

CASE NO.

7562

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Northwest Exploration  
Company for pool creation and special  
pool rules, Rio Arriba County, New  
Mexico.

CASE  
7562

BEFORE: Daniel S. Nutter

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:

1

2

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MR. NUTTER: We'll call next Case Number

3

7562.

4

MR. PEARCE: That is the application of

5

Northwest Exploration Company for pool creation and special

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pool rules, Rio Arriba County, New Mexico.

7

MR. CARR: May it please the Examiner,

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Northwest Exploration Company requests that this case be dis-

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missed.

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MR. NUTTER: Case Number 7562 will be

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dismissed.

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(Hearing concluded.)

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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 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

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7499

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7562 heard by me on 5/26 1982.

[Signature], Examiner  
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Northwest Exploration  
Company for pool creation and special      CASE  
pool rules, Rio Arriba County, New      7562  
Mexico.

BEFORE: Daniel S. Nutter

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
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For the Applicant:	William F. Carr, Esq. CAMPBELL, BYRD, & BLACK P.A. Jefferson Place Santa Fe, New Mexico 87501
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## A P P E A R A N C E S

For Benson-Montin-Greer: W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87501

## I N D E X

A. R. KENDRICK

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1  
2 MR. NUTTER: Call next Case Number 7562.

3 MR. PEARCE: That is the application of  
4 Northwest Exploration Company for pool creation and special  
5 pool rules, Rio Arriba County, New Mexico.

6 MR. NUTTER: I'll call for appearances in  
7 this case.

8 MR. CARR: May it please the Examiner, my  
9 name is William F. Carr, with the law firm Campbell, Byrd,  
10 and Black, P. A., of Santa Fe, appearing on behalf of the  
11 applicant.

12 I have one witness who needs to be sworn.

13 MR. KELLAHIN: I'm Tom Kellahin of Santa  
14 Fe, New Mexico, appearing on behalf of Benson-Montin-Greer.

15  
16 (Witness sworn.)

17  
18 MR. NUTTER: You have no witnesses, Mr.  
19 Kellahin?

20 MR. KELLAHIN: Mr. Greer has a conflict  
21 and is in Washington, D. C. today and he's unable to appear,  
22 so I have no witnesses.

23 MR. NUTTER: Proceed, Mr. Carr.  
24  
25



A. R. KENDRICK

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

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your name and place of residence?

A A. R. Kendrick, Aztec, New Mexico.

Q By whom are you employed and in what capacity?

A I'm employed in this case by Northwest Exploration Company as a consulting petroleum engineer.

Q Have you previously testified before this Commission or one of its examiners and had your credentials as an expert witness of petroleum engineering accepted and made a matter of record?

A Yes, sir.

Q Are you familiar with the application filed in this case on behalf of Northwest Exploration Company?

A Yes.

Q Are you familiar with the subject well and the proposed pool?

A Yes, sir.

1  
2 MR. CARR: Are the witness' qualifications  
3 acceptable?

4 MR. NUTTER: Yes, they are.

5 Q Mr. Kendrick, will you briefly state what  
6 Northwest seeks with this application?

7 A Northwest Exploration Company seeks to  
8 establish a new pool for Gallup and Dakota production in Town-  
9 ship 25 North, Range 2 West in Rio Arriba County, New Mexico.

10 Q Will you please refer to what has been  
11 marked for identification as Northwest Exhibit Number One,  
12 identify this, and explain what it shows?

13 A Exhibit Number One is a plat of the general  
14 area. It shows wells posted and by the legend, the formations  
15 from which they are completed or that they are dry holes.

16 The plat was supplied to me by Northwest  
17 Exploration Company. I have not verified the wells in total.  
18 I have verified wells of Gallup and Dakota in the close area  
19 that is within about four or five miles of the subject well,  
20 and I agree with them, with the exception of the well in Sec-  
21 tion 8 of Township 25 North, Range 1 West, which shows to be  
22 a location. I did not find that as a matter of record in  
23 the Aztec office. So it may be an abandoned location that  
24 was not drilled.

25 MR. NUTTER: Is that the one that's shown

1  
2 as a location with a square around it, Al?

3 A Yes, with the corners up and down and --

4 MR. NUTTER: Right.

5 MR. KELLAHIN: Is this in 26 we're looking  
6 at, Section 26?

7 A In Section 8, Township 25 North, Range 1  
8 West.

9 MR. NUTTER: Now go north. This well,  
10 right.

11 MR. KELLAHIN: Okay.

12 MR. NUTTER: Now where is the discovery  
13 well, Al?

14 A It's in Section 26 of Township 25 North,  
15 Range 2 West. It's in the township west of that and a little  
16 south.

17 MR. NUTTER: Is that the well with the  
18 square around it?

19 A Yes, with the lines vertical and horizontal.

20 MR. NUTTER: So it's a black star with a  
21 box around it.

22 A Yes.

23 MR. NUTTER: That's the discovery well for  
24 what we're talking about.

25 A Yes, sir, that's the discovery well of the

1  
2 proposed pool.

3 MR. NUTTER: Okay.

4 Q And what is the name of that well, Mr.  
5 Kendrick?

6 A It's name is the Gavilan No. 1.

7 Q And what is the footage location?

8 A It is located 930 feet from the north line  
9 and 910 feet from the east line of Section 26.

10 Q What acreage does Northwest propose to  
11 dedicate to this well?

12 A The northeast quarter of Section 26.

13 Q Will you now refer to what has been marked  
14 for identification as Northwest Exhibit Number Two and review  
15 this for Mr. Nutter?

16 A Exhibit Number Two is a copy of the -- of  
17 Order R-4314, which is the pool rules for the West Lindrith  
18 Gallup-Dakota Oil Pool. The intent of this is to show the  
19 special pool rules for the West Lindrith Gallup-Dakota Oil  
20 Pool and we are seeking pool rules identical to these for what  
21 we propose to be the North Lindrith Gallup-Dakota Oil Pool.

22 Q Will you now refer to Exhibit Number Three  
23 and review this for the Examiner?

24 A Exhibit Number Three is a schematic drawing  
25 of the well completion of the Gavilan No. 1, showing the tubu-

lar goods, the cementing program, and the perforated intervals.

Q Will you now refer to Exhibit Number Four and review this?

A Exhibit Number Four is a plat of the --

Q That's the log.

A Excuse me, Exhibit Number Four is a copy of the log with the top of the Gallup and the Greenhorn marked, and there's only one copy for the Examiner's file.

Q Do you have any production or test data on the Gavilan No. 1?

A I have some test data but I did not prepare it as an exhibit.

Q Do you know what the well potentialled?

A I do not have a potential that was submitted to the Commission. The well produced some oil from the Dakota zone but insufficient to flow, but by commingling the zones there was sufficient gas in the Gallup that the oil and gas did flow, but I do not have immediately available a copy of the most recent test but I would submit one this afternoon if the Examiner would like it.

Q Will you now refer to what has been marked for identification as Exhibit Number Five?

A Exhibit Number Five is a plat of the -- about twelve townships in the area, showing the outlines of

1  
2 the various Gallup and Dakota pools in the area.

3 The figures show that we're not setting a  
4 precedent with this pool; there are numerous Gallup, Dakota,  
5 and Gallup-Dakota Pools in the area.

6 Q And the proposed North Lindrith Gallup-  
7 Dakota Pool is indicated?

8 A It's indicated with the darkest outline  
9 that's kind of a scalloped effect in the right center part of  
10 the plat.

11 Q Are there other Gallup-Dakota pools with  
12 160-acre spacing in this area?

13 A Yes. Along the west edge of the plat, the  
14 West Lindrith Gallup-Dakota Oil Pool has 160-acre spacing as  
15 set out in the Exhibit Number Two.

16 Q Now I would direct your attention to what  
17 is marked on this exhibit as the Regina Gallup Pool and ask  
18 if you're familiar with that particular pool?

19 A Yes. The Regina Gallup Pool is a 40-acre  
20 Gallup oil pool. It's in the lower righthand corner of the  
21 exhibit in Section 36 of Township 24 North, Range 1 West.

22 Q Do you happen to know when this pool was  
23 created?

24 A I do not recall a specific date, but I  
25 think back 1981, sometime last year.

1

2

Q And was it carved out of any existing pools?

3

A Yes. I think Section 36 of Township 24

4

North, Range 1 West was removed from the West Puerto Chiquito

5

Mancos Oil Pool and then the 40-acre Regina Gallup Oil Pool

6

was established within that section.

7

MR. NUTTER: Is that where that Southern

8

Union well is, Al?

9

A Yes, sir.

10

Q Mr. Kendrick, will the rules which you are

11

proposing here today conflict with the rules -- with any other

12

pool in the area?

13

A It would differ from all the other pool

14

rules in the area except the West Lindrith Gallup-Dakota Oil

15

Pool, in that the -- starting at the west boundary of Exhibit

16

Number Five, the BS Mesa Gallup Gas Pool is a gas pool and it

17

is for Gallup only; the Wild Horse Gallup Gas Pool is a gas

18

pool for Gallup only; the Wild Horse Dakota Oil Pool is for

19

Dakota only, and is 40 acres; the West Lindrith Gallup-Dakota

20

Oil Pool is identical to the pool rules we are requesting;

21

the South Lindrith Gallup-Dakota Oil Pool is spaced on 40

22

acres.

23

In the next range to the east, which is

24

Range 3 West, the Ojito Gallup-Dakota Oil Pool has the same

25

vertical limits but it's spaced on 40 acres.

Further south the Chacon Dakota Associated Pool is for Dakota only and it's spaced on 160 acres and 320 acres.

In the south center in Range 2 West, the Lindrith Gallup Gas Pool and the Lindrith Dakota Oil Pool have the same common outline. The Gallup Gas Pool is for Gallup only and is spaced on 160 acres. The Lindrith Dakota Oil Pool is for Dakota only and spaced on 40 acres.

Along the east side of the plat for two townships and thirty-five sections is the West Puerto Chiquito Mancos Oil Pool, which is for all zones within the Mancos and spaced on 640 acres.

And in Section 36 the Regina Gallup Oil Pool, which we've previously discussed being on 40 acres.

Q Will you please refer to what has been marked for identification as Northwest's Exhibit Number Six, identify this and explain the purpose for offering it in this case?

A Exhibit Number Six is a copy of the West Puerto Chiquito Mancos Pool Rules by Order No. R-2565B, and then beyond the special pool rules, under the identity "It is further ordered", in paragraph 4 it states that, quote, that not withstanding any of the provisions of Rule 104-A of the Commission Rules and Regulations, the temporary special rules



1  
2 and regulations for the West Puerto Chiquito Mancos Oil Pool  
3 shall not be applicable outside the limits of said pool, as  
4 hereinafter defined, or as hereinafter extended. Unquote.

5 Q Mr. Kendrick, how close to the proposed  
6 new pool is the nearest production in the Puerto Chiquito  
7 Mancos Pool?

8 A More than three miles, in the area around  
9 the Gavilan No. 1, the subject well of this case.

10 Q In your opinion has the area in the pro-  
11 posed new pool been reasonably proven productive of hydro-  
12 carbons?

13 A Ask the question again, please.

14 Q In your opinion has the area encompassed  
15 within the proposed new pool been reasonably proven to be  
16 productive of hydrocarbons?

17 A Yes.

18 Q And it's my understanding that you are --  
19 that Northwest is seeking temporary rules?

20 A Yes. We would prefer temporary rules for  
21 a period of two years to develop additional wells in the area  
22 to prove that one well will efficiently and economically drill --  
23 drain the drill tract.

24 Q Does Northwest have plans to drill addi-  
25 tional wells in this area in the immediate future?

1  
2 A Yes, with the approval of this case addi-  
3 tional wells will be drilled in the area.

4 Q Will approval of this application and the  
5 creation of 160-acre spacing units avoid the drilling of un-  
6 necessary wells?

7 A I think so.

8 Q And what is the current status of the  
9 Gavilan No. 1?

10 A The Gavilan No. 1 Well has been completed  
11 and it is awaiting approval of this order to be able to ini-  
12 tiate production.

13 Q Were Exhibits One through Six compiled  
14 under -- by you or under your direction?

15 A Exhibit One was not prepared by me or under  
16 my direction but the rest of the exhibits were.

17 Q And can you testify from your own knowledge  
18 to the accuracy of Exhibit One and the area of interest with  
19 the exception noted?

20 A Yes.

21 MR. CARR: At this time, Mr. Nutter, we  
22 would offer Northwest Exhibits One through Six into evidence.

23 MR. NUTTER: Exhibits One through Six will  
24 be admitted in evidence.

25 MR. CARR: That concludes our direct testi-

1  
2 mony.

3 MR. NUTTER: Any cross for the witness?

4 MR. KELLAHIN: Yes, Mr. Nutter.

5  
6 CROSS EXAMINATION

7 BY MR. KELLAHIN:

8 Q Mr. Kendrick, what is the spacing for the  
9 West Puerto Chiquito Mancos Pool?

10 A 640 acres.

11 Q The proposed spacing in your pool is 160  
12 acres, is it not?

13 A Yes, sir.

14 Q When was the discovery well in Section 26  
15 completed, Mr. Kendrick?

16 A Very recently. I'm not positive.

17 Q Approximately in the last month?

18 A Yes, within the last month, or approxi-  
19 mately a month ago.

20 Q Would you have any objection, Mr. Kendrick,  
21 if the pool you create with this discovery as you've requested,  
22 and the special pool rules are limited to the boundary as  
23 described in Exhibit Number Five?

24 A You mean to the location of the -- dedicated  
25 acreage of the northeast quarter plus one offset in all

1  
2 directions?

3 Q Yes, sir.

4 A Yes. I think we need the latitude to drill  
5 additional wells at more than just one location away and still  
6 be able to drill in the -- and develop in a vertical manner.

7 Q Such a restriction applied to your proposed  
8 pool would be identical to the restriction on the West Puerto  
9 Chiquito Mancos Oil Pool, would it not, Mr. Kendrick?

10 A Yes, sir, it would.

11 Q And the outer boundaries, the current outer  
12 boundaries of your proposed pool and the existing west bound-  
13 ary of the West Puerto Chiquito Mancos Pool are within a mile  
14 of each other, are they not?

15 A Yes, sir.

16 Q Do you have a recommendation to the Examiner  
17 as to how you might avoid or resolve the possible conflict  
18 with regards to spacing of wells along the western boundary  
19 of the Puerto Chiquito Pool and along the eastern row of  
20 sections in Township 25 North, 2 West?

21 A Mr. Examiner, excuse me, Mr. Counsel, I  
22 don't find any conflict of interest for dedication of acreage  
23 within the east column of sections of Township 25 North, Range  
24 2 West, because the West Puerto Chiquito Mancos Pool Rules do  
25 not apply to those, so the acreage in that column of sections

1  
2 is not affected by the West Puerto Chiquito Pool Rules, in  
3 my interpretation.

4 Q And wouldn't be equally fair to the opera-  
5 tors of the West Puerto Chiquito Mancos Pool that the rules  
6 for your proposed pool be as restricted as theirs are?

7 A Not in my opinion, since the general policy  
8 of the Commission, and Rule 104 says that the pool rules would  
9 extend one mile around all the pools in the state unless re-  
10 stricted.

11 Q In your opinion, Mr. Kendrick, has the  
12 discovery well in your proposed pool been adequately tested  
13 and produced to determine that it will not drain more than  
14 160 acres?

15 A No, sir. The discovery well has not been  
16 produced so we have no evidence. That's why we're asking for  
17 temporary pool rules, so that we can establish some evidence.

18 Q So it is conceivable that in the future  
19 after production that we may find that this well can drain  
20 substantially more than 160 acres.

21 A Yes.

22 Q Now the request here, I think, is for the  
23 Gallup and Dakota formations being included in one oil pool,  
24 is that it?

25 A Yes, sir.

1  
2 Q Is it your understanding that that creation  
3 of a pool will allow you to commingle Gallup and Dakota pro-  
4 duction and produce it in a commingled status?

5 A It will be produced in a commingled status  
6 but not under a definition of commingled. It would be treated  
7 as one completion zone.

8 Q Treated as one common source of supply,  
9 then?

10 A Yes.

11 Q Is the discovery well completed now in such  
12 a fashion that the Dakota and Gallup can be produced separately?

13 A No, sir, there is no packer in the wellbore

14 Q How does the -- well, this Gallup formation  
15 is that not a member of the Mancos formation, Mr. Kendrick?

16 A Yes, sir, that is a member of the Mancos  
17 formation.

18 Q And is not the Gallup member of the Mancos  
19 formation equivalent to the Niobrara over in the West Puerto  
20 Chiquito Mancos Oil Pool?

21 A I'm not sure what the definition of the  
22 Niobrara is in the West Puerto Chiquito Mancos Pool.

23 Q Is there a comparable zone in the West  
24 Puerto Chiquito Mancos that we correlate with the Gallup mem-  
25 ber of the Mancos formation?

1

2

A. The Gallup formation would correlate with part of the Mancos formation in the Mancos Pool.

3

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Q. So it is possible that at least one producing member of your formations in this pool will correlate to a potentially productive formation in the adjoining pool and each of which is governed by different spacing rules.

5

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8

A. Yes, sir.

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Q. All right, sir. You've requested temporary rules of approximately two years, Mr. Kendrick. Would you have any objection if the temporary rules were set for a period of one year?

13

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16

A. Yes, sir.

Q. What are your objections?

A. The availability of permits to drill from the Federal government.

17

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Q. Is that your only objection?

A. Well, it is one of the reasons that we need more time because it takes too long to get a permit to drill approval from the Federal government.

21

22

23

Q. Once you get a permit to drill approved from the Federal government, how long does it take you to drill and complete a Gallup-Dakota well?

24

25

A. With good luck about four weeks.

Q. Is the entire township, 25 North of 2 West,

1  
2 Federal acreage?

3 A I'm not sure.

4 Q Approximately how long from the time you  
5 apply to the Federal government for a permit to drill does it  
6 take, generally, for an approval to be issued?

7 A Sixty to ninety days.

8 Q Let me ask you some questions about the  
9 discovery well, Mr. Kendrick, and that's the Gavilan No. 1  
10 Well, is it?

11 A Yes, sir.

12 Q And what again is its current status?

13 A It is completed awaiting approval of the  
14 pool rules so that it may be produced.

15 Q Mr. Kendrick, let me show you what is a  
16 portion of a letter identified as page two, and directing  
17 your attention to that portion of the letter identified by  
18 the number one, and ask you this question, Mr. Kendrick.

19 Would you have any objection if there was  
20 a special rule applicable to the proposed pool that required  
21 the operator of any given well within the pool to complete  
22 the well in accordance with the requirements outlined in para-  
23 graph one?

24 If you'll take a moment and look at that,  
25 sir.



1  
2 A Yes, sir, we would object to those require-  
3 ments.

4 Q Are those requirements anything different  
5 than the operator has done with regards to this completion of  
6 the discovery well?

7 A The individual zones were tested separately  
8 in the discovery well.

9 Q Were they tested under a minimum three-day  
10 test?

11 A I do not recall.

12 Q But your recollection is that they were  
13 individually tested?

14 A Excuse me, I'm not sure that the Gallup  
15 was individually tested for a period of three days, but the --  
16 before the bridge plug was drilled out, but the Dakota was  
17 tested and I know they were tested jointly after the completion  
18 of the Gallup.

19 Q The statement in the paragraph makes the  
20 statement that the requested rule is nothing different than  
21 the operator has already done in the discovery well. You  
22 don't know if that's true or not, do you, Mr. Kendrick?

23 A I can't testify to that, no, sir.

24 Q You said you would object to that as a pool  
25 rule. Would you explain why you would object to that?

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A Yes, sir. It creates an additional cost on the operation of each well of maintaining a rig on the location for six days beyond the completion date, or rigs to be moved back in and back out.

It necessitates risk of tripping tubing and packers in a wellbore, which is an excessive burden on the operation of these wells.

It is not part of the pool rules that we have requested. We object to it.

Q Is not the proposed rule of the type of completion process that a normal operator would conduct in attempting to determine which of the potential oil zones within a Gallup-Dakota Pool would be perforated?

A It's not common practice to drillstem test each perforation or each perforated interval after completed, I mean after being perforated and treated, within an established pool. If this pool -- if these pool rules are established, individual drillstem test type of tests will not be accomplished on the zones, but the zones will be completed, treated probably separately, but tested together.

Q All right, so you would conduct at least one drillstem test under normal operations?

A No, sir, we would complete a zone and set a bridge plug and complete the next zone; then drill out the

1  
2 bridge plugs and test them as one zone.

3 Q I think you said yes. Prior to completion  
4 you would conduct a test, one test of the commingled zones.

5 A After completion.

6 Q All right, after completion you conduct  
7 one drillstem test.

8 A One completion test, not a drillstem test.

9 Q All right. Paragraph one requires the  
10 use of a drillstem test, does it?

11 A It requires a delay of the completion of  
12 the second zone while the first zone is tested for three days,  
13 which means the rig has to stay for three days or the rig is  
14 moved off and another rig is moved back.

15 Q All right.

16 A It requires the tripping in and out of  
17 test equipment. It requires a lot of additional rig time,  
18 which is expensive.

19 Q All right, sir, you said originally it  
20 was a six days delay, but what we're really talking about is  
21 a three-day.

22 A A three-day delay for testing the lower  
23 zone; a three-day delay for testing the upper zone, before  
24 the bridge plug is removed, so it's six days minimum.

25 Q All right. What we're talking about, then,

1  
2 is an additional test that you would normally run.

3 A Two additional tests we would not normally  
4 run.

5 Q If the tests are required with regards to  
6 those formations above the base of the Greenhorn and those  
7 below the base of the Greenhorn, would you then go ahead and  
8 make a commingled test?

9 A Yes.

10 Q So there would be three tests?

11 A Yes.

12 Q And this rule would require two additional  
13 ones?

14 A Yes.

15 Q All right, sir.

16 Let's turn to proposal number two, Mr.  
17 Kendrick. Would you have any objection to the inclusion of  
18 that in the special pool rules for this pool?

19 A Yes, sir.

20 Q And what are your objections to that?

21 A It's an additional burden to be placed on  
22 the operator to take a gas/oil ratio test on each well each  
23 month rather than the annual gas/oil ratio test.

24 That's eleven additional tests each year.

25 Q What would be the purpose of a gas/oil

ratio test such as proposed by rule number two?

A I'm not sure.

Q Do you see an advantage to the annual gas/oil ratio tests, Mr. Kendrick?

A Yes, sir, the annual gas/oil ratio test is used to assign allowables to a well for a period of a year. But since oil proration schedules only come out quarterly, I see no advantage in taking a new test each month to determine production rates of the wells.

Q Can that test information be used for other purposes than this annual tabulation of commingled production?

A Yes, sir, it can be good reservoir data to use in analyzing the reservoir characteristics; however, it is not necessary in the other pools that are shown on Exhibit Number Five.

Q So you do agree that it's a good reservoir technique in order to analyze the productive characteristics of the pool.

A Yes, sir, and so will a test each day.

Q And your objection is the fact that there would be one each month.

A Yes.

Q All right, sir. Let's turn to number three and have you take a moment and read that proposed rule.

1  
2 A Yes, sir, we would object to item number  
3 three.

4 Q And for what reasons, Mr. Kendrick?

5 A It would take additional equipment. It  
6 would restrict the flow of the product from the wellbore to  
7 the surface, which would enlarge the lifting costs of the well.  
8 It would endanger the completion of the well by requiring  
9 additional mechanical adjustments in the wellbore, and subject  
10 the operator to additional cost, which I do not believe are  
11 justified.

12 Q Let's go to proposed rule number four, Mr.  
13 Kendrick, and have you take a moment and read that.

14 A Yes, sir, I think we would object to this  
15 because it's not a usual procedure in the oil well comple-  
16 tions within the State of New Mexico.

17 Q What would be the benefit or usefulness of  
18 such a rule, Mr. Kendrick?

19 A It would establish some basic reservoir  
20 data to have a 7-day shut-in pressure data on each well; how-  
21 ever at the cost of these wells it's a lot of money to be  
22 set aside to pay interest on the investment just to take a  
23 7-day shut-in pressure on new wells.

24 Q Correct me if I'm wrong, Mr. Kendrick.  
25 Wouldn't all of the four proposed rules result in the retrieval

1  
2 or measurement of reservoir information from the discovery  
3 well that can be used to determine how large an area the  
4 proposed discovery well in fact is going to drain?

5 A Would you please reword the question? I  
6 think you're not asking the question you want.

7 Q You understood the question I asked you?

8 A You asked me if tests on the discovery well  
9 would indicate the amount of area it would drain.

10 Q No, sir, I said the implementation of the  
11 four proposed rules in any event, would that not result in  
12 the preservation or the measurement of information useful to  
13 a reservoir engineer from which he could study and determine  
14 the extent of drainage by the discovery well.

15 A I don't think it's necessary to utilize  
16 all four of these to determine the drainage pattern of the  
17 pool, by invoking all these rules on all the wells drilled  
18 in this pool.

19 Q All right, sir. You've requested a two  
20 year period in which to determine whether these proposed  
21 rules ought to be modified, made permanent, or whatnot.  
22 Which of the proposed rules are -- or how would you modify  
23 the proposed rules in order to obtain during that two year  
24 period the necessary information from which to make the ulti-  
25 mate determination as to what area would be drained by any of

1  
2 those wells?

3 A Would you clarify your term of the proposed  
4 rules? You talking about the rules we proposed or the --

5 Q Yes, sir.

6 A Or the rules that you proposed?

7 Q I'm talking about the ones I have proposed,  
8 one through four.

9 A In my opinion the operator would determine  
10 which of these four facets to apply to the individual wells  
11 he completes as supplemental wells after the discovery well  
12 in whatever manner that they deem necessary to determine the  
13 drainage pattern of the pool and not have this restriction  
14 apply to every well drilled in the pool.

15 But I think it should be left to the  
16 operator's own discretion as to which of these would be uti-  
17 lized, if any, or whatever test the operator would determine  
18 necessary.

19 Q Now, Mr. Kendrick, why have you sought the  
20 inclusion of acreage other than that acreage immediately con-  
21 tained within 160-acre proration unit be assigned to the dis-  
22 covery well?

23 A That's the pattern that was taught to me  
24 when I went to work for this Commission in 1955 for the es-  
25 tablishment of a pool. It counted the drill tract and its



1  
2 direct and diagonal offsets.

3 Q So the creation of a new pool, as you  
4 understand it, includes all of the offset 160-acre spacing  
5 units immediately adjacent to the discovery proration unit?

6 A Yes, the direct and diagonal offsets from  
7 the discovery drill tract.

8 Q All right, sir.

9 You're appearing on behalf of Northwestern  
10 Exploration Company, Mr. Kendrick?

11 A Yes, Northwest Exploration Company.

12 Q Do you know what their acreage position is  
13 with regards to this township?

14 A No, sir.

15 Q Do you know what they propose to do in  
16 terms of subsequent wells for this pool? In terms of loca-  
17 tion?

18 A Not in terms of location. They told me  
19 they would drill additional wells.

20 Q You don't know when or where they would  
21 drill those wells, then?

22 A That's correct.

23 MR. KELLAHIN: Sir, I have nothing further  
24 of Mr. Kendrick. Thank you.  
25

## CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Kendrick, your Exhibit Three indicates that the Gallup perforations consist of some 741 overall feet with 24 holes in the casing. Do you have the exact perforated interval for each of those?

Where each of those perforations is located, rather?

A No, sir, I do not have the specific footages at which perforations were.

Q Would you obtain that information as to the exact location of the 24 Gallup perforations and the 13 Dakota perforations and send that information to us?

A Yes, sir.

Q Okay. Now the overall --

A Excuse me, sir. Would you like a copy of that?

MR. KELLAHIN: Yes, sir.

A Okay.

Q Now, the overall interval from the top of the Gallup perforations to the base of the Dakota perforations is from 6821 down to 8026, so we're going to have a layer of 1205 feet total that has been opened up in the well-

bore of this well with no separation whatsoever.

Wasn't Northwest Exploration Company a bit presumptuous in opening up 1200 feet of formation to a common wellbore without first having approval for this commingling?

A. Probably so; however it was not without precedent in the area, since there is a pool in the same general area that has both zones available.

Q. However, now, wasn't this, for instance, the West Lindrith Gallup-Dakota Pool developed originally as a Gallup Pool and a Dakota Pool separately and then later after reservoir information was obtained combined?

A. Yes, sir.

Q. So here you've just taken one formation -- or two formations and combined them without any individual production history.

How about the Ojito Gallup-Dakota? Was it originally a separate pool in the Gallup and a separate pool in the Dakota and then combined?

A. Yes.

Q. And now -- so we haven't had any of this Gallup-Dakota production in this area developed as a single pool from the -- from square one.

A. That's true.

Q. Except this proposal here today.

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2

A. Yes, sir.

3

4

5

6

Q. You mentioned what the spacing was for all of these reservoirs except the BS Mesa Gallup Gas and the Wild Horse Gallup Gas, Mr. Kendrick. What are those, 160 acre Gallup?

7

8

A. Yes, sir, they're standard 160-acre gas locations.

9

10

11

12

Q. Now I don't think of these various proposals that Mr. Kellahin was discussing with you on his Exhibit Number One, I don't think any of these were actually acceptable to you, were they?

13

14

15

A. Not for every well in the pool, no, sir.

16

17

18

19

Q. Would you be agreeable to any of the suggestions for a well in the pool?

A. We'd be agreeable to the suggestions of these on the next well or possibly the next two wells, but not for all the wells in the pool, because we don't know what the final limits of the pool would be.

20

21

22

Q. I see.

A. It would result in a tremendous amount of money if we wind up with 100 wells in the pool.

23

24

25

Q. But the installation of a packer, pulling the tubing and installing the packer, getting separate tests on the two formations, and so forth, you would object to on

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this discovery well because it's been completed as a commingled installation.

A. We would prefer not to because we've more than spent \$100,000 already in this hole. It's already had about a 30-day fishing job, which has run the costs extremely high.

Q. Now what is the production test that's been obtained on the well?

A. ON March the 23rd the production 24-hour rate was 536 Mcf of gas, 73 barrels of oil, and 3 barrels of water through a 3/4 inch choke.

Q. So it was flowing.

A. Yes, it was flowing.

Q. Has there been any other production from the well since then?

A. I don't think there's been produced any since that time. It's shut-in waiting for approval for the downhole commingling, oil pool rules, or --

Q. And you have no idea at all how much of the gas is coming from the Gallup or how much is coming from the Dakota?

A. Most of the gas is coming from the Gallup because the Dakota would not flow.

Q. So you think the Dakota is producing oil

1  
2 with little gas.

3 A Oil with some gas but we don't know how  
4 much.

5 Q And the Gallup is producing gas with maybe  
6 some oil, but you don't know how much of either one is coming  
7 from either zone.

8 A that's true.

9 Q You don't know which of the two zones is  
10 making this 3 barrels of water.

11 A That's true, and it's possible that that's  
12 recovered drilling fluid.

13 MR. NUTTER: Okay, are there any further  
14 questions of Mr. Kendrick?

15 MR. CARR: No further questions.

16 MR. NUTTER: He may be excused.

17 MR. KELLAHIN: Mr. Nutter, we would re-  
18 quest at this time that the record be left open and the case  
19 be continued to May 12th, 1982, so that Mr. Greer, who had  
20 a conflict in scheduling today, could appear and testify as  
21 to his objections with regards to the application and to  
22 articulate for you his reasons behind the proposed rules as  
23 is suggested.

24 MR. NUTTER: Well, I would object to con-  
25 tinuance to May the 12th, Mr. Kellahin, because I wouldn't

1  
2 be the examiner on that hearing, and that docket is already  
3 pretty well loaded.

4 MR. KELLAHIN: Perhaps we could --

5 MR. NUTTER: So if you could suggest another  
6 date, May the 26th, for continuance, we'll see what Mr. Carr  
7 has to say about that.

8 MR. CARR: We're going to oppose a contin-  
9 uance. Mr. Greer had notice of the hearing; he was represented  
10 at the hearing by counsel. This isn't an opportunity for  
11 discovery, but was the hearing on the application, and we  
12 think it is inappropriate to go through an entire hearing and  
13 permit one party to go on a fishing expedition and then take  
14 a month to see if they can sort out anything that they had  
15 been able to uncover.

16 We came. We were prepared to go forward.  
17 Mr. Kellahin didn't make the objection at the beginning of  
18 the hearing but he went through the entire proceeding.

19 We've presented our case. We've complied  
20 with the rules of the Commission and we believe we are en-  
21 titled at this time to have the case taken under advisement.

22 MR. KELLAHIN: If the Examiner please,  
23 prior to the hearing I requested Mr. Carr for a continuance.  
24 I requested Mr. Carr on I believe Monday for a continuance.  
25 On both occasions he said, "I will not continue the case."

1  
2 I would request that the record be left  
3 open and allow Mr. Greer to testify at the next available  
4 Examiner Hearing at which this examiner will be -- govern  
5 the proceedings.

6 MR. NUTTER: Mr. Carr, if there wasn't any  
7 such thing as a de novo I might go along with you, but I  
8 think we'll just save a de novo; if we deny the request for a  
9 continuance, this just opens the door for Benson-Montin-Greer  
10 to ask for a de novo, which we may avoid by continuing the  
11 case.

12 MR. CARR: We would submit that if you  
13 take it under advisement, the parties may not come back for  
14 a de novo and we can solve the matter here and now, and they  
15 do have that right; they do have the right to come back for  
16 a de novo, but we think we're entitled to a determination  
17 based on the hearing and the evidence we've presented.

18 MR. NUTTER: Right, I see your point and  
19 I'd take a different view of it if we didn't have the de novo  
20 proceeding. But I think in view of the fact that Greer has  
21 requested continuance, if it's not granted he will file for  
22 a de novo, and I'd rather continue the case until the Examiner  
23 Hearing scheduled to be held at this same place at 9:00  
24 o'clock a. m. May 26th, 1982.

25 MR. KELLAHIN: Thank you.



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

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 2532  
heard by me on 4/28 1982.

[Signature] Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 1918  
Santa Fe, New Mexico 87501  
Phone (505) 455-7479



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

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

June 11, 1982

Mr. William F. Carr  
Campbell, Byrd & Black  
Attorneys at Law  
Post Office Box 2208  
Santa Fe, New Mexico

Re: CASE NO. 7562  
ORDER NO. R-6998

Applicant:

Northwest Exploration Company

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. 7562  
Order No. R-6998

APPLICATION OF NORTHWEST EXPLORATION  
COMPANY FOR POOL CREATION AND SPECIAL  
POOL RULES, RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 26, 1982,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of June, 1982, the Division  
Director, having considered the record and the recommendations  
of the Examiner, and being fully advised in the premises,

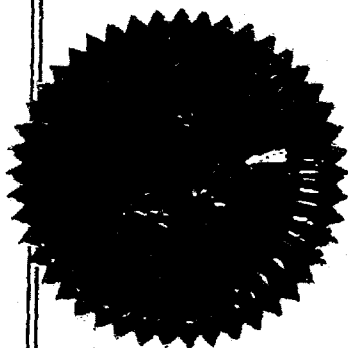
FINDS:

That the applicant's request for dismissal should be  
granted.

IT IS THEREFORE ORDERED:

That Case No. 7562 is hereby dismissed.

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



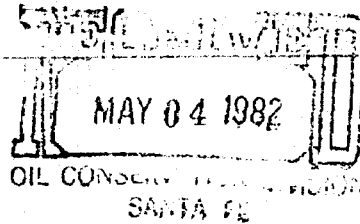
S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

**A. R. "Al" Kendrick**

P. O. Box 316 • AZTEC, NEW MEXICO 87410 • (505) 334-2555



May 3, 1982

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

Attention: Mr. Daniel S. Nutter, Examiner

RE: Case No. 7562

Dear Mr. Nutter:

Per your request at the hearing on April 28, listed below are the depths of the perforations in the Gavilan #1 well:

Gallup: 6821, 6851, 6860, 6902, 6908, 6914, 6920, 6945, 6975, 7020,  
7029, 7052, 7058, 7064, 7098, 7104, 7110, 7116, 7161, 7466,  
7542, 7548, 7554, 7562.

Dakota: 7880, 7883, 7886, 7903, 7907, 7910, 8004, 8006, 8008, 8010,  
8022, 8024, 8026.

8192, 8193, 8194, 8105, 8196, 8197, 8198, 8199, 8200, 8201,  
8202. (This group was squeezed.)

If further information is needed, please contact me.

Yours very truly,

  
A. R. Kendrick

xc: Mr. William F. Carr  
Mr. Thomas Kellahin  
Northwest Exploration Company

Hopefully, Northwest Exploration will see its way clear to continue the hearings. However, should they elect to have the case heard 4/28, we would like for you to make an appearance on our behalf as operator of the Canada Ojitos Unit within the West Puerto Chiquito Mancos Oil Pool and through cross-examination of Northwest witness - or by submission of copy of this letter asking that it be included in the record, whichever is the best way to bring the matter to the attention of the Division - asks that some special pool rules be established that would aid the orderly development of the area.

We suggest that as to all wells drilled within the new pool (and that may be extended) that are located within one mile of the West Puerto Chiquito Mancos Oil Pool, the Division requires that they either be dually completed or completed in such a fashion as to allow obtaining the following minimum amount of information.

1. In the completion process after stimulation, obtain a minimum 3-day test of that part of the Mancos formations above the base of the Greenhorn and a minimum 3-day test of those commingled formations below the base of the Greenhorn (in this regard this is the method by which the first well was completed so we are asking nothing different here than what the operator chose to do on completion of the initial well). The test information should show on a daily basis volumes of gas, oil and water and measurement of oil gravity.
2. The wells producing in a common tank battery make one approximate 24-hour test each month to determine for the commingled production the rates of gas, oil and water along with the API gravity of the commingled liquid oil stream.
3. That the wells be completed in such a fashion - as for instance, with tubing and packer and side door chokes - that the zones can be isolated for taking such measurements as bottom-hole pressures and individual zone production as the Division may require. In such tests for measurement of production should be for at least a 3-day period, such tests taken no less often than once every six months.
4. An initial bottom-hole build-up test of at least 7 days for each well for each zone such pressure build up tests to be taken in a fashion which allows a reasonable projection static bottom-hole pressure.

Under the circumstances we feel the requested information is no more than a prudent operator would ordinarily take in order to satisfy the requirements of the basic application - which is that the Dakota and Mancos formations be commingled - and to establish that such would be a proper order of the Division.

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

Greer EXHIBIT NO. 1  
CASE NO. 7562

**WEST LINDRITH GALLUP-DAKOTA OIL POOL**  
Rio Arriba County, New Mexico

Order No. R-4314, Adopting Operating Rules for the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, July 1, 1972.

Application of Continental Oil Company for Special Pool Rules, Rio Arriba County, New Mexico.

CASE NO. 4703  
Order No. R-4314

**ORDER OF THE COMMISSION**

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on May 5, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 31st day of May, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS:**

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

(2) That the applicant, Continental Oil Company, seeks the promulgation of special rules and regulations for the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, including provisions for 160-acre spacing and proration units, oil well and gas well classification, and a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil.

(3) That the applicant has established that one well in the West Lindrith Gallup-Dakota Oil Pool can efficiently and economically drain and develop 160 acres.

(4) That there is no necessity for the special classification of oil and gas wells as requested by the applicant.

(5) That there is no necessity for the adoption of a gas-oil ratio limitation in excess of 2000 cubic feet of gas per barrel of oil.

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

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

(8) That the special rules and regulations for the West Lindrith Gallup-Dakota Oil Pool should apply only to wells located within the horizontal limits of said pool.

**IT IS THEREFORE ORDERED:**

(1) That, effective July 1, 1972, Special Rules and Regulations for the West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS  
FOR THE  
WEST LINDRITH GALLUP-DAKOTA OIL POOL**

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

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

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

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

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

**BEFORE EXAMINER NUTTER**  
**OIL CONSERVATION DIVISION**

*App* EXHIBIT NO. 2  
CASE NO. 7562

(WEST LINDRITH GALLUP-DAKOTA OIL POOL - Cont'd.)

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 4.77 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

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

RULE 7. That the limiting gas-oil ratio for the West Lindrith Gallup-Dakota Oil Pool shall be 2000 cubic feet of gas per barrel of oil produced.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the West Lindrith Gallup-Dakota Oil Pool are hereby approved; that the operator of any well having an unorthodox location shall notify the Artes District Office of the Commission in writing of the name and location of the well on or before June 15, 1972.

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

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

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

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

Northwest Exploration Company  
Gavilan #1  
930' FNL 910' FEL Sec. 26, T25N, R2W

9 5/8" Surface casing @ 540' KB  
w/400 sx. Cement circulated to  
surface.

2 3/8" Tubing landed @ 8010'

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

APP EXHIBIT NO. 3  
CASE NO. 7562

5814 - Stage collar

6821 - 7562' (24) Gallup  
perforations

7879 - 8026' (13) Dakota  
perforations

8073 - Cement retainer  
8192 - 8202' (11) Dakota  
perforated, tested and  
squeezed w/50 sx.  
8241' - T.D.

4 1/2" Casing set @ 8240'  
cemented in two stages  
w/1100 sx.

*Want  
axial perf.*

*535 MCF  
75 BBL Oil  
3 BBL H<sub>2</sub>O*



## (EAST PUERTO CHIQUITO-MANCOS POOL - Cont'd.)

Section 16:	W/2 NE/4	80.00 acres
Section 21:	E/2 SE/4	80.00 acres
Section 21:	W/2 SE/4	80.00 acres
Section 22:	W/2 NW/4	80.00 acres
Section 22:	E/2 NW/4	80.00 acres
Section 28:	N/2 NW/4	80.00 acres
Section 28:	SW/4 NW/4 and Lot 4	64.21 acres
Section 28:	SE/4 NW/4 and Lot 3	64.01 acres
Section 29:	N/2 NE/4	80.00 acres
Section 29:	N/2 NW/4	80.00 acres
Section 29:	SW/4 NW/4 and Lot 4	64.30 acres
Section 29:	SE/4 NW/4 and Lot 3	64.30 acres
Section 29:	SW/4 NE/4 and Lot 2	64.30 acres
Section 29:	SE/4 NE/4 and Lot 1	64.30 acres

PROVIDED HOWEVER, That none of the aforesaid non-standard units shall become effective until the operator thereof has filed with the Commission Form C-128 outlining thereon the acreage dedicated to the well.

(4) (As Amended by Order No. R-2855, December 29, 1964.) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that no transfer well shall be permitted to receive, in addition to its own allowable, more than one top unit allowable for the Puerto Chiquito-Gallup Oil Pool; that the Secretary-Director of the Commission is hereby authorized to permit the accumulation of allowables for wells shut in for interference tests and to permit the transfer of back allowables from shut-in wells, provided however, that the period of time authorized to produce back allowable shall not exceed six months following completion of the interference tests.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all Gallup wells within a radius of two miles of the proposed shut-in well(s) and the transfer well(s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to shut-in well(s) and the transfer well(s) have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72 hour period during which the well shall be produced at a constant rate. The Commission and offset operators to both the shut-in well(s) and the transfer well(s) may witness such tests if they so desire and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowable upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

(5) That notwithstanding any of the provisions of Rule 104 (a) of the Commission Rules and Regulations, the Special Rules and Regulations for the Puerto Chiquito-Gallup Oil Pool shall not be applicable outside the limits of said pool as hereinabove defined or as hereafter extended.

(6) That this case shall be reopened in September, 1966, at which time the operators in the subject pool may appear and show cause why the Puerto Chiquito-Gallup Oil Pool should not be developed on 40-acre proration units.

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

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

CINTA ROJA-MORROW GAS POOL  
Lea County, New Mexico

Order No. R-3161, Adopting Operating Rules for the Cinta Roja-Morrow Gas Pool, Lea County, New Mexico, December 6, 1966.

Application of Midwest Oil Corporation for  
Special Pool Rules, Lea County, New Mexico.

CASE NO. 3492  
Order No. R-3161

## ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on November 30, 1966, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of December, 1966, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

## FINDS:

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

(2) That the applicant, Midwest Oil Corporation, seeks the promulgation of special rules and regulations for the Cinta Roja-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing units.

(3) That the applicant has established that one well in the Cinta Roja-Morrow Gas Pool can efficiently and economically drain and develop 640 acres.

(4) That the vertical limits of said pool should be defined as the Morrow zone of the Pennsylvanian formation and the horizontal limits of said pool should be extended to include the N/2 and SE/4 of Section 9, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations providing for 640-acre spacing units should be promulgated for the Cinta Roja-Morrow Gas Pool.

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

EXHIBIT NO. 6  
CASE NO. 7562

**(CINTA ROJA-MORROW GAS POOL - Cont'd.)**

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

**IT IS THEREFORE ORDERED:**

(1) That the vertical limits of the Cinta Roja-Morrow Gas Pool shall be the Morrow zone of the Pennsylvanian formation and the horizontal limits of said pool shall be extended to include the N/2 and SE/4 of Sec. 9, Township 24 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) That Special Rules and Regulations for the Cinta Roja-Morrow Gas Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS  
FOR THE  
CINTA ROJA-MORROW GAS POOL**

**RULE 1.** Each well completed or recompleted in the Cinta Roja-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

**RULE 2.** Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

**RULE 3.** The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

**RULE 4.** Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

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

**IT IS FURTHER ORDERED:**

(1) That the locations of all wells presently drilling to or completed in the Cinta Roja-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before January 1, 1967.

(2) That the operator of each well presently drilling to or completed in the Cinta Roja-Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive a 320-acre allowable until a Form C-102 dedicating 640 acres to the well has been filed with the Commission.

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

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

**WEST PUERTO CHIQUITO-MANCOS POOL  
Rio Arriba County, New Mexico**

Order No. R-2565-B, Abolishes Puerto Chiquito-Mancos Pool, Creates East Puerto Chiquito-Mancos Pool and West Puerto Chiquito-Mancos Pool and Adopts Temporary Operating Rules for the West Puerto Chiquito-Mancos Pool, Rio Arriba County, New Mexico, November 28, 1966, as Amended by Order No. R-2565-C, January 6, 1970, Order No. R-6469, September 10, 1980, and Order No. R-6469-A, January 29, 1981.

Order No. R-2565-C, January 6, 1970, makes permanent the rules adopted in Order No. R-2565-B, as amended.

See separate Order No. R-3994, August 1, 1970, contracting the horizontal limits of the East Puerto Chiquito-Mancos Pool and extending the horizontal limits of the West Puerto Chiquito-Mancos Pool.

Application of Benson-Montin-Greer Drilling Corporation for Division of an Oil Pool into Two Pools and for Special Rules for Each, Rio Arriba County, New Mexico.

CASE NO. 3455  
Order No. R-2565-B

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:** This cause came on for hearing at 9 a.m. on November 16, 1966, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

**NOW**, on this 28th day of November, 1966, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

**(WEST PUERTO CHIQUITO-MANCOS POOL - Cont'd.)****FINDS:**

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

(2) That by Order No. R-2565, dated September 9, 1963, as amended by Order No. R-2565-A, dated September 9, 1963, and Order No. R-2655, dated December 29, 1964, temporary Special Rules and Regulations were promulgated for the Puerto Chiquito-Gallup Oil Pool, Rio Arriba County, New Mexico.

(3) That by Order No. R-5118, dated September 21, 1966, said temporary Special Rules and Regulations were continued in full force and effect until further order of the Commission.

(4) That by Order No. R-2580, dated October 30, 1963, the Puerto Chiquito-Gallup Oil Pool was redesignated the Puerto Chiquito-Mancos Oil Pool.

(5) That the applicant, Benson-Montin-Greer Drilling Corporation, seeks the abolishment of the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool), Rio Arriba County, New Mexico, the creation of the East Puerto Chiquito-Mancos Oil Pool, and the creation of the West Puerto Chiquito-Mancos Oil Pool, with vertical limits of each to be the Mancos formation and horizontal limits as follows:

**EAST PUERTO CHIQUITO-MANCOS OIL POOL****RIO ARRIBA COUNTY, NEW MEXICO****TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM**

Sections 2 through 5: All  
 Sections 8 through 10: All  
 Sections 15 through 17: All  
 Sections 20 through 22: All  
 Sections 27 through 29: All  
 Sections 32 and 33: All

**TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM**

Sections 3 through 10: All  
 Sections 14 through 18: All  
 Sections 20 through 23: All  
 Sections 26 through 29: All  
 Sections 32 through 35: All

**TOWNSHIP 27 NORTH, RANGE 1 EAST, NMPM**

Sections 3 through 10: All  
 Sections 15 through 22: All  
 Sections 27 through 30: All

**TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM**

Section 1: E/2  
 Section 12: E/2  
 Section 13: E/2  
 Section 24: E/2  
 Section 25: E/2

**WEST PUERTO CHIQUITO-MANCOS OIL POOL****RIO ARRIBA COUNTY, NEW MEXICO****TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM**

Sections 6 and 7: All  
 Sections 18 and 19: All  
 Sections 30 and 31: All

**TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM**

Sections 1 through 36: All

**TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM**

Section 19: All  
 Sections 30 and 31: All

**TOWNSHIP 26 NORTH, RANGE 1 WEST, NMPM**

Sections 1 through 36: All

**TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM**

Section 1: W/2  
 Sections 2 through 11: All  
 Section 12: W/2  
 Section 13: W/2  
 Sections 14 through 23: All  
 Section 24: W/2  
 Section 25: W/2  
 Sections 26 through 30: All

(6) That the applicant proposes that the East Puerto Chiquito-Mancos Oil Pool be governed by all the previous rules, regulations, and orders of the Commission presently applicable to the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool).

(7) That the applicant also seeks the promulgation of temporary Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, including a provision for 32-acre spacing units.

(8) That the applicant further seeks the establishment of an administrative procedure whereby the operators in the West Puerto Chiquito-Mancos Oil Pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease or, if in a unitized area, to wells in the same participating area in order to facilitate the gathering of information pertaining to reservoir characteristics.

(9) That the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool) encompasses more than one separate common source of supply and should therefore be abolished.

(10) That each of the proposed pools encompasses a separate common source of supply.

(11) That the East Puerto Chiquito-Mancos Oil Pool and the West Puerto Chiquito-Mancos Oil Pool should be created with horizontal limits as proposed by the applicant and vertical limits comprising the Niobrara member of the Mancos shale.

(12) That the East Puerto Chiquito-Mancos Oil Pool should be governed by all the previous rules, regulations, and orders presently applicable to the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool).

(13) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary Special Rules and Regulations providing for 320-acre spacing units should be promulgated for the West Puerto Chiquito-Mancos Oil Pool.

(14) That the temporary Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(15) That the said temporary Special Rules and Regulations should be established for a three-year period in order to allow the operators in the West Puerto-Chiquito Mancos Oil Pool to

**(WEST PUERTO CHIQUITO-MANCOS POOL - Cont'd.)**

gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(16) That an administrative procedure should be established whereby the operator in the West Puerto Chiquito-Mancos Oil Pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease or, if in a unitized area, to wells in the same participating area, during the temporary three-year period in order to facilitate the gathering of information pertaining to reservoir characteristics.

(17) That this case should be reopened in November, 1969, at which time the operators in the West Puerto Chiquito-Mancos Oil Pool should appear and show cause why the said pool should not be developed on 40-acre spacing units.

**IT IS THEREFORE ORDERED:**

(1) That the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool) is hereby abolished.

(2) That a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Mancos production, is hereby created and designated the East Puerto Chiquito-Mancos Oil Pool, with vertical limits comprising the Niobrara member of the Mancos shale, and with horizontal limits as follows:

**EAST PUERTO CHIQUITO-MANCOS OIL POOL****RIO ARRIBA COUNTY, NEW MEXICO****TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM**

Sections 2 through 5: All  
Sections 8 through 10: All  
Sections 15 through 17: All  
Sections 20 through 22: All  
Sections 27 through 29: All  
Sections 32 and 33: All

**TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM**

Sections 3 through 10: All  
Sections 14 through 18: All  
Sections 20 through 23: All  
Sections 26 through 29: All  
Sections 32 through 35: All

**TOWNSHIP 27 NORTH, RANGE 1 EAST, NMPM**

Sections 3 through 10: All  
Sections 15 through 22: All  
Sections 27 through 30: All

**TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM**

Section 1: E/2  
Section 12: E/2  
Section 13: E/2  
Section 24: E/2  
Section 25: E/2

(3) That a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Mancos production, is hereby created and designated the West Puerto Chiquito-Mancos Oil Pool, with vertical limits comprising the Niobrara member of the Mancos shale, and with horizontal limits as follows:

**WEST PUERTO CHIQUITO-MANCOS OIL POOL****RIO ARRIBA COUNTY, NEW MEXICO****TOWNSHIP 25 NORTH, RANGE 1 EAST, NMPM**

Sections 6 and 7: All  
Sections 18 and 19: All  
Sections 30 and 31: All

**TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM**

Sections 1 through 36: All

**TOWNSHIP 26 NORTH, RANGE 1 EAST, NMPM**

Section 19: All  
Sections 30 and 31: All

**TOWNSHIP 26 NORTH, RANGE 1 WEST, NMPM**

Sections 1 through 36: All

**TOWNSHIP 27 NORTH, RANGE 1 WEST, NMPM**

Section 1: W/2  
Sections 2 through 11: All  
Section 12: W/2  
Section 13: W/2  
Sections 14 through 23: All  
Section 24: W/2  
Section 25: W/2  
Sections 26 through 30: All

(4) That the East Puerto Chiquito-Mancos Oil Pool shall be governed by all the previous rules, regulations, and orders presently applicable to the Puerto Chiquito-Gallup Oil Pool (redesignated the Puerto Chiquito-Mancos Oil Pool).

(5) That temporary Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS  
FOR THE  
WEST PUERTO CHIQUITO-MANCOS OIL POOL**

**RULE 1.** Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

**RULE 2.** (As Amended by Order No. R-2565-C, January 6, 1970, and Order No. R-6469, September 10, 1980.) Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be located on a standard spacing or proration unit consisting of approximately 640 acres which shall comprise a single governmental section, being a legal subdivision of the United States Public Land Surveys. For purposes of these rules, a spacing or proration unit consisting of between 632 and 648 contiguous surface acres shall be considered a standard spacing or proration unit. No non-standard spacing or proration unit shall be authorized except after notice and hearing.

**RULE 2A.** (As Added by Order No. R-6469-A, January 29, 1981.) An exception to the provisions of Rule 2 may be obtained administratively for a non-standard unit comprising all of a single governmental section but comprising less than 632 acres or more than 648 acres resulting from a correction in the lands survey.

To obtain such administrative approval, the applicant shall furnish the Division Director with appropriate plats and with the written consent of all operators owning lands offsetting the proration unit.

In lieu of furnishing such consent, the applicant may furnish proof that all of the aforesaid operators were notified by registered or certified mail of his intent to form the non-standard unit. The Division Director may approve the application upon receipt of the aforementioned written consents, or if no offset operator has objected to the non-standard unit within 30 days after the Director received the application.

**RULE 3.** (As Amended by Order No. R-2565-C, January 6, 1970, and Order No. R-6469, September 10, 1980, and Order No. R-6469-A, January 29, 1981.) (a) Each well completed or recompleted in the West Puerto Chiquito-Mancos Oil Pool shall be located no nearer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to a quarter section line, provided however, that nothing contained herein shall be construed as permitting the drilling of more than one well on a spacing or proration unit.

(b) The operator of each well projected to and completed in the West Puerto Chiquito-Mancos Oil Pool shall conduct deviation tests on such well to determine the deviation from the vertical at least once each 500 feet or at the first bit change succeeding 500 feet. A tabulation of all deviation tests run, sworn to and notarized, shall be filed with Form C-104, Request for Allowable and Authorization to Transport Oil and Gas.

(c) If the total deviation, assumed in a constant direction, indicates a horizontal displacement of the lowermost perforation,

## (WEST PUERTO CHIQUITO-MANCOS POOL - Cont'd.)

or the bottom of the hole in the case of an open-hole completion, of more than 330 feet from the surface location, no allowable shall be approved for the well unless a directional survey approved by the Division Director establishes a horizontal displacement of 330 feet or less, or unless the well has been approved for production, subject to a possible production penalty, after notice and hearing.

Offset operators to the east of any such well which has a total deviation of more than 330 feet may waive the aforesaid hearing requirement, in which case no penalty will be imposed on the well.

**RULE 4.** (As Amended by Order No. R-6469-A, January 29, 1981.) The Division Director may grant an exception to the surface location requirements of Rule 3 (a) without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Division Director may approve the application upon receipt of written waivers of objection from all operators or if no objection is received from any offsetting operator within 20 days after receipt of the application and written waivers have been received from all offset operators whose lands are being "crowded" either directly or diagonally by the proposed unorthodox location.

**RULE 5.** (As Amended by Order No. R-2665-C, January 6, 1970, and Order No. R-6469, September 10, 1980.) A standard spacing or proration unit in the West Puerto Chiquito-Mancos Oil Pool (632 through 648 acres) shall be assigned a 640-acre depth bracket allowable of 640 barrels of oil per day. Any non-standard spacing or proration unit containing less than 632 acres or more than 648 acres shall be assigned a depth bracket allowable in the same ratio to 640 as the acreage in the unit bears to 640.

(As Added by Order No. R-6469, September 10, 1980.) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, existing wells in the West Puerto Chiquito-Mancos Oil Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

(As Added by Order No. R-6469, September 10, 1980.) Failure to file new Forms C-102 with the Division dedicating 640 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable.

**IT IS FURTHER ORDERED:**

(1) That any well presently drilling to or completed in the Niobrara member of the Mancos shale within the West Puerto Chiquito-Mancos Oil Pool that will not comply with the well location requirements of Rule 3 is hereby granted an exception to the requirements of said rule. The operator shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before December 15, 1966.

(2) (Rescinded by Order No. R-6469, September 10, 1980.) That any operator desiring to dedicate 320 acres to a well presently drilling to or completed in the West Puerto Chiquito-Mancos Oil Pool shall file a new Form C-102 with the Commission on or before December 15, 1966.

(3) (Rescinded by Order No. R-6469, September 10, 1980.) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that no transfer well shall be permitted to receive, in addition to its own allowable, more than one top unit allowable for the West Puerto Chiquito-Mancos Oil Pool; that the Secretary-Director of the Commission is hereby authorized to permit the accumulation of allowables for wells shut in for interference tests and to permit the transfer of back allowables from shut-in wells, provided however, that the period of time authorized to produce back allowable shall not exceed six months following completion of the interference tests.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all Mancos wells within a radius of two miles of the proposed shut-in well(s) and the transfer well(s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to the shut-in well(s) and the transfer well(s) have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72-hour period during which the well shall be produced at a constant rate. The Commission and offset operators to both the shut-in well(s) and the transfer well(s) may witness such tests if they so desire and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowable upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

(4) That notwithstanding any of the provisions of Rule 104(a) of the Commission Rules and Regulations, the temporary Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool shall not be applicable outside the limits of said pool as hereinabove defined or as hereafter extended.

(5) (Rescinded by Order No. R-6469, September 10, 1980.) That this case shall be reopened in November, 1969, at which time the operators in the West Puerto Chiquito-Mancos Oil Pool may appear and show cause why the said pool should not be developed on 40-acre spacing units.

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

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

**VACUUM FIELD**  
(Unlined Salt Water Pits Prohibited)  
Lea County, New Mexico

Order No. R-3164, Prohibiting the Use of Unlined Salt Water Disposal Pits in Certain Areas of the Vacuum Field, Lea County, New Mexico, December 9, 1966.

In the Matter of the Hearing Called by the Oil Conservation Commission on its Own Motion to Permit all Operators in the Vacuum Field, Lea County, New Mexico, to Show Cause Why the Disposal of Produced Salt Water in Unlined Pits Should be Permitted in the Vacuum Field.

CASE NO. 3500  
Order No. R-3164

**ORDER OF THE COMMISSION**

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on December 7, 1966, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of December, 1966, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**(VACUUM (UNLINED SALT WATER PITS PROHIBITED)  
FIELD - Cont'd.)****FINDS:**

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

(2) That the following areas of the Vacuum Field, Lea County, New Mexico, include the Vacuum (Grayburg-San Andres), Vacuum-Abc Reef, North-Abc Vacuum, Vacuum-Blinebry, Vacuum-Devonian, Vacuum-Drinkard, Mid Vacuum-Devonian, Vacuum-Glorieta, North Vacuum-Morrow, Vacuum-Queen, Vacuum-Lower Pennsylvanian, Vacuum-Upper Pennsylvanian, Vacuum-Wolfcamp, East Vacuum-Wolfcamp, and Vacuum-Yates Pools and are within the area designated as the Lea County Underground Water Basin by the State Engineer of New Mexico:

**AREA A****LEA COUNTY, NEW MEXICO**

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
Sections 31 through 36: All

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Sections 1 through 5: All  
Section 10: E/2  
Sections 11 and 12: All

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM  
Section 1: N/2  
Section 2: N/2  
Sections 3 through 8: All  
Section 17: N/2

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM  
Section 6: N/2

**AREA B****LEA COUNTY, NEW MEXICO**

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 25: All  
Section 26: E/2

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
Sections 1 through 30: All

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
Section 7: All  
Sections 18 through 36: All

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM  
Section 19: W/2  
Section 36: S/2

(3) That the surface disposal of produced salt water in unlined pits in the above-described areas and pools or within one mile thereof constitutes a hazard to the fresh waters in the Lea County Underground Water Basin and should be prohibited.

(4) That the operators in the Vacuum Field were apprised of the problem of salt water disposal in unlined pits in the subject area at a meeting called by the Oil Conservation Commission at its Hobbs offices on or about April 26, 1966.

(5) That since that date, certain efforts have been made by some of the operators in the Vacuum Field to eliminate the disposal of produced brines in unlined pits in the subject area, including the institution of underground disposal by individual operators, the injection of brines into producing formations for secondary recovery purposes, and the design of a community salt water disposal system by Rice Engineering & Operating, Inc.

(6) That on or about November 9, 1966, the Articles of Agreement for the Vacuum Salt Water Disposal System were sent by Rice Engineering & Operating, Inc., to those operators in the Vacuum Field who have tentatively committed their wells to said system.

(7) That the testimony at the hearing indicates that within 90 days after the execution of the Articles of Agreement by the operators representing 80 percent of the committed wells, the proposed salt water disposal system can be completed and in operation.

(8) That the testimony indicates that the disposal of produced brines in unlined pits in Area A as described in Finding No. 1 constitutes a more immediate threat to the quality of the underlying fresh water supplies.

(9) That the testimony further indicates that the salt water disposal system for Area A can be completed in a shorter period of time than can the remainder of the system.

(10) That the disposal of produced brines in unlined pits in Area A as described in Finding No. 1 should be prohibited after 7:00 o'clock a.m. March 1, 1967.

(11) That the disposal of produced brines in unlined pits in Area B as described in Finding No. 1 should be prohibited after 7:00 o'clock a.m. May 1, 1967.

**IT IS THEREFORE ORDERED:**

(1) That effective 7:00 o'clock a.m., March 1, 1967, the surface disposal of salt water in unlined pits in the following described area, Vacuum Field, Lea County, New Mexico, or within one mile thereof, is hereby prohibited:

**AREA A****LEA COUNTY, NEW MEXICO**

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 36: All

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
Sections 31 through 36: All

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Sections 1 through 5: All  
Section 10: E/2  
Sections 11 and 12: All

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM  
Section 1: N/2  
Section 2: N/2  
Sections 3 through 8: All  
Section 17: N/2

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM  
Section 6: N/2

(2) That effective 7:00 o'clock a.m., May 1, 1967, the surface disposal of salt water in unlined pits in the following area, Vacuum Field, Lea County, New Mexico, or within one mile thereof, is hereby prohibited:

Dockets Nos. 16-82 and 17-82 are tentatively set for June 9 and June 23, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 26, 1982

9 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,  
SANTA FE, NEW MEXICO

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

CASE 7588: Application of Caulkins Oil Company for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit for Blanco Mesaverde production, comprising the NW/4, N/2 NE/4, and N/2 SW/4 of Section 16, Township 26 North, Range 6 West.

CASE 7589: Application of BTA Oil Producers for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 80-acre non-standard oil proration unit, Northeast Lovington Penn Pool, comprising the SE/4 NE/4 and the NE/4 SE/4 of Section 11, Township 16 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon.

CASES 7554 and 7555: (Continued and Readvertised)

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 base of the Drinkard formation underlying the lands specified in each case to form a standard 40-acre oil proration unit, 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7554: NW/4 SW/4 Section 5, Township 20 South, Range 38 East

CASE 7555: SW/4 NW/4 Section 5, Township 20 South, Range 38 East

CASE 7590: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin Dakota and Flora Vista-Gallup production in the wellbore of its Payne 1-E, located in Unit F, Section 35, Township 31 North, Range 13 West.

CASE 7519: (Continued from April 28, 1982, Examiner Hearing)

Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Menafee Oil Pool to provide for well to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7573: (Continued from May 12, 1982, Examiner Hearing)

Application of Anadarko Production Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its West Square Lake Waterflood Project by the conversion to water injection of five wells located in Units J and N of Section 9, D and H of Section 10, and J of Section 3, all in Township 17 South, Range 30 East.

CASE 7591: Application of Texaco, Inc. for a tertiary oil recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Vacuum Grayburg-San Andres Pressure Maintenance Project to a polymer-augmented waterflood and, pursuant to Section 212.78 of the U. S. Dept. of Energy Regulations and Section 4993 of the Internal Revenue Code, seeks certification of said project as a qualified tertiary oil recovery project.

CASE 7592: Application of OXOCO for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Mesa Verde formation underlying the E/2 of Section 20, Township 32 North, Range 8 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 7593: Application of Western Reserves Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Abo formation underlying the NW/4 of Section 30, Township 6 South, Range 25 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 7562: (Continued from April 28, 1982, Examiner Hearing)

Application of Northwest Exploration Company for pool creation and special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup-Dakota oil pool for its Gavilan Well No. 1 located in Unit A of Section 26, Township 25 North, Range 2 West, with special rules therefor, including provisions for 160-acre spacing.

CASE 7564: (Continued from April 28, 1982, Examiner Hearing)

Application of Mesa Petroleum 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 NW/4 of Section 30, Township 6 South, Range 25 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 7582 thru 7585: (Continued from May 12, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7582: NW/4 Section 13, Township 6 South, Range 24 East

CASE 7583: NE/4 Section 13, Township 6 South, Range 24 East

CASE 7584: SW/4 Section 13, Township 6 South, Range 24 East

CASE 7585: NW/4 Section 24, Township 6 South, Range 24 East

CASE 7594: Application of Harvey E. Yates Company for statutory unitization, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in that portion of the Bone Spring formation described as the Carbonate unit between the first and second Bone Spring Sands underlying the Young Deep Unit, encompassing 560 acres, more or less, of Federal lands underlying portions of Sections 3, 4, 9 and 10, Township 18 South, Range 32 East.

CASE 7595: Application of Harvey E. Yates Company for a waterflood project, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project in the North Young-Bone Spring Pool by the injection of water into the perforated interval from 8444 feet to 8488 feet in its Young Deep Unit Well No. 2, located in Unit C of Section 10, Township 18 South, Range 32 East.

CASE 7445: (Continued from April 28, 1982, Examiner Hearing)

Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the San Andres formation for its Fulton Collier Well No. 1 in Unit G of Section 1, Township 18 South, Range 28 East.

CASE 7596: Application of Yates Drilling Company for statutory unitization, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in the interval described below underlying the Loco Hills (Grayburg) Unit, encompassing 1060 acres, more or less, of Federal lands underlying portions of Sections 19, 20, 29 and 30, Township 18 South, Range 29 East.

The unitized interval would be from the top of the Grayburg formation to a point 30 feet below the base of the Loco Hills Sand formation, being the interval from 2,272 feet to 2,429 feet in the Yates Alcott Federal Well No. 1 located in Unit A of said Section 30.

CASE 7597: Application of Yates Drilling Company for a waterflood project, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project on its South Loco Hills (Grayburg) Unit Area by the injection of water into the Grayburg formation through eight wells located in Sections 19, 20, 29, and 30, Township 18 South, Range 29 East.



CASE 7571: (Continued from May 12, 1982, Examiner Hearing)

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 from the surface through the Abo formation underlying the SE/4 of Section 9, the SW/4 of Section 10, the NW/4 of Section 15, all in Township 6 South, Range 26 East, each to form a standard 160-acre spacing and proration unit 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 7598: Application of AMR Production Company and Yates Petroleum Corporation for designation of a tight formation in San Miguel, Torrance, Guadalupe, De Baca, Lincoln and Chaves Counties, New Mexico.

Pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 CFR Section 271. 701-705, applicants, in the above-styled cause, seek the designation as a tight formation of the Abo formation underlying the following described lands in the above-named counties.

All of:

Townships 1 thru 4 North, Ranges 14 thru 27 East;

Townships 5 thru 11 North, Ranges 14 thru 26 East;

Township 1 South, Ranges 14 thru 27 East;

Townships 2 thru 5 South, Ranges 14 thru 21 East;

Townships 6 thru 11 South, Ranges 15 thru 21 East;

Township 12 South, Ranges 17 thru 21 1/2 East; and

Townships 13 and 14 South, Ranges 17 thru 21 East;

containing 5,168,563 acres, more or less, but excluding the not yet defined Capitan Wilderness Area.

Dockets Nos. 13-82 and 14-82 are tentatively set for May 12 and May 26, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - APRIL 22, 1982

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

CASE 7509: (Continued and Readvertised)

Application of Supron Energy Corporation for a non-standard proration unit or compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit for the Dakota and Mesaverde formations comprising the SW/4 of Section 2, Township 31 North, Range 8 West, or in the alternative, an order pooling all mineral interests from the surface down through the Dakota formation underlying the S/2 of said Section 2, 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 7535: (Continued and Readvertised)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Abo formation underlying the SW/4 of Section 17, Township 6 South, Range 25 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 7553: (Continued from April 14, 1982, Examiner Hearing)

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 25 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.

\*\*\*\*\*  
Docket No. 12-82

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 28, 1982

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

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

CASE 7560: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Charles H. Heisen, Fidelity and Deposit Company of Maryland, Surety, and all other interested parties to appear and show cause why the Crownpoint Well No. 1, located in Unit F, Section 18, Township 18 North, Range 13 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7469: (Continued from March 31, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H. M. Bailey & Associates, Commercial Union Insurance Company, and all other interested parties to appear and show cause why the following wells on the H. M. Bailey Lease, Township 21 South, Range 1 West, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program: In Section 10: Nos. 9 in Unit A, 9, 11, 12, and 13 in Unit B, 10 and 14 in Unit C; and No. 15 in Unit C of Section 9.

EXAMINER HEARING - WEDNESDAY - APRIL 28, 1982

CASE 7456: (Continued from March 3, 1982, Examiner Hearing)

Application of Marks & Garner Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Bough C formation in the perforated interval from 9596 feet to 9616 feet in its Eetenbough Well No. 2, located in Unit M of Section 12, Township 9 South, Range 35 East.

CASE 7561: Application of Franks Petroleum, Inc. for an unorthodox gas well location, Lea 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 line and 1000 feet from the West line of Section 9, Township 21 South, Range 32 East, East Mesa-Morrow Gas Pool, the W/2 of said Section 9 to be dedicated to the well.CASE 7565: Application of Delta Drilling Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Mescalero Unit Area, comprising 719.77 acres, more or less, of State, Fee and Federal lands in Townships 9 and 10 South, Range 32 East.CASE 7544: (Continued and Readvertised)

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 Morrow-Ellenberger well to be drilled 660 feet from the North and East lines of Section 20, Township 22 South, Range 28 East, the W/2 of said Section 20 to be dedicated to the well.

CASE 7562: Application of Northwest Exploration Company for pool creation and special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup-Dakota oil pool for its Gavilan Well No. 1 located in Unit A of Section 26, Township 25 North, Range 2 West, with special rules therefor, including provisions for 160-acre spacing.CASE 7519: (Continued from March 31, 1982, Examiner Hearing)

Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Mahafes Oil Pool to provide for well to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7563: Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all Permian formations underlying the NE/4 NE/4 of Section 26, Township 16 South, Range 33 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 7457: (Continued from March 16, 1982, Examiner Hearing)

Application of E. T. Ross for nine non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas proration units in the Bravo Dome Carbon Dioxide Area. In Township 19 North, Range 30 East: Section 12, the NW/4 NW/4 and NE/4 NW/4; Section 14, the NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 11, the NE/4 SW/4, SW/4 SE/4, SE/4 SW/4, and NW/4 SE/4.

CASE 7564: Application of Mesa Petroleum 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 NW/4 of Section 30, Township 6 South, Range 25 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 7445: (Continued from March 16, 1982, Examiner Hearing - This Case will be continued to May 26, 1982)

Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the San Andres formation for its Fulton Collier Well No. 1 in Unit G of Section 1, Township 18 South, Range 28 East.

CASES 7524 THRU 7534: (Continued from March 31, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following 11 cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7524: SE/4 Section 2, Township 5 South, Range 24 East

CASE 7525: SW/4 Section 3, Township 5 South, Range 24 East

CASE 7526: NW/4 Section 3, Township 5 South, Range 24 East

CASE 7527: SE/4 Section 3, Township 5 South, Range 24 East

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7530: NW/4 Section 11, Township 6 South, Range 24 East

CASE 7531: SW/4 Section 11, Township 6 South, Range 24 East

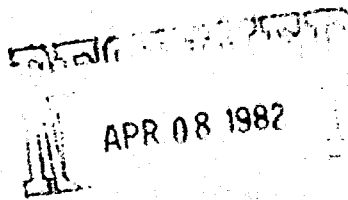
CASE 7532: SE/4 Section 27, Township 6 South, Range 24 East

CASE 7533: SW/4 Section 27, Township 6 South, Range 24 East

CASE 7534: NW/4 Section 34, Township 6 South, Range 24 East

CAMPBELL, BYRD & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
HARL D. BYRD  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
WILLIAM G. WARDLE  
KEMP W. GORTHEY



JEFFERSON PLACE  
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POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 938-4421  
TELECOPIER: (505) 983-6043

April 9, 1982

Mr. Joe D. Ramey  
Division Director  
Oil Conservation Division  
New Mexico Department of Energy  
& Minerals  
Post Office Box 2088  
Santa Fe, New Mexico 87501

*Case 7562*

Re: Application of Northwest Exploration Company for Pool  
Creation and Special Pool Rules, Rio Arriba County,  
New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Northwest  
Exploration Company in the above-referenced matter.

The applicant requests that this matter be included on the  
docket for the examiner hearing scheduled to be held on  
April 28, 1982.

Very truly yours,

A handwritten signature in cursive script, appearing to read "William F. Carr".

William F. Carr

WFC:jh  
w/enc.  
cc: Mr. A.R. Kendrick

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

APR 08 1982

IN THE MATTER OF THE APPLICATION  
OF NORTHWEST EXPLORATION COMPANY  
FOR POOL CREATION AND SPECIAL POOL  
RULES, RIO ARriba COUNTY, NEW  
MEXICO.

CASE 7562

APPLICATION

Comes now Northwest Exploration Company, by its undersigned attorneys, and hereby makes application for an order designating a new pool as a result of the discovery of hydrocarbons in the Gallup and Dakota Formations in its Gavalin No. 1 Well located in Unit A of Section 26, Township 25 North, Range 2 West, Rio Arriba County, New Mexico and for promulgation of special pool rules, including 160-acre spacing or proration units on a permanent basis or, in the alternative, on a temporary basis, and the dedication of all of the northeast quarter of said Section 26 to the Gavalin No. 1 Well, and in support of this application would show the Commission:

1. That applicant has recently completed its Gavalin No. 1 Well in the Gallup and Dakota Formations capable of producing oil and gas in paying quantities located 930 feet from the North line and 910 feet from the East line of Section 26, Township 25 North, Range 2 West, Rio Arriba County, New Mexico. Said well is producing through perforations from 6,821 feet to 8,026 feet and was potentialized as capable of producing 121 barrels of oil per day and 650 mcf of gas per day with 11 barrels of produced water.

2. Applicant believes that the following described lands are reasonably proven to be productive of oil and gas in paying

quantities from the Gallup and Dakota Formations and should be included in the original definition of the new pool to be created because of said discovery:

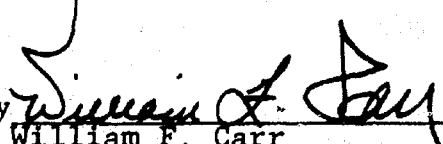
Township 25 North, Range 2 West, N.M.P.M.

Section 23: S/2  
Section 24: SW/4  
Section 25: W/2  
Section 26: All

3. In order to prevent economic loss caused by the drilling of unnecessary wells, to avoid augmentation of risk arising from the drilling of an excessive number of wells and to otherwise prevent waste and protect correlative rights, a new pool named the North Lindrith Gallup-Dakota Oil Pool should be created and special pool rules and regulations providing for 160-acre spacing units should be promulgated for the new pool.

WHEREFORE, Northwest Exploration Company requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on April 28, 1982, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,  
CAMPBELL, BYRD & BLACK, P.A.

By   
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
Attorneys for Applicant

# Memo

From

FLORENE DAVIDSON  
ADMINISTRATIVE SECRETARY

To Called in by Bill Carr  
4/6/82

Northwest Exploration Company  
Pool Creation and Special  
Pool Rules

Lakota and Gallup forma-  
tions

North Lindrith, Gallup, Lakota  
Oil Pool

160-acre spacing

Navaho #1 930/N + 910/E  
Section 26, T25N, R2W

5/2 - Section 23

SW1/4 - Section 24

W1/2 - Section 25

All - Section 26

OIL CONSERVATION COMMISSION-SANTA FE

Rio Arriba County



*ORDERS*

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]*  
CASE NO. 7562  
Order No. R-6998

APPLICATION OF NORTHWEST EXPLORATION  
COMPANY FOR POOL CREATION AND SPECIAL  
POOL RULES, RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

*RL*  
This cause came on for hearing at 9 a.m. on May 26, 1982,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of June, 1982, the Division  
Director, having considered the record and the recommendations  
of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be  
granted.

IT IS THEREFORE ORDERED:

That Case No. 7562 is hereby dismissed.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*ms.*  
JOE D. RAMEY,  
Director

S E A L

SECRET TOSHING, LEX COUNTY, NEW  
MEXICO

DOCKET MAILED

Date 4/21/82 (Perkins)

489 / no prod. int'l  
4890 / no daily int'l  
200