

CASE 6732: DORCHESTER EXPLORATION, INC. C.
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO

CONTINUED

TO

JANUARY 3rd

Case No.

6732

Application

Transcripts.

Small Exhibits

ETC.

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
 SANTA FE, NEW MEXICO
 3 January 1980

EXAMINER HEARING

 IN THE MATTER OF:)

Application of Dorchester Exploration,) CASE
 Inc., for an unorthodox oil well loca-) ~~6437~~
 tion, Lea County, New Mexico.) 6732

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
 Division:

Ernest L. Padilla, Esq.
 Legal Counsel for the Division
 State Land Office Bldg.
 Santa Fe, New Mexico 87501

For the Applicant:

Conrad Coffield, Esq.
 HINKLE LAW FIRM
 Midland, Texas

I N D E X

H. L. MCCARROLL

Direct Examination by Mr. Coffield

3

E X H I B I T S

Applicant Exhibit One, Plat

6

Applicant Exhibit Two, Plat

7

Applicant Exhibit Three, Cross Section

8

MR. STAMETS: We'll call next Case 6732.

MR. PADILLA: Application of Dorchester Exploration, Inc., for an unorthodox oil well location, Lea County, New Mexico.

MR. STAMETS: Call for appearances.

MR. DORCHESTER: Mr. Examiner, I'm Rick O'Bannon, Dorchester, and we're waiting for our attorney and geologist to testify.

MR. STAMETS: All right, we'll skip over this case, then, and we'll call Case 6775, and we'll return to Dorchester later in the docket.

MR. STAMETS: I think we will go back to the Dorchester case now, 6732, and Case 6732 has already been called and we'll call for appearances in the case.

MR. COFFIELD: Conrad Coffield with the Hinkle Law Firm of Midland, Texas, appearing on behalf of the applicant, and I have one witness.

(Witness sworn.)

H. L. MCCARROLL

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. McCarroll, would you please state your name and address, occupation and employer?

A H. L. McCarroll, 2826 Cimarron, Midland, Texas. I'm employed by the Dorchester Exploration Incorporated.

Q Mr. McCarroll, have you previously testified before the Division as a geologist?

A No, I haven't.

Q Would you please state your educational background and work experience as a geologist?

A I received a Bachelor of Science degree in geology in 1958 at the University of New Mexico in Albuquerque and until -- from early '59 until July of 1977 I was employed by the Superior Oil Company in Midland, Texas, and the majority of that time the experience was in southeast New Mexico and West Texas.

In July of '77 until the present, I've been employed by Dorchester in Midland.

Q Mr. McCarroll, are you familiar with Dorchester's application in this case?

A Yes.

Q And are you familiar with the property and the well location in this case?

A. Yes.

MR. COFFIELD: Mr. Examiner, are the witness' qualifications acceptable?

MR. STAMETS: Mr. McCarroll, what type of geological duties did you have with Superior, exploration?

A. That's right, exploration.

MR. STAMETS: Okay, the witness is considered qualified.

Q. Mr. McCarroll, what is it that Dorchester seeks with this application?

A. Seeking approval for an unorthodox location of its Morton Solid State Unit No. 1 in -- located 2156 feet from the north line and 990 from the west line of Section 5, Township 15 South, Range 34 East, Lea County, New Mexico, and it's located in the Tres Papalotes-Pennsylvanian Field.

Q. Mr. McCarroll, would you please give the Examiner a brief history of this well and how it happens to be drilled where it is?

A. The well was originally spudded by Petroleum Development Corporation of Albuquerque as a 13,500 foot Morrow wildcat, and subsequently, at a depth of 30 feet, with 20-inch conductor pipe having been set, Dorchester assumed operations of the well.

And on July the 30th of 1979 we filed an application for amendment for the 11,200 foot wildcat. We amended the depth and the operator.

The New Mexico Oil Conservation Commission advised us to change the designation from wildcat to Tres Papalotes Field, which we did.

We drilled an 11,200 feet test to the Ranger Lake pay and plugged back and completed it from the Tres Papalotes zone. As a consequence --

MR. STAMETS: What is the Ranger Lake?

A. From that -- all right, it's the limestone section -- the dolomite section below -- this is a term that I may be using a little freely here, we have no nearby production from that section. When we get to the exhibit marked Number Three I'd like to identify it then.

MR. STAMETS: Okay, that would be fine.

A. The location for the location of the well as a Morrow or Ranger Lake zone would have been a legal location. Since we plugged back and completed from the Tres Papalotes-Penn, we are now non-standard; about 224 feet too far to the southeast, according to the field rules.

Q. Mr. McCarroll, please refer to what we've marked as Exhibit One.

A. All right, Exhibit One, a surveyor's

plat, showing the well location in 15 South, 34 East, 2156 feet from the north line & 990 from the west line.

Q I believe you've already said this, but where would the standard location be if you'd --

A Standard location would be anywhere within 100-foot -- 150-foot radius from the center of that quarter quarter that we're located in, and the well is located 374 feet from the center of that, which puts us 224 feet beyond the limits of the field rules.

This also shows that we -- the dedicated acreage of 173.74 acres.

Q Mr. McCarroll, go to what we've marked as Exhibit Two and explain that exhibit to the Examiner.

A Exhibit Two is the land plat, of course, of the Morton Solid State Unit, located all of it within 15 South and 34 East. It includes the west half of Section 3, all of Section 4, the north half of Section 9, and the northwest quarter of Section 10.

Within this unit there are two quarter sections that are non-participating in the unit, and that would be the northeast quarter of Section 4 and the southwest quarter of Section 3.

Total acreage encompassed by this unit is approximately 1480 acres and approximately 333 not participating. This is a State-approved unit.

MR. STAMETS: This would indicate, then, that it appears as though Dorchester is really crowding an acreage that it already owns and unit acreage, as well.

A Yes, sir, but we were not involved in that unit until we assumed the operation of the well.

MR. STAMETS: I see, but as it currently stands.

A As it is right now, yes, sir.

MR. STAMETS: You're not crowding a non-participating tract or a tract outside the unit.

A Correct. Correct.

Q Along those same lines, Mr. McCarroll, is Dorchester the leasehold owner as well as the proposed operator?

A Yes, we are.

Q All right. And who are -- who would be the owners of the tracts which offset the well?

A The same ownership that is in the well that has been drilled. The minerals are all State owned and the participating working interest units are all the same.

Q Okay, did you have anything further on that or are you ready for Exhibit Three now?

A I'm ready for Exhibit Three.

Q Let's go to Exhibit Three and will you explain that to the Examiner?

A. Exhibit Number Three is a structural north/south cross section. It includes the Wolfcamp and part of the Upper Pennsylvanian section.

It is intended primarily to show the variations or the relationship of the producing section to the Tres Papalotes Field and the structural marker which we've mapped on. The structural map is inserted with this cross section and that also shows the outline and the acreage dedicated and the working interest participation acreage in the unit.

There is, in between Wells 2 and 3, I have a note there that I've just labeled this Tres Papalotes carbonate, simply for identification of the pay zone, and all wells that produce from this field are perforated within that interval showing. There are eight producing wells now and two that have been plugged that were producing.

The well on the far left of this, under the A part of the cross section, is the Dorchester well. The Ranger Lake part that I have identified there is shown down there. This is -- some people pick the Ranger Lake as the top of the dolomite, and this is simply a correlation marker that I've carried through here, but the lime -- on the only two deep wells we have in there the lime marker is shown between those two wells, where you go from the lime to the dolomite. And that was my reason for saying that we

are -- that we had staked a wildcat well and drilled a wildcat well.

I think just by inspection you can see the variation of the perforated intervals on the four logs shown, and it's pretty much that way throughout the field, also.

The structure map is a composite of the two lines of seismic and the -- and the subsurface points of the wells in the area. The sharp points on the seismic line are identified by the triangles, small triangles, and the -- one line goes from the northwest of Section 32 to the southeast of Section 10, in 15, 34, and the other line goes from Section 9 to the northeast of Section 3, 15, 34, and based on that seismic line with the remainder of it, the well was located as a result of that.

The four best wells in the field are the three Enserch wells in Section 33 and the one in the northeast corner, the C. W. Trainer Well in the northeast of Section 5, which would indicate that there is a porosity/permeability improvement in the north/south -- northeast/southwest direction through there.

That, with the structural point down there is the basis for the well location. The prospect was accepted and drilled to the Ranger Lake, assuming that we were going to have the structural position as indicated, which

we did have, however it thickened, it was a little low on Ranger Lake, but we did not feel like the Morrow formation had enough merit to warrant drilling that.

So we declined the deeper drilling on it.

I don't have much else to say about that, I don't believe.

Q All right, Mr. McCarroll, do you believe that your location is geologically superior to the orthodox location insofar as concerns the Tres Papalotes production?

A Yes. Yes, I do.

Q Do you have any other comments or remarks in connection with this case?

A Well, no; just want to request that the State will grant approval for the unorthodox location, the reasons being as I stated before, we did drill a wildcat well to a deeper depth than the pay zone and it was not related to the field pay itself. The well was spudded prior to Dorchester's assuming operations and we -- the well was temporarily suspended on July the 6th of 1979, and during the interim between when it was spudded and temporarily abandoned operations, Mosa Petroleum had three leases within the unit outline, totalling about 400 acres, or about 37 -- 35 percent of the working interest in the unit that would have expired had we moved the location, and we are not geo-

pardizing any other mineral or working interest owners in the area.

Q Mr. McCarroll, were these Exhibits One through Three prepared by you or under your supervision?

A Yes, they were.

Q And in your opinion will approval of Dorchester's application prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights?

A Yes.

MR. COFFIELD: Mr. Examiner, I move admission of Exhibits One through Three.

MR. STAMETS: These exhibits will be admitted.

Are there any questions of the witness?

He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

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

Sally W. Boyd C.S.R.
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. 6732
heard by me on 1-3 19 80.
Richard R. Smith, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
3 January 1980

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pardizing any other mineral or working interest owners in the area.

Q Mr. McCarroll, were these Exhibits One through Three prepared by you or under your supervision?

A Yes, they were.

Q And in your opinion will approval of Dorchester's application prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights?

A Yes.

MR. COFFIELD: Mr. Examiner, I move admission of Exhibits One through Three.

MR. STAMETS: These exhibits will be admitted.

Are there any questions of the witness?

He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

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

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. _____,
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division



STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
15351 827-2434

January 18, 1980

Mr. Conrad E. Coffield
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
P. O. Box 3580
Midland, Texas 79702

Re: CASE NO. 6732
ORDER NO. R-6239

Applicant:

Dorchester Exploration, 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 OCD	<u>X</u>
Artesia OCD	<u>X</u>
Aztec OCD	

Other

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. 6732
Order No. R-6239

APPLICATION OF DORCHESTER EXPLORATION,
INC. FOR AN UNORTHODOX OIL WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 3, 1980,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of January, 1980, 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, Dorchester Exploration, Inc., seeks
approval of an unorthodox oil well location for its Morton Solid
State Unit Well No. 1 located 2156 feet from the North line and
990 feet from the West line of Section 4, Township 15 South,
Range 34 East, NMPM, Tres Papalotes-Pennsylvanian Pool, Lea
County, New Mexico.

(3) That the NW/4 of said Section 4 is to be dedicated to
the well.

(4) That a well at said unorthodox location resulted from
the completion of a well previously drilled to a deeper horizon.

(5) That no offset operator objected to the proposed un-
orthodox location.

-2-

Case No. 6732
Order No. R-6239

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

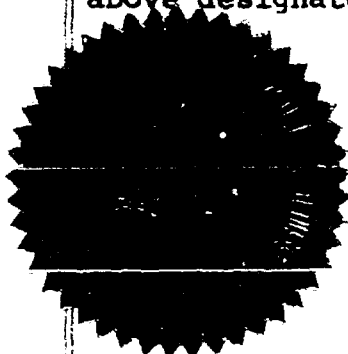
IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location for the Upper Pennsylvanian formation is hereby approved for the Dorchester Exploration, Inc. Morton Solid State Unit Well No. 1 located at a point 2156 feet from the North line and 990 feet from the West line of Section 4, Township 15 South, Range 34 East, NMPM, Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico.

(2) That the NW/4 of said Section 4 shall be dedicated to the above-described 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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
28 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Dorchester Exploration,
Inc., for an unorthodox oil well loca-
tion, Lea County, New Mexico.

CASE
6732

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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P. O. Box 3580
Midland, Texas 79701

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (SOS) 471-2463
Santa Fe, New Mexico 87501

I N D E X

JOE BATES

Direct Examination by Mr. Coffield 3

Cross Examination by Mr. Stamets 9

E X H I B I T S

Applicant Exhibit One, C-102 5

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (996) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (661) 471-3463
Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case 6732.
2 MR. PADILLA: Application of Dorchester
3 Exploration, Inc. for an unorthodox oil well location, Lea
4 County, New Mexico.

5 MR. STAMETS: Call for appearances in this
6 case. Anyone here for Dorchester?

7 MR. BATES: Yes.

8 MR. STAMETS: Are you ready to put your
9 case on?

10 MR. BATES: Well, I don't have the attorney
11 with me, but I just wanted to see if we had any objections to
12 it.

13 MR. STAMETS: Let's see. Well, with or
14 without objections if a case is not put on there can't be
15 any order issued in it. We have to have the testimony before
16 we put out an order. Did you intend to put some testimony
17 on today?

18 MR. BATES: No.

19 MR. STAMETS: Would you like to have this
20 continued until later in the hearing so you could get organized
21 to put some on?

22 MR. BATES: Well, I thought you just ad-
23 ministratively approved if we had no objections.

24 MR. STAMETS: No, sir.

25 (There followed a discussion

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

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off the record.)

MR. STAMETS: We will continue this case until after we have a coffeebreak and see what arrangements you can make at that time and try to get you taken care of today.

MR. BATES: I appreciate it.

(Thereupon the case was continued until later in the day.)

MR. STAMETS: We'll return now to Case 6732, and ask for appearances in that case.

MR. COFFIELD: Conrad Coffield with the Hinkle Law Firm in Midland, Texas, appearing on behalf of Dorchester Exploration, Inc.. I have one witness.

MR. STAMETS: I'd like to have him stand and be sworn, please.

(Witness sworn.)

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

DIRECT EXAMINATION

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2010 Plaza Blanca (996) 471-2462
Santa Fe, New Mexico 87501

1 BY MR. COFFIELD:

2 Q Mr. Bates, would you please state your full
3 name and address?

4 A Joe Bates. I'm a resident of Midland,
5 Texas.

6 Q Mr. Bates, what is your occupation and who
7 is your employer?

8 A I'm employed by Dorchester Exploration,
9 Incorporated, as Proration Administrator.

10 Q Have you testified before the Oil Conser-
11 vation Division previously?

12 A I have not.

13 Q Mr. Bates, would you please give the Exa-
14 miner a review of your work experience in oil and gas fields?

15 A Since 1954 I've been engaged in the drilling,
16 producing, operation of oil and gas wells, primarily in
17 land and regulatory work. For the past four years I've been
18 Proration Administrator for Dorchester, which is primarily
19 working the regulatory agencies and the supervision of the
20 preparation and filing data required by all respective
21 regulatory agencies.

22 Q In your present position with Dorchester,
23 Mr. Bates, do you have occasion to consult with Dorchester's
24 geologists, petroleum engineers, and management personnel
25 with respect to your prospects and projects?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3029 Plaza Blanca (800) 471-2442
Santa Fe, New Mexico 87501

1 A Yes, almost daily.

2 Q And specifically have you had occasion to
3 do so with respect to this particular well, the subject of
4 this hearing?

5 A I have.

6 Q Are you familiar with the application in
7 this case?

8 A Yes.

9 Q And are you familiar with the well and the
10 property involved?

11 A Yes.

12 MR. COFFIELD: Mr. Examiner, I tender Mr.
13 Bates as a witness for this particular case.

14 MR. STAMETS: We would consider Mr. Bates
15 qualified in his position as Proration Administrator.

16 Q Mr. Bates, what is it that Dorchester seeks
17 in this particular application?

18 A Dorchester seeks approval for the unortho-
19 dox location of its Morton Solid State Unit Well No. 1,
20 which is located 2156 feet from the north line and 990 feet
21 from the west line of Section 4, Township 15 South, Range
22 34 East, in the Tres Papalotes-Pennsylvanian Pool.

23 Q Mr. Bates, please refer to what we've
24 marked as Exhibit One and explain that to the Examiner.

25 A Well, this well is located --

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (995) 471-2462
Santa Fe, New Mexico 87501

1 Q Excuse me, what is Exhibit One, first of
2 all, is that -- is that Form C-102?

3 A Oh, that's the Form C-102, the well loca-
4 tion and acreage dedication plat filed with the New Mexico
5 Oil Conservation Commission.

6 Q Okay, now go ahead, excuse me for inter-
7 rupting you, explain what is reflected there.

8 A Well, it shows the well being located 2156
9 feet from the north line, 990 feet from the west line, of
10 Section 4, which makes it -- the well location is about 200
11 feet southeast of the center of the quarter quarter section,
12 which makes it an unorthodox location.

13 Q Accordingly then, the location for this
14 particular well is closer to the southwest quarter of Section
15 4 than would otherwise be the case if it were at a normal
16 location?

17 A That is true.

18 Q Is Dorchester the operator of this well?

19 A Yes .

20 Q Is Dorchester also the leasehold owner?

21 A Dorchester and others are the leasehold
22 owners. This is a communitized tract involving Union Oil
23 of California, Dorchester, and Read and Stevens.

24 By virtue of communitization agreement,
25 the well was drilled and completed at this location.

1 Q Who owns the southwest quarter immediately
2 offsetting this tract?

3 A The same parties that are involved in the
4 communitization agreement for the northwest quarter.

5 Q And you have stated that the well is com-
6 pleted, Mr. Bates. Is it actually ready to produce?

7 A Yes. The well has been drilled and com-
8 pleted in the Permo Penn formation. It has been potentialized;
9 completion forms have been filed with the Hobbs Office of the
10 Commission; and contingent on the decision of this hearing,
11 the well is ready to produce.

12 Q Mr. Bates, do you know why the well was
13 located in this unorthodox location?

14 A I do not.

15 Q Would you please give the Examiner a his-
16 tory of this, the drilling of this well?

17 A The well was originally filed and permitted
18 by Petroleum Development Corporation as a Morrow wildcat
19 test. Petroleum Development spudded the well and subse-
20 quently Dorchester assumed operation, after the spudding of
21 the well. At the time Dorchester assumed operations, Dor-
22 chester amended the formation and the total depth of the well
23 and filed and permitted the well, or amended the permit, to
24 show a Pennsylvanian test, which falls within the horizontal/
25 vertical limits of the Tres Papalotes Pool.

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2020 Plaza Blanca (SOS) 471-2482
Santa Fe, New Mexico 87501

1 Q If this well had indeed been drilled as a
2 Morrow test, would it have been at an orthodox location for
3 a Morrow test?

4 A No, it would not.

5 Q Do you have any conjecture as to how it might
6 have happened that this location was selected?

7 A No, unless the operator that initially se-
8 cured the drilling permit was confused with the Texas regula-
9 tions, which this would have been a standard location, wild-
10 cat location, under the Texas regulations.

11 Q Mr. Bates, has Dorchester's geologist and
12 petroleum engineers reviewed and considered this project?

13 A Yes, they have.

14 Q Is it the opinion of these geologists and
15 engineers that the well located where it is now located will
16 adequately and sufficiently drain the 160 acres which is dedi-
17 cated to that well?

18 A That is their interpretation.

19 Q Mr. Bates, would it be a significant econo-
20 mic hardship if Dorchester were not allowed to produce this
21 well?

22 A It definitely would since the well is
23 mechanically ready to produce.

24 Q And as far as you know it will produce in
25 paying quantities?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2452
Santa Fe, New Mexico 87501

1 A That's true. It potentialled for 198 barrels
2 a day.

3 Q Was this Exhibit One, Mr. Bates, prepared
4 from records which are under your control?

5 A Yes.

6 Q And is it your opinion, Mr. Bates, that the
7 approval of this application will be in the interest of the
8 prevention of waste and the protection of correlative rights?

9 A Yes.

10 MR. COFFIELD: Mr. Examiner, I move the
11 admission of Exhibit One.

12 MR. STAMETS: Exhibit One will be admitted
13 in evidence.

14 MR. COFFIELD: And I have no other ques-
15 tions of Mr. Bates at this time.

16
17 CROSS EXAMINATION

18 BY MR. STAMETS:

19 Q Mr. Bates, had the well been started at the
20 time Dorchester took over operations?

21 A Yes, the well had been spudded and con-
22 ductor pipe had been set.

23 Q Mr. Bates, do you know why there are no
24 reports in our file except the intent to drill and the 103
25 showing Dorchester taking over operations?

SALLY WALTON BOYD
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A. No, I don't know.

Q. When was the well completed?

A. Let's see, we tested on October 29, 1979. We filed the potential in your Hobbs Office, which they are holding in suspense until a decision in this hearing is -- you don't even have the drilling permit? Or the amendment?

MR. STAMETS: Let's get off the record.

(Thereupon a discussion was held
off the record.)

MR. STAMETS: Back on the record.

MR. COFFIELD: Mr. Examiner, in the light of the lack of geological and engineering testimony available and witnesses available today, the applicant respectfully requests a continuance of this case until January 3 hearing.

MR. STAMETS: We will continue the case until the January 3rd hearing, reopening it at that time.

(Hearing concluded.)

REPORTER'S CERTIFICATE

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

Sally W. Boyd C.S.R.
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. 6732
heard by me on 11-28 1979

Richard L. Hunt Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
28 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Dorchester Exploration,
Inc., for an unorthodox oil well loca-
tion, Lea County, New Mexico.

CASE
6732

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Conrad Coffield, Esq.
Hinkle Law Firm
P. O. Box 3580
Midland, Texas 79701

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I N D E X

JOE BATES

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Cross Examination by Mr. Stamets	9

E X H I B I T S

Applicant Exhibit One, C-102	5
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case 6732.

2 MR. PADILLA: Application of Dorchester
3 Exploration, Inc. for an unorthodox oil well location, Lea
4 County, New Mexico.

5 MR. STAMETS: Call for appearances in this
6 case. Anyone here for Dorchester?

7 MR. BATES: Yes.

8 MR. STAMETS: Are you ready to put your
9 case on?

10 MR. BATES: Well, I don't have the attorney
11 with me, but I just wanted to see if we had any objections to
12 it.

13 MR. STAMETS: Let's see. Well, with or
14 without objections if a case is not put on there can't be
15 any order issued in it. We have to have the testimony before
16 we put out an order. Did you intend to put some testimony
17 on today?

18 MR. BATES: No.

19 MR. STAMETS: Would you like to have this
20 continued until later in the hearing so you could get organized
21 to put some on?

22 MR. BATES: Well, I thought you just ad-
23 ministratively approved if we had no objections.

24 MR. STAMETS: No, sir.

25 (There followed a discussion

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Santa Fe, New Mexico 87561

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MR. COFFIELD: Conrad Coffield with the Hinkle Law Firm in Midland, Texas, appearing on behalf of Dorchester Exploration, Inc.. I have one witness.

MR. STAMETS: I'd like to have him stand and be sworn, please.

(Witness sworn.)

JOE BATES

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

DIRECT EXAMINATION

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (595) 471-2463
San Antonio, Texas 78201

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BY MR. COFFIELD:

Q Mr. Bates, would you please state your full name and address?

A Joe Bates. I'm a resident of Midland, Texas.

Q Mr. Bates, what is your occupation and who is your employer?

A I'm employed by Dorchester Exploration, Incorporated, as Proration Administrator.

Q Have you testified before the Oil Conservation Division previously?

A I have not.

Q Mr. Bates, would you please give the Examiner a review of your work experience in oil and gas fields?

A Since 1954 I've been engaged in the drilling, producing, operation of oil and gas wells, primarily in land and regulatory work. For the past four years I've been Proration Administrator for Dorchester, which is primarily working the regulatory agencies and the supervision of the preparation and filing data required by all respective regulatory agencies.

Q In your present position with Dorchester, Mr. Bates, do you have occasion to consult with Dorchester's geologists, petroleum engineers, and management personnel with respect to your prospects and projects?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3026 Plaza Blanca (885) 471-2485
Santa Fe, New Mexico 87501

1 A Yes, almost daily.

2 Q And specifically have you had occasion to
3 do so with respect to this particular well, the subject of
4 this hearing?

5 A I have.

6 Q Are you familiar with the application in
7 this case?

8 A Yes.

9 Q And are you familiar with the well and the
10 property involved?

11 A Yes.

12 MR. COFFIELD: Mr. Examiner, I tender Mr.
13 Bates as a witness for this particular case.

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16 Q Mr. Bates, what is it that Dorchester seeks
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20 which is located 2156 feet from the north line and 990 feet
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22 34 East, in the Tres Papalotes-Pennsylvanian Pool.

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24 marked as Exhibit One and explain that to the Examiner.

25 A Well, this well is located --

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3 A Oh, that's the Form C-102, the well loca-
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5 Oil Conservation Commission.

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8 A Well, it shows the well being located 2156
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10 Section 4, which makes it -- the well location is about 200
11 feet southeast of the center of the quarter quarter section,
12 which makes it an unorthodox location.

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14 particular well is closer to the southwest quarter of Section
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16 location?

17 A That is true.

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19 A Yes.

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23 of California, Dorchester, and Read and Stevens.

24 By virtue of communitization agreement,
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CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (S.B.) 471-2462
Santa Fe, New Mexico 87501

1 Q Who owns the southwest quarter immediately
2 offsetting this tract?

3 A The same parties that are involved in the
4 communitization agreement for the northwest quarter.

5 Q And you have stated that the well is com-
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9 completion forms have been filed with the Hobbs Office of the
10 Commission; and contingent on the decision of this hearing,
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25 vertical limits of the Tres Papalotes Pool.

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CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (S&S) 471-3462
San Antonio, Texas 78201

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-3663
Santa Fe, New Mexico 87501

1 Q If this well had indeed been drilled as a
2 Morrow test, would it have been at an orthodox location for
3 a Morrow test?

4 A No, it would not.

5 Q Do you have any conjecture as to how it might
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25 paying quantities?

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

1 A That's true. It potentialled for 198 barrels
2 a day.

3 Q Was this Exhibit One, Mr. Bates, prepared
4 from records which are under your control?

5 A Yes.

6 Q And is it your opinion, Mr. Bates, that the
7 approval of this application will be in the interest of the
8 prevention of waste and the protection of correlative rights?

9 A Yes.

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11 admission of Exhibit One.

12 MR. STAMETS: Exhibit One will be admitted
13 in evidence.

14 MR. COFFIELD: And I have no other ques-
15 tions of Mr. Bates at this time.

17 CROSS EXAMINATION

18 BY MR. STAMETS:

19 Q Mr. Bates, had the well been started at the
20 time Dorchester took over operations?

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24 reports in our file except the intent to drill and the 103
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SALLY WALTON BOYD
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Q. When was the well completed?

A. Let's see, we tested on October 29, 1979.
We filed the potential in your Hobbs Office, which they are
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you don't even have the drilling permit? Or the amendment?

MR. STAMETS: Let's get off the record.

(Thereupon a discussion was held
off the record.)

MR. STAMETS: Back on the record.

MR. COFFIELD: Mr. Examiner, in the light
of the lack of geological and engineering testimony available
and witnesses available today, the applicant respectfully re-
quests a continuance of this case until January 3 hearing.

MR. STAMETS: We will continue the case un-
til the January 3rd hearing, reopening it at that time.

(Hearing concluded.)

REPORTER'S CERTIFICATE

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

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. _____
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3029 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

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.

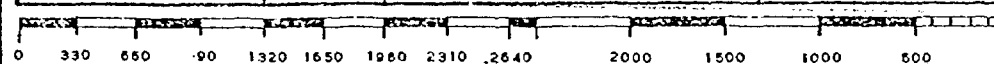
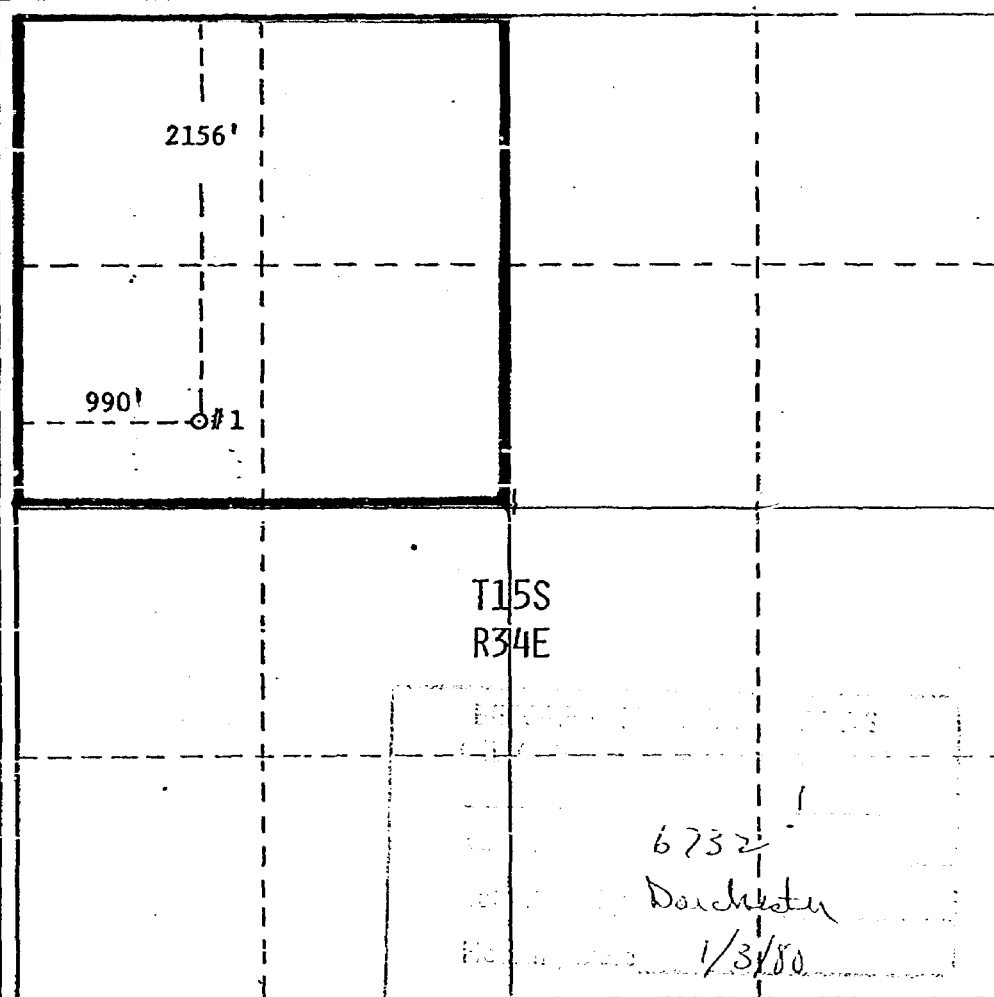
Operator Dorchester Exploration, Inc.			Lease Morton Solid State Unit		Well No. 1
Unit Letter E	Section 4	Township T15S	Range R34E	County Lea	
Actual Footage Location of Well: 990 feet from the West line and 2156 feet from the North line					
Ground Level Elev. 4119	Producing Formation Permo-Penn		Pool Tres Papalotes		Dedicated Acreage: 173.74 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 Communitization Agreement

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

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



CERTIFICATION

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

Rick O'Bannon
Name Assistant
Proration Administrator

Position
Dorchester Exploration, Inc.

Company
November 5, 1979

Date

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

July 23, 1979

Date Surveyed

W. D. Watson, Jr.
Registered Professional Engineer
and/or Land Surveyor

Certificate No.

3959

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.

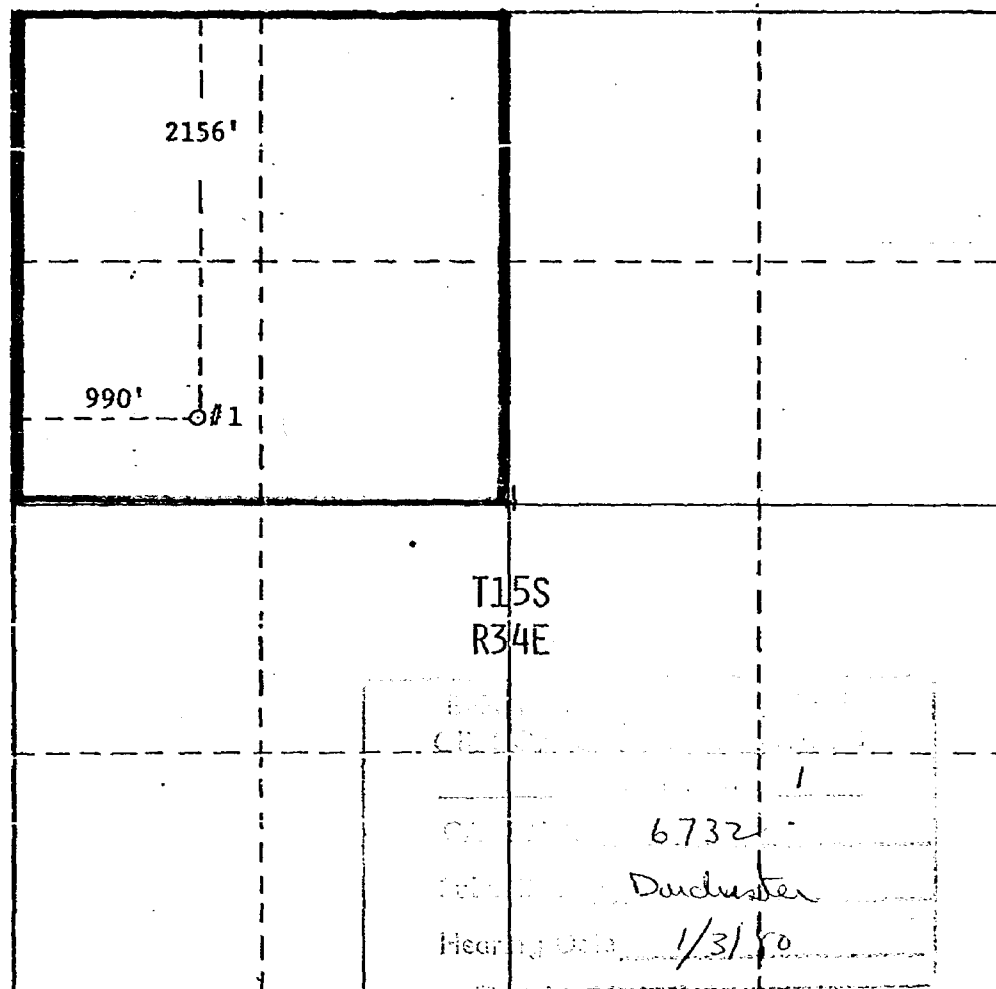
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I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Rick O'Bannon
Name Assistant
Proration Administrator

Position
Dorchester Exploration, Inc.

Company
November 5, 1979

Date

I hereby certify that the information shown on this plat was obtained 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.

July 23, 1979

Date Surveyed
W. D. Watson, Jr.
Registered Professional Engineer
and/or Land Surveyor

Certificate No.

3959

CASE 6767: (Continued from December 12, 1979, Examiner Hearing)

Application of Alpha Twenty-One Production Company for two non-standard gas proration units, unorthodox well location, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 NW/4 of Section 27, Township 25 South, Range 37 East, Jalmat Gas Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 2, and also a 200-acre unit comprising the S/2 N/2 and NE/4 NW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the North line and 560 feet from the West line of Section 27. Applicant further seeks a finding that the drilling of the latter well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.

CASE 6487: (Continued from October 17, 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 Com Well No. 2 located in Unit N of Section 6, Township 21 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.

CASE 6732: (Continued from November 28, 1979, Examiner Hearing)

Application of Dorchester Exploration, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Morton Solid State Unit Well No. 1 located 2156 feet from the North line and 990 feet from the West line of Section 4, Township 15 South, Range 34 East, Tres Papalotes-Pennsylvanian Pool.

CASE 6775: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Young Deep Unit Area, comprising 2242 acres, more or less, of Federal lands in Township 18 South, Range 32 East.

CASE 6776: Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Young Deep Unit Well No. 1, a Morrow test to be drilled 660 feet from the North and West lines of Section 10, Township 18 South, Range 32 East, the W/2 of said Section 10 to be dedicated to the well.

CASE 6777: Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Amoco 22 State Well No. 2 located in Unit G of Section 22, Township 23 South, Range 27 East.

CASE 6778: Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Loco Hills Welch Well No. 2 located in Unit N of Section 4, Township 18 South, Range 29 East.

CASE 6745: (Continued from November 28, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the W/2 of Section 28, Township 23 South, Range 24 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 6779: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Pronghorn Unit Area, comprising 5,120 acres, more or less, of State and Federal lands in Townships 22 and 23 South, Range 33 East.

CASE 6780: Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Serpentine Bends Unit Area, comprising 4,602 acres, more or less, of State and Federal lands in Township 24 South, Ranges 23 and 24 East.

CASE 6781: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the South line and 1980 feet from the East line of Section 1, Township 20 South, Range 28 East, the E/2 of said Section 1 to be dedicated to the well.

NEW ME: 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.

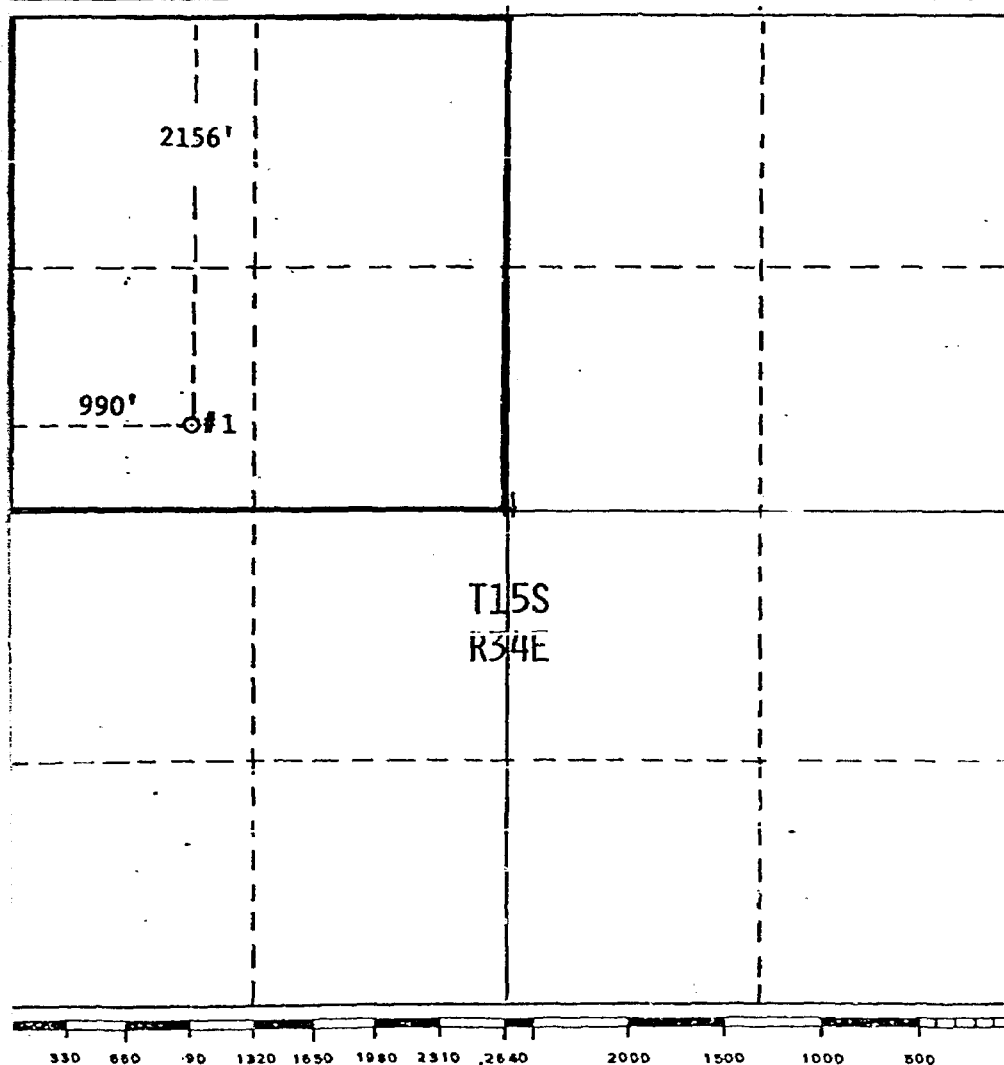
Operator Dorchester Exploration, Inc.			Lease Morton Solid State Unit		Well No. 1
Unit Letter E	Section 4	Township T15S	Range R34E	County Lea	
Actual Footage Location of Well:					
990 feet from the West line and		2156 feet from the North line			
Ground Level Elev. 4119	Producing Formation Permo-Penn		Pool Tres Papalotes	Dedicated Acreage: 173.74	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 Communitization Agreement

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

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



CERTIFICATION

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

Rich O'Bannon
Name Assistant
Proration Administrator

Position
Dorchester Exploration, Inc.

Company
November 5, 1979

Date

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

July 23, 1979

Date Surveyed
W. D. Watson, Jr.
Registered Professional Engineer
and/or Land Surveyor

Certificate No.

3959

RECORDED
OIL CONSERVATION COMMISSION
DRAWING NO. 1
6732
Dorchester
11/28/79

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.

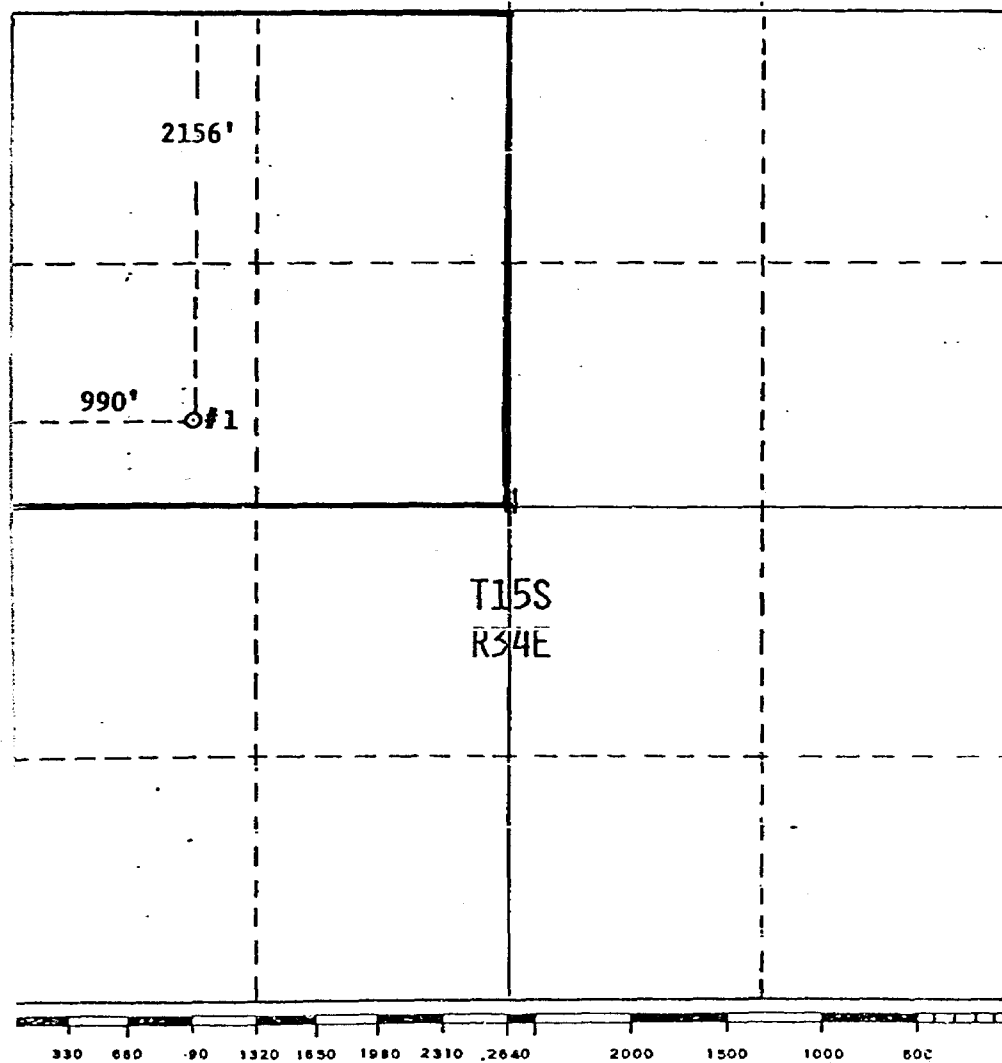
Operator Dorchester Exploration, Inc.			Lease Morton Solid State Unit		Well No. 1
Unit Letter E	Section 4	Township T15S	Range R34E	County Lea	
Actual Footage Location of Well:					
990 feet from the West line and		2156 feet from the North line			
Ground Level Elev. 4119	Producing Formation Permo-Penn	Pool Tres Papalotes	Dedicated Acreage: 173.74 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 Communitization Agreement

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

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



CERTIFICATION

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

Rick O'Bannon
Name Assistant
Proration Administrator

Position
Dorchester Exploration, Inc.

Company
November 5, 1979

Date

I hereby certify that the information shown on this plat is true and correct to the best of my knowledge and belief. I am a Registered Professional Engineer and/or Land Surveyor.

July 23, 1979

Date Surveyed

W. D. Watson, Jr.
Registered Professional Engineer
and/or Land Surveyor

Certificate No.

3959

RECEIVED
CITY OF DALLAS
11/28/79

Dockets Nos. 45-79 and 1-80 are tentatively set for December 12, 1979 and January 3, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 27, 1979

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

CASE 6609: (DE NOVO)

Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit O of Section 33, Township 18 South, Range 30 East, and special rules therefor, including 160-acre spacing and standard well locations.

Upon application of Yates Petroleum Corporation and Napeco Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 28, 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:

Notice is hereby given by the Oil Conservation Division that Giant Industries, Inc., has filed an application for a determination of eligibility to purchase state royalty oil pursuant to Secs. 19-10-64 thru 19-10-70 NMSA 1978 Comp. for its Farmington, New Mexico, refinery, which will be considered by the Commission after December 1, 1979. In the event objection, and evidence to support such objection, is received by the Commission on or before December 1, 1979, to such a determination, notice will be given and the application set for public hearing at a later date.

* * *

CASE 6702: (Continued from October 17, 1979, Examiner Hearing)

Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its San Juan 27-5 Unit Well No. 67 located in Unit B of Section 31, Township 27 North, Range 5 West.

CASE 6732: Application of Dorchester Exploration, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Morton Solid State Unit Well No. 1 located 2156 feet from the North line and 990 feet from the West line of Section 4, Township 15 South, Range 34 East, Tres Papalotes-Pennsylvanian Pool.

CASE 6733: Application of Kelloil Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Lea Penn South Unit Area, comprising 1,440 acres, more or less, of State lands in Township 20 South, Range 35 East.

CASE 6734: Application of Southland Royalty Company 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 S/2 of Section 27, Township 18 South, Range 29 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 6735: Application of Mesa Petroleum Co. 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 S/2 of Section 26, Township 18 South, Range 24 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. (This case will be dismissed.)

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

November 2, 1979

Joe Bates
Proration Administrator
Dorchester Exploration, Inc.
1100 Midland National Bank Tower
Midland, Texas 79701

Dear Mr. Bates:

Your application for an unorthodox location in the Tres Papalotes Pool for your Morton Solid State Unit Well No. 1-E located in Section 4, Township 15 South, Range 34 East, cannot be approved administratively.

This application has been docketed for the examiner hearing to be heard on November 28, 1979. If this is not satisfactory, please let me know.

Yours very truly,

Florene Davidson
Administrative Secretary

C
O
P
Y



Dorchester Exploration, Inc.

1100 Midland National Bank Tower
Midland, Texas 79701

(915) 683-1866

October 30, 1979

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Case 6732

Attention: Mr. Joe D. Ramey, Director

Re: Morton Solid State Unit Well No. 1
Tres Papalotes Pool
2156' FML & 990' FWL, Range 34-East
Section 4, Township 15-South
Lea County, New Mexico

Gentlemen:

Drilling permit for the above captioned well was issued on June 14, 1979 to Petroleum Development Corporation for the drilling of a 13,500 feet Morrow Formation test with the stipulation that if a well was drilled and completed in the Tres Papalotes Penn it would be necessary to secure approval on a Non-Standard Location. The drilling permit was amended on July 30, 1979 to show Dorchester Exploration, Inc. as operator, proposed depth to 11,200 feet and from Wildcat to Tres Papalotes with NSL approval still required if completed as a producing well.

This well has now been drilled to a total depth of 11,200 feet and completion is now in progress from Penn perforations at 10,366 to 10,380 feet. The oil production from this well will be within the vertical and horizontal limits of the Tres Papalotes Pool.

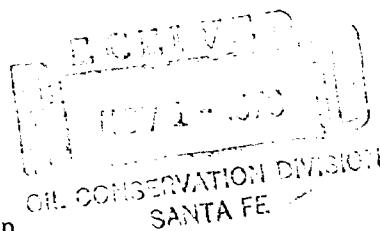
This well was spudded prior to Dorchester assuming operations thereof and would have been a legal location had it been drilled and completed as a wildcat in the Morrow Formation. Therefore, Dorchester respectfully requests that the commission approve their application for an unorthodox location to permit this well to produce from the Tres Papalotes Pool.

To assist in the timely process of our application, we are attaching a certified plat showing the well location and the offset operators that are being furnished copy of this application by certified United States Mail this date.

Very truly yours,

Dorchester Exploration, Inc.

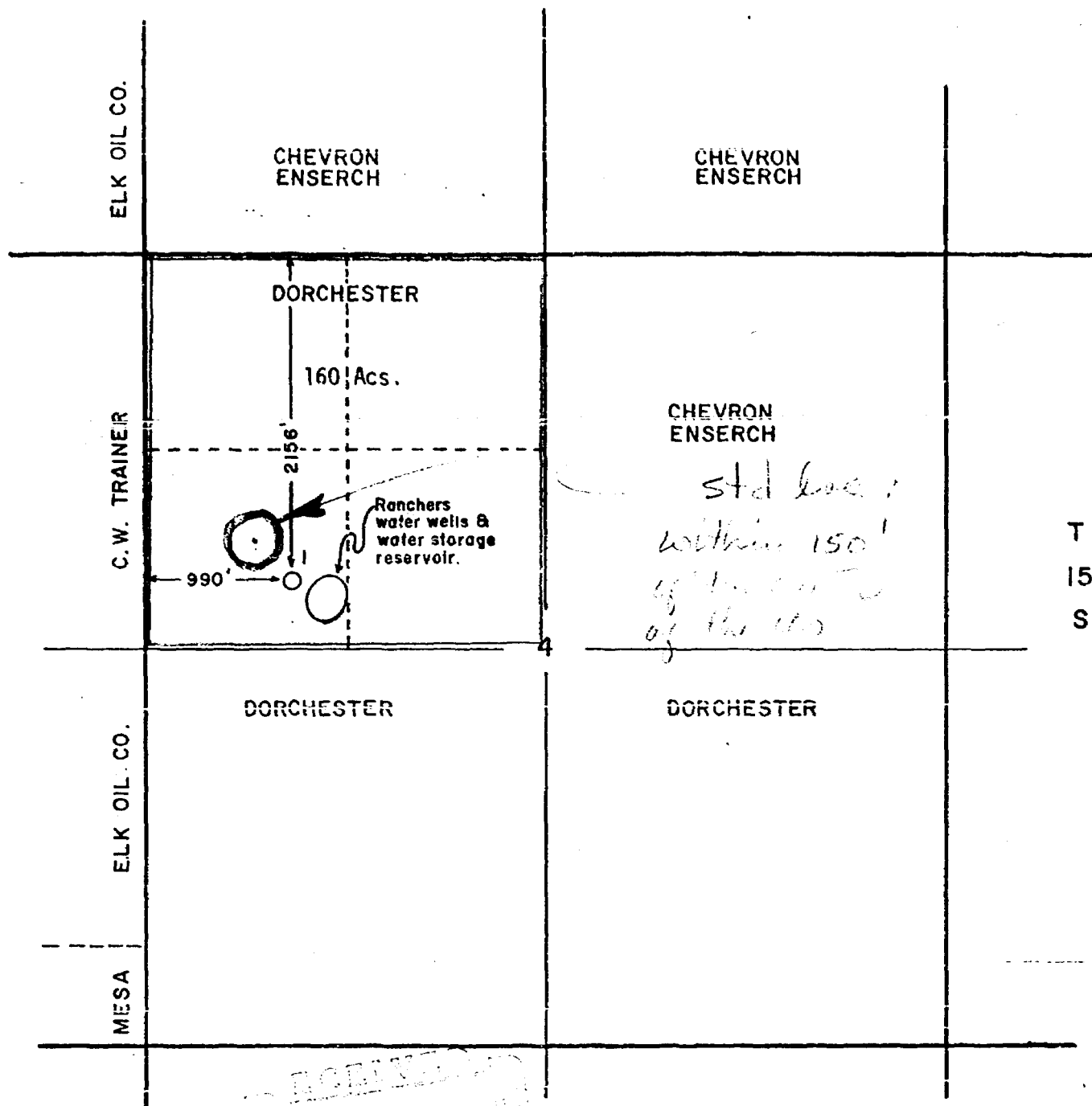
Joe Bates
Joe Bates
Proration Administrator



JB/pp

cc: Offset Operators

A Subsidiary of Dorchester Gas Corporation



Dorchester Exploration, Inc.
Morton Solid State Unit - I
Lea County, N.M.

I, Joe Bates, Proration Administrator of Dorchester Exploration, Inc.,
hereby certify this location plat to be true and correct to the best of my
knowledge and belief.

Joe Bates
Joe Bates
Proration Administrator

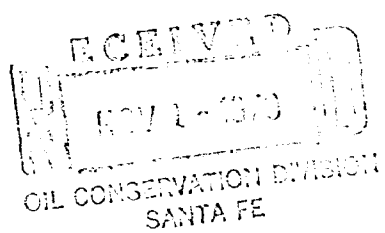
List of Offset Operators to Dorchester Exploration, Inc.
Morton Solid State Unit Well No. 1
Section 4, Township 15-South, Range 34-East
Lea County, New Mexico

Chevron U. S. A., Inc.
P.O. Box 599
Denver, Colorado 80201

Enserch Exploration, Inc.
P.O. Box 4815
Midland, Texas 79702

Elk Oil Company
P.O. Box 310
Roswell, New Mexico 88201

C. W. Trainer
9205 Highway 71 W
Austin, Texas 78746





Dorchester Exploration, Inc.

1100 Midland National Bank Tower

Midland, Texas 79701

(915) 683-1866

October 30, 1979

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey, Director

Case 6732

Re: Morton Solid State Unit Well No. 1
Tres Papalotes Pool
2156' FNL & 990' FWL, Range 34-East
Section 4, Township 15-South
Lea County, New Mexico

Gentlemen:

Drilling permit for the above captioned well was issued on June 14, 1979 to Petroleum Development Corporation for the drilling of a 13,500 feet Morrow Formation test with the stipulation that if a well was drilled and completed in the Tres Papalotes Penn it would be necessary to secure approval on a Non-Standard Location. The drilling permit was amended on July 30, 1979 to show Dorchester Exploration, Inc. as operator, proposed depth to 11,200 feet and from Wildcat to Tres Papalotes with NSL approval still required if completed as a producing well.

This well has now been drilled to a total depth of 11,200 feet and completion is now in progress from Penn perforations at 10,366 to 10,380 feet. The oil production from this well will be within the vertical and horizontal limits of the Tres Papalotes Pool.

This well was spudded prior to Dorchester assuming operations thereof and would have been a legal location had it been drilled and completed as a wildcat in the Morrow Formation. Therefore, Dorchester respectfully requests that the commission approve their application for an unorthodox location to permit this well to produce from the Tres Papalotes Pool.

To assist in the timely process of our application, we are attaching a certified plat showing the well location and the offset operators that are being furnished copy of this application by certified United States Mail this date.

Very truly yours,

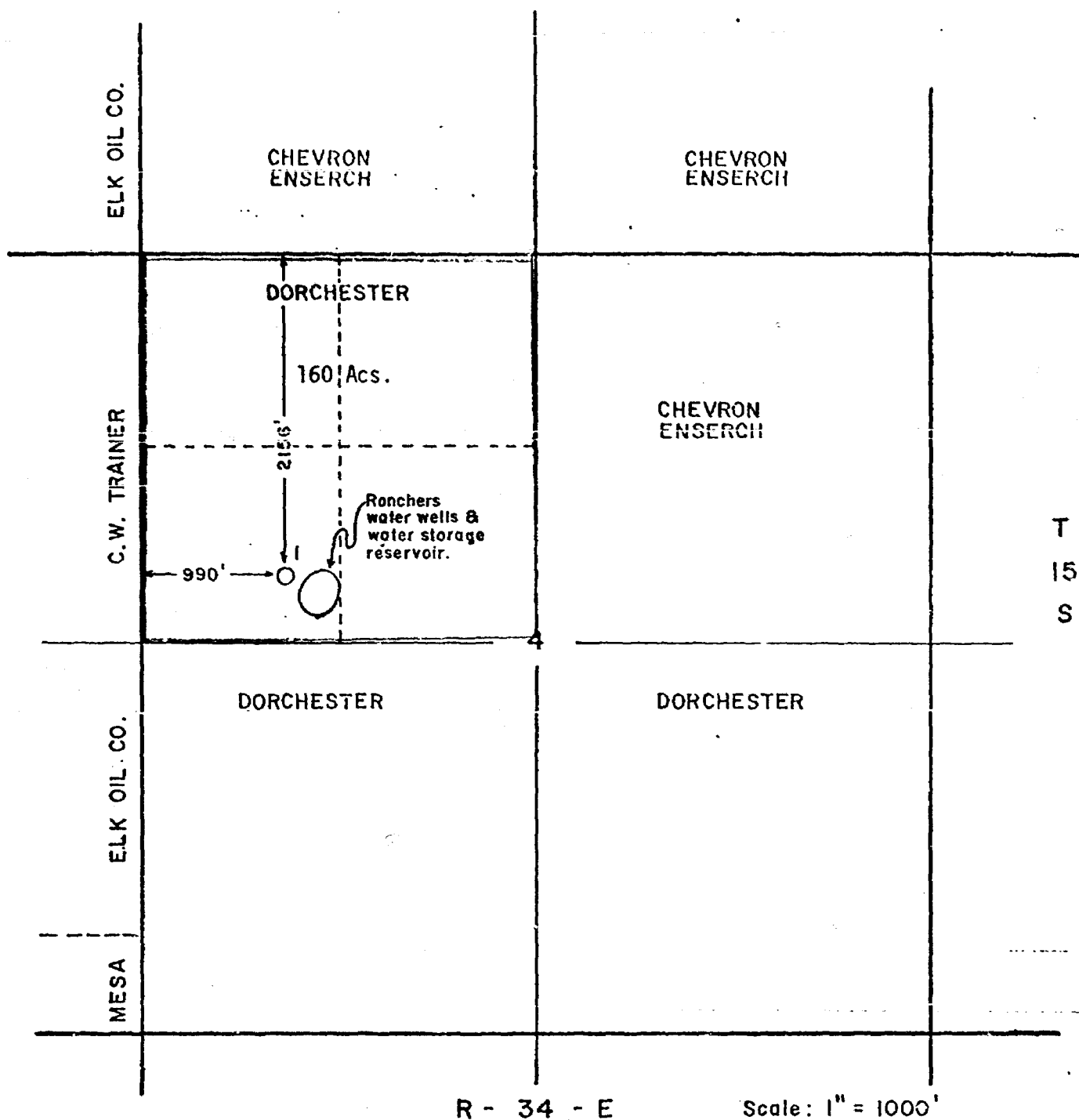
Dorchester Exploration, Inc.

Joe Bates
Joe Bates
Proration Administrator

JB/pp

cc: Offset Operators

A Subsidiary of Dorchester Gas Corporation



Dorchester Exploration, Inc.
Morton Solid State Unit - 1
Lea County, N.M.

I, Joe Bates, Proration Administrator of Dorchester Exploration, Inc.,
hereby certify this location plat to be true and correct to the best of my
knowledge and belief.

Joe Bates
Joe Bates
Proration Administrator

List of Offset Operators to Dorchester Exploration, Inc.
Morton Solid State Unit Well No. 1
Section 4, Township 15-South, Range 34-East
Lea County, New Mexico

Chevron U. S. A., Inc.
P.O. Box 599
Denver, Colorado 80201

Enserch Exploration, Inc.
P.O. Box 4815
Midland, Texas 79702

Elk Oil Company
P.O. Box 310
Roswell, New Mexico 88201

C. W. Trainer
9205 Highway 71 W
Austin, Texas 78746





Dorchester Exploration, Inc.

1100 Midland National Bank Tower
Midland, Texas 79701

(915) 683-1866

October 30, 1979

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Case 6732

Attention: Mr. Joe D. Ramey, Director

Re: Morton Solid State Unit Well No. 1
Tres Papalotes Pool
2156' FNL & 990' FWL, Range 34-East
Section 4, Township 15-South
Lea County, New Mexico

Gentlemen:

Drilling permit for the above captioned well was issued on June 14, 1979 to Petroleum Development Corporation for the drilling of a 13,500 feet Morrow Formation test with the stipulation that if a well was drilled and completed in the Tres Papalotes Penn it would be necessary to secure approval on a Non-Standard Location. The drilling permit was amended on July 30, 1979 to show Dorchester Exploration, Inc. as operator, proposed depth to 11,200 feet and from Wildcat to Tres Papalotes with NSL approval still required if completed as a producing well.

This well has now been drilled to a total depth of 11,200 feet and completion is now in progress from Penn perforations at 10,366' to 10,380 feet. The oil production from this well will be within the vertical and horizontal limits of the Tres Papalotes Pool.

This well was spudded prior to Dorchester assuming operations thereof and would have been a legal location had it been drilled and completed as a wildcat in the Morrow Formation. Therefore, Dorchester respectfully requests that the commission approve their application for an unorthodox location to permit this well to produce from the Tres Papalotes Pool.

To assist in the timely process of our application, we are attaching a certified plat showing the well location and the offset operators that are being furnished copy of this application by certified United States Mail this date.

Very truly yours,

Dorchester Exploration, Inc.

Joe Bates
Joe Bates
Proration Administrator

JB/pp

cc: Offset Operators

A Subsidiary of Dorchester Gas Corporation

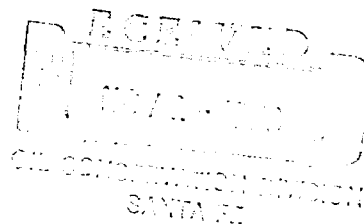
List of Offset Operators to Dorchester Exploration, Inc.
Morton Solid State Unit Well No. 1
Section 4, Township 15-South, Range 34-East
Lea County, New Mexico

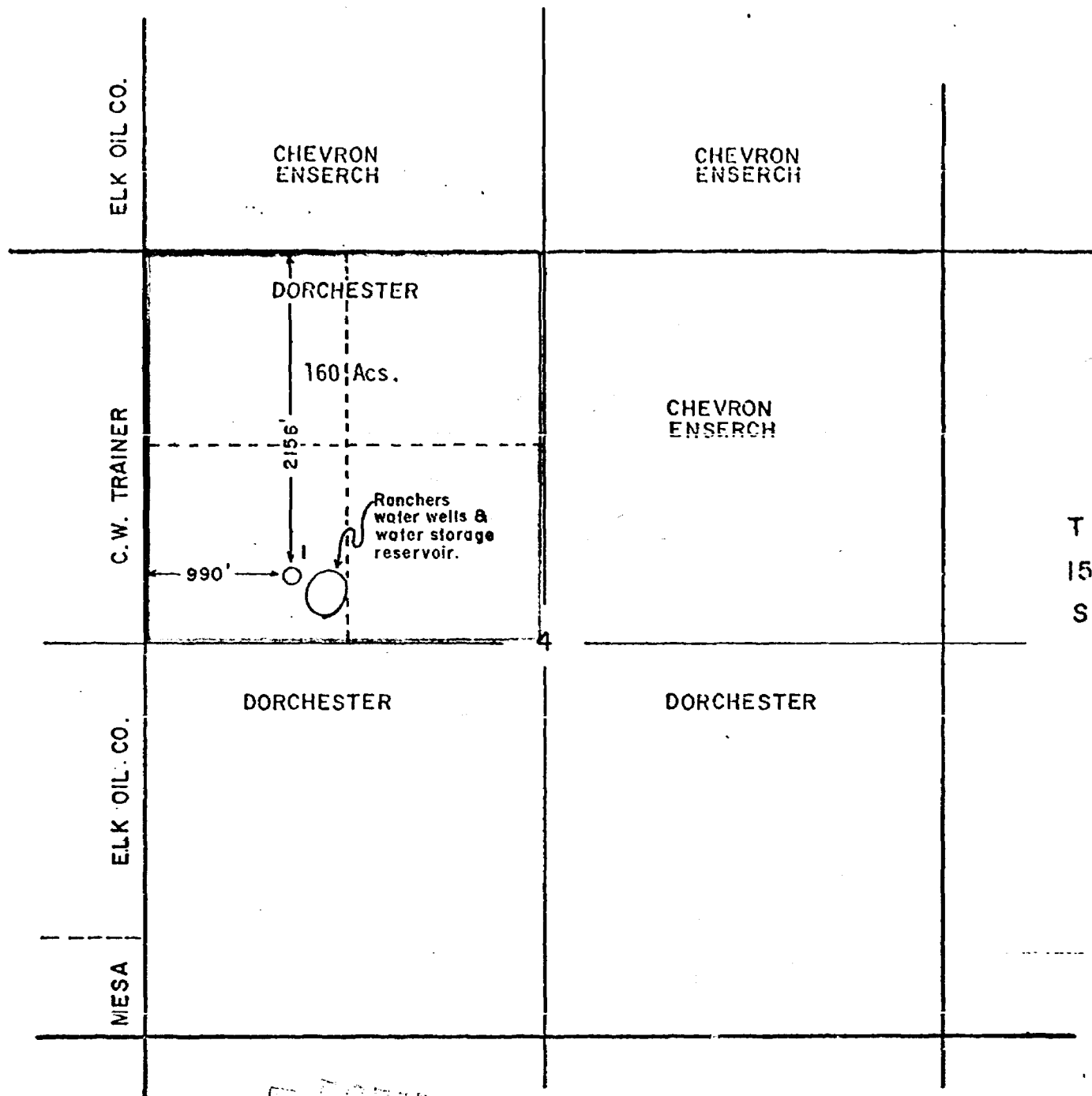
Chevron U. S. A., Inc.
P.O. Box 599
Denver, Colorado 80201

Enserch Exploration, Inc.
P.O. Box 4815
Midland, Texas 79702

Elk Oil Company
P.O. Box 310
Roswell, New Mexico 88201

C. W. Trainer
9205 Highway 71 W
Austin, Texas 78746





R- 34 - E

Scale: 1" = 1000'

Dorchester Exploration, Inc.
Morton Solid State Unit - 1
Lea County, N.M.

I, Joe Bates, Proration Administrator of Dorchester Exploration, Inc., hereby certify this location plat to be true and correct to the best of my knowledge and belief.

Joe Bates
Joe Bates
Proration Administrator

DRAFT

dr/

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. 6732

ORDER NO. R- 6239

APPLICATION OF DORCHESTER EXPLORATION, INC.

FOR AN UNORTHODOX OIL WELL LOCATION,

LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on Jan 3 ~~November 28~~,
19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this January day of 1980, 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, Dorchester Exploration, Inc.,
for its Morton Solid State Unit Well No. 1 located
seeks approval of an unorthodox oil well location/ 2156

feet from the North line and 990 feet from the

West line of Section 4, Township 15 South

Range 34 East, NMPM, ~~to test the Upper Pennsylvanian~~
~~formation~~, Tres Papalotes-Pennsylvanian Pool, Lea

County, New Mexico.

(3) That the NW/4 of said Section 4 is to be
dedicated to the well.

(4) That a well at said unorthodox location ~~will better~~
~~resulted from the completion of a well previously drilled~~
~~enable applicant to produce the oil underlying the proration unit.~~
~~to a deeper horizon.~~

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

-2-

Case No. _____
Order No. R- _____

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location for the Upper Pennsylvanian the Dorchester Exploration, Inc. Morton Solid State Unit Well No. 1 formation is hereby approved for ~~well to be~~ located at a point 2156

feet from the North line and 990 feet from the West line of Section 4, Township 15 South, Range 34 East NMPM, Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico.

(2) That the NW/4 of said Section 4 shall be dedicated to the above-described 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.