

CASE 5221: Application of BLACK  
RIVER FOR UNORTHODOX GAS WELL  
LOCATION & NON-STANDARD PRO. UNIT

CASE No.

5221

Application,  
Transcripts,  
Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 25, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Black River  
Corporation for an unorthodox  
gas well location and a non-  
standard proration unit, Eddy  
County, New Mexico.

CASE NO.  
5221

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

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

For the Applicant:

Paul Eaton, Esq.  
Hinkle, Bondurant, Cox and  
Eaton  
Hinkle Building  
Roswell, New Mexico

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

I N D E X

PAGE

TOMMY PHIPPS

Direct Examination by Mr. Eaton

3

E X H I B I T S

	<u>Marked</u>	<u>Offered &amp; Admitted</u>
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Applicant's Exhibits Nos. 1, 2 & 3	9	9
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PHIPPS-DIRECT

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MR. NUTTER: Case 5221.

MR. CARR: Case No. 5221, Application of Black River Corporation for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico.

MR. EATON: Paul Eaton with the firm of Hinkle, Bondurant, Cox and Eaton, representing the Applicant. We have one witness.

TOMMY PHIPPS

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

DIRECT EXAMINATION

BY MR. EATON:

Q Would you please state your name and residence?

A Tommy Phipps, P-H-I-P-P-S, Midland, Texas.

Q By whom are you employed, Mr. Phipps?

A I am Executive Vice President of Black River Corporation.

Q Have you testified before the New Mexico Oil Conservation Commission in the past?

A No, sir.

Q Where did you go to school, Mr. Phipps?

A I have a Bachelor's degree in economics from Southwestern State College, Oklahoma.

PHIPPS-DIRECT

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Q When did you obtain that degree?

A 1959.

Q Since that time what has been your working experience?

A I became a C.P.A. in 1960 and worked as a partner in a C.P.A. firm in Midland until 1967. In 1967 I became operations manager for an independent oil operator in Midland.

Q Who was that?

A William B. Blakemore, II.

Q Have you continued to be operations manager for Mr. Blakemore?

A Yes, sir, until this time. We work primarily in oil and gas operations, ranching operations, real estate investments. I am an officer and director in several corporations covering manufacturing, research and development, real estate, ranching, oil and gas operations. During the past five years I have been associated with Black River Corporation, Natural Gas Exploration Corporation and Hydrocarbon Exploration Corporation in executive capacities, primarily operating in Eddy and Culberson Counties. Eddy County, New Mexico and Culberson County, Texas.

PHIPPS-DIRECT

Page..... 5.....

Q Are you in charge of all activities of all of the firms?

A Yes, sir. I directly supervise the administration and the consultants we hire for field operations.

Q What does Black River Corporation seek by its Application to this Commission?

A We seek approval of an unorthodox location for B.R. 4 Federal No. 3 Well located 1986 feet from the north line and 330 feet from the east line of Section 4, Township 26 South, Range 24 East, Eddy County, New Mexico, and also, we are requesting approval of non-standard gas proration unit covering or comprising the northeast quarter of said Section 4 totalling 201.34 acres.

Q Mr. Phipps, in your testimony, would you be referring to an exhibit which has been marked for identification as Exhibit No. 1?

A Yes, sir. Exhibit No. 1 is a land ownership map covering the leaseholdings in the immediate area of the discovery well. Attached to it is a surveyor's plat showing the location of the well and also a surveyor's plat which is a combination of work by the General Land Office and John W. West Engineering Company.

Q The lands covered in the yellow are what lands, sir?

PHIPPS-DIRECT

A It covers the proposed proration unit which is the northeast quarter of said Section 4. The well in question is designated by a red arrow with an asterisk, and the asterisk referring to the bottom of the exhibit which describes the main location of the well.

Q Would you give the Commission the history on this well in question?

A The well was spudded as a wildcat oil well, 2/28/73 and it was drilled to a total depth of 1514 feet. It was originally completed April 1st of '73 with perforations at 1340 to 41 feet, two perforations per foot. It was treated with 500 gallons of acid, 2000 gallons of Delaware Oil and 3000 pounds of sand. It was tested for several weeks thereafter. It flowed back some of the treating oil and then it started flowing water and gas with the gas increasing but not to a point where we felt comfortable with it. So we suspended testing from that point in time for a re-evaluation of the project. After re-evaluating the project, we recompleted the well up-hole at -- well, first, we set a bridge plug at 1338 feet above the lower perforations. We perforated 1331 to 1335 feet. We treated once again with 500 gallons of acid and we flushed it with 119 barrels of Delaware

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PHIPPS-DIRECT

CASE 5221

Page.....7.....

water. We then fraced it on 9/4/73 with another 500 gallons of acid and 10,000 gallons of Delaware oil and 9600 pounds of sand. We commenced testing once again and we tested it for many weeks. We recovered some of the frac oil back. The gas started increasing. We did produce some water. The water decreased. The gas continued to increase to the point where we thought we had a viable gas well.

The well was worked with for several more weeks and months trying to clean it up. We flushed frac sand out of it twice and finally got it cleaned up in early 1974 and four-point tested it March 21st, 1974 with a calculated absolute open flow of 1,067,000 cubic feet per day.

Q The drilling of this well, was that your initial attempt to obtain Delaware oil?

A No, sir. It was our third Delaware oil test. The other two tests which were in 40-acre spacing units directly to the east of the subject location, those two wells also were inconclusive. After we drilled a Morrow well just to the west of this location, the logs indicated that we had a much better chance of a completion at this location.

Q As a Delaware --

A (Interrupting) As a Delaware oil well. We tested it, of course, and were not able to complete it as an oil well, but we were able to complete it as a gas well.

Q About how much money was spent on this well?

A We've got approximately \$50,000 invested in this well.

Q If your Application were not approved and it became necessary to drill a Delaware gas well at a standard orthodox location, about what would be the cost of that well?

A We could redrill it through the well head for approximately \$40,000 or \$45,000.

Q Who are the off-set owners to these lands, Mr. Phipps?

A The off-set owners primarily are -- well, the off-set owners in Section 3 to the west --

Q (Interrupting) Do you mean to the east?

A To the east. Excuse me. City Service Oil Company owns 50 percent working interest. Black River Corporation 25 percent and Arapahoe Gas Limited whom we represent as agent owns 25 percent. The same holds true for Section 34 to the northeast and directly to the

PHIPPS-DIRECT

north in Section 33, the next Township.

Q But there are no off-set owners other than City Service or Arapahoe or Black River, are there?

A No, sir. Michael P. Grace owns the northwest quarter of Section 4.

Q Are City Service and Arapahoe aware of your Application?

A Yes, sir. I contacted Gene Motter with City Service and he said they had no objections.

Q Now, the non-standard unit is approximately how many acres more than 160 acres?

A Approximately 41.34 acres. This is caused primarily by the Township being one of the southernmost Townships in the State of New Mexico and through surveyors' expediency a group of the sections turned out to be oversized, this being one of them.

Q At this point in time and based on what information you do have, is it the opinion of your Company that this will effectively and efficiently drain that 201 acres?

A Yes, sir.

MR. EATON: I have no further questions.

MR. NUTTER: Mr. Phipps, how much oil did the well make when it was completed as an oil well or tested

PHIPPS-DIRECT

as an oil well?

THE WITNESS: As I recall, Mr. Nutter, we discovered approximately 140 barrels.

MR. NUTTER: That's all the oil it ever made?

THE WITNESS: Yes, sir. I don't think we recovered any new oil.

MR. NUTTER: I mean as an oil well; not as a gas well?

THE WITNESS: We did not recover any new oil that we know of, sir.

MR. NUTTER: Okay.

THE WITNESS: There was an erroneous report turned in by one of our consultants indicating that we had recovered oil, but that was frac oil.

MR. NUTTER: Are there any other questions of Mr. Phipps? You may be excused.

(Witness dismissed.)

MR. EATON: We offer Applicants Exhibits into evidence.

MR. NUTTER: Black River's Exhibits Nos. 1 through 3 will be admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were marked for identification and admitted into evidence.)

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CASE 5221

Page.....10.....

MR. NUTTER: Does anyone else have anything  
else they wish to offer in Case No. 5221?

We will take the case under advisement.

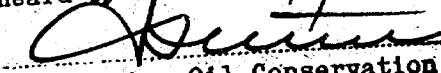
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STATE OF NEW MEXICO )  
 ) SS.  
COUNTY OF SANTA FE )

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

  
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5221, heard by me on 4/25 1974.

, Examiner  
New Mexico Oil Conservation Commission

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# OIL CONSERVATION COMMISSION

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

**I. R. TRUJILLO**  
**CHAIRMAN**

**LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER**

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

April 30, 1974

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

Re: CASE NO. 5221  
ORDER NO. R-4776

**Applicant:**  
**Black River Corporation**

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

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

Other \_\_\_\_\_

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 5221  
Order No. R-4776

APPLICATION OF BLACK RIVER  
CORPORATION FOR AN UNORTHODOX  
GAS WELL LOCATION AND NON-  
STANDARD PRORATION UNIT,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1974,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of April, 1974, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

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

(2) That the applicant, Black River Corporation, seeks  
approval of an unorthodox gas well location for its BR 4 Federal  
Well No. 3 located 1986 feet from the North line and 330 feet  
from the East line of Section 4, Township 26 South, Range 24  
East, NMPM, in an undesignated Delaware gas pool, Eddy County,  
New Mexico.

(3) That the applicant further seeks to dedicate the above-  
described well to a 201.34-acre non-standard gas proration unit  
comprising the NE/4 of said Section 4.

(4) That the entire NE/4 of said Section 4 may reasonably  
be presumed productive of gas from the Delaware formation.

(5) That said well was projected and originally completed  
as a Delaware oil well at an orthodox location for such a well.

(6) That no offset operator objected to the proposed  
unorthodox location.

(7) That approval of the subject application will afford  
the applicant the opportunity to produce its just and equitable



-2-  
CASE NO. 5221  
Order No. R-4776

share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Delaware formation is hereby approved for applicant's BR 4 Federal Well No. 3 located 1986 feet from the North line and 330 feet from the East line of Section 4, Township 26 South, Range 24 East, NMPM, undesignated Delaware gas pool, Eddy County, New Mexico.

(2) That the above-described well shall be dedicated to a 201.34-acre non-standard gas proration unit comprising the NE/4 of said Section 4.

(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.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*I. R. Trujillo*  
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

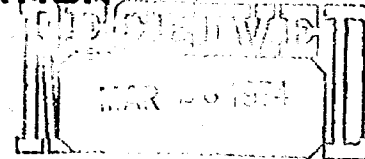
jr/

**BLACK RIVER CORPORATION**

620 COMMERCIAL BANK TOWER  
MIDLAND, TEXAS 79701

March 26, 1974

915 682-7354



OIL CONSERVATION COMM  
Santa Fe

*Case 5-221*

Mr. Dan Nutter, Chief Engineer  
New Mexico Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Re: Black River Corporation  
BR 4 Federal Well No. 3  
Section 4: T-26-S, R-24-E,  
Eddy County, New Mexico

Dear Mr. Nutter:

The above referenced well was projected as an oil well and spaced 1986' from north line and 330' from east line in Section 4; T-26-S, R-24-E, Eddy County, New Mexico. This well did not prove out as an oil well and was therefore recompleted as a gas well.

As this location does not conform to the standard for gas wells, we respectfully request a hearing before the commission in order that approval for the non-standard location may be obtained.

If additional information is needed, please advise.

Very truly yours,

BLACK RIVER CORPORATION

*Ronnie Sowders*

Ronnie Sowders  
Treasurer

RS/am

DOCKET MAILED

Date 4-11-74

(Case 5221 continued from Page 1)

said well having been projected as an oil well at a standard location for Delaware oil wells. Applicant further seeks approval of a 201.34-acre non-standard gas proration unit for said well comprising the NE/4 of said Section 4.

**CASE 5222:** Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Pavo Mesa Unit Area comprising 2,560 acres, more or less, of State and Federal lands in Township 16 South, Range 28 East, Eddy County, New Mexico.

**CASE 5223:** Application of Continental Oil Company for a 320-acre non-standard gas proration unit, simultaneous dedication of acreage, and reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the N/2 of Section 17, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Jack B-17 Wells Nos. 3 and 4 located 990 feet from the North and East lines and 990 feet from the North line and 1980 feet from the West line, respectively, of said Section 17. Applicant further seeks the reinstatement of the underproduction which was cancelled November 1, 1973, when the aforesaid proration unit was reclassified to marginal status.

**CASE 5224:** Application of Phillips Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its James "E" Well No. 1 located in Unit G of Section 11, Township 22 South, Range 30 East, Cabin Lake Field, Eddy County, New Mexico, in such a manner as to produce gas from the Strawn and Morrow formations through parallel strings of tubing.

**CASE 5225:** Application of Fluid Power Pump Company, Petro Lewis Corporation, and Partnership Properties Company for compulsory pooling, Sandoval County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests in the Media-Entrada Oil Pool underlying the NW/4 of Section 22, Township 19 North, Range 3 West, Sandoval County, New Mexico, to be dedicated to the Fluid Power Pump Company Well No. 5 located in Unit C of said Section 22.

**CASE 5226:** Application of Inexco Oil Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Morrow gas pool for its Fasken El Paso Federal Well No. 1 located in the SW/4 NW/4 of Section 3, Township 21 South, Range 26 East, Eddy County, New Mexico, and the promulgation of special pool rules therefor, including a provision for 640-acre spacing units for Sections 7 through 12, Township 21 South, Range 26 East, and the adoption of 480-acre non-standard spacing units comprising either the N/2 or S/2 of Sections 1 through 6, Township 21 South, Range 26 East, and Section 7, Township 21 South, Range 27 East.

CASE 5227: Application of Morris R. Antwell for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Lots 9 through 16 of Section 4, Township 21 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre gas proration unit to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

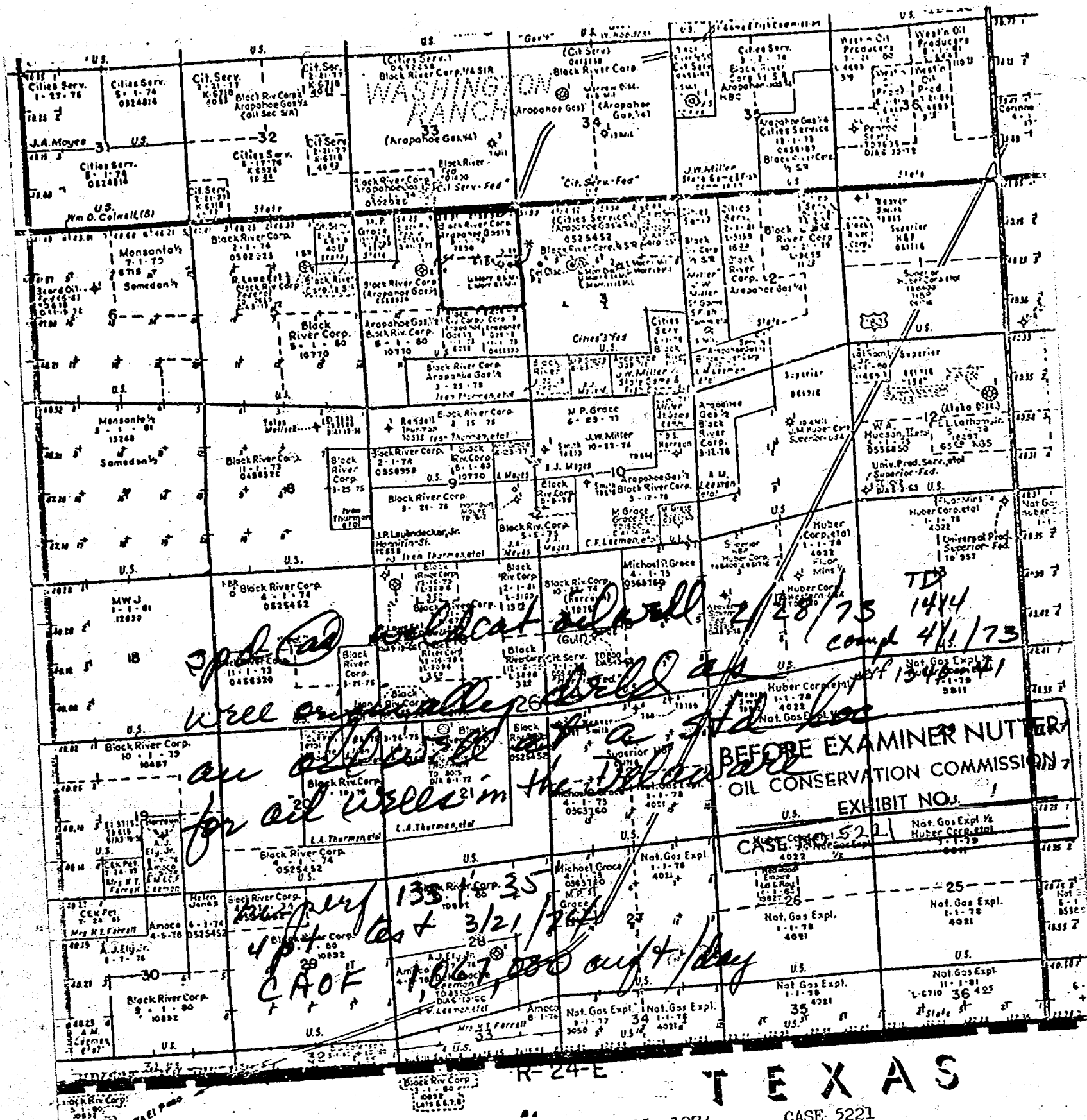
CASE 5228: Application of David Fasken for the creation of two pools and a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a Strawn gas pool and a Morrow gas pool for his El Paso 3 Federal Well No. 1 located 2724 feet from the North line and 2870 feet from the East line of Section 3, Township 21 South, Range 26 East, Eddy County, New Mexico. Applicant further seeks approval for the dual completion of said well to produce gas from the Strawn and Morrow formations through parallel strings of tubing.

CASE 5207: (Continued from the April 10, 1974, Examiner Hearing)

Application of Craig Folsom for a non-standard proration unit and compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying a non-standard oil proration unit comprising the SW/4 NE/4 SE/4, NW/4 SE/4 SE/4, NE/4 SW/4 SE/4, and the SE/4 NW/4 SE/4 of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1340 feet from the South line and 1300 feet from the East line of said Section 12, said location having been previously been approved by Order No. R-4750. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5208: (Continued from the April 10, 1974, Examiner Hearing)

Application of S. F. Yates for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-3221, as amended, authority to dispose of produced salt water in an unlined surface pit on its Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and the NE/4 of Section 5, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.



EXAMINER HEARING - THURSDAY - APRIL 25, 1974 - CASE 5221

WELL LOCATION MAP  
FIELD - Undesignated COUNTY - Eddy

\* BLACK RIVER CORPORATION  
BR 4 Federal No. 3  
1986' FNL 330' FEL Section 4: T-26-S, R-24-E,  
Eddy County, New Mexico

STATE - New Mexico  
BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 1  
CASE NO. 5221

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator <b>BLACK RIVER CORPORATION</b>		Lease <b>BR 4 FEDERAL</b>		Well No. <b>3</b>
Unit Letter <b>H</b>	Section <b>4</b>	Township <b>26 SOUTH</b>	Range <b>24 EAST</b>	County <b>EDDY</b>
Actual Footage Location of Wells <b>330</b> feet from the <b>EAST</b> line and <b>1986</b> feet from the <b>NORTH</b> line				
Ground Level Elev.	Producing Formation		Dedicated Acreage <b>201.34</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

**CERTIFICATION**

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

\_\_\_\_\_  
Name  
Position  
**BEFORE EXAMINER NUTTER**  
**OIL CONSERVATION COMMISSION**  
\_\_\_\_\_  
Company  
**EXHIBIT NO. 2**  
**330'**  
**CASE NO. 511**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

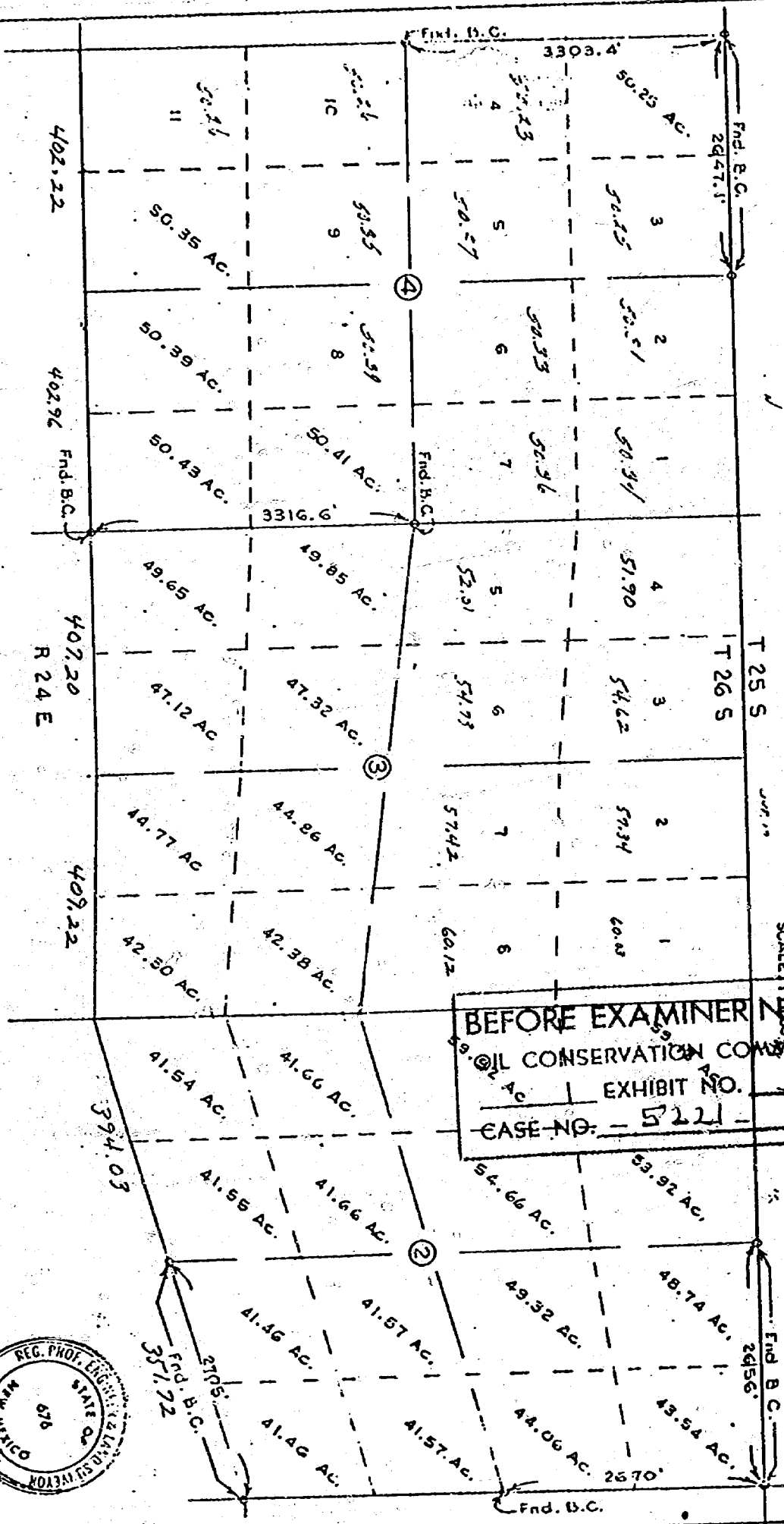
Date Surveyed  
**FEBRUARY 14, 1973**

Registered Professional Engineer and/or Land Surveyor  
*John W. West*  
\_\_\_\_\_  
Certificate No. **676**

0 330 660 990 1320 1650 1980 2310 2640 2000 1800 1600 1400 1200 1000 800 0

EXAMINER HEARING - THURSDAY - APRIL 25, 1974  
CASE 5221

ACREAGE MAP



NOTE:

ACREAGE SHOWN ON ABOVE PLAT IS FROM CURRENT OFFICE DATA ONLY  
AND NOT FROM ACTUAL FIELD SURVEY

I hereby certify that the monuments shown on the above plat were plotted from field notes of an official survey made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

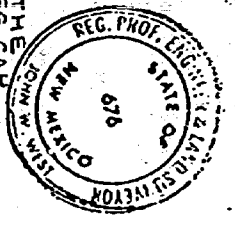
John W. West

PLAT SHOWING LOCATION OF THE  
FOLLOWING U.S.G.L.O. BRASS CAP  
MONUMENTATION:

NW COR., 1/4 COR., & 1/2 COR. - SEC. 4  
SE COR. SEC. 4 & SW COR. SEC. 3  
1/4 COR. COMMON TO SEC. 4 & 3  
NE 1/4 SE COR., 1/2 COR., E 1/2 COR. & S 1/4  
COR. - SEC. 2

ALL LYING WITHIN T26S, R24E, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

PREPARED BY: JOHN W. WEST ENGINEERING CO.  
HOBBS, NEW MEXICO.



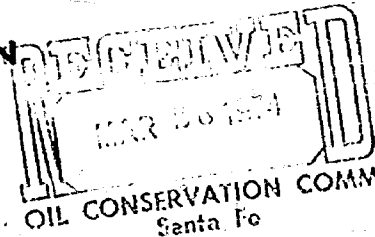


**BLACK RIVER CORPORATION**

620 COMMERCIAL BANK TOWER  
MIDLAND, TEXAS 79701

March 26, 1974

915 682-7354



Mr. Dan S. Nutter, Chief Engineer  
New Mexico Oil Conservation Commission  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: Black River Corporation's  
BR 4 Federal Well No. 3  
Unit H, Sec. 4: T-26-S, R-24-E  
Eddy County, New Mexico

Dear Mr. Nutter:

Black River Corporation originally drilled the above referenced well as an oil well with a forty (40) acre proration unit anticipated, however, this well did not produce as an oil well and was then recompleted as a gas well. The total depth of this well is 1414' and the productive formation is the Delaware. Section four (4) that the above referenced well is located in is oversized and contains 805.18 acres, more or less. A xerox copy of the acreage plat as prepared by John West Engineering Company is enclosed as a supplement.

With the above facts as presented we respectfully request that administrative approval be granted that the entire NE/4 of Section 4, T-26-S, R-24-E, Eddy County, New Mexico which includes a total of 201.34 acres, more or less, be designated as a non-standard gas proration unit.

Your attention to this matter will be greatly appreciated.

Very truly yours,

BLACK RIVER CORPORATION

*Ronnie Sowders*  
Ronnie Sowders  
Treasurer

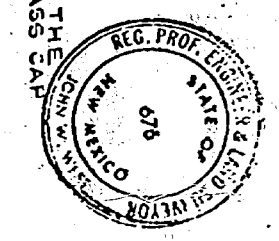
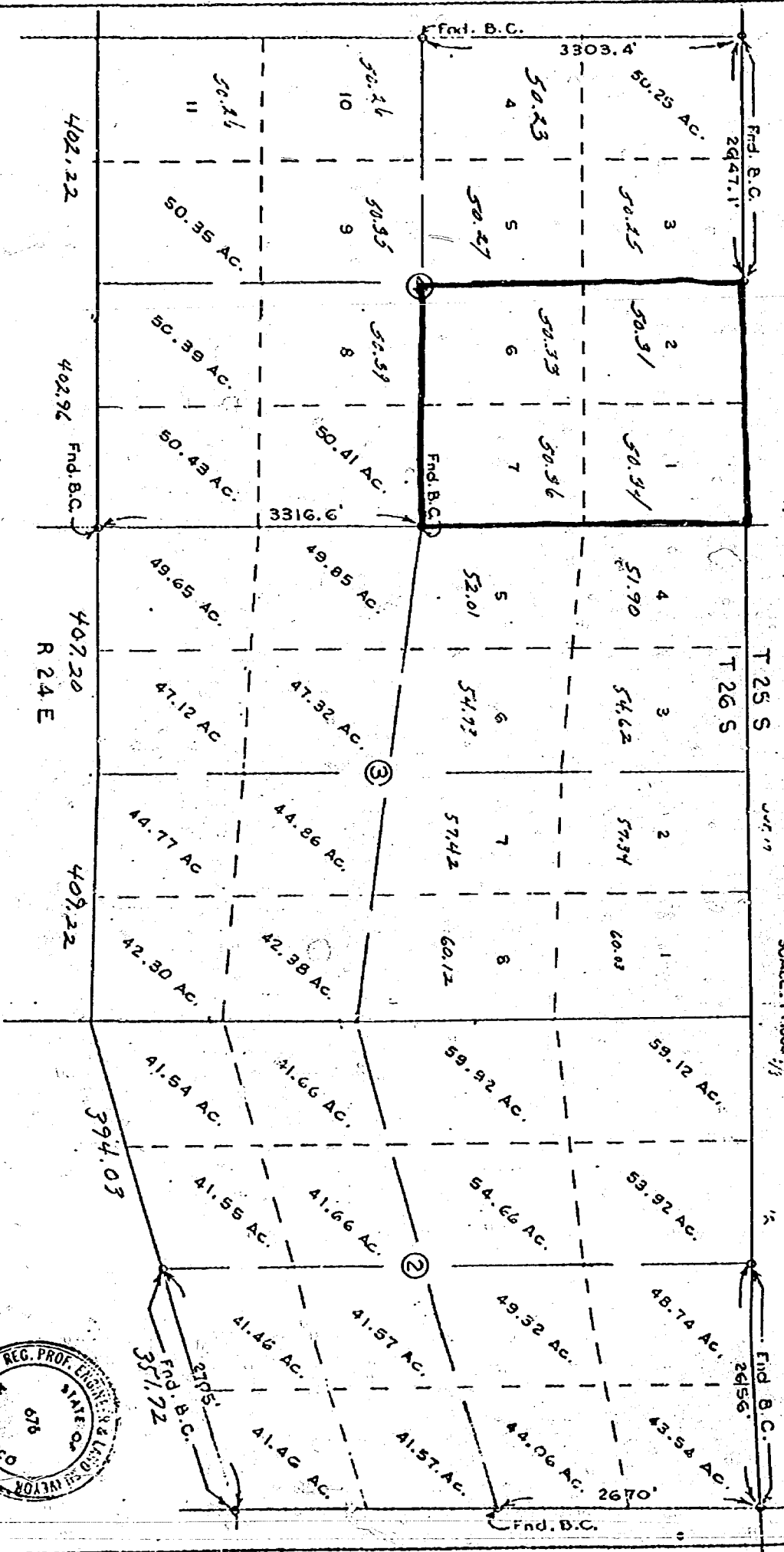
RS/am  
enclosure

DOCKET MAILED

Date 4-11-74



SCALE: 1"=1000'



PLAT SHOWING LOCATION OF THE  
FOLLOWING U.S.G.L.O. BRASS CAP  
MONUMENTATION:

- NW COR., N 1/4 COR., & W 1/4 COR., - SEC. 4
- SE COR. SEC. 4 & SW COR. SEC. 3
- 1/4 COR. COMMON TO SEC. 4 & 3
- NE & SE COR., N 1/4 COR., E 1/4 COR. & S 1/4 COR., - SEC. 2

ALL LYING WITHIN T 25 S, R 24 E, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

PREPARED BY: JOHN W. WEST ENGINEERING CO  
HOBBS, NEW MEXICO

NOTE:  
ACREAGE SHOWN ON ABOVE PLAT IS FROM CURRENT OFFICE DATA ONLY  
AND NOT FROM ACTUAL FIELD SURVEY

I hereby certify that the monuments shown on the above plat  
were plotted from field notes of an official survey made by  
me or under my supervision and that the same is true and  
correct to the best of my knowledge and belief.

*John W. West*  
John W. West P.E. & L.S. N.M. NO 676

Case 5-221

$dr,$ 

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

Order No. R-4776

### ORDER OF THE COMMISSION

This cause came on for hearing at 9 a.m. on April 25, 1941,  
at Santa Fe, New Mexico, before Examiner

**FINDS:**

(2) That the applicant, Black River Corporation, seeks approval of an unorthodox gas well location for its BR 4 Federal Well No. 3 located 1986 feet from the North line and 330 feet from the East line of Section 4, Township 26 South, Range 24 East, <sup>in an</sup> ~~NMPM, to test the Delaware formation,~~ undesignated Delaware gas pool, Eddy County, New Mexico.

(3) That the applicant further seeks to dedicate the above-described well to a 201.34-acre non-standard gas proration unit comprising the NE/4 of said Section 4.

(4) That ~~a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.~~ *said well was projected and originally completed as a Delaware oil well at an orthodox location for such a well.*

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Delaware formation is hereby approved for ~~the~~ *Applicant's* BR 4 Federal Well No. 3 located 1986 feet from the North line and 330 feet from the East line of Section 4, Township 26 South, Range 24 East, NMPM, undesignated Delaware gas pool, Eddy County, New Mexico.

(2) That the above-described well shall be dedicated to a 201.34-acre non-standard gas proration unit comprising the NE/4 of said Section 4.

(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 herein above designated.

(4) That the entire NE/4 of said Section 4 may reasonably be presumed productive of gas from the Delaware formation.