

**CASE 5566: JAMES P. GRAHAM FOR A  
NON-STANDARD PRORATION UNIT AND  
COMPULSORY POOLING, CHAVES COUNTY**

CASE NO.

5566

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.

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General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 8, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of James P. Graham for a  
non-standard proration unit and  
compulsory pooling, Chaves County,  
New Mexico.

CASE  
5566

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

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

For the Applicant:

James P. Graham, pro se

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1 MR. STAMETS: We will call the next Case, 5566.

2 MR. CARR: Case 5566, application of James P.  
3 Graham for a non-standard proration unit and compulsory  
4 pooling, Chaves County, New Mexico.

5 MR. STAMETS: Call for appearances in this Case.

6 MR. J. GRAHAM: I'm James P. Graham.

7 MR. STAMETS: You will be representing yourself  
8 today?

9 MR. J. GRAHAM: Yes, sir.

10 MR. STAMETS: Any other appearances in this Case.

11 MR. R. GRAHAM: Ray Graham representing the State  
12 Land Office.

13 MR. STAMETS: Any other appearances?

14 Will all those who will be witnesses and presenting  
15 testimony please stand and be sworn?

16 (THEREUPON, the witnesses were duly sworn.)

17 MR. CARR: You may be seated.

18 MR. STAMETS: You may proceed, Mr. Graham.

19 MR. J. GRAHAM: Okay. I'm afraid there was a  
20 mistake picked up that Mr. Graham just informed me about on  
21 the application. I'm not applying for compulsory pooling  
22 in this Case. The formation of a non-standard proration  
23 unit and the compulsory pooling has previously been  
24 approved by the Commission for C. Craig Folson and that  
25 order expired for non-drilling of the well. It appeared

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1 at that time that part of the acreage in question that the  
2 lease owner could not be located after a diligent attempt  
3 by Mr. Folson, but it comes to light that Anadarko in effect  
4 owned the lease and not the person who couldn't be found  
5 and Anadarko has consented to the well, so the compulsory  
6 pooling is no longer a question at this time.

7 What I would like to do is form a non-standard  
8 unit composed of the southwest quarter of the northeast  
9 quarter of the southeast quarter, the northwest quarter of the  
10 southeast quarter of the southeast quarter, the northeast  
11 quarter of the southwest quarter of the southeast quarter,  
12 and the southeast quarter of the northwest quarter of the  
13 southeast quarter of Section 12, Township 13 South, Range  
14 31 East in NMPM, Chaves County and drill a Queen Sand test.

15 What we are doing is drilling in the middle of  
16 four abandoned completed wells in the Caprock Queen Unit  
17 where we think there might be a banking of oil.

18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q What you are looking at, Mr. Graham, then would  
21 be a salvage project in a depleted water flood project?

22 A Yes, sir.

23 Q What's the necessity for this rather odd unit?

24 A Well, we are getting right in between the four  
25 wells that have been abandoned, the other is that it is the

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1 only way Pennzoil would agree to this proposition, Pennzoil  
2 being one of the lease owners, and it is equitable to all  
3 of the offset operators.

4 Q Which one of the ten acre tracts is the one that  
5 was farmed out from Pennzoil?

6 A The one in the northwest of the southeast of the  
7 southeast.

8 Q Mr. Graham, if this were to be approved by the  
9 Commission do you realize that what we would then have would  
10 be four forty-acre tracts with thirty acres each not  
11 dedicated to any particular well?

12 A Yes, sir.

13 Q Then assuming that your particular well was an  
14 economic success and other wells would be proposed to be  
15 drilled, the Commission might be faced with the task of  
16 approving myriads of these little forty acre proration  
17 units?

18 A Yes, sir.

19 MR. STAMETS: Any other questions of this  
20 witness? you may be excused.

21 We will call Mr. Ray Graham.

22 RAY D. GRAHAM

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

25 DIRECT EXAMINATION



1 BY MR. CARR:

2 Q Mr. Graham, will you state your full name and  
3 position, please?

4 A I'm Ray D. Graham, Director of the Oil and Gas  
5 Division for the Commissioner of Public Lands, New Mexico  
6 State Land Office.

7 Q Are you familiar with the application in Case  
8 5556?

9 A Yes, sir, I am.

10 Q Would you explain to the Examiner the position  
11 of the Land Office as concerns this application?

12 A We have no objection to the non-standard location  
13 as proposed in the application. We do object to the forced  
14 pooling or the allocation of royalty to the other three  
15 individual ten-acre tracts, other than the one on which the  
16 well is proposed to be located.

17 There are some reasons, number one is that the  
18 applicant has not yet complied with our Rule 51. The  
19 other reason is that by Statute we have to operate on a  
20 standard quarter-quarter governmental survey tract of land.  
21 We cannot issue leases, we cannot segregate leases on  
22 anything less than a standard governmental survey. In this  
23 case we would be forced to recognize merely ten acres out  
24 of each subdivision. The entire one hundred and sixty  
25 acres of the southeast quarter of that Section is State-

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1 owned minerals, so we are the basic mineral owner under the  
2 entire situation.

3 Since we cannot recognize this non-standard  
4 proration unit, all of the production would be allocated to  
5 the -- all of the royalty, rather, would be allocated to the  
6 southwest quarter northeast quarter southeast quarter, and  
7 no royalty would be allocated to the other three ten-acre  
8 tracts, and in that case the southeast quarter northwest  
9 quarter of the southeast quarter would not share in any  
10 royalty. That lease could expire at almost any time. It  
11 is in jeopardy at this time and -- that may be the wrong  
12 word. The lease is very marginal at this time and could  
13 expire under its own terms at any time due to cessation  
14 of production in the Drickey Queen Unit.

15 The Pennzoil lease, being the northwest quarter  
16 southeast quarter southeast quarter would expire at the end  
17 of its ten-year term which would be approximately August 1,  
18 1982, if there was no other production elsewhere on that  
19 lease, and due to this fact, if the forty acres making up  
20 each one of these ten-acre tracts were force pooled or  
21 allocated production and we couldn't recognize it, then  
22 the two ten-acre tracts out of there, there might not be  
23 any lease on them. Without a lease I don't know that the  
24 operator would be entitled to a full allowable from that  
25 proration unit since it wouldn't be covered by a lease.

1 We would prefer that the entire royalty be  
2 attributed to the forty-acre tract, being the northeast  
3 quarter of the southeast quarter of Section 12, Township  
4 13 South, Range 31 East.

5 MR. STAMETS: If I understood your testimony  
6 correctly, Mr. Graham, what you are saying is that under the  
7 law you could not enter into a voluntary agreement on this  
8 forty-acre non-standard unit which has been proposed and  
9 then allocate any of the production to the royalty owners  
10 on the other three ten-acre tract?

11 MR. R. GRAHAM: That is correct.

12 MR. STAMETS: Getting back to the first Mr.  
13 Graham, I would like to ask you a question.

14 Is there any reason that you could not drill on  
15 and allocate all of the production to the northeast quarter  
16 of the southeast quarter of the section in question?

17 MR. J. GRAHAM: I'm not familiar with New Mexico  
18 law and my attorney couldn't be here and this is something  
19 that had already been approved and I came out here under  
20 that assumption so I'm really not prepared to give  
21 testimony. However, could I possibly ask a question and  
22 maybe clarify it?

23 MR. STAMETS: That would be fine.

24 MR. J. GRAHAM: If that was all that was allocated,  
25 and the other offset leases did expire for lack of production

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1 as Mr. Graham indicated they might and someone else came in  
2 and got those leases, would they own part of the production  
3 from the well?

4 MR. STAMETS: I don't believe so in that case  
5 because only the forty acres, being the northeast of the  
6 southeast would be dedicated to that well and so all of  
7 the production as far as the Commission was concerned would  
8 be ascribed to that forty acres and none to the offsetting  
9 forty-acre tracts.

10 MR. J. GRAHAM: And someone could come in and  
11 offset me by five feet on the line?

12 MR. STAMETS: Not until they had a hearing for  
13 approval of an unorthodox location such as was originally  
14 held for the approval of the well you propose to drill.

15 MR. J. GRAHAM: I don't think that would bother  
16 me at all then.

17 MR. STAMETS: I would point out that Mr. Graham  
18 nor anyone else from the Land Office did testify in the  
19 original case for the non-standard proration unit.

20 Are there any other questions of either of these  
21 witnesses? They are both excused.

22 Is there anything further in this Case? We will  
23 take the Case under advisement.  
24  
25

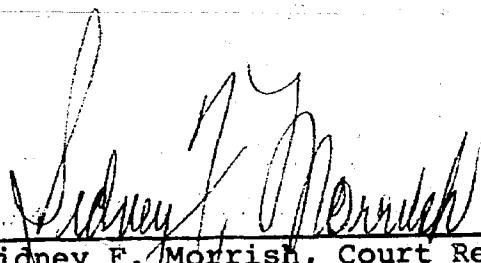
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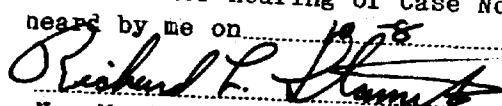
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1  
2 State of New Mexico )  
3 ) ss.  
4 County of Santa Fe )

5 I, SIDNEY F. MORRISH, a court reporter, do hereby  
6 certify that the foregoing and attached Transcript of Hearing  
7 before the New Mexico Oil Conservation Commission was reported  
8 by me, and the same is a true and correct record of the said  
9 proceedings to the best of my knowledge, skill and ability.

10  
11  
12  
13   
14 Sidney F. Morrish, Court Reporter  
15

16 I do hereby certify that the foregoing is  
17 a complete record of the proceedings in  
18 the Examiner hearing of Case No. 5366,  
19 heard by me on 10-28, 1975.  
20 , Examiner  
21 New Mexico Oil Conservation Commission  
22  
23  
24  
25



# OIL CONSERVATION COMMISSION

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



DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO  
October 24, 1975

STATE GEOLOGIST  
EMERY C. ARNOLD

James P. Graham  
4223 Emerson  
Dallas, Texas 75205

Re: CASE NO. 5566  
ORDER NO. R-5110

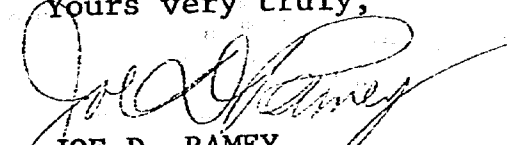
Applicant:

James P. Graham

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  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X  
Artesia OCC \_\_\_\_\_  
Aztec OCC \_\_\_\_\_

Other Ray Graham

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. 5566  
Order No. R-5110

APPLICATION OF JAMES P. GRAHAM FOR  
A NON-STANDARD PRORATION UNIT AND  
COMPULSORY POOLING, CHAVES COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 8, 1975,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of October, 1975, 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 sub-  
ject matter thereof.

(2) That the applicant, James P. Graham, seeks approval of  
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, NMPM, Caprock Queen Pool,  
Chaves County, New Mexico.

(3) That the applicant further seeks an order pooling all  
mineral interests underlying said non-standard unit.

(4) That the applicant has the right to drill and proposes  
to drill a well at an unorthodox location 7340 feet from the  
South line and 1300 feet from the East line of said Section 12  
as approved by Commission Order No. R-4750.

(5) That the acreage sought to be designated as an unortho-  
dox oil proration unit and to be compulsorily pooled consists of  
four differing State leases.

(6) That although working interests under the four leases  
may be pooled as sought in the subject application, the separate  
State royalty interests should not be pooled.

-2-

Case No. 5566  
Order No. R-5110

(7) That the application for a non-standard oil proration unit and compulsory pooling should be denied.

IT IS THEREFORE ORDERED:

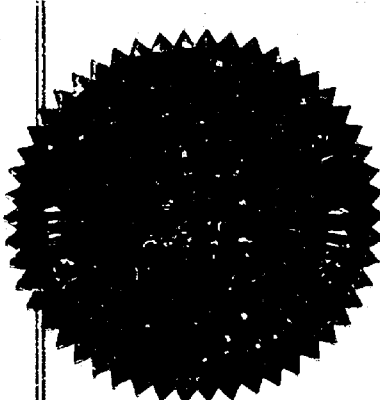
(1) That the applicant's request for a non-standard oil proration unit comprising the SW/4 NE/4 SE/4, NW/4 SE/4 SE/4, NE/4 SW/4 SE/4, and the SE/4 NW/4 SE/4 of Section 12, Township 13 South, Range 31 East, NMPM, Caprock Queen Pool, Chaves County, New Mexico, is hereby denied.

(2) That applicant's request for compulsory pooling of said unorthodox oil proration unit is hereby denied.

(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

  
*Phil R. Lucero*  
PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

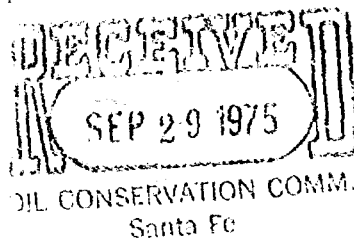
jr/



BEFORE THE OIL CONSERVATION COMMISSION OF

THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF JAMES P. GRAHAM FOR APPROVAL OF  
THE FORMATION OF A NON-STANDARD  
PRORATION UNIT AND COMPULSORY  
POOLING, CHAVES COUNTY, NEW MEXICO



A P P L I C A T I O N

COMES NOW JAMES P. GRAHAM and applies to the Oil Conservation Commission of New Mexico for approval of the formation of a non-standard proration unit in the Caprock-Queen Pool, Chaves County, New Mexico, and in support thereof would show the Commission;

1. Applicant is the owner of the right to drill and develop the Oil and Gas minerals in the area involved in this application.

2. Applicant proposes to form a non-standard unit composed of 40 acres being the SW/4 NE/4 SE/4, NW/4 SE/4 SE/4, NE/4 SW/4 SE/4, SE/4 NW/4 SE/4 of Section 12, Township 13 South, Range 31 East, N.M.P.M., to be dedicated to a well to be located 1340 feet from the South line and 1300 feet from the East line of Section 12, to a depth sufficient to test the Queen.


3. All interest owners have agreed to pool their interests for the formation of the non-standard unit.

4. The formation of the proposed non-standard proration unit will protect the correlative rights of the interest owners, and the correlative rights of no offset operator will be impaired.

WHEREFORE APPLICANT PRAYS THAT THIS APPLICATION BE  
set for hearing before the Commission or the Commission's  
duly appointed examiner, and that after notice and hearing  
as required by law the Commission enter its order approv-  
ing the formation of the non-standard unit.

JAMES P. GRAHAM

BY



C. Craig Folsom  
2001 Bryan Tower, #2805  
Dallas, Tex. 75201

ATTORNEY FOR APPLICANT

Docket No. 24-75

Dockets Nos. 25-75 and 26-75 are tentatively set for hearing on October 15 and October 22, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 8, 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 5048: (Continued from September 10, 1975 Examiner Hearing)

In the matter of Case No. 5048 being reopened pursuant to the provisions of Order No. R-4637 which order established the South Dagger Draw-Upper Pennsylvanian Associated Pool and promulgated special pool rules therefor, including provisions for 320-acre proration units and a limiting gas-oil ratio of 8,000 to 1. All interested parties may appear and show cause why said special pool rules should remain in effect.

CASE 5551: (Continued from September 10, 1975 Examiner Hearing)

Application of Dalport Oil Corporation and Burk Royalty Co. for compulsory pooling and an unorthodox gas well location, Chaves County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests in the Queen formation underlying the W/2 of Section 17, Township 12 South, Range 31 East, Southeast Chaves-Queen Gas Area, Chaves County, New Mexico, to be dedicated to a well drilled at an unorthodox location 660 feet from the South and West lines of said Section 17. 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 the applicant as the operator of the well and a charge for the risk involved in drilling said well.

CASE 5555: (Continued from September 24, 1975 Examiner Hearing)

Application of Lone Star Producing Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Devonian formation through the open-hole interval from 12,180 feet to 12,226 feet in its Santa Fe Well No. 2 located in Unit 0 of Section 19, Township 9 South, Range 37 East, East Crossroads-Devonian Pool, Lea County, New Mexico.

CASE 5563: Application of Llano, Inc. for a unit agreement, Lea and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for the Lusk Strawn Deep Unit Area comprising 20,864 acres, more or less, of State and Federal lands in Townships 18, 19, and 20 South, Ranges 31 and 32 East, Lusk Strawn Pool, Lea and Eddy Counties, New Mexico.

CASE 5564: Application of Llano, Inc. for a pressure maintenance project, Lea and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot pressure maintenance project in the Lusk Strawn Pool, Lea and Eddy Counties, New Mexico, by the injection of gas into the Strawn formation through two wells in its Lusk Strawn Deep Unit Area. Applicant further seeks rules governing said project, including but not limited to provision for expansion of the project area, placing additional wells on injection, changes in injection pattern for sweep efficiency and determination of project allowable.

CASE 5565: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Vacuum Grayburg-San Andres Pool by injection of water through seven wells on its State "B" and State "C" Leases, six of said wells being converted producers located in Units C, E, I, K, M, and O of Section 32, Township 17 South, Range 34 East, Lea County, New Mexico, and the seventh being a new well drilled at an unorthodox location 250 feet from the South line and 2250 feet from the West line of said Section 32. Applicant further seeks an administrative procedure whereby the project area could be expanded and additional wells at standard and non-standard locations put on injection and production.

CASE 5566: Application of James P. Graham 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 5567: Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 5, Township 22 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line 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 the applicant as the operator of the well and a charge for the risk involved in drilling said well.

- CASE 5568: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its ARCO EC Well No. 2 to be drilled at a point 1980 feet from the South line and 1100 feet from the East line of Section 36, Township 17 South, Range 25 East, Eddy County, New Mexico, to have dedicated the S/2 of said Section 36.
- CASE 5569: Application of Yates Petroleum Corporation for amendment of certain provisions of Rules 104 C.II.(a) of the General Rules and Regulations for acreage and well location requirements for gas development wells in Southeastern New Mexico. Applicant, in the above-styled cause, seeks to amend Rules 104 B.I(a) and 104 C.II(a) to include the Wolfcamp formation under the standard 320-acre gas spacing and well location requirements for Southeastern New Mexico, or in the alternative, the applicant seeks special rules for gas wells completed in the Wolfcamp formation in Township 17 South, Ranges 25 and 26 East, Township 18 South, Ranges 24, 25, and 26 East, and Township 19 South, Ranges 23, 24, and 25 East, Eddy County, New Mexico, providing for 320-acre spacing and well location requirements.
- CASE 5570: Application of Filon Exploration Corporation for salt water disposal, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection into the Gallup formation through the perforated interval from approximately 3080 to 3600 feet in its Federal 11-C Well No. 2, located in Unit P of Section 11, Township 19 North, Range 4 West, Sandoval County, New Mexico.
- CASE 5571: Application of Robert G. Cox for amendment of Order No. R-4561, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4561, which order permitted the directional drilling of applicant's Federal "EA" Well No. 1, located 330 feet from the North and West lines of Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, in such a manner as to be bottomed within 100 feet of the surface location. Applicant seeks the amendment of said order to permit bottoming of the subject well approximately 58 feet from the North line and 8 feet from the West line of said Section 12 and to permit verification of said downhole location by single-shot directional surveys made concurrently with the drilling of said well.

Docket No. 25-75

Dockets Nos. 26-75 and 27-75 are tentatively set for hearing on October 22 and November 5, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 15, 1975

9 A.M. - OIL CONSERVATION COMMISSION 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:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for November, 1975.
  - (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for November, 1975.

C. CRAIG FOLSON  
ATTORNEY AT LAW  
SUITE 2805  
2001 BRYAN TOWER  
DALLAS, TEXAS 75201

September 12, 1975

TELEPHONE  
(214) 742-1973

Mr. William Carr, General Counsel  
Oil Conservation Commission  
State of New Mexico  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Re: R-4796

Dear Mr. Carr:

I desire to obtain a new forced pooling order and form an unorthodox 40-acre oil spacing and proration unit concerning the above mentioned matter. The money is raised to drill the well so when can I next appear at an examining hearing to have this matter discussed? I will send an application within seven (7) days.

We hope to drill in late October, if possible.

Sincerely,

*C. Craig Folson*  
C. Craig Folson (j)

CCF/js

cc: Mr. Jim Graham  
Suite 612  
One Energy Square  
c/o R & P Trading Co.  
Dallas, Texas 75201

received by phone - 11:00 a.m. 9/16/72

Application of James P. Graham 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. K-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.

(This application was previously brought under the name of Craig Tolson - Inot James P. Graham)

James P. Graham  
4223 Emerson  
Dallas, Texas 75205



DRAFT

dy/

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. 5566

Order No. R- 5110

APPLICATION OF JAMES P. GRAHAM FOR A  
NON-STANDARD PRORATION UNIT AND COMPULSORY  
POOLING, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 8,  
19 75, at Santa Fe, New Mexico, before Examiner Richard L. Stame's.

NOW, on this            day of October, 1975, 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, James P. Graham, seeks approval of 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, NMPM, Caprock Queen Pool, Chaves County, New Mexico.

(3) That the applicant further seeks an order pooling all mineral  
interests underlying said non-standard unit.

(4) That the applicant has the right to drill and proposes to drill  
a well at an unorthodox location 1340 feet from the South line and 1300 feet  
from the East line of said Section 12 as approved by Commission Order  
No. R-4750.

(5) That the acreage sought to be designated as an unorthodox oil  
proration unit and to be compulsorily pooled consists of four differing State  
leases.

(6) That <sup>although</sup> ~~though~~ working interests under the four leases may be pooled as sought in the subject application, the separate State royalty interests <sup>should not</sup> ~~cannot~~ be pooled.

(7) That the application for a non-standard oil proration unit and compulsory pooling should be denied.

IT IS THEREFORE ORDERED:

(1) That the applicant's request for ~~compulsorily pooling all mineral interests, whatever they may be, in the~~ formation 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, NMPM, Caprock Queen Pool, Chaves County, New Mexico, is hereby denied.

(2) That applicant's request for <sup>compulsory pooling of</sup> ~~an unorthodox location~~ <sup>said unorthodox oil proration unit</sup> is hereby denied.

(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.