28 thousand, almost 600 barrels of condensate.

Q Refer to Exhibit No. 4 and explain that.

A Exhibit No. 4 is the same as Exhibit 3 except that it is for the Atoka, the lower completion in the well; we have the same type of information. We show that the accumulative condensate production from the Atoka has been approximately 3,052 barrels and 155 million cubic feet of gas. The gas-oil ratio has averaged 46,280 to 1. I might add that in both of these exhibits that during the months of April and May of 1974 the well was shut in. This was because of our gas contract situation. Previous to that time we were selling

on the emergency provisions through the FPC, those ran out through time, and then we finally received a one-year-limited term certificate from the Federal Power Commission to begin sales again in June.

Q In advertising this case one of the things that was indicated that the Commission desires is to know the present evidence of the nature of the reservoir; have you obtained any additional information since the last hearing?

A Yes, Exhibit 5 is a report from Core Laboratories in Dallas. We obtained samples of both the gas and the liquids produced from the Strawn reservoir and re-combined them back to original reservoir temperatures and pressures. This report shows that the reservoir is retrograde in nature and that both gas and liquids are in a gas phase above a reservoir pressure of 4,380 psi. That's the dew-point pressure; our original bottom-hole pressure, measured by a drill stem test was 4,442, so we are some 62 pounds above the dew-point pressure at original conditions.

Q What conclusion do you draw from this analysis?

A We concluded that this is a retrograde reservoir and it is a gas reservoir, and that both condensate and gas were in a gas phase under original pressures and temperatures, and that it should be continued to be classified as a gas well.

SHANNON-DIRECT  
-CROSS

CASE 4976

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Q Do you have any reason to change in any way your previous testimony in this Case with respect to the spacing unit or the acreage that this one well would drain effectively?

A No, we believe the original evidence has been supported through this year's production, and our recommendations are to continue and to make permanent the temporary field rules for both the Atoka and the Strawn zones of the West Parkway pool.

MR. HINKLE: I would like to offer Exhibits 1 through 5.

MR. STAMETS: Without objection the Exhibits 1 through 5 will be admitted.

(Whereupon, Exhibits 1 through 5 were admitted into evidence.)

MR. HINKLE: That's all of the direct.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Shannon, do you have an exhibit similar to Exhibit 5 for the Atoka?

A No, we saw no reason to do that in the Atoka since the GOR's are so much higher. The one in question was the Strawn with such low GOR'S. The Atoka, as you can see, has a much higher GOR. There didn't seem to be any doubt or

concern of the original hearing on the Atoka zone.

Q     to the Strawn now, the bottom-hole pressure has dropped below the dew point; will the current rules in there permit his reservoir to be produced with the maximum, efficient recovery without waste and without by-passing liquids in the reservoir?

A     We believe that it will. I might point out in the last page of Exhibit No. 5, at the reservoir pressure of 3600 psi they show 23.7 percent retrograde volume, so liquid is falling out, of course, as the pressure declines further. Our last measured bottom-hole pressure is 3639, and this may not be as efficient a recovery as some reservoirs, but we still think that it can adequately drain 320 acres.

Q     Is the Strawn reservoir in your No. 1 Well the same as the Strawn reservoir that you have colored in yellow on Exhibit No. 2?

A     We think that it is. We have not completed that zone, Mr. Examiner, but that's what it looks to us like. Let me go a little bit further. In the No. 1 Well, and we gave an example of the log at the last hearing, there were about three porosity developments within the Strawn zone and we now are only producing from two of the three, and this well only seems to have maybe one of the three porosity

zones that may be possibly productive. Our current plans and thoughts are that we'll go in and attempt a completion in the Morrow sand; we will not attempt to dually complete this well, the No. 2. If we can make an economically justified completion in the Morrow we will save the Strawn zone for a later date.

Q So you really don't have any hard and fast evidence at this time that the Strawn is correlative across there and continuously productive between the two wells?

A The Strawn is by nature somewhat stratigraphic just like the Morrow is somewhat stratigraphic and the zones do come and go at certain degrees of porosity. We presented, I think, at the last hearing the well on further to the south and west of the No. 2. It was a Sunray well drilled years ago, and we could correlate the porosities of the Strawn all the way there. Even though we drilled in between these two locations there is somewhat of a change; we see this happening in the Strawn because as the geologists say: a poor reefing type environment, but I think that it is continuous enough, from what we know at this point, we still think it is prospective in the area and other locations.

Q Have you run any sort of reservoir limits tests on the initial well?

A No, we have not, just bottom-hole pressures, and we have run some P over Z; the decline curve, I did not bring that with me.

Q Mr. Shannon, since there has not been a great deal of development in this area, I wonder if you would want these rules made permanent or if you wish to continue them on a temporary basis for some specified period to allow additional development to occur to determine whether or not you want these rules to be effective on all other wells that might be drilled in the area? It could be that, say, this is an isolated reservoir, you would be bound by these rules in another well drilled in there.

A It's our intent, and it's our request that we do make the rules permanent. I might add that one of the reasons why the development has been slow, there have been two reasons why the development has been slow: One, is the shortage of equipment, both casing and rigs, and, number two is the pricing of natural gas in Eddy and Lea Counties of southeastern New Mexico, it doesn't seem to be keeping pace with the gas prices in the other areas of the Permian Basin. Economics, then, have slowed our development. Once the gas price reaches an area similar to those across the state line, I think development drilling would be much more active.

Q The prices are in the dollar and a quarter range?

A That's right, we're only talking, we're selling gas on that well, the No. 1 Well at 45 cents. We sold it on our emergency basis at 52 cents a million BTU, then to go to a one year limited term pre-granted abandonment type gas contract, we had to go down to 45 cents, and the prices are much less, the drilling costs have greatly increased in the last year, and when we look at our economic indicators we have been a little reticent in a real active development program. We still feel geologically about the same as we have always felt about the area.

Q Referring to Exhibit No. 3, do you have any explanation of why the extremely low oil-gas-ratio occurred in July?

A Exhibit 3, that's the Strawn?

Q Yes.

A No, I don't. I noticed that too when I had it typed up, and that's the way it has been reported, and it is an anachronous situation, I don't know.

MR. STAMETS: Are there any other questions of the witness?

MR. HINKLE: I might ask one question. What has the cost of drilling increased between the time you drilled

the No. 1 Well and the No. 2 Well?

MR. SHANNON: Drilling costs were originally, you know, slightly above 300 thousand dollars to drill and complete a well in this area, and now they are approaching 500 thousand dollars to drill and complete a well. This is not just our cost, this is what I have found from talking to a lot of other people who operate in the area, and with the price that we sell our product it gives us a fairly low return on our investment.

MR. HINKLE: That's all I have.

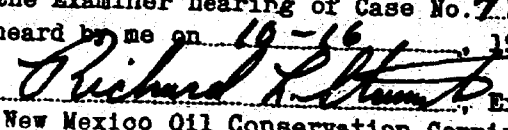
MR. STAMETS: Are there any other questions of the witness? You may be excused.

Is there anything further in the Case? We will take the Case under advisement.

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

I, SIDNEY F. MORRISH, 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.

  
SIDNEY F. MORRISH, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 4976, heard by me on 10-16, 1974.  
  
Richard L. Starn, Examiner  
New Mexico Oil Conservation Commission

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STATE-WIDE DEPOSITION NOTARIES  
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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE ROOM, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

May 23, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of The Petroleum  
Corporation for a dual  
completion, creation of two  
gas pools and special rules  
therefor, Eddy County, New  
Mexico.

Case No. 4976

BEFORE: Elvis A. Utz,  
Examiner.

TRANSCRIPT OF HEARING

dearnley, meier & associates reporting services  
209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6991, ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 MR. UTZ: Case 4976.

2 MR. CARR: Case 4976: Application of The Petroleum  
3 Corporation for a dual completion, creation of two gas  
4 pools and special rules therefor, Eddy County, New Mexico.

5 MR. HINKLE: Clarence Hinkle, of Hinkle, Bondurant,  
6 Cox and Eaton, Roswell, appearing on behalf of The Petroleum  
7 Corporation. We have one witness, and three exhibits.

8 MR. UTZ: Are there other appearances in this case?

9 (No response)

10 \* \* \* \*

11 LARRY C. SHANNON,

12 was called as a witness, and after being duly sworn according  
13 to law, testified as follows:

14 DIRECT EXAMINATION

15 BY MR. HINKLE:

16 Q State your name, your residence, and by whom you are  
17 employed.

18 A Larry Shannon, I live in Dallas, Texas, and am employed  
19 by The Petroleum Corporation.

20 Q You are a petroleum engineer by profession?

21 A That's correct.

22 Q Have you previously testified before the Commission?

23 A Yes.

24 Q And had your qualifications as a petroleum engineer  
25 made a matter of record with the Commission?

1 A That's correct.

2 Q Are you familiar with the application of The Petroleum  
3 Corporation in this case?

4 A Yes, I am.

5 Q And you have made a study of the area that is involved  
6 and the well that is involved?

7 A Yes.

8 MR. HINKLE: Are the witness' qualifications  
9 acceptable?

10 MR. UTZ: Yes, sir.

11 Q (By Mr. Hinkle) What is The Petroleum Corporation  
12 seeking to accomplish by this application?

13 A Number one, we seek approval of a dual completion of  
14 our Parkway West Unit Well No. 1 in both the Strawn  
15 and the Atoka Zones. Number 2, we ask for adoption  
16 for a term of one year field rules for both the Atoka  
17 and Strawn Zones. In this term, we ask for 320-acre  
18 dedication to the discovery wells. We ask that the  
19 gas well classification for both zones be applied  
20 for a one-year period. We ask that condensate  
21 production would not exceed the depth bracket allowable  
22 for 160-acre spacing, and that gas production would  
23 not exceed 4,000 to one GOR for the same 160-acre  
24 depth bracket allowable.

25 Q Now, did you prepare, or has there been prepared under

1 your direction, Exhibits One, Two and Three in this  
2 case?

3 A Yes.

4 Q Referring you to Exhibit Number One, will you explain  
5 what this is and what it shows?

6 A Exhibit One is a structure map and land map that shows  
7 our discovery well, the Parkway West Unit No. 1 Well.

8 This is shown in the red outline. The red outline  
9 shows the working interest units that we have on the  
10 State lands. We show over in Section 26 that we have  
11 a Strawn well with 160-acre spacing. Then over to  
12 the west in the New Winchester area, those wells  
13 marked in blue are producing from the Morrow.

14 Q Does this show any particular structural condition  
15 insofar as this well is concerned, or the unit area  
16 is concerned?

17 A Yes, the contour lines are on the top of the Strawn  
18 in the area at 50-foot intervals.

19 Q I believe you said that this is a working interest  
20 unit, and all of the lands are State lands?

21 A That's correct.

22 Q Consequently the royalty interests are uniform  
23 throughout these six sections?

24 A Yes.

25 Q Now, referring you to Exhibit Number Two, will you

1 explain that, please?

2 A Exhibit Two is a log of our discovery well as we show  
3 primarily the Strawn, Atoka, and Morrow intervals.

4 We also show the perforations within the Strawn.  
5 You can see that the Strawn is perforated in two  
6 places, 10246 to 10,256.

7 Q Isn't it 246 to 254?

8 A Yes. And also 10,448 to 10,456.

9 Q What about the Atoka?

10 A The Atoka is perforated from 578 to 588, and it's  
11 marked in yellow with the Strawn interval being marked  
12 in green. In the Morrow, which covers the biggest  
13 section, is also shown, and it is indicated in blue.

14 We did tests on part of the Morrow, and some of  
15 the Morrow sand deliverability that we found was of  
16 marginal quality, and we plugged back, and perforated  
17 and completed in the other two more productive zones.

18 Q That was your total depth as shown on the log there?

19 A Yes, the total depth is 11,802 feet.

20 Q Have you fully completed the well?

21 A Yes.

22 Q In both the Strawn and Atoka formations?

23 A That's correct.

24 Q Have you filed with the Commission the regular form  
25 for dual completions along with a diagramatic sketch?

1 A Yes, and a packer leakage test is attached.

2 Q Did you make any drill stem tests or take any tests  
3 upon the completion of the well?

4 A Yes. While we were drilling, there were several tests  
5 run, and the ones that concern us at this point are  
6 those three that were run in the Strawn.

7 Q You might state what the results of those tests were.

8 A The first test run in the Strawn from 10,238 to 10,347  
9 flowed at an estimated rate of 2,000,000 cubic feet  
10 of gas per day with a show of condensate.

11 We then drilled deeper into the Strawn, and ran  
12 another test at 10,345 to 10,423. This interval  
13 flowed gas estimated at a rate of 1 and a half million  
14 cubic feet with some salt water observed.

15 We then ran the third test in the Strawn from  
16 10,440 to 10,535. The flow was at an estimated rate  
17 of 8,000,000 cubic feet per day with a very slight  
18 trace of water.

19 Q Is the well connected at this time?

20 A No, the well is shut in, and waiting for a pipeline  
21 connection.

22 Q When do you anticipate you might get the connection?

23 A We have two offers now for the purchase of our gas,  
24 and it will be ninety to one hundred twenty days  
25 before they can get a pipeline to the well.

1 Q From the tests that have been made on the performance  
2 so far, have you formed any opinion as to whether  
3 this is essentially a gas reservoir or an oil reservoir?

4 A We believe that both the Strawn and Atoka are gas  
5 reservoirs with the GORs in the Strawn at 5,600 to one,  
6 and in the Atoka 24,600 to one.

7 Q Do you contemplate any additional wells in the future  
8 in this area?

9 A Yes.

10 Q Would you refer to Exhibit One and point out the  
11 probable locations?

12 A This has not been approved by all the working interests  
13 in the area, but the location we are anticipating  
14 prior to approval is moving in a southwesterly direction  
15 over in Section 29 to drill our first well. We would  
16 like to start this well shortly after we execute a  
17 gas contract, possibly before the gas pipeline gets  
18 to us.

19 Q So you anticipate that well will be completed in the  
20 relatively near future?

21 A Yes. If we can make a successful completion, it should  
22 be shortly after we start the sale of gas.

23 Q How long does it take to drill a well in this area?

24 A Approximately sixty to ninety days to drill and complete.

25 Q You are asking for special pool rules in this area?

1 A Yes. We are asking for both zones to be classified  
2 as gas zones for a one-year period, and during this  
3 one year, we would like to obtain recompletion samples.

4 To do this prior to production would be very  
5 expensive, and if we could do it the way we propose  
6 in this one-year interim, we think it would be more  
7 beneficial and more accurate data.

8 The production history we have during that  
9 one year will more accurately tell us whether or not  
10 it is a gas reservoir.

11 Q Together with the additional well you intend to drill?

12 A That's right.

13 Q What about the allowable you are asking for?

14 A On this allowable, according to my information, the  
15 depth bracket allowable for a one hundred sixty acre  
16 oil well is 560 barrels a day. We, on our own volition,  
17 do not plan to produce the Strawn zone at over one and  
18 a half million feet of gas per day, which would yield  
19 us something in the range of about 350 barrels of  
20 condensate a day.

21 So this is less than what the oil allowable would  
22 be, and that's why we said 4,000 to one GOR.

23 We do not plan to produce the Atoka Zone at a  
24 rate over two million cubic feet per day, and this  
25 will yield a condensate production somewhere between

1 eighty and one hundred barrels a day.

2 Q In your opinion, will this type of production at that  
3 rate be injurious to the reservoir?

4 A No. In fact, we feel that this is a prudent way to  
5 treat this reservoir. We will not use a high withdrawal  
6 rate until we know more about it, because we still  
7 have limited data and limited information on the area.

8 I would also like to point out in line with this  
9 same thought that we have not stimulated the zones  
10 to any degree. The Atoka has not been stimulated at  
11 all, and has been perforated through two strings of  
12 casing with no acid treatment or anything.

13 The Strawn has been treated with only 1,000  
14 gallons at a low injection rate at low pressure. We  
15 feel that this also will help us in further evaluation  
16 of the reservoir.

17 Q Is there anything else you would like to testify to  
18 in regard to this case?

19 A Do you want to show the other exhibit?

20 Q Oh, yes. Please refer to Exhibit Number Three, and  
21 explain what it shows.

22 A Exhibit Three is a cross section. You can see where  
23 we start from left to right in the Winchester field  
24 and go through the old North Burton field. It shows  
25 the three primary zones, the Strawn, Atoka and Morrow.

1 This is more stratographic in nature than it is  
2 structural.

3 Q Are there any particular conclusions to be reached from  
4 Exhibit Three?

5 A I would like to point out that the well right outside  
6 of our unit area to the southwest, they tested to the  
7 base of the Atoka Zone, but they did not test any of  
8 the Strawn or Atoka Zones that we are now producing  
9 from.

10 MR. HINKLE: I would like to offer in evidence  
11 Exhibits One, Two and Three.

12 MR. UTZ: Without objection, Exhibits One through  
13 Three will be entered into the record of this case.

14 (Whereupon Applicant's Exhibits One through Three,  
15 respectively, were entered in evidence.)

16 MR. HINKLE: That's all I have on direct.

17 \* \* \* \*

18 CROSS EXAMINATION

19 BY MR. UTZ:

20 Q Do you want the same rules for both pools?

21 A Yes, sir.

22 Q Do you have any recommendations for horizontal limits,  
23 or are these pools already defined by the Commission?

24 A No, they are not. We could stay within the unit area,  
25 that would be fine with us at this point, so there

1 would be no problems from outside operators.

2 MR. UTZ: Are there any further questions?

3 MR. HINKLE: May I ask just one other question?

4 MR. UTZ: Proceed.

5 REDIRECT EXAMINATION

6 BY MR. HINKLE:

7 Q In your opinion, will the approval of this application  
8 be in the interest of conservation, the prevention of  
9 waste, and the protection of correlative rights?

10 A Yes.

11 Q That is particularly true in this case due to the  
12 fact that you have the approval of all the working  
13 interest owners within the six sections and the  
14 royalty is uniform because it is State royalty?

15 A That's true.

16 MR. HINKLE: That's all I have.

17 MR. UTZ: Are there any statements in this case?

18 (No response)

19 MR. UTZ: If not, the case will be taken under  
20 advisement.

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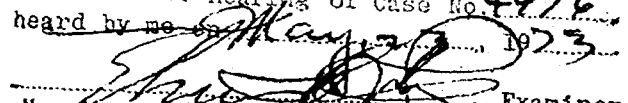
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1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

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1 STATE OF NEW MEXICO )  
2 COUNTY OF BERNALILLO ) SS

3  
4 I, RICHARD E. McCORMICK, a Certified Shorthand  
5 Reporter, in and for the County of Bernalillo, State of  
6 New Mexico, do hereby certify that the foregoing and attached  
7 Transcript of Hearing before the New Mexico Oil Conservation  
8 Commission was reported by me; and that the same is a true  
9 and correct record of the said proceedings to the best of  
10 my knowledge, skill and ability.

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13 CERTIFIED SHORTHAND REPORTER  
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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 4976,  
heard by me on May 2, 1973.  
  
Examiner  
New Mexico Oil Conservation Commission

I N D E XWITNESSPAGE

LARRY C. SHANNON

Direct Examination by Mr. Hinkle

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Cross Examination by Mr. Utz

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Redirect Examination by Mr. Hinkle

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E X H I B I T SEXHIBITADMITTEDOFFERED

Applicant's #1 Structure and land map

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Applicant's #2 Log

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Applicant's #3 Cross section

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 2, 1974

EXAMINER HEARING

IN THE MATTER OF:

Case No. 4976 being reopened pursuant to  
the provisions of Order No. R-4638 to  
permit all operators in the West Parkway-  
Strawn and West Parkway-Atoka Gas Pools  
in Section 28, Township 19 South, Range  
29 East, Eddy County, New Mexico, to  
appear and present evidence to clearly  
establish the nature of the reservoirs,  
proper rates of production for wells  
therein, and special rules therefor.

Case No.  
4976

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

Thomas Derryberry, Esq.  
Legal Counsel for the  
Commission  
State Land Office Building  
Santa Fe, New Mexico

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

MR. NUTTER: Case 4976.

MR. DERRYBERRY: Case 4976. In the matter of Case No. 4976 being reopened pursuant to the provisions of Order No. R-4638 to permit all operators in the West Parkway-Strawn and West Parkway-Atoka Gas Pools in Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico to appear and present evidence to clearly establish the nature of the reservoirs, proper rates of production for wells therein, and special rules therefor.

MR. NUTTER: At the request of the original Applicant in Case No. 4976, this case will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a.m., October 16th, 1974.

CASE 4976

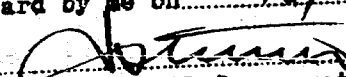
Page.....3

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.

  
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 4976 heard by me on 10/2 1974

 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



# OIL CONSERVATION COMMISSION

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

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

**LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER**

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

**November 4, 1974**

Mr. Clarence Hinkle  
Hinkle, Bondurant, Cox & Eaton  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico 88201

Re: CASE NO. 4976

ORDER NO. R-4638-A

**Applicant:**

**The Petroleum Corp. (OCC)**

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. 4976 (Reopened)  
Order No. R-4638-A

IN THE MATTER OF CASE NO. 4976 BEING  
REOPENED PURSUANT TO THE PROVISIONS OF  
ORDER NO. R-4638 TO PERMIT ALL OPERATORS  
IN THE WEST PARKWAY-STRAWN AND WEST PARKWAY-  
ATOKA GAS POOLS IN SECTION 28, TOWNSHIP 19  
SOUTH, RANGE 29 EAST, EDDY COUNTY, NEW MEXICO,  
TO APPEAR AND PRESENT EVIDENCE TO ESTABLISH  
CLEARLY THE NATURE OF THE RESERVOIRS, PROPER  
RATES OF PRODUCTION FOR WELLS THEREIN, AND  
SPECIAL RULES THEREFOR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 16,  
1974, at Santa Fe, New Mexico, before Examiner Richard L.  
Stamets.

NOW, on this 4th day of November, 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-4638, dated October 11, 1973,  
established the West Parkway-Strawn Gas Pool and the West  
Parkway-Atoka Gas Pool, both of which pools comprise the N/2  
of Section 28, Township 19 South, Range 29 East, NMPM, Eddy  
County, New Mexico; classified both pools as gas pools;  
established special rates of production for wells therein  
and promulgated temporary special pool rules therefor.

(3) That pursuant to Order No. R-4638 this case was  
reopened at an examiner hearing held on October 16, 1974, to  
allow all operators in the subject pools to appear and present  
evidence to establish clearly the nature of the reservoirs,  
proper rates of production for wells therein, and special  
rules therefor.

-2-

Case No. 4976 (Reopened)  
Order No. R-4638-A

(4) That the evidence adduced at said hearing establishes that both pools are properly classified as gas pools; that the special rates of production specified for wells therein are proper; and that the special pool rules promulgated therefor should be made permanent.

(5) That the continuing classification of the subject pools as gas pools and the continuance of the special pool rules promulgated therefor will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool as promulgated by Order No. R-4638 are hereby continued in full force and effect until further order of the Commission.


(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

I. R. TRUJILLO, Chairman

  
ALEX J. ARMIJO, Member

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

S E A L

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. 4976  
Order No. R-4638

APPLICATION OF THE PETROLEUM  
CORPORATION FOR A DUAL COMPLETION,  
CREATION OF TWO GAS POOLS AND  
SPECIAL RULES THEREFOR, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 23, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 11th day of October, 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, The Petroleum Corporation, seeks  
authority to complete its Parkway West Unit Well No. 1, located  
in Unit C of Section 28, Township 19 South, Range 29 East, NMPM,  
Eddy County, New Mexico, as a dual completion (conventional) to  
produce gas and associated liquid hydrocarbons from the Strawn  
and Atoka formations through parallel strings of 2 1/16-inch  
tubing with separation of the zones by means of a packer set at  
approximately 10,505 feet.
- (3) That the mechanics of the proposed dual completion  
are feasible and in accord with good conservation practices.
- (4) That approval of the subject application will prevent  
waste and protect correlative rights.
- (5) That the applicant further seeks the creation of a  
Strawn pool and an Atoka pool for said well and the promulgation  
of special pool rules for each.

-2-

Case No. 4976  
Order No. R-4638

(6) That while the evidence adduced indicates that each of the subject pools is probably a gas pool, additional information is necessary to determine if they are in fact gas pools or oil pools or whether they may be retrograde condensate reservoirs.

(7) That said Strawn and Atoka Pools should be classified and designated the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool and special rules and regulations should be promulgated therefor.

(8) That the reservoir characteristics of the subject pools indicate that each can be efficiently and economically drained and developed on 320-acre spacing.

(9) That temporary special rules and regulations providing for 320-acre gas well spacing should be promulgated for the subject pools in order to 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, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(10) That the temporary special rules and regulations should provide for the limitation of production from wells in each of the subject pools; that a maximum of no more than 1,500 MCF per day should be produced from each well in the Strawn pool, and that a maximum of no more than 2,000 MCF per day should be produced from each well in the Atoka pool.

(11) That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.

(12) That this case should be reopened at an examiner hearing during October, 1974, to permit the operators in said gas pools to appear and present evidence to clearly establish the nature of said reservoirs and proper rates of production for wells therein and special rules therefor.

IT IS THEREFORE ORDERED:

(1) That the applicant, The Petroleum Corporation, is hereby authorized to complete its Parkway West Unit Well No. 1, located in Unit C of Section 28, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce gas and associated liquid hydrocarbons from the Strawn and Atoka formations through parallel strings of 2 1/16-inch tubing with separation of the zones by means of a packer set at approximately 10,505 feet.

-3-

Case No. 4976  
Order No. R-4638

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

PROVIDED FURTHER, that the applicant shall conduct a packer leakage test annually on said well and shall file the results thereof with the Commission's Artesia office.

(2) That effective October 1, 1973, the Strawn and Atoka reservoirs in the subject well are hereby classified as gas reservoirs and designated the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool with vertical limits comprising, respectively, the Strawn and Atoka formations and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 28: N/2

(3) That, effective October 1, 1973, Special Rules and Regulations for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
WEST PARKWAY-STRAWN GAS POOL AND  
WEST PARKWAY-ATOKA GAS POOL

RULE 1. Each well completed or recompleted in the West Parkway-Strawn Gas Pool and/or West Parkway-Atoka Gas Pool or in the Strawn and Atoka formations within one mile thereof, and not nearer to or within the limits of another designated Strawn or Atoka pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well shall be located on a standard unit containing 320 acres, more or less, comprising any two contiguous quarter sections of a single governmental 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 and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a standard proration unit for the well under the applicable provisions of Rule 2 above and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the standard proration unit for the well in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract.

RULE 5. A gas well in the West Parkway-Strawn Gas Pool shall be permitted to produce no more than 1,500 MCF of gas per day during the effective period of these pool rules and a gas well in the West Parkway-Atoka Gas Pool shall be permitted to produce no more than 2,000 MCF of gas per day during the effective period of the rules.

RULE 6. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 7.

RULE 7. Gas-liquid ratio tests shall be taken on all wells during the months of March and September of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced

at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The Commission District Supervisor may grant exceptions to the above test requirements where it is demonstrated that wells produce no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 8. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 9. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the amounts set forth in Rule 5 of these rules.

RULE 10. The initial balancing date shall be 7 o'clock a.m. April the first, 1974. Subsequently, the date 7:00 a.m. April the first of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period.

RULE 11. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 12. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 13. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 14. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 15. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 16. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 17. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 18. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 19. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

IT IS FURTHER ORDERED:

- (1) That the locations of all wells presently drilling to

-7-

Case No. 4976  
Order No. R-4638

or completed in the West Parkway-Strawn Gas Pool or the West Parkway-Atoka Gas Pool or in the Strawn or Atoka formations within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the appropriate district office of the Commission in writing of the name and location of the well on or before November 1, 1973.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the West Parkway-Strawn Gas Pool and West Parkway-Atoka Gas Pool shall have dedicated thereto 320 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 320 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.

(3) That this cause shall be reopened at an examiner hearing during October, 1974, to permit the operators in said pools to appear and present evidence to clearly establish the nature of said reservoirs, proper rates of production for wells therein, and special rules therefor.

(4) 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*  
I. R. TRUJILLO, Chairman

ALEX J. ARMILLO Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member Secretary

S E A L

dr/

CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
C. D. MARTIN  
PAUL J. KELLY, JR.  
ANDREW ALLEN

LAW OFFICES  
HINKLE, BONDURANT, COX & EATON

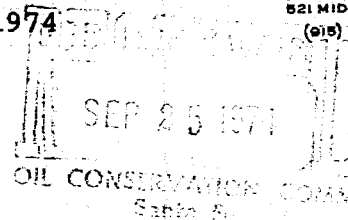
600 HINKLE BUILDING  
POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

September 24, 1974

TELEPHONE (505) 622-6510

MIDLAND, TEXAS OFFICE  
521 MIDLAND TOWER  
(915) 683-4691



Mr. Dan Nutter  
Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Dear Mr. Nutter:

Please consider this as a motion to continue Case 4976, which is included on the examiner's docket for October 2, 1974, until October 16, 1974. This case is being reopened to permit all operators in the West Parkway-Strawin and West Parkway-Atoka Gas Pools in Section 28, Township 19 South, Range 29 East to appear and present evidence to clearly establish the nature of the reservoirs, proper rates of production for wells therein and special rules therefor. The reason for the extension is that Mr. Larry Shannon of The Petroleum Corporation has advised us that due to weather conditions, etc. they would like to have a little more time within which to obtain the necessary samples and information to present at the hearing.

Yours sincerely,

HINKLE, BONDURANT, COX & EATON

By 

CEH:cs

DOCKET MAILED

Date 10-4-74

Case 4976  
Order R-4638 A

Case reopened pursuant to provisions of R4638 to permit operators to present evidence to establish nature of the two pools (~~R20~~ W. Parkway - Hoke & W. Parkway - Strawn), proper rates of production and special rules therefore.

Evidence indicates both pools properly classified as gas pools.

Evidence indicates that the <sup>temp</sup> special pool rules for said pools should be made permanent

that <sup>approval of</sup> classification as gas pools and continuance of special rules will prevent waste & protect corrol rights

Therefore order

That the <sup>temp</sup> Spec pool rules for the \_\_\_\_\_ Pools are hereby made permanent

Docket No. 29-74

Dockets Nos. 30-74 and 31-74 are tentatively set for hearing on October 30 and November 13, 1974. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 16, 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for November, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for November, 1974.

CASE 5304: (Continued from the September 4, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Mercury Production Company, American Employers' Insurance Company and all other interested parties to appear and show cause why the Mercury State Well No. 1 located in Unit E of Section 27, Township 10 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5292: (Continued from the September 18, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit El Paso Natural Gas Company, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why each of the following wells should not be plugged and abandoned in accordance with a Commission-approved plugging program:

EPNG Ludwick Well No. 11, located in Unit B, Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico;

EPNG Rincon Unit Well No. 127, located in Unit A, Section 28, Township 27 North, Range 6 West, Rio Arriba County, New Mexico; and

EPNG Warren A Well No. 2, located in Unit A, Section 23, Township 28 North, Range 9 West, San Juan County, New Mexico.

CASE 4976: (Reopened) (Continued from the October 2, 1974, Examiner Hearing)

In the matter of Case No. 4976 being reopened pursuant to the provisions of Order No. R-4638 to permit all operators in the West Parkway-Strawn

(Case 4976 continued from Page 1)

and West Parkway-Atoka Gas Pools in Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico, to appear and present evidence to clearly establish the nature of the reservoirs, proper rates of production for wells therein, and special rules therefor.

CASE 5313: (Continued and Readvertised)

Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its Ludwick Well No. 11 located in Unit B of Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico.

CASE 5338: Application of Amerada Hess Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Devonian formation through the open-hole interval from 10,980 feet to 11,180 feet in its State BTC Well No. 1, located in Unit N of Section 35, Township 11 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

CASE 5339: Application of John L. Cox for salt water disposal, Lea County, New Mexico. Applicant in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the open-hole interval from approximately 4989 feet to 5017 feet in his U.S.M. Well No. 2, located in Unit H of Section 27, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico.

CASE 5340: Application of Atlantic Richfield Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its State BR Well No. 1, located in Unit K of Section 16, Township 21 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Atoka gas pool through the tubing and gas from an undesignated Morrow gas pool through the casing-tubing annulus by means of a cross-over assembly.

CASE 5341: Application of Texas Oil & Gas Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Williamson Fed. Well No. 3, located 660 feet from the North line and 1980 feet from the East line of Section 9, Township 20 South, Range 29 East, NMPM, Burton Flats-Morrow Gas Pool, Eddy County, New Mexico, the E/2 of said Section 9 to be dedicated to the well.

CASE 5342: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Leon Davis, Fidelity and Deposit Company of Maryland, and all other interested parties to appear and show cause why the New Mexico State "Heart" Well No. 1, located in Unit J of Section 16, Township 14 North, Range 32 East, NMPM, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5343: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Paul Haskins, Trustee and Continental Casualty Company, and all other interested parties to appear and show cause why the Arthur Cain Well No. 1, located in Unit N of Section 4, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5344: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit American Fuels Corporation and Aetna Casualty and Surety Company, and all other interested parties, to appear and show cause why the following American Fuels Wells on the W-S Ranch in Colfax County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

NM-B Well No. 1, located in Unit G of Section 6, Township 30 North, Range 19 East;

NM-B Well No. 2, located in Unit P of Section 16, Township 30 North, Range 18 East;

NM-B Well No. 4, located in Unit H of Section 18, Township 30 North, Range 18 East;

NM-B Well No. 5, located in Unit P of Section 30, Township 30 North, Range 19 East; and

NM-B Well No. 10, located in Unit N of Section 24, Township 31 North, Range 19 East.

CASE 5345: Application of Texaco, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Fusselman, Montoya, and Ellenburger formations, North Justis Field, in the wellbore of its G. L. Erwin "B" Fed. (NCT-2) Well No. 5, located in Unit P of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.

CASE 5346: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blinebry formation and the East Warren-Drinkard Pool in the wellbore of its Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 5347: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the West Warren-Blinebry and East Skaggs-Drinkard Poole in the wellbore of its SEMU Berger Well No. 21, located in Unit O of Section 19, Township 20 South, Range 38 East, Lea County, New Mexico.

Examiner Hearing - Wednesday - October 16, 1974

Docket No. 29-74

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CASE 5348: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blinebry and Drinkard Pools in the wellbores of its Elliott B Well No. 6, located in Unit J of Section 6, Township 22 South, Range 37 East, and its Lockhart B-1 Well No. 9, located in Unit I of Section 1, Township 22 South, Range 36 East, both in Lea County, New Mexico.

Dockets Nos. 29-74 and 30-74 are tentatively set for hearing on October 16 and October 30. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 2, 1974

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

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

CASE 5329: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 109 of the Commission Rules and Regulations to require installation of blowout preventers on all drilling and workover rigs operating in areas of unknown pressures or high pressures and on all drilling and workover rigs operating within the corporate limits of any city, town, or village or within 1320 feet of a habitation, school, or church, wherever located.

CASE 5305: (Continued and Readvertised)

Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of its Britt B Well No. 17 located in Unit P of Section 10 and its Skaggs B Well No. 7 located in Unit K of Section 11, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, said wells to be dedicated to a 320-acre non-standard proration unit comprising the SE/4 of said Section 10 and the SW/4 of said Section 11, said unit having previously been approved by Commission Order No. R-908.

CASE 5330: Application of Texas Pacific Oil Company, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J. H. Ansley Unit Well No. 1 to be located 660 feet from the North and East lines of Section 27, Township 17 South, Range 26 East, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 27 to be dedicated to the well.

CASE 4976: (Reopened)

In the matter of Case No. 4976 being reopened pursuant to the provisions of Order No. R-4638 to permit all operators in the West Parkway-Strawn and West Parkway-Atoka Gas Pools in Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico, to appear and present evidence to clearly establish the nature of the reservoirs, proper rates of production for wells therein, and special rules therefor.

CASE 5331: Application of J. Gregory Merrion for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Devils Fork-Mesaverde and Devils Fork-Gallup production in the wellbore of his NCRA State Wells Nos. 1 and 4 located in Units E and J, respectively, of Section 16, Township 24 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 5288: (Continued from the September 18, 1974, Examiner Hearing)

Application of Merrion & Bayless for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of hydrocarbon production from the top of the Gallup formation at 5434 feet to the base of the Dakota formation at 6570 feet in its Keeling Federal Well No. 1 located in Unit B of Section 20, Township 25 North, Range 8 West, Dufers Point-Dakota Pool, San Juan County, New Mexico.

CASE 5332: Application of C & K Petroleum, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the West Airport Unit Area comprising 3,840 acres, more or less, of Federal, Fee and State lands in Township 22 South, Range 26 East, Eddy County, New Mexico.

CASE 5333: Application of Mark Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a gas well to be drilled 660 feet from the South and West lines of Section 9, Township 20 South, Range 25 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of said Section 9 to be dedicated to the well.

CASE 5334: Application of Stoltz, Wagner & Brown for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter and clean out to a depth of approximately 8400 feet its H. L. Vinson Well No. 1, formerly Gulf Oil Corporation Vinson Well No. 2, the surface location of which is 1980 feet from the North and East lines of Section 22, Township 9 South, Range 36 East, Crossroads Siluro-Devonian Pool, Lea County, New Mexico, and to then directionally drill said well in such a manner as to bottom the well in the Devonian formation within a 180-foot radius of a point 2310 feet from the North line and 1320 feet from the East line of said Section 22.

CASE 5337: Application of Keesee & Thomas for an unorthodox oil well location, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Chacon Jicarilla Apache "D" Well No. 1 located 870 feet from the North line and 1140 feet from the East line of Section 23, Township 23 North, Range 3 West, Sandoval County, New Mexico. Said well was projected at an orthodox location for a Basin-Dakota gas well, but was completed as an oil well in the Dakota formation.

CASE 5335: Northwestern nomenclature case calling for the creation and extension of certain pools in Rio Arriba, San Juan and McKinley Counties, New Mexico:

(a) Create a new pool in McKinley County, New Mexico, classified as an oil pool for Gallup production, designated the Arroyo Chico-Gallup Oil Pool. The discovery well is the Northern Minerals, Inc. Santa Fe Pacific Railroad Well No. 7 located in Unit G of Section 29, Township 16 North, Range 6 West, completed October 15, 1973. The depth of the casing shoe is 764 feet. Said pool would comprise:

TOWNSHIP 16 NORTH, RANGE 6 WEST, NMPM

Section 29: SW/4 NE/4

(b) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production, designated the Bloomfield-Chacra Pool. The discovery well is the El Paso Natural Gas Company Hubbell Well No. 9, located in Unit P of Section 18, Township 29 North, Range 10 West. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM

Section 7: SW/4

Section 18: All

Section 19: All

Section 20: NW/4

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

Section 4: SW/4

Section 5: SE/4

Section 9: N/2 & SE/4

Section 10: S/2

Section 11: S/2

Section 12: W/2 & SE/4

Section 13: All

Section 14: E/2

Section 23: E/2

Section 24: All

Section 26: E/2

(c) Create a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Gallup production, designated the Campo-Gallup Pool. The discovery well is the Continental Oil Co. Conoco 29-4 Well No. 2 located in Unit H of Section 11, Township 29 North, Range 4 West. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM

Section 11: NE/4

(Case 5335 continued from Page 3)

(d) Create a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Pictured Cliffs production, designated the Gobernador-Pictured Cliffs Pool. The discovery well is the Lone Star Industries, Inc. Schalk 52 Well No. 1 located in Unit M of Section 24, Township 29 North, Range 5 West. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 5 WEST, NMPM  
Section 24: All

(e) Create a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Gallup production, designated the Rosa-Gallup Pool. The discovery well is the Merrion & Bayless Gibbins Well No. 1, located in Unit L of Section 20, Township 32 North, Range 5 West. Said pool would comprise:

TOWNSHIP 32 NORTH, RANGE 5 WEST, NMPM  
Section 20: S/2  
Section 28: SW/4  
Section 29: E/2  
Section 33: NW/4

(f) Extend the Aztec-Pictured Cliffs Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM  
Section 15: SW/4

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM  
Section 7: N/2

(g) Extend the Blanco-Mesaverde Pool boundary in Rio Arriba & San Juan Counties, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM  
Section 16: All

(h) Extend the Blanco-Pictured Cliffs Pool boundary in Rio Arriba & San Juan Counties, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM  
Section 7: All

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM  
Section 9: SW/4

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM  
Section 17: SW/4

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM  
Section 25: NE/4

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM  
Section 5: SW/4  
Section 26: SE/4

(Case 5335 continued from Page 4)

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM

Section 2: NW/4

Section 7: E/2

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM

Section 19: E/2

Section 20: All

Section 21: W/2

Section 22: SE/4

(i) Extend the Gonzales-Mesaverde Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM

Section 1: NE/4

(j) Extend the Harris Mesa-Chacra Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM

Section 34: NE/4

(k) Extend the Largo-Chacra Pool boundary in Rio Arriba & San Juan Counties, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM

Section 5: SW/4

Section 6: E/2

Section 7: E/2

Section 8: All

Section 9: W/2 & SE/4

Section 16: All

Section 17: All

Section 18: All

Section 19: N/2

Section 20: All

Section 21: All

Section 28: W/2

Section 29: N/2

Section 30: All

Section 33: W/2

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM

Section 13: NE/4

Section 24: N/2

Section 25: E/2

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM

Section 31: SE/4

(Case 5335 continued from Page 5)

- (1) Extend the Otero-Chacra Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM  
Section 36: NE/4

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM  
Section 24: E/2

- (m) Extend the Tapacito-Pictured Cliffs Pool boundary in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM  
Section 3: N/2  
Section 4: N/2

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM  
Section 19: NW/4  
Section 22: SE/4  
Section 26: NW/4  
Section 27: All  
Section 28: All  
Section 33: E/2  
Section 34: All

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM  
Section 9: SE/4  
Section 10: SW/4  
Section 27: SE/4  
Section 34: NE/4  
Section 35: NW/4

- (n) Extend the Tocito Dome-Pennsylvanian D Oil Pool boundary in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 18 WEST, NMPM  
Section 7: SW/4  
Section 15: S/2 & NE/4  
Section 20: NW/4  
Section 22: N/2  
Section 26: NE/4  
Section 27: SE/4

CASE 5336: Southeastern nomenclature case calling for the creation and extension of certain pools in Chaves, Eddy and Lea Counties, New Mexico:

- (a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated the Avalon-Morrow Gas Pool. The discovery well is the David Fasken El Paso Federal Well No. 1 located in the SW/4 NW/4 of Section 3, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

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(Case 5336 continued from Page 6)

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM  
Section 33: S/2

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 3: Lots 1 through 16  
Sections 4 and 5: All  
Sections 8 and 9: All  
Section 16: All  
Section 21: All

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated the Avalon-Strawn Gas Pool. The discovery well is the David Fasken El Paso Federal Well No. 1 located in the SW/4 NW/4 of Section 3, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 3: Lots 1 through 16

(c) Create a new pool in Chaves County, New Mexico, classified as a gas pool for Mississippian production and designated the Denton Camp-Mississippian Gas Pool. The discovery well is The Superior Oil Company Chatten & Muncy Well No. 1 located in Unit O of Section 18, Township 6 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 28 EAST, NMPM  
Section 18: S/2  
Section 19: E/2

(d) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated the LaHuerta-Wolfcamp Pool. The discovery well is the Cities Service Oil Company Simpson A Well No. 1 located in Unit H of Section 29, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM  
Section 29: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM  
Section 21: S/2  
Section 28: E/2

(f) Extend the Atoka-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 10: E/2

(Case 5336 continued from Page 7)

(g) Extend the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM  
Section 6: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM  
Section 5: NW/4  
Section 6: N/2

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 35: NE/4

(j) Extend the Boyd-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
Section 16: N/2

(k) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM  
Section 14: N/2

(l) Extend the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM  
Section 1: S/2

(m) Extend the Catclaw Draw Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM  
Section 27: All  
Section 34: All

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM  
Section 3: All

(Case 5336 continued from Page 8)

(n) Extend the Cemetary-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM  
Section 5: S/2

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

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM  
Section 2: All

(p) Extend the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM  
Section 13: E/2 SW/4

(q) Extend the South Flying M-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM  
Section 14: SE/4  
Section 23: E/2

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

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM  
Section 31: E/2

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM  
Section 5: Lots 1 & 2, 7, 8, 9 & 10 and 15 & 16

(s) Extend the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM  
Section 29: S/2

(t) Extend the Los Medanos-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM  
Section 1: N/2

(u) Extend the McMillan Seven Rivers-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM  
Section 1: SE/4 NE/4  
Section 12: SE/4 NE/4

(Case 5336 continued from Page 9)

(v) Extend the Monument-Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM  
Section 15: SW/4  
Section 22: NW/4

(w) Extend the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM  
Section 4: Lots 3, 4, 5 and 6

(x) Extend the Sams Ranch Grayburg-San Andres Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 28 EAST, NMPM  
Section 10: SE/4  
Section 11: S/2  
Section 14: N/2 and SE/4  
Section 15: NE/4

(y) Extend the North Shoe Bar-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 13: SW/4

(z) Extend the Square Lake Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM  
Section 9: E/2 NW/4

(aa) Extend the North Vacuum-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
Section 7: W/2

(bb) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM  
Section 2: NW/4

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

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

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CASE 4548: (Reopened)

In the matter of Case No. 4548 being reopened on the motion of the Commission to consider the amendment of the special pool rules for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, to limit the applicability of said special rules to the confines of the pool's horizontal limits.



# OIL CONSERVATION COMMISSION

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

October 11, 1973

**I. R. TRUJILLO**  
**CHAIRMAN**  
**LAND COMMISSIONER**  
**ALEX J. ARMIJO**  
**MEMBER**  
**STATE GEOLOGIST**  
**A. L. PORTER, JR.**  
**SECRETARY - DIRECTOR**

**DOCKET MAILED**

Date 9-19-74

Re: CASE NO. 4976  
ORDER NO. R-4638

Mr. Clarence Hinkle  
Hinkle, Bondurant, Cox & Eaton  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico 88201

**Applicant:**  
**THE PETROLEUM CORPORATION**

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 \_\_\_\_\_

Docket No. 14-73

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 23, 1973

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

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The following cases will be heard before Elvis A. Utz, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 4683: (Reopened) (Continued from the April 11, 1973 Examiner Hearing)

In the matter of Case 4683 being reopened pursuant to the provisions of Order No. R-4286, which order established special rules and regulations for the West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre proration units. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre units.

CASE 4946: (Continued from the May 9, 1973 Examiner Hearing)

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, 320-acre spacing for all wells, and a limiting gas-oil ratio of 5000 to one.

CASE 4966: (Continued from the May 9, 1973 Examiner Hearing)

Application of Read & Stevens, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 36, Township 12 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled to the Queen formation in Unit B of said Section 36, in the Southeast Chaves Queen Gas Area. 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 200 percent charge for risk involved in drilling said well.

CASE 4969: Application of Amoco Production Company for a special depth bracket allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of a special depth bracket allowable of 764 barrels of oil per day for the Tocito Dome Pennsylvanian "D" Oil Pool, San Juan County, New Mexico, to replace the current regular depth bracket allowable for said pool of 382 barrels per day.

CASE 4970: Application of Robert G. Cox for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter his Federal "EA" Well No. 1, a crooked hole the surface location of which is 330 feet from the North and West lines of

(Case 4970 continued from page 1)

Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, to set a whipstock at a depth of 4,200 feet and to drill in such a manner as to return the hole to the vertical, and to bottom said well at a depth of 6,200 feet approximately beneath the surface location.

- CASE 4971: Application of Tesoro Petroleum Corporation for a secondary recovery project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by injection of water and/or gas into the Hospah sand in its Santa Fe RR "A" Well No. 84 to be located five feet from the South line and 2,950 feet from the East line of Section 1, Township 17 North, Range 9 West, South Hospah-Lower Sand Oil Pool, McKinley County, New Mexico.
- CASE 4972: Application of Skelly Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Forty-Niner Ridge Unit Area comprising 7,679 acres, more or less, of State, Federal, and Fee lands in Township 23 South, Range 30 East, Eddy County, New Mexico.
- CASE 4973: Application of Clayton W. Williams, Jr. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Badger Unit Area comprising 10,158 acres, more or less, of State and Federal lands in Township 22 South, Range 31 East, Eddy County, New Mexico.
- CASE 4974: Application of Atlantic Richfield Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of a non-standard 160-acre unit comprising the W/2 NE/4 and E/2 NW/4 of Section 12, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Cooper Wells Nos. 1, 2, and 3 located in Units G, F, and B, respectively, of said Section 12.
- CASE 4975: Application of Atlantic Richfield Company for a non-standard proration unit, simultaneous dedication, and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard 320-acre gas proration unit comprising the NW/4, N/2 SW/4, and W/2 NE/4 of Section 11, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its W. P. Byrd Wells Nos. 5, a non-standard location 1650 feet from the North line and 330 feet from the West line, and No. 7, located 990 feet from the North line and 1980 feet from the West line of said Section 11.

CASE 4951: (Continued from the April 25, 1973 Examiner Hearing)

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 4976: Application of The Petroleum Corporation for a dual completion, creation of two gas pools and special rules therefor, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Parkway West Unit Well No. 1 located in Unit C of Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico, to produce gas and associated liquid hydrocarbons from the Strawn and Atoka formations through parallel strings of tubing. Applicant further seeks the designation of a Strawn pool and an Atoka pool for said well and the promulgation of special pool rules for each, including classification of oil wells and gas wells and special gas-oil ratio limitations.

CASE 4977: Application of Michael P. Grace II for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 12, Township 22 South, Range 26 East, South Carlsbad Gas Field, Eddy County, New Mexico, to be dedicated to a well to be drilled to the Morrow formation at an unorthodox location 1440 feet from the North line and 1880 feet from the East line of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as operator of the well, and the establishment of a 200 percent risk factor for the well.

CASE 4978: Application of Adobe Oil Company for a dual completion and non-standard gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Smith Federal Well No. 2 in such a manner as to produce gas from an undesignated Atoka gas pool and from the Rock Tank-Upper Morrow gas pool through parallel strings of tubing. Applicant further seeks approval for the non-standard location of said well for the Atoka formation at a point 660 feet from the South line and 330 feet from the East line of Section 11, Township 23 South, Range 24 East, Rock Tank Gas Field, Eddy County, New Mexico, said location having previously been approved for the Upper Morrow formation by Order No. R-4456.

CASE 4979: Application of Michael P. Grace II for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to set a whip-stock in his Airport Grace Well No. 1, the surface location of which is 1980 feet from the South line and 2164 feet from the West line of Section 36, Township 22 South, Range 26 East, South Carlsbad Gas Field, Eddy County, New Mexico, and to directionally drill said well in such a manner as to bottom the well in the Morrow formation at a point approximately 500 feet Northeast of the surface location.

CASE 4980: Application of Pubco Petroleum Corporation for pool creation, an oil discovery allowable, and surface commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Humble City-Wolfcamp Pool and the assignment of approximately 47,970 barrels of oil discovery allowable to the discovery well for said pool, applicant's Shipp Well No. 4 located in Unit L of Section 11, Township 17 South, Range 37 East, Lea County, New Mexico. Applicant further seeks authority to commingle production from said pool with production from the Humble City-Strawn Pool underlying applicant's Shipp lease after separately metering the Wolfcamp production.

CASE 4981: Southeastern nomenclature case calling for an order for the creation and extension of certain pools in Eddy, Lea, and Chaves Counties, New Mexico:

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the West Atoka-Cisco Gas Pool. The discovery well is the Coquina Oil Corporation Five Mile No. 1 located in Unit H of Section 14, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 14: E/2

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Cabin Lake-Morrow Gas Pool. The discovery well is the Phillips Petroleum Company James A Com No. 1 located in Unit O of Section 2, Township 22 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM  
Section 2: S/2

(c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Sand Dunes-Morrow Gas Pool. The discovery well is the El Paso Natural Gas Company Mobil Federal No. 1 located in Unit J of Section 29, Township 23 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 29: E/2

(d) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Shoe Bar-Wolfcamp Pool. The discovery well is the Pubco Petroleum Corporation Skelly State No. 1 located in Unit I of Section 14, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM  
Section 14: SE/4

(e) Extend the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

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

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

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM  
Section 1: NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 6: N/2

(g) Extend the East Brunson-McKee Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 24: SW/4

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

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM  
Section 11: E/2

(i) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM  
Section 2: Lots 1 through 8  
Section 3: Lots 1 through 8

(j) Extend the East Caprock-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM  
Section 10: SE/4

(k) Extend the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 30: All

(l) Extend the Cedar Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM  
Section 10: All

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

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM  
Section 35: All

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM  
Section 5: NE/4

(n) Extend the East EK-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Section 21: S/2 SE/4

(o) Extend the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM  
Section 5: Lots 1, 2, 7, 8, 9, 10,  
15 and 16

(p) Extend the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 28: N/2

(q) Extend the Justis-Montoya Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
Section 13: SE/4

(r) Extend the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 23: SW/4 SE/4

Examiner Hearing - Wednesday - May 23, 1973  
-7-

Docket No. 14-73

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

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM  
Section 22: SE/4  
Section 23: E/2 SW/4

(t) Extend the West Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM  
Section 29: NW/4

(u) Extend the Twin Lakes-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM  
Section 1: SE/4 NW/4 and NE/4 SW/4

CASE 4943: (Continued from the May 9, 1973 Examiner Hearing)

Application of M. W. Staples for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce oil from his Vanderventer Well No. 2 located 1310 feet from the North line and 1330 feet from the East line of Section 20, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico. Said well was drilled as an injection well at said location pursuant to authority granted by Order No. R-3341.

Telephone Conversation  
w/ Larry Shannon 8-10-73  
2 Pm

Shannon does not want  
to test this well until  
after completion. This  
will probably be in  
Nov. or Dec.

He does want an Gas  
pool until sometime.  
I suggest we give  
him a temp order  
to 6 m.o. after completion  
to prove whether this is  
a ~~Gas~~ pool or not. Also  
suggest we remove the  
GOR Limit until we  
know but put an oil  
Limit on 10,500' basis.  
Seems to me we can  
also give him BBPH  
specimen, but no other  
specimen rules.

Assign an allowable for  
each zone of 1,600,000.  
Mcf.

Gas Pool's

1.6 million gas allowable

after production

Case 4976  
Hear 5-23-73  
Rec. 5-30-73

Grant Petroleum Corp.  
permission to Duallly complete  
their Parkway West ~~West~~  
#1 C-28-19-29 in the Alaska  
& Strawn farms. Two pumps  
of 256 N-86 tubing and a  
parker set at yard 10,132  
Also grant a temporary  
order for special pool  
rules for both Strawn  
& At other pools.  
Allow 320 Ac. spacing  
designate pools as gas  
pools, but not 4000:1 HGR  
and an allowable factor  
of  $560 \times 4000 = 2,240,000$  M of d.  
on a 160 Ac. allowable.

Establish a pool not a  
horizontal limit of N/2 sec  
28-19-29 for both pools.

*[Signature]*

PARKWAY WEST UNIT WELL NO. 1 (UT)  
WEST PARKWAY STRAWN POOL  
EDDY COUNTY, NEW MEXICO

Date	Condensate Production (Bbls/Month)	Gas Production (MCF/Month)	Oil - Gas Ratio	Measured Shut-in BHP PSIG @ 10,200 ft.)
1973				
Oct.	4,082	19,411	4755	
Nov.	2,767	14,168	5120	3,957
Dec.	2,883	15,357	5327	
1974				
Jan.	2,462	13,183	5354	3,622
Feb.	2,091	12,132	5802	
Mar.	2,809	14,134	5032	
Apr.	SHUT - IN	<i>Emergency Sales Contract expired</i>		3,639
May	SHUT - IN			
June	2,979	18,709	6280	
July	5,939	16,712	2813	
Aug.	2,580	11,477	4448	
TOTAL	28,592	135,283	4731	

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 3

CASE NO. 4976

Submitted by Jh. Petro Corp.

Hearing Date 10/16/74

PARKWAY WEST UNIT WELL NO. 1 (LT)  
WEST PARKWAY ATOKA POOL  
EDDY COUNTY, NEW MEXICO

Date	Condensate Production (Bbls/Month)	Gas Production (MCF/Month)	Oil-Gas Ratio	Measured Shut-in BHP PSIG @ 10,500 ft.
1973				
Oct.	1,450	44,149	30,448	
Nov.	557	26,844	48,194	2,717
Dec.	366	20,877	57,041	
1974				
Jan.	219	13,201	60,279	2,121
Feb.	182	10,764	59,143	
Mar.	168	9,749	58,098	
Apr.	SHUT - IN	<i>Emergency Sales contract expired 2,234</i>		
May	SHUT - IN			
June	197	10,782	54,731	
July	136	10,360	76,177	
Aug.	77	8,404	109,143	
TOTAL	3,352	155,130	46,280	

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 7  
CASE NO. 4976  
Submitted by The Petro Corp.  
Hearing Date 10/16/74

CORE LABORATORIES, INC.  
Petroleum Reservoir Engineering  
DALLAS, TEXAS 75207  
October 14, 1974

RESERVOIR FLUID ANALYSIS

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 5

CASE NO. 4976

Submitted by The Petro Corp.

Hearing Date 10/16/74

The Petroleum Corporation  
3303 Lee Parkway  
Dallas, Texas 75219

Attention: Mr. Larry C. Shannon

Subject: Phase Determination  
Parkway West Unit No. 1 Well  
Parkway West Field  
Eddy County, New Mexico  
Our File Number: RFL 74547

Gentlemen:

Samples of primary separator liquid and vapor collected from the subject well were delivered to our laboratory in Dallas for use in a reservoir fluid study. We were requested to analyze the primary separator products, then physically recombine these products to their original producing gas-liquid ratio and perform a phase determination on the resulting reservoir fluid at 162°F. The results of these tests are presented on the following pages.

The producing gas-liquid ratio was reported to be 4755 cubic feet of primary separator gas at 14.65 psia and 60°F. per barrel of stock tank liquid at 60°F. In our laboratory, this ratio was found to be equivalent to 3949 standard cubic feet of primary separator gas per barrel of primary separator liquid at 380 psig at 60°F. This ratio was then used in conjunction with the measured compositions of the separator products to calculate the composition of the resulting well stream material and these data are shown on page two.

The primary separator products were then physically recombined to their producing gas-liquid ratio and the resulting fluid was examined in a visual cell at the reservoir temperature 162°F. During a constant composition expansion at this temperature, the dew point pressure

*Shannon*

The Petroleum Corporation  
Parkway West Unit No. 1 Well

Page Two

of this mixture was observed to be 4380 psig. Presented on page three are the results of the pressure-volume relations and retrograde liquid volume measurements that were performed on a sample of this fluid.

It has been our pleasure to perform this study for you. Should you have any questions regarding the data, please do not hesitate to contact us.

Very truly yours,

Core Laboratories, Inc.  
Reservoir Fluid Analysis

*P. L. Moses HS*

P. L. Moses  
Manager

PLM:HLS:hm

7 cc. - Mr. Larry C. Shannon  
The Petroleum Corporation  
Dallas, Texas 75219

**CORE LABORATORIES, INC.**  
*Petroleum Reservoir Engineering*  
**DALLAS, TEXAS**

Page 1 of 3  
 File RFL 74547

Company <u>The Petroleum Corporation</u>	Date Sampled <u>October 4, 1974</u>
Well <u>Parkway West Unit No. 1</u>	County <u>Eddy</u>
Field <u>Parkway West</u>	State <u>New Mexico</u>

**FORMATION CHARACTERISTICS**

Formation Name	<u>Strawn</u>
Date First Well Completed	<u>March 29</u> , 19 <u>73</u>
Original Reservoir Pressure	<u>4442</u> PSIG @ <u>10440</u> Ft.
Original Produced Gas-Liquid Ratio	<u>                    </u> SCF/Bbl
Production Rate	<u>                    </u> Bbls/Day
Separator Pressure and Temperature	<u>                    </u> PSIG <u>                    </u> ° F.
Liquid Gravity at 60° F.	<u>                    </u> ° API
Datum	<u>                    </u> Ft. Subsea

**WELL CHARACTERISTICS**

Elevation	<u>3331 KB, 3321 GL</u> Ft.
Total Depth	<u>10720 PBTD</u> Ft.
Producing Interval	<u>10246-54, 10448-56</u> Ft.
Tubing Size and Depth	<u>2-1/16</u> In. to <u>10132</u> Ft.
Open Flow Potential	<u>2.014</u> MMSCF/Day
Last Reservoir Pressure	<u>3613</u> PSIG @ <u>10000</u> Ft.
Date	<u>April 6</u> , 19 <u>74</u>
Reservoir Temperature	<u>162</u> ° F. @ <u>10440</u> Ft.
Status of Well	<u>                    </u>
Pressure Gauge	<u>                    </u>

**SAMPLING CONDITIONS**

Flowing Tubing Pressure	<u>450</u> PSIG
Flowing Bottom Hole Pressure	<u>                    </u> PSIG
Primary Separator Pressure	<u>380</u> PSIG
Primary Separator Temperature	<u>70-75</u> ° F.
Secondary Separator Pressure	<u>31</u> PSIG
Secondary Separator Temperature	<u>70</u> ° F.
Field Stock Tank Liquid Gravity	<u>                    </u> ° API @ 60° F.
Primary Separator Gas Production Rate	<u>                    </u> MSCF/Day
Pressure Base	<u>14.65</u> PSIA
Temperature Base	<u>60</u> ° F.
Compressibility Factor ( $F_{pv}$ )	<u>                    </u>
Gas Gravity (Laboratory)	<u>                    </u>
Gas Gravity Factor ( $F_g$ )	<u>                    </u>

<u>                    </u> Liquid Production Rate @ 60° F.	<u>                    </u> Bbls/Day
Primary Separator Gas/ <u>Stock Tank</u> Liquid Ratio	<u>4755</u> SCF/Bbl
or	<u>                    </u> Bbls/MMSCF
Core Laboratories, Inc., Engineer	<u>Tefteller Inc.</u>

REMARKS:

**CORE LABORATORIES, INC.**  
*Petroleum Reservoir Engineering*  
**DALLAS, TEXAS**

Page 2 of 3

File RFL 74547

Well Parkway West Unit No. 1

**Hydrocarbon Analyses of Separator Products and Calculated Well Stream**

Component	Separator Liquid	Separator Gas		Well Stream	
	Mol Per Cent	Mol Per Cent	GPM	Mol Per Cent	GPM
Hydrogen Sulfide	Nil	Nil		Nil	
Carbon Dioxide	0.06	0.22		0.19	
Nitrogen	0.14	1.36		1.12	
Methane	9.42	77.12		63.81	
Ethane	9.41	13.44		12.65	
Propane	11.57	5.37	1.469	6.59	1.803
iso-Butane	2.91	0.60	0.195	1.05	0.341
n-Butane	8.42	1.26	0.395	2.67	0.837
iso-Pentane	3.56	0.22	0.080	0.88	0.320
n-Pentane	4.38	0.23	0.083	1.05	0.378
Hexanes	6.72	0.10	0.041	1.40	0.568
Heptanes plus	43.41	0.08	0.036	8.59	5.535
	100.00	100.00	2.299	100.00	9.782

**Properties of Heptanes plus**

API gravity @ 60° F.	<u>45.9</u>	
Specific gravity @ 60/60° F.	<u>0.7975</u>	<u>0.797</u>
Molecular weight	<u>163</u>	<u>163</u>

Calculated separator gas gravity (air = 1.000) = 0.719  
 Calculated gross heating value for separator gas = 1236 BTU  
 per cubic foot of dry gas @ 14.65 psia and 60° F.

Primary separator gas collected @ 380 psig and 70 °F.  
 Primary separator liquid collected @ 380 psig and 70 °F.

Primary separator gas/separator liquid ratio 3949 SCF/Bbl @ 60° F.  
 Primary separator liquid/stock tank liquid ratio 1.204 Bbls @ 60° F./Bbl  
 Primary separator gas/well stream ratio 803.59 MSCF/MMSCF  
 Stock tank liquid/well stream ratio 189.0 Bbls/MMSCF

These analyses, opinions or interpretations are based on observations and material supplied by the client to whom, and for whose exclusive and confidential use, this report is made. The interpretations or opinions expressed represent the best judgment of Core Laboratories, Inc. (all errors and omissions excepted); but Core Laboratories, Inc. and its officers and employees, assume no responsibility and make no warranty or representations as to the productivity, proper operation, or profitability of any oil, gas or other mineral well or sand in connection with which such report is used or relied upon.

**CORE LABORATORIES, INC.***Petroleum Reservoir Engineering***DALLAS, TEXAS**Page 3 of 3File RFL 74547Well Parkway West Unit No. 1**Pressure-Volume Relations of Reservoir Fluid at 162° F.  
(Constant Composition Expansion)**

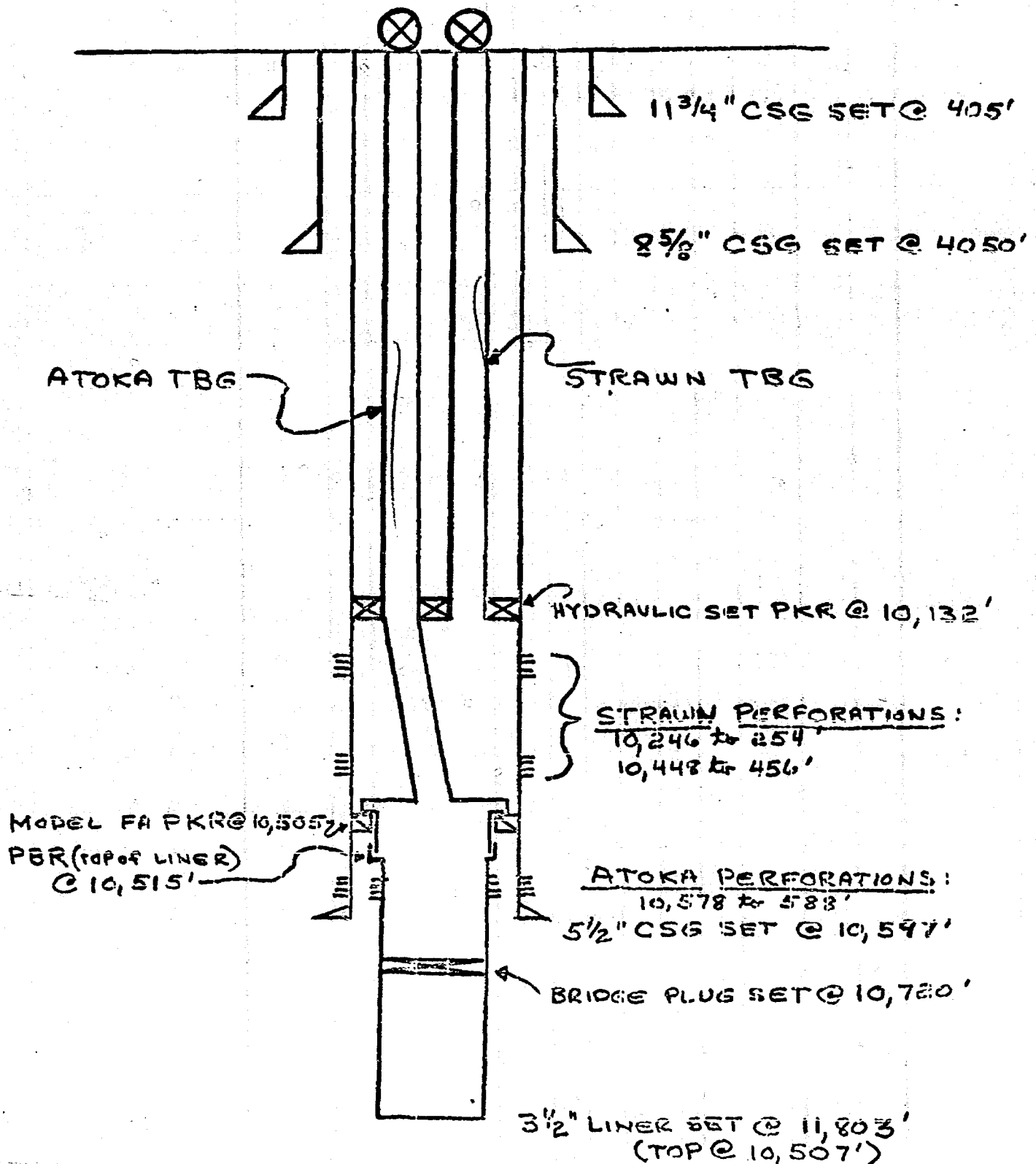
<u>Pressure PSIG</u>	<u>Relative Volume</u>	<u>Retrograde Liquid Volume, Percent of Total Volume</u>
5000	0.9648	
4800	0.9745	
4600	0.9858	
4500	0.9919	
4400	0.9987	
4380 Dew Point Pressure	1.0000	0.0
4300	1.0059	3.5
4200	1.0137	7.7
4000	1.0324	15.0
3800	1.0542	20.7
3600	1.0803	23.7
3200	1.1510	
2830	1.2487	
2455	1.4002	
2195	1.5523	
1910	1.7809	
1705	2.0101	
1540	2.2393	
1410	2.4687	
1240	2.8329	
1110	3.2157	
1010	3.5986	
920	3.9816	

These analyses, opinions or interpretations are based on observations and material supplied by the client to whom, and for whose exclusive and confidential use, this report is made. The interpretations or opinions expressed represent the best judgment of Core Laboratories, Inc. (all errors and omissions excepted); but Core Laboratories, Inc. and its officers and employees, assume no responsibility and make no warranty or representations as to the productivity, proper operation, or profitability of any oil, gas or other mineral well or sand in connection with which such report is used or relied upon.

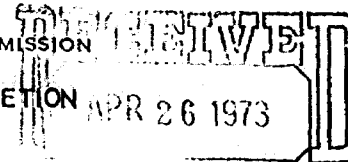
Case 4976

THE PETROLEUM CORPORATION  
3303 LEE PARKWAY  
DALLAS, TEXAS 75219

SUBJECT: PARKWAY WEST UNIT WELL No. 1 SKETCH OF DUAL COMPLETION (2) TWO STRINGS OF 2 1/16" (3.25 #/ft) N-80 TBG	PREPARED BY	LCS
	DATE	4/23/73
	SHEET	OF



NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
APPLICATION FOR MULTIPLE COMPLETION



Form C-107  
5-1-61

NEW MEXICO OIL CONSERVATION COMM.  
Santa Fe

Case  
4976

Operator <b>The Petroleum Corporation</b>		County <b>Eddy</b>	Date <b>April 23, 1973</b>
Address <b>3303 Lee Parkway, Dallas, Texas 75219</b>		Lease <b>Parkway West Unit</b> ✓	Well No. <b>1</b> ✓
Location of Well <b>C</b> ✓	Unit <b>28</b> ✓	Township <b>19S</b> ✓	Range <b>29E</b> ✓

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES \_\_\_\_\_ NO X
2. If answer is yes, identify one such instance: Order No. \_\_\_\_\_ ; Operator Lease, and Well No.: \_\_\_\_\_

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	<b>Strawn</b> ✓		<b>Atoka</b> ✓
b. Top and Bottom of Pay Section (Perforations)	<b>10,246</b> <b>10,456</b>		<b>10,578</b> <b>10,588</b>
c. Type of production (Oil or Gas)	<b>Gas</b>		<b>Gas</b>
d. Method of Production (Flowing or Artificial Lift)	<b>Flow</b>		<b>Flow</b>

4. The following are attached. (Please check YES or NO)

- |                                     |                                     |   |
|-------------------------------------|-------------------------------------|---|
| Yes                                 | No                                  |   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent. |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.*  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.)   |

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

A formal hearing for the establishment of Temporary Field Rules and approval for a

dual completion has been placed on the docket for May 23, 1973. Additional informa-  
tion will be presented at this hearing.

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES \_\_\_\_\_ NO X. If answer is yes, give date of such notification \_\_\_\_\_.

CERTIFICATE: I, the undersigned, state that I am the Petroleum Engineer of the The Petroleum Corporation (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Larry C. Shanno  
Signature

\*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard perforation unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

Case 4976

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 3-29-73	
Company The Petroleum Corporation		Connection None	
Pool Wildcat		Formation Strawn	
Completion Date 3-26-73		Total Depth 11,802	Plug Back TD 10,720
		Elevation 3321 G.L.	
Form or Lease Name Parkway West Unit		Well No. 1 - U	
Csg. Size 5-1/2	Wt. 17	d 4.892	Set At 10,598
Perforations From 10,246 To 10,456		Unit Sec. Twp. Rge. C 28 19S 29E	
Thg. Size 2-1/16	Wt. 3.25	d 1,751	Set At 10,132
Perforations From To			
Type Well - Single - Brodenhead - G.G. or G.O. Multiple G.G. Multiple		Packer Set At 10,132	County Eddy
Producing Thru Tubing	Reservoir Temp. °F 140 @ 10,132	Mean Annual Temp. °F 60	Baro. Press. - P <sub>a</sub> 13.2
State New Mexico			
L 10,132	H 10,132	Cg .706	% CO <sub>2</sub> .31
		% N <sub>2</sub> 1.26	% H <sub>2</sub> S Nil
Prover X		Meter Run X	Taps Flange

FLOW DATA							TUBING DATA		CASING DATA		Duration of Flow
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h <sub>w</sub>	Temp. °F	Press. p.s.i.g.	Temp. °F	Press. p.s.i.g.	Temp. °F	
SI							2740	60	Packer		11 Hours
1.	3.068	x	1.250	796	6	80	2234	70	Packer		11 Hours
2.	3.068	x	1.250	802	15	89	1815	72	Packer		11 Hours
3.	3.068	x	1.250	822	23	97	1520	72	Packer		11 Hours
4.	3.068	x	1.250	802	28	99	1331	72	Packer		11 Hours
5.											

RATE OF FLOW CALCULATIONS							
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P <sub>m</sub>	Flow Temp. Factor Ft.	Gravity Factor F <sub>g</sub>	Super Compress. Factor, F <sub>sp</sub>	Rate of Flow Q, Mcfd
1	7.577	69.68	809.2	.9813	1.190	1.099	678
2	7.577	110.58	815.2	.9732	1.190	1.086	1054
3	7.577	138.60	835.2	.9662	1.190	1.088	1314
4	7.577	151.08	815.2	.9645	1.190	1.086	1427
5.							

NO.	P <sub>r</sub>	Temp. °R	T <sub>r</sub>	Z	Gas Liquid Hydrocarbon Ratio	5.6	Mcf/bbl.
1.	1.21	540	1.39	.828	A.P.I. Gravity of Liquid Hydrocarbons	56.6	Deg.
2.	1.22	549	1.41	.848	Specific Gravity Separator Gas	706	XXXXXX
3.	1.25	557	1.44	.845	Specific Gravity Flowing Fluid	XXXXX	1.161
4.	1.22	559	1.44	.848	Critical Pressure	668	P.S.I.A. 649 P.S.I.A.
5.					Critical Temperature	388	R 541 R

P <sub>c</sub> 2753.2    P <sub>c</sub> <sup>2</sup> 7580			
NO.	P <sub>r</sub> <sup>2</sup>	P <sub>w</sub>	P <sub>w</sub> <sup>2</sup>
1	2271.2	5158	2422
2	1863.2	3472	4108
3	1625.2	2641	4939
4	1486.2	2209	5371
5			

(1)  $\frac{P_c^2}{P_r^2 - P_w^2} = 1.411$

(2)  $\left[ \frac{P_c^2}{P_r^2 - P_w^2} \right]^n = 1.411$

AOF = Q  $\left[ \frac{P_c^2}{P_r^2 - P_w^2} \right]^n = 2014$

Absolute Open Flow 2014 Mcfd @ 15.025

Angle of Slope @ 45.0

Slope, n 1.000

Remarks:

Approved By Commission:	Conducted By: CONE & KERLEY, INC.	Calculated By: Bill Kerley	Checked By: <i>Bill Kerley</i>
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NEW MEXICO OIL CONSERVATION COMMISSION  
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

Case 4976

Form C-122  
Revised 9-1-63

Type Test		<input checked="" type="checkbox"/> Initial		<input type="checkbox"/> Annual		<input type="checkbox"/> Special		Test Date		3-29-73	
Company				Connection							
The Petroleum Corporation				None							
Pool				Formation				Unit			
Wildcat				Atoka				C			
Completion Date		Total Depth		Plug Back TD		Elevation		Farm or Lease Name			
3-26-73		11,802		10,720		3321 G.L.		Parkway West Unit			
Csq. Size	Wt.	d	Set At	Perforations		Well No.					
5-1/2	17	4.892	10,598	From 10,578 To 10,588		1 - L					
Tbg. Size	Wt.	d	Set At	Perforations		Unit		Sec.	Twp.	Rye.	
2-1/16	3.25	1.751	10,515	From -- To --		C		28	19S	29E	
Type Well - Single - Bradenhead - G.G. or G.O. Multiple						Packer Set At		County			
G.G. Multiple (3-1/2" Liner @ 10,515)						10,505 & 10,515		Eddy			
Producing Thru		Reservoir Temp. °F		Mean Annual Temp. °F		Baro. Press. - P <sub>a</sub>		State			
Tubing		142 @ 10,578		60		13.2		New Mexico			
L	H	G <sub>g</sub>	% CO <sub>2</sub>	% N <sub>2</sub>	% H <sub>2</sub> S	Prover	Meter Run	Taps			
10,515	10,515	.661	.24	1.44	Nil		X	Flange			

FLOW DATA							TUBING DATA		CASING DATA		Duration of Flow
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h <sub>w</sub>	Temp. °F	Press. p.s.i.g.	Temp. °F	Press. p.s.i.g.	Temp. °F	
SI							3860	70	Packer		48 Hours
1.	3.068	x	1.250	815	7	104	3400	70	Packer		48 Hours
2.	3.068	x	1.250	820	17	96	2885	74	Packer		48 Hours
3.	3.068	x	1.250	815	32	92	2389	76	Packer		48 Hours
4.	3.068	x	1.750	810	13	86	1855	76	Packer		48 Hours
5.											

RATE OF FLOW CALCULATIONS							
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P <sub>m</sub>	Flow Temp. Factor F <sub>L</sub>	Gravity Factor F <sub>g</sub>	Super Compress. Factor F <sub>pv</sub>	Rate of Flow Q, Mcfd
1.	7.577	76.14	828.2	.9602	1.230	1.065	726
2.	7.577	119.01	833.2	.9671	1.230	1.075	1153
3.	7.577	162.80	828.2	.9706	1.230	1.075	1583
4.	15.61	103.45	823.2	.9759	1.230	1.075	2084
5.							

NO.	R <sub>i</sub>	Temp. °R	T <sub>i</sub>	Z	Gas Liquid Hydrocarbon Ratio	A.P.I. Gravity of Liquid Hydrocarbons	Specific Gravity Separator Gas	Specific Gravity Flowing Fluid	Critical Pressure	Critical Temperature
1.	1.24	564	1.51	.881	24.6 Mcf/bbl.	55.8 Deg.	.661	XXXXXXX	670 P.S.I.A.	666 P.S.I.A.
2.	1.24	556	1.49	.865			XXXXX	.778	374 R	414 R
3.	1.24	552	1.48	.865						
4.	1.23	546	1.46	.866						
5.										

NO.	P <sub>i</sub> <sup>2</sup>	P <sub>w</sub>	P <sub>w</sub> <sup>2</sup>	P <sub>i</sub> <sup>2</sup> - P <sub>w</sub> <sup>2</sup>
1		3481.1	11683	13319
2		2913.2	8487	16515
3		2431.2	5911	19019
4		1927.2	3714	11288
5				

(1)  $\frac{P_c^2}{P_i^2 - P_w^2} = 1.3290$

AOF = Q  $\left[ \frac{P_i^2}{P_i^2 - P_w^2} \right]^n = 2770$

(2)  $\left[ \frac{P_c^2}{P_i^2 - P_w^2} \right]^n = 1.3290$

Absolute Open Flow	2770	Mcf/d @ 15.025	Angle of Slope @	45.0	Slope, n	1.000
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Remarks: \_\_\_\_\_

Approved By Commission:	Conducted By: CONE & KERLEY, INC.	Calculated By: Bill Kerley	Checked By: <i>Bill Kerley</i>
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Case 4976

WELL NAME AND NUMBER Parkway West Unit #1

LOCATION NW/4 Section 28, T19S, R29E, Eddy County, New Mexico  
(New Mexico give U.S.T&R: TEXAS GIVE S,BLK,SURV.& TWP)

OPERATOR The Petroleum Corporation

DRILLING CONTRACTOR MORANCO

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above-described well and that he has conducted deviation tests and obtained the following results:

Degrees @ Depth	Degrees @ Depth	Degrees @ Depth	Degrees @ Depth
<u>1/4 150</u>	<u>1 1/2 4980</u>	<u>3 3/4 7100</u>	<u>2 1/4 9331</u>
<u>1/2 756</u>	<u>2 3/4 5388</u>	<u>4 1/2 7286</u>	<u>2 3/4 9167</u>
<u>1 1/4 1265</u>	<u>3 5450</u>	<u>4 1/4 7435</u>	<u>1 1/4 9750</u>
<u>1 1/2 1630</u>	<u>2 1/4 5570</u>	<u>4 1/2 7600</u>	<u>1 1/2 10,000</u>
<u>1 1/2 1777</u>	<u>2 1/4 5744</u>	<u>4 1/2 7790</u>	<u>3/4 10,040</u>
<u>1 1/4 2008</u>	<u>2 5930</u>	<u>4 1/8 7935</u>	<u>1 10,535</u>
<u>1 2470</u>	<u>2 3/4 6147</u>	<u>3 1/4 8040</u>	<u>1 1/2 10,803</u>
<u>1 1/4 3150</u>	<u>3 6297</u>	<u>3 1/2 8190</u>	<u>3/4 10,915</u>
<u>1 1/4 3158</u>	<u>3 3/4 6367</u>	<u>3 1/4 8324</u>	<u>3/4 11,235</u>
<u>1 1/4 3650</u>	<u>4 6435</u>	<u>2 3/4 8420</u>	<u>1 11,450</u>
<u>1 1/4 4050</u>	<u>4 1/2 6541</u>	<u>2 3/4 8600</u>	<u>1 11,610</u>
<u>2 3/4 4600</u>	<u>3 3/4 6740</u>	<u>2 3/4 8730</u>	<u>1 11,800</u>
<u>2 4736</u>	<u>4 6908</u>	<u>2 3/4 8892</u>	

Drilling Contractor MORANCO

By

K. D. McPeters, Vice President

Subscribed and sworn to before me this 23rd day of January, 1973

My Commission expires:  
April 1, 1974

Notary Public  
Lea County, New Mexico

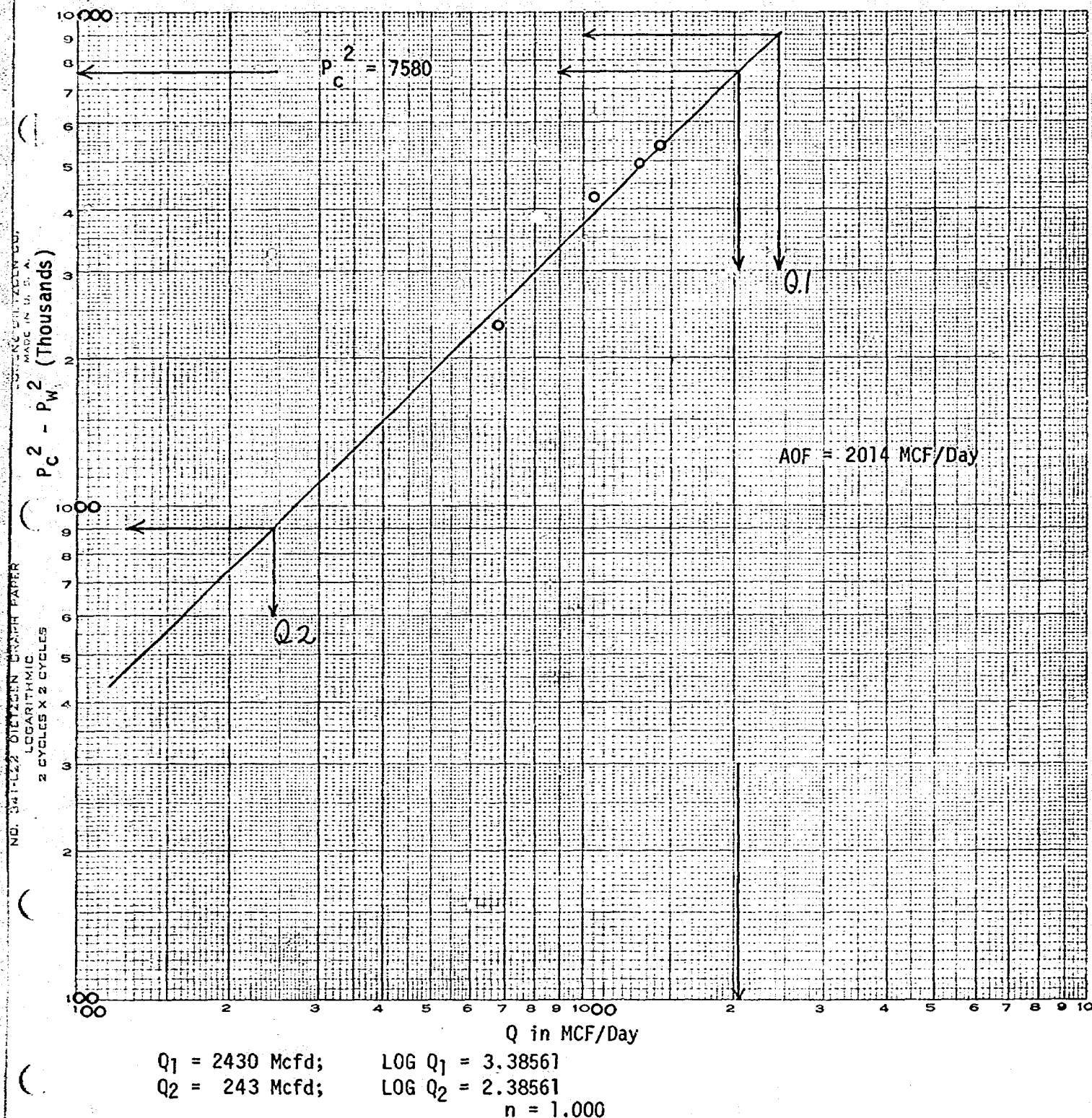
# BACK PRESSURE CURVE

Case 4976

Operator The Petroleum Corporation Lease Parkway West Unit Well No. 1-U

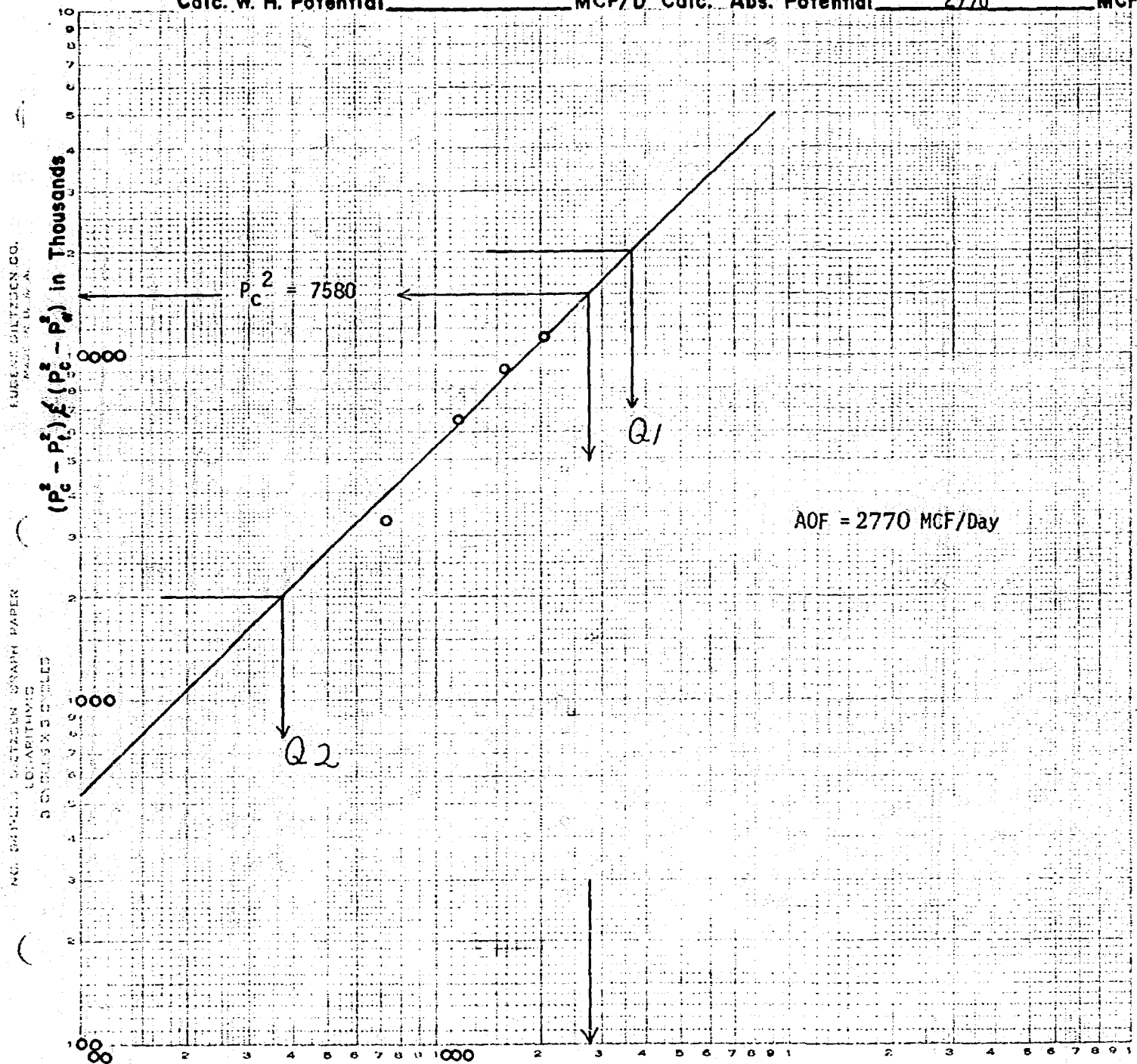
County Eddy Field Wildcat Location C-28-19S-29E

Date of Test 3-29-73 Slope "n" 1.000



## BACK PRESSURE CURVE

Case 4976

Operator The Petroleum Corporation Lease Parkway West Unit Well No. 1-LCounty Eddy Field Wildcat Location C-28-19S-29EDate of Test 3-29-73 Slope "n" 1.000 W.H.          Abs.         Calc. W. H. Potential          MCF/D Calc. Abs. Potential 2770 MCF/D

Q in MCF/Day

Q<sub>1</sub> = 3670 Mcfd; LOG Q<sub>1</sub> = 3.56467

Q<sub>2</sub> = 367 Mcfd; LOG Q<sub>2</sub> = 2.56467

n = 1.000

NEW MEXICO OIL CONSERVATION COMMISSION  
SOUTHEAST NEW MEXICO PACKER LEAKAGE TEST

Case 4976

Operator The Petroleum Corporation			Lease Parkway West Unit			Well No. 1	
Location of Well	Unit C	Sec 28	Twp 19-S	Rge 29-E	County Eddy		
Name of Reservoir or Pool			Type of Prod (Oil or Gas)	Method of Prod Flow, Art Lift	Prod. Medium (Tbg or Csg)	Choke Size	
Upper Compl	Wildcat (Strawn)		Gas	Flow	Tubing	16/64	
Lower Compl	Wildcat (Atoka)		Gas	Flow	Tubing	13/64	

FLOW TEST NO. 1

1-U, March 28, 1973, 8:00 P.M.

Both zones shut-in at (hour, date): 1-L, March 27, 1973, 8:00 A.M.

Well opened at (hour, date): March 29, 1973, 7:00 A.M.

Indicate by ( X ) the zone producing..... X

Pressure at beginning of test..... 2740 3850

Stabilized? (Yes or No)..... Yes Yes

Maximum pressure during test..... 2740 3999

Minimum pressure during test..... 1331 3850

Pressure at conclusion of test..... 1331 3999

Pressure change during test (Maximum minus Minimum)..... -1409 +149

Was pressure change an increase or a decrease?..... Decrease Increase

Well closed at (hour, date): March 29, 1973, 11:00 A.M.

Total Time On  
Production 4 Hours

Oil Production Gas Production  
During Test: 38.12 bbls; Grav. 56.6 ; During Test 213 MCF; GOR 5.6

Remarks P.L. Test performed in conjunction with 4-point back pressure tests on unconnected completions. GOR 5587/1

FLOW TEST NO. 2

Well opened at (hour, date): March 29, 1973, 4:30 P.M.

Indicate by ( X ) the zone producing..... X

Pressure at beginning of test..... 2525 3860

Stabilized? (Yes or No)..... Yes Yes

Maximum pressure during test..... 2605 3860

Minimum pressure during test..... 2525 1855

Pressure at conclusion of test..... 2605 1855

Pressure change during test (Maximum minus Minimum)..... + 80 -2005

Was pressure change an increase or a decrease?..... Increase Decrease

Well closed at (hour, date): March 29, 1973, 8:30 P.M.

Total time on  
Production 4 Hours

Oil Production Gas Production  
During Test: 9.35 bbls; Grav. 55.8 ; During Test 230 MCF; GOR 24.6

Remarks GOR 24599/1

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

Approved \_\_\_\_\_ 19 \_\_\_\_\_  
New Mexico Oil Conservation Commission

Operator The Petroleum Corporation  
By CONE & KERLEY, INC.  
Bill Kerley

By \_\_\_\_\_  
Title \_\_\_\_\_

Title Duly Authorized Agent  
Date April 4, 1973



Case 4976

CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
C. D. MARTIN  
PAUL J. KELLY, JR.

LAW OFFICES  
HINKLE, BONDURANT, COX & EATON

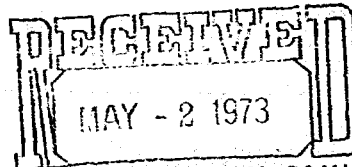
600 HINKLE BUILDING  
POST OFFICE BOX 10  
ROSWELL, NEW MEXICO 86201

TELEPHONE (505) 622-6510

MIDLAND, TEXAS OFFICE  
521 MIDLAND TOWER  
(915) 683-4661

April 30, 1973

*Larry Shannon*  
*214-528-5461*



Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith in triplicate application of The Petroleum Corporation for approval of dual completion of its Parkway West Unit No. 1 well in Section 28, Township 19 South, Range 29 East, Eddy County.

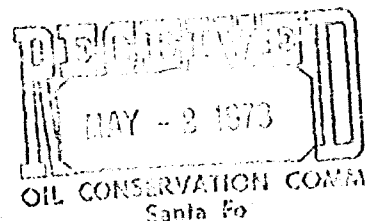
We have previously discussed this matter with Dan Nutter and understand that it has been placed on the May 23 examiner's hearing docket.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By Clarence E. Hinkle  
*cf*

CEH:cs  
Enc.



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

Case 4976

APPLICATION OF THE PETROLEUM CORPORATION  
FOR APPROVAL OF DUAL COMPLETION IN ITS  
PARKWAY WEST UNIT NO. 1 WELL LOCATED IN  
UNIT C, SEC. 28, T. 19 S., R. 29 E., EDDY  
COUNTY. APPLICANT ALSO SEEKS THE DESIGNA-  
TION OF THE PARKWAY WEST STRAWN POOL AND  
PARKWAY WEST ATOKA POOL AND THE ADOPTION  
OF SPECIAL POOL RULES THEREFOR. GAS AND  
ASSOCIATED LIQUID HYDROCARBONS WILL BE  
PRODUCED FROM THE PARKWAY WEST STRAWN IN  
SAID WELL THROUGH PERFORATIONS FROM  
10,246 FEET TO 10,456 FEET AND FROM THE  
PARKWAY WEST ATOKA THROUGH PERFORATIONS  
FROM 10,578 TO 10,588 FEET. IT IS PROPOSED  
TO DEDICATE THE W $\frac{1}{2}$  SAID SECTION 28 TO SAID  
WELL AS TO BOTH POOLS.

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Comes The Petroleum Corporation, acting by and through the undersigned attorneys, and hereby makes application for approval of dual completion in its Parkway West Unit No. 1 well located in Unit C, Sec. 28, T. 19 S., R. 29 E., Eddy County. Applicant also seeks the designation of the Parkway West Strawn Pool and Parkway West Atoka Pool and the adoption of special pool rules therefor. Gas and associated liquid hydrocarbons will be produced from the Parkway West Strawn in said well through perforations from 10,246 feet to 10,456 feet and from the Parkway West Atoka through perforations from 10,578 to 10,588 feet. It is proposed to dedicate the W $\frac{1}{2}$  said Section 28 to said well as to both pools. In support of said application, applicant respectfully shows:

1. The Petroleum Corporation has completed a well in Unit C, Section 28, Township 19 South, Range 29 East, N.M.P.M. Eddy County which has been dually completed in the Strawn formation through perforations from 10,246 feet to 10,456 feet and in the Atoka formation through perforations from 10,578 feet to 10,588 feet. Said well is a new discovery in both formations and it is believed that gas and associated liquid hydrocarbons can be produced in paying quantities from both formations.

2. Applicant suggests that the upper formation be designated as the "Parkway West Strawn Pool" and that the lower formation be designated as the "Parkway West Atoka Pool". Applicant also desires the adoption of special pool rules for both pools, including definition of gas wells, permissible ratios of gas to the production of liquid hydrocarbons and 320 acre spacing.

3. There is attached hereto, marked Exhibit "A", a plat showing the location of said well within the Parkway West Unit, which is a working interest unit consisting of 6 sections as indicated on said plat. Said plat also shows the ownership of oil and gas leases and wells which have been drilled in the surrounding area.

4. Applicant requests that this matter be set down for the examiner's hearing on May 23, 1973.

Respectfully submitted,

THE PETROLEUM CORPORATION

By 

Member of the Firm of  
HINKLE, BONDURANT, COX & EATON  
P.O. Box 10  
Roswell, New Mexico 88201  
Attorneys for Applicant



DRAFT

DSN/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. 4976

Order No. R-4638

APPLICATION OF THE PETROLEUM  
CORPORATION FOR A DUAL COMPLETION,  
CREATION OF TWO GAS POOLS AND  
SPECIAL RULES THEREFOR, EDDY  
COUNTY, NEW MEXICO.

~~ORDER OF THE COMMISSION~~

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 23, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this        day of September, 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, The Petroleum Corporation, seeks  
authority to complete its Parkway West Unit Well No. 1, located  
in Unit C of Section 28, Township 19 South, Range 29 East, NMPM,  
Eddy County, New Mexico, as a dual completion (conventional) to  
produce gas and associated liquid hydrocarbons from the Strawn  
and Atoka formations through parallel strings of 2 1/16-inch tubing  
with separation of the zones by means of a packer set at approximately  
10,505 feet.

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(4) That approval of the subject application will prevent waste and protect correlative rights.

(5) That the applicant further seeks the creation of a Strawn pool and an Atoka pool for said well and the promulgation of special pool rules for each.

(6) That <sup>while</sup> the evidence adduced indicates that each of the subject pools is probably a gas pool, additional information <sup>or oil pools</sup> is necessary to determine if they are in fact gas pools or whether they may be retrograde condensate reservoirs.

(7) That said Strawn and Atoka Pools should be classified and designated the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool and special rules and regulations should be promulgated therefore.

(8) That the reservoir characteristics of the subject pools indicate that each can be efficiently and economically drained and developed on 320-acre spacing.

(9) That <sup>temporary</sup> special rules and regulations providing for 320-acre gas well spacing should be promulgated for the subject pools in order to 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, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(10) That the temporary special rules and regulations should provide for the limitation of production from <sup>each well in</sup> each of the subject pools; that a maximum of no more than 1,500 MCF per day should be produced from <sup>each well in</sup> the Strawn pool, and that a maximum of no more than 2,000 MCF per day should be produced from <sup>each well in</sup> the Atoka pool.

(11) That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.

Per well 11  
or per pool  
limit 11

(12) That this case should be reopened at an examiner hearing during October 1, 1974, to permit the operators in said gas pools to appear and present evidence to clearly establish the nature of said reservoirs and proper rates of production for wells therein and special rules therefor.

IT IS THEREFORE ORDERED:

(1) That the applicant, The Petroleum Corporation, is hereby authorized to complete its Parkway West Unit Well No. 1, located in Unit C of Section 28, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce gas and associated liquid hydrocarbons from the Strawn and Atoka formations through parallel strings of 2 1/16-inch tubing with separation of the zones by means of a packer set at approximately 10,505 feet.

PROVIDED HOWEVER, that the applicant shall complete, operate and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(2) That effective October 1, 1973, the Strawn and Atoka reservoirs in the subject well are hereby classified as gas reservoirs and designated the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool with vertical limits comprising, the Strawn and Atoka formations and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 28: N/2

(3) That, effective October 1, 1973, Special Rules and Regulations for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

*respectively,*  
PROVIDED FURTHER, that the applicant shall conduct a packer leakage test annually on said well and shall file the results thereof with the Commission's Alameda office.

SPECIAL RULES AND REGULATIONS  
FOR THE  
WEST PARKWAY-STRAWN GAS POOL AND  
WEST PARKWAY-ATOKA GAS POOL

RULE 1. Each well completed or recompleted in the West Parkway-Strawn Gas Pool and/or West Parkway-Atoka Gas Pool or in the Strawn and Atoka formations within one mile thereof, and not nearer to or within the limits of another designated Strawn or Atoka pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. (a) Each gas well shall be located on a standard unit containing 320 acres, more or less, comprising any two contiguous quarter sections of a single governmental 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 and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a standard proration unit for the well under the applicable provisions of Rule 2 above and contains less acreage than a standard unit.

- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the standard proration unit for the well in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract.

RULE 5. A gas well in the West Parkway-Strawn Gas Pool shall be permitted to produce no more than 1,500 MCF of gas per day during the effective period of these pool rules and a gas well in the West Parkway-Atoka Gas Pool shall be permitted to produce no more than 2,000 MCF of gas per day during the effective period of the rules.

RULE 6. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 7.

RULE 7. Gas-liquid ratio tests shall be taken on all wells during the months of March and September of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The Commission District supervisor may grant exceptions to the above test requirements where it is demonstrated that wells produce no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 8. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 9. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the amounts set forth in Rule 5 of these rules.

RULE 10. The initial balancing date shall be 7 o'clock a.m. April the first, 1974. Subsequently, the date 7:00 a.m. April the first of each year shall be known as the balancing date, <sup>and</sup> the twelve months following this date shall be known as the gas proration period.

RULE 11. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 12. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 13. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 14. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 15. The Commission may allow overproduction to be

compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 16. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 17. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 18. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 19. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the West Parkway-Strawn Gas Pool or the West Parkway-Atoka Gas Pool or in the Strawn or Atoka formations within one mile thereof are hereby approved; that the operator

of any well having an unorthodox location shall notify the appropriate district office of the Commission in writing of the name and location of the well on or before November 1, 1973.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the West Parkway-Strawn Gas Pool and West Parkway-Atoka Gas Pool shall have dedicated thereto 320 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 320 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.

(3) That this cause shall be reopened at an examiner hearing during October, 1974, to permit the operators in said pools to appear and present evidence to clearly establish the nature of said reservoirs, and proper rates of production for wells therein, and special rules therefor.

(4) 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. 4976

Order No. R-          

APPLICATION OF THE PETROLEUM  
CORPORATION FOR A DUAL COMPLETION,  
CREATION OF TWO GAS POOLS AND  
SPECIAL RULES THEREFOR, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 23, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 5th day of May, 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, The Petroleum Corporation, seeks  
authority to complete its Parkway West Unit Well No. 1, located  
in Unit C of Section 28, Township 19 South, Range 29 East, NMPM,  
Eddy County, New Mexico, as a dual completion (conventional)  
to produce gas and associated liquid hydrocarbons from the Strawn  
and Atoka formations through parallel strings of <sup>2 1/2-inch</sup> tubing with  
separation of the zones by means of a packer  
set at approximately 10,505 feet.

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(4) That approval of the subject application will prevent waste and protect correlative rights.

(5) That the applicant further seeks the <sup>Creation</sup> ~~designation~~ of a Strawn pool and an Atoka pool for said well and the promulgation of special pool rules for each, ~~including classification of oil wells and gas wells and special gas-oil ratio limitations.~~

(6) That ~~while the said Strawn and Atoka Pools are the evidence adduced indicates that each of the subject pools may be presently classified as gas pools, the evidence adduced indicates is probably a gas pool, additional information is necessary to determine if they are in fact gas pools or whether~~ <sup>WEST</sup> ~~they are in fact associated oil and gas reservoirs.~~

(7) That said Strawn and Atoka Pools should be classified and designated the <sup>WEST</sup> ~~Strawn~~ <sup>THE PARKWAY-</sup> ~~Pool~~ and ~~Atoka~~

<sup>gas Pool</sup> ~~and~~ and special rules and regulations should be promulgated therefore.

(8) That the reservoir characteristics of the subject pools indicate that ~~the gas area~~ <sup>each</sup> can be efficiently and economically drained and developed on 320-acre spacing, and that ~~the oil area can be efficiently and economically drained and developed on 160-acre spacing.~~

(9) ~~That the reservoir characteristics of the subject pool presently available justify the definition of a gas well in said pool as a well producing liquids with an API gravity of or more or with a gas-liquid ratio of 4000 or more cubic feet of gas per barrel of liquid hydrocarbons.~~

(10) ~~That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 4000 cubic feet of gas per barrel of liquid hydrocarbons.~~

they may be retrograde condensate reservoirs.

(9) ~~That~~ That special rules and regulations providing for 320-acre gas well spacing ~~and 100-acre oil well spacing~~ should be promulgated for the subject pools in order to 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, prevent reduced recovery which might result from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(10) ~~That the~~ <sup>temporary</sup> special rules and regulations should provide for the ~~limitation of production from each of the~~ <sup>limitation of production from each of the</sup> subject pools; that a maximum of no more than 1,500 MCF per day should be produced from the ~~with a gas-liquid ratio of 4,000 or more cubic feet of gas per barrel of~~ <sup>with a gas-liquid ratio of 4,000 or more cubic feet of gas per barrel of</sup> liquid hydrocarbons and should provide for a gas-liquid ratio of ~~4,000~~ cubic feet of gas per barrel of liquid hydrocarbons in order to afford to the owner of each property in the pools the opportunity to produce his just and equitable share of the oil or gas, or both, and for this purpose to use his just and equitable share of the reservoir energy.

(13) ~~That the depth bracket allowable for oil wells in the subject pools should be 560 barrels of oil per day in accordance with Rule 505 of the Commission Rules and Regulations.~~

~~(14) That the temporary special rules and regulations should establish proration rules for gas wells in order to prevent waste and protect correlative rights.~~

(12) That this case should be reopened at an Examiner hearing during October, 1974, to permit the operators in said gas pools to appear and present evidence to clearly establish the nature of said reservoirs and proper rates of production for wells therein and ~~the~~ special rules therefore.

be produced less than 2,000 MCF per day should be produced from the subject pools

*Therefore Ordered*

(1) That the applicant, The Petroleum Corporation, is hereby authorized to complete its Parkway West Unit Well No. 1, located in Unit C of Section 28, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, as a dual completion

(conventional) to produce gas and associated liquid hydrocarbons from the Strawn and Atoka formations through parallel strings of <sup>2 1/4 inch</sup> tubing with separation of the zones by means of a packer set at approximately 10,505 feet.

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

~~PROVIDED FURTHER, that the applicant shall take LIQUID LEAKAGE tests upon completion and annually thereafter during the Annual TEST PERIOD for the PARKWAY WEST STRAWN AND ATOKA~~

(2) That effective OCTOBER 1, 1973, the Strawn and Atoka ~~Gas Pools~~ <sup>reservoirs in the subject well are</sup> hereby classified as associated oil and gas reservoirs and redesignated the WEST PARKWAY - GAS POOL and Atoka GAS POOL with vertical limits

comprising the STRAWN AND ATOKA formations and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO  
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

SECTION 28: N/2

October

(3) That, effective DECEMBER 1, 1973 Special Rules and Regulations for the ~~Strawn~~ <sup>West</sup> PARKWAY - STRAWN POOL and Atoka GAS POOL, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
~~WEST PARKWAY -~~ <sup>gas</sup> ~~STRAWN POOL~~ AND  
~~WEST PARKWAY -~~ <sup>gas</sup> ~~ATOKA POOL~~ ~~WEST PARKWAY -~~

RULE 1. Each well completed or recompleted in the ~~STRAWN~~ <sup>gas</sup> ~~WEST PARKWAY -~~ ~~POOL~~

~~POOL~~ <sup>gas</sup> ~~under~~ ~~Atoka~~ ~~POOL~~ ~~POOL~~  
or in the ~~STRAWN AND ATOKA~~ <sup>gas</sup> ~~formations~~ within one mile thereof,  
and not nearer to or within the limits of another designated  
~~STRAWN OR ATOKA~~ pool, shall be spaced, drilled,  
operated, and produced in accordance with the Special Rules and  
Regulations hereinafter set forth.

RULE 2. (a) Each gas well shall be located on a standard  
unit containing 320 acres, more or less, comprising any two  
contiguous quarter sections of a single governmental section,  
being a legal subdivision of the United States Public Land  
Surveys.

~~(b) Each oil well shall be located on a standard  
unit containing 160 acres, more or less, consisting of a govern-  
mental quarter section.~~

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 and the unorthodox size or shape of the unit is necessitated  
by a variation in the legal subdivision of the United States  
Public Land Surveys, or the following facts exist and the  
following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter  
sections or lots that are contiguous by a common  
bordering side.
- (b) The non-standard unit lies wholly within a  
standard proration unit for the well under  
the applicable provisions of Rule 2 above  
and contains less acreage than a standard  
unit.

- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the standard proration unit for the well in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

**RULE 4:**

~~Each oil well shall be located at least 660 feet from the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract.~~ **start**  
~~Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract.~~ **OK**  
~~Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract.~~ **OK**  
~~Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract nor nearer than 1980 feet to the nearest end boundary of the tract.~~ **END**

~~**RULE 5:** A well shall be classified as a gas well if it produces liquids with an API gravity of \_\_\_\_\_ or more or if it has a gas-liquid ratio of **4000** or more cubic feet of gas per barrel of liquid hydrocarbons. Any well completed in and capable of producing from the **PARKWAY WEST** and **Atoka** **Atoka** Pools and not classified as a gas well shall be classified as an oil well.~~

~~**RULE 6:** That the limiting gas-oil ratio shall be **1000** cubic feet of gas for each barrel of oil produced.~~

~~RULE 7. A well which has 160 acres dedicated to it shall be permitted to produce only that amount of gas determined by multiplying the top unit allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 160-acre oil production unit, the operator may produce the allowable assigned to the 160-acre unit from the unit in any proportion.~~

*Rule 8. in the West Parkway-Strawn Gas Pool*  
~~A gas well shall be permitted to produce that amount of~~

~~gas determined by multiplying the top unit allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 160. In the event there is more than one gas well on a 320-acre oil production unit, the operator may produce the allowable assigned to the unit from the unit in any proportion.~~

*no more than 1500 MCF of gas per day during the effective period of these pool rules, and a gas well in the West Parkway-Atoka Gas Pool shall be permitted to produce no more than 2,000 MCF of gas per day during the effective period of the rules.*

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which is 160. In the event there is more than one gas well on a 320-acre gas proration unit, the operator shall produce the amount of gas assigned to the unit from the gas well in the unit in any proration.

RULE 6. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, ~~provided however, that in no event shall the test be conducted later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11.~~ Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 7. ~~If the gas-liquid ratio is 2,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the~~

RULE 7. Gas-liquid ratio tests shall be taken on all wells during the months of March and September of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. The Commission District supervisor may grant exceptions to the above test requirements where it is demonstrated that wells produce no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 8. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 9. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's district office is hereby authorized

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*the amounts set forth  
in Rule 5 of  
these rules*

to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed ~~the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas liquid ratio for the pool.~~

*April the first*  
RULE ~~12~~ 12. The initial balancing date shall be 7 o'clock a.m. ~~January the first~~, 1974. Subsequently, the date 7:00 a.m. ~~January~~ the first of each year shall be known as the balancing date, the twelve months following this date shall be known as the gas proration period.

RULE ~~13~~ 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

*12*  
RULE ~~14~~ 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

*13*  
RULE ~~15~~ 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

*14*  
RULE ~~16~~ 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

*15*  
RULE ~~17~~ 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 11. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 12. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 13. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 14. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

~~RULE 15. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form G-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.~~

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the West PARKWAY-~~WEST~~ <sup>OR</sup> STRAWN <sup>OR</sup> ATOKA <sup>OR</sup> POOLS or in the STRAWN <sup>OR</sup> ATOKA formations within one mile thereof are hereby approved; that the operator of any well having an unorthodox

location shall notify the appropriate district office of the Commission in writing of the name and location of the well on or before ~~November 1, 1973~~ November 1, 1973.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing ~~West PARKWAY~~ West PARKWAY wells in the ~~Strawn~~ Strawn ~~Pool~~ Pool and Atoka

~~Pool~~ shall have dedicated thereto ~~160 acres and existing gas wells in said pool shall have dedicated thereto~~ 320 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 an oil well or~~ 320 acres to a ~~gas~~ 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 ~~Strawn~~ West PARKWAY ~~Pool~~ Pool and Atoka ~~Pool~~ Pool ~~as an oil well or in the~~ STRAWN OR THE ATOKA formation within one mile thereof as an oil well shall receive no more than a standard 40-acre allowable for the depth of this ~~Pool~~ Pool.

(3) That the first operator in the subject pool to obtain a gas connection shall immediately notify the Santa Fe office of the Commission of such connection.

(4) That this cause shall be reopened ~~one year from the~~ at an examiner hearing during October, 1974, to permit the operators in said pools to appear and present evidence to clearly establish the nature of said reservoir and proper rates of production for wells therein and special rules therefore.

(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

jr/TWD

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. 4976 (reopen)

Order No. R-4638-A

IN THE MATTER OF CASE NO. 4976 BEING REOPENED  
PURSUANT TO THE PROVISIONS OF ORDER NO. R-4638  
TO PERMIT ALL OPERATORS IN THE WEST PARKWAY-  
STRAWN AND WEST PARKWAY-ATOKA GAS POOLS IN  
SECTION 28, TOWNSHIP 19 SOUTH, RANGE 29 EAST,  
EDDY COUNTY, NEW MEXICO, TO APPEAR AND PRESENT  
EVIDENCE ~~CLEARLY~~ TO ESTABLISH THE NATURE OF THE  
RESERVOIRS, PROPER RATES OF PRODUCTION FOR WELLS THEREIN,  
AND SPECIAL RULES THEREFOR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 16, 1974  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 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-4638, dated October 11, 1973, established  
the West Parkway-Atoka and West Parkway-Strawn Gas Pools both of  
which pools comprise the N/2 of Section 28, Township 19 South,  
Range 29 East, NMPM, Eddy County, New Mexico; classified both pools  
as gas pools; established special rates of production for wells  
therein and promulgated temporary special pool rules therefor.

1 -3-

2 CASE NO. 4976 (Reopened)  
3 Order No. R-4638-A

4 (3) That pursuant to Order No. R-4638 this case was reopened  
5 at an examiner hearing held on October 16, 1974, to allow all  
6 operators in the subject pools to appear and present evidence  
7 ~~clearly~~ to establish <sup>clearly</sup> the nature of the reservoirs, proper rates  
8 of production for wells therein, and special rules therefor.

9 (4) That the evidence adduced at said hearing establishes  
10 that both pools are properly classified as gas pools; that the  
11 special rates of production specified for wells therein are  
12 proper; and that the special pool rules promulgated therefor  
13 should be made permanent.

14 (5) That the continuing classification of the subject pools  
15 as gas pools and the continuance of the special pools rules  
16 promulgated therefor will prevent waste and protect correlative  
17 rights.

18 IT IS THEREFORE ORDERED:

19 (1) That the Special Rules and Regulations for the West  
20 Parkway -Strawn Gas Pool and the West Parkway-Atoka Gas Pool are  
21 <sup>as promulgated by Order No. R-4638</sup>  
<sup>in full force and effect</sup> hereby continued until further order of the Commission.

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

24 DONE at Santa Fe, New Mexico, on the day and year herein-  
25 above designated.  
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