

CASE NO. 5487 APPIICATION, Transcripts, Small Exhibits, ETC.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501 July 23, 1975 I. R. TRUJILLO CHAIRMAN

LAND COMMISSIONER PHIL R. LUCERO MEMBER

STATE GEOLOGIST A. L. PORTER, JR. SECRETARY – DIRECTOR

States and the

Mr. Donald G. Stevens Attorney at Law Post Office Box 1797 Santa Fe, New Mexico

Re: CASE NO. 5487 ORDER NO. R-5037

Applicant:

J. I. O'Neill, Jr.

Dear Sir:

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

Yours very truly JOE D. RAMEY

Secretary-Director

JDR/fd

Copy of order also sent to: Hobbs OCC ______ Artesia OCC ______ 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. 5487 Order No. R-5037

APPLICATION OF J. I. O'NEILL, JR., FOR SALT WATER DISPOSAL, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 28, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of July, 1975, the Commission, a quorum being present, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

SEAL

dr/

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

IT IS THEREFORE ORDERED:

That Case No. 5487 is hereby dismissed.

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

> STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

LUCERO

JOE D. RAMEY, Member & Secretary

JOSEPH I. O'NEILL, JR. DIL PROPERTIES P. D. BOX 2840 July 17, 1975

410 WEST OHIO Midland, Texas 79701 IUI TEYEADDE IUI TEYEADDE ISIS EB3-277 IL CONSERVATION COMM. Santa Fe

Case 5487

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

Attention: Mr. Richard L. Stamets

والمعروف فيحرج والمعرفة

Gentlemen:

Re: Case #5487, dated May 28, 1975

We are no longer in need of the State "L" #2 well for salt water injection.

Please dismiss the above hearing.

Yours very truly,

E. T. Anderson

ETA/hg

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico May 28, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of J.I. O'Neill, Jr., for salt water disposal, Roosevelt County, New Mexico. Case No. 5487

Page 1.....

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

APPEARANCES

For the Applicant:

Donald G. Stevens, Esq. 214 Old Santa Fe Trail Santa Fe, New Mexico 87501

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



CASE 5487 3 Page......

MR. STAMETS: The hearing will please come to order. We will call at this time Case 5487, being Application of J.I. O'Neill, Jr., for salt water disposal, Roosevelt County, New Mexico.

MR. STEVENS: Mr. Examiner, I'm Don Stevens, Attorney, Santa Fe, representing the Applicant. We have one witness to be sworn.

(Witness sworn.)

E.T. ANDERSON

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

DIRECT EXAMINATION

BY MR. STEVENS:

of ---

Q Would you state your name, please, your residence and occupation, please?

A It's E.T. Anderson, Midland, Texas, and I'mea Petroleum Engineer employed by Joseph I. O'Neill, Jr.

Q What capacity are you employed by Mr. O'Neill? A As a Petroleum Engineer.

Q Have you testified previously before this Commission and had your qualifications accepted? A I have testified; I don't recall the acceptance

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Q Could you very briefly summarize your educational and work background.

A I graduated from Oklahoma University in 1940 as a Petroleum Engineer and I have spent my life in the oil business.

Q What companies principally did you work for? A I have worked for Simms Oil Company, Gulf Oil, and O'Neill.

Q Was this in the capacity as Petroleum Engineer? A Previous to O'Neill it was previous to the graduation.

Q I see. Since graduation --

A (Interrupting) I worked for Dow Well also as a Petroleum Engineer, in the Dow Chemical Company. Q I see.

MR. STEVENS: Are the Witness' qualifications acceptable?

MR. STAMETS: Just one question. You have worked for Mr. O'Neill since 1940?

MR. ANDERSON: Since '40, yes. MR. STAMETS: As a Petroleum Engineer? MR. ANDERSON: No, I went with O'Neill in '50 as a Petroleum Engineer. I went with Dow Chemical in THE NYE REPORTING SERVICE

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

CASE 5487 Page......5

'40, Dow Well.

MR. STAMETS: So you have 25 years of petroleum engineering experience with J.I. O'Neill?

MR. ANDERSON: Right.

MR. STAMETS: Yes, the Witness is considered qualified.

BY MR. STEVENS:

Q Mr. Anderson, would you briefly explain what the Applicant seeks in this hearing?

A We own a well that's in the SW of the SW of 16, 8, 36. It is a small producer; produces a small amount of oil and approximately 50 barrels of water per day.

Q Excuse me for just a moment. In this respect I will ask you to refer to Applicant's Exhibit No. 1. MR. STAMETS: Do you have a set of those for

me?

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MR. STEVENS: Oh, I'm sorry. I meant to give you one and I didn't.

A On Exhibit No. 1 the well is shown. Also on this Exhibit are the two cross sections which are Exhibits 2 and 3.

Q Summarily, the Applicant seeks what at this THE NYE REPORTING SERVICE STATE-WIDE DEPOSITION NOTARIES 225 JOHNSON STREET SANTA FE, NEW MEXICO 87501 TEL. (505) 982-0386

CASE 5487 Page.....6

hearing?

A We have been injecting water in the NW of the SE of 16, and that well was in the Bough C, and it has had casing collapse, or some trouble, so we would now like to inject water in the SE of the SW of 16, which is the O'Neill State L No. 2.

Q All right, excuse me, is that well you were injecting into in the NW of the SE or --

A (Interrupting) NW of the SE -- oh, excuse me, NW of the SW, excuse me.

Q And what is the significance of the red wells and lines and the blue wells and lines on that Exhibit? A All right. The red lines are the wells east and west cross section as shown in Exhibit 2, and also on Exhibit 2 would be the well in which we wish to inject water, which is the State L No. 2. On this Exhibit --

Q (Interrupting) Excuse me, before you refer to that Exhibit, would you explain the significance of the blue lines and then we will come back to that Exhibit. A The blue line is a cross section north and

south.

G.

Here and the second

Q And those are Pennsylvanian wells? THE NYE REPORTING SERVICE STATE-WIDE DEPOSITION NOT ARIES 225 JOHNSON STREET SANTA FE, NEW MEXICO 87501 TEL. (505) 982-0385

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CASE 5487 Page......7

They are in the Bough C, correct.

Q Okay. Now, referring to Exhibit 2, would you please go through it for the Commission, please?

A All right. Exhibit 2 is the east west cross section and on this Exhibit you will see the perforations in the proposed salt-water disposal well, and also the producing section in the State L No. 1.

Q Which of these wells, for my information, was the original injection or producing well in this Exhibit?

A The original producing well and the present producing well is the one in the center of the Exhibit. The disposal well is shown in Exhibit 3, and it would be -- it is the well on the left.

Q That is the old disposal well?

A Yes.

General Sciences

Q And the reason that this well is being abandoned was what?

A We've encountered some injection problems, probably a casing collapse, and we will re-enter the well, of course, to plug it. If we can clean it up we will continue to dispose water in that well because it takes it at no pressure.

Q Okay. Referring again to the Exhibit No. 2,

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

would you go through the details of the proposed saltwater injection program in that well?

A Well, we would use, of course, the present casing; we would use plastic-line tubing, a packer, treated water in the annulus, and treat the injection water and maintain a pressure observance on the casing.

Q Will you have an inert fluid in the annulus behind the tubing and casing?

A Yes, we would.

Q Would the surface-pressure indicator be monitored by your field personnel?

A Daily.

Q Daily. Is this water you are proposing to inject from a producing San Andres well offsetting this well; is this the same formation and water going into the injection well in the same formation as the producing well?

A Yes.

and the second second

Q In your opinion, will this have an injurious effect upon your producing capacities?

A No, we really think it might help a little; we might get a little bit of flood out of it.

Q Referring to what has been marked as Exhibit No.

THE NYE REPORTING SERVICE STATE-WIDE DEPOSITION NOTARIES 225 JOHNSON STREET SANTA FE, NEW MEXICO 87501 TEL. (505) 902-0386

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4, would you explain those for the Commissioner?

A These are waivers of objections on the part of Hubber Corporation, Carols Production Service, and Petro-Fina, which are the offset operators to the present producing well.

Q Are there any offset operators who object to this proposed --

A (Interrupting) We have had no objections. Q In your opinion, would the granting of this Application intend to prevent waste and protect correlative rights?

A I think it would, and I think it would also maintain a marginal well.

Q Were Exhibits 1 through 3 prepared by you or under your direction?

A They were.

MR. STEVENS: I would like to move the introduction of these Exhibits at this time.

MR. STAMETS: The Exhibits will be admitted. (Whereupon, Applicant's

> Exhibits Nos. 1 through 3 were admitted into evidence.)

MR. STEVENS: We have no further questions, THE NYE REPORTING SERVICE STATE-WIDE DEPOSITION NOTARIES

225 JOHNSON STREET SANTA FE, NEW MEXICO 87501 TEL. (505) 982-0386 ANDERSON-CROSS

Mr. Examiner.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Anderson, is there only a single well producing from the San Andres in this pool? A No. The ones that I have knowledge of are Hubber's, which is the S/2 of the SE of 17, those two wells.

Q Yes.

A And then the well to the south and the well to the SW, our present producing well, are not producing from the San Andres; these are deeper wells.

Q The Commission's records would show what other wells are producing in this area?

A Correct.

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Q What about these other wells that you show in here, especially the deeper wells; do you know if these are adequately cemented to the San Andres section?

A This I do not know, but surely they considered this when they reviewed this request.

Q My concern would be the potential for migration of the injected fluids into the wellbore between the casing and the pole in some of these offsetting deeper

> THE NYE REPORTING SERVICE STATE-WIDE DEPOSITION NOTARIES 225 JOHNSON STREET SANTA FE, NEW MEXICO 67501 TEL. (505) 982-0386

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ANDERSON-CROSS

. . .

wells and then between the vertical migration, where the water can get into other formations than the one that you propose here.

A Of course, much of this answer would depend on the intermediate strings that were run in those wells; I just do not have the data. I can get it for you.

Q Are there any other injection wells, to your knowledge, operating in this area?

A There are some more, but where they are I do not know; I really don't.

Q I believe the Examiner would like to have the information on these wells in -- oh, say within a mile of the proposed injection well, as to whether or not they are all cemented through the San Andres section.

A All right. Within a mile?

Q Right. Now, as I recall from your testimony, you do plan to go in and work over this -- I guess it's the No. 1 Well?

A Yes, it's the O'Neill No. 1.

Q Which was your former salt-water disposal well?

A Correct.

Q If you are successful in your work-over opera-

tions, will you need the No. 2 Well also? THE NYE REPORTING SERVICE STATE-WIDE DEPOSITION NOTARIES 225 JOHNSON STREET SANTA FE, NEW MEXICO 87501 TEL. (505) \$802-0386 ANDERSON-CROSS

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A No, we will not.

Q So this is --

A (Interrupting) I would like to maintain it as a temporarily abandoned well, as I have done, for this very reason; for a possible future injection well.

Q Okay. Would your field people, of course, report any leakage of water on the surface or from around any producing or abandoned wells, or whatever?

A They certainly will, yes.

Q And also I believe your Application, which came in on Form C-108, reflects the manner in which you propose to complete and utilize the salt water disposal well?

A Correct.

MR. STAMETS: Are there any other questions of this Witness? He may be excused. Anything further in this Case? We will take the Case under advisement.

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

STATE OF NEW MEXICO)) COUNTY OF SANTA FE)

SS.

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

RICHARD L. NYE, Court Reporter

CASE 5487 Page......13

I do hereby certify that the foregoing is a complete record of the proceedings the Examiner hearing of Case No. 578 19 **75** by no

Richard L Ctemp, Examiner

New Mexico 011 Conservation Commission

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

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Case 5487

JOSEPH I. O'NEILL, JR. DIL PROPERTIES May 2, 1975

410 WEST OHIO MIDLAND, TEXAS 79701

TELEPHO (F/ (9|5) 683-2771 4. COLISERVATION COMM. Sonta Fe

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

Gentlemen:

Reference is made to Form No. C-108, which we submitted April 17, 1975.

We herewith request a hearing on our application to inject salt water in the temporarily abandoned Joseph I. O'Neill, Jr., State "I." #2, located 1980' from the West line and 660' from the South line, Section 16, T 8S, R 36E, Roosevelt County, New Mexico.

Please advise the date of the hearing.

Yours very truly,

E. T. Anderson

ETA/hg

DOCKET MAILED

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AMERICAN PETROFINA COMPANY OF TEXAS

POST OFFICE BOX 1311 • BIG SPRING, TEXAS 79720 May 20, 1975

Oil Conservation Commission P. O. Box-1980 Hobbs, New Mexico 88240

Gentlemen:

American Petrofina Company of Texas waives objection to the application by Joseph I. O'Neill, Jr. to inject salt water into the State "L" No. 2 well located in Unit N, Section 16, T-8-S, R-36-E, Prairie San Andres, South Pool, Roosevelt County, New Mexico. The injection interval of this well is to be 4852' to 5001'.

Yours very truly,

Bott

RCB:gy

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| 1 | BEFORE EXAMINER STAMETS OIL CONSELVE IN NO 4 | |
| | ADD EXFL. INO. | |
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| | Hearing L 2-00- | - |

CARROLL'S PRODUCTION SERVICE

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P. O. Box 912 — Phone 396-5029 LOVINGTON, NEW MEXICO 88260

May 21, 1975

MAY 22,55

J. I. O'Neil, Jr. 410 West Ohio Midland, Texas 79701

Att: Mr. Ed Anderson

Re: 5487

Dear Mr. Anderson:

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This letter is to inform you that I have no objection to you injecting disposed water in the San Andres Formation in the South Prarie San Andres Pool.

Well designation to be State L#2 located in Unit N Section 16-85-36E with injection intervals of 4852-5001.

If I can be of any more help, let me know.

Sincerely,

Carroll Nedy

Carroll Neely CN/pw

J. M. Huber Corporation 1900 Wilco Building

Midland, Texas 79701

May 23, 1975

OIL AND GAS

TELEPHONE

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

> Re: Case 5487, Application of J.I. O'Neill, Jr., Proposed SWD Well, State "L" No. 2 Section 16-T8S-R36E, Roosevelt County, New Mexico

Gentlemen:

J.M. Huber Corporation is the operator of the Perry Federal No. 2 well located in the SE/4 of the SE/4 of Section 17, T8S-R36E, Roosevelt County, New Mexico. The Perry Federal No. 2 well produces from the San Andres formation, and is in the South Frairie San Andres Pool.

J.M. Huber Corporation is familiar with the above referenced application of J.I. O'Neill, Jr., and, hereby, waives any objection to J.I. O'Neill's application to dispose of produced salt water by injection into the San Andres formation.

Very truly yours,

J.M. HUBER CORPORATION

nee R. Sutherland

James R. Sutherland District Production Manager

JRS:mt

Docket No. 13-75 is tentatively set for hearing on June 11, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 28, 1975

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

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

CASE 5468: (Continued from the April 30, 1975 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Kenneth M. Hankins, Great American Insurance Company, and all other interested parties to appear and show cause why the Virginia Branch Well No. 1, located in Unit D of Section 9, Township 10 North, Range 25 East, Guadalupe County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5485:

: Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Tidwell ED Well No. 1, located in Unit P of Section 22, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, in such a manner as to produce gas from the Atoka and Morrow formations through the tubing-casing annulus and tubing, respectively.

CASE 5486:

Application of Yates Petroleum Corp. for two unorthodox gas well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well locations for two proposed wells adjacent to the Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, the first to be located in the center of Unit O of Section 25, Township 17 South, Range 25 East, the E/2 of said Section 25 to be dedicated to the well, and the second to be located in the center of Unit M of Section 31, Township 17 South, Range 26 East, the W/2 of said Section 31 to be dedicated to the well.

CASE 5487:

Application of J. I. O'Neill, Jr., for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the disposal of produced salt water by injection into the San Andres formation through the perforated interval from 4852 feet to 5001 feet in his State L Well No. 2, located in Unit N of Section 16, Township 8 South, Range 36 East, South Prairie-San Andres Pool, Roosevelt County, New Mexico.

Examiner Hearing - Wednesday - May 28, 1975

Docket No. 12-75 -2-

CASE 5488:

2: Application of Texas Pacific Oil Co. for pool contraction and extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order contracting the vertical limits of the Jalmat Gas Pool underlying the N/2 NE/4 and the SE/4 NE/4 of Section 4, Township 23 South, Range 36 East, Lea County, New Mexico, by the deletion therefrom of the lowermost 160 feet of the Seven Rivers formation, and the concurrent extension of the vertical limits of the Langlie Mattix Pool underlying said lands to include therein the said lowermost 160 feet of the Seven Rivers formation, further to similarly contract the vertical limits of the Jalmat Gas Pool underlying the NW/4 SW/4 of Section 3, Township 23 South, Range 36 East, by the deletion of the lowermost 135 feet of the Seven Rivers and the concurrent extension of the Langlie Mattix Pool to include the lowermost 135 feet of the Seven Rivers.

CASE 5489:

Application of Texas Pacific Oil Co., Inc. for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the expansion of its Jalmat State "A" and/or its Langlie Mattix State "A" waterflood projects, Jalmat and Langlie Mattix Pools, by the injection of water into the Seven Rivers and Queen formations through its State "A" Wells Nos. 47 and 63 located, respectively, in Units K and I of Section 3 and its State "A" Well No. 84, located in Unit G of Section 23, all in Township 23 South, Range 36 East, Lea County, New Mexico.

CASE 5490:

Application of Tenneco Oil Co. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water by injection into the Strawn formation through the perforated interval from 11,164 feet to 11,470 feet in its Jones Federal "D" Well No. 1, located in Unit E of Section 24, Township 19 South, Range 31 East, Lusk-Strawn Pool, Eddy County, New Mexico.

CASE 5491:

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Application of Murphy H. Baxter for an unorthodox oil well location and an administrative procedure, Lea County, New Mexico, Applicant, in the above-styled cause, seeks approval for the unorthodox oil well location for a well to be drilled 1980 feet from the North line and 1460 feet from the East line of Section 1, Township 18 South, Range 33 East, North EK-Queen Pool, Lea County, New Mexico. Applicant further seeks the establishment of an administrative procedure whereby additional wells at unorthodox locations in the North EK-Queen Unit Area could be approved without notice and hearing.

CASE 5469: (Continued and Readvertised)

Application of Read & Stevens for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of a well to be drilled at a point 990 feet from the South and West lines of Section 7, Township 15 South, Range 28 East, Chaves County, New Mexico, in exception to the Buffalo Valley-Pennsylvanian Gas Pool Rules. Examiner Hearing - Wednesday - May 28, 1975

Docket No. 12-75 -3-

CASE 5492: Application of David Fasken for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Canyon and Morrow production in the wellbore of his El Paso Federal Well No. 2, located in Unit M of Section 2, Township 21 South, Range 26 East, Avalon Field, Eddy County, New Mexico.

CASE 5493:

: Application of Texas West Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 5, Township 24 South, Range 34 East, Bell Lake Field, Lea County, New Mexico, to be dedicated to a well to be drilled at an orthodox location for said unit in Unit G of said Section 5. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for the risk involved in drilling said well.

CASE 5494:

Application of Burleson and Huff for compulsory pooling, a nonstandard gas proration unit, and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NW/4 of Section 35, Township 25 South, Range 37 East, Lea County, New Mexico, and in the Langlie Mattix Pool underlying the NW/4 NW/4 of said Section 35 to form a non-standard 160-acre Jalmat gas proration unit and a standard 40-acre Langlie Mattix oil proration unit, each to be dedicated to applicant's Dabbs Well No. 2, located at an unorthodox Jalmat gas well location 330 feet from the North line and 990 feet from the West line of said Section 35. Also to be considered will be the cost of re-entering, 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 will be the designation of the applicant as operator of the well and a charge for the risk involved in re-entering, drilling, and completing said well.