

Case No.

7288

Application

Transcripts

Small Exhibits

ETC



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

August 7, 1981

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Mr. Mark Adams  
Rodey, Dickason, Sloan,  
Akin & Robb  
Attorneys at Law  
P. O. Box 1888  
Albuquerque, New Mexico 87103

Re: CASE NO. 7288  
ORDER NO. R-6748

Applicant:

Southern Union Exploration  
Company of Texas

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X  
Artesia OCD X  
Aztec OCD X

Other \_\_\_\_\_

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7288  
Order No. R-6748  
NOMENCLATURE

APPLICATION OF SOUTHERN UNION  
EXPLORATION COMPANY OF TEXAS  
FOR CONTRACTION OF THE WEST  
PUERTO CHIQUITO-MANCOS OIL POOL,  
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 2, 1981,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 7th day of August, 1981, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

- (1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.
- (2) That the applicant, Southern Union Exploration Company  
of Texas, seeks the contraction of the West Puerto Chiquito-  
Mancos Oil Pool by the deletion of Section 36, Township 24 North,  
Range 1 West, therefrom.
- (3) That the applicant is the owner and operator of the  
Mobil Federal Well No. 1 located in Unit J of said Section 36.
- (4) That said well is a reentry; was completed in the  
Gallup formation through perforations from 3845 feet to 4123  
feet on June 15, 1979; and is currently designated as a West  
Puerto Chiquito-Mancos Oil Pool well.
- (5) That the evidence presented at the hearing demonstrated  
that said Mobil Federal Well No. 1 is completed in a separate

-2-

Case No. 7288  
Order No. R-6748

common source of supply from the West Puerto Chiquito-Mancos Oil Pool.

(6) That approval of the applicant's request for deletion of said Section 36 from the West Puerto Chiquito-Mancos Oil Pool will not result in waste nor violate correlative rights.

(7) That the application should be approved and a new pool for Gallup oil production should be created and designated as the Regina-Gallup Oil Pool consisting of the NW/4 SE/4 of Section 36, Township 24 North, Range 1 West, NMPM, Rio Arriba County, New Mexico.

IT IS THEREFORE ORDERED:

(1) That the West Puerto Chiquito-Mancos Oil Pool, as previously defined and described, is hereby contracted by the deletion therefrom of Section 36, Township 24 North, Range 1 West, NMPM, Rio Arriba County, New Mexico.

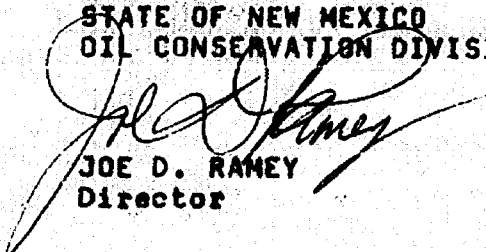
(2) That a new oil pool for Gallup oil production is hereby created and designated the Regina-Gallup Oil Pool consisting of the NW/4 SE/4 of said Section 36.

(3) That the effective date of this order and the pool contraction and pool creation contained herein shall be August 1, 1981.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

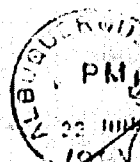
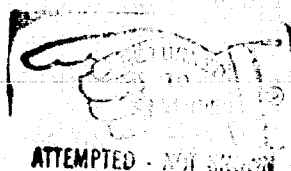
  
S E A L

fd/



**ENERGY and MINERALS DEPARTMENT**

Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501



ALWAYS USE  
ZIP CODE  
18  
681515

John William Wood  
209 S. LaSalle Street  
Chicago, Illinois

(aa) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM  
Section 19: NW/4

(bb) EXTEND the Want-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 11: SW/4  
Section 14: NW/4

Docket No. 21-81

DOCKET: COMMISSION HEARING - WEDNESDAY - JULY 8, 1981

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

CASE 7226: (DE NOVO)

Application of Enserch Exploration, Inc. for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Monroya formation in the interval from 7902 feet to 7930 feet in its Rader Well No. 2 in Unit E of Section 32, Township 5 South, Range 33 East.

Upon application of Enserch Exploration, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7275: (Continued from June 17, 1981, Examiner Hearing)

Application of S. P. Yates for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7277: (Continued from June 17, 1981, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be dedicated to its Pecos River Federal 21-A Com Well No. 1 drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

- (o) EXTEND the Southwest Eunice-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 17: NE/4

- (p) EXTEND the Gem-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 31: E/2

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

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM  
Section 20: NE/4  
Section 21: N/2

- (r) EXTEND the Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM  
Section 1: W/2 SW/4

- (s) EXTEND the North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM  
Section 16: E/2

- (t) EXTEND the Langlie Mattix Seven Rivers-Queen-Grayburg Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 31: SW/4

- (u) EXTEND the North Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 7: S/2

- (v) EXTEND the West Nadine-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 5: E/2  
Section 8: NE/4

- (w) EXTEND the East Red Lake Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 25: W/2 NE/4 and NW/4 SE/4

- (x) EXTEND the Richard Knob Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 9: N/2

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

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM  
Section 16: S/2

- (z) EXTEND the Scharb-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM  
Section 5: E/2

- (f) EXTEND the vertical limits of the Lusk-Yates Pool in Eddy and Lea Counties, New Mexico, to include the Seven Rivers formation and redesignate pool as the Lusk Yates-Seven Rivers Pool described as:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM  
Section 24: All

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 19: W/2 and W/2 NE/4

- (g) EXTEND the Angell Ranch Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM  
Section 11: S/2  
Section 14: All

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 32: S/2

- (h) EXTEND the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM  
Section 2: W/2 and NE/4  
Section 11: W/2

- (i) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 26: NW/4 SW/4  
Section 33: S/2 SE/4

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM  
Section 4: NW/4 NE/4

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

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM  
Section 34: S/2

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 34: E/2

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 3: All  
Section 10: N/2  
Section 11: W/2

- (k) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM  
Section 12: N/2 SE/4

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM  
Section 7: N/2 SW/4

- (l) EXTEND the South Culebra Bluff-Bone Springs Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 27: N/2 NE/4

- (m) EXTEND the Dublin Ranch-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM  
Section 33: N/2

- (n) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM  
Section 30: N/2

CASE 7298: (This case will be dismissed.)

Application of Amoco Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Lancaster Springs Com Well No. 1 in Unit I of Section 1, Township 22 South, Range 26 East.

CASE 7299: (This case will be dismissed.)

Application of Amoco Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State IL Com Well No. 1 in Unit G of Section 3, Township 19 South, Range 24 East.

CASE 7300: Application of Dome Petroleum Corporation for designation of a tight formation, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Chacra formation underlying portions of Townships 21 and 22 North, Ranges 5, 6, and 7 West, containing 73,016 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7301: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, redesignating, and extending vertical and horizontal limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the East Lusk-Morrow Gas Pool. The discovery well is Grace Petroleum Corporation West Tonto Federal Com Well No. 1 located in Unit L of Section 24, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 24: W/2

(b) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Mississippian production and designated as the Peterson-Mississippian Pool. The discovery well is Everth Exploration, Inc. Finley Well No. 1 located in Unit A of Section 6, Township 5 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM  
Section 28: SW/4  
Section 29: S/2  
Section 32: W/2

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM  
Section 5: NW/4  
Section 6: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Salado-Braw-Wolfcamp Gas Pool. The discovery well is Arco Production Company State GR Well No. 1 located in Unit G of Section 17, Township 26 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM  
Section 17: E/2

(d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the Talco-Strawn Gas Pool. The discovery well is American Trading and Producing Corporation Talco Unit Well No. 1 located in Unit H of Section 11, Township 26 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM  
Section 11: E/2

(e) REDESIGNATE the Lusk-Seven Rivers Pool in Lea County, New Mexico, to the North Lusk-Seven Rivers Pool described as:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 3: All



- CASE 7291: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Silurian and Fusselman formations underlying the N/2 of Section 6, Township 25 South, Range 37 East, Custer Field, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7292: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian thru Ellenburger formations underlying the S/2 of Section 6, Township 25 South, Range 37 East, Custer Field, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7293: Application of ARCO Oil and Gas Company for an amendment to Order No. R-6649, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-6649 which authorized compulsory pooling in Section 33, Township 22 South, Range 36 East, Langlie Field, to extend to February 1, 1982, the commencement of drilling required in said order.
- CASE 7294: Application of ARCO Oil and Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers-Queen formation at a depth of 2996 feet to 3186 feet in its R. S. Crosby Well No. A-2 located in Unit L of Section 28, Township 25 South, Range 37 East, Langlie Matrix Pool.
- CASE 7298: (Continued from June 3, 1981, Examiner Hearing)
- Application of Inexco Oil Company for pool creation, special pool rules, and an oil discovery allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp oil pool for its Federal 10 State Com. Well No. 1 located in Unit L of Section 10, Township 21 South, Range 26 East, and the promulgation of special rules therefor, including provisions for 160-acre spacing. Applicant further seeks the assignment of approximately 42,290 barrels of discovery allowable to the aforesaid well.
- CASE 7280: (Continued from June 17, 1981, Examiner Hearing)
- Application of Northwest Pipeline Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Rosa Unit Well No. 77 located in Unit L of Section 33, Township 31 North, Range 5 West, to produce gas from the Mesaverde formation and commingled Gallup and Dakota production through separate strings of tubing.
- CASE 7295: Application of Gulf Oil Corporation for rescission of Division Order No. R-2429-C, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Division Order No. R-2429-C which authorized 320-acre spacing units in the White City-Pennsylvanian Gas Pool. Applicant seeks the reinstatement of 640-acre spacing units in said pool with provision for 320-acre infill drilling and appropriate findings relative thereto.
- CASE 7296: Application of J. Gregory Merriam and Robert L. Bayless for amendment of pool rules, contraction of the Otero-Gallup Pool, and extension of the Devils Fork-Gallup Associated Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the Devils Fork-Gallup Associated Pool Rules to provide for 160-acre spacing rather than 80 acres. Applicant further seeks the contraction of the Otero-Gallup Pool by the deletion of the following acreage: E/2 and NE/4 SW/4 of Section 2, Township 24 North, Range 6 West, and the E/2 of Section 35, Township 25 North, Range 6 West. Applicant seeks the extension of the Devils Fork-Gallup Associated Pool to include the following acreage: In Township 24 North, Range 6 West: All of Sections 2 and 3; S/2 and NE/4 of Section 4; S/2 of Section 5; S/2 of Section 6; and N/2 of Section 11. In Township 25 North, Range 6 West: SE/4 of Section 33; S/2 of Section 34; and all of Section 35.
- CASE 7297: (This case will be dismissed.)
- Application of Amoco Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Alley Unit Well No. 1 in Unit E of Section 1, Township 19 South, Range 25 East.

Dockets Nos. 22-81 and 23-81 are tentatively set for July 15 and 29, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - JULY 2, 1981**

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

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

- CASE 7283:** Application of Harvey E. Yates Company for amendment of Division Order No. R-6387, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6382 to provide that said order authorizing the McDonald Unit Agreement shall have an effective date of June 1, 1981.
- CASE 7284:** Application of Energy Reserves Group, Inc. for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Cisco location of its Miller Well No. 1 located 660 feet from the South and West lines of Section 12, Township 6 South, Range 33 East, the S/2 of said Section 12 to be dedicated to the well.
- CASE 7285:** Application of J. C. Williamson for two non-standard gas proration units and two unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard 320-acre Wolfcamp gas proration units in Section 10, Township 23 South, Range 34 East, the first comprising the NW/4, W/2 NE/4, and N/2 SW/4, and the second comprising the E/2 NE/4, S/2 SW/4, and SE/4. Applicant further seeks approval for two unorthodox locations, the first for a well drilled 1560 feet from the North line and 1830 feet from the West line of said Section 10, and the second for a well to be drilled 1930 feet from the South and East lines of the section.
- CASE 7286:** Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Blanco Mesaverde production in the wellbore of its Jicarilla F Well No. 6 located in the SW/4 of Section 34, Township 26 North, Range 4 West.
- CASE 7287:** Application of Benson-Montin-Greer Drilling Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying a previously approved 640-acre non-standard proration unit comprising the W/2 of Section 17 and the W/2 of Section 20, Township 26 North, Range 1 West, to be dedicated to a well to be drilled thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7288:** Application of Southern Union Exploration Company of Texas for contraction of the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the West Puerto Chiquito-Mancos Oil Pool by the deletion of Section 36, Township 24 North, Range 1 West, therefrom.
- CASE 7251:** (Continued from June 3, 1981, Examiner Hearing)
- Application of Southern Union Exploration Company of Texas for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 36, Township 24 North, Range 1 West, to be dedicated to its Mobil Federal Well No. 1 drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7289:** Application of Exxon Corporation for a salt water disposal well, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation at a depth of 2638 feet to 2774 feet in its Strange Federal Well No. 3 in Unit J of Section 25, Township 7 South, Range 31 East, Tomahawk-San Andres Pool.
- ✓ **CASE 7290:** Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 26, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
2 July 1981

EXAMINER HEARING

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IN THE MATTER OF:

Application of Southern Union Ex-  
ploration Company of Texas for  
contraction of the West Puerto  
Chiquito-Mancos Oil Pool, Rio Arriba  
County, New Mexico.

CASE  
7288

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

For the Applicant:

Paul M. Zeis, Esq.  
Southern Union Exploration  
Company  
1217 Main Street  
Dallas, Texas 75202  
and  
Mark K. Adams, Esq.  
RODEY, DICKASON, SLOAN, AKIN &  
ROBB, P.A.  
P. O. Box 1888  
Albuquerque, N. M. 87103

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I N D E X

MIKE DAVIES

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JAMES G. ELLIS

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ROY G. SHARROCK

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E X H I B I T S

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1  
2 MR. STAMETS: The hearing will come to  
3 order.

4 Call next Case 7288, application of  
5 Southern Union Exploration Company of Texas for contraction of  
6 the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County,  
7 New Mexico.

8 Call for appearances.

9 MR. ZEIS: My name is Paul Zeis. I am  
10 general attorney, Southern Union Exploration Company of Texas,  
11 and this Mark Adams, the Rodey firm in Albuquerque.

12 I'll be presenting the case and Mr.  
13 Adams will be summing up.

14  
15 (Witnesses sworn.)

16  
17 MR. ZEIS: Before we start I have just  
18 a very brief opening statement. This is an application by  
19 Southern Union Exploration Company of Texas to delete the  
20 Section 36, Township 24 North, Range 1 West, Rio Arriba  
21 County, New Mexico, from the West Puerto Chiquito-Mancos  
22 Oil Pool, as defined by Commission Order R-2565-B and Order  
23 R-3994.

24 Our evidence will show that there's a  
25 permeability discontinuity between Section 36 and the rest



1

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2 of the West Puerto Chiquito-Mancos Pool; that there are two  
3 dry holes between Section 36 and the rest of the Puerto Chiquito-  
4 Mancos Pool; and that there is a great stratigraphic structural  
5 difference between Section 36 and the rest of the Puerto  
6 Chiquito-Mancos Pool, all of which indicates that the Niobrara  
7 formation underlying Section 36 is not in the same reservoir  
8 pool or common source of supply as the rest of the Puerto  
9 Chiquito-Mancos Pool.

10 Finally we'll show that Benson-Montin-  
11 Greer Drilling Corporation, the operator of the West Puerto  
12 Chiquito-Mancos Pool, has no objections to the removal of  
13 Section 36 from the pool.

14 We will also show that the severance of  
15 Section 36 will prevent waste and protect correlative rights.

16 The first witness is Mr. Mike Davies.

17

18

MIKE DAVIES

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

21

22

DIRECT EXAMINATION

23

BY MR. ZEIS:

24

Q

Mr. Davies, will you state your full

25

name for the record, please?

1

5

2

A. Michael L. Davies.

3

Q. And how are you employed?

4

A. I'm employed as a staff geologist with

5

Southern Union Exploration Company of Texas.

6

Q. And have your qualifications as a geologist

7

been accepted before this Commission before?

8

A. Yes, sir, they sure have.

9

MR. ZEIS: I move that Mr. Davies be

10

accepted as an expert.

11

MR. STAMETS: He is considered qualified.

12

Q. Mr. DAVIES, I direct your attention to

13

what's been marked as Exhibit A. Was this prepared by you or

14

at your direction?

15

A. Yes, sir.

16

Q. Would you tell us what this shows?

17

A. All right. This is a structure map on

18

top of the A zone of the Niobrara formation in the southern

19

part of the West Puerto Chiquito-Mancos Field, and it shows

20

the contour lines, and I might point out that those contour

21

lines are 100-foot contour lines from 700 to 1000 feet and

22

then 1000 foot contours from 1000 to 6000 feet.

23

And it also -- the scale of the map is

24

1 inch equal to 8000 feet. It shows the field boundary, or

25

the southern portion of the field boundary for the West Puerto

1  
2 Chiquito-Mancos Field by the dotted line, and it shows six  
3 wells that are presently producing from the Niobrara in the  
4 West Puerto Chiquito-Mancos Field. There wells are in Township  
5 25 North, 1 West; 24 North, 1 West; and it also shows two dry  
6 holes, or four dry holes that are in the same area.

7 It has a type log that shows the zone A,  
8 B, and C of the Niobrara formation, and it shows perforations  
9 where the Niobrara was completed in the type well.

10 And it also shows the location of the  
11 Southern Union Exploration of Texas Well Mobil Fed No. 1, which  
12 is in Section 36, Township 24 North, 1 West.

13 Q What does this exhibit indicate about  
14 the relationship of the wells in the West Puerto Chiquito-  
15 Mancos Pool and the Mobil Fed No. 1 Well?

16 A Well, it shows that the Mobil Fed Well  
17 is from 22 to 2500 feet structurally higher than the other  
18 wells in the area. It shows that the Mobil Fed is located on  
19 a steeply westward dipping limb of the monocline that forms  
20 the southeastern edge of the San Juan Basin, and it also shows  
21 that there are two dry holes located between the Mobil Fed  
22 and the other producing wells in the West Puerto Chiquito-Mancos  
23 Pool.

24 Q Those two dry holes are the Magnolia  
25 Schmitts No. 1 and the Reading Duff No. 1?

1  
2 A Okay, it shows the Mobil Fed No. 1 to be  
3 producing from zones A, B, and C of the Niobrara formation.  
4 It shows the Mobil Fed to be 2200 feet higher structurally than  
5 the Schmitts No. 1 Well, and it shows the Mobil Fed to be  
6 located on the monocline that forms the southeastern edge of  
7 the San Juan Basin, and shows that the Schmitts No. 1 was  
8 tested in the Niobrara formation and subsequently plugged and  
9 abandoned, and that DST is highlighted on the completion card  
10 below the well.

11 Q Highlighted in yellow, is that correct?

12 A That's correct.

13 Q We'll put our Exhibit C on top of Exhibit  
14 B here.

15 Was this -- was this exhibit prepared  
16 by you or at your direction?

17 A Yes, sir, it sure was.

18 Q Will you look at what's been marked  
19 Exhibit C, is that correct?

20 A That's correct.

21 Q What does this show? What does Exhibit  
22 C show?

23 A All right, this shows the sedimentary  
24 section from the surface to the top of the Entrada formation  
25 in the four wells indicated, and if you refer to -- back to

1  
2 your Exhibit Number One, those wells are on the righthand side  
3 or the southeast -- or the south, I mean, the Southern Explor-  
4 ation Mobil Fed No. 1, the Reading and Bates Duff No. 1, the  
5 Benson-Montin-Greer "A" 14, and the Benson-Montin-Greer "A"  
6 22.

7 It shows the Mobil Fed Well to be com-  
8 pleted in zones A, B, and C of the Niobrara formation and it  
9 shows the other wells that are producing in the West Puerto  
10 Chiquito-Mancos Field to be completed in the C zone only.

11 It shows that the Duff No. 1, which is --  
12 the Duff No. 1 Well, which has been tested in the Niobrara  
13 and subsequently plugged, and this DST is also highlighted on  
14 the completion card in yellow below the well.

15 It also shows that zone C of the Niobrara  
16 is pinching out and poorly defined in the Mobil Fed No. 1  
17 Well.

18 Q Okay, what else does this Exhibit indi-  
19 cate about the relationship of these wells and the Mobil Fed-  
20 eral No. 1 Well?

21 A It shows that the Mobil Fed No. 1 Well  
22 is 2500 feet higher structurally on the southeast end of the  
23 monocline and to the other -- to the producing wells in the  
24 field, and it shows that the zone C of the Niobrara is  
25 pinching out and poorly defined.



Q Mr. DAVIES, based on your work here and your testimony, is it your opinion that there is a permeability discontinuity between the Niobrara formation underlying Section 36 in Township 24 North, Range 1 West, and the Niobrara formation as found in the West Puerto Chiquito-Mancos Pool?

A Yes, sir, there sure is.

Q All right. Is the Mobil Federal No. 1 Well in Section 36, Township 24 North, Range 1 West producing from the same underground pool as the wells producing from the Niobrara formation in the West Puerto Chiquito-Mancos Pool?

A No, it's not producing from the same pool.

Q Does the Niobrara formation underlying Section 36, Township 24 North, Range 1 West contain a common accumulation of crude oil or natural gas, or both, as the rest of the West Puerto Chiquito-Mancos Pool? Does it contain the same -- the same pool?

A No, it does not.

Q And are you using the word "pool" to mean the same common reservoir source of supply?

A That's correct.

Q In your opinion will the severance of the Section 36 from the West Puerto Chiquito-Mancos Pool preserve correlative rights and prevent waste?

1  
2 A Yes, sir, it sure will.

3 MR. ZEIS: That's all the questions I  
4 have of this witness.  
5

6 CROSS EXAMINATION

7 BY MR. STAMETS:

8 Q In response to questions concerning the  
9 producing formation in the well in question here today and the  
10 rest of the Mancos Pool, you indicated it was a different  
11 formation. Is that what you meant or did you mean that it's  
12 the same formation but it's not connected?

13 A A little bit of both. I mean that it's  
14 different. It's not connected with it but also our well is  
15 completed in zones A, B, and C. Now then, we have only three  
16 perforations in zone C, and that is the only zone that the --  
17 that the other wells in the field are completed in, and that  
18 zone is almost -- is almost absent in our well.

19 Q Okay, so there is some stratigraphic  
20 change going on between the main body of the pool and the  
21 location of this well?

22 A Yes, sir, there is.

23 MR. STAMETS: Are there other questions  
24 of this witness?  
25

1  
2  
3 QUESTIONS BY MR. CHAVEZ;

4 Q Have you made any comparisons of the  
5 quality of oil or water that's produced from this well and the  
6 other wells in the West Puerto Chiquito-Mancos Field?

7 MR. ZEIS: If I might, we have an engineer  
8 who can probably answer that question.

9 MR. STAMETS: Okay, fine.

10 Q Where did you -- whose nomenclature are  
11 you using defining the Niobrara zones here?

12 A That's Mr. Greer's, Mr. Greer's nomen-  
13 clature.

14 MR. CHAVEZ: That's all I have.

15 MR. STAMETS: Any other questions of  
16 this witness? He will be excused. However, if we need to re-  
17 call him later, we can.

18 MR. ZEIS: We call Mr. Jim Ellis at  
19 this time.

20  
21 JAMES G. ELLIS  
22 being called as a witness and being duly sworn upon his oath,  
23 testified as follows, to-wit:  
24  
25

## DIRECT EXAMINATION

BY MR. ZEIS:

Q Will you please state your name for the record?

A James G. Ellis.

Q How are you employed?

A I'm a Vice President and Chief Engineer with Southern Union Exploration Company of Texas.

Q Have your credentials as an engineer -- have you been qualified before this Commission?

A Yes, I have.

MR. ZEIS: I move that Mr. Ellis be accepted.

MR. STAMETS: He is considered qualified.

Q Mr. Ellis, I direct your attention to what's been marked as Exhibit D. Was this exhibit prepared by you or at your direction?

A Yes, it was.

Q What does this exhibit show?

A This exhibit indicates the production history of the well, the Mobil Fed No. 1. Also notated -- excuse me -- also notated on this exhibit are the results of three build-up tests performed from the period 1965 to recently, June, 1981.

1  
2 It also depicts the cumulative production  
3 to date of the well in gas and oil units and it indicates the  
4 gravity of the oil.

5 Q All right, sir. Does this exhibit also  
6 indicate a point in time in which the gas injection was ini-  
7 tiated in Canada Ojitos Unit?

8 A Yes, there's a notation as of August the  
9 10th, 1968, gas injection was initiated in the Canada Ojitos  
10 Unit.

11 Q Okay. What does this indicate -- this  
12 exhibit indicate about pressure in the Mobil Federal No. 1  
13 Well?

14 A Well, the highest pressure noted from  
15 a build-up standpoint was 1000 pounds in January of 1965. This  
16 was -- this is a matter of record that is filed with the  
17 Commission by the previous operator.

18 After we obtained possession of the well  
19 a build-up was run in June of 1979, which indicated 676 pounds  
20 surface shut-in pressure. The most recent build-up was com-  
21 pleted June the 25th of 1981, depicting a surface shut-in  
22 pressure of 430 pounds. This indicates to me natural depletion  
23 of a small reservoir.

24 Q Okay. What does it indicate about the  
25 relationship of the pressure in the West Puerto Chiquito-Mancos



1  
2 Pool and the pressure in this well?

3 A I see no indication that this well is  
4 connected to that pool.

5 MR. ZEIS: I have no further questions.  
6

7 CROSS EXAMINATION

8 BY MR. STAMETS:

9 Q Mr. Ellis, were these two most recent  
10 pressures of 676 and 430 stabilized pressures?

11 A Yes, they were. As you'll note, the one  
12 run in 1979, that build-up was performed after our having  
13 swab tested and flow tested the well to the pit for an extended  
14 length of time, and this was prior to a gas hookup. It was  
15 hooked up to El Paso in August of '79, and this was a 10-day  
16 build-up and we recorded these pressures on the 24-hour chart  
17 and changed them each day.

18 The most recent build-up, which shows  
19 only a 2-day build-up is somewhat misleading in that the well  
20 produces on an intermitter and it's on four hours and off six  
21 hours on the cycle basis. So it's already in a semi-shut-in,  
22 semi-stabilized position and/or shut-in position because we're  
23 using the natural reservoir energy to lift the oil.

24 At such time as it depletes further  
25 we'll have to consider the economics of putting a pumping

1  
2 unit on it.

3 The chart was mailed to us from Farmington  
4 last Saturday; and we received it in the Dallas office Monday  
5 morning, and the chart depicts a build-up of approximately  
6 five pounds in 24 hours.

7 And so -- so this to me is near stabi-  
8 lization.

9 Q What -- do you know what the pressure is  
10 in the Canada Ojitos Unit at this time?

11 A I reviewed Mr. Greer's exhibits that he  
12 furnished, I believe, in 1980, and on the K-13 Well he fur-  
13 nished a chart, and I never -- I never recognized the pressure,  
14 surface pressure, as recorded below 1137 pounds, I believe.  
15 And, of course, as I noted here, we've never seen the pressure  
16 above 1000 pounds.

17 If you'll note in the period of 1968,  
18 around July or August, the last monthly production was recorded  
19 from the well by the previous operator. Okay, also it's noted  
20 that injection began in August to the Canada Ojitos Unit.  
21 Okay, from 1968 to 1979, a period of eleven years, this well  
22 was dormant from the standpoint of being produced, and so I  
23 would surmise that were there communication, gas would have  
24 traveled to this wellbore and a pressure would have been noted  
25 more closely associated with what you would see in the Canada

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Ojitos Unit, which would be something above 1100 pounds, but instead, after flow testing the well, the 10-day build-up only indicated 676 pounds, which is something more than half of what you would expect, and we in essence are seeing rapid depletion of this -- of this well.

MR. STAMETS: Any other questions of this witness? He may be excused.

A In regard to his question, I have not compared the gravity of the oil with -- as I mentioned, our gravity is 46 degrees and it's sweet oil.

I haven't done any research to see what the gravity of the oil is in the Canada Ojitos Unit.

MR. ZEIS: We'd call Mr. Roy Sharrock.

ROY G. SHARROCK

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

DIRECT EXAMINATION

BY MR. ZEIS:

Q Would you please state your name for the record?

A My name is Roy G. Sharrock. I'm a Vice President and Chief Geologist for Southern Union Exploration

1  
2 Company in Dallas, Texas.

3 Q All right. Mr. Sharrock, are you familiar  
4 with the ownership of the Southern Union Exploration Company's  
5 Federal Oil and Gas Lease Number NM28699?

6 A Yes, sir.

7 This Federal lease was acquired and issued  
8 to Southern Union Supply Company on 11 -- November the 1st,  
9 1976. It's presently owned by Southern Union Company of Texas  
10 due to a name change.

11 It comprises the south half of the north  
12 half and the south half of Section 36, Township 24 North,  
13 Range 1 WEst, Rio Arriba County, New Mexico.

14 Q All right, sir. I hand you what's been  
15 marked as Exhibit E. Is that a true and correct copy of a  
16 letter you received from Mr. Al Greer of Benson-Montin-Greer  
17 Drilling Corporation?

18 A Yes, it is.

19 Q This letter indicates that Benson-Montin-  
20 Greer has no objection to the deletion of Section 36 from the  
21 West Puerto Chiquito-Mancos Oil Pool.

22 Just for the record, Mr. Sharrock, what --  
23 what's the purpose of Southern Union Exploration Company of  
24 Texas' application today?

25 A The purpose of this application is to

1  
2 Company in Dallas, Texas.

3 Q All right. Mr. Sharrock, are you familiar  
4 with the ownership of the Southern Union Exploration Company's  
5 Federal Oil and Gas Lease Number NM28699?

6 A Yes, sir.

7 This Federal lease was acquired and issued  
8 to Southern Union Supply Company on 11 -- November the 1st,  
9 1976. It's presently owned by Southern Union Company of Texas  
10 due to a name change.

11 It comprises the south half of the north  
12 half and the south half of Section 36, Township 24 North,  
13 Range 1 West, Rio Arriba County, New Mexico.

14 Q All right, sir. I hand you what's been  
15 marked as Exhibit E. Is that a true and correct copy of a  
16 letter you received from Mr. Al Greer of Benson-Montin-Greer  
17 Drilling Corporation?

18 A Yes, it is.

19 Q This letter indicates that Benson-Montin-  
20 Greer has no objection to the deletion of Section 36 from the  
21 West Puerto Chiquito-Mancos Oil Pool.

22 Just for the record, Mr. Sharrock, what  
23 what's the purpose of Southern Union Exploration Company of  
24 Texas' application today?

25 A The purpose of this application is to



1  
2 delete the Section 36 from the Puerto Chiquito-Mancos Oil  
3 Pool.

4 MR. ZEIS: That's all the questions I  
5 have.

6 MR. STAMETS: Let's go off the record  
7 a minute, Sally.

8  
9 (There followed a dis-  
10 cussion off the record.)

11  
12 MR. STAMETS: Okay, go back on the record.

13 MR. ZEIS: Those are all the witnesses  
14 I have at this time.

15 I would move that all the exhibits be  
16 admitted in evidence.

17 MR. STAMETS: Okay, the exhibits will be  
18 admitted.

19 I presume if the Division deletes this  
20 acreage from the West Puerto Chiquito-Mancos Pool that you  
21 would propose that we create a new oil pool for this well?

22 MR. ZEIS: Whichever way the Commission  
23 decides to rule on it is fine, yes.

24 MR. STAMETS: You have no particular  
25 recommendation, just whatever the standard acreage required

1  
2 would be for this well.

MR. ZEIS: Yes, sir.

3  
4  
5 excused whenever you're through.

MR. ZEIS: I'm through.

MR. STAMETS: Okay.

7  
8  
9 sum up unless Mark would like to say something here.

MR. ADAMS: I don't need to say anything.

10  
11  
12 in this case?

If not, the case will be taken under

13  
14 advisement.

15 (Hearing concluded.)  
16  
17  
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C E R T I F I C A T E

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

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 7288  
heard by me on 7-2 1981.  
Richard L. Ham, Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
2 July 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Southern Union Ex-  
ploration Company of Texas for  
contraction of the West Puerto  
Chiquito-Mancos Oil Pool, Rio Arriba  
County, New Mexico.

CASE  
7288

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

For the Applicant:

Paul M. Zeis, Esq.  
Southern Union Exploration  
Company  
1217 Main Street  
Dallas, Texas 75202  
and  
Mark K. Adams, Esq.  
RODEY, DICKASON, SLOAN, AKIN &  
ROBB, P.A.  
P. O. Box 1888  
Albuquerque, N. M. 87103

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I N D E X

MIKE DAVIES

Direct Examination by Mr. Zeis	4
Cross Examination by Mr. Stamets	11
Questions by Mr. Chavez	12

JAMES G. ELLIS

Direct Examination by Mr. Zeis	13
Cross Examination by Mr. Stamets	15

ROY G. SHARROCK

Direct Examination by Mr. Zeis	17
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E X H I B I T S

Applicant Exhibit A, Structure Map	5
Applicant Exhibit B, Cross Section	7
Applicant Exhibit C, Cross Section	8
Applicant Exhibit D, Production History	13
Applicant Exhibit E, Letter	18



1  
2 MR. STAMETS: The hearing will come to  
3 order.

4 Call next Case 7288, application of  
5 Southern Union Exploration Company of Texas for contraction of  
6 the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County,  
7 New Mexico.

8 Call for appearances.

9 MR. ZEIS: My name is Paul Zeis. I am  
10 general attorney, Southern Union Exploration Company of Texas,  
11 and this Mark Adams, the Rodey firm in Albuquerque.

12 I'll be presenting the case and Mr.  
13 Adams will be summing up.

14  
15 (Witnesses sworn.)  
16

17 MR. ZEIS: Before we start I have just  
18 a very brief opening statement. This is an application by  
19 Southern Union Exploration Company of Texas to delete the  
20 Section 36, Township 24 North, Range 1 West, Rio Arriba  
21 County, New Mexico, from the West Puerto Chiquito-Mancos  
22 Oil Pool, as defined by Commission Order R-2565-B and Order  
23 R-3994.

24 Our evidence will show that there's a  
25 permeability discontinuity between Section 36 and the rest

1  
2 of the West Puerto Chiquito Mancos Pool; that there are two  
3 dry holes between Section 36 and the rest of the Puerto Chiquito-  
4 Mancos Pool; and that there is a great stratigraphic structural  
5 difference between Section 36 and the rest of the Puerto  
6 Chiquito-Mancos Pool, all of which indicates that the Niobrara  
7 formation underlying Section 36 is not in the same reservoir  
8 pool or common source of supply as the rest of the Puerto  
9 Chiquito-Mancos Pool.

10 Finally we'll show that Benson-Montin-  
11 Greer Drilling Corporation, the operator of the West Puerto  
12 Chiquito-Mancos Pool, has no objections to the removal of  
13 Section 36 from the pool.

14 We will also show that the severance of  
15 Section 36 will prevent waste and protect correlative rights.

16 The first witness is Mr. Mike Davies.

17  
18 MIKE DAVIES

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

21  
22 DIRECT EXAMINATION

23 BY MR. ZEIS:

24 Q Mr. Davies, will you state your full  
25 name for the record, please?

1

2

A Michael L. Davies.

3

Q And how are you employed?

4

A I'm employed as a staff geologist with

5

Southern Union Exploration Company of Texas.

6

Q And have your qualifications as a geologist

7

been accepted before this Commission before?

8

A Yes, sir, they sure have.

9

MR. ZEIS: I move that Mr. Davies be

10

accepted as an expert.

11

MR. STAMETS: He is considered qualified.

12

Q Mr. Davies, I direct your attention to

13

what's been marked as Exhibit A. Was this prepared by you or

14

at your direction?

15

A Yes, sir.

16

Q Would you tell us what this shows?

17

A All right. This is a structure map on

18

top of the A zone of the Niobrara formation in the southern

19

part of the West Puerto Chiquito-Mancos Field, and it shows

20

the contour lines, and I might point out that those contour

21

lines are 100-foot contour lines from 700 to 1000 feet and

22

then 1000 foot contours from 1000 to 6000 feet.

23

And it also -- the scale of the map is

24

1 inch equal to 8000 feet. It shows the field boundary, or

25

the southern portion of the field boundary for the West Puerto

1  
2 Chiquito-Mancos Field by the dotted line, and it shows six  
3 wells that are presently producing from the Niobrara in the  
4 West Puerto Chiquito-Mancos Field. There wells are in Township  
5 25 North, 1 West; 24 North, 1 West; and it also shows two dry  
6 holes, or four dry holes that are in the same area.

7 It has a type log that shows the zone A,  
8 B, and C of the Niobrara formation, and it shows perforations  
9 where the Niobrara was completed in the type well.

10 And it also shows the location of the  
11 Southern Union Exploration of Texas Well Mobil Fed No. 1, which  
12 is in Section 36, Township 24 North, 1 West.

13 Q What does this exhibit indicate about  
14 the relationship of the wells in the West Puerto Chiquito-  
15 Mancos Pool and the Mobil Fed No. 1 Well?

16 A Well it shows that the Mobil Fed Well  
17 is from 22 to 2500 feet structurally higher than the other  
18 wells in the area. It shows that the Mobil Fed is located on  
19 a steeply westward dipping limb of the monocline that forms  
20 the southeastern edge of the San Juan Basin, and it also shows  
21 that there are two dry holes located between the Mobil Fed  
22 and the other producing wells in the West Puerto Chiquito-Mancos  
23 Pool.

24 Q Those two dry holes are the Magnolia  
25 Schmitts No. 1 and the Reading Duff No. 1?

1  
2 A That is correct. Reading Duff is located  
3 in Section 24 of 24, 1, and the Magnolia Schmitts No. 1 is in  
4 Section 34 of 24 North, 1 West.

5 Q Okay. We move now to Exhibit B. Mr.  
6 Davies, was this exhibit prepared by you or at your direction?

7 A Yes, it was.

8 Q What does it show?

9 A It shows -- it shows two logs. One log  
10 is from the -- one of the dry holes that I mentioned before,  
11 the Schmitts No. 1, drilled by Magnolia, and it's in the south-  
12 east quarter of Section 34, and it shows the Mobil Fed No. 1  
13 Well, which is operated by Southern Union, in the southeast  
14 quarter of Section 36.

15 The vertical scale is 1 inch is equal to  
16 200 feet and the horizontal scale is 1 inch is equal to 500  
17 feet.

18 It shows -- it shows the sedimentary  
19 section from the surface to the top of the Chinle formation  
20 between the Schmitts No. 1 and the Mobil Fed No. 1 Well.

21 I might mention that this is an east to  
22 I mean a west to east cross section.

23 Q Okay. What does this exhibit indicate  
24 about the relationship of the Mobil Fed No. 1 Well and the  
25 Magnolia Schmitts No. 1 Well?



1

7

2

A That is correct. Reading Duff is located  
3 in Section 24 of 24, 1, and the Magnolia Schmitts No. 1 is in  
4 Section 34 of 24 North, 1 West.

5

Q Okay. We move now to Exhibit B. Mr.  
6 Davies, was this exhibit prepared by you or at your direction?

7

A Yes, it was.

8

Q What does it show?

9

A It shows -- it shows two logs. One log  
10 is from the -- one of the dry holes that I mentioned before  
11 the Schmitts No. 1, drilled by Magnolia, and it's in the south-  
12 east quarter of Section 34, and it shows the Mobil Fed No. 1  
13 Well, which is operated by Southern Union, in the southeast  
14 quarter of Section 36.

15

The vertical scale is 1 inch is equal to  
16 200 feet and the horizontal scale is 1 inch is equal to 500  
17 feet.

18

It shows -- it shows the sedimentary  
19 section from the surface to the top of the Chinle formation  
20 between the Schmitts No. 1 and the Mobil Fed No. 1 Well.

21

I might mention that this is an east to --  
22 I mean a west to east cross section.

23

Q Okay. What does this exhibit indicate  
24 about the relationship of the Mobil Fed No. 1 Well and the  
25 Magnolia Schmitts No. 1 Well?

1

8

2

A

3

Okay, it shows the Mobil Fed No. 1 to be producing from zones A, B, and C of the Niobrara formation.

4

It shows the Mobil Fed to be 2200 feet higher structurally than

5

the Schmitts No. 1 Well, and it shows the Mobil Fed to be

6

located on the monocline that forms the southeastern edge of

7

the San Juan Basin, and shows that the Schmitts No. 1 was

8

tested in the Niobrara formation and subsequently plugged and

9

abandoned, and that DST is highlighted on the completion card

10

below the well.

11

Q

Highlighted in yellow, is that correct?

12

A

That's correct.

13

Q

We'll put our Exhibit C on top of Exhibit

14

B here.

15

Was this -- was this exhibit prepared

16

by you or at your direction?

17

A

Yes, sir, it sure was.

18

Q

Will you look at what's been marked

19

Exhibit C, is that correct?

20

A

That's correct.

21

Q

What does this show? What does Exhibit

22

C show?

23

A

All right, this shows the sedimentary

24

section from the surface to the top of the Entrada formation

25

in the four wells indicated, and if you refer to -- back to

1  
2 your Exhibit Number One, those wells are on the righthand side  
3 or the southeast -- or the south, I mean, the Southern Explor-  
4 ation Mobil Fed No. 1, the Reading and Bates Duff No. 1, the  
5 Benson-Montin-Greer "A" 14, and the Benson-Montin-Greer "A"  
6 22.

7 It shows the Mobil Fed Well to be com-  
8 pleted in zones A, B, and C of the Niobrara formation and it  
9 shows the other wells that are producing in the West Puerto  
10 Chiquito-Mancos Field to be completed in the C zone only.

11 It shows that the Duff No. 1, which is --  
12 the Duff No. 1 Well, which has been tested in the Niobrara  
13 and subsequently plugged, and this DST is also highlighted on  
14 the completion card in yellow below the well.

15 It also shows that zone C of the Niobrara  
16 is pinching out and poorly defined in the Mobil Fed No. 1  
17 Well.

18 Q Okay, what else does this Exhibit indi-  
19 cate about the relationship of these wells and the Mobil Fed-  
20 eral No. 1 Well?

21 A It shows that the Mobil Fed No. 1 Well  
22 is 2500 feet higher structurally on the southeast end of the  
23 monocline and to the other -- to the producing wells in the  
24 field, and it shows that the zone C of the Niobrara is  
25 pinching out and poorly defined.

1  
2 Q Mr. DAVIES, based on your work here and  
3 your testimony, is it your opinion that there is a permeability  
4 discontinuity between the Niobrara formation underlying Section  
5 36 in Township 24 North, Range 1 West, and the Niobrara forma-  
6 tion as found in the West Puerto Chiquito-Mancos Pool?

7 A Yes, sir, there sure is.

8 Q All right. Is the Mobil Federal No. 1  
9 Well in Section 36, Township 24 North, Range 1 WEST producing  
10 from the same underground pool as the wells producing from the  
11 Niobrara formation in the West Puerto Chiquito-Mancos Pool?

12 A No, it's not producing from the same  
13 pool.

14 Q Does the Nicbrara formation underlying  
15 Section 36, Township 24 North, Range 1 West contain a common  
16 accumulation of crude oil or natural gas, or both, as the rest  
17 of the West Puerto Chiquito-Mancos Pool? Does it contain the  
18 same -- the same pool?

19 A No, it does not.

20 Q And are you using the word "pool" to  
21 mean the same common reservoir source of supply?

22 A That's correct.

23 Q In your opinion will the severance of  
24 the Section 36 from the West Puerto Chiquito-Mancos Pool  
25 preserve correlative rights and prevent waste?

1  
2 A Yes, sir, it sure will.

3 MR. ZEIS: That's all the questions I  
4 have of this witness.

5  
6 CROSS EXAMINATION

7 BY MR. STAMETS:

8 Q In response to questions concerning the  
9 producing formation in the well in question here today and the  
10 rest of the Mancos Pool, you indicated it was a different  
11 formation. Is that what you meant or did you mean that it's  
12 the same formation but it's not connected?

13 A A little bit of both. I mean that it's  
14 different. It's not connected with it but also our well is  
15 completed in zones A, B, and C. Now then, we have only three  
16 perforations in zone C, and that is the only zone that the --  
17 that the other wells in the field are completed in, and that  
18 zone is almost -- is almost absent in our well.

19 Q Okay, so there is some stratigraphic  
20 change going on between the main body of the pool and the  
21 location of this well?

22 A Yes, sir, there is.

23 MR. STAMETS: Are there other questions  
24 of this witness?

25



1  
2  
3 QUESTIONS BY MR. CHAVEZ;  
4

5 Q Have you made any comparisons of the  
6 quality of oil or water that's produced from this well and the  
7 other wells in the West Puerto Chiquito-Mancos Field?

8 MR. ZEIS: If I might, we have an engineer  
9 who can probably answer that question.

10 MR. STAMETS: Okay, fine.

11 Q Where did you -- whose nomenclature are  
12 you using defining the Niobrara zones here?

13 A That's Mr. Greer's, Mr. Greer's nomen-  
14 clature.

15 MR. CHAVEZ: That's all I have.

16 MR. STAMETS: Any other questions of  
17 this witness? He will be excused. However, if we need to re-  
18 call him later, we can.

19 MR. ZEIS: We call Mr. Jim Ellis at  
20 this time.

21 JAMES G. ELLIS  
22 being called as a witness and being duly sworn upon his oath,  
23 testified as follows, to-wit:  
24  
25

## DIRECT EXAMINATION

BY MR. ZEIS:

Q Will you please state your name for the record?

A James G. Ellis.

Q How are you employed?

A I'm a Vice President and Chief Engineer with Southern Union Exploration Company of Texas.

Q Have your credentials as an engineer -- have you been qualified before this Commission?

A Yes, I have.

MR. ZEIS: I move that Mr. Ellis be accepted.

MR. STAMETS: He is considered qualified.

Q Mr. Ellis, I direct your attention to what's been marked as Exhibit D. Was this exhibit prepared by you or at your direction?

A Yes, it was.

Q What does this exhibit show?

A This exhibit indicates the production history of the well, the Mobil Fed No. 1. Also notated -- excuse me -- also notated on this exhibit are the results of three build-up tests performed from the period 1965 to recently, June, 1981.

1  
2 It also depicts the cumulative production  
3 to date of the well in gas and oil units and it indicates the  
4 gravity of the oil.

5 Q All right, sir. Does this exhibit also  
6 indicate a point in time in which the gas injection was ini-  
7 tiated in Canada Ojitos Unit?

8 A Yes, there's a notation as of August the  
9 10th, 1968, gas injection was initiated in the Canada Ojitos  
10 Unit.

11 Q Okay. What does this indicate -- this  
12 exhibit indicate about pressure in the Mobil Federal No. 1  
13 Well?

14 A Well, the highest pressure noted from  
15 a build-up standpoint was 1000 pounds in January of 1965. This  
16 was -- this is a matter of record that is filed with the  
17 Commission by the previous operator.

18 After we obtained possession of the well  
19 a build-up was run in June of 1979, which indicated 676 pounds  
20 surface shut-in pressure. The most recent build-up was com-  
21 pleted June the 25th of 1981, depicting a surface shut-in  
22 pressure of 430 pounds. This indicates to me natural depletion  
23 of a small reservoir.

24 Q Okay. What does it indicate about the  
25 relationship of the pressure in the West Puerto Chiquito Mancos

1 Pool and the pressure in this well?

2 A I see no indication that this well is  
3 connected to that pool.

4 MR. ZEIS: I have no further questions.

5  
6 CROSS EXAMINATION

7  
8 BY MR. STAMETS:

9 Q Mr. Ellis, were these two most recent  
10 pressures of 676 and 430 stabilized pressures?

11 A Yes, they were. As you'll note, the one  
12 run in 1979, that build-up was performed after our having  
13 swab tested and flow tested the well to the pit for an extended  
14 length of time, and this was prior to a gas hookup. It was  
15 hooked up to El Paso in August of '79, and this was a 10-day  
16 build-up and we recorded these pressures on the 24-hour chart  
17 and changed them each day.

18 The most recent build-up, which shows  
19 only a 2-day build-up is somewhat misleading in that the well  
20 produces on an intermitter and it's on four hours and off six  
21 hours on the cycle basis. So it's already in a semi-shut-in,  
22 semi-stabilized position and/or shut-in position because we're  
23 using the natural reservoir energy to lift the oil.

24 At such time as it depletes further  
25 we'll have to consider the economics of putting a pump<sup>ping</sup>

1 unit on it.

2 The chart was mailed to us from Farmington  
3 last Saturday, and we received it in the Dallas office Monday  
4 morning, and the chart depicts a build-up of approximately  
5 five pounds in 24 hours.

6 And so --- so this to me is near stabl-  
7 lization.

8 Q What -- do you know what the pressure is  
9 in the Canada Ojitos Unit at this time?

10 A I reviewed Mr. Greer's exhibits that he  
11 furnished, I believe, in 1980, and on the K-13 Well he fur-  
12 nished a chart, and I never -- I never recognized the pressure,  
13 surface pressure, as recorded below 1137 pounds, I believe.  
14 And, of course, as I noted here, we've never seen the pressure  
15 above 1000 pounds.

16 If you'll note in the period of 1968,  
17 around July or August, the last monthly production was recorded  
18 from the well by the previous operator. Okay, also it's noted  
19 that injection began in August to the Canada Ojitos Unit.  
20 Okay, from 1968 to 1979, a period of eleven years, this well  
21 was dormant from the standpoint of being produced, and so I  
22 would surmise that were there communication, gas would have  
23 traveled to this wellbore and a pressure would have been noted  
24 more closely associated with what you would see in the Canada  
25



Ojitos Unit, which would be something above 1100 pounds, but instead, after flow testing the well, the 10-day build-up only indicated 676 pounds, which is something more than half of what you would expect, and we in essence are seeing rapid depletion of this -- of this well.

MR. STAMETS: Any other questions of this witness? He may be excused.

A In regard to his question, I have not compared the gravity of the oil with -- as I mentioned, our gravity is 46 degrees and it's sweet oil.

I haven't done any research to see what the gravity of the oil is in the Canada Ojitos Unit.

MR. ZEIS: We'd call Mr. Roy Sharrock.

ROY G. SHARROCK

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

DIRECT EXAMINATION

BY MR. ZEIS:

Q Would you please state your name for the record?

A My name is Roy G. Sharrock. I'm a Vice President and Chief Geologist for Southern Union Exploration

Company in Dallas, Texas.

Q All right. Mr. Sharrock, are you familiar with the ownership of the Southern Union Exploration Company's Federal Oil and Gas Lease Number NM28699?

A Yes, sir.

This Federal lease was acquired and issued to Southern Union Supply Company on 11 -- November the 1st, 1976. It's presently owned by Southern Union Company of Texas due to a name change.

It comprises the south half of the north half and the south half of Section 36, Township 24 North, Range 1 West, Rio Arriba County, New Mexico.

Q All right, sir. I hand you what's been marked as Exhibit E. Is that a true and correct copy of a letter you received from Mr. Al Greer of Benson-Montin-Greer Drilling Corporation?

A Yes, it is.

Q This letter indicates that Benson-Montin-Greer has no objection to the deletion of Section 36 from the West Puerto Chiquito-Mancos Oil Pool.

Just for the record, Mr. Sharrock, what's the purpose of Southern Union Exploration Company of Texas' application today?

A The purpose of this application is to

1  
2 delete the Section 36 from the Puerto Chiquito-Mancos Oil  
3 Pool.

4 MR. ZEIS: That's all the questions I  
5 have.

6 MR. STAMETS: Let's go off the record  
7 a minute, Sally.

8  
9 (There followed a dis-  
10 cussion off the record.)

11  
12 MR. STAMETS: Okay, go back on the record.

13 MR. ZEIS: Those are all the witnesses  
14 I have at this time.

15 I would move that all the exhibits be  
16 admitted in evidence.

17 MR. STAMETS: Okay, the exhibits will be  
18 admitted.

19 I presume if the Division deletes this  
20 acreage from the West Puerto Chiquito-Mancos Pool that you  
21 would propose that we create a new oil pool for this well?

22 MR. ZEIS: Whichever way the Commission  
23 decides to rule on it is fine, yes.

24 MR. STAMETS: You have no particular  
25 recommendation, just whatever the standard acreage required

1  
2 would be for this well.

3 MR. ZEIS: Yes sir.

4 MR. STAMETS: Okay. The witness may be  
5 excused whenever you're through.

6 MR. ZEIS: I'm through.

7 MR. STAMETS: Okay.

8 MR. ZEIS: I don't believe we need to  
9 sum up unless Mark would like to say something here.

10 MR. ADAMS: I don't need to say anything.

11 MR. STAMETS: Is there anything further  
12 in this case?

13 If not, the case will be taken under  
14 advisement.

15

16 (Hearing concluded.)

17

18

19

20

21

22

23

24

25

# CERTIFICATE

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

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 19, heard by me on 19, Examiner Oil Conservation Division

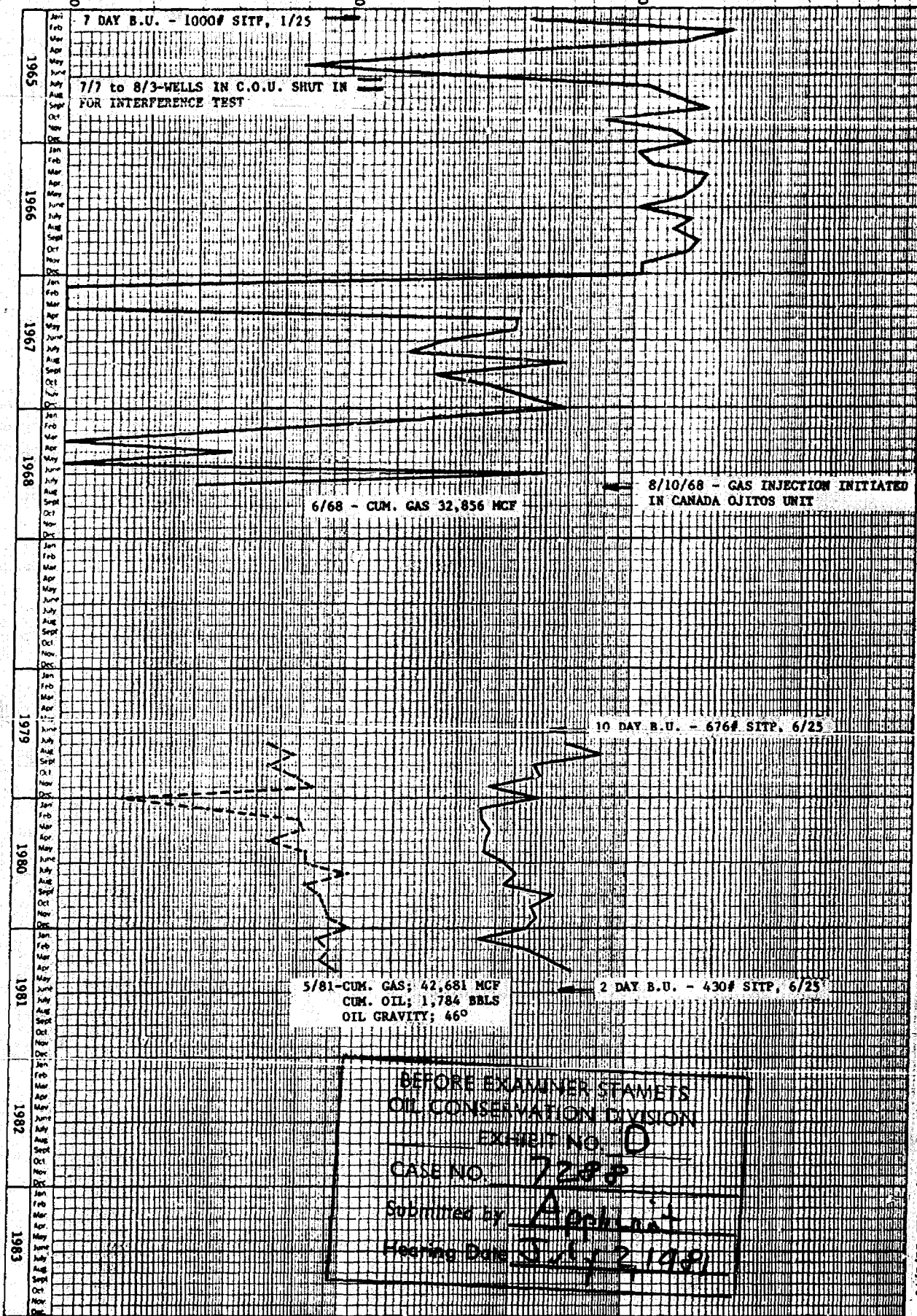
SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B  
Santa Fe, New Mexico 87501  
Phone (505) 435-7499



— GAS; MCF  
 --- OIL; BBLs

10,000



MOBIL FED. NO. 1

LEASE NO. NM-28699; DATED 11/1/76

BEFORE EXAMINER STAMETS  
 OIL CONSERVATION DIVISION

EXHIBIT NO. 10

CASE NO. 7288

Submitted by Applicant

Hearing Date 5/12/1981

**BENSON-MONTIN-GREER DRILLING CORP.**

221 PETROLEUM CENTER BUILDING  
FARMINGTON, NEW MEXICO 87401  
PHONE: 325-8874

June 25, 1981

Southern Union Exploration Company of Texas  
Suite 400  
Texas Federal Building  
1217 Main Street  
Dallas, Texas 75202

Attention: Mr. Roy G. Sharrock  
Vice-President

Re: DELETION OF SECTION 36,  
TOWNSHIP 24N, RANGE 1W  
FROM WEST PUERTO CHIQUITO  
MANCOS OIL POOL

Gentlemen:

As discussed with you today, this letter will confirm that Benson-Montin-Greer Drilling Corp. has no objection to the deletion of the captioned section from the West Puerto Chiquito Mancos oil pool.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:

  
Albert R. Greer, President

ARG:ney

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION	
EXHIBIT NO.	<u>E</u>
CASE NO.	<u>7208</u>
Submitted by	<u>Applicant</u>
Hearing Date	<u>July 2, 1981</u>

**BENSON-MONTIN-GREER DRILLING CORP.**

221 PETROLEUM CENTER BUILDING  
FARMINGTON, NEW MEXICO 87401  
PHONE: 325-8874

June 25, 1981

Southern Union Exploration Company of Texas  
Suite 400  
Texas Federal Building  
1217 Main Street  
Dallas, Texas 75202

Attention: Mr. Roy G. Sharrock  
Vice-President

Re: DELETION OF SECTION 36,  
TOWNSHIP 24N, RANGE 1W  
FROM WEST PUERTO CHIQUITO  
MANCOS OIL POOL

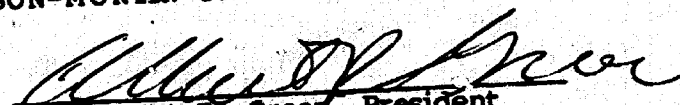
Gentlemen:

As discussed with you today, this letter will confirm that Benson-Montin-Greer Drilling Corp. has no objection to the deletion of the captioned section from the West Puerto Chiquito Mancos oil pool.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:

  
Albert R. Greer, President

ARG:ney

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION EXHIBIT NO. <u>E</u> CASE NO. <u>7288</u> Submitted by <u>Applicant</u> Hearing Date <u>July 2, 1981</u>
---

Docket Nos. 22-81 and 23-81 are tentatively set for July 15 and 29, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

Docket No. 20-81

DOCKET: EXAMINER HEARING - THURSDAY - JULY 2, 1981  
9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

**CASE 7283:** Application of Harvey E. Yates Company for amendment of Division Order No. R-6387, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6382 to provide that said order authorizing the McDonald Unit Agreement shall have an effective date of June 1, 1981.

**CASE 7284:** Application of Energy Reserves Group, Inc. for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Cisco location of its Miller Well No. 1 located 660 feet from the South and West lines of Section 12, Township 6 South, Range 33 East, the S/2 of said Section 12 to be dedicated to the well.

**CASE 7285:** Application of J. C. Williamson for two non-standard gas proration units and two unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard 320-acre Wolfcamp gas proration units in Section 10, Township 23 South, Range 34 East, the first comprising the NW/4, W/2 NE/4, and N/2 SW/4, and the second comprising the E/2 NE/4, S/2 SW/4, and SE/4. Applicant further seeks approval for two unorthodox locations, the first for a well drilled 1560 feet from the North line and 1830 feet from the West line of said Section 10, and the second for a well to be drilled 1980 feet from the South and East lines of the section.

**CASE 7286:** Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Blanco Mesaverde production in the wellbore of its Jicarilla F Well No. 6 located in the SW/4 of Section 34, Township 26 North, Range 4 West.

**CASE 7287:** Application of Benson-Montin-Greer Drilling Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying a previously approved 640-acre non-standard proration unit comprising the W/2 of Section 17 and the W/2 of Section 20, Township 26 North, Range 1 West, to be dedicated to a well to be drilled thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

**CASE 7288:** Application of Southern Union Exploration Company of Texas for contraction of the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the West Puerto Chiquito-Mancos Oil Pool by the deletion of Section 36, Township 24 North, Range 1 West, therefrom.

**CASE 7251:** (Continued from June 3, 1981, Examiner Hearing)

Application of Southern Union Exploration Company of Texas for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 36, Township 24 North, Range 1 West, to be dedicated to its Mobil Federal Well No. 1 drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

**CASE 7289:** Application of Exxon Corporation for a salt water disposal well, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation at a depth of 2638 feet to 2774 feet in its Strange Federal Well No. 3 in Unit J of Section 25, Township 7 South, Range 31 East, Tomahawk-San Andres Pool.

**CASE 7290:** Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 26, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.



- CASE 7291:** Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Silurian and Fusselman formations underlying the N/2 of Section 6, Township 25 South, Range 37 East, Custer Field, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7292:** Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian thru Ellenburger formations underlying the S/2 of Section 6, Township 25 South, Range 37 East, Custer Field, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7293:** Application of ARCO Oil and Gas Company for an amendment to Order No. R-6649, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-6649 which authorized compulsory pooling in Section 33, Township 22 South, Range 36 East, Langlie Field, to extend to February 1, 1982, the commencement of drilling required in said order.
- CASE 7294:** Application of ARCO Oil and Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers-Queen formation at a depth of 2996 feet to 3186 feet in its R. S. Crosby Well No. A-2 located in Unit L of Section 28, Township 25 South, Range 37 East, Langlie Mattix Pool.
- CASE 7248:** (Continued from June 3, 1981, Examiner Hearing)  
Application of Inxco Oil Company for pool creation, special pool rules, and an oil discovery allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp oil pool for its Federal 10 State Com. Well No. 1 located in Unit L of Section 10, Township 21 South, Range 26 East, and the promulgation of special rules therefor, including provisions for 160-acre spacing. Applicant further seeks the assignment of approximately 42,290 barrels of discovery allowable to the aforesaid well.
- CASE 7280:** (Continued from June 17, 1981, Examiner Hearing)  
Application of Northwest Pipeline Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Rosa Unit Well No. 77 located in Unit L of Section 33, Township 31 North, Range 5 West, to produce gas from the Mesaverde formation and commingled Gallup and Dakota production through separate strings of tubing.
- CASE 7295:** Application of Gulf Oil Corporation for rescission of Division Order No. R-2429-C, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Division Order No. R-2429-C which authorized 320-acre spacing units in the White City-Pennsylvanian Gas Pool. Applicant seeks the reinstatement of 640-acre spacing units in said pool with provision for 320-acre infill drilling and appropriate findings relative thereto.
- CASE 7296:** Application of J. Gregory Merrion and Robert L. Bayless for amendment of pool rules, contraction of the Otero-Gallup Pool, and extension of the Devils Fork-Gallup Associated Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the Devils Fork-Gallup Associated Pool Rules to provide for 160-acre spacing rather than 80 acres. Applicant further seeks the contraction of the Otero-Gallup Pool by the deletion of the following acreage: E/2 and NE/4 SW/4 of Section 2, Township 24 North, Range 6 West, and the E/2 of Section 35, Township 25 North, Range 6 West. Applicant seeks the extension of the Devils Fork-Gallup Associated Pool to include the following acreage: In Township 24 North, Range 6 West: All of Sections 2 and 3; S/2 and NE/4 of Section 4; S/2 of Section 5; S/2 of Section 6; and N/2 of Section 11. In Township 25 North, Range 6 West: SE/4 of Section 33; S/2 of Section 34; and all of Section 35.
- CASE 7297:** (This case will be dismissed.)  
Application of Amoco Production Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Alley Unit Well No. 1 in Unit E of Section 1, Township 19 South, Range 25 East.



**CASE 7298:** (This case will be dismissed.)

Application of Amoco Production Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Lancaster Springs Com Well No. 1 in Unit I of Section 1, Township 22 South, Range 26 East.

**CASE 7299:** (This case will be dismissed.)

Application of Amoco Production Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State IL Com Well No. 1 in Unit G of Section 3, Township 19 South, Range 24 East.

**CASE 7300:** Application of Dome Petroleum Corporation for designation of a tight formation, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Chacra formation underlying portions of Townships 21 and 22 North, Ranges 5, 6, and 7 West, containing 73,016 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

**CASE 7301:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, redesignating, and extending vertical and horizontal limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the East Lusk-Morrow Gas Pool. The discovery well is Grace Petroleum Corporation West Tonto Federal Com Well No. 1 located in Unit L of Section 24, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 24: W/2

(b) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Mississippian production and designated as the Peterson-Mississippian Pool. The discovery well is Enserch Exploration, Inc. Finley Well No. 1 located in Unit A of Section 6, Township 5 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM  
Section 28: SW/4  
Section 29: S/2  
Section 32: W/2

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM  
Section 5: NW/4  
Section 6: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Salado Draw-Wolfcamp Gas Pool. The discovery well is Amoco Production Company State GR Well No. 1 located in Unit G of Section 17, Township 26 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM  
Section 17: E/2

(d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the Talco-Strawn Gas Pool. The discovery well is American Trading and Producing Corporation Talco Unit Well No. 1 located in Unit H of Section 11, Township 26 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM  
Section 11: E/2

(e) REDESIGNATE the Lusk-Seven Rivers Pool in Lea County, New Mexico, to the North Lusk-Seven Rivers Pool described as:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 3: All

(f) EXTEND the vertical limits of the Lusk-Yates Pool in Eddy and Lea Counties, New Mexico, to include the Seven Rivers formation and redesignate pool as the Lusk Yates-Seven Rivers Pool described as:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM  
Section 24: All

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 19: W/2 and W/2 NE/4

(g) EXTEND the Angell Ranch Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM  
Section 11: S/2  
Section 14: All

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 32: S/2

(h) EXTEND the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM  
Section 2: W/2 and NE/4  
Section 11: W/2

(i) EXTEND the Atoka-Yaso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 26: NW/4 SW/4  
Section 33: S/2 SE/4

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM  
Section 4: NW/4 NE/4

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

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM  
Section 34: S/2

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 34: E/2

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 3: All  
Section 10: N/2  
Section 11: W/2

(k) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM  
Section 12: N/2 SE/4

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM  
Section 7: N/2 SW/4

(l) EXTEND the South Culebra Bluff-Bone Springs Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 27: N/2 NE/4

(m) EXTEND the Dublin Ranch-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM  
Section 33: N/2

(n) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM  
Section 30: N/2

- (o) EXTEND the Southwest Eunice-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 17: NE/4

- (p) EXTEND the Gem-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 31: E/2

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

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM  
Section 20: NE/4  
Section 21: N/2

- (r) EXTEND the Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM  
Section 1: W/2 SW/4

- (s) EXTEND the North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM  
Section 16: E/2

- (t) EXTEND the Langlie Mattix Seven Rivers-Queen-Grayburg Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 31: SW/4

- (u) EXTEND the North Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 7: S/2

- (v) EXTEND the West Nadine-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 5: E/2  
Section 8: NE/4

- (w) EXTEND the East Red Lake Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 25: W/2 NE/4 and NW/4 SE/4

- (x) EXTEND the Richard Knob Afoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 9: N/2

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

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM  
Section 16: S/2

- (z) EXTEND the Scharb-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM  
Section 5: E/2

(aa) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM  
Section 19: NW/4

(bb) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 11: SW/4  
Section 14: NW/4

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Docket No. 21-81

DOCKET: COMMISSION HEARING - WEDNESDAY - JULY 8, 1981

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

CASE 7226: (DE NOVO)

Application of Enserch Exploration, Inc. for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Montoya formation in the interval from 7902 feet to 7930 feet in its Rader Well No. 7 in Unit E of Section 32, Township 5 South, Range 33 East.

Upon application of Enserch Exploration, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

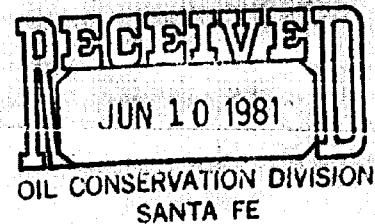
CASE 7275: (Continued from June 17, 1981, Examiner Hearing)

Application of S. P. Yates for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7270: (Continued from June 17, 1981, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be dedicated to its Pecos River Federal 21-A Com Well No. 1 drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION :  
OF SOUTHERN UNION EXPLORATION :  
COMPANY OF TEXAS FOR DELETION OF :  
SECTION 36, TOWNSHIP 24 NORTH, :  
RANGE 1 WEST, RIO ARRIBA COUNTY, :  
NEW MEXICO, FROM THE WEST PUERTO :  
CHIQUITO-MANCOS OIL POOL. :

CASE NO. 7288

APPLICATION

COMES NOW SOUTHERN UNION EXPLORATION COMPANY OF TEXAS, by its attorneys, and in support hereof, respectfully states:

1. By Order No. R-2565-B (Nomenclature) dated November 28, 1966, the Oil Conservation Commission of the State of New Mexico (the "Commission") created an oil pool designated as the West Puerto Chiquito-Mancos Oil Pool, with vertical limits comprising the Niobrara member of the Mancos shale and specified horizontal limits, which did not include Section 36, Township 24 North, Range 1 West, N.M.P.M., Rio Arriba County, New Mexico ("Section 36").
2. By Order No. R-3994 (Nomenclature) dated July 15, 1970, the Commission extended the horizontal limits of the West Puerto Chiquito-Mancos Oil Pool to include Section 36.
3. Applicant is the owner and operator of the Mobil Federal Well No. 1 with a producing interval in the Gallup formation of 3845-4123, at a point 1,980 feet from the south line and 1,980 feet from the east line of Section 36 (the "Well").
4. The interval from which the Well is producing in Section 36



is not part of the same geologic pool, reservoir, or common source of supply as the West Puerto Chiquito-Mancos Oil Pool designated by Commission Orders No. R-2565-B and R-3994.

5. The granting of the relief sought herein will prevent waste and will not impair correlative rights.

THEREFORE, Applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order deleting Section 36, Township 24 North, Range 1 West, Rio Arriba County, New Mexico, from the West Puerto Chiquito-Mancos Oil Pool.

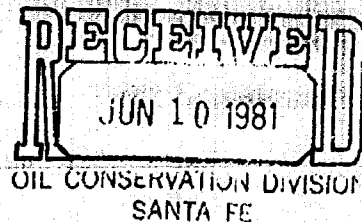
C. For such other relief as may be just in the premises.

SOUTHERN UNION EXPLORATION COMPANY OF TEXAS

By Mark K. Adams  
MARK K. ADAMS

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.  
P.O. Box 1888  
Albuquerque, New Mexico 87103  
Attorneys for Applicant

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION :  
OF SOUTHERN UNION EXPLORATION :  
COMPANY OF TEXAS FOR DELETION OF :  
SECTION 36, TOWNSHIP 24 NORTH, :  
RANGE 1 WEST, RIO ARriba COUNTY, :  
NEW MEXICO, FROM THE WEST PUERTO :  
CHIQUITO-MANCOS OIL POOL. :

CASE NO. 7288

APPLICATION

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2. By Order No. R-3994 (Nomenclature) dated July 15, 1970, the Commission extended the horizontal limits of the West Puerto Chiquito-Mancos Oil Pool to include Section 36.

3. Applicant is the owner and operator of the Mobil Federal Well No. 1 with a producing interval in the Gallup formation of 3845-4123, at a point 1,980 feet from the south line and 1,980 feet from the east line of Section 36 (the "Well").

4. The interval from which the Well is producing in Section 36

is not part of the same geologic pool, reservoir, or common source of supply as the West Puerto Chiquito-Mancos Oil Pool designated by Commission Orders No. R-2565-B and R-3994.

5. The granting of the relief sought herein will prevent waste and will not impair correlative rights.

THEREFORE, Applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

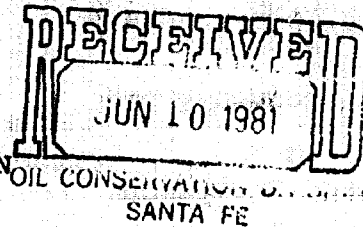
B. That upon hearing the Division enter its order deleting Section 36, Township 24 North, Range 1 West, Rio Arriba County, New Mexico, from the West Puerto Chiquito-Mancos Oil Pool.

C. For such other relief as may be just in the premises.

SOUTHERN UNION EXPLORATION COMPANY OF TEXAS

By Mark K. Adams  
MARK K. ADAMS

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.  
P.O. Box 1888  
Albuquerque, New Mexico 87103  
Attorneys for Applicant



BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION :  
OF SOUTHERN UNION EXPLORATION :  
COMPANY OF TEXAS FOR DELETION OF :  
SECTION 36, TOWNSHIP 24 NORTH, :  
RANGE 1 WEST, RIO ARriba COUNTY, :  
NEW MEXICO, FROM THE WEST PUERTO :  
CHIQUITO-MANCOS OIL POOL. :

CASE NO. 7288

APPLICATION

COMES NOW SOUTHERN UNION EXPLORATION COMPANY OF TEXAS, by its attorneys, and in support hereof, respectfully states:

1. By Order No. R-2565-B (Nomenclature) dated November 28, 1966, the Oil Conservation Commission of the State of New Mexico (the "Commission") created an oil pool designated as the West Puerto Chiquito-Mancos Oil Pool, with vertical limits comprising the Niobrara member of the Mancos shale and specified horizontal limits, which did not include Section 36, Township 24 North, Range 1 West, N.M.P.M., Rio Arriba County, New Mexico ("Section 36").
2. By Order No. R-3994 (Nomenclature) dated July 15, 1970, the Commission extended the horizontal limits of the West Puerto Chiquito-Mancos Oil Pool to include Section 36.
3. Applicant is the owner and operator of the Mobil Federal Well No. 1 with a producing interval in the Gallup formation of 3845-4123, at a point 1,980 feet from the south line and 1,980 feet from the east line of Section 36 (the "Well").
4. The interval from which the Well is producing in Section 36

is not part of the same geologic pool, reservoir, or common source of supply as the West Puerto Chiquito-Mancos Oil Pool designated by Commission Orders No. R-2565-B and R-3994.

5. The granting of the relief sought herein will prevent waste and will not impair correlative rights.

THEREFORE, Applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order deleting Section 36, Township 24 North, Range 1 West, Rio Arriba County, New Mexico, from the West Puerto Chiquito-Mancos Oil Pool.

C. For such other relief as may be just in the premises.

SOUTHERN UNION EXPLORATION COMPANY OF TEXAS

By Mark K Adams  
MARK K. ADAMS

RODEY, DICKASON, SLOAN, AKIN & ROBB, P.A.  
P.O. Box 1888  
Albuquerque, New Mexico 87103  
Attorneys for Applicant



ROUGH

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7288

Order No. R 5718  
NONE SIGNATURE

Application of Southern Union Exploration Company of Texas for contraction of the West Puerto  
Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 2,  
19 81, at Santa Fe, New Mexico, before Examiner RLS.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, the  
Division Director, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Southern Union  
Exploration Company of Texas,

seeks the contraction of the West Puerto Chiquito-Mancos Oil Pool by the deletion of Section 36,  
Township 24 North, Range 1 West, therefrom.



(3) That the applicant is the owner and operator of the Mobil Federal Well No. 1 located in Unit J of said Section 36.

(4) That said well is a reentry; was completed in the Gallup formation through perforations from 3845 feet to 4123 feet on June 15, 1979; and is currently designated as a West Puerto Chiquito-Mancos Oil Pool well.

(5) That the evidence presented at the hearing demonstrated that said Mobil Federal Well No. 1 is completed in a separate common source of supply from the West Puerto Chiquito-Mancos Oil Pool.

(6) That approval of the applicant's request for deletion of said Section 36 from the West Puerto Chiquito-Oil Pool will not result in waste nor violate correlative rights.

(7) That the application should be approved and a new pool for Gallup oil production should be created and designated as the Regina-Gallup Oil Pool consisting of the NW/4<sup>SE/4</sup> of Section 36, Township 24 North, Range 1 West, NMPM, Rio Arriba County, New Mexico.

IT IS THEREFORE ORDERED:

(1) That the West Puerto Chiquito-Mancos Oil Pool, as previously defined and described, is hereby contracted by the deletion therefrom of Section 36, Township 24 North, Range 1 West, NMPM, Rio Arriba County, New Mexico.

(2) That a new oil pool for Gallup oil production is hereby created and designated Regina-Gallup Oil Pool consisting of the NW/4 SE/4 of said Section 36.

(3) That the effective date of this order and the pool contraction and pool creation contained herein shall be August 1, 1981.

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

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