

u **CASE 5818: UNION OIL CO. OF CALIF.**
FOR THE REINSTATEMENT OF ALLOWABLE
EDDY COUNTY, NEW MEXICO

CASE NO.

5818

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

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. 5818
Order No. R-5343

APPLICATION OF UNION OIL COMPANY
OF CALIFORNIA FOR REINSTATEMENT
OF ALLOWABLE, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 15, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of January, 1977, 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, Union Oil Company of California, seeks the reinstatement of oil allowable for its Tracy Well No. 1 located in Unit C of Section 10, Township 22 South, Range 27 East, Esperanza-Delaware Pool, Eddy County, New Mexico, for the period from September 1, 1976, through November 14, 1976.

(3) That no allowable was assigned said Tracy Well No. 1 for the period from September 1, 1976, through November 14, 1976, as a result of the failure of the applicant to file the results of the annual gas-oil ratio test for said well within the time required by Rule 301(b) of the Commission Rules and Regulations.

(4) That the applicant appears to have at all times attempted, in good faith, to comply with Commission Rules and Regulations.

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(5) That the failure to file said gas-oil ratio test report and to timely note the non-allowable status of said Tracy Well No. 1 resulted solely from clerical error.

(6) That the subject application should be approved in order to afford the operator the opportunity to produce its just and equitable share of the oil in the pool.

IT IS THEREFORE ORDERED:

(1) That the supervisor of the Artesia District Office of the Commission is hereby authorized to issue a supplement to the oil proration schedule assigning an allowable of 80 barrels per day to the Union Oil Company of California, Tracy Well No. 1 in Unit C of Section 10, Township 22 South, Range 27 East, NMPM, Esperanza-Delaware Pool, Eddy County, New Mexico, for the period from September 1, 1976, through November 14, 1976.

(2) 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, Member

Joe D. Ramsey
JOE D. RAMSEY, Member & Secretary

S E A L

dr/

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 15, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Union Oil Company of
California for the reinstatement of
allowable, Eddy County, New Mexico.

CASE
5818

The hearing called by the OCC on its
motion to permit Scurlock Oil Co. to
appear and show cause why it should not
be found in violation of Rule 801.

CASE
5819

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:

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

For Union Oil of California:

Sumner G. Buell, Esq.
JASPER & BUELL
Attorneys at Law
111 North Jefferson
Santa Fe, New Mexico

For Scurlock Oil Company:

William F. Carr, Esq.
CATRON, CATRON & SAWTELL
Attorneys at Law
53 Old Santa Fe Trail
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1 MR. STAMETS: At this time the hearing is re-
2 convened, we will call Case 5818.

3 MS. TESCHENDORF: Case 5818, application of Union Oil
4 Company of California for the reinstatement of allowable,
5 Eddy County, New Mexico.

6 If the Examiner please, I have talked to opposing
7 counsel in this case and they are agreeable to consolidating
8 Case 5818 with Case 5819 for purposes of testimony.

9 MR. STAMETS: Case 5819 is the matter of the hearing
10 called by the Oil Conservation Commission on its own motion
11 to permit Scurlock Oil Company to appear and show cause why
12 it should not be found in violation of Rule 801 of Commission
13 Rules and Regulations.

14 These two cases will be consolidated for the
15 purposes of testimony and separate orders will be entered.

16 At this time I would like to call for appearances
17 in these cases.

18 MR. BUELL: Mr. Examiner, I'm Sumner Buell of the
19 firm of Jasper and Buell in Santa Fe appearing on behalf of
20 Union Oil Company and we will have one witness.

21 MR. CARR: Mr. Examiner, I'm William F. Carr of the
22 firm of Catron, Catron and Sawtell appearing on behalf of
23 Scurlock Oil Company. We have one witness.

24 MS. TESCHENDORF: Lynn Teschendorf appearing on
25 behalf of the Commission and we have one witness.

1 MR. STAMETS: Will all of the witnesses stand at
2 this time, please?

3 (THEREUPON, the witnesses were duly sworn.)

4 MR. STAMETS: Ms. Teschendorf, I presume you would
5 like to go first in this case, you may proceed.

6
7 W. A. GRESSETT

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

10
11 DIRECT EXAMINATION

12 BY MS. TESCHENDORF:

13 Q Please state your name, position and place of
14 residence?

15 A W. A. Gressett, Supervisor of the Commission District
16 Two, Artesia, New Mexico.

17 Q And the length of time you have held that position?

18 A Ten years.

19 Q Do your duties as District Supervisor include
20 overseeing the compilation of oil proration schedules and
21 supplements?

22 A Yes.

23 Q Are you familiar with the subject matter of Cases
24 5818 and 5819?

25 A Yes, I am.

1 Q What well is involved in this case?

2 A Union Oil Company of California Tracy No. 1 located
3 in Unit letter C of Section 10, Township 22 South, Range 27
4 East, Eddy County, New Mexico.

5 Q Rule 301 (b) of the Commission Rules and Regulations
6 states that the results of gas-oil ratio tests taken during
7 survey periods shall be filed with the Commission on Form C-116
8 not later than the tenth of the month following the close of
9 the survey period for the pool in which the well is located
10 and unless the Form C-116 is filed within the required time
11 limit no further allowable will be assigned the affected well
12 until Form 116 is filed.

13 What was the last date on which Union Oil filed the
14 C-116 before their allowable was canceled?

15 A August the 11th, 1975.

16 Q Did you assign an allowable for the month of September
17 1976 or any of the succeeding months?

18 A None for September or October, however, on November
19 the 16th we received a delinquent 116 and an allowable was
20 assigned, effective November 15th.

21 Q Is it standard procedure as a District Supervisor to
22 not assign any further allowables if the C-116 is not filed?

23 A Yes.

24 Q When did you first discuss this situation with
25 Union Oil?

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1 A. On November 12th we had received the overproduced
2 list from Santa Fe and I had a call from Union personnel
3 concerning another matter and asked this individual if he was
4 aware of the fact that this well had not had an allowable and
5 had not had since September 1st and he said, no, he wasn't but
6 he would check on it and call us back. In a few minutes he
7 called back and I was busy on the other phone so he talked to
8 Mrs. Wright and told her that the test had been taken and it
9 had been put in a file and was not submitted and that they
10 would get it in immediately.

11 Q And what has occurred since then?

12 A Well, on the fifteenth of November then we received
13 the Form 116 so we assigned the allowable effective that
14 day.

15 Q Was this well produced during the months of September,
16 October and November?

17 A Yes, it was.

18 Q Did the Commission grant any special authority for
19 this period of production?

20 A No.

21 Q Then technically speaking has this well been over-
22 produced during the last three months?

23 A Yes, from September 1st through November 14th.

24 Q Based on available Commission records what is the
25 volume of that overproduction?

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1 A. September was twenty-two, fifty-one barrels; October,
2 twenty-five, seventy-two barrels.

3 Q. What was the total then?

4 A. For a total of forty-eight, twenty-three.

5 Q. Was this overproduced oil moved from Union Oil's
6 lease?

7 A. Yes.

8 Q. And did the Commission records reflect by whom it was
9 moved?

10 A. Yes, it shows Scurlock Oil Company.

11 Q. Could you give what records you base that on?

12 A. Commission Form C-115 reports the production and
13 also shows the transporter.

14 Q. Does the Commission regulate the purchasing,
15 acquisition and transportation and handling of crude oil
16 produced in excess of the allowable?

17 A. Yes.

18 Q. And what rule is that?

19 A. 801.

20 Q. And has Scurlock acted in violation of Commission
21 Rule 801?

22 A. Yes.

23 Q. What total volume of illegal oil was moved from this
24 lease in the period from September to November.

25 A. In September they show a total of two thousand, three

1 hundred and eighty-eight barrels; October, two thousand, four
2 hundred and twenty-one and the November reports are not in at
3 this time.

4 Q So what was the total volume?

5 A That would be a total of four thousand, eight hundred
6 and nine barrels.

7 Q According to Commission Rule 503 (f), new proration
8 schedules and supplements are distributed periodically by
9 the Commission, would you please outline this procedure and
10 timetable?

11 A Yes, the schedules are issued for the months of
12 January through April, May through August and September through
13 December.

14 Q And when are the new proration schedules sent out?

15 A They normally are mailed, well, the September through
16 December schedule is normally mailed the last few days of
17 August, right at the end of August.

18 Q When was the latest schedule sent out that governs
19 this period?

20 A In August.

21 Q Is Scurlock on the Commission's mailing list for
22 this schedule?

23 A Yes. According to our Hobbs office they are on the
24 mailing list.

25 Q Do you have anything further to add to your testimony?

1 A No.

2 MS. TESCHENDORF: I have nothing further at this
3 time.

5 CROSS EXAMINATION

6 BY MR. STAMETS:

7 Q Mr. Gressett, what was the test period for the
8 Esperanza-Delaware Pool, gas-oil ratio test period for that
9 pool in 1976?

10 A I believe it was July. Let me look here. July.

11 Q And by what date was Form C-116 to have been filed
12 then?

13 A By August the 10th.

14 Q And this is the form you did not receive until
15 November 16th?

16 A That is correct.

17 Q Now, you indicated that the pool was produced in
18 September and October, how do you know that?

19 A Well, by the operator's monthly production report,
20 C-115.

21 Q And then you indicated the volumes run from that
22 lease for that same month by the transporter. How are you
23 aware of that?

24 A Commission Form C-115 reports this figure and it is
25 also substantiated by the purchaser's report, Form C-112.

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1 Q And in addition to the known overproduction in
2 September and October if the well were produced during that
3 period in November when it had no allowable, assuming that it
4 produced eighty barrels a day, it would appear to me that they
5 would have accumulated something like eleven hundred and twenty
6 barrels of overproduction in the first two weeks in November?

7 A I would assume so, yes.

8 MR. STAMETS: Are there any other questions of this
9 witness?

10 MR. CARR: I have several.

11 MR. STAMETS: Mr. Carr.

12

13

CROSS EXAMINATION

14 BY MR. CARR:

15 Q Mr. Gressett, was this case called at your request?

16 A No, sir.

17 Q It was not? It was called at the request of the
18 Santa Fe office of the Commission?

19 A Yes.

20 Q Now, you stated that you reviewed the overproduced
21 listing and so that no allowable had been assigned to the
22 Tracy No. 1 and that is when you notified both Union and
23 Scurlock, I assume?

24 A Scurlock was notified, yes.

25 Q When you look at this list, and I assume you review

1 these as you receive them, were there other wells on the list
2 that had no allowable assigned?

3 A To the best of my recollection, no.

4 Q Have you seen occasions before when no allowable
5 was assigned for failure to file a C-116?

6 A And appear on the overproduced lists?

7 Q Yes.

8 A I don't recollect one. Now, there may have been,
9 I'm not saying that there hasn't been but I don't remember one.

10 Q Is it obvious from looking at this overproduced
11 list that there is no allowable because the C-116 was not
12 filed or does it just indicate no allowable?

13 A This report indicates no allowable and then some
14 twenty-four hundred barrels of overproduction or overruns in
15 that twenty-four hundred.

16 Q So by looking at that then you were able to check the
17 proration schedule and from that determine, is that correct?

18 A Right.

19 Q So there could have been other ones on the list that
20 reflected no allowable that might have had problems with their
21 C-116?

22 A That's possible.

23 Q All right. Are there other occasions to your knowledge
24 where oil has been sold in a period, between the time when
25 there was no allowable assigned to a well because no C-116

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1 has been filed? Not particularly this month -- what I'm
2 trying to get at, Mr. Gressett, is this an isolated incidence
3 or is this an overall problem that the Commission is trying to
4 deal with?

5 A. This has happened in the past, yes.

6 Q. And so this is just an action by the Commission to
7 try and start more aggressively enforcing its rules in this
8 area, is that correct?

9 MS. TESCHENDORF: I don't think the witness is
10 qualified to answer that question.

11 Q. (Mr. Carr continuing.) But you did state that to
12 your knowledge there had been problems in the past?

13 A. There have been problems for various reasons.

14 Q. Do you recall any case called prior to this time
15 for this particular purpose?

16 A. I recall one for the allowable reinstatement.

17 Q. But do you recall a case where anyone has been
18 called to show cause why they were not in violation of Rule 801?

19 A. I don't recall, no.

20 Q. Now, are you familiar with Rule 801?

21 A. I've got a copy of it.

22 Q. I don't think it is important to read it. You have
23 read it and are familiar with it?

24 A. I have read the rule, yes.

25 Q. And it does run to a number of people, it prohibits

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1 sale, purchase, transporting, refining and a number of things?

2 A. Yes.

3 Q. Do you have any idea what happens to the oil once
4 it is transported by Scurlock in this particular case?

5 A. Not specifically, no.

6 Q. Do you know if they refine it?

7 A. To my knowledge they don't.

8 Q. If it was taken to a refiner would the refiner also
9 be in violation of this rule?

10 A. I would say that is a question for our attorney
11 to answer.

12 Q. You would say, though, that if oil is produced without
13 an allowable, sold, transported and refined that the seller,
14 transporter and refiner would probably all be equal and in
15 the same position with respect to this rule, would you not?

16 MS. TESCHENDORF: That's just asking the same question.

17 MR. STAMETS: Do you object to the question?

18 MS. TESCHENDORF: I object to the question.

19 MR. STAMETS: Sustained.

20 Q. (Mr. Carr continuing.) Mr. Gressett, are you aware
21 of anything or have you seen anything that would indicate that
22 this is a willful violation?

23 A. No.

24 MR. CARR: I have nothing further.

25 MR. BUELL: Just one question, Mr. Examiner.

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1 MR. STAMETS: Mr. Buell?

3 CROSS EXAMINATION

4 BY MR. BUELL:

5 Q As soon as Union Oil Company was notified that they
6 had not filed the C-116, I take it that it came in immediately?

7 A Yes, sir.

8 Q Right after their first notification?

9 A Yes.

10 Q And it did indicate on that form that the GOR test
11 had been run in July as it should have been scheduled?

12 A Right.

13 Q So the only sin of Union Oil Company here was merely
14 one of failing to get a paper in on time, a form, they complied
15 with your other rules?

16 A Yes, they failed to get that in and apparently they
17 failed to look at the schedule.

18 Q Yes, and have you seen anything or have any reason to
19 believe that the oversights by Union Oil Company were willful
20 or intentional?

21 A No.

22 MR. BUELL: I have nothing else.

23 MR. STAMETS: Mr. Carr?

24 RECROSS EXAMINATION

25 BY MR. CARR:

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1 Q Mr. Gressett, as District Supervisor you are familiar
2 with Scurlock Oil Company, is that correct?

3 A Yes.

4 Q Have you ever had any problem with them before?

5 A Would you define problem?

6 Q Have you ever had to have a hearing called in regard
7 to anything with Scurlock prior to this time?

8 A No.

9 MR. CARR: I have nothing further.

10
11 RE CROSS EXAMINATION

12 BY MR. STAMETS:

13 Q Mr. Gressett, have you from time to time seen
14 instances of the transporter, the pipeline, overrunning oil
15 from leases in your district?

16 A Yes, I have.

17 Q Have you ever seen anything of this magnitude?

18 A I don't recollect anything of this magnitude, no.

19 Q Has it been your experience that in cases where no
20 allowable has been assigned to a well or to a lease that this
21 is normally caught when the transporter does not run the oil
22 from that lease because it has no allowable?

23 A Yes.

24 MR. STAMETS: Any other questions of the witness?

25 Mr. Carr?

FURTHER RECROSS EXAMINATION

1
2 BY MR. CARR:

3 Q Mr. Gressett, when you talk about the magnitude of the
4 problem, is there any figure over which you decide that you
5 have got a problem or is it just any oil in violation would
6 be?

7 A As a normal procedure, Mr. Carr, when these over-
8 produced lists come out we run through them and notify the
9 purchaser of any overruns and notify the operator of any
10 overproduction and they range from a few barrels to a few
11 hundred barrels.

12 Q Let me ask you another question. This is something
13 I don't understand exactly. There are a number of ways an
14 allowable can be canceled, is that correct?

15 A Yes.

16 Q And under the rules of the Commission is this, to
17 your knowledge, the only time that just no allowable is
18 assigned or is this a common way for canceling an allowable,
19 just not assigning one?

20 A Well, when GOR tests are required this is a normal
21 procedure.

22 Q Is there some kind of an order that sometimes goes
23 out from the Commission canceling an allowable in other
24 circumstances?

25 A Yes, for other violations.

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1 Q And then in that case there would be some sort of
2 communication from the Commission at the time the allowable
3 actually ceases?

4 A Yes.

5 MR. CARR: Okay, that's all I have. Thank you.
6

7 FURTHER RECROSS EXAMINATION

8 BY MR. STAMETS:

9 Q Mr. Gressett, during the periodic review of allowables
10 and the proration schedule, if production reports show that a
11 well has not been producing is it possible or is it standard
12 operating procedure that that well might be shown with no
13 allowable in the next proration schedule?

14 A Yes, and when that occurs the operator is notified.

15 Q In what manner?

16 A By letter.

17 Q By letter?

18 A Right.

19 MR. STAMETS: Any other questions of the witness?

20 He may be excused.

21 (THEREUPON, the witness was excused.)

22 MR. STAMETS: Mr. Buell, would you like to proceed
23 with your testimony at this time?

24 MR. BUELL: Fine, I would call Mr. Lloyd Thompsen.
25

LLOYD THOMPSEN

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Would you please state your name, by whom you are employed, where and in what capacity?

A Lloyd Thompson, Union Oil Company of California in Midland, Texas as District Operations Manager.

Q And as the District Operations Manager what generally are your duties?

A I'm responsible for the operations in the Midland District which includes portions of New Mexico and West Texas, the district production superintendent reports to me, district drilling superintendent, engineering manager and clerical staff.

Q Now, does your sphere of authority include the Tracy No. 1 that is the subject matter of this hearing?

A Yes, it does.

Q Now, who in your district is responsible for the filing of the various forms for the Commission, specifically the C-116's.

A That's the senior clerk in the district office who reports to the district chief clerk who reports to me.

Q By the way, have you previously testified before the

1 Commission?

2 A No, I have not.

3 Q Would you give the Examiner a brief history of your
4 educational background as well as your work experience?

5 A I graduated with a Bachelor of Science degree in
6 petroleum engineering from the University of California in
7 Berkely in 1950, after two years in the service I was employed
8 by Union Oil Company and have been since. Since then I have
9 held positions of reservoir engineer, production engineer,

10 drilling engineer, production foreman, superintendent and now
11 Operations Manager.

12 Q Are you generally familiar with the history of the
13 Tracy No. 1 Well?

14 A In general, yes.

15 Q And are you familiar with this application in Case
16 5818?

17 A Yes, I am.

18 MR. BUELL: Are the witness' qualifications
19 acceptable?

20 MR. STAMETS: They are.

21 Q (Mr. Buell continuing.) Briefly would you explain
22 to the Examiner what we seek in the application in Case 5818?

23 A We seek reinstatement of the allowable from September
24 1st through the November 14th period which was not given because
25 of our failure to file Form C-116.

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1 Q Briefly give the Examiner, please, a history of
2 the Tracy No. 1 and its production history?

3 A It was drilled and discovered while drilling for a
4 deeper horizon, and I'm not sure, I think in 1970 or '71.
5 Subsequently the three wells were drilled offsetting that,
6 looking for the same things in the Delaware sands, unsuccessfully,
7 and, therefore, it's a one-well field, the one and only well
8 in the Esperanza-Delaware Field.

9 Q Has this been a top allowable well to your knowledge
10 ever since its discovery?

11 A Yes, it has.

12 Q About how deep is this well drilled?

13 A About thirty-five hundred feet is the present
14 completion.

15 Q Would you explain in your own words to the Examiner
16 why to the best of your knowledge Union Oil Company failed to
17 file the C-116 Form?

18 A Basically it was a clerical oversight. We received
19 the schedules of the tests from the Commission, various
20 Commission district offices, and they are sent to the area
21 offices responsible for running the tests, they are then to
22 run the tests and report them back to the district office. A
23 clerk in the area office honestly felt that the test had been
24 submitted to the district. Subsequently it developed that it
25 had not been submitted and the clerk in the district office

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1 who is supposed to remind the area when he doesn't get the
2 test on time also let it get by him and hence the purported
3 test was not filed.

4 Q However, the GOR test was properly and timely
5 performed in July of 1976, is that correct?

6 A I have been so informed, yes.

7 Q Did Union know that the allowable on this well had
8 been canceled, as of September 1 when the allowable list came
9 out?

10 A We received the allowable list on about the fifth
11 of September and it does, in fact, show no allowable for failure
12 to file Form C-116. Again, this is supposedly checked by --
13 the allowable schedule is supposed to be checked by at least
14 two people and neither of them detected the fact that the
15 allowable had been canceled. We were not, in fact, aware of
16 this until we received verbal communication from Mr. Gressett
17 as he has testified.

18 Q When did you first find out that the C-116 had not
19 been filed and the allowable had been canceled?

20 A On November 12th in telephone conversations with
21 the District Director in Artesia.

22 Q Did you ever receive any notification by letter that
23 the well did not have an allowable for September?

24 A Well, we received two documents from the Commission --
25 no, one, I believe. It would be the schedule that came out on

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1 September 5th that showed that the allowable had been canceled,
2 which is the allowable schedule. That's all, to my knowledge,
3 that we received.

4 Q But you never received a specific letter dealing with
5 this well and the fact that it was being produced without an
6 allowable being assigned to it?

7 A Not prior to November 12th, no.

8 Q When it was discovered by you in mid November that
9 the C-116 had not been filed and the allowable had been canceled,
10 what action did you take?

11 A We immediately filed the C-116, I believe about on
12 the fifteenth of November and asked to get the allowable
13 reinstated for the period of September to October.

14 Q And I take it that the Commission through their
15 district office did not reinstate it automatically for September
16 and October?

17 A No, as I recall we were told that we would have to
18 come to a hearing to get it reinstated.

19 Q What actions did you take within Union Oil Company
20 to try to prevent this type of clerical oversight again?

21 A Well, reemphasize to the people that they are supposed
22 to pick these things up. Both of the people primarily
23 involved did not try to cover up their mistake. Both admitted
24 that they had goofed, in the vernacular, and because of this
25 I did not take any disciplinary action against these people,

1 but I feel they are aware of the gravity of the situation.
2 Hopefully it will never happen again.

3 Q Was the failure to file the Form 116 willful or
4 intentional?

5 A No, sir.

6 Q Do you believe that the granting of the order re-
7 instating the allowable would cause waste or in any way
8 prevent the protection of correlative rights?

9 A I see no way.

10 MR. BUELL: I have nothing further, Mr. Examiner.

11
12 CROSS EXAMINATION

13 BY MR. STAMETS:

14 Q Mr. Thompson, in addition to the test requirements,
15 have your people become aware of the necessity for checking
16 the oil proration schedule?

17 A This is what I'm trying to get across to them. They
18 are supposed to look at the darn things, you send it to us
19 for a reason and I think they are aware of it now, at least
20 those two.

21 MR. STAMETS: And I would like to ask Mr. Gressett
22 now a related question to this. Mr. Gressett, do your records
23 indicate that Union has been very conscientious and regular
24 about filing these reports in the past?

25 MR. GRESSETT: Yes, they do.

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1 MR. STAMETS: Okay. Are there any other questions
2 of Mr. Thompsen? He may be excused.

3 (THEREUPON, the witness was excused.)

4 MR. STAMETS: Mr. Carr?

5 MR. CARR: I have one witness, Mr. Brown.

6
7 VICTOR G. BROWN

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

10
11 DIRECT EXAMINATION

12 BY MR. CARR:

13 Q Will you state your full name for the record, please?

14 A Victor G. Brown.

15 Q By whom are you employed and in what position?

16 A Scurlock Oil Company, District Manager, West Texas-
17 New Mexico District.

18 Q Where do you reside?

19 A Midland, Texas.

20 Q Mr. Brown, as District Manager do your duties include
21 supervising Scurlock's operations in Southeastern New Mexico?

22 A Yes, sir, they do.

23 Q Are you familiar with the subject matter of this
24 case?

25 A I am.

1 Q How long has Scurlock been doing business in the
2 State of New Mexico?

3 A Since 1964, about twelve years.

4 Q And to your knowledge have you had any problems with
5 the Oil Commission prior to this time?

6 A No.

7 Q How long has Scurlock been purchasing oil from the
8 Union Tracy lease?

9 A Since completion of the well, some three or four
10 years, I believe.

11 Q How did you first become aware of the problem that
12 we are here today on?

13 A I received a telephone call from Mr. John Tyler with
14 Union Oil Company of California advising me of this problem
15 and a short time later, I would say two or three hours later,
16 Mr. Stamets called me on the same matter.

17 Q Do you happen to know when that was?

18 A It was in November. In my notes I showed it to be
19 November 19th but I kind of think that might be wrong. I
20 think it could have been a few days earlier.

21 Q What is done with the oil that is purchased from
22 this particular lease?

23 A We move it by transport truck to a point where we
24 inject it through a meter into Navajo Pipeline. The title is
25 transferred as it goes through the meter.

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1 Q Do you have any of the oil produced from the lease
2 in your possession at this time?

3 A No.

4 Q Do you receive a proration schedule?

5 A Yes, we do.

6 Q Would you please explain to the Examiner how this
7 problem arose and what procedure you have taken to see that
8 it does not happen again?

9 A With us the problem lies with me in that it was my
10 interpretation that the allowables would be removed by
11 supplement. I now know that this is not the case that it can
12 be left off the schedule too. We do get the schedule, we have
13 taken steps to see that the allowable data from these schedules
14 are cut into our data machines in Houston and a proration sheet
15 will be furnished to us and our field personnel who are
16 responsible for moving the oil showing all of the information
17 on a given property, plus the allowable, plus stock if there
18 is any carryover stock from a preceding period and as a
19 comparative figure the preceding month's run.

20 We hope with this information in our hand and in
21 the hands of our people that this won't happen again.

22 Q Mr. Brown, is it fair to say that you expected
23 some sort of a notice if the allowable for this well was
24 canceled?

25 A Yes, I did.

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1 Q And that this was a mistake on your part?

2 A Right.

3 Q Do you believe that the procedures that you have
4 instituted will prevent a reoccurrence of this problem?

5 A I sure do.

6 MR. CARR: I have no further questions of Mr. Brown.

7 MR. STAMETS: Mr. Brown, I take it that these
8 procedures that you are talking about are brand new and they
9 are substantive?

10 THE WITNESS: Right, yes, sir.

11 MR. STAMETS: Are there any other questions of the
12 witness?

13 MS. TESCHENDORF: I have one question.

14 MR. STAMETS: Ms. Teschendorf.

15 MS. TESCHENDORF: Mr. Brown, do you know what date
16 Scurlock received the proration schedule?

17 THE WITNESS: No, I don't. I'm sure we received it
18 timely because we normally do, we had it in our possession.

19 MS. TESCHENDORF: Okay.

20 MR. STAMETS: Any other questions of this witness?
21 He may be excused.

22 (THEREUPON, the witness was excused.)

23 MS. TESCHENDORF: Mr. Examiner, I think at this
24 time, at least for Case 5819, it's clear from the testimony
25 that has been presented that this whole situation arose from

1 inadvertent errors on both the part of Union Oil Company
2 and Scurlock Oil Company and at this time on behalf of the
3 Commission I would like to move for the dismissal of Case 5819.

4 MR. CARR: We would certainly concur in the motion.

5 MR. STAMETS: Ms. Teschendorf, your request for
6 dismissal will be granted, presuming that Case 5818 will be
7 decided in favor of the applicant, Union Oil Company of
8 California and that's the size of it.

9 Anything further in either one of these cases?

10 MR. CARR: I would like to make one brief statement.

11 MR. STAMETS: Mr. Carr.

12 MR. CARR: We hope the Commission will accept their
13 counsel's motion. There is one particular problem that this
14 case posed to us that I think would be appropriate to mention
15 to the Commission. The style of the case was a show-cause
16 hearing and coming before the Commission in this case to defend
17 action and that was the first thing that caught us off guard.
18 It appears that it was probably a very wise decision because
19 this approach gives the Commission flexibility to call parties
20 in and discuss a matter like this with and without going under
21 the rather severe statutory problems that could come up if an
22 action was brought by the Commission seeking a penalty or
23 seizure of the oil.

24 It also, however, put us in a position where we
25 really didn't know what we were coming in on and we appreciate

1 the attitude of the Commission today in the way it was
2 handled.

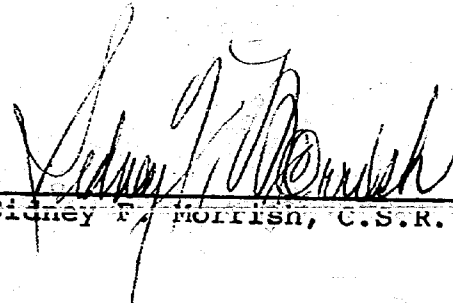
3 MR. STAMETS: Anything further in this case? These
4 cases will be taken under advisement.
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12 I do hereby certify that the foregoing is
13 a complete record of the proceedings in
14 the Examiner hearing of Case No. 5818 & 5819
15 heard by me on 12-15, 1976
16 *Richard T. Stamets*, Examiner
17 New Mexico Oil Conservation Commission
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

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Dockets Nos. 1-77 and 2-77 are tentatively set for hearing on January 5 and 19, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 15, 1976

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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5796: (Continued from November 10, 1976, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Hixon Development Company, National Surety Corporation, and all other interested parties to appear and show cause why the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50 located in Units D, I, K, M, and O, respectively, of Section 16, Township 25 North, Range 12 West, Bisti-Lower Gallup Pool, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5815: Application of Mark Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NW/4 SE/4 of Section 1, Township 18 South, Range 26 East, Red Lake-San Andres Pool, Eddy County, New Mexico, 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5816: Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Huber Federal Well No. 1 to be drilled 1,027 feet from the North line and 2280 feet from the East line of Section 27, Township 21 South, Range 22 East, Eddy County, New Mexico, the N/2 of said Section 27 to be dedicated to the well.

CASE 5820: Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 4, Township 22 South, Range 22 East, Eddy County, New Mexico, 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5817: Application of Read & Stevens, Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its W. R. State Comm. Well No. 1 to be drilled 660 feet from the South line and 990 feet from the East line of Section 6, Township 21 South, Range 27 East, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, Lots 9, 10, 15, and 16, and the SE/4 of said Section 6 to be dedicated to the well.

CASE 5818: Application of Union Oil Company of California for the reinstatement of allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks reinstatement of oil allowable for its Tracy Well No. 1 located in Unit C of Section 10, Township 22 South, Range 27 East, Esperanza-Delaware Pool, Eddy County, New Mexico.

CASE 5819: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Scurlock Oil Company to appear and show cause why it should not be found in violation of Rule 801, Commission Rules and Regulations, for purchasing, acquiring, transporting or handling of crude petroleum oil produced in excess of the allowable by Union Oil Company from its California Tracy Lease, Esperanza-Delaware Pool, Eddy County, New Mexico.

CASE 5823: Application of Thornton Hopper for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation through the open-hole interval from 1937 feet to 2600 feet of his Bradley Federal Well No. 6, located in Unit D of Section 11, Township 24 South, Range 26 East, Black River-Delaware Pool, Eddy County, New Mexico.

CASE 5822: Southeastern New Mexico nomenclature case calling for the creation, extension, and contraction of certain pools in Lea and Chaves Counties, New Mexico.

a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Springs production and designated as the Antelope Ridge-Bone Springs Pool. The discovery well is the Superior Oil Company State "R" Well No. 1 located in Unit N of Section 25, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 25: SW/4

b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Devonian production and designated as the North Teague-Devonian Gas Pool. A geological study found the northeast portion of the North Teague Devonian Pool to be a separate reservoir due to faulting. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4
Section 27: N/2 and N/2 S/2

c) CONTRACT the Teague-Devonian Pool by the deletion of the following described area:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: SW/4
Section 26: All
Section 27: N/2 and N/2 S/2

d) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 18: NE/4

e) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM
Section 17: SW/4

f) EXTEND the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 20: SW/4

g) EXTEND the South Leonard-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 13: SE/4

h) EXTEND the East Lusk-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 15: SW/4

i) EXTEND the Maljamar-Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 14: NE/4

j) EXTEND the Sawyer-San Andres Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 36 EAST, NMPM
Section 6: W/2

k) EXTEND the Tom Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 2: NE/4

l) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 7: NE/4

CASE 5821: Northwestern New Mexico nomenclature case calling for the creation and extension of certain pools in San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico.

a) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Pictured Cliffs production and designated as the Potwin-Pictured Cliffs Gas Pool. The discovery well is the Dugan Production Corporation Mountain Well No. 1 located in Unit J of Section 15, Township 24 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 14: SW/4
Section 15: All
Section 16: E/2

b) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Pictured Cliffs production and designated as the Albino-Pictured Cliffs Gas Pool. The discovery well is the Coastline Petroleum Company, Inc. #3 Schalk Well No. 94 located in Unit M of Section 26, Township 32 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM
Section 26: SW/4

c) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Dakota production and designated as the Straight Canyon-Dakota Gas Pool. The discovery well is the Robert C. Anderson Ute Mountain Ute Well No. 1 located in Unit L of Section 14, Township 31 North, Range 16 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
Section 14: SW/4

d) CREATE a new pool in McKinley County, New Mexico, classified as an oil pool for Dakota production and designated as the Marcelina-Dakota Oil Pool. The discovery well is the Fairfax Exploration Corporation Bullseye Well No. 3 located in Unit N of Section 18, Township 16 North, Range 9 West, NMPM. The top of the perforations is at 1797 feet. Said pool would comprise:

TOWNSHIP 16 NORTH, RANGE 9 WEST, NMPM
Section 18: S/2 SW/4
Section 19: N/2 NW/4

TOWNSHIP 16 NORTH, RANGE 10 WEST, NMPM
Section 24: NE/4 NE/4

e) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Jasis Canyon-Fruitland Gas Pool. The discovery well is the Mesa Petroleum Corporation State Com Well No. 39 located in Unit C of Section 36, Township 29 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM
Section 36: NW/4

f) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Crouch Mesa-Fruitland Gas Pool. The discovery well is the Riggs Oil & Gas Corporation Federal Well No. 1 located in Unit F of Section 4, Township 29 North, Range 12 West, NMPM. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM
Section 4: NW/4

g) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Sedro Canyon-Fruitland Gas Pool. The discovery well is the Southern Union Production Company Seymour Well No. 9 located in Unit F of Section 23, Township 31 North, Range 9 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM
Section 23: NW/4

h) CREATE a new pool in Sandoval County, New Mexico, classified as a gas pool for Chacra production and designated as the Rusty-Chacra Gas Pool. The discovery well is the Chace Oil Company Rusty Navajo Well No. 1Y located in Unit A of Section 23, Township 22 North, Range 7 West, NMPM. Said pool would comprise:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM

Section 13: E/2
Section 23: All
Section 24: N/2
Section 26: N/2

i) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production and designated as the Navajo City-Chacra Gas Pool. The discovery well is the Lively Exploration Company Lively Well No. 7Y located in Unit E of Section 35, Township 30 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM

Section 24: S/2
Section 25: All
Section 35: N/2
Section 36: N/2

j) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production and designated as the Animas-Chacra Gas Pool. The discovery well is the Mesa Petroleum Corporation Primo Well No. 1A located in Unit D of Section 6, Township 31 North, Range 10 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM

Section 6: NW/4

k) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Mississippian production and designated as the Beautiful Mountain-Mississippian Oil Pool. The discovery well is the Petroleum Energy Corporation Navajo Well No. 1-5 located in Unit F of Section 5, Township 26 North, Range 19 West, NMPM. The top of the perforations is at 5960 feet. Said pool would comprise:

TOWNSHIP 26 NORTH, RANGE 19 WEST, NMPM

Section 5: NW/4

l) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Mississippian production and designated as the North Tooto Dome-Mississippian Gas Pool. The discovery well is the Saguaro Oil Company Staver Navajo Well No. 1 located in Unit M of Section 34, Township 27 North, Range 18 West, NMPM. Said pool would comprise:

TOWNSHIP 27 NORTH, RANGE 18 WEST, NMPM

Section 34: S/2

m) CREATE a new pool in McKinley County, New Mexico, classified as an oil pool for Mesaverde production and designated as the Franciscan Lake-Mesaverde Oil Pool. The discovery well is the Basin Fuels Inc. Star Well No. 1 located in Unit M of Section 7, Township 20 North, Range 5 West, NMPM. The top of the perforations is at 1980 feet. Said pool would comprise:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM

Section 7: All
Section 18: N/2

TOWNSHIP 20 NORTH, RANGE 6 WEST, NMPM

Section 12: E/2

n) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Gallup production and designated as the Albino-Gallup Gas Pool. The discovery well is the Coastline Petroleum Co., Inc. Schalk 94 Well No. 1 located in Unit A of Section 26, Township 32 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM

Section 36: NE/4

o) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production and designated as the Knickerbocker Buttes-Gallup Oil Pool. The discovery well is the El Paso Natural Gas Company Schumacher Well No. 13 located in Unit N of Section 17, Township 30 North, Range 10 West, NMPM. The top of the perforations is at 6440 feet. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 17: SW/4

p) CREATE a new pool in Sandoval County, New Mexico, classified as a gas pool for Gallup production and designated as the Rusty-Gallup Gas Pool. The discovery well is the Engineering & Production Services, Inc. Dana State Well No. 1 located in Unit H of Section 16, Township 22 North, Range 7 West, NMPM. Said pool would comprise:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM
Section 16: NW/4

q) CREATE a new pool in Sandoval County, New Mexico, classified as an oil pool for Gallup production and designated as the Alandito-Gallup Oil Pool. The discovery well is the ECO, Inc. Federal C Well No. 1 located in Unit P of Section 31, Township 23 North, Range 7 West, NMPM. The top of the perforations is at 4706 feet. Said pool would comprise:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
Section 31: SW/4

r) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production and designated as the Nageezi-Gallup Oil Pool. The discovery well is the ECO, Inc. Federal D Well No. 1 located in Unit C of Section 1, Township 23 North, Range 9 West, NMPM. The top of the perforations is at 5079 feet. Said pool would comprise:

TOWNSHIP 23 NORTH, RANGE 8 WEST, NMPM
Section 6: S/2
Section 7: N/2
Section 8: NW/4 & SE/4

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM
Section 1: W/2

s) CREATE a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Gallup production and designated as the Ojito-Gallup Oil Pool. The discovery well is the Skelly Oil Company C. W. Roberts Well No. 4 located in Unit M of Section 17, Township 25 North, Range 3 West, NMPM. The top of the perforations is at 6960 feet. Said pool would comprise:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Section 17: SW/4

t) CREATE a new pool in Sandoval County, New Mexico, classified as an oil pool for Gallup production and designated as the Media-Gallup Oil Pool. The discovery well is the Petro Lewis Corporation Federal Media Well No. 7 located in Unit G of Section 22, Township 19 North, Range 3 West, NMPM. The top of the perforations is at 2793 feet. Said pool would comprise:

TOWNSHIP 19 NORTH, RANGE 3 WEST, NMPM
Section 22: SW/4 NE/4

u) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Farmington production and designated as the South Gallegos-Farmington Gas Pool. The discovery well is the Dugan Production Corporation Benjamin Franklin Well No. 1 located in Unit O of Section 2, Township 26 North, Range 12 West, NMPM. Said pool would comprise:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 2: S/2
Section 10: NE/4
Section 11: NW/4

v) EXTEND the Angels Peak Gallup Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Section 36: All

w) EXTEND the Aztec Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Section 4: W/2

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM
Section 33: SW/4

x) EXTEND the Aztec Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Section 19: W/2

y) EXTEND the Ballard Pictured Cliffs Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 4 WEST, N2PM

Section 19: S/2
Section 20: All
Section 21: W/2
Section 27: W/2 & SE/4
Section 28: All
Section 29: All
Section 30: All
Section 31: N/2
Section 32: N/2
Section 33: NW/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, N2PM

Section 33: N/2

TOWNSHIP 24 NORTH, RANGE 6 WEST, N2PM

Section 35: SW/4

z) EXTEND the Blanco Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 4 WEST, N2PM

Section 2: W/2
Section 3: E/2
Section 4: All
Section 9: All
Section 16: N/2

TOWNSHIP 30 NORTH, RANGE 5 WEST, N2PM

Section 4: All
Section 5: All

TOWNSHIP 32 NORTH, RANGE 5 WEST, N2PM

Section 33: All

aa) EXTEND the Blanco Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 7 WEST, N2PM

Section 18: N/2

TOWNSHIP 31 NORTH, RANGE 10 WEST, N2PM

Section 3: All
Section 4: All
Section 9: All
Section 10: All
Section 13: All
Section 14: E/2

TOWNSHIP 32 NORTH, RANGE 10 WEST, N2PM

Section 30: W/2
Section 31: NW/4

TOWNSHIP 32 NORTH, RANGE 11 WEST, N2PM

Section 15: W/2
Section 18: S/2

TOWNSHIP 32 NORTH, RANGE 12 WEST, N2PM

Section 13: N/2 & SE/4

bb) EXTEND the South Blanco Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 4 WEST, N2PM

Section 9: S/2
Section 13: S/2
Section 16: All
Section 21: N/2

- cc) EXTEND the Bloomfield Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Section 9: S/2
Section 10: S/2
Section 11: S/2
Section 12: S/2

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM
Section 35: NE/4

- dd) EXTEND the Campo Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM
Section 12: NE/4

- ee) EXTEND the Devils Fork Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
Section 3: SW/4
Section 9: E/2 NE/4
Section 10: NW/4

- ff) EXTEND the Devils Fork Mesaverde Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
Section 7: E/2
Section 8: S/2
Section 17: N/2

- gg) EXTEND the Dufers Point Gallup-Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 7: S/2

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 12: SE/4

- hh) EXTEND the Escrito Gallup Pool in San Juan and Rio Arriba Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 18: SW/4

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 2: SW/4
Section 11: NW/4
Section 10: N/2

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM
Section 12: E/2
Section 13: E/2
Section 24: E/2

- ii) EXTEND the Gallegos Gallup Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM
Section 17: W/2 & SE/4
Section 18: S/2

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM
Section 13: S/2
Section 24: N/2

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM
Section 26: S/2
Section 27: E/2

- jj) EXTEND the South Gallegos Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM
Section 7: All

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 8: N/2
Section 9: N/2

TOWNSHIP 26 NORTH, RANGE 12 WEST, N2PM con'd

Section 10: N/2
Section 13: E/2
Section 24: E/2
Section 25: E/2

kk) EXTEND the Gobernador Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, N2PM

Section 19: S/2
Section 30: All
Section 31: NE/4
Section 32: N/2 & SE/4

TOWNSHIP 29 NORTH, RANGE 5 WEST, N2PM

Section 3: W/2
Section 10: N/2
Section 11: W/2
Section 13: W/2
Section 14: All

ll) EXTEND the Kutz Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 10 WEST, N2PM

Section 30: S/2
Section 31: N/2

mm) EXTEND the Kutz Gallup Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, N2PM

Section 5: NW/4
Section 6: N/2
Section 32: SW/4

TOWNSHIP 27 NORTH, RANGE 11 WEST, N2PM

Section 1: N/2

nn) EXTEND the Largo Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 8 WEST, N2PM

Section 3: S/2
Section 4: SE/4
Section 22: N/2

oo) EXTEND the West Lindrith Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 4 WEST, N2PM

Section 17: S/2
Section 18: S/2
Section 20: W/2 & NE/4

pp) EXTEND the NIPP Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, N2PM

Section 2: W/2
Section 3: All
Section 11: W/2

TOWNSHIP 26 NORTH, RANGE 12 WEST, N2PM

Section 20: NW/4
Section 21: SE/4
Section 22: S/2

qq) EXTEND the Otero Chacra Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, N2PM

Section 4: W/2
Section 5: S/2
Section 7: All
Section 8: NW/4
Section 25: SW/4

TOWNSHIP 26 NORTH, RANGE 7 WEST, N2PM

Section 12: E/2

rr) EXTEND the Otero Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM
Section 15: S/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 26: S/2

ss) EXTEND the East Puerto Chiquito Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 1 EAST, NMPM
Section 5: All

tt) EXTEND the Pinon Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM
Section 22: N/2
Section 23: N/2
Section 24: N/2

uu) EXTEND the Rusty Menefee Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM
Section 13: SW/4
Section 14: SE/4

vv) EXTEND the Tapacito Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
Section 22: W/2

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM
Section 8: W/2
Section 17: W/2
Section 19: NE/4
Section 20: NW/4

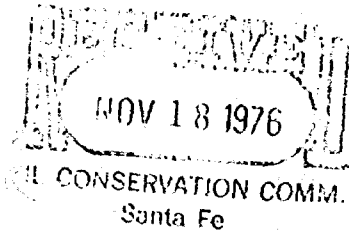
ww) EXTEND the Ute Dome Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM
Section 30: SW/4

xx) EXTEND the WAW Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM
Section 4: NW/4

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM
Section 29: NW/4
Section 30: NE/4
Section 31: NW/4
Section 33: All
Section 34: SW/4 & N/2



BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF UNION OIL COMPANY OF CALIFORNIA
FOR CONTINUED ALLOWABLE ON UNION
OIL COMPANY'S TRACY NO. 1 WELL IN
SECTION 10, TOWNSHIP 22 SOUTH,
RANGE 27 EAST, N.M.P.M., EDDY
COUNTY, NEW MEXICO.

NO. 5818

A P P L I C A T I O N

Comes now the applicant, Union Oil Company of California,
by its attorneys, Jasper & Buell, and applies to the Commission
for an order continuing the allowable on its Tracy No. 1 well
in Eddy County, New Mexico, and in support of this application
states:

1. Applicant is the operator of the Union Oil Company
Tracy No. 1 well located in Section 10, Township 22 South,
Range 27 East, N.M.P.M., Eddy County, New Mexico.

2. The Tracy No. 1 well is the only well drilled in
the Esperanza Field and it is presently producing from the
Delaware Formation at an approximate depth of 3,425 feet.

3. On or about the 10th day of August, 1976, applicant
was supposed to file with this Commission, at its field office,
Form C-116 as an annual requirement. Through oversight this
form was not timely filed.

4. Under current commission rules, because the C-116
form was not filed, an allowable was not assigned to the well
for September, 1976, and subsequent months.

5. Being unaware of its oversight, applicant has
continued to produce the well at its regular allowable.

Unit
C

6. Applicant was notified by the Artesia office of the Commission on November 10, 1976, that the C-116 form was not on file and the form was filed by applicant as soon as it learned of the problem.

7. To applicant's knowledge, there are no other interested parties to this application except the Commission and its staff.

8. This application may be set before the Commission or one of its examiners as may be convenient.

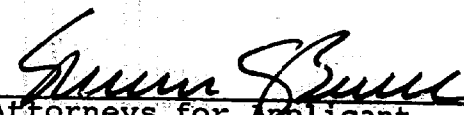
9. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant asks that it be permitted to continue to produce the subject well at its regular allowable and that it not be penalized for the production from the well from September 1, 1976, until the date of filing of form C-116.

Respectfully Submitted,

JASPER & BUELL

By


Attorneys for Applicant
Post Office Box 1625
Santa Fe, New Mexico 87501

DRAFT

dr/

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. 5818

Order No. R- 5343

APPLICATION OF UNION OIL
COMPANY OF CALIFORNIA FOR
REINSTATEMENT OF ALLOWABLE,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 15,
19 76, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of December, 19 76, 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, Union Oil Company of California,
seeks the reinstatement of oil allowable for its Tracy Well No. 1
located in Unit C of Section 10, Township 22 South, Range 27 East,
Esperanza-Delaware Pool, Eddy County, New Mexico, for the period
from September 1, 1976, through November 14, 1976.

for the period

(3) That no allowable was assigned said Tracy Well No. 1 from September 1, 1976, through November 14, 1976, as a result of the failure of the applicant to file the results of the annual gas-oil ratio test for said well within the time required by Rule 301(b) of the Commission Rules and Regulations.

(4) That the applicant ^{appears to have} ~~has~~ at all times attempted, in good faith, to ^{comply with} ~~obey the~~ Commission Rules and Regulations.

(5) That the failure to file said gas-oil ratio test report and to timely note the non-allowable status of said Tracy Well No. 1 resulted solely from clerical error.

(6) That due to a change in applicant's clerical procedure the applicant was unaware of the requirements of Rule 301(b) of the Commission Rules and Regulations.

(6) That the subject application should be approved in order to afford the operator the opportunity to produce its just and equitable share of the oil in the pool.

IT IS THEREFORE ORDERED:

(1) That the supervisor of the Artesia District Office of the Commission is hereby authorized to issue a supplement to the oil proration schedule assigning an allowable of 80 barrels per day to the Union Oil Company of California, Tracy Well No. 1 in Unit C of Section 10, Township 22 South, Range 27 East, NMPM, Esperanza-Delaware Pool, Eddy County, New Mexico, for the period from September 1, 1976, through November 14, 1976.

(2) 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.