

CASE NO.

6497

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
15 March 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Llano, Inc. for an) CASE
unorthodox gas well location, Lea) 6497
County, New Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division:	Lynn Teschendorf, Esq. Legal Counsel for the Division State Land Office Bldg. Santa Fe, New Mexico 87503
For the Applicant:	Donald M. Cox, Esq. MADDOX, MADDOX & COX Hobbs, New Mexico
For Getty:	William F. Carr, Esq. CAMPBELL & BLACK Jefferson Place Santa Fe, New Mexico 87501

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I N D E X

AL KLAAR

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1 MR. NUTTER: Call next Case 6497.

2 MS. TESCHENDORF: Case 6497. Application of
3 Llano, Inc., for an unorthodox gas well location, Lea
4 County, New Mexico.

5 MR. NUTTER: Now I think that it would be
6 possible for you people to put on all kinds of long cases
7 here in this case, but I don't think it's going to be
8 necessary. We've got a good deal of information in the
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10 this particular case.

11 So in the interest of the conservation of
12 oil, gas, and time, --

13 MR. COX: And energy.

14 MR. NUTTER: And energy, let's try to incor-
15 porate as much of the previous record as applicable in Case
16 Number 6497.

17 Does either of you have any objection to
18 incorporation of the record in the previous case in the
19 case -- the applicable portions of Case Number 6496 in
20 Case Number 6497?

21 MR. COX: Llano has no objection.

22 MR. CARR: Getty has no objection.

23 MR. NUTTER: Fine. Will you proceed, Mr.
24 Cox?

25 MR. COX: Thank you.

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

DIRECT EXAMINATION

BY MR. COX:

Q Would you state your name and address for the record, please?

A My name is Al Klaar. I live in Hobbs, New Mexico.

Q And by whom are you employed?

A Llano, Incorporated.

Q What is your position with Llano?

A Manager of Engineering.

Q Are you the same Al Klaar that testified in the immediate previous hearing and had his qualifications accepted?

A Yes, sir.

MR. COX: Are the witness' qualifications accepted?

MR. NUTTER: Yes, they are.

Q (Mr. Cox continuing.) What does Llano seek to accomplish by the application in this case?

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1 tain the Commission's approval for an unorthodox location
2 for the acreage comprised of the east half of Section 34,
3 Township 21 South, Range 34 East.

4 MR. NUTTER: Let the record show Mr. Klaar
5 is still under oath.

6 A. The Exhibit A identifies this acreage and
7 the proposed well that Llano would like to drill, as the
8 Llano State 34 Com No. 1.

9 Q. Okay, do you have anything further you wish
10 to make about -- statement you wish to make regarding the
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13 in the east half of Section 34 actually is comprised of two
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18 at 1650 from the south line and 660 from the east line of
19 this same Section 34.

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1 price for a location will be approximately \$16,500.

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25 A Yes, sir, it was. And Exhibit D was prepared

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5 MR. COX: We offer Exhibits A through D,
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7 MR. NUTTER: Llano Exhibits A through D
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20 Q. In your opinion, Mr. Klaar, will the granting
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22 and protect correlative rights?

23 A. In my opinion it will not impair correlative
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25 MR. COX: Pass the witness.

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3 MR. CARR: Very briefly.

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6 BY MR. CARR:

7 Q Mr. Klaar, just to be sure the record is
8 clear, you are -- this application is based on the assumption
9 that the application in the prior case is going to be
10 granted.

11 A Yes, sir.

12 Q And in fact what you are doing, if you are
13 moving 990 feet to the east and 330 feet to the south from
14 what are under the present pool rules would be a standard
15 location.

16 A If one assumes that the 640 rules will con-
17 tinue, then you are correct, and I'm asking --

18 Q No, I'm asking you today. You're asking
19 for this exception today.

20 A Right.

21 Q And what do the pool rules say today?

22 A The pool rules today say 640 acres.

23 Q And so you're moving -- and the spacing?

24 A And the spacing --

25 Q Would be 1650 --

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1 A. 1650, correct.

2 Q. And so you are actually asking, unless

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4 Getty property --- 990 toward the Getty property.

5 A. Correct.

6 Q. You could have also moved off to the west,

7 could you not have?

8 A. No, sir.

9 Q. You could not? Why?

10 A. It doesn't show up here, but there's a

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13 Q. How far does it continue? Could you -- you

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17 Q. Mr. Klaar, I don't think that's really

18 necessary. I don't want to drag this --

19 A. -- and comes back again to the south.

20 Q. If you did move to the west, you would be

21 moving toward the fault, would you not?

22 A. Yes, sir, correct.

23 MR. CARR: I have no further questions.

24 MR. NUTTER: Are there any other questions

25 of Mr. Klaar? He may be excused.

1 Do you have anything further, Mr. Cox?

2 MR. COX: No, sir, I do not.

3 MR. NUTTER: Mr. Carr, do you have anything
4 further to offer in this case?

5 MR. CARR: No, sir.

6 MR. NUTTER: Does anyone have anything they
7 wish to offer in Case Number 6497?

8 We'll take the case under advisement and
9 the hearing is adjourned.

10 (Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6493 heard by me on 3/15 19 79.
[Signature], Examiner
Oil Conservation Division

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that said transcript is a full, true, and correct
 record of the hearing, prepared by me to the best of my
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Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
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 the Examiner hearing of Case No. 6497
 heard by me on 2/14 1979.
 Examiner
 Oil Conservation Division

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 CERTIFIED SHORTHAND REPORTER
 3030 Plaza Blanca (S05) 471-2462
 Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6497
Order No. R-5996

APPLICATION OF LLANO, INC. FOR
AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 14, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd day of May, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Llano Inc., seeks approval for the unorthodox location of its proposed Llano State "34" Com Well No. 1, to be drilled at a point 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the applicant, in Case No. 6496, sought and was granted by Division Order No. R-5995, the rescission of the Special Rules and Regulations for the Grama Ridge-Morrow Gas Pool, as promulgated by Division Order No. R-3006.

(4) That said Order No. R-5995, while rescinding the special rules for the Grama Ridge-Morrow Gas Pool and reverting said pool to 320-acre spacing, did establish, on a limited temporary basis, 640-acre spacing and specified well locations for certain lands lying east and northeast of said pool,

including the E/2 of Section 34, Township 21 South, Range 34 East, NMPM.

(5) That the applicant in the instant case proposes to dedicate the E/2 of Section 34, Township 21 South, Range 34 East, NMPM, to the proposed well for which the unorthodox location is sought.

(6) That inasmuch as the E/2 of Section 34 does not meet the acreage dedication requirements for the lands for which the limited temporary 640-acre spacing was established by Order No. R-5995, said E/2 of Section 34 constitutes a 320-acre non-standard proration unit for these lands.

(7) That the approval of a 320-acre non-standard proration unit is not within the call of this hearing and cannot be approved.

(8) That the applicant does own and operate lands immediately east of the Grama Ridge-Morrow Gas Pool as redefined by Order No. R-5995 which may reasonably be presumed to be productive of gas from the Morrow formation including the E/2 of Section 34, and should be given the opportunity to drill into and produce its fair share of this gas.

(9) That the proposed location of applicant's Llano State "34" Com Well No. 1, as described in Finding No. (2) above, will provide the applicant an opportunity to produce its fair share of the gas underlying the E/2 of Section 34, will protect correlative rights and prevent waste and should be approved.

(10) That inasmuch as it is impossible to dedicate a standard 640-acre unit to said well, the applicant should file an application for hearing to consider a non-standard gas proration unit for the well, and such unit would logically be either a 320-acre non-standard unit comprising the E/2 of Section 34 and be subject to a production limitation factor due to deficient acreage dedication, or a 640-acre non-standard unit comprising the E/2 of Section 34 and the E/2 of Section 3, Township 22 South, Range 34 East, NMPM.

IT IS THEREFORE ORDERED:

(1) That a non-standard location is hereby approved for the Llano, Inc., Llano State "34" Com Well No. 1, to be drilled at a point 1650 feet from the South line and 660 feet

-3-

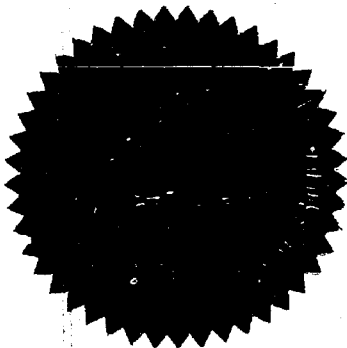
Case No. 6497
Order No. R-5996

from the East line of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Morrow formation.

(2) That the lands to be dedicated to said well shall be determined in a subsequent hearing, and production of the well shall not be permitted until a plat has been filed dedicating an approved non-standard gas proration unit to the well.

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

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

dr/



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APÓDACA
GOVERNOR

NICK FRANKLIN
SECRETARY

May 2, 1979

POST OFFICE BOX 2008
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Don Cox
Maddox, Maddox & Cox
Attorneys at Law
Broadmoor Building
Hobbs, New Mexico 88240

Re: CASE NO. 6497
ORDER NO. R-5996

Applicant:

Llano, Inc.

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other William F. Carr




Southland Royalty Company

March 13, 1979

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

Attention: Mr. Joe Ramey
Director, Energy and Minerals Division

RE: Docket No. 11-79 Examiner
Hearing, Wednesday, March 14,
1979 at 9:00 A.M.
Examiner: Daniel S. Nutter;
Alternate Examiner: Richard L.
Stamets

Case No. 6497 Application by
Llano, Inc. for Unorthodox Gas
Well Location in Grama Ridge-
Morrow Gas Pool, Lea County,
New Mexico

Gentlemen:

Llano, Inc. by above referenced Case No. 6497 is applying for an unorthodox location for a well to be located 1650 feet from the south line and 660 feet from the east line of Section 34, Township 21 South, Range 34 East, Grama Ridge-Morrow Gas Pool, Lea County, New Mexico and the E/2 of said Section 34 to be dedicated to this well.

By Case No. 3337, Order No. R-3006 dated December 3, 1965, the Commission promulgated Rules and Regulations for the Grama Ridge-Morrow Gas Pool establishing 640 acre proration units and well locations no nearer than 1650 feet from outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

Southland Royalty hereby objects to the application by Llano, Inc. for a location of only 660 feet outer boundary and lease line, as drainage would occur beyond lease held by Llano, Inc. and onto Section 35 to the east in which Southland Royalty has an economic interest. In order to protect correlative rights, it is hereby requested that the subject gas well location be required to be located in accordance with the present location rules of the Grama Ridge-Morrow Gas Pool.

As District Engineer for Southland Royalty Company, I have previously been qualified to testify before the Oil Conservation Division and that I am familiar with this application.

Yours very truly,



C. Harvey Carr
District Engineer

CHC:cn

Telecopy to: Mr. Mike Campbell
AC 505+983-6043

10000 Old Katy Road
Suite 100
Houston, Texas 77055
Telephone (713) 932-4700
Cable: BELPETEX

Belco Petroleum Corporation

Belco

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

March 9, 1979
RECEIVED
R MAR 13 1979 **D**
OIL CONSERVATION DIVISION
SANTA FE

RE: Case No. 6497
Docketed for 3-14-79
Application of Llano, Inc.
for unorthodox location
Gramma Ridge-Morrow Pool
Sec. 34, T9S, R34E
Lea County, New Mexico

Gentlemen:

Belco Petroleum Corporation is an affected party by this case, being a co-owner with Getty Oil Company in properties located in Section 35, T21S, R34E, Lea County, New Mexico and Section 2, T22S, R34E, Lea County, New Mexico. Belco has been informed by Getty that Getty intends to object to and contest Llano's application for an unorthodox location in Section 34, T21S, R34E in the Gramma Ridge-Morrow Pool. Belco supports Getty in this matter.

Belco contends that this unorthodox location application will violate the correlative rights of the directly offsetting owners in Section 35, T9S, R34E, being Getty et al. This location is violating the side dimension of the proposed unit, under existing rules, by 990'. In the absence of a waiver from the directly affected parties, we contend that the magnitude of a 990' change from orthodox location will seriously violate correlative rights under existing rules. In our opinion, the application should be denied or deferred, pending outcome of Case No. 6496 in which same applicant seeks rescission of the rules which were set with specific spacing dimensions in order to protect correlative rights.

Sincerely,

BELCO PETROLEUM CORPORATION

Lee G. Nering
Lee G. Nering
Administrative Geologist

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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


All distances must be from the outer boundaries of the Section

Operator Minerals, Inc.		Lease Llano State "34" Com.		Well No. 1
Section 34	Township 21 South	Range 34 East	County Lea	
Actual Location of Well: 1650 feet from the South line and 660 feet from the East line				
Ground Level Elev. 3651.3	Producing Formation Morrow	Pool Grana Ridge Morrow	Dedicated Acreage 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____
If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

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

	<p>K-3592 W.I. = Minerals, et al (Same as Lease E-9659) R.I. = State of N. M.</p>
	<p>E-9659 W.I. = Minerals, et al (Same as Lease K-3592) R.I. = State of N. M.</p>

CERTIFICATION

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

Name _____

Position _____

President

Company _____

Minerals, Inc.

Date _____

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

Date Surveyed _____

February 16, 1979

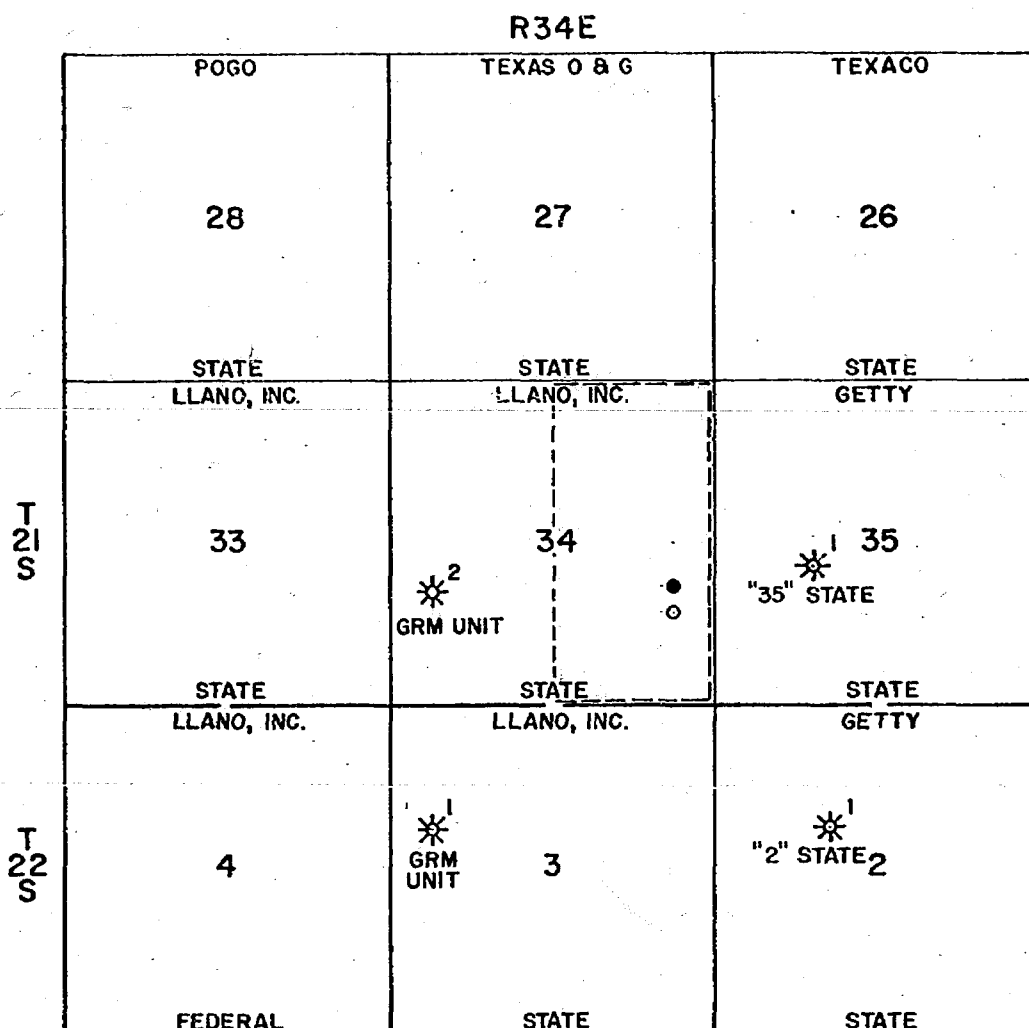
Registered Professional Engineer and Land Surveyor

John W. West

Certificate No. **John W. West 676**
Ronald J. Eidson 3239

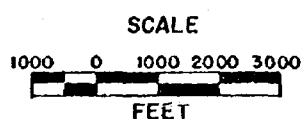
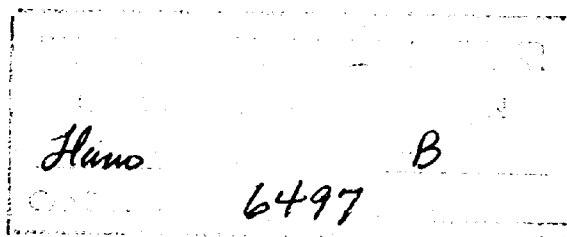
Llano **A**
6497

LLANO, INC.
EXHIBIT "A"
WELL LOCATION & ACREAGE DEDICATION PLAT
STATE "34" COM. NO. 1
GRAMA RIDGE MORROW (GAS) FIELD
LEA COUNTY, NEW MEXICO



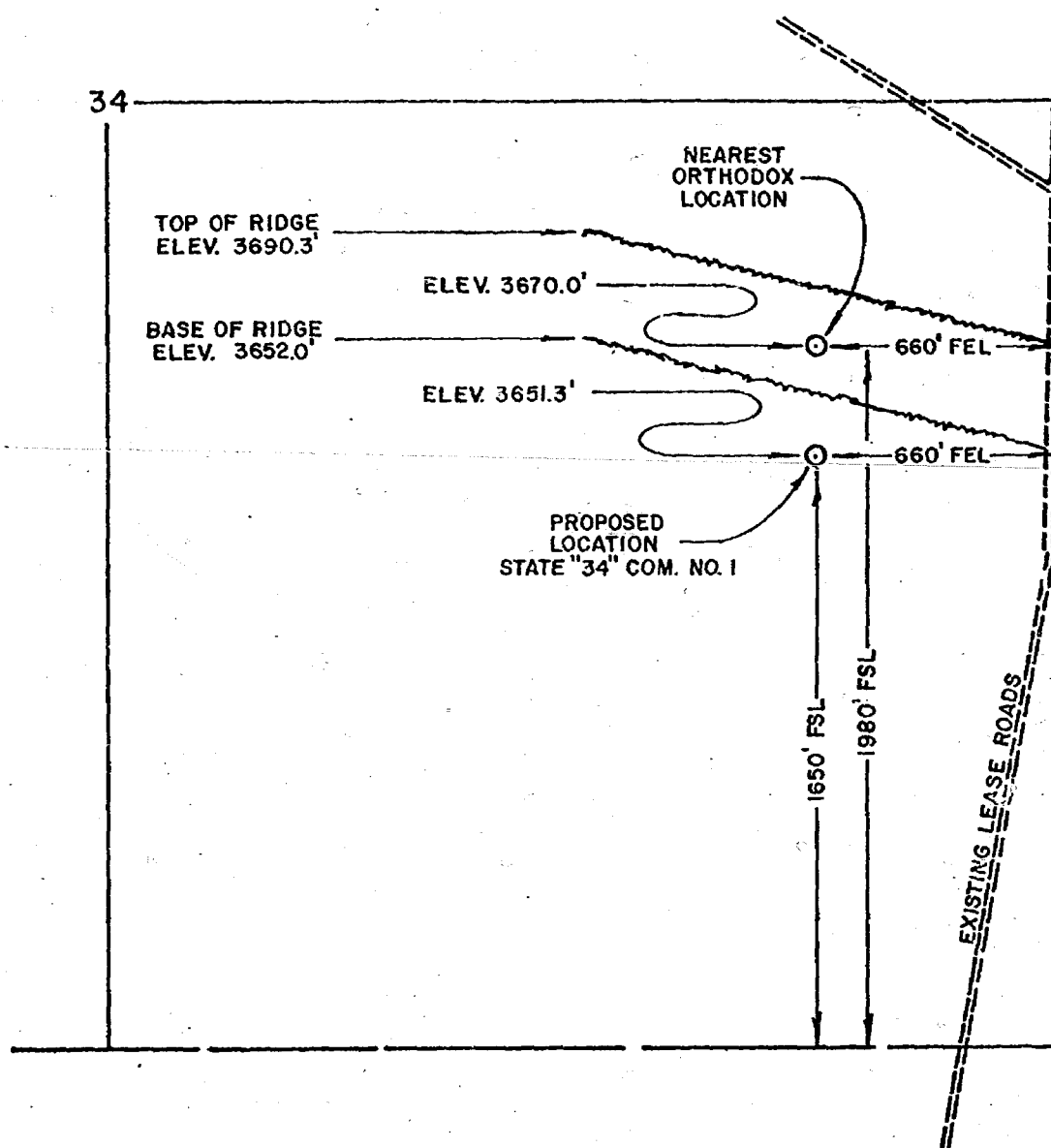
LEGEND

- PROPOSED LOCATION STATE "34" COM.
- NEAREST ORTHODOX LOCATION
- ACREAGE TO BE DEDICATED TO PROPOSED WELL.
- * MORROW GAS WELL



LLANO, INC.
EXHIBIT "B"
AREA PLAT
STATE "34" COM. NO.1
GRAMA RIDGE MORROW (GAS) FIELD
LEA COUNTY, NEW MEXICO

SE 1/4 SEC. 34, T21S, R34E



LLANO, INC.
EXHIBIT "C"
LOCATION PLAT
STATE "34" COM. NO. 1
GRAMA RIDGE MORROW (GAS) FIELD
LEA COUNTY, NEW MEXICO

SCALE
50 25 0 50
FEET



CONSTRUCTION CO., INC.

P. O. BOX 1847 • HOBBS, NEW MEXICO 88240 • PHONE 505 393-3525

February 27, 1979

Llano, Inc.
P. O. Box 1320
Hobbs, NM 88240

Attention: Mr. Jack Moody

Reference: State Com 34 #1

Gentlemen:

We wish to submit our price to perform the proposed work on the above captioned location. The following bids are based on on-site inspection.

#1 1650' FSL, 660' FEL, S34-T21-R34, Lea County, NM

Furnish labor, equipment and materials to cut subgrade, level location, build approximately 600' of 12' wide, 6" compacted caliche road and a 6" compacted caliche drilling pad containing 58,200 sq. ft. Build reserve 120'x165'.

Our price, subject to applicable sales tax - - \$16,490.00

#2 1980' FSL, 660' FEL, S34-T21-R34, Lea County, NM

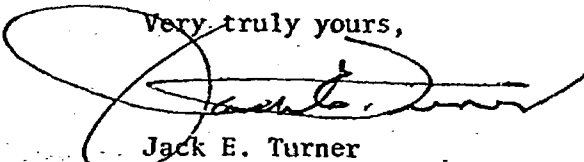
Furnish labor, equipment and materials to cut subgrade, shoot and level location, build approximately 600' of 12' wide 6" compacted caliche road, and a 5" compacted caliche drilling pad containing 58,200 sq. ft. Build reserve 120'x165'.

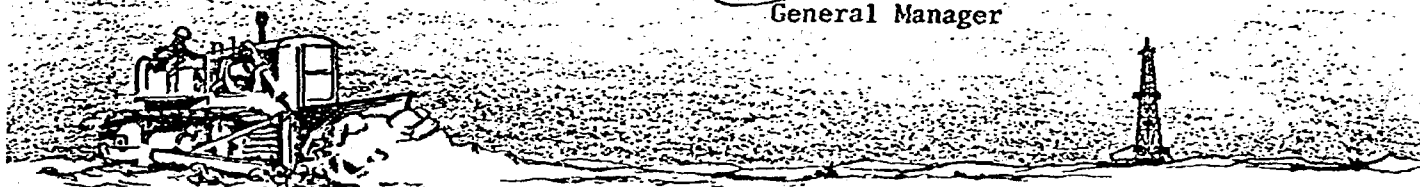
Our price, subject to applicable sales tax - - \$31,345.00

The above prices include grid roller.

We appreciate the opportunity of presenting this information and hope to have the pleasure of serving you.

Very truly yours,


Jack E. Turner
General Manager



CALICHE ROADS • BULL DOZERS • AIR COMPRESSORS • MOTOR GRADERS • ROLLERS • WATER TRUCKS

Handwritten: Llano

Handwritten: 6497

Handwritten: D

LLANO, INC.
EXHIBIT "D"
CONTRACTOR'S BID ON LOCATION
STATE "34" COM. NO.1
GRAMA RIDGE MORROW (GAS) FIELD
LEA COUNTY, NEW MEXICO

Exhibits A through D

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All distances must be from the outer boundaries of the Section

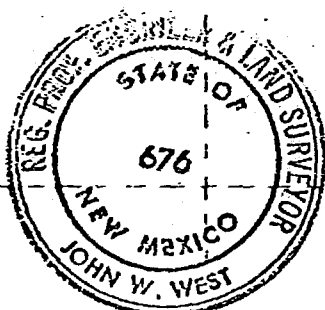
Operator Minerals, Inc.		Lease Llano State "34" Com.		Well No. 1
Section 34	Township 21 South	Range 34 East	County Lea	
Actual Well Location of Well: 1650 feet from the South line and 660 feet from the East line				
Ground Level Elev. 3651.3	Producing Formation Morrow	Pool Gramma Ridge Morrow	Dedicated Acreage: 320 Acres	

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CERTIFICATION

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

Name _____

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President

Company _____

Minerals, Inc.

Date _____

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

Date Surveyed _____

February 16, 1979

Registered Professional Engineer and/or Land Surveyor

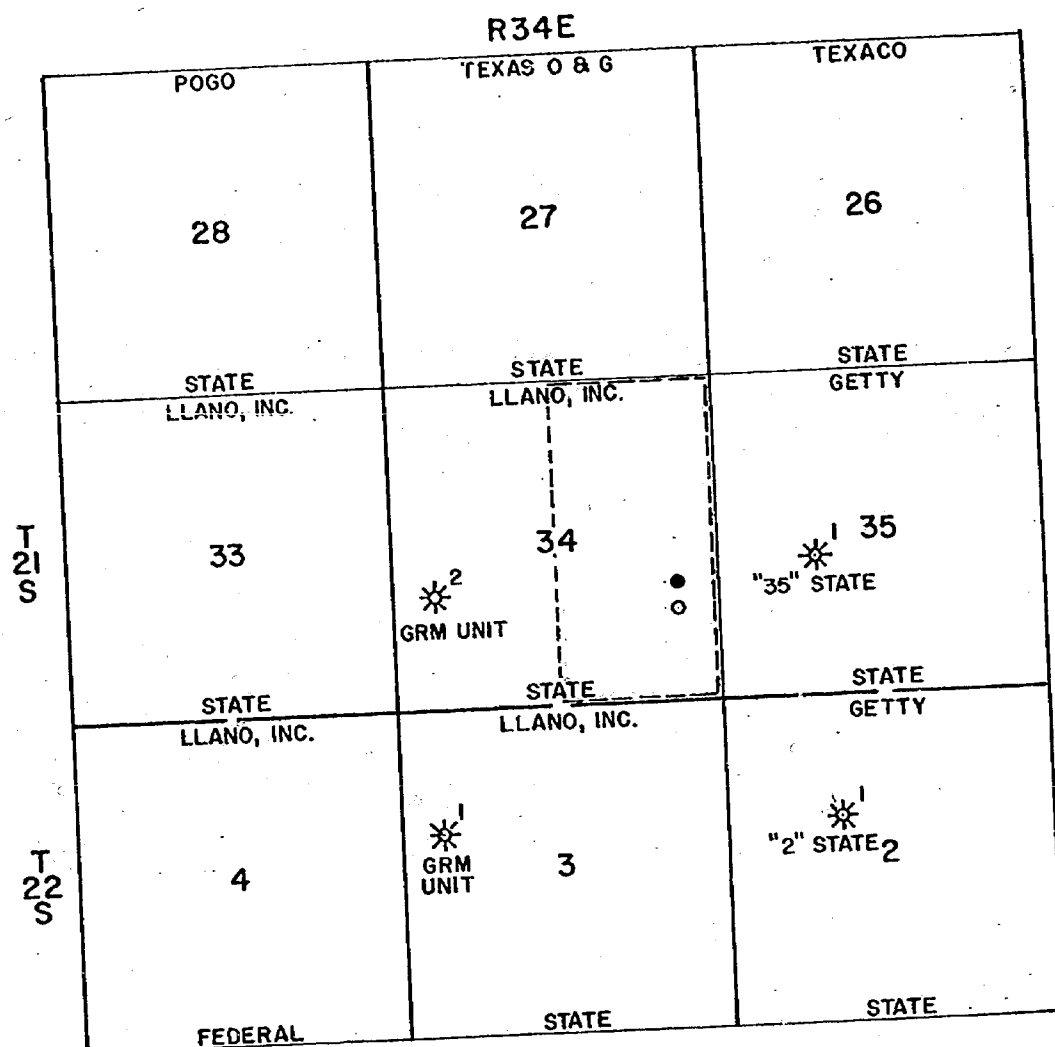
John W. West
Certificate No. **John W. West 676**
Ronald J. Eidson 3239

Llano

6497

A

LLANO, INC.
EXHIBIT "A"
WELL LOCATION & ACREAGE DEDICATION PLAT
STATE "34" COM. NO. 1
GRAMA RIDGE MORROW (GAS) FIELD
LEA COUNTY, NEW MEXICO



LEGEND

- PROPOSED LOCATION STATE "34" COM.
- NEAREST ORTHODOX LOCATION
- ACREAGE TO BE DEDICATED TO PROPOSED WELL.
- ✱ MORROW GAS WELL

Ilano

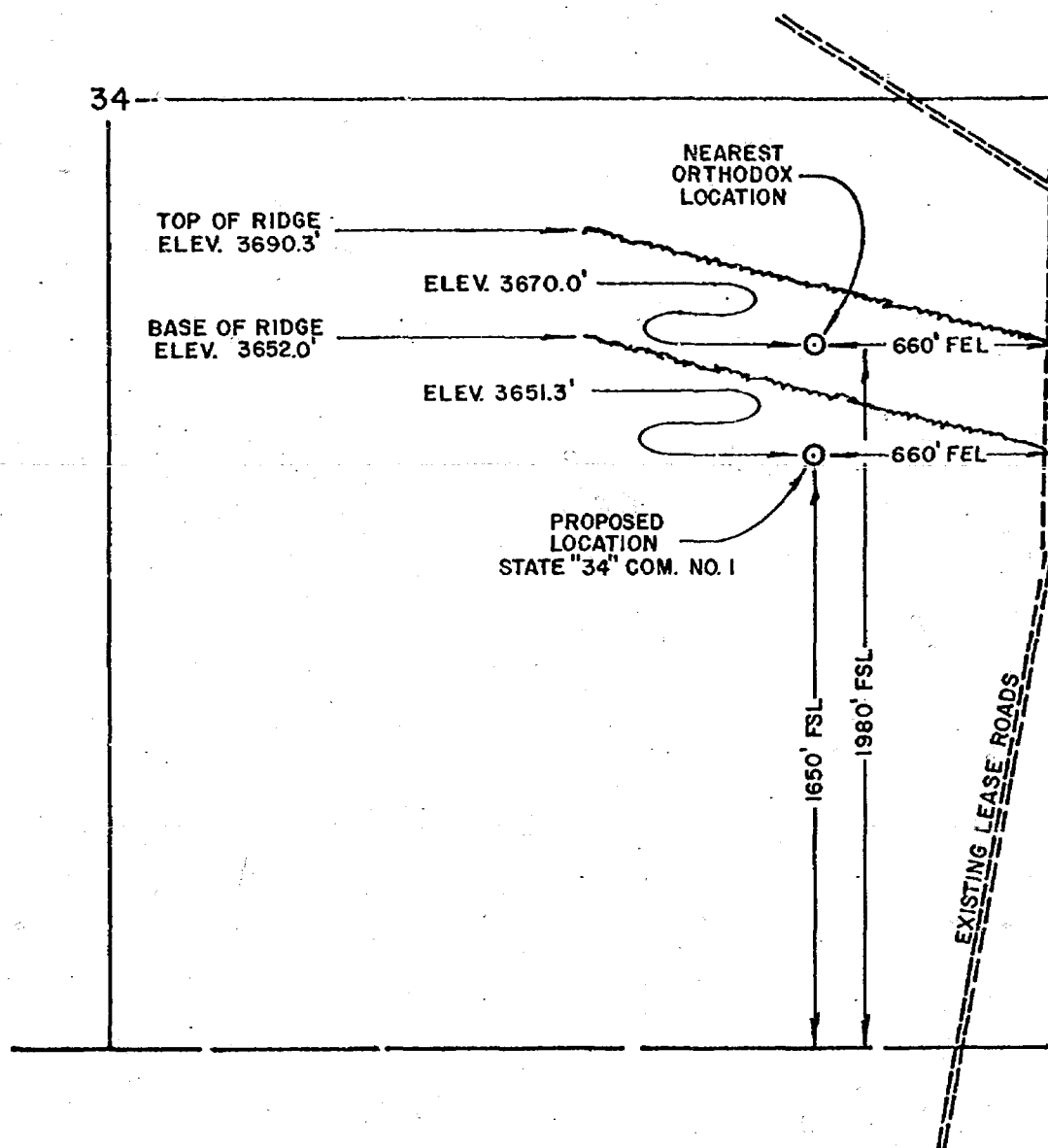
6497

SCALE



LLANO, INC.
EXHIBIT "B"
AREA PLAT
STATE "34" COM. NO.1
GRAMA RIDGE MORROW (GAS) FIELD
LEA COUNTY, NEW MEXICO

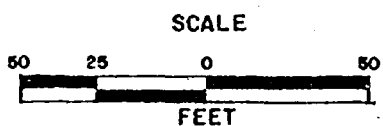
SE 1/4 SEC. 34, T21S, R34E



Hano

6497

C



LLANO, INC.
EXHIBIT "C"
LOCATION PLAT
STATE "34" COM. NO. 1
GRAMA RIDGE MORROW (GAS) FIELD
LEA COUNTY, NEW MEXICO



CONSTRUCTION CO., INC.

P. O. BOX 1847 • HOBBS, NEW MEXICO 88240 • PHONE 505 393.3525

February 27, 1979

Llano, Inc.
P. O. Box 1320
Hobbs, NM 88240

Attention: Mr. Jack Moody

Reference: State Com 34 #1

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Our price, subject to applicable sales tax - - \$16,490.00

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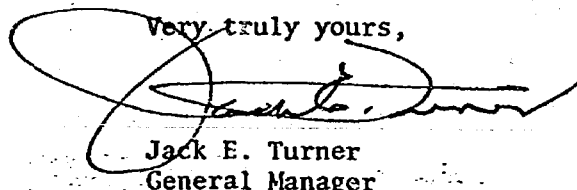
Furnish labor, equipment and materials to cut subgrade, shoot and level location, build approximately 600' of 12' wide 6" compacted caliche road, and a 6" compacted caliche drilling pad containing 58,200 sq. ft. Build reserve 120'x165'.

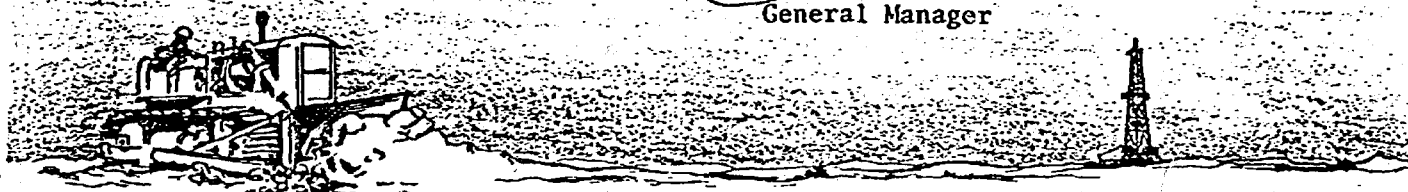
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Handwritten: Llano

Handwritten: 6497

Handwritten: D

LLANO, INC.
EXHIBIT "D"
CONTRACTOR'S BID ON LOCATION
STATE "34" COM. NO. 1
GRAMA RIDGE MORROW (GAS) FIELD
LEA COUNTY, NEW MEXICO

Dockets Nos. 11-79 and 12-79 are tentatively set for hearing on March 14 and 28, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - MARCH 7, 1979

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

CASE 6489: Application of J. V. Pritts and Wm. B. Barnhill for review of Order No. R-4831, Eddy County, New Mexico. Applicants, in the above-styled cause, seek the review and interpretation of Order No. R-4831 to permit them the opportunity to join in the drilling of the Federal "B" Well No. 1 located in Unit P of Section 1, Township 18 South, Range 26 East, Atoka-Pennsylvanian Pool, Eddy County, New Mexico, and to determine the applicability of the 200% risk factor.

CASE 6398: (DE NOVO)

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 location for the Wolfcamp and Pennsylvanian formations of its State Com Well No. 1, to be located 660 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Catclaw Draw Field, Eddy County, New Mexico, all of said Section 18 to be dedicated to the well in the Morrow formation.

Upon application of Texas Oil & Gas Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 14, 1979

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for April, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6490: Application of L. C. Harris for a unit agreement, Chaves and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for his Walnut Draw Unit Area comprising 9,797 acres, more or less, of Federal, state and fee lands in Townships 15 and 16 South, Ranges 23 and 24 East, Chaves and Eddy Counties, New Mexico.

CASE 6491: Application of C & E Operators, Inc. for an unorthodox well location and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the E/2 SW/4 of Section 10, Township 30 North, Range 11 West, Aztec-Pictured Cliffs Pool, San Juan County, New Mexico, to be dedicated to a well to be located 1700 feet from the South line and 1760 feet from the West line of said Section 10.

CASE 6477: (Continued from February 28, 1979, Examiner Hearing)

Application of Sun Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Millman Pool Unit Area by the injection of water into the Queen and Grayburg formations through eleven wells located in Sections 12 and 13 of Township 19 South, Range 28 East, East Millman Pool, Eddy County, New Mexico.

CASE 6492: Application of Yates Petroleum Corporation 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 NE/4 NW/4 of Section 13, Township 17 South, Range 25 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 6072: (Reopened and Readvertised)

In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

CASE 6493: Application of Merrion & Bayless for gas well commingling; San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling, prior to measurement, of Pictured Cliffs production from the Hi Roll Wells Nos. 1 and 2 located in Units O and K of Section 35, Township 27 North, Range 13 West, San Juan County, New Mexico.

CASE 6494: Application of Morris R. Antweil for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Mesa Macho Well No. 1 located in Unit O of Section 24, Township 20 South, Range 27 East, Morrow formation, Eddy County, New Mexico, the E/2 of said Section 24 to be simultaneously dedicated to the aforesaid well and to applicant's Macho Norte Well No. 1 located in Unit G of Section 24.

CASE 6495: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

CASE 6496: Application of Llano, Inc. for rescission of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-3006, which promulgated 640-acre spacing for the Grama Ridge-Morrow Gas Pool, Lea County, New Mexico. Applicant proposes that said pool be developed and operated under 320-acre spacing and well location requirements.

CASE 6497: Application of Llano, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, Grama Ridge-Morrow Gas Pool, Lea County, New Mexico, the E/2 of said Section 34 to be dedicated to the well.

CASE 6498: Application of Pogo Producing Company to limit application of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to limit the application of the Grama Ridge-Morrow Gas Pool Rules to the horizontal limits of said pool, being all of Sections 2, 3, 4, and 10, Township 22 South, Range 34 East and Sections 33 and 34, Township 21 South, Range 34 East, Lea County, New Mexico.

CASE 6499: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending horizontal limits and contracting vertical limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Antelope Sink-Morrow Gas Pool. The discovery well is Maddox Energy Corporation State 32 Well No. 1 located in Unit I of Section 32, Township 18 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 32: E/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Baldrige Canyon-Morrow Gas Pool. The discovery well is W. A. Moncrief, Jr., Baldrige Canyon Com Well No. 1 located in Unit G of Section 13, Township 24 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 13: E/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Burton Flat-Delaware Pool. The discovery well is Yates Petroleum Corporation Stonewall EP State Well No. 3 located in Unit N of Section 19, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 19: SW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the East Crossroads-San Andres Pool. The discovery well is MGF Oil Corporation Santa Fe Railway Well No. 1 located in Unit A of Section 13, Township 10 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 36 EAST, NMPM
Section 13: NE/4

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the South Culebra Bluff-Atoka Gas Pool. The discovery well is Delta Drilling Company South Culebra Bluff Unit Well No. 1 located in Unit G of Section 23, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 14: E/2
Section 23: All
Section 26: All

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Dublin Ranch-Morrow Gas Pool. The discovery well is J. C. Barnes Oil Company Big Chief Com Well No. 1 located in Unit F of Section 22, Township 22 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 22: All
Section 27: N/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Gardner Draw-Morrow Gas Pool. The discovery well is Phoenix Resources Company Gardner Draw Unit Well No. 1 located in Unit C of Section 20, Township 19 South, Range 21 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM
Section 17: W/2
Section 19: N/2
Section 20: N/2

(h) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Jubilee-Pennsylvanian Gas Pool. The discovery well is Tom L. Ingram Jubilee Well No. 1 located in Unit E of Section 28, Township 10 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM
Section 28: W/2

(i) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the King-Mississippian Gas Pool. The discovery well is Cabot Corporation J. L. Reed Well No. 1 located in Unit H of Section 35, Township 13 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM
Section 35: NE/4

(j) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the Lone Wolf-Atoka Gas Pool. The discovery well is Depco, Inc. Sundance A Federal Well No. 1 located in Unit J of Section 25, Township 12 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 29 EAST, NMPM
Section 25: S/2

(k) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Strawn production and designated as the Lost Lake-Strawn Gas Pool. The discovery well is Texas Oil & Gas Corporation O'Brien Well No. 1 located in Unit I of Section 11, Township 9 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 2: S/2
Section 11: All
Section 14: N/2

(l) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the West Mescalero-Morrow Gas Pool. The discovery well is Natomas North America, Inc. New Mexico State Well No. 1 located in Unit M of Section 19, Township 10 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 19: W/2

(m) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Permo-Penn production and designated as the Penasco Draw Permo-Penn Gas Pool. The discovery well is Yates Petroleum Corporation La Cama Com Well No. 1 located in Unit F of Section 20, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 18: S/2
Section 19: All
Section 20: All
Section 21: W/2
Section 30: All
Section 31: All

(n) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Siegreest Draw-Morrow Gas Pool. The discovery well is Yates Petroleum Corporation Siegreest JS State Com Well No. 1 located in Unit C of Section 30, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 30: N/2

(o) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Turkey Track-Atoka Gas Pool. The discovery well is Amoco Production Company State ER Com Well No. 1 located in Unit G of Section 6, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 6: N/2

(p) EXTEND the Angell Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 35: E/2

(q) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 17: S/2

(r) EXTEND the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 5: NW/4 SW/4

(s) EXTEND the Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 25: W/2
Section 26: E/2
Section 36: NW/4

(t) EXTEND the East Chicum-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 23 EAST, NMPM
Section 9: E/2 NE/4
Section 10: W/2 NW/4

(u) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 20: SW/4

- (v) EXTEND the Double L Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM
Section 24: NW/4 and E/2 SW/4
Section 36: NW/4 NW/4, S/2 NW/4 and SW/4

- (w) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 18: SE/4

- (x) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 7: N/2

- (y) EXTEND the Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 35: All

- (z) REDEFINE the vertical limits of the Monument Tubb-Drinkard Pool in Lea County, New Mexico, to include only the Tubb formation and redesignate said pool as the Monument-lubb Pool.

- (aa) EXTEND the West Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 23: E/2

- (bb) EXTEND the Millman-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 12: E/2

- (cc) EXTEND the South Prairie-Wolfcamp Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 20: N/2

- (dd) EXTEND the Querecho Plains-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 34: NW/4

- (ee) EXTEND the Richard Knob Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 7: All
Section 18: N/2

- (ff) EXTEND the Round Tank-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM
Section 30: NE/4

- (gg) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 5: Lots 11, 12, 13, 14 and SW/4

- (hh) EXTEND the North Teague-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: NW/4

- (ii) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 30: SW/4

(jj) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 36: NE/4

Docket No. 12-79

DOCKET: COMMISSION HEARING - THURSDAY - MARCH 15, 1979

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

CASE 6222: (Rehearing) (Continued from March 2, 1979, Commission Hearing)

Application of Paul Hamilton for salt water disposal well shut-in, Lea County, New Mexico. Upon application of Paul Hamilton there will be a rehearing of Case No. 6222, Order No. R-5753. This case involves the application of Paul Hamilton for an order shutting down salt water disposal operations in the Texaco Inc., New Mexico State "BO" SWD Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore-Devonian Pool, Lea County, New Mexico. Pursuant to Commission Order No. R-5753-A, evidence at said rehearing shall be limited to evidence relating to data regarding water quality and water level obtained from an observation well completed next to the aforesaid SWD Well No. 3, and to other new evidence unavailable at the time of the original hearing of this case on May 31, 1978.

LLANO, INC.

PHONE 393-2153

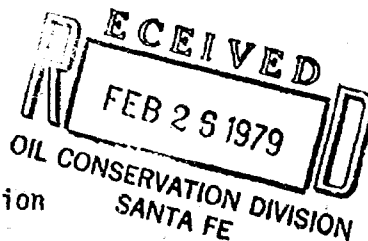
P. O. DRAWER 1320

HOBBS, NEW MEXICO 88240

February 22, 1979

G. W. EDWARDS
EXECUTIVE VICE PRESIDENT

Case 6497



New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501
Attention: Mr. Joe D. Ramey

Re: Unorthodox Morrow
Gas Well Location,
Grama Ridge Morrow
Field

Gentlemen:

Llano, Inc., respectfully makes application for an unorthodox gas well location in Lea County, New Mexico. Applicant seeks approval for the unorthodox location for the Morrow formation of a well to be located 1650 feet from the south line and 660 feet from the east line of Section 34, T-21-S, R-34-E, Grama Ridge Morrow Gas Field, Lea County, New Mexico with the E/2 of Section 34 to be dedicated to the well in the Morrow formation.

Very truly yours,

LLANO, INC.

A handwritten signature in dark ink, appearing to read "G. W. Edwards", written over the typed name.

G. W. Edwards

AK:jh

Llano File No:E2.76.79

xc: Donald L. Garey
Don Maddox
D. M. File



L. Lano, Inc.

unorthodox gas well location

1650 FSL 660 FEL

34 21 34 Lsa E/2 dedication

Grama Ridge Marrow Gas Pool

called in
by Al Klaar 1:40 pm 2/22

ROUGH

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

dr/

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6497

Order No. R-5996

APPLICATION OF LLANO, INC.,
FOR AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 14,
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of _____, 19 79, the
Division Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Llano Inc., seeks approval for the
unorthodox location of its proposed Llano State "34" Com Well
No. 1, to be drilled at a point 1650 feet from the South line and
660 feet from the East line of Section 34, Township 21 South,
Range 34 East, NMPM, Lea County, New Mexico.

(3) That the applicant, in Case No. 6496, sought and was granted ^{by Division Order No. R-5995,} the rescission of the Special Rules and Regulations for the Grama Ridge-Morrow Gas Pool, as promulgated by Division Order No. R-3006, ~~by Division Order No. R-5995.~~

(4) That said Order No. R-5995, while rescinding the special rules for the Grama Ridge-Morrow Gas Pool and reverting said pool to 320-acre spacing, did establish, on a limited temporary basis, 640-acre spacing and specified well locations for certain lands lying east and northeast of said pool, including the E/2 of Section 34, Township 21 South, Range 34 East, NMPM.

(5) That the applicant in the instant case proposes to dedicate the E/2 of Section 34, Township 21 South, Range 34 East, NMPM, to ~~the~~ ^{the} proposed well for which the unorthodox location is sought.

(6) That inasmuch as the E/2 of Section 34 does not meet the acreage dedication requirements for the lands for which the limited temporary 640-acre spacing was established by Order No. R-5995, said E/2 of Section 34 constitutes a 320-acre non-standard proration unit for these lands.

(7) That the approval of a 320-acre non-standard proration unit is not within the call of this hearing and cannot be approved.

(8) That the applicant does own and operate lands immediately east of the Grama Ridge-Morrow Gas Pool as redefined by Order No. R-5995 which may reasonably be presumed to be productive of gas from the Morrow formation, ^{including the E/2 of Section 34,} and should be given the opportunity to drill into and produce its fair share of this gas.

(9) That the proposed location of applicant's Llano State "34" Com Well No. 1, as described in Finding No. (2) above, will provide the applicant an opportunity to produce its fair share of the gas underlying ^{the E/2 of Section 34,} ~~its property,~~ will protect correlative rights and prevent waste and should be approved.

(10) That inasmuch as it is impossible to dedicate a standard 640-acre unit to said well, the applicant should file an application for hearing to consider a non-standard gas proration unit for the well, and such unit would logically be either a 320-acre non-standard unit comprising the E/2 of Section 34 and be subject to a production limitation factor due to deficient acreage dedication, or a 640-acre non-standard unit comprising the E/2 of Section 34 and the E/2 of Section 3, Township 22 South, Range 34 East, NMPM.

IT IS THEREFORE ORDERED:

(1) That a non-standard location is hereby approved for the Llano, Inc., Llano State "34" Com Well No. 1, to be drilled at a point 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Morrow formation.

(2) That the lands to be dedicated to said well shall be determined in a subsequent hearing, and ^{production of the} ~~the drilling permit for~~ ^{permitted} ~~said well shall not be approved until accompanied by a plat~~ ^{has been} ~~dedicating an approved non-standard gas proration unit to the well.~~

filed

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

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

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6497 DE NOVO
Order No. R-5996-A

APPLICATION OF LLANO, INC. FOR
AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for Hearing De Novo at 9 a.m. on May 29, 1979, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 17th day of July, 1979, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

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 in Case No. 6497, Llano, Inc., seeks approval for an unorthodox gas well location for its Llano State "34" Com Well No. 1, located 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, said well being projected to the Morrow formation.

(3) That this cause came on for hearing before Examiner Daniel S. Nutter on March 14, 1979, and the Division entered its Order No. R-5996 on May 2, 1979, approving the above-described unorthodox location for the subject well.

(4) That when the original application in this case was filed, Llano, Inc., had pending Case No. 6496, its application for the rescission of the 640-acre spacing rules then applicable to the Grama Ridge-Morrow Gas Pool, and proposed that the E/2 of Section 34 be spaced on 320 acres rather than 640 acres and dedicated to the subject well.

Case No. 6497 De Novo
Order No. R-5996-A

(5) That by its Order No. R-5995, dated May 2, 1979, the Division did rescind the 640-acre spacing rules for the Grama Ridge-Morrow Gas Pool but placed the E/2 of Section 34, among other lands, on temporary 640-acre spacing.

(6) That on May 3, 1979, Getty Oil Company filed an application for creation of a new Morrow gas pool comprising, among other lands, the E/2 of Section 34, and for the promulgation of special rules therefor, including a provision for 640-acre spacing and proration units and well location requirements, and said application was docketed and heard by the Commission as Case No. 6558 on May 29, 1979.

(7) That on May 3, 1979, Getty Oil Company also filed an application for Hearing De Novo of Case No. 6497, whereupon this case was set for Hearing De Novo by the Commission on May 29, 1979.

(8) That the Division, by its Order No. R-6050, denied the application of Getty Oil Company for 640-acre spacing as requested in Case No. 6558 and in effect ordered that the E/2 of Section 34, among other lands, be developed on 320-acre spacing and well location requirements.

(9) That the proposed dedication of the E/2 of Section 34 to the subject well, as proposed by Llano, will constitute the dedication of a standard unit to said well pursuant to the 320-acre provisions of said Order No. R-6050.

(10) That the well location requirements for 320-acre spacing and proration units, as specified by Rule 104 C II of the Division Rules and Regulations, require that a well be located not closer than 660 feet to the nearest side boundary of the tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

(11) That the unorthodox location requested by the applicant in this case is 660 feet from the side boundary of the tract and 1650 feet from the end boundary of the tract and 330 feet from the nearest quarter-quarter section line.

(12) That the requested location is the minimum required distance from the side boundary of the tract and from the nearest quarter-quarter section line, and is unorthodox only in that it is 330 feet too close to the southern end boundary of the tract.

Case No. 6497 De Novo
Order No. R-5996-A

(13) That the applicant is the owner of the lands offsetting the subject well to the South, and is thus crowding only itself with respect to the unorthodoxy of the proposed location.

(14) That this case was heard De Novo upon the application of Getty Oil Company.

(15) That Getty Oil Company is the owner of the lands offsetting the subject well to the East.

(16) That the location of the subject well, under the provisions of Order No. R-6050 which placed the subject lands on 320-acre spacing and well location requirements, is a standard distance from the offsetting lands to the East, and is thus not crowding Getty Oil Company.

(17) That the unorthodox location will not impair correlative rights nor cause waste.

(18) That the unorthodox location will protect correlative rights, may permit the production of otherwise unrecoverable gas, thereby preventing waste, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the unorthodox location of the Llano, Inc., Llano State "34" Com Well No. 1, 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, as previously approved by Division Order No. R-5996, dated May 29, 1979, is hereby affirmed.

(2) That the E/2 of the aforesaid Section 34 shall be dedicated to the well.

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

-4-

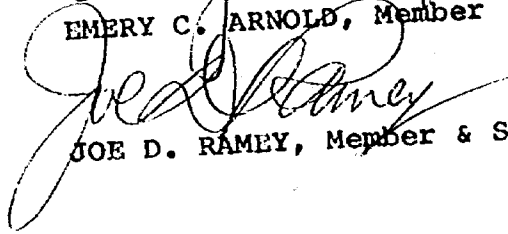
Case No. 6497 De Novo
Order No. R-5996-A

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


ALEX J. ARMIJO, Member

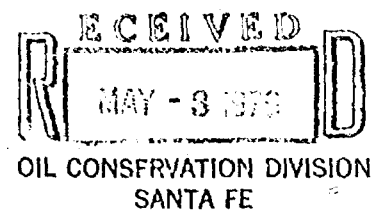

EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

SEAL

fd/

BEFORE THE
OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS



IN THE MATTER OF THE APPLICATION
OF LLANO, INC. FOR AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

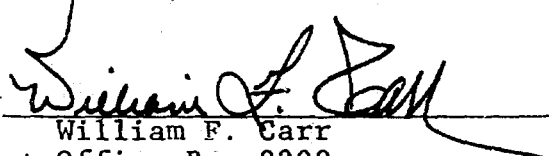
CASE NO. 6497

APPLICATION FOR HEARING DE NOVO

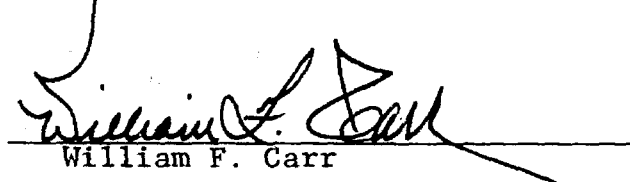
Comes now GETTY OIL COMPANY, by and through its attorneys,
Campbell and Black, P.A., and pursuant to Division Rule 1220,
hereby applies to the Oil Conservation Commission for a Hearing
De Novo in the above captioned case.

CAMPBELL AND BLACK, P.A.

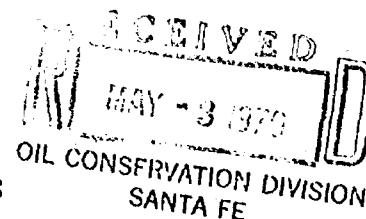
By


William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501

I hereby certify that a copy of the foregoing pleading
was mailed to Donald C. Cox, attorney for Llano, Inc. on May 3,
1979.


William F. Carr

BEFORE THE
OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS



IN THE MATTER OF THE APPLICATION
OF LLANO, INC. FOR AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 6497

APPLICATION FOR HEARING DE NOVO

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CAMPBELL AND BLACK, P.A.

By

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

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501

I hereby certify that a copy of the foregoing pleading
was mailed to Donald C. Cox, attorney for Llano, Inc. on May 3,
1979.

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

BEFORE THE
OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS

RECEIVED
MAY - 3 1979
OIL CONSERVATION DIVISION
SANTA FE

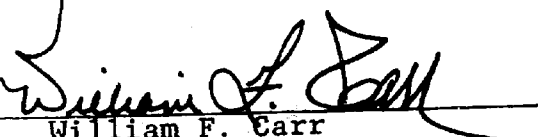
IN THE MATTER OF THE APPLICATION
OF LLANO, INC. FOR AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE NO. 6497


APPLICATION FOR HEARING DE NOVO

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CAMPBELL AND BLACK, P.A.

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

I hereby certify that a copy of the foregoing pleading
was mailed to Donald C. Cox, attorney for Llano, Inc. on May 3,
1979.


William F. Carr



SABINE PRODUCTION COMPANY
901 Wall Towers East 201 Wall Street Midland, Texas 79701 (915) 683-5607

C. H. Madsen
District Geologist

May 24, 1979

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION
SANTA FE

Attention: Mr. Joe Ramey

Re: Cases 6557, 6497 and 6558
Dated May 29, 1979

Gentlemen:

Sabine Production Company, as a 25% Working Interest Participant in Getty "36" State Com. #1 Well and owner of other leases in the Gramma Ridge Area, expresses the following feelings in the subject cases:

1. Case 6557 - Concur with 640 acre spacing and 1650' measurement from outer lease lines.
2. Case 6497 - Object to the application of Llano to drill an unorthodox gas well with respect to location and recommend that a well be penalized for any variance from field rules.
3. Case 6558 - Object to the application of Llano for a non-standard spaced unit and recommend that a well be penalized for any variance from field rules.

Very truly yours,

SABINE PRODUCTION COMPANY

C. H. Madsen

C. H. Madsen
District Geologist

/wb

A Subsidiary of SABINE Corporation

DOCKET: COMMISSION HEARING - TUESDAY - MAY 22, 1979

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

CASE 6557: Application of Getty Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new Morrow gas pool for its State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, and its Getty Two State Well No. 1 located in Unit F of Section 2, Township 22 South, Range 34 East, and for promulgation of special pool rules, including provision for 640-acre gas well spacing.

CASE 6497: (DE NOVO)

Application of Llano, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, Grama Ridge-Morrow Gas Pool, the E/2 of said Section 34 to be dedicated to the well.

Upon application of Getty Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6558: Application of Llano, Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the E/2 of Section 34, Township 21 South, Range 34 East, to be dedicated to its Llano 34 State Com Well No. 1 located in Unit I of said Section 34.

CASE 6559: Application of Roy L. McKay for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for his Morton Solid State Unit Area, comprising 1,480 acres, more or less, of State lands in Township 15 South, Range 34 East.

CASE 6487: (Continued from February 28, 1979, Examiner Hearing)

Application of El Paso Natural Gas Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Shell E State Con Well No. 2 located in Unit N of Section 6, Township 21 South, Range 36 East, Eunont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6471: (Continued from February 28, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Freeman Well No. 1-A to be located in Unit C of Section 11, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6472: (Continued from February 28, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Jenny Well No. 1-A to be located in Unit P of Section 13, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6473: (Continued from February 28, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its McIntyre Well No. 1-A to be located in Unit K of Section 11, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6474: (Continued from February 28, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Williams Well No. 1-A to be located in Unit C of Section 24, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6475: (Continued from February 28, 1979, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Montoya Well No. 1-A to be located in Unit I of Section 35, Township 32 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

- CASE 6550: Application of Yates Petroleum Corporation for an unorthodox gas well location and compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the S/2 of Section 12, Township 19 South, Range 24 East, to be dedicated to its Allison Federal "CQ" Well No. 2 to be drilled at an unorthodox location 1980 feet from the South line and 660 feet from the West line of said Section 12. 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 6492: (Continued from May 9, 1979, Examiner Hearing)
- Application of Yates Petroleum Corporation 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 NE/4 NW/4 of Section 13, Township 17 South, Range 25 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 6551: Application of Bass Enterprises Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Lower Morrow gas well location 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 28 East, the N/2 of said Section 1 to be dedicated to the well.
- CASE 6528: (Continued from April 25, 1979, Examiner Hearing)
- Application of Bass Enterprises Production Co. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Morrow test well location to be drilled 660 feet from the North and West lines of Section 10, Township 21 South, Range 32 East, Lea County, New Mexico, the W/2 of said Section 10 to be dedicated to the well.
- CASE 6552: Application of Maddox Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 3, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. 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 6553: Application of The Atlantic Richfield Company for approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Division waived existing well-spacing requirements and found that the drilling of additional wells was necessary to effectively and efficiently drain those portions of the proration units in the Empire Abo Unit located in Townships 17 and 18 South, Ranges 27, 28 and 29 East, which could not be so drained by the existing wells.
- CASE 6554: Application of The Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all royalty interests in the Devonian, McKee, and Ellenburger formations underlying the E/2 of Section 20, Township 22 South, Range 36 East, Langlie Field, to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6555: Application of Jake L. Hamon for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 660 feet from the North line and 560 feet from the East line of Section 30, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, all of said Section 30 to be dedicated to the well.
- CASE 6556: Application of Curtis Little for the amendment of Order No. R-5962, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5962 to provide for the unorthodox location of a well to be drilled 1000 feet from the South line and 50 feet from the East line of Section 11, Township 28 North, Range 12 West, Basin-Dakota Pool, and for the extension of the date to commence drilling.
- CASE 6435: (Continued from February 28, 1979, Examiner Hearing)
- Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its W. A. Weir "B" Well No. 3 located in Unit B of Section 26, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

Dockets Nos. 23-79 and 24-79 are tentatively set for hearing on June 13 and 27, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 23, 1979.

9 A.M. - OIL CONSERVATION DIVISION 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 6545: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace, Travelers Indemnity Company, and all other interested parties to appear and show cause why the Kuklah Baby Well No. 1 located in Unit G of Section 24, Township 22 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6422: (Continued from February 28, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Helton Engineering & Geological Services, Inc., Travelers Indemnity Company, and all other interested parties to appear and show cause why the Brent Well No. 1 located in Unit M of Section 29 and the Brent Well No. 3 located in Unit G of Section 19, both in Township 13 North, Range 6 East, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6546: Application of Black River Corporation for compulsory pooling and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the SW/4 of Section 32, Township 23 South, Range 37 East, to form a 160-acre non-standard gas proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said 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 6536: (Continued from May 9, 1979, Examiner Hearing)

Application of Black River Corporation for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 80-acre non-standard gas proration units in the Jalmat Gas Pool as follows: the N/2 SE/4 of Section 22, Township 23 South, Range 36 East, to be dedicated to applicant's well to be drilled in Unit J of said Section 22; and the S/2 SE/4 of said Section 22 to be dedicated to El Paso Natural Gas Company's Shell State Well No. 3 located in Unit P.

CASE 6535: (Continued from May 9, 1979, Examiner Hearing)

Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Pool by the injection of water into the Menefee formation through two wells located in Section 21, Township 18 North, Range 3 West, Sandoval County, New Mexico.

CASE 6547: Application of American Petrofina Company of Texas for the creation of a waterflood buffer zone, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a waterflood buffer zone comprising the NE/4 SE/4 of Section 26, Township 17 South, Range 32 East, Maljamar Grayburg-San Andres Pool, to enable applicant to produce its Johns B Well No. 4 located thereon at an unrestricted rate.

CASE 6548: Application of John F. Staver for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Dakota formation through the open hole interval from 1408 feet to 1412 feet in his Table Mesa Well No. 22 located in Unit N and from 1394 feet to 1400 feet in his Table Mesa Well No. 23 located in Unit O, both in Section 34, Township 28 North, Range 17 West, Table Mesa-Dakota Oil Pool.

CASE 6549: Application of Gulf Oil Corporation for pool creation, discovery allowable, and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new Bone Springs oil pool for its Lea "YH" State Well No. 1 located in Unit O of Section 25, Township 18 South, Range 34 East. Applicant also seeks a discovery allowable and promulgation of special pool rules, including a provision for 80-acre spacing.

CAMPBELL AND BLACK, P.A.

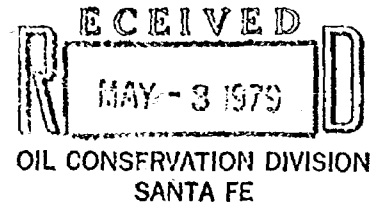
LAWYERS

JACK M. CAMPBELL
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POST OFFICE BOX 2208
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TELEPHONE (505) 988-4421

May 3, 1979

New Mexico Oil Conservation Division
Department of Energy & Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501



Gentlemen:

Enclosed is an Application for hearing de novo in Case No. 6497: Application for Llano Inc. for an unorthodox gas well location, Lea County, New Mexico.

Also enclosed in triplicate is the Application of Getty Oil Company for pool creation and special pool rules. This matter is directly related to the subject matter of Case No. 6497 and we therefore request that it be set initially for hearing before the full Commission.

It is my understanding that Llano has spudded or will spud a well within the next few days in accordance with the provisions of Order No. R-5995 (Case No. 6497). It is therefore important that these matters be set for hearing at the earliest possible date and we would request that they be included on the docket of the Commission hearing scheduled for May 29, 1979.

Your attention to these matters is appreciated.

Very truly yours,

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

William F. Carr

WFC:ama
enclosures

cc: Mr. Joe King
Mr. Chris Boesecker
Mr. Donald C. Cox, Esq.

ROUGH

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

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

CASE NO. 6497 DE NOVO

Order No. R-5996-A

APPLICATION OF LLANO, INC. FOR
AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

JOR

ORDER OF THE COMMISSION

BY THE COMMISSION:

De Novo
This cause came on for hearing at 9 A.M.
on May 29, 19 79, at Santa Fe, New Mexico,
before the Oil Conservation Commission of New Mexico, hereinafter
referred to as the "Commission."

NOW, on this _____ day of July, 19 79, the
Commission, a quorum being present, having considered the
testimony presented and the exhibits received at said hearing,
and being fully advised in the premises,

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.

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Case No. 6497 De Novo
Order No. R-5996-A

(2) That the applicant in Case No. 6497, Llano, Inc., seeks approval for an unorthodox gas well location for its Llano State "34" Com Well No. 1, located 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, said well being projected to the Morrow formation.

(3) That this cause came on for hearing before Examiner Daniel S. Nutter on March 14, 1979, and the Division entered its Order No. R-5996 on May 2, 1979, approving the above-described unorthodox location for the subject well.

(4) That when the original application in this case was filed, Llano, Inc., had pending Case No. 6496, its application for the rescission of the 640-acre spacing rules then applicable to the Grama Ridge-Morrow Gas Pool, and proposed that the E/2 of Section 34 be spaced on 320 acres rather than 640 acres and dedicated to the subject well.

(5) That by its Order No. R-5995, dated May 2, 1979, the Division did rescind the 640-acre spacing rules for the Grama Ridge-Morrow Gas Pool ^{but} and placed the E/2 of Section 34, among other lands, on temporary 640-acre spacing.

(6) That on May 3, 1979, Getty Oil Company, filed an application for creation of a new Morrow gas pool comprising, among other lands, the E/2 of Section 34, and for the promulgation of special rules therefor, including a provision for 640-acre spacing and proration units and well location requirements, and said application was docketed and heard by the Commission as Case No. 6558 on May 29, 1979.

(7) That on May 3, 1979, Getty Oil Company also filed an application for Hearing De Novo of Case No. 6497, whereupon this case was set for Hearing De Novo by the Commission on May 29, 1979.

(8) That the Division, by its Order No. R-6050, denied the application of Getty Oil Company for 640-acre spacing as requested in Case No. 6558 and in effect ordered that the E/2 of Section 34, among other lands, be developed on 320-acre spacing and well location requirements.

(9) That the proposed dedication of the E/2 of Section 34 to the subject well, as proposed by Llano, will constitute the dedication of a standard unit to said well pursuant to the 320-acre provisions of said Order No. R-6050.

(10) That the well location requirements for 320-acre spacing and proration units, as specified by Rule 104 C II of the Division Rules and Regulations, require that a well be located not closer than 660 feet to the nearest side boundary of the tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

(11) That the unorthodox location requested by the applicant in this case is 660 feet from the side boundary of the tract and 1650 feet from the end boundary of the tract and 330 feet from the nearest quarter-quarter section line.

(12) That the requested location is the minimum required distance from the side boundary of the tract and from the nearest quarter-quarter section line, and is unorthodox only in that it is 330 feet too close to the southern end boundary of the tract.

Case No. 6497 De Novo
Order No. R-5996-A
O

(13) That the applicant is the owner of the lands offsetting the subject well to the South, and is thus crowding only itself with respect to the unorthodoxy of the proposed location.

(14) That this case was heard De Novo upon the application of Getty Oil Company.

(15) That Getty Oil Company is the owner of the lands offsetting the subject well to the East.

(16) That the location of the subject well, under the provisions of Order No. R-6050 which placed the subject lands on 320-acre spacing and well location requirements, is a standard distance from the offsetting lands to the East, and is thus not crowding Getty Oil Company.

(17) That the unorthodox location will not impair correlative rights nor cause waste.

(18) That the unorthodox location will protect correlative rights, may permit the production of otherwise unrecoverable gas, thereby preventing waste, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the unorthodox location of the Llano, Inc., Llano State "34" Com Well No. 1, 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, as previously approved by Division Order No. R-5996, dated May 29, 1979, is hereby affirmed.

(2) That the E/2 of the aforesaid Section 34 shall be dedicated to the well.

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

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



BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

July 18, 1979

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

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6497
ORDER NO. R-5996-A

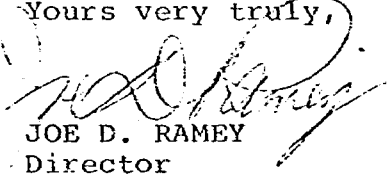
Applicant:

Llano, Inc.

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 x
Aztec OCC

Other William F. Carr