

CASE NO.

7545

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
14 April 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Baker Engineering
for a non-standard gas proration
unit, Eddy County, New Mexico.

CASE
7545

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

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I N D E X

JOHN B. CASTLE

Direct Examination by Mr. Kellahin

3

E X H I B I T S

Applicant Exhibit One, Map

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Applicant Exhibit Two, Contur Map

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Applicant Exhibit Three, Contour Map

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Applicant Exhibit Four, Contour Map

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2 MR. STAMETS: And we will call next Case
3 7545.

4 MR. PEARCE: That is the application of
5 Baker Engineering for a non-standard gas proration unit,
6 Eddy County, New Mexico.

7 MR. KELLAHIN: If the Examiner please,
8 I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf
9 of the applicant, and I have one witness.

10
11 (Witness sworn.)
12

13 JOHN B. CASTLE
14 being called as a witness and being duly sworn upon his oath,
15 testified as follows, to-wit:
16

17 DIRECT EXAMINATION

18 BY MR. KELLAHIN:

19 Q Mr. Castle, for the record, would you
20 please state your name and occupation?

21 A I'm John B. Castle, a geologist, Midland,
22 Texas.

23 Q Mr. Castle, have you been retained by
24 the applicant to provide testimony concerning the request
25 for a non-standard gas proration unit, Eddy County, New Mexico?

1
2 A Yes. I'm here as a consultant to Bill D.
3 Baker, doing business as Baker Engineering, also from Midland,
4 Texas.

5 Q Mr. Castle, have you previously testified
6 as a petroleum geologist and had those qualifications accepted
7 and made a matter of record?

8 A Yes.

9 MR. KELLAHIN: We tender Mr. Castle as an
10 expert geologist.

11 MR. STAMETS: He's considered qualified.

12 Q Mr. Castle, let me refer to you what we've
13 marked as Exhibit Number One, and identify the tract for
14 which you propose to have authority to create a non-standard
15 gas proration unit.

16 A The tract in question is Section 32 of
17 Township 26 South, Range 30 East, Eddy County, New Mexico,
18 a short section on the state line.

19 Q The state line of New Mexico and Texas?

20 A Right.

21 Q And where is that line located on the ex-
22 hibit?

23 A At the south edge of Section 32.

24 Q Section 32 is identified on your exhibit
25 by the blue shading?

1
2 A Yes.
3 Q All right, sir. Would you identify for
4 us any other non-standard gas proration units that have been
5 approved in this immediate area?
6 A The Florida Exploration Well No. 9 in
7 Section 34 is a non-standard unit approved by the Division.
8 And the Ike Lovelady Well in Sec-
9 tion 32 is a non-standard unit approved by the Division. The
10 Lovelady Well is an east offset to Section 32, the section in
11 question in this hearing.
12 Q What is the principal gas formation for
13 which you want to dedicate this unit?
14 A We would like to dedicate all zones from
15 the Wolfcamp through the Morrow formation.
16 Q All right, sir, would you turn to what is
17 marked as Exhibit Number Two and identify that for me?
18 A Exhibit Number Two is a contour-structure
19 map on top of a shallow horizon, the Delaware Lime. It's
20 color coded as to the producing formations in the area. Sec-
21 tion 32 also is colored in blue.
22 Q All right, let's compare Exhibits Two,
23 Three, and Four, if you don't mind, so that we can see them
24 all together.
25 A Exhibit Number Three is contoured on the

1
2 intermediate depth zone, the Bone Spring Lime.

3 Exhibit Number Four is contoured on a
4 deep zone, the Lower Wolfcamp Lime, and if you will notice,
5 the structure is similar on all three exhibits.

6 Q Do you have a structure of the Morrow
7 formation?

8 A No, I do not. There is not enough control
9 to make an accurate contour map of the Morrow formation in the
10 area.

11 Q Based upon your structure maps of the Bone
12 Springs, the Wolfcamp, and the Delaware Lime sections, Mr.
13 Castle, do you have an opinion as a geologist as to whether
14 you can correlate those structures with the Pennsylvanian
15 structure?

16 A We would expect that they would be simi-
17 lar.

18 Q Were Exhibits One through Four prepared
19 by you or compiled under your direction and supervision?

20 A Yes.

21 Q And in your opinion, Mr. Castle, will ap-
22 proval of the application be in the best interests of conser-
23 vation, the prevention of waste, and the protection of corre-
24 lative rights?

25 A Yes.

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2 MR. KELLAHIN: We move the introduction
3 of Exhibits One, Two, Three, and Four.

4 MR. STAMETS: These exhibits will be ad-
5 mitted.

6 Let's go off the record.

7
8 (There followed a discussion off
9 the record.)

10
11 MR. STAMETS: Back on the record.

12 Does anyone have any -- oh, I would point
13 out for the record that the formation advertised was only the
14 Morrow formation, so we would be limited in this case to the
15 Morrow formation.

16 Does anyone have any questions of the
17 witness?

18 MR. KELLAHIN: No, sir.

19 MR. STAMETS: He may be excused.

20 Anything further in this case?

21 The case will be taken under advisement.

22
23 (Hearing concluded.)
24
25

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 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

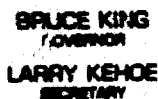
I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2545, heard by me on 7-14-52 1952
Richard A. Ham, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7400



POST OFFICE BOX 9088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-8424

April 28, 1982

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 7545
ORDER NO. R-6957

Applicant:

Baker Engineering

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	

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. 7545
Order No. R-6957

APPLICATION OF BAKER ENGINEERING FOR
A NON-STANDARD GAS PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 14, 1982 at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of April, 1982, 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, Baker Engineering, seeks approval of a 258.16-acre non-standard gas proration unit for the Morrow formation comprising all of partial Section 32, Township 26 South, Range 30 East, NMPM.

(3) That said non-standard proration unit results from a survey correction along the New Mexico-Texas border.

(4) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Morrow formation and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(5) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Morrow formation underlying said non-standard unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk

-2-

Case No. 7545
Order No. R-6957

arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Baker Engineering is hereby granted a 258.16-acre non-standard gas proration unit for the Morrow formation comprising all of partial Section 32, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

Dockets No. 11-82 and 12-82 are tentatively set for April 28 and May 12, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 14, 1982

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. Mutter, Alternate Examiner:

- ALLOWABLE:** (1) Consideration of the allowable production of gas for May, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for May, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7536:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit A. E. Bernstein and all other interested parties to appear and show cause why the Allan Well No. 1 located in Unit F, Section 23, Township 29 North, Range 13 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7537:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit F. E. Umbarger, Trustee and all other interested parties to appear and show cause why the Davis Pooled Unit Well No. 1, located in Unit I, Section 27, Township 29 North, Range 11 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7538:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Francis L. Harvey and all other interested parties to appear and show cause why the Pinkstaff Estate Well No. 1, located in Unit A, Section 29, Township 29 North, Range 10 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7539:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit B.M.W.S. Company, American Employers Insurance and all other interested parties to appear and show cause why the following wells: Waggoner No. 1, Brown No. 2, Wyper No. 2, located in Units K, M, and O, respectively, of Section 29, Township 30 North, Range 12 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.
- CASE 7540:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Pauly-Pederson-Pritchard and all other interested parties to appear and show cause why the Maloy Well No. 1, located in Unit F, Section 16, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7541:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. J. Wiley and all other interested parties to appear and show cause why the Hare (Ransom) Well No. 1, located in Unit N, Section 14, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7542:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Benson-Montin-Greer Drilling Corporation, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the following wells: Dustin No. 1, located in Unit K, Section 6, and the Gallegos Canyon Unit No. 2, located in Unit K, Section 35, both in Township 29 North, Range 12 West, and the Segal No. 1, located in Unit K, Section 10, and the Price No. 1, located in Unit N, Section 15, both in Township 31 North, Range 13 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.
- CASE 7543:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Calvin Petroleum Corporation, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why the Kampf SMD Well No. 1, located in Unit N, Section 19, Township 30 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

- CASE 7544:** Application of Dinero Operating Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and East lines of Section 20, Township 22 South, Range 28 East, Morrow formation, the W/2 of said Section 20, to be dedicated to the well.
- CASE 7545:** Application of Baker Engineering for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 258.16-acre non-standard gas proration unit for the Morrow formation comprising all of partial Section 32, Township 26 South, Range 30 East.
- CASE 7546:** Application of Sonny's Oil Field Services, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the NW/4 NE/4 of Section 29, Township 18 South, Range 38 East.
- CASE 7547:** Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 2550 feet from the North line and 1350 feet from the West line of Section 15, Township 22 South, Range 37 East, Penrose Skelly Pool, the SE/4 NW/4 of said Section 15 to be dedicated to the well.
- CASE 7517:** (Continued from March 31, 1982, Examiner Hearing)
- Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1450 feet from the South line and 1400 feet from the West line of Section 15, Township 22 South, Range 37 East, Penrose Skelly Pool, the NE/4 SW/4 of said Section 15 to be dedicated to the well.
- CASE 7548:** Application of Tahoe Oil & Cattle Co. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4932 feet to 4992 feet in its Schwalbe Well No. 1, located in Unit P of Section 21, Township 9 South, Range 37 East, West Sawyer-San Andres Pool.
- CASE 7549:** Application of H. L. Brown for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox Pennsylvania gas well location 609 feet from the South line and 1665 feet from the East line of Section 32, Township 15 South, Range 32 East, the S/2 of said Section 32 to be dedicated to the well, an existing well which is to be deepened.
- CASE 7550:** Application of Harvey E. Yates Company for the Rescission of Order No. R-6918, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-6918, which compulsorily pooled the Atoka-Morrow formation underlying the W/2 of Section 19, Township 8 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Applicant now seeks the rededication of the E/2 of said Section 19 to the aforesaid well without compulsory pooling.
- CASE 7551:** Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the E/2 of Section 21, Township 11 South, Range 31 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 7552:** Application of Merriam Oil & Gas Company for compulsory pooling, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Gallup formation underlying the S/2 SE/4 of Section 20, Township 23 North, Range 6 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7553:** Application of Fred Pool Drilling Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation, underlying the SW/4 of Section 17, Township 6 South, Range 15 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 7520: (Continued and Readvertised)

Application of Lewis B. Burleson, Inc. for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Pool underlying a 30-acre non-standard oil proration unit comprising the NW/2 of the Easternmost 60 acres of the NW/4 of Section 15, Township 24 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7554: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Drinkard formation underlying the NW/4 SW/4 of Section 5, Township 20 South, Range 38 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 7555: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Drinkard formation underlying the SW/4 NW/4 of Section 5, Township 20 South, Range 38 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 7556: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the San Andres formation underlying the NE/4 NW/4 of Section 5, Township 20 South, Range 39 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 7557: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the SW/4 of Section 32, Township 19 South, Range 39 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 7558: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the SE/4 of Section 31, Township 19 South, Range 39 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 7515: (Continued from March 31, 1982 Examiner Hearing)

Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Ranges 12 and 13 West, Township 28 North, Range 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 10 CFR Section 271. 701-705.

Page 4 of 5

Examiner Hearing - WEDNESDAY - APRIL 14, 1982

CASE 7559: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending certain pools in Lea and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the Caudill-Mississippian Gas Pool. The discovery well is the Moran Exploration, Inc. Gann Well No. 1 located in Unit D of Section 9, Township 15 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM
Section 9: NW/4

(b) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the Worth Dora-Pennsylvanian Pool. The discovery well is the Enscher Exploration, Inc. Collier Well No. 1 located in Unit I of Section 29, Township 4 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 29: E/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Johnson Ranch-Morrow Gas Pool. The discovery well is the Mesa Petroleum Company Jackson Unit Well No. 1 located in Unit C of Section 22, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 22: E/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Triste Draw-Delaware Pool. The discovery well is the Getty Oil Company Getty 28 State Well No. 1 located in Unit J of Section 28, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 28: SE/4

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Triste Draw-Morrow Gas Pool. The discovery well is the Amoco Production Company State IG Com Well No. 1 located in Unit B of Section 32, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 32: W/2

(f) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Vaca Draw-Wolfcamp Gas Pool. The discovery well is the HMC Oil Company Bell Lake 11 Federal Well #1 located in Unit B of Section 11, Township 25 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 11: W/2

(g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the West Vacuum-Bone Spring Pool. The discovery well is the Amoco Production Company State HS Com Well No. 1 located in Unit K of Section 9, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 9: SW/4

(h) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for Granite Wash production and designated as the South Tannehill-Granite Wash Gas Pool. The discovery well is the Threshold Development Company Harris 14 Well No. 1 located in Unit B of Section 14, Township 6 South, Range 33 East, NMPM, currently classified as producing from the Pennsylvanian formation and in the Tannehill-Pennsylvanian Gas Pool. The well has been re-evaluated and the producing interval is more correctly defined as Granite Wash. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 14: N/2

- (i) ABOLISH the Tanneyhill-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described as:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 14: All

- (j) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 7: SE/4

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

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 4: N/2
Section 5: NE/4

- (l) EXTEND the Blinbrey Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 33: NW/4

- (m) EXTEND the Bootleg Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 17: W/2

- (n) EXTEND the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 9: N/2

- (o) EXTEND the North Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 16: SE/4
Section 20: NE/4

- (p) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 14: All

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

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 11: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 9: NE/4

KELLAHIN and KELLAHIN

Attorneys at Law

900 Don Gaspar Avenue

Post Office Box 1769

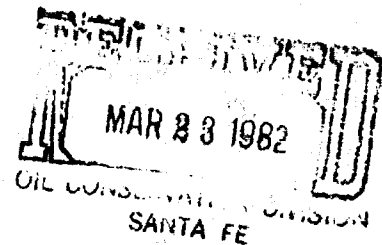
Santa Fe, New Mexico 87501

Jesse Kellahin
W. Thomas Kellahin
Karen Aubrey

Telephone 982-4285
Area Code 505

March 23, 1982

Mr. Joe D. Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



Re: Baker Engineering

Case 7545

Dear Mr. Ramey:

Please set the enclosed application for the next available examiner hearing scheduled for April 14, 1982.

Very truly yours,

KELLAHIN & KELLAHIN

W. Thomas Kellahin

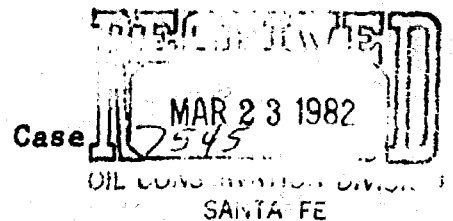
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Enclosure

cc: Baker Engineering
Mr. John Castle

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF
THE APPLICATION OF
BAKER ENGINEERING
FOR A NON-STANDARD
GAS PRORATION UNIT,
EDDY COUNTY, NEW
MEXICO



APPLICATION

COMES NOW BAKER ENGINEERING, by and through its attorneys, KELLAHIN & KELLAHIN, and applies to the Oil Conservation Division of New Mexico for approval of a non-standard gas proration unit consisting of 258.16 acres being Section 32, T26S, R30E, for a well to be drilled to test the Morrow formation, Eddy County, New Mexico, and in support thereof would show:

1. Applicant is the operator of the Section 32, T26S, R30E, NMPM, consisting of 258.16 acres, and proposes to drill a Morrow Well at a standard location, 1980 feet from the East line and 990 feet from the North line of Section 32.
2. That a standard size unit for a gas well in the Morrow formation in the subject area is 320 acres.
3. That due to the New Mexico-Texas state line traversing T26S, R30E, Section 32 is not a standard size section and contains only 258.16 acres.
4. That the entire non-standard proration unit as proposed may reasonably be presumed productive of gas from the Morrow formation and that the entire non-standard gas proration unit can

*258.16 acre non st gas pro unit comprising
all of partial sec 32*

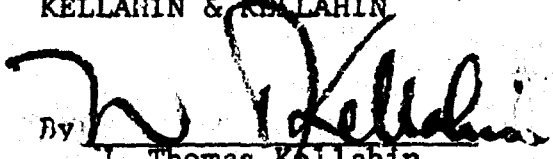
be effectively and economically drained and developed by the subject well.

5. That approval of the subject Application will afford the Applicant the opportunity to produce its just and equitable share of the gas in the Ross Draw area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent waste and will afford this Applicant an opportunity to protect its correlative rights and will not impair the correlative rights of others.

WHEREFORE APPLICANT requests that this Application be set for hearing before the Division's examiner and that after notice and hearing as provided by law, the Application be approved as requested.

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501
(505) 982-4285
ATTORNEYS FOR APPLICANT

Service
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JGR

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:

[Signature]

m.s.

CASE NO. 7545

Order No. R-6957

[Handwritten signature]

APPLICATION OF BAKER ENGINEERING FOR
A NON-STANDARD GAS PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 14, 1982,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of April, 1982, 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, Baker Engineering, seeks approval of a 258.16-acre non-standard gas proration unit for the Morrow formation comprising all of partial Section 32, Township 26 South, Range 30 East, NMPM, ~~to be dedicated to its~~
~~located in Unit _____ of said~~
Section 32.

(3) That said non-standard proration unit results from a survey correction along the New Mexico-Texas border.

(4) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Morrow formation Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(5) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Morrow formation underlying said non-standard Pool, *unit,* will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

Baker Engineering is hereby granted

(1) That a 258.16-acre non-standard gas proration unit for the Morrow formation in the _____ Pool comprising all of partial Section 32, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico, ~~is hereby established and dedicated to its~~ _____, located in Unit _____ of said Section 32.

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

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

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

JOE D. RAMEY,

Director

S E A L

