

CASE 6857: HOLLY ENERGY, INC. FOR AN  
UNORTHODOX GAS WELL LOCATION, EDDY COUNTY  
NEW MEXICO

CASE NO.

6857

---

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.



BRUCE KING  
GOVERNOR

LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

May 23, 1980

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

Mr. Joel Carson  
Losee, Carson & Dickerson  
Attorneys at Law  
Post Office Box 239  
Artesia, New Mexico 88210

Re: CASE NO. 6857  
ORDER NO. R-6347

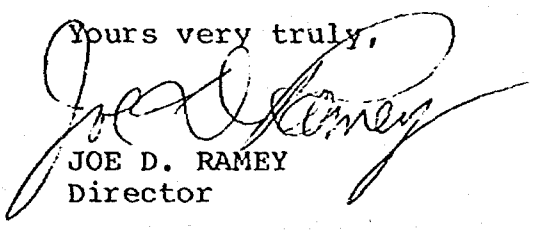
Applicant:

Holly Energy, 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 X  
Artesia OCD X  
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. 6857  
Order No. R-6347

APPLICATION OF HOLLY ENERGY,  
INC. FOR AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 7, 1980,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of May, 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, Holly Energy, Inc., seeks  
approval of an unorthodox gas well location for its State 14  
Well No. 1 to be drilled 660 feet from the South line and  
990 feet from the East line of Section 14, Township 18 South,  
Range 28 East, NMPM, to test the Morrow formation, Eddy County,  
New Mexico.

(3) That the E/2 of said Section 14 is to be dedicated  
to the well.

(4) That a well at said unorthodox location will better  
enable applicant to produce the gas underlying the proration  
unit.

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



-2-

Case No. 6857  
Order No. R-6347

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas 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 gas well location for the Morrow formation is hereby approved for the Holly Energy, Inc. State 14 Well No. 1 to be drilled at a point 660 feet from the South line and 990 feet from the East line of Section 14, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico.

(2) That the E/2 of said Section 14 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.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



*Joe D. Ramey*  
JOE D. RAMEY,  
Director

S E A L

dr/

SALLY W. BOYD, C.S.R.

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Phone (505) 455-7409

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Holly Energy, Inc., ) CASE  
for an unorthodox gas well loca- ) 6857  
tion, Eddy 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:

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

1 MR. NUTTER: We'll call next Case Number  
2 6857.

3 MR. PADILLA: Application of Holly Energy,  
4 Inc., for an unorthodox gas well location, Eddy County, New  
5 Mexico.

6 MR. NUTTER: Case Number 6857 has been  
7 previously heard; however, the acreage dedication on the  
8 well has been changed from the south half of Section 14 to  
9 the east half of Section 14, and the case re-advertised.

10 Are there any appearances at this time in  
11 Case Number 6857?

12 If not, we will take the case under  
13 advisement.

14  
15 (Hearing concluded.)  
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing 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.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

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Phone (505) 455-7409

I do hereby certify that the foregoing is  
a complete and correct transcript of the hearing in  
the presence of the following witnesses:  
heard by me on \_\_\_\_\_

\_\_\_\_\_, Examiner  
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Holly Energy, Inc.,  
for an unorthodox gas well loca-  
tion, Eddy County, New Mexico.

CASE  
6857

BEFORE: Daniel S. Nutter

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For the Oil Conservation  
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Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
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me to the best of my ability.

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I do hereby certify that the foregoing is  
a correct and true transcript of the proceedings in  
the hearing of case no. 6857  
heard by me on 5/7 1980.

C. J. Smith Examiner  
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Holly Energy, Inc., for ) CASE  
an unorthodox gas well location, Eddy ) 6857  
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:

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

For the Applicant:

Joel Carson, Esq.  
LOSEE, CARSON, & DICKERSON  
Artesia, New Mexico

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# I N D E X

ROBERT E. BOLING

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# E X H I B I T S

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Page 3

1 MR. NUTTER: We'll call next Case Number  
2 6857.

3 MR. PADILLA: Application of Holly Energy  
4 Company for an unorthodox gas well location, Eddy County,  
5 New Mexico.

6 MR. CARSON: Mr. Examiner, my name is  
7 Joel Carson, Losee, Carson, and Dickerson, P. A., Artesia,  
8 New Mexico, appearing on behalf of the applicant.

9 I have one witness, Mr. Robert E. Boling.

10  
11 (Witness sworn.)

12  
13 ROBERT E. BOLING  
14 being called as a witness and having been duly sworn upon  
15 his oath, testified as follows, to-wit:

16  
17 DIRECT EXAMINATION

18 BY MR. CARSON:

19 Q Would you state your name, please?

20 A Robert E. Boling.

21 Q And, Mr. Boling, by whom are you employed?

22 A I'm employed by Holly Energy.

23 Q In what capacity?

24 A As a consultant geologist.

25 Q Mr. Boling, have you previously testi-

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1 fied before this Commission?

2 A I have.

3 Q And have your qualifications be accepted?

4 A Yes, sir.

5 MR. CARSON: Mr. Examiner, are the wit-  
6 ness' qualifications acceptable?

7 MR. NUTTER: Mr. Boling is qualified.

8 Q Mr. Boling, would you first state the  
9 nature of this application?

10 A In Case Number 8657 Holly Energy, Inc.,  
11 seeks approval for the unorthodox location of their State  
12 "B" 14 Com No. 1 Well, which is a Morrow test to be drilled  
13 660 feet from the south line, 990 feet from the east line  
14 of Section 14, Township 18 South, Range 28 East, Eddy  
15 County, New Mexico, with the east half of Section 14 being  
16 dedicated to the well.

17 Q The publication says the south half.

18 A Well, this thing says -- okay, does the  
19 publication say south half?

20 Q Yes.

21 A Okay, we'll changer her to the south  
22 half, then. My --

23 MR. NUTTER: The application didn't  
24 state which was going to be dedicated and our secretary  
25 called someone with Holly.

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A I see.

MR. NUTTER: And they advised us the south half was dedicated.

A Okay, fine.

MR. PADILLA: Mr. Boling, you also referred to Case 8657. You really meant 6857.

A 68 -- yes, okay, pardon me.

Q Mr. Boling, I'm going to refer you to Applicant's Exhibit Number One, and ask you to identify that exhibit and explain to the Examiner what it shows.

A Exhibit Number One is a land plat, which shows the Holly Energy -- the 100 percent wholly owned Holly acreage in yellow and the acreage Holly owns 7/8ths interest in with Read and Stevens owning the other 1/8th, being shown in green, and then the Harvey E. Yates Company Travis Deep Unit area being shown in purple, and acreage owned by Depco and Yates Petroleum in blue, and wholly owned Yates Petroleum in brown, and one 80 by R. D. -- I mean D. C. Collier in red, and some other acreage there in grey, which was credited to Plummer and McKinley.

Q Now, Mr. Boling, part of this acreage is dedicated to a working interest unit, is it not?

A That's right. All of Section 14 and the north half of Section 23 is dedicated to a working interest unit and all of the working interest owners are

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1 either participating or farming out to the Holly -- parti-  
2 cipating with or farming out to Holly in the drilling of  
3 this well.

4 Q Now, the Harvey E. Yates Company acreage  
5 to the east, have you checked with them to see if they have  
6 any objection to the granting of this application?

7 A That's right, and they said that they  
8 would not object to the drilling of this well.

9 Q Okay, I'll refer you to Applicant's  
10 Exhibit Number Two, and ask you to identify that exhibit  
11 and explain to the Examiner what it is and what it shows.

12 A This well, there are really two objectives  
13 in this well. One of them is the Middle Pennsylvanian car-  
14 bonate buildup reservoir, and the other is the Lower Morrow,  
15 the Morrow Clastics, Morrow Sands, and Exhibit Number Two  
16 is an isolithic map showing the thickness of the Middle  
17 Pennsylvanian limestone and its distribution. And there are  
18 two wells in Section 13 which produce from this lower --  
19 this Middle -- lower -- in the Middle Pennsylvanian lime-  
20 stone. One of them is in the northeast of the southwest  
21 of Section 13, and the other is in the southwest northeast  
22 of Section 13. And cross section line A-A is shown and  
23 we'll look at a cross section of that later in an exhibit.

24 Q Okay, I'll refer you to the next exhibit,  
25 which is Exhibit Number Three, and ask you to identify that

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1 and explain what it shows.

2 A Exhibit Number Three is a structure con-  
3 tour map on the top of the Middle Morrow Clastics as a  
4 datum horizon, and it shows the requested location to be  
5 on a prominent nose dipping -- running off to the southeast/  
6 northwest direction.

7 Q I'll refer you to Applicant's Exhibit  
8 Number Five -- Number Four, I'm sorry, and ask you to ident-  
9 ify that.

10 A This is an Isolithic map showing the dis-  
11 tribution of the net clean sandstone in the Morrow -- in  
12 the Middle Morrow Sands, and it shows the trends of the  
13 sands and shows about, projected, 40 feet from sand at this  
14 location, and it has the line of cross section B-B' on it,  
15 which we'll look at when we get to it.

16 Q I refer you to Applicant's Exhibit Num-  
17 ber Six, and ask you to --

18 A Five.

19 Q Five, I'm sorry, and ask you to identify  
20 that.

21 A Exhibit Number Five is an isolithic map  
22 showing the distribution of the net clean Morrow Sands in  
23 the Lower Morrow age, Lower Morrow Clastics, and it's --  
24 the alignment is essentially the same as the Middle, and  
25 again they show about -- it shows about, projected, 40

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1 feet of sand at this location.

2 Q Okay. Now let's look at Exhibit Number  
3 Six. What is that?

4 A Exhibit Number Six is a stratigraphic  
5 cross section used to illustrate the distribution of net  
6 clean sandstone in both the Lower and the Middle Morrow  
7 Clastics from the nearest well in Section 13.

8 Q And that exhibit correlates to one that  
9 you've already described, is that correct?

10 A Yes, this B-B' is shown on some of the  
11 prior exhibits that we -- the line of cross section, and  
12 it also shows the proposed location projected out here on  
13 the lefthand side.

14 Q Okay. And what does the yellow stand for?

15 A The yellow indicates the clean sand, the  
16 net -- hopefully, net pay sand.

17 Q Now I refer you to Applicant's Exhibit  
18 Number Seven and ask you to identify it.

19 A This is a cross section through the  
20 Middle Pennsylvanian carbonate section, showing what the  
21 section looks like and with the proposed location projected  
22 out here on the left side.

23 Q Mr. Boling, were Applicant's Exhibits  
24 Number One through Seven either prepared by you, under your  
25 supervision, or have you examined into them to determine

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1 their authenticity and correctness?

2 A I've examined them and I believe them to  
3 be authentic.

4 MR. CARSON: I would like to move the  
5 introduction of Applicant's Exhibits Number One through  
6 Seven.

7 MR. NUTTER: Applicant's Exhibits Number  
8 One through Seven will be admitted in evidence.

9 Q Mr. Boling, in your professional opinion  
10 will the granting of this application protect correlative  
11 rights, prevent waste, and prevent the drilling of an un-  
12 necessary number of wells?

13 A It will.

14 MR. CARSON: Mr. Examiner, we have no  
15 further questions.

16  
17 CROSS EXAMINATION

18 BY MR. NUTTER:

19 Q Mr. Boling, the application was for the  
20 well to be located as it is here.

21 A Yes, sir.

22 Q Then stated it would be to test the gas  
23 reservoirs to a depth sufficient to test the Morrow.

24 Now on Exhibit Number Seven you show  
25 this Middle Penn carbonate, which would be a formation up



1 above the Morrow, so that if this section develops on the  
2 well, you might have a dual completion, is that it?

3 A. Yes, sir, right, because this is -- every  
4 place that this zone has produced it's been oil, and in  
5 this part of the country, and every place that the Morrow  
6 has produced it's been gas down here. So you'd have a gas/  
7 oil dual, possibly.

8 Q. Uh-huh, and the well would be a standard  
9 location as far as this Middle Penn carbonate, then.

10 A. Yes, sir.

11 Q. I see.

12 MR. NUTTER: Are there any further ques-  
13 tions of the witness? He may be excused.

14 Does anyone have anything they wish to  
15 offer in Case Number 6857?

16 We'll take the case under advisement.

17 (Hearing concluded.)  
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I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6857 heard by me on 4/9 1980.

[Signature] Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
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9 April 1980

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I N D E X

ROBERT E. BOLING

Direct Examination by Mr. Carson 3

Cross Examination by Mr. Nutter 9

E X H I B I T S

Applicant Exhibit One, Plat 5

Applicant Exhibit Two, Isolithic Map 6

Applicant Exhibit Three, Structure Map 6

Applicant Exhibit Four, Isolithic Map 7

Applicant Exhibit Five, Isolithic Map 7

Applicant Exhibit Six, Cross Section 8

Applicant Exhibit Seven, Cross Section 8

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9 I have one witness, Mr. Robert E. Boling.

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11 (Witness sworn.)  
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22 A I'm employed by Holly Energy.

23 Q In what capacity?

24 A As a consultant geologist.

25 Q Mr. Boling, have you previously testi-

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2                               MR. NUTTER: And they advised us the

3 south half was dedicated.

4                   A           Okay, fine.

5                               MR. PADILLA: Mr. Boling, you also re-

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7                   A           68 -- yes, okay, pardon me.

8                   Q           Mr. Boling, I'm going to refer you to

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11                   A           Exhibit Number One is a land plat, which

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13 Holly acreage in yellow and the acreage Holly owns 7/8ths

14 interest in with Read and Stevens owning the other 1/8th,

15 being shown in green, and then the Harvey E. Yates Company

16 Travis Deep Unit area being shown in purple, and acreage

17 owned by Depco and Yates Petroleum in blue, and wholly

18 owned Yates Petroleum in brown, and one 30 by R. D. -- I

19 mean D. C. Collier in red, and some other acreage there

20 in grey, which was credited to Plummer and McKinley.

21                   Q           Now, Mr. Boling, part of this acreage

22 is dedicated to a working interest unit, is it not?

23                   A           That's right. All of Section 14 and

24 the north half of Section 23 is dedicated to a working

25 interest unit and all of the working interest owners are

1 either participating or farming out to the Holly -- parti-  
2 cipating with or farming out to Holly in the drilling of  
3 this well.

4 Q Now, the Harvey E. Yates Company acreage  
5 to the east, have you checked with them to see if they have  
6 any objection to the granting of this application?

7 A That's right, and they said that they  
8 would not object to the drilling of this well.

9 Q Okay, I'll refer you to Applicant's  
10 Exhibit Number Two, and ask you to identify that exhibit  
11 and explain to the Examiner what it is and what it shows.

12 A This well, there are really two objectives  
13 in this well. One of them is the Middle Pennsylvanian car-  
14 bonate buildup reservoir, and the other is the Lower Morrow,  
15 the Morrow Clastics, Morrow Sands, and Exhibit Number Two  
16 is an isolithic map showing the thickness of the Middle  
17 Pennsylvanian limestone and its distribution. And there are  
18 two wells in Section 13 which produce from this lower --  
19 this Middle -- lower -- in the Middle Pennsylvanian lime-  
20 stone. One of them is in the northeast of the southwest  
21 of Section 13, and the other is in the southwest northeast  
22 of Section 13. And cross section line A-A is shown and  
23 we'll look at a cross section of that later in an exhibit.

24 Q Okay, I'll refer you to the next exhibit,  
25 which is Exhibit Number Three, and ask you to identify that

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Phone (505) 455-7409

1 and explain what it shows.

2 A Exhibit Number Three is a structure con-  
3 tour map on the top of the Middle Morrow Clastics as a  
4 datum horizon, and it shows the requested location to be  
5 on a prominent nose dipping -- running off to the southeast/  
6 northwest direction.

7 Q I'll refer you to Applicant's Exhibit  
8 Number Five -- Number Four, I'm sorry, and ask you to ident-  
9 ify that.

10 A This is an Isolithic map showing the dis-  
11 tribution of the net clean sandstone in the Morrow -- in  
12 the Middle Morrow Sands, and it shows the trends of the  
13 sands and shows about, projected, 40 feet from sand at this  
14 location, and it has the line of cross section B-B' on it,  
15 which we'll look at when we get to it.

16 Q I refer you to Applicant's Exhibit Num-  
17 ber Six, and ask you to --

18 A Five.

19 Q Five, I'm sorry, and ask you to identify  
20 that.

21 A Exhibit Number Five is an isolithic map  
22 showing the distribution of the net clean Morrow Sands in  
23 the Lower Morrow age, Lower Morrow Clastics, and it's --  
24 the alignment is essentially the same as the Middle, and  
25 again they show about -- it shows about, projected, 40

1 feet of sand at this location.

2 Q Okay. Now let's look at Exhibit Number  
3 Six. What is that?

4 A Exhibit Number Six is a stratigraphic  
5 cross section used to illustrate the distribution of net  
6 clean sandstone in both the Lower and the Middle Morrow  
7 Clastics from the nearest well in Section 13.

8 Q And that exhibit correlates to one that  
9 you've already described, is that correct?

10 A Yes, this B-B' is shown on some of the  
11 prior exhibits that we -- the line of cross section, and  
12 it also shows the proposed location projected out here on  
13 the lefthand side.

14 Q Okay. And what does the yellow stand for?

15 A The yellow indicates the clean sand, the  
16 net -- hopefully, net pay sand.

17 Q Now I refer you to Applicant's Exhibit  
18 Number Seven and ask you to identify it.

19 A This is a cross section through the  
20 Middle Pennsylvanian carbonate section, showing what the  
21 section looks like and with the proposed location projected  
22 out here on the left side.

23 Q Mr. Boling, were Applicant's Exhibits  
24 Number One through Seven either prepared by you, under your  
25 supervision, or have you examined into them to determine

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Phone (505) 455-7409

1 their authenticity and correctness?

2 A. I've examined them and I believe them to  
3 be authentic.

4 MR. CARSON: I would like to move the  
5 introduction of Applicant's Exhibits Number One through  
6 Seven.

7 MR. NUTTER: Applicant's Exhibits Number  
8 One through Seven will be admitted in evidence.

9 Q Mr. Boling, in your professional opinion  
10 will the granting of this application protect correlative  
11 rights, prevent waste, and prevent the drilling of an un-  
12 necessary number of wells?

13 A It will.

14 MR. CARSON: Mr. Examiner, we have no  
15 further questions.

16  
17 CROSS EXAMINATION

18 BY MR. NUTTER:

19 Q Mr. Boling, the application was for the  
20 well to be located as it is here.

21 A Yes, sir.

22 Q Then stated it would be to test the gas  
23 reservoirs to a depth sufficient to test the Morrow.

24 Now on Exhibit Number Seven you show  
25 this Middle Penn carbonate, which would be a formation up

1 above the Morrow, so that if this section develops on the  
2 well, you might have a dual completion, is that it?

3 A Yes, sir, right, because this is -- every  
4 place that this zone has produced it's been oil, and in  
5 this part of the country, and every place that the Morrow  
6 has produced it's been gas down here. So you'd have a gas/  
7 oil dual, possibly.

8 Q Uh-huh, and the well would be a standard  
9 location as far as this Middle Penn carbonate, then.

10 A Yes, sir.

11 Q I see.

12 MR. NUTTER: Are there any further ques-  
13 tions of the witness? He may be excused.

14 Does anyone have anything they wish to  
15 offer in Case Number 6857?

16 We'll take the case under advisement.

17  
18 (Hearing concluded.)  
19  
20  
21  
22  
23  
24  
25

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C. S. R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion 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.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is  
a correct and true transcript of the proceedings in  
the examination hearing of \_\_\_\_\_  
heard by me on 4/9 1982  
6857  
\_\_\_\_\_  
Oil Conservation Division Examiner

CASE 6876: (Continued from April 23, 1980, Examiner Hearing)

Application of Maurice L. Brown Co. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the SW/4 of Section 5, Township 9 South, Range 34 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 6886: Application of Aminoil USA, Inc. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10. 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 6887: Application of General Crude Processing for an oil treating plant permit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 SE/4 of Section 21, Township 30 North, Range 12 West.

CASE 6888: Application of Conoco Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard Eumont gas proration unit comprising the S/2 SE/4 and NE/4 SE/4 of Section 12, Township 19 South, Range 36 East, to be dedicated to its State KN-12 Well No. 7 drilled at an unorthodox location 330 feet from the South line and 1650 feet from the East line of said Section 12.

CASE 6889: Application of Belco Petroleum Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill a well, the surface location of which is 1980 feet from the North line and 920 feet from the West line of Section 36, Township 22 South, Range 30 East, in such a manner as to bottom it at an unorthodox location within 100 feet of a point 1320 feet from the North line and 2640 feet from the West line of said Section 36 in the Morrow formation, the N/2 of said Section 36 to be dedicated to the well.

CASE 6861: (Continued from April 23, 1980, Examiner Hearing)

Application of Zia Energy, Inc. for pool creation, special pool rules, and an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres oil pool for its State "C" Well No. 1 located in Unit F of Section 17, Township 22 South, Range 37 East, and special rules therefor, including a provision for a limiting gas-oil ratio of 10,000 to 1. Applicant further seeks a new onshore reservoir determination for said State "C" Well No. 1.

CASE 6890: Application of Tenneco Oil Company for a thermal enhanced recovery project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a pilot in situ combustion enhanced recovery project in the South Hospah Upper Sand and South Hospah Lower Sand Oil Pools by the completion of an injection/ignition well at a point 1474 feet from the North line and 2725 feet from the East line of Section 12, Township 17 North, Range 9 West, and by the drilling of up to six producing wells, all at unorthodox locations in close proximity to the injection/ignition well, and all located in Units F or G of said Section 12.

Dockets Nos. 14-80 and 15-80 are tentatively set for May 21 and June 4, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 7, 1980

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:

CASE 6880: Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the West Lynch Deep Unit Area, comprising 1,280 acres, more or less, of fee and federal lands in Township 20 South, Range 34 East.

CASE 6857: (Readvertised)

Application of Holly Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Wolfcamp-Pennsylvanian test well to be drilled 660 feet from the South line and 990 feet from the East line of Section 14, Township 18 South, Range 28 East, the E/2 of said Section 14 to be dedicated to the well.

CASE 6881: 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 1980 feet from the North line and 660 feet from the East line of Section 30, Township 17 South, Range 26 East, the N/2 of said Section 30 to be dedicated to the well.

CASE 6843: (Continued from April 9, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yeso formation underlying two 40-acre proration units, the first being the SE/4 SE/4 and the second being the SW/4 SE/4 of Section 6, Township 19 South, Range 25 East, Penasco Draw Field, each 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 wells 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 wells and a charge for risk involved in drilling said wells.

CASE 6882: Application of Amoco Production 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 W/2 of Section 1, Township 19 South, Range 25 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.

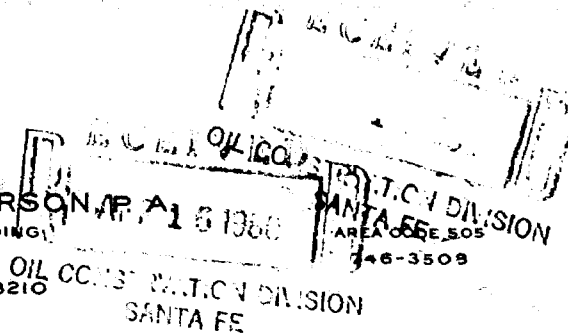
CASE 6883: Application of Amoco Production Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Indian Draw-Delaware Pool by the injection of water into the Delaware formation through its Old Indian Draw Unit Wells Nos. 4 located in Unit 1 of Section 18 and 11 located in Unit A of Section 19, both in Township 22 South, Range 28 East.

CASE 6884: Application of Supron Energy Corporation for compulsory pooling and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the N/2 of Section 4, Township 30 North, Range 11 West, to be dedicated to a proposed dual completion 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 6885: Application of Supron Energy Corporation for compulsory pooling and a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Pictured Cliffs formations underlying the E/2 of Section 8, Township 25 North, Range 3 West, to be dedicated to a proposed dual completion 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.

A.J. LOSEE  
JOEL M. CARSON  
CHAD DICKERSON  
DAVID R. VANDIVER

LAW OFFICES  
LOSEE, CARSON & DICKERSON, P.A.  
300 AMERICAN HOME BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88210



15 April 1980

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

Dear Mr. Ramey:

Enclosed for filing, please find three copies of Amended Application of Holly Energy, Inc. for an unorthodox gas well location for Eddy County, New Mexico.

Holly published for a S/2 location when in reality it wanted an E/2 location. I talked to Dan Nutter about the problem and we agreed that the proper procedure would be for us to submit an amended application, republish and have the examiner consider the evidence already presented.

Yours truly,

LOSEE, CARSON & DICKERSON, P.A.

  
Joel M. Carson

JMC:bjm  
Enclosures

cc w/enclosure: Mr. Robert Loyd  
Mr. Dean Eige



OIL CONSERVATION DIVISION  
NEW MEXICO  
MAY 18 1980  
STAMPA

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
HOLLY ENERGY, INC. FOR AN UNORTHODOX : CASE No. \_\_\_\_\_  
GAS WELL LOCATION, EDDY COUNTY, NEW :  
MEXICO :  
:

AMENDED APPLICATION

COMES NOW HOLLY ENERGY, INC., by its attorneys, and  
in support of its amended petition, respectfully states:

1. Applicant is the operator of the Wolfcamp and  
Pennsylvanian formation underlying:

Township 18 South, Range 28 East, N.M.P.M.

Section 14: E/2

and proposes to drill its well for gas at a point located 660  
feet from the South line and 990 feet from the East line of said  
Section 14.

2. The applicant seeks an exception to the well loca-  
tion requirements of Rule 104-C of the Oil Conservation Division  
to permit the drilling of the well at the above mentioned  
unorthodox location to a depth sufficient to adequately test  
the Wolfcamp and Pennsylvanian formation.

3. A standard 320-acre gas proration unit comprising  
the E/2 of said Section 14 should be dedicated to such well or  
to such lesser portion thereof as is reasonably shown to be  
reasonably productive of gas.

4. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent 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.

WHEREFORE, applicant prays:

A. That the Oil Conservation Division republish this amended application in its case No. 6857 and otherwise give notice of this application as required by law.

B. That the Division consider the testimony heretofore presented in case No. 6857 and that upon consideration of said evidence and the amended petition the Division enter its order granting applicant permission to drill a well 660 feet from the South line and 990 feet from the East line of said Section 14 and to dedicate the E/2 of Section 14, which is reasonably presumed to be productive of gas from the Wolfcamp and Pennsylvanian formation.

C. And for such other relief as may be just in the premises.

HOLLY ENERGY, INC.

By: 

Joel M. Carson

LOSEE, CARSON & DICKERSON, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
HOLLY ENERGY, INC. FOR AN UNORTHODOX  
GAS WELL LOCATION, EDDY COUNTY, NEW  
MEXICO

CASE No. \_\_\_\_\_

AMENDED APPLICATION

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Pennsylvanian formation underlying:

Township 18 South, Range 28 East, N.M.P.M.

Section 14: E/2

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C. And for such other relief as may be just in the premises.

HOLLY ENERGY, INC.

By: 

Joel M. Carson

LOSEE, CARSON & DICKERSON, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :  
HOLLY ENERGY, INC. FOR AN UNORTHODOX : CASE No. \_\_\_\_\_  
GAS WELL LOCATION, EDDY COUNTY, NEW :  
MEXICO :  
\_\_\_\_\_ :

AMENDED APPLICATION

COMES NOW HOLLY ENERGY, INC., by its attorneys, and  
in support of its amended petition, respectfully states:

1. Applicant is the operator of the Wolfcamp and  
Pennsylvanian formation underlying:

Township 18 South, Range 20 East, N.M.P.M.

Section 14: E/2

and proposes to drill its well for gas at a point located 660  
feet from the South line and 990 feet from the East line of said  
Section 14.

2. The applicant seeks an exception to the well loca-  
tion requirements of Rule 104-C of the Oil Conservation Division  
to permit the drilling of the well at the above mentioned  
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C. And for such other relief as may be just in the premises.

HOLLY ENERGY, INC.

By: 

Joel E. Carson

LOSEE, CARSON & DICKERSON, P.A.  
P. O. Drawer 239  
Artesia, New Mexico 88210

Attorneys for Applicant



ENERGY, INC.

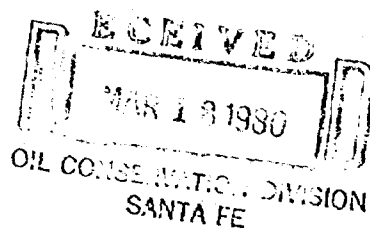
Phone: 505-746-6161

P. O. Box 726

Artesia, N. M. 88210

March 11, 1980

Mr. Joe D. Ramey  
Secretary-Director  
Department of Energy and Minerals  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501



Attention; Mr. Joe D. Ramey

RE: Non-Standard Gas Well Location  
Sec. 14, T-18S, R-28E  
Eddy County, New Mexico  
State 14-1

*Case 6857*

Gentlemen:

Holly Energy Inc. respectfully requests that a hearing be called to consider Holly's application for a permit to drill State 14-1 at a non-standard location which will require an exception to Paragraph C-II of Rule 104, New Mexico Oil Conservation Commission Rules and Regulations.

The requested location is 660 feet FSL and 990 feet FEL of Section 14. T-18S, R-28E. Rule 104, Paragraph C-II requires that a well will be not closer than 1980 feet to the nearest end boundary.

The proposed well is projected to a depth of 11,200' feet to test the gas reservoirs to a depth sufficient to test the Morrow.

Yours truly,

*Robert Loyd*

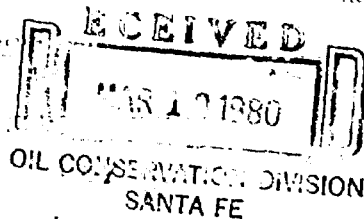
Robert Loyd  
Superintendent

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form No. 1  
Supersedes 1-1-76  
Effective 1-1-78

All distances must be from the outer boundaries of the Section.

Holly Energy, Inc.		Section 14	
P	14	1 South	2 East
660 feet from the South line and 79 feet from the East line			
Ground Level Elev.	Producing Formation	Foot	
3009.5	Morrow	Undesignated Morrow	320

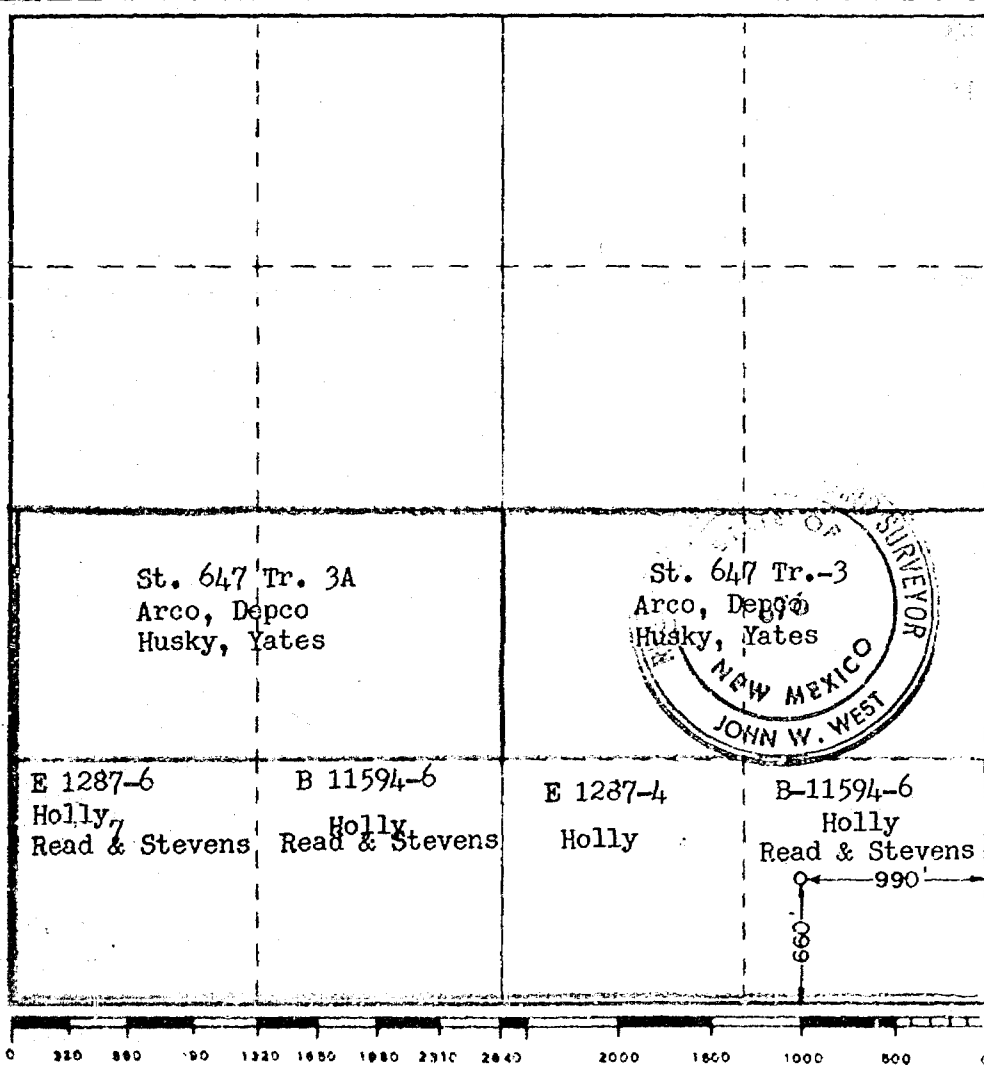


1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is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

*Robert Loyd*

Name Robert Loyd

Position Superintendent

Company Holly Energy Inc.

Date March 19, 1980

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 March 10, 1980

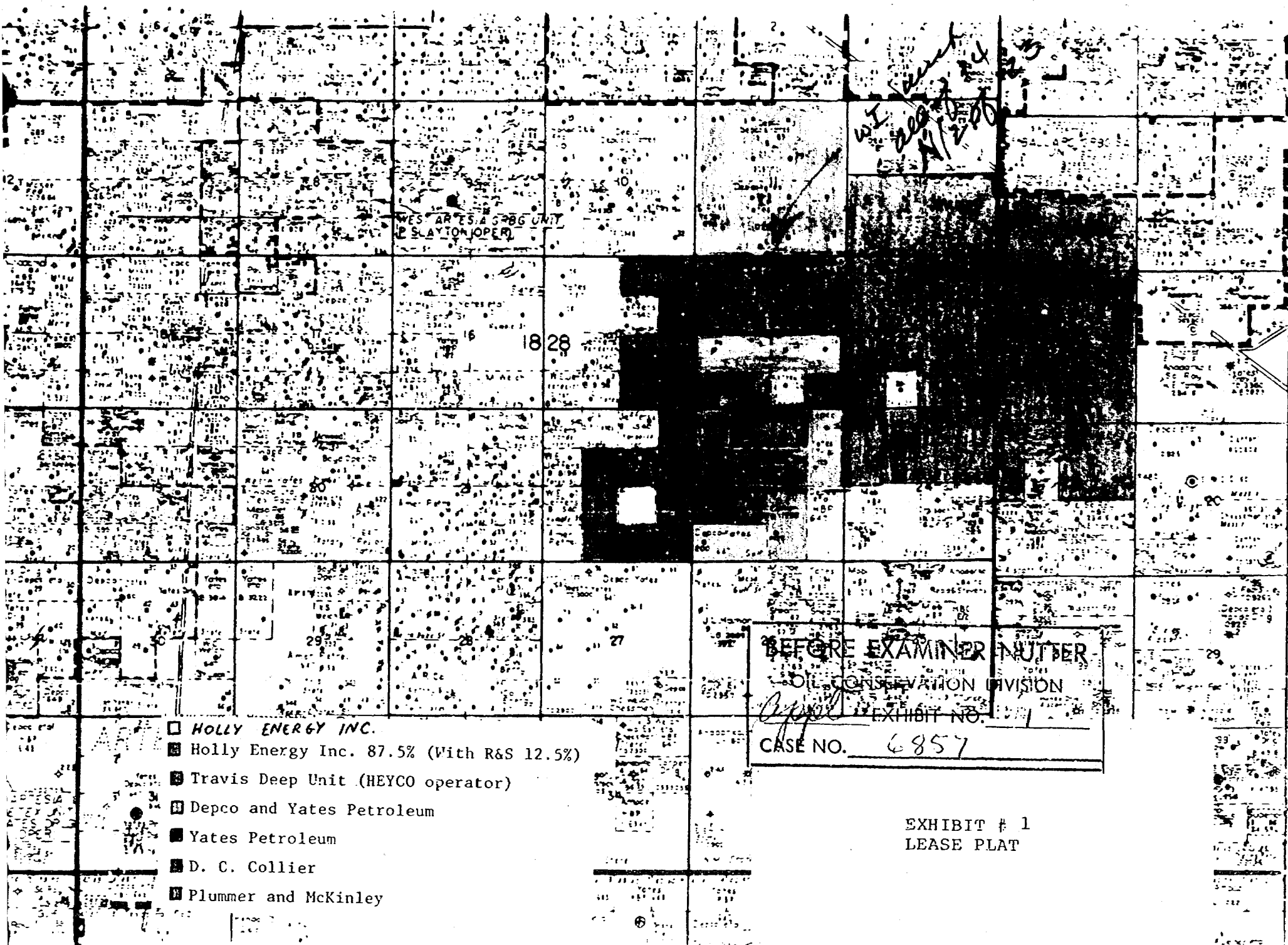
Registered Professional Engineer and Land Surveyor

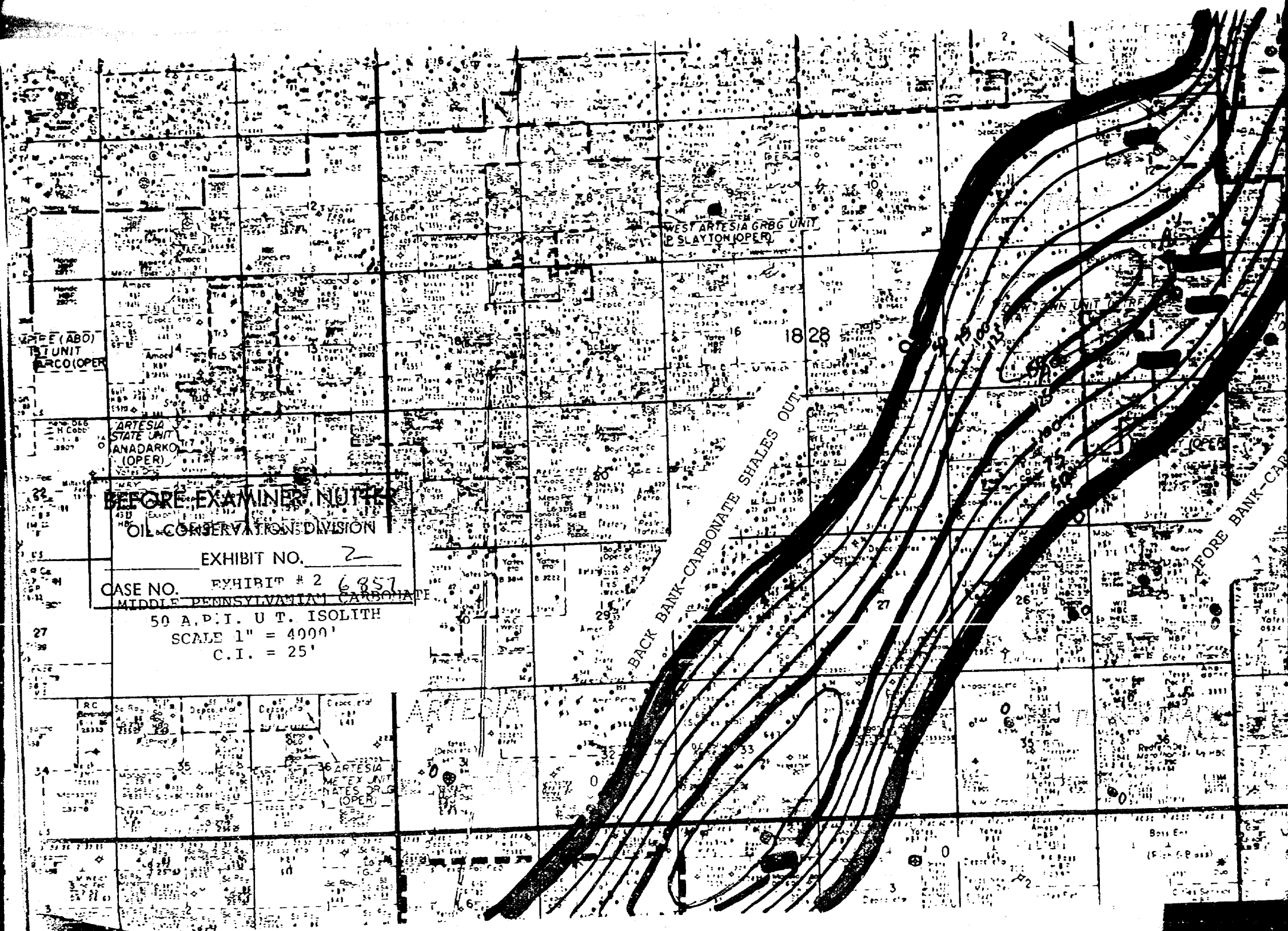
*John W. West*

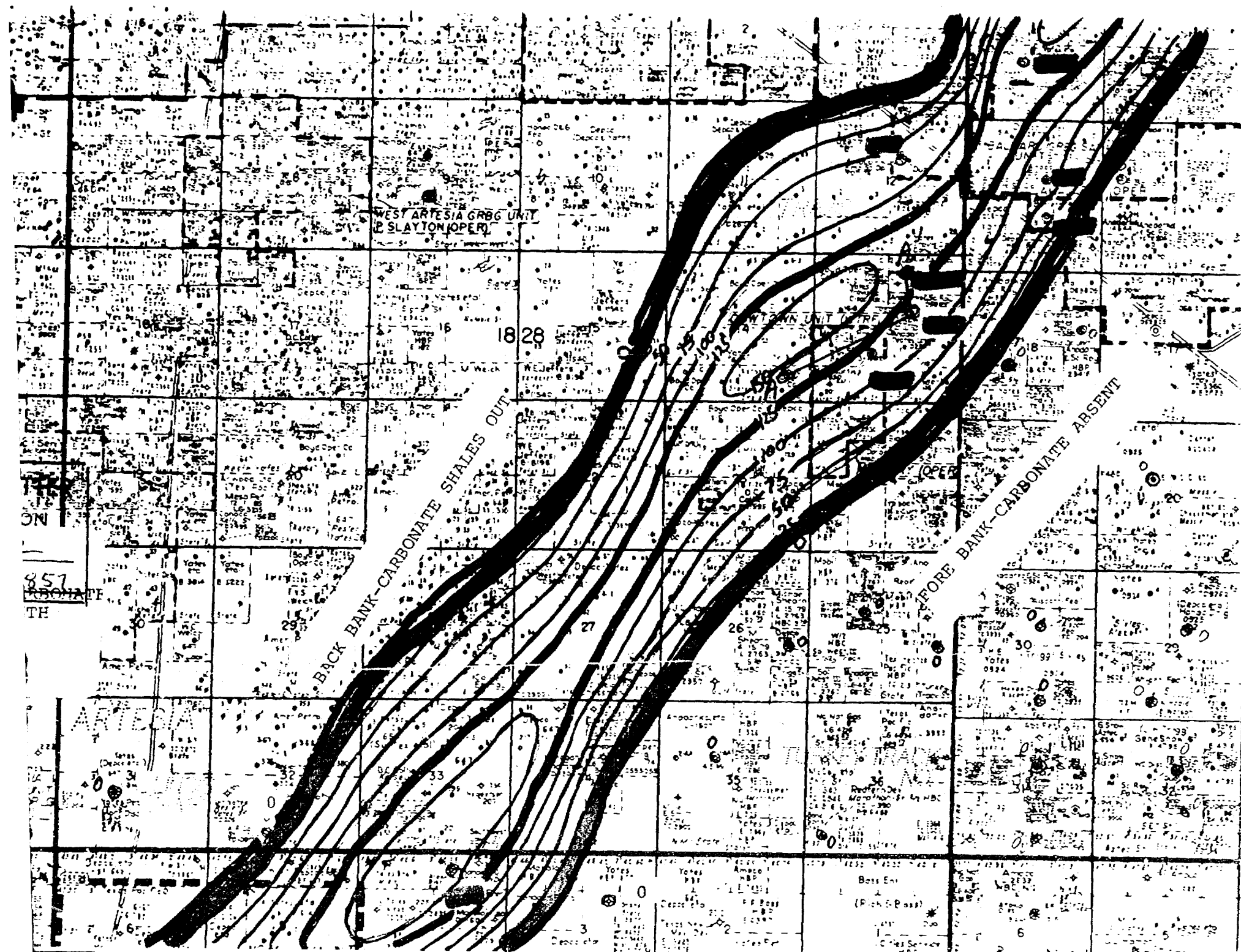
Certificate No. JOHN W. WEST 676  
PATRICK A. ROMERO 6863  
Ronald J. Eidson 3239

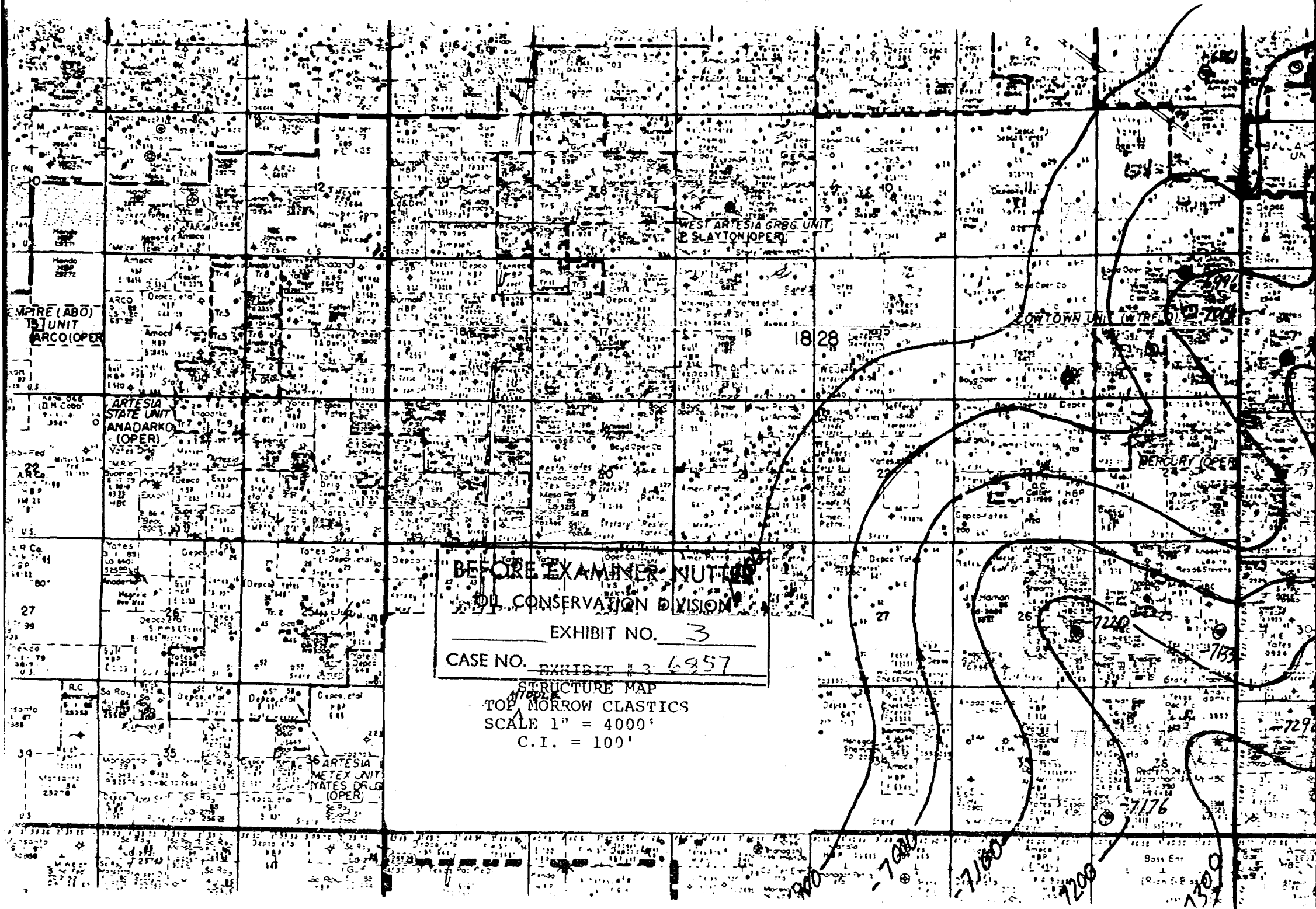




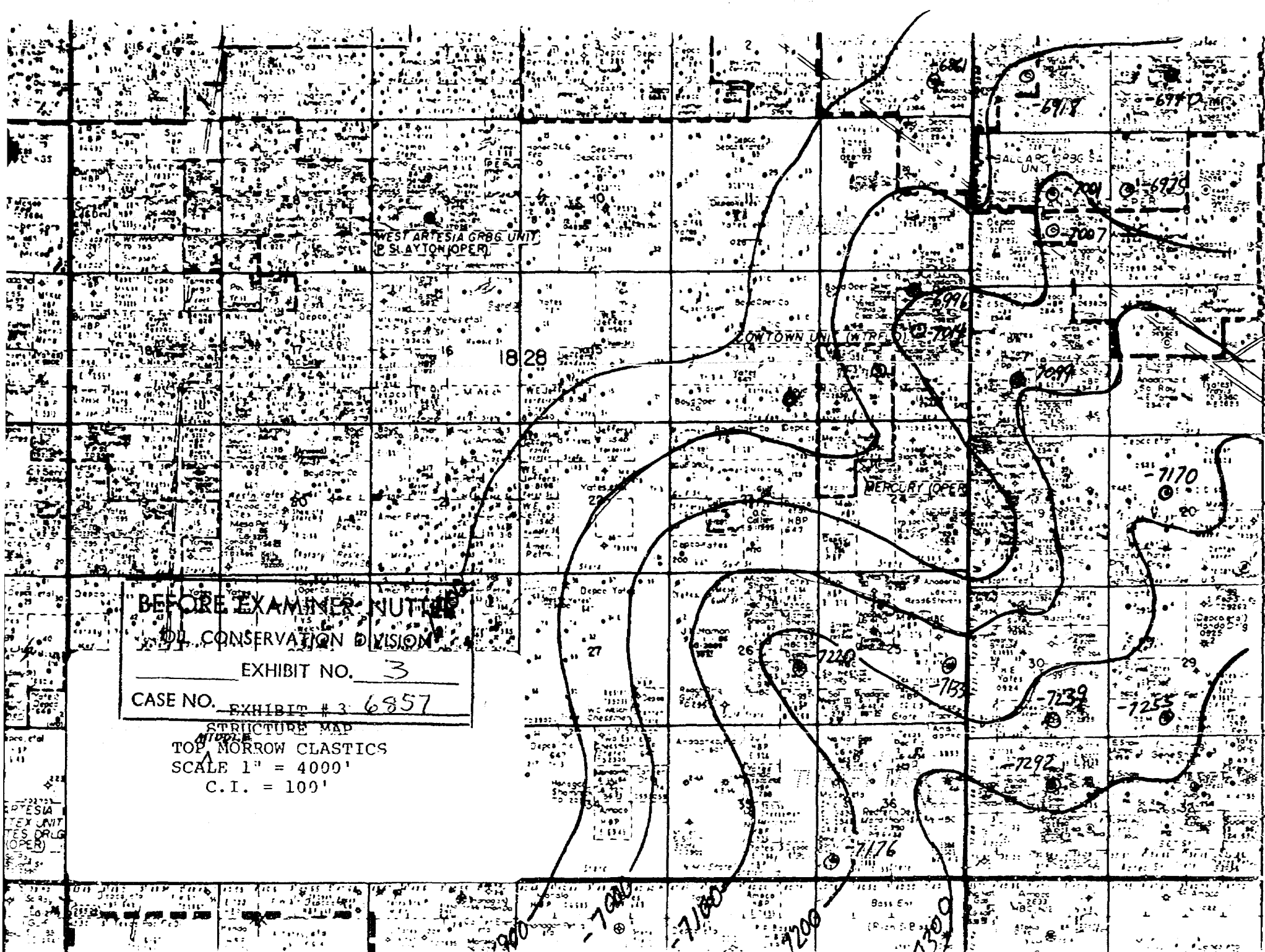










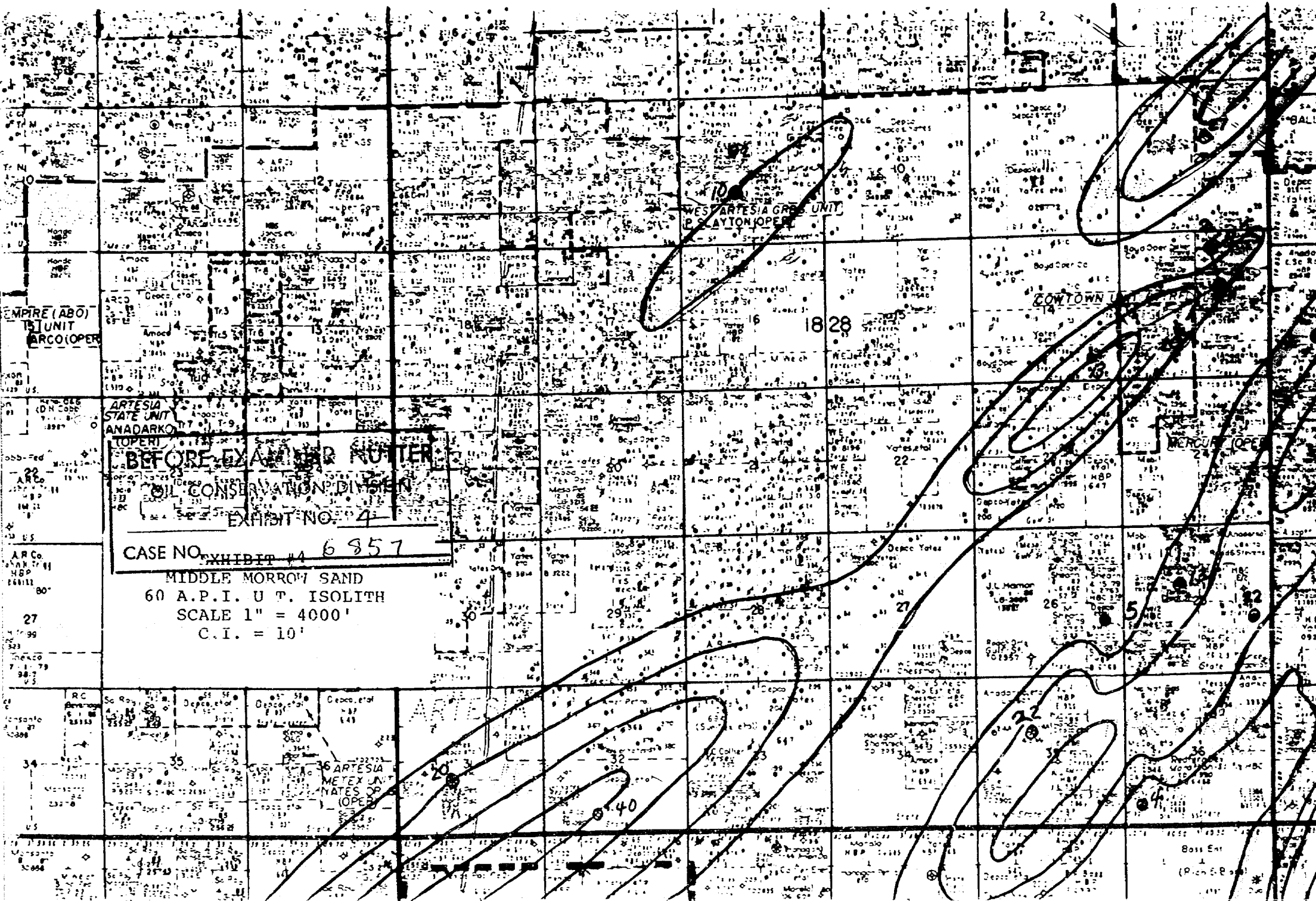


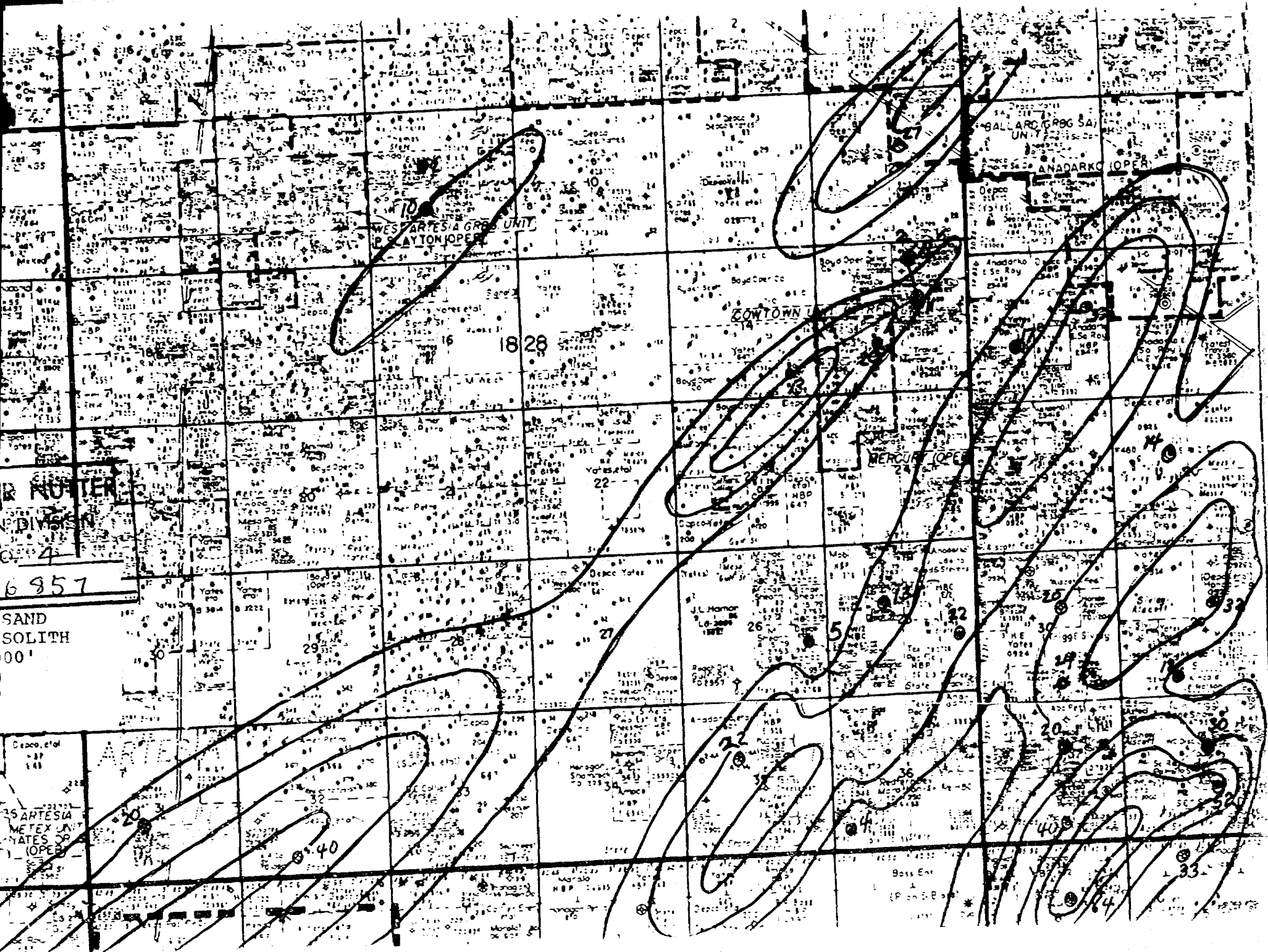
BEFORE EXAMINER NUTT  
CONSERVATION DIVISION

EXHIBIT NO. 3

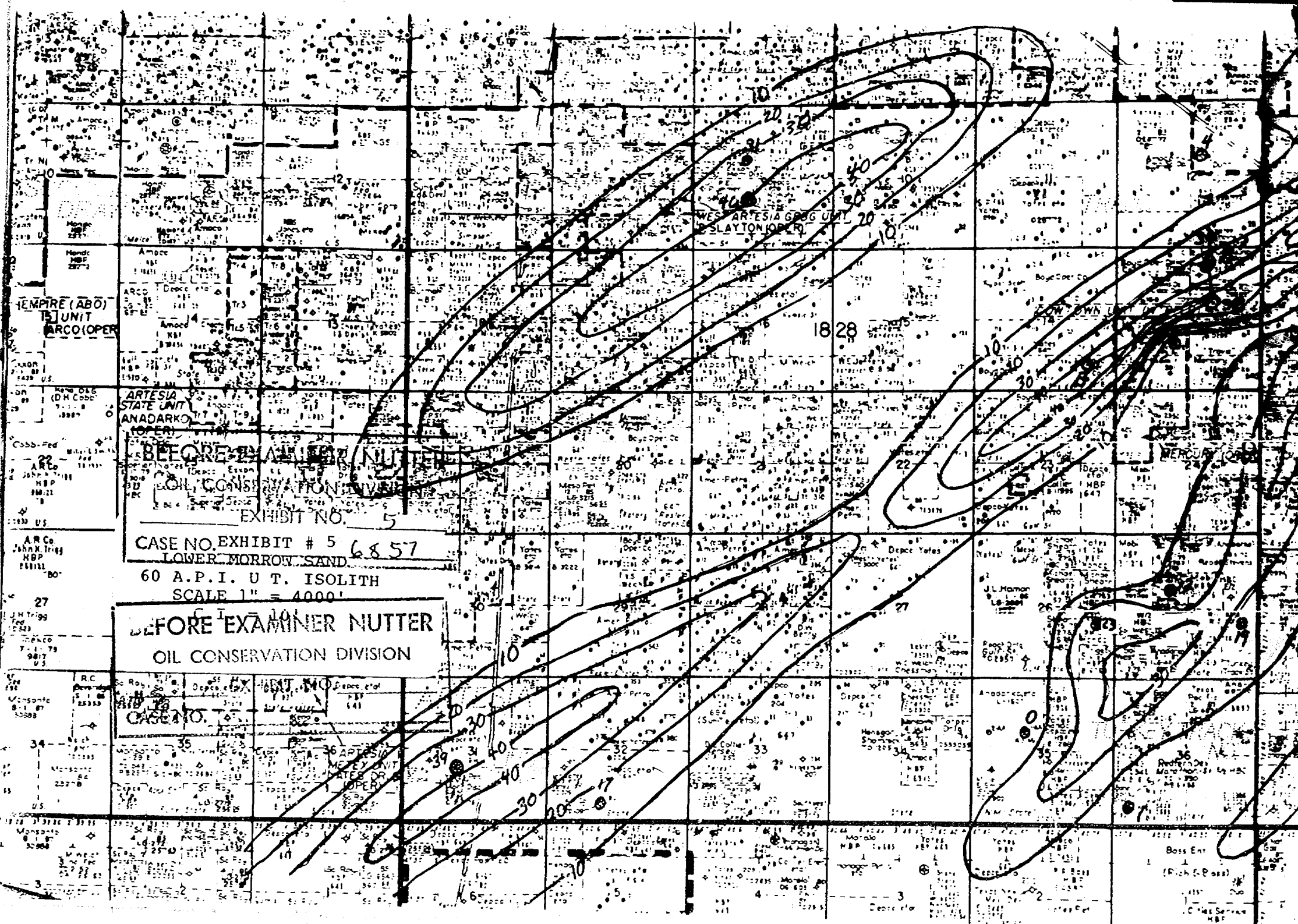
CASE NO. EXHIBIT # 3 6857

STRUCTURE MAP  
TOP MORROW CLASTICS  
SCALE 1" = 4000'  
C.I. = 100'









EMPIRE (ABO)  
UNIT  
ARCO (OPER)

ARCO  
STATE UNIT  
ANADARKO  
(OPER)

ARCO  
STATE UNIT  
ANADARKO  
(OPER)

ARCO  
STATE UNIT  
ANADARKO  
(OPER)

ARCO  
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(OPER)

ARCO  
STATE UNIT  
ANADARKO  
(OPER)

ARCO  
STATE UNIT  
ANADARKO  
(OPER)

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 5

CASE NO. EXHIBIT # 5 6857  
LOWER MORROW SAND  
60 A.P.I. U.T. ISOLITH  
SCALE 1" = 4000'

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

CASE NO. 5

ARTESIA STATE UNIT  
ANADARKO  
(OPER)

ARTESIA STATE UNIT  
ANADARKO  
(OPER)

ARTESIA STATE UNIT  
ANADARKO  
(OPER)

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(OPER)

ARTESIA STATE UNIT  
ANADARKO  
(OPER)

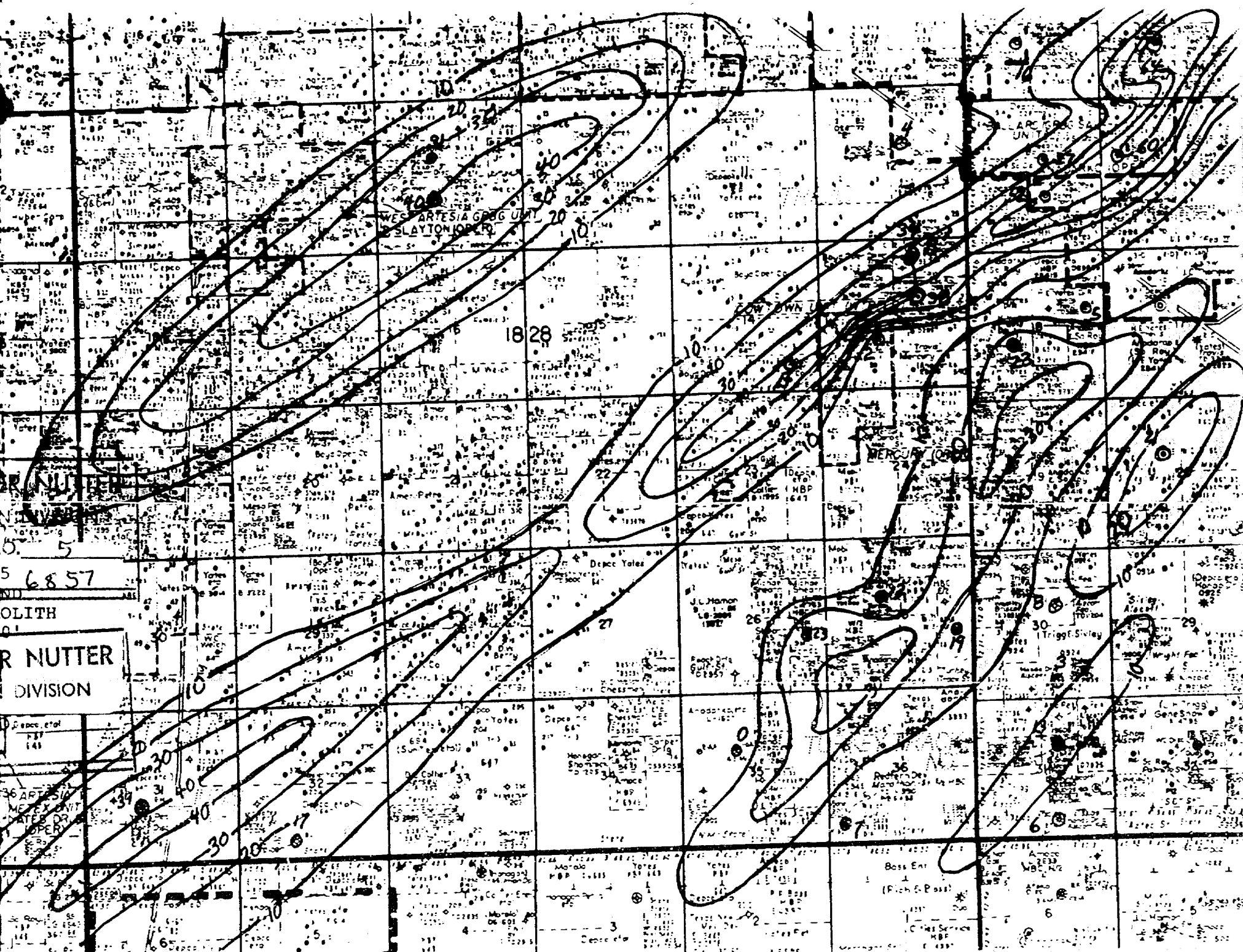
ARTESIA STATE UNIT  
ANADARKO  
(OPER)

ARTESIA STATE UNIT  
ANADARKO  
(OPER)

ARTESIA STATE UNIT  
ANADARKO  
(OPER)

ARTESIA STATE UNIT  
ANADARKO  
(OPER)

ARTESIA STATE UNIT  
ANADARKO  
(OPER)



B

PROPOSED  
LOCATION

H. YATES TRAVIS DEEP UNIT #2

H. YATES TRAVIS DEEP

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

EXHIBIT NO. 6

CASE NO. 12857

DATUM:  
CHESTER L.S.

F.R. LOG  
F.R. CALIPER

F.R. LOG  
F.R. CALIPER

GAMMA RAY

BULK DENSITY GRAINS CC

EXHIBIT  
STRATIGRAPHIC S  
MORROW SAN

ED  
TION

H. YATES TRAVIS DEEP UNIT #2

H. YATES TRAVIS DP. UNIT #3 B'

FORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

EXHIBIT NO. 6

E NO. 6857

DATUM:

CHESTER L.S.

FR. 1091  
F.S. CALIPER

FR. 1091  
F.S. 300

GAMMA RAY

BULK DENSITY

MIDDLE MORROW

LOWER MORROW

EXHIBIT # 6

STRATIGRAPHIC SECTION

MORROW SANDS

PROPOSED  
LOCATION  
Sec. 14, T18S, R28E

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

EXHIBIT NO. 7

CASE NO. 6857

MIDDLE PENN. CHRONO

DATUM: STRAWN LINE

H. YATES TRAVIS DEED #2

Sec. 13, T18S, R28E

U. P. R.

H. YATES TRAVIS DEED #2

Sec. 13, T18S, R28E

U. P. R.

EX  
STRATIGR

NUTTER  
DIVISION

7

ANN. CARBONATE

PAWNA LIME

H. YATES TRAVIS DEEP #2  
SEC. 13, T. 18S, R. 28E

U. Porter

H. YATES TRAVIS DEEP #3  
SEC. 13, T. 18S, R. 28E

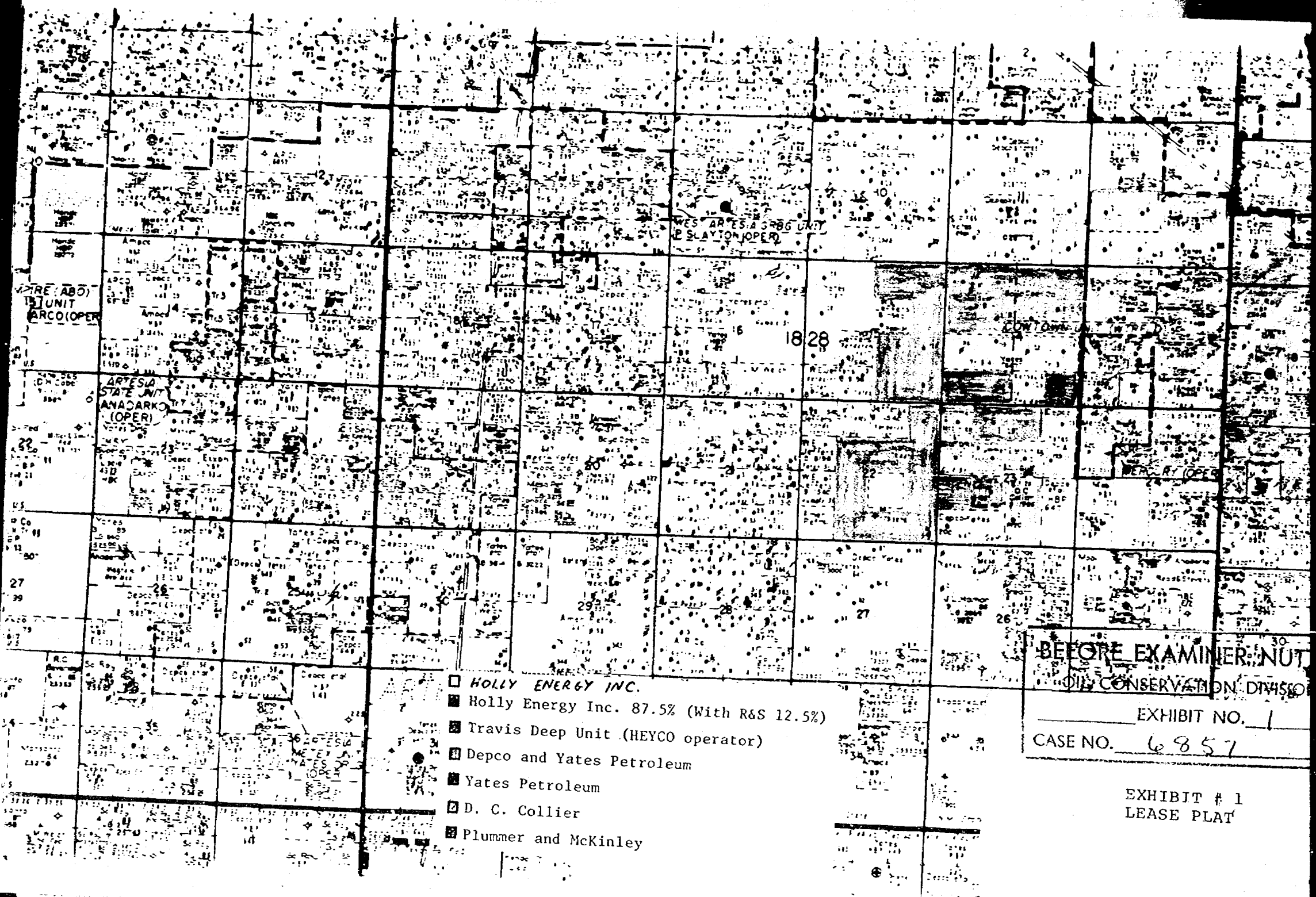
U. Porter

A'

EXHIBIT # 7

STRATIGRAPHIC SECTION



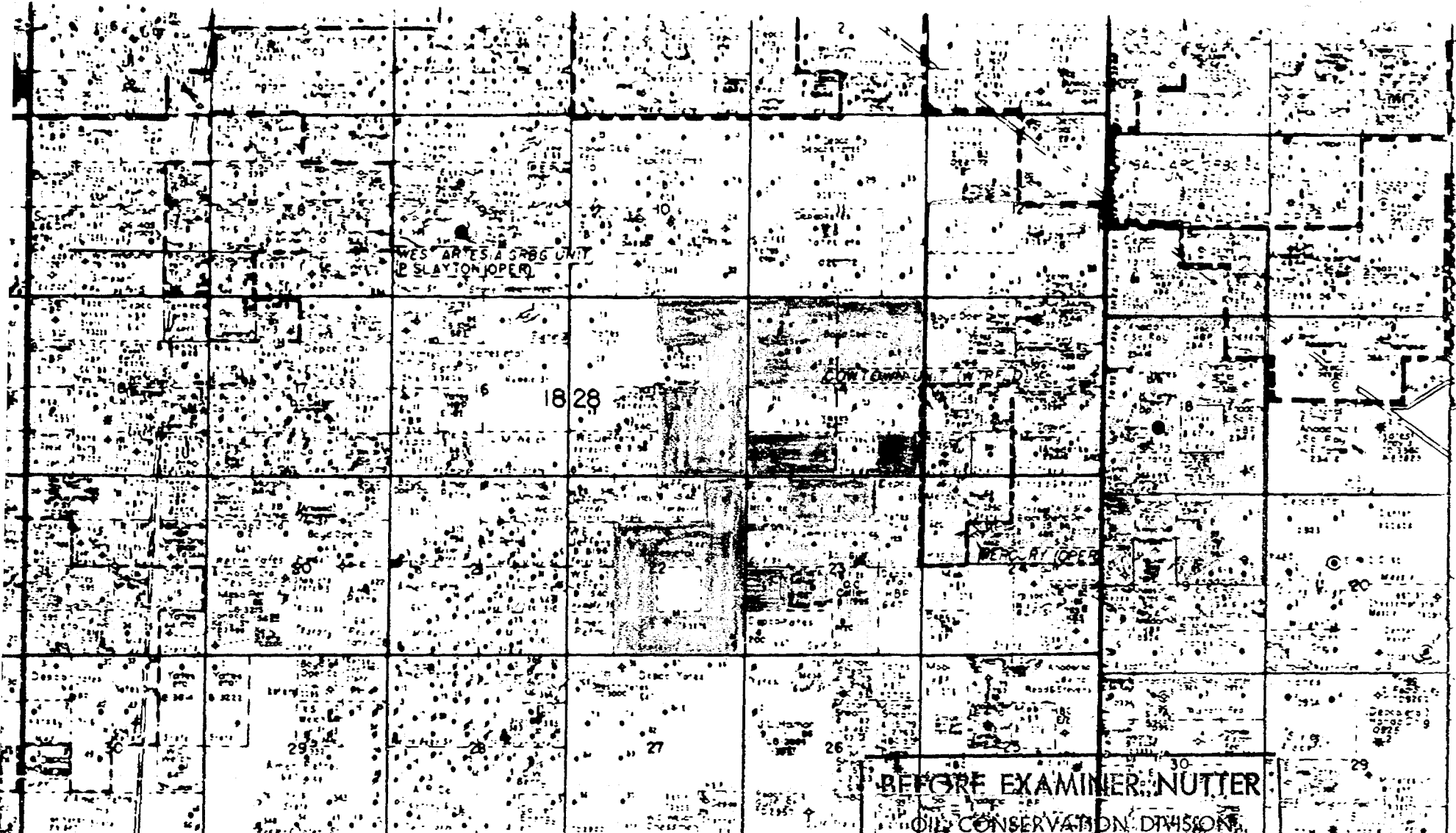


- ☐ HOLLY ENERGY INC.
- ☒ Holly Energy Inc. 87.5% (With R&S 12.5%)
- ☒ Travis Deep Unit (HEYCO operator)
- ☒ Depco and Yates Petroleum
- ☒ Yates Petroleum
- ☒ D. C. Collier
- ☒ Plummer and McKinley

BEFORE EXAMINER, NUT  
OIL CONSERVATION DIVISION

EXHIBIT NO. 1  
CASE NO. 6857

EXHIBIT # 1  
LEASE PLAT

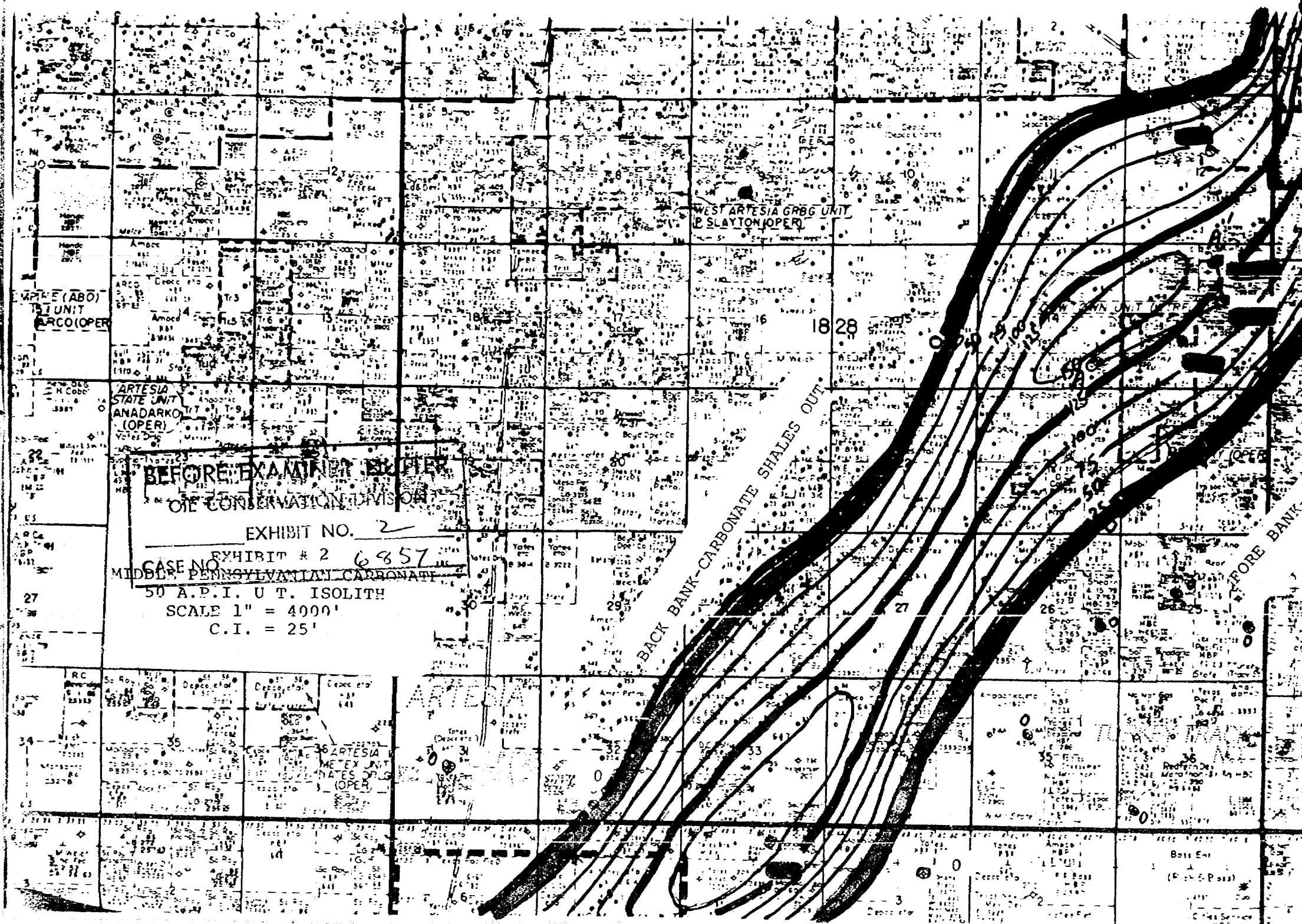


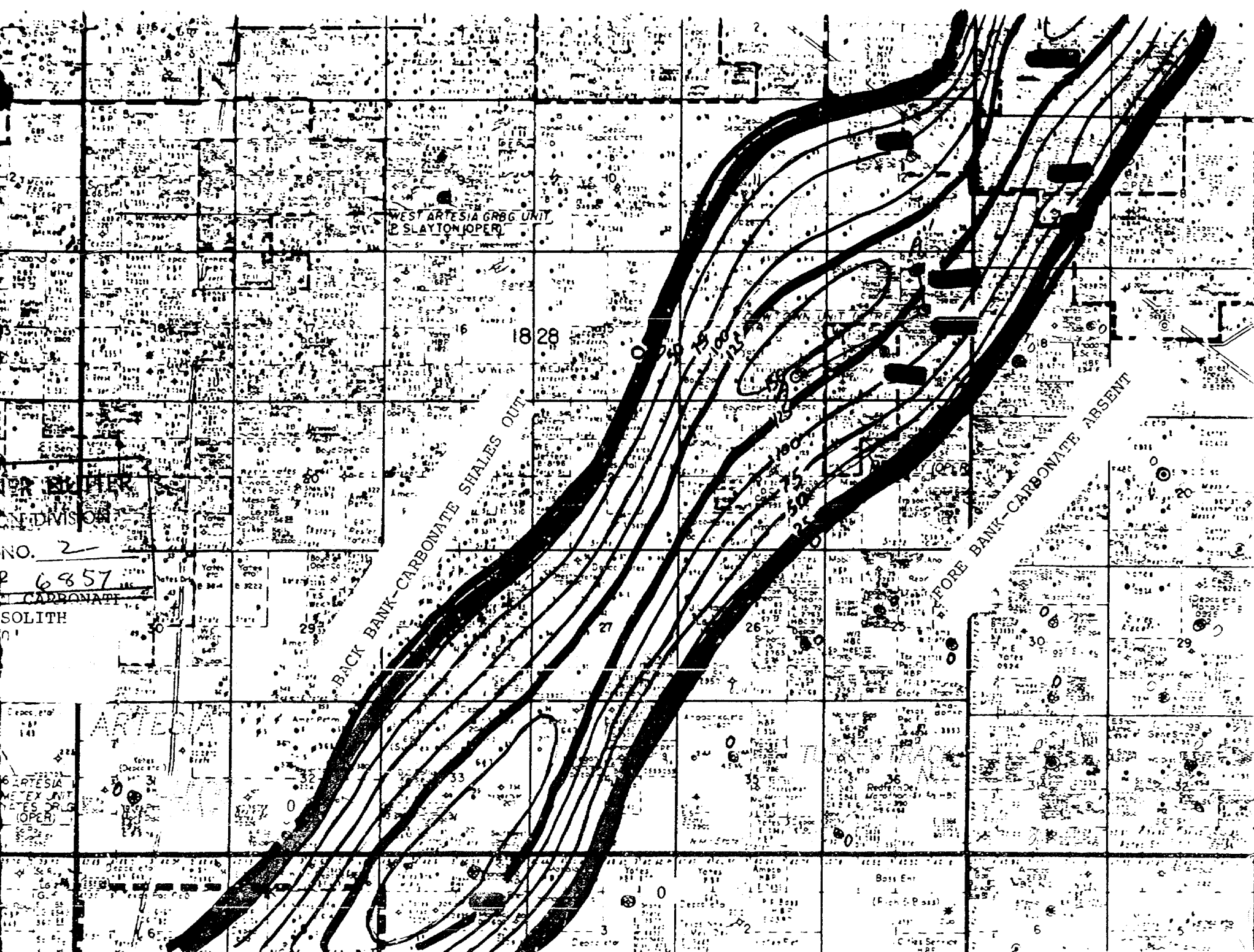
- ☐ HOLLY ENERGY INC.
- ☒ Holly Energy Inc. 87.5% (With R&S 12.5%)
- ☒ Travis Deep Unit (HEYCO operator)
- ☒ Depco and Yates Petroleum
- ☒ Yates Petroleum
- ☒ D. C. Collier
- ☒ Plummer and McKinley

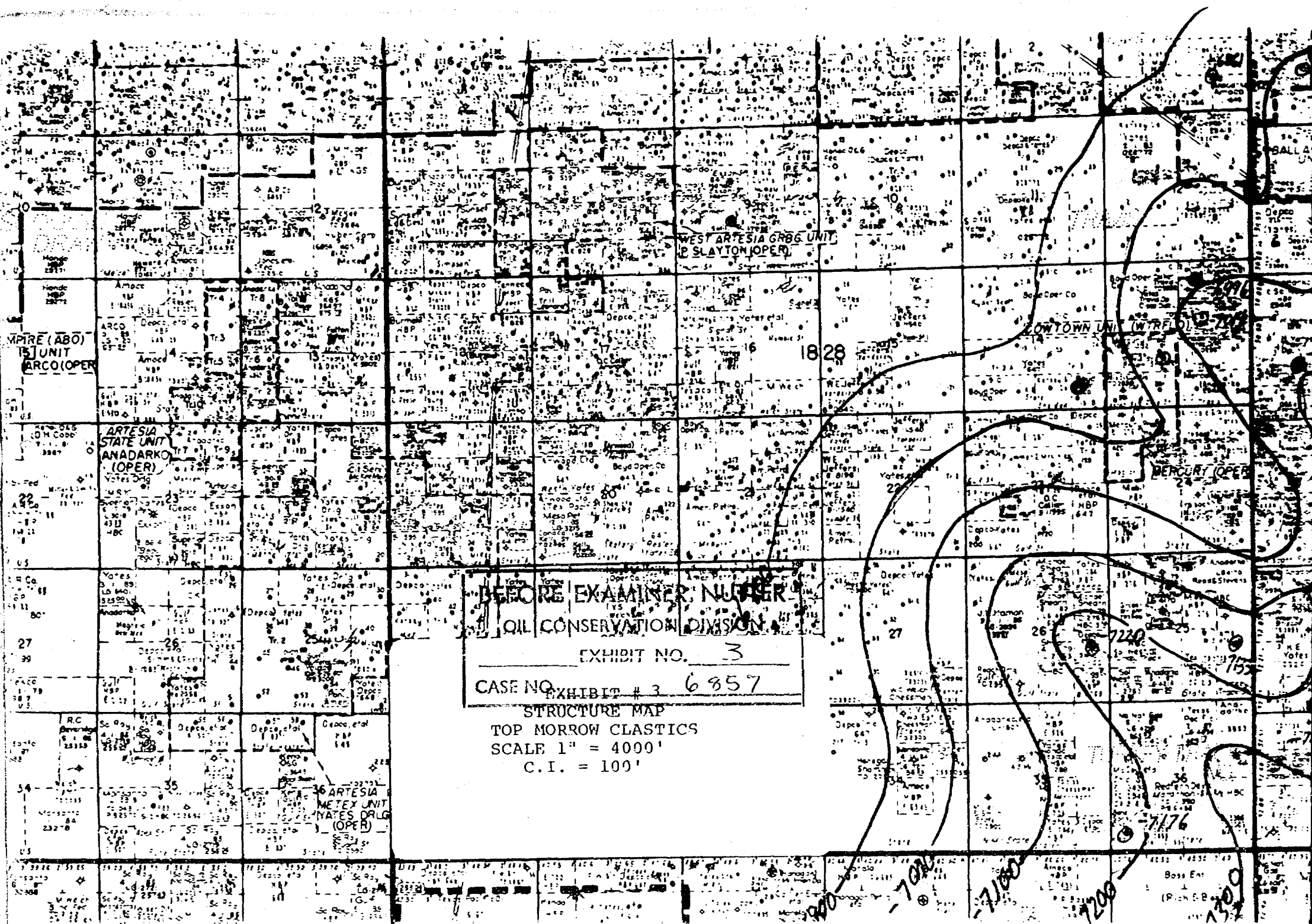
BEFORE EXAMINER: NUTTER  
 OIL CONSERVATION DIVISION  
 EXHIBIT NO. 1  
 CASE NO. 6857

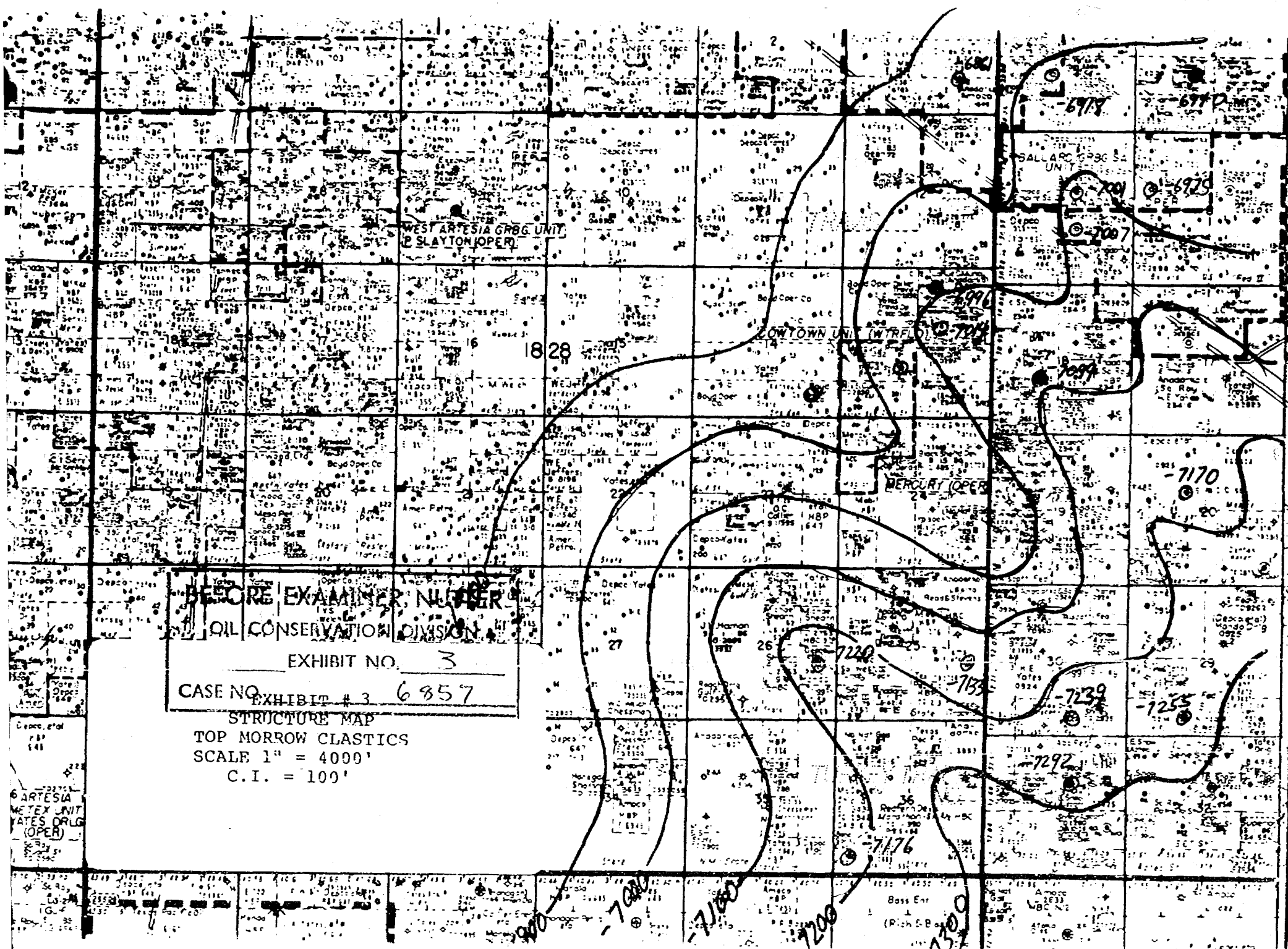
EXHIBIT # 1  
 LEASE PLAT

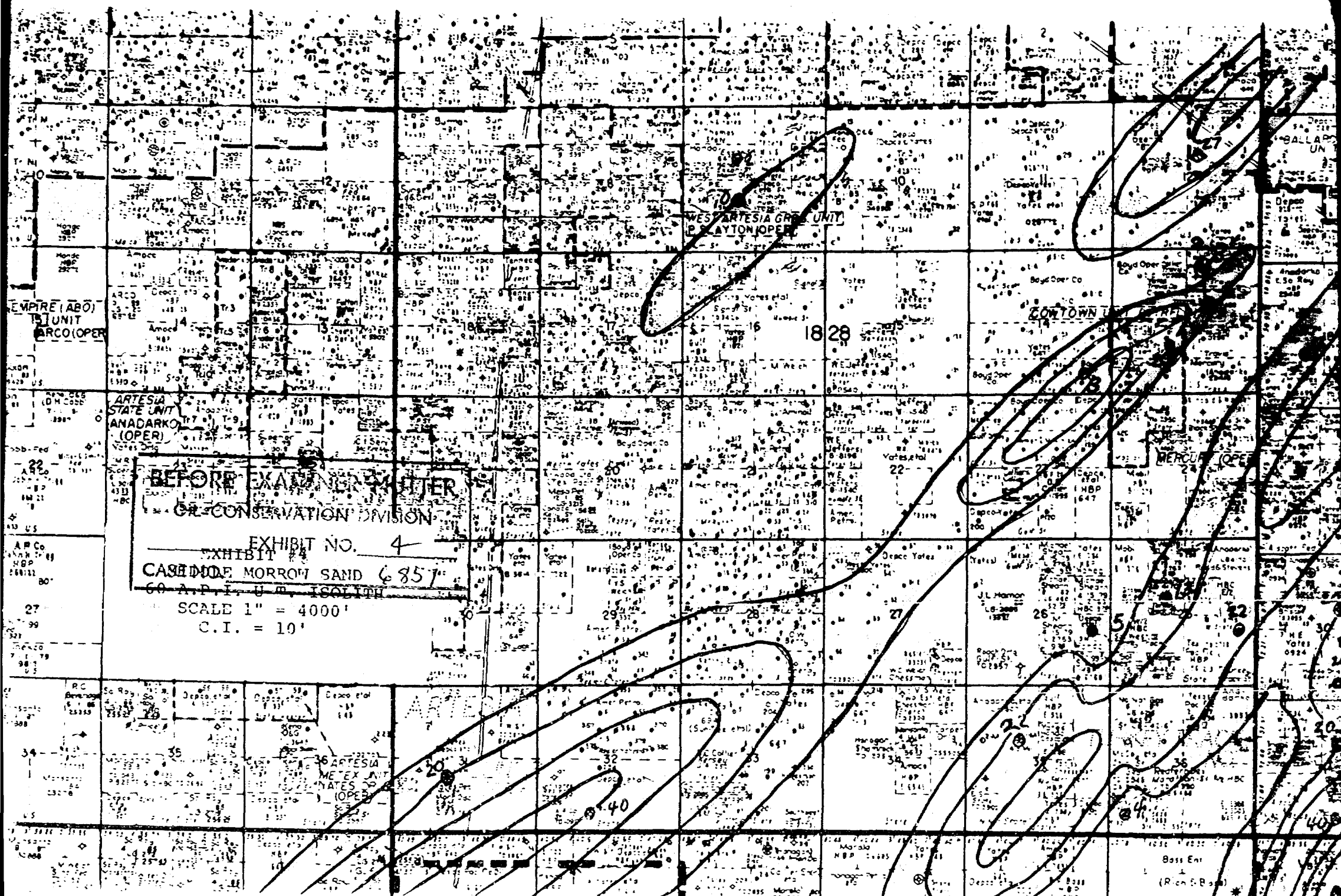




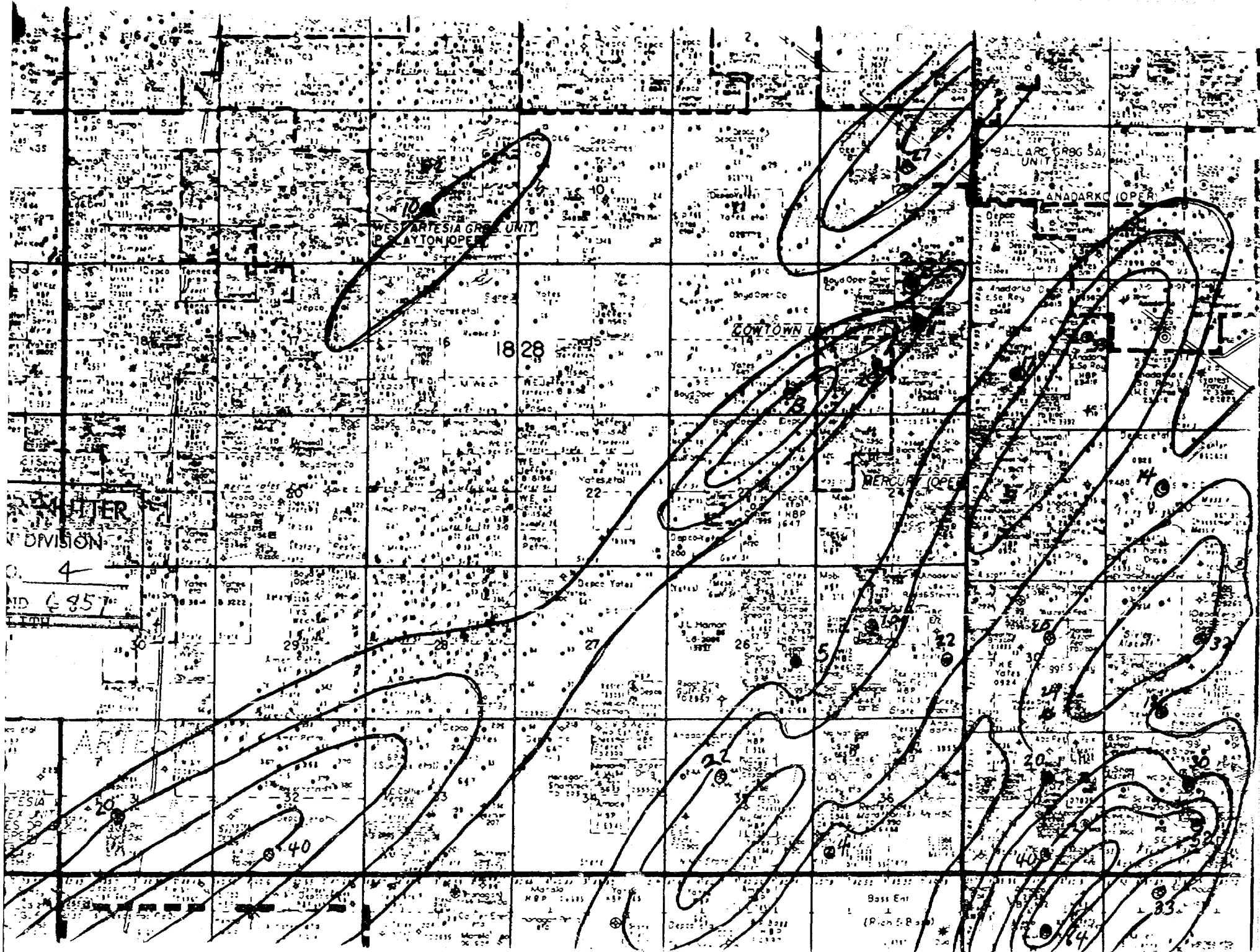


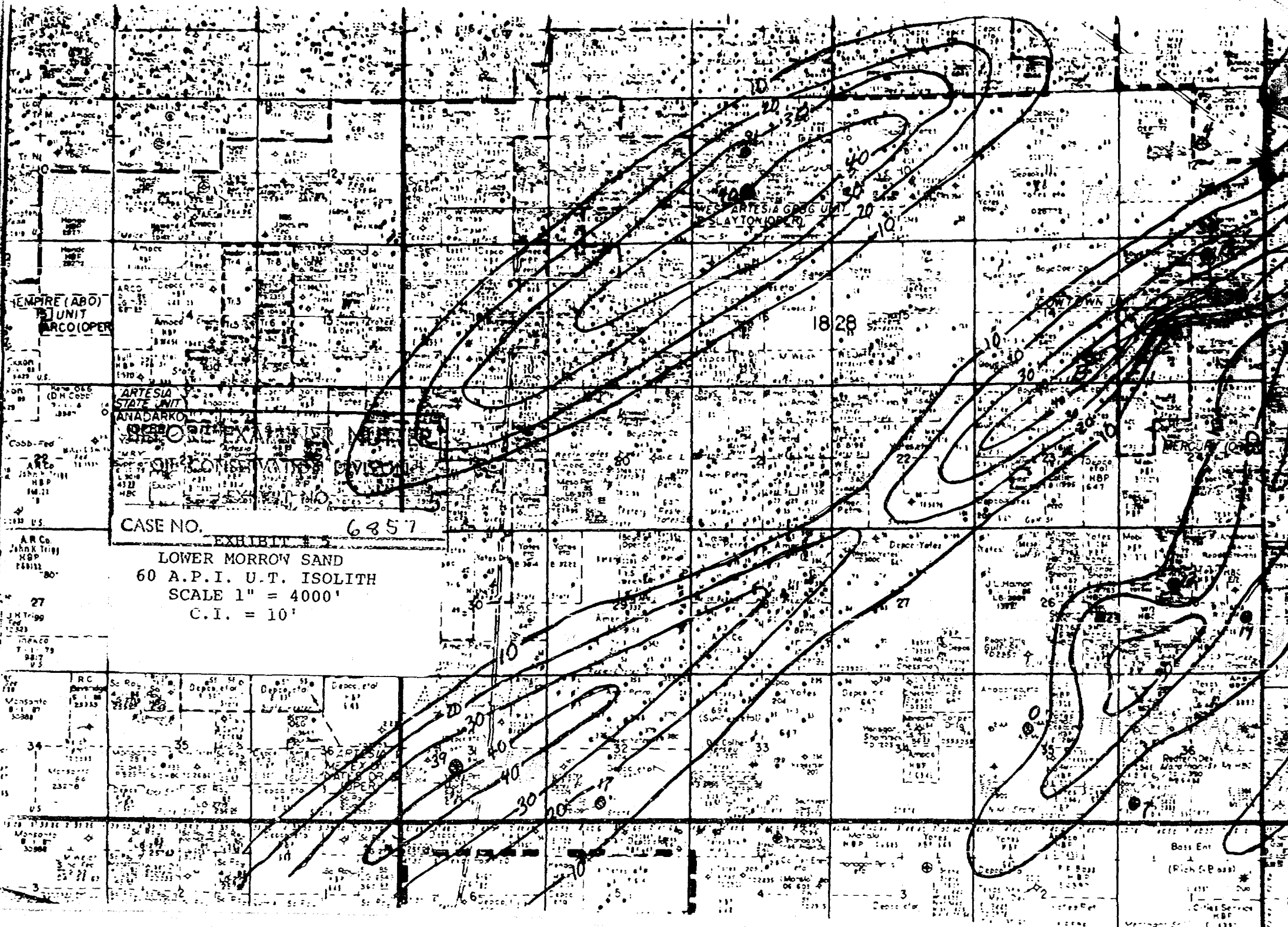


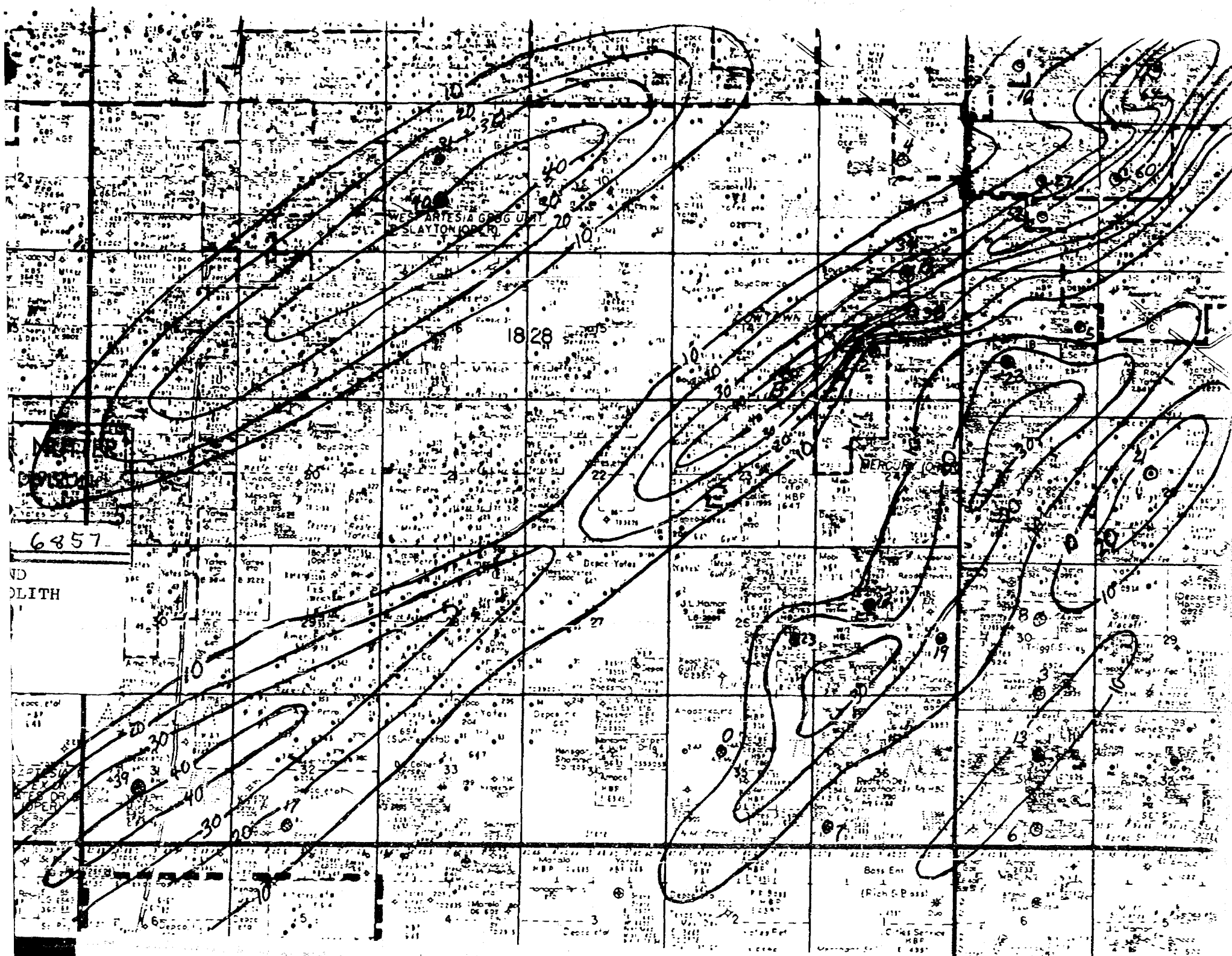














B

PROPOSED  
LOCATION

Sec 14, T185, R28E

H. YATES TRAVIS DEEP UNIT #2

Sec 13, T185, R28E

H. YATES TRAVIS DR. UNIT

Sec 13, T185, R28E

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

EXHIBIT NO. 6

CASE NO. 6857

DATUM:  
CHESTER L.S.

F.R. (GRI)

F.R. (CALIPER)

F.R. (GRI)

F.R. (SDIT)

GAMMA RAY API UNITS

BULK DENSITY GRAMS CC

MIDDLE MORROW

LOWER MORROW

EXHIBIT # 6

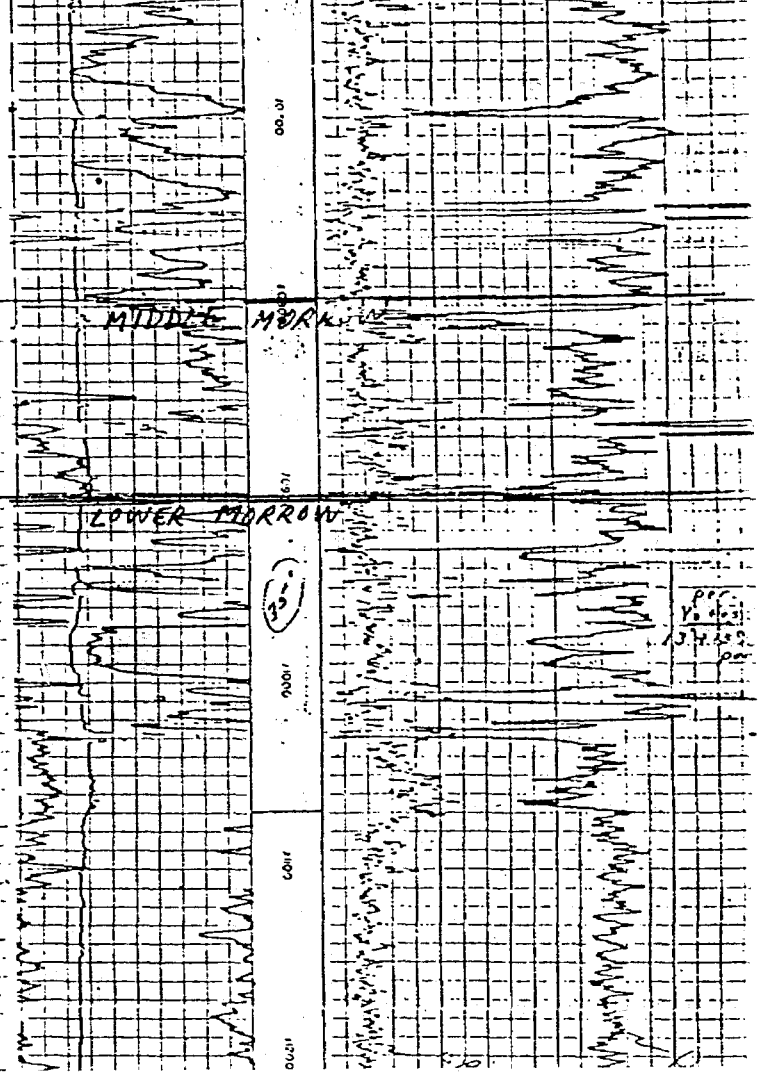
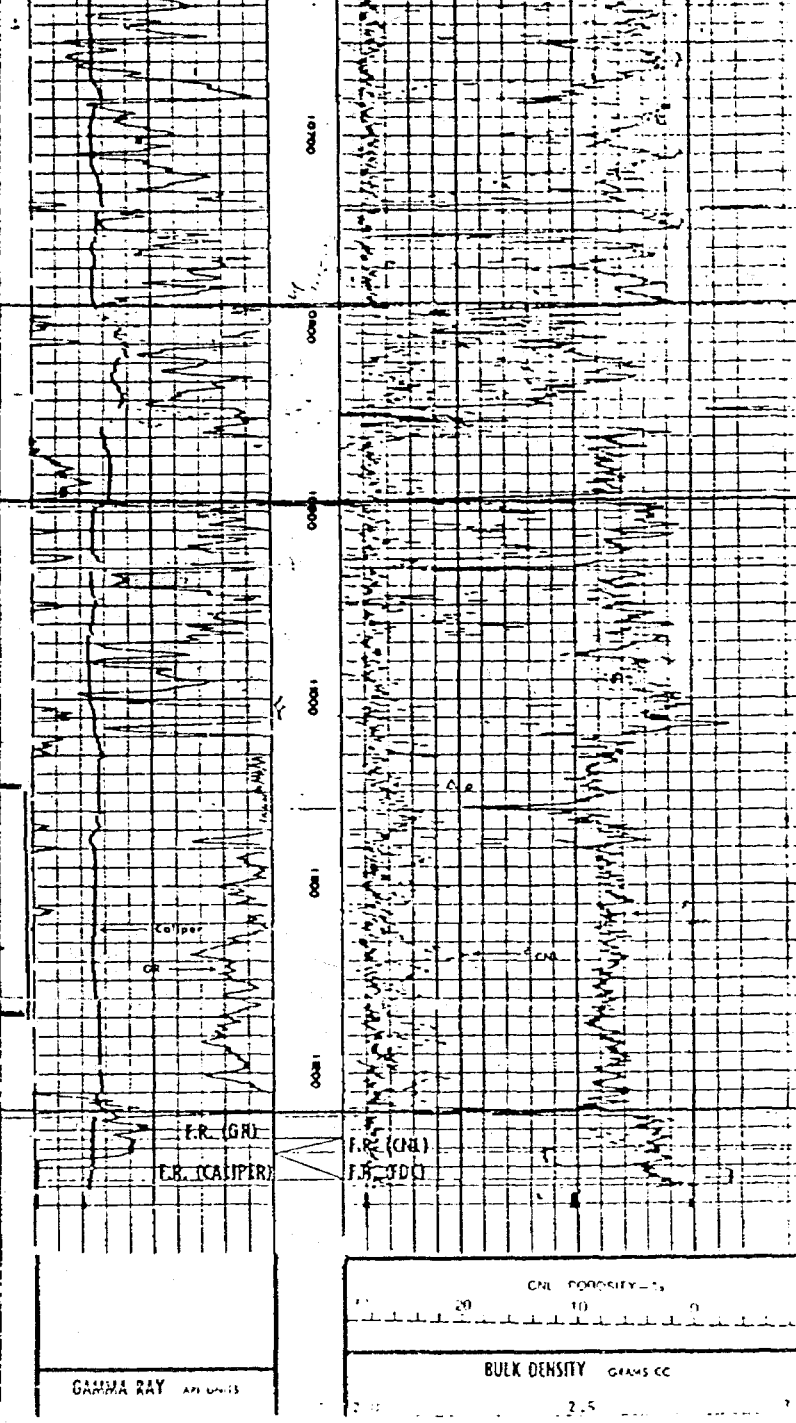
STRATIGRAPHIC SECTION

MORROW SANDS

H. YATES TRAVIS DEEP UNIT #2  
 SEC 13, T18S, R28E

H. YATES TRAVIS DR. UNIT #3  
 SEC 13, T18S, R28E

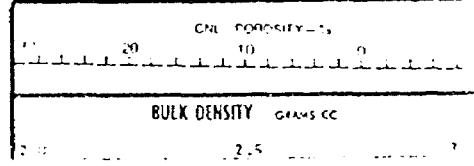
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EXAMINER NUTTER  
 CONSERVATION DIVISION  
 EXHIBIT NO. 6  
 6857

RETURN:  
 FOSTER L.S.

EXHIBIT # 6  
 STRATIGRAPHIC SECTION  
 MORROW SANDS



PROPOSED  
LOCATION  
Sec. 14, T18S, R28E

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 7  
CASE NO. 6857

MIDDLE PENN. C.

DATUM: STRAWN LINE

H. YATES TRAVIS DEED #2

Sec. 13, T18S, R28E

U. P. 111

H. YATES TRAVIS DEED #2

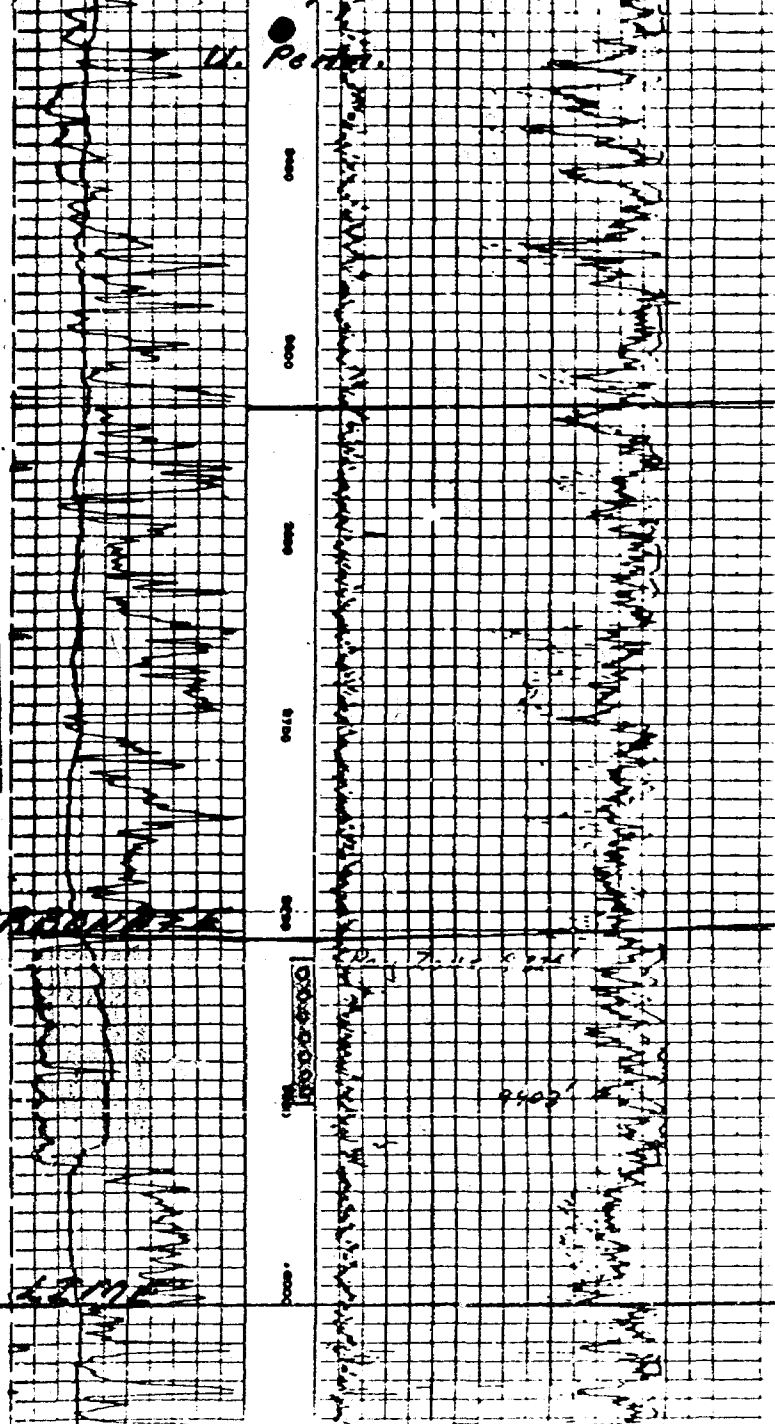
Sec. 13, T18S, R28E

U. P. 111

EXHIBIT  
STRATIGRAPH

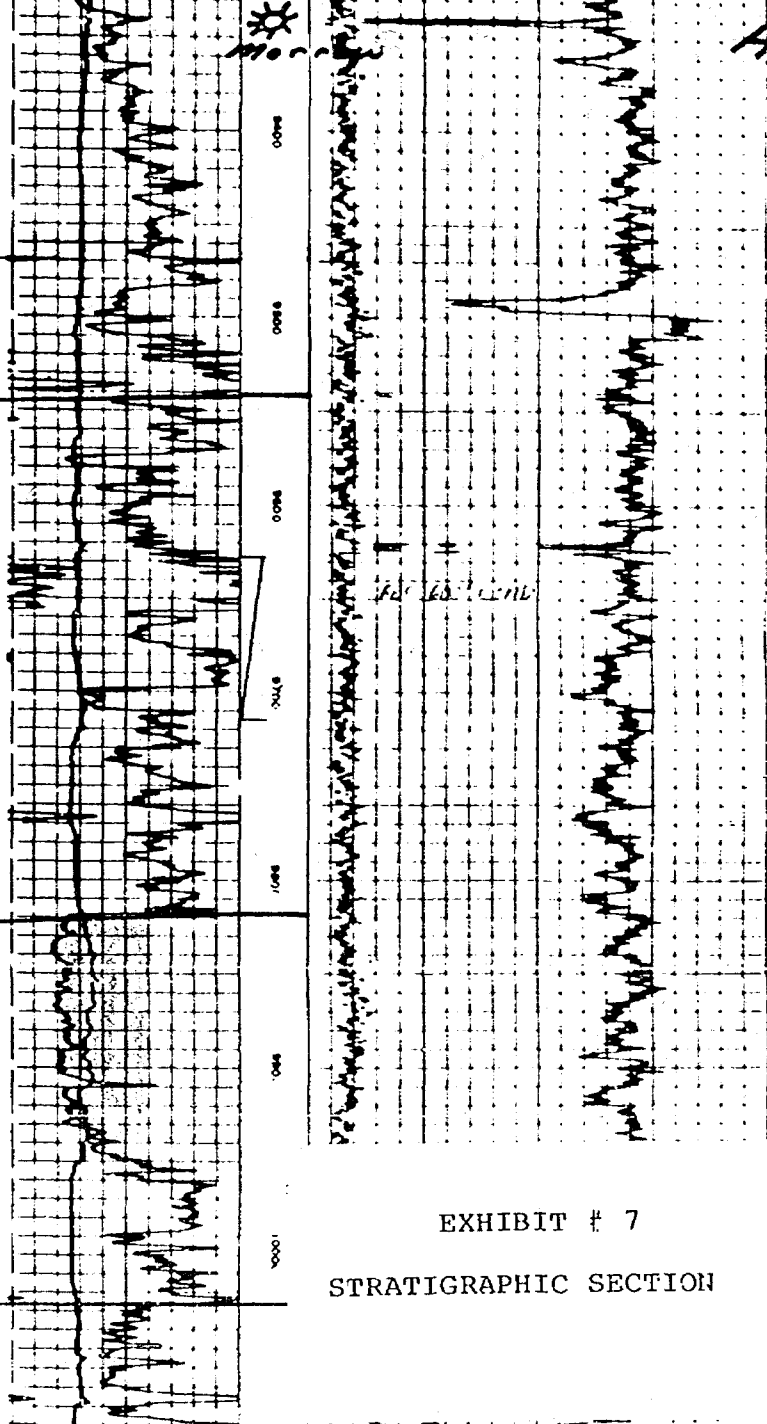
H. YATES TRAVIS DEEP #2  
 Sec. 13, T18S R28E

U. Porter



H. YATES TRAVIS DEEP #3  
 Sec. 13, T18S R28E

No. 1

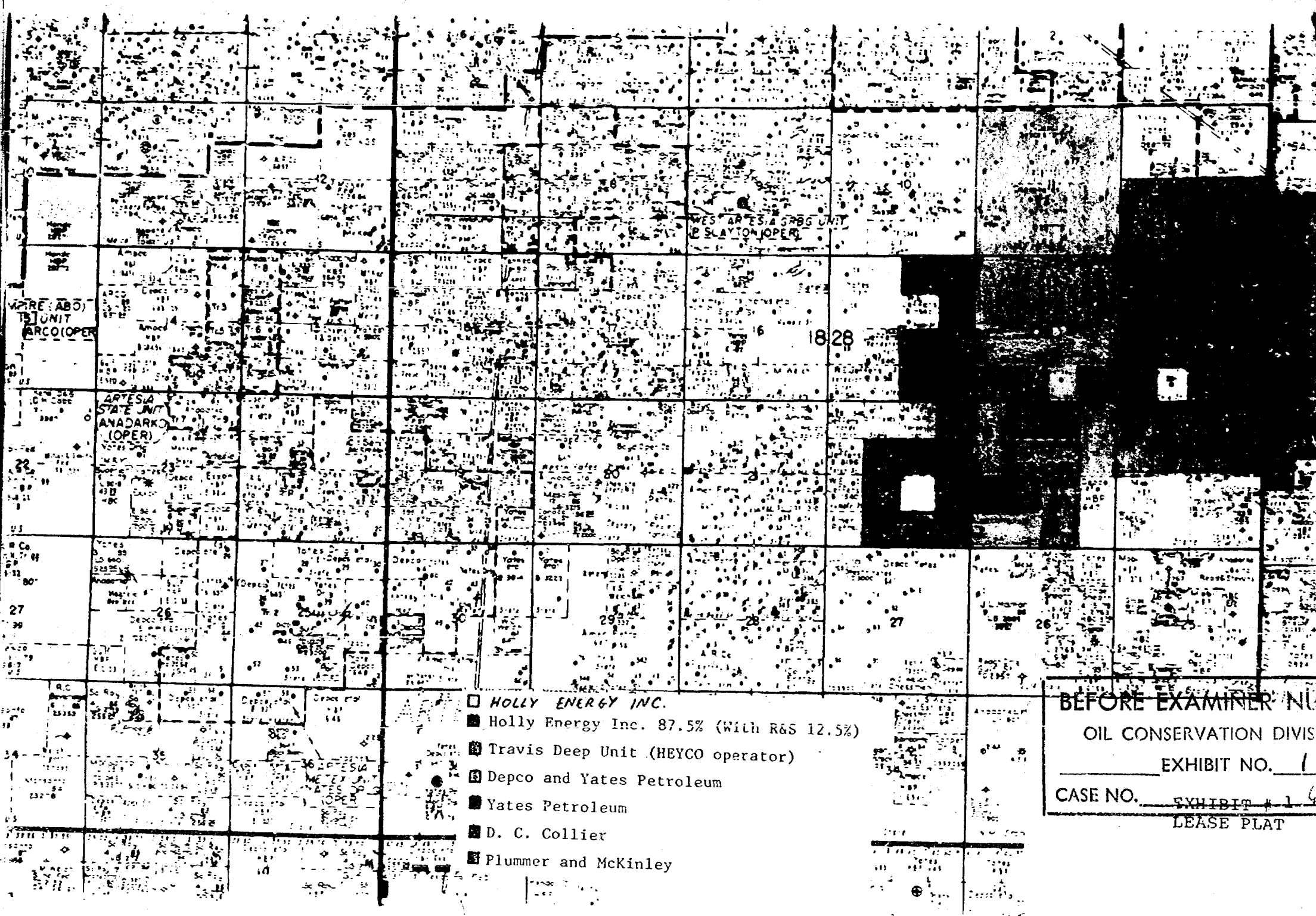


ER NUTTER  
 ON DIVISION  
 NO. 7  
 57

PENN. CARBONATE

STRAWN LINE

EXHIBIT # 7  
 STRATIGRAPHIC SECTION

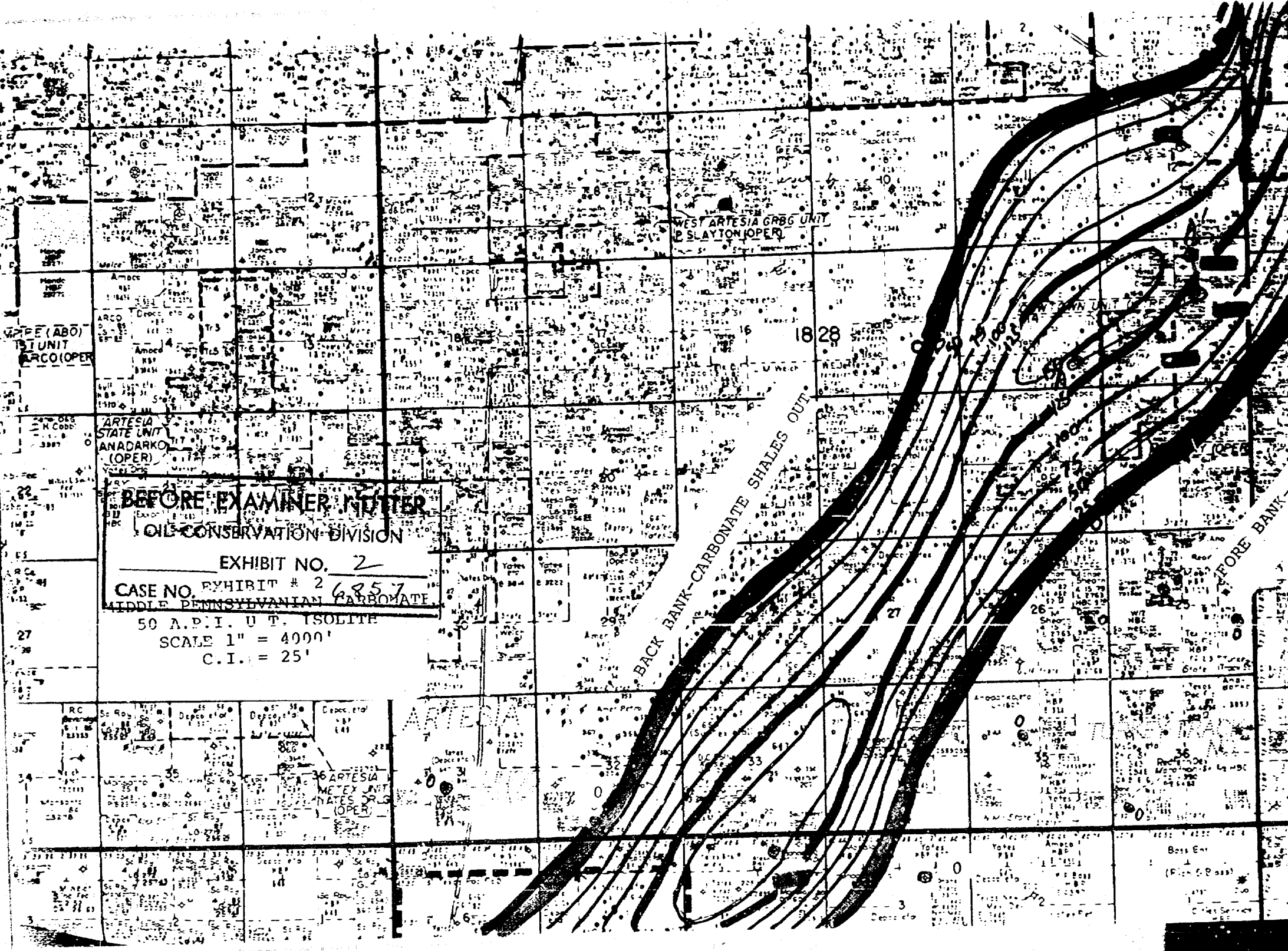


- ☐ HOLLY ENERGY INC.
- ☒ Holly Energy Inc. 87.5% (With R&S 12.5%)
- ☒ Travis Deep Unit (HEYCO operator)
- ☒ Depco and Yates Petroleum
- ☒ Yates Petroleum
- ☒ D. C. Collier
- ☒ Plummer and McKinley

BEFORE EXAMINER: NU  
OIL CONSERVATION DIVIS.  
EXHIBIT NO. 1  
CASE NO. EXHIBIT # 1  
LEASE PLAT

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 1  
CASE NO. EXHIBIT # 1 6857  
LEASE PLAT



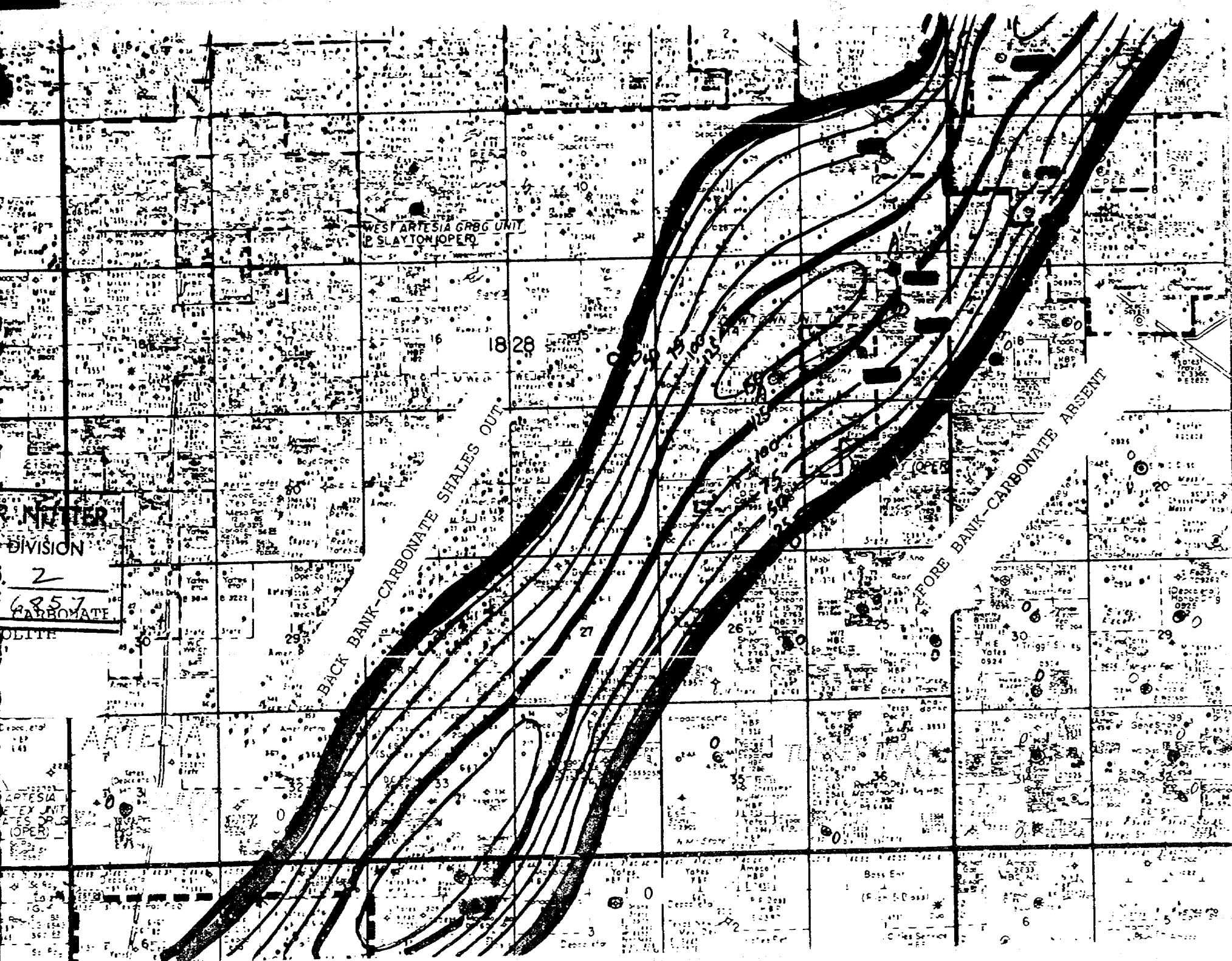


BEFORE EXAMINER, NUTTER  
OIL CONSERVATION DIVISION

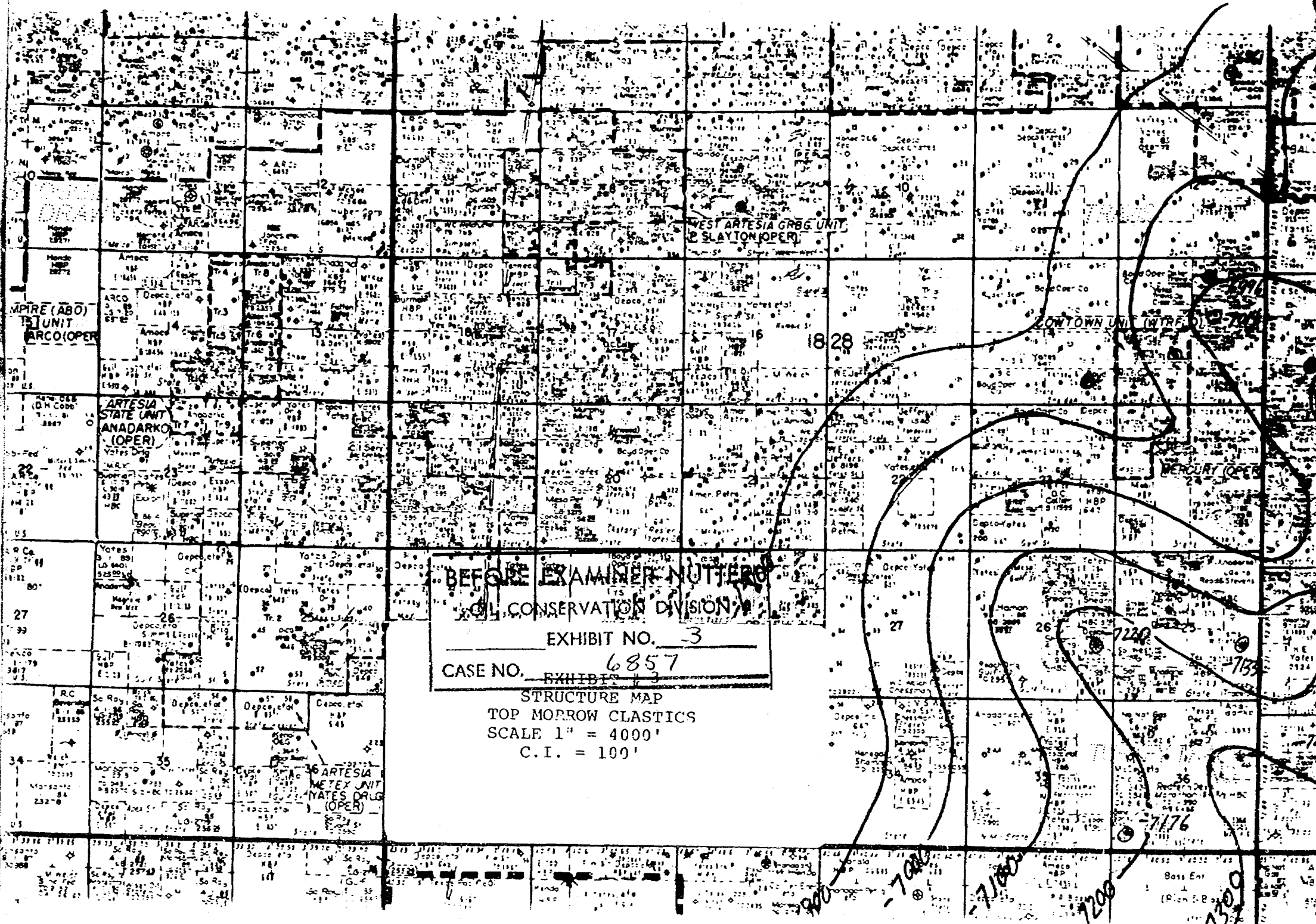
EXHIBIT NO. 2  
CASE NO. EXHIBIT # 2 6857  
MIDDLE PENNSYLVANIAN CARBONATE  
50 A.P.I. U.T. ISOLITE  
SCALE 1" = 4000'  
C.I. = 25'

BACK BANK-CARBONATE SHALES OUT.

FORE BANK







BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 3  
CASE NO. 6857

STRUCTURE MAP  
TOP MORROW CLASTICS  
SCALE 1" = 4000'  
C.I. = 100'

WEST ARTESIA GRBG UNIT  
SLAYTON OPER.

LOWTOWN UNIT (WTRF)

MERCURY OPER.

BALLARC GRBG SA  
UNIT

-6978

-6972

-7001

-7007

-6996

-7004

-7170

-7220

-7155

-7239

-7235

-7292

-7176

-7300

-7300

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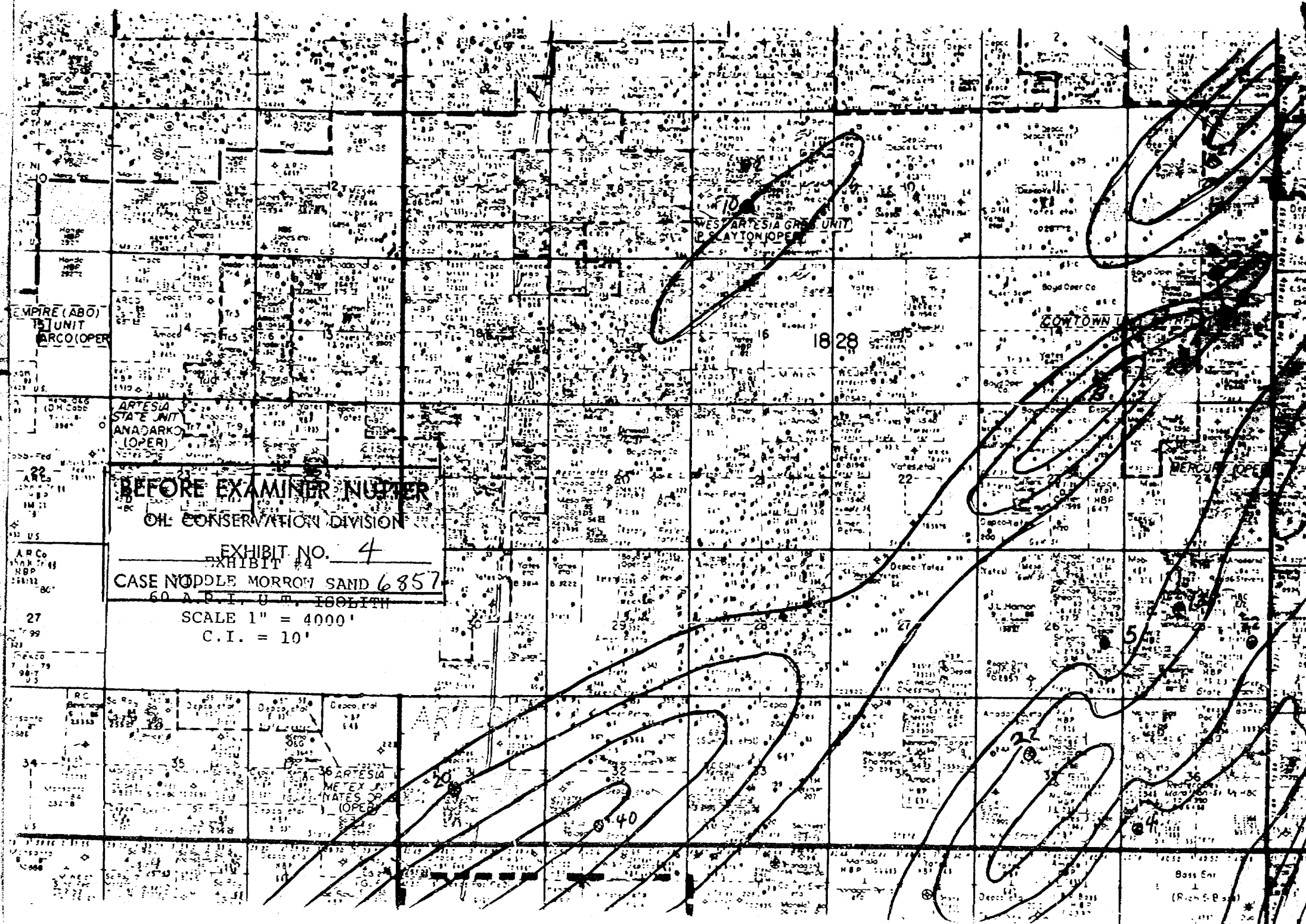
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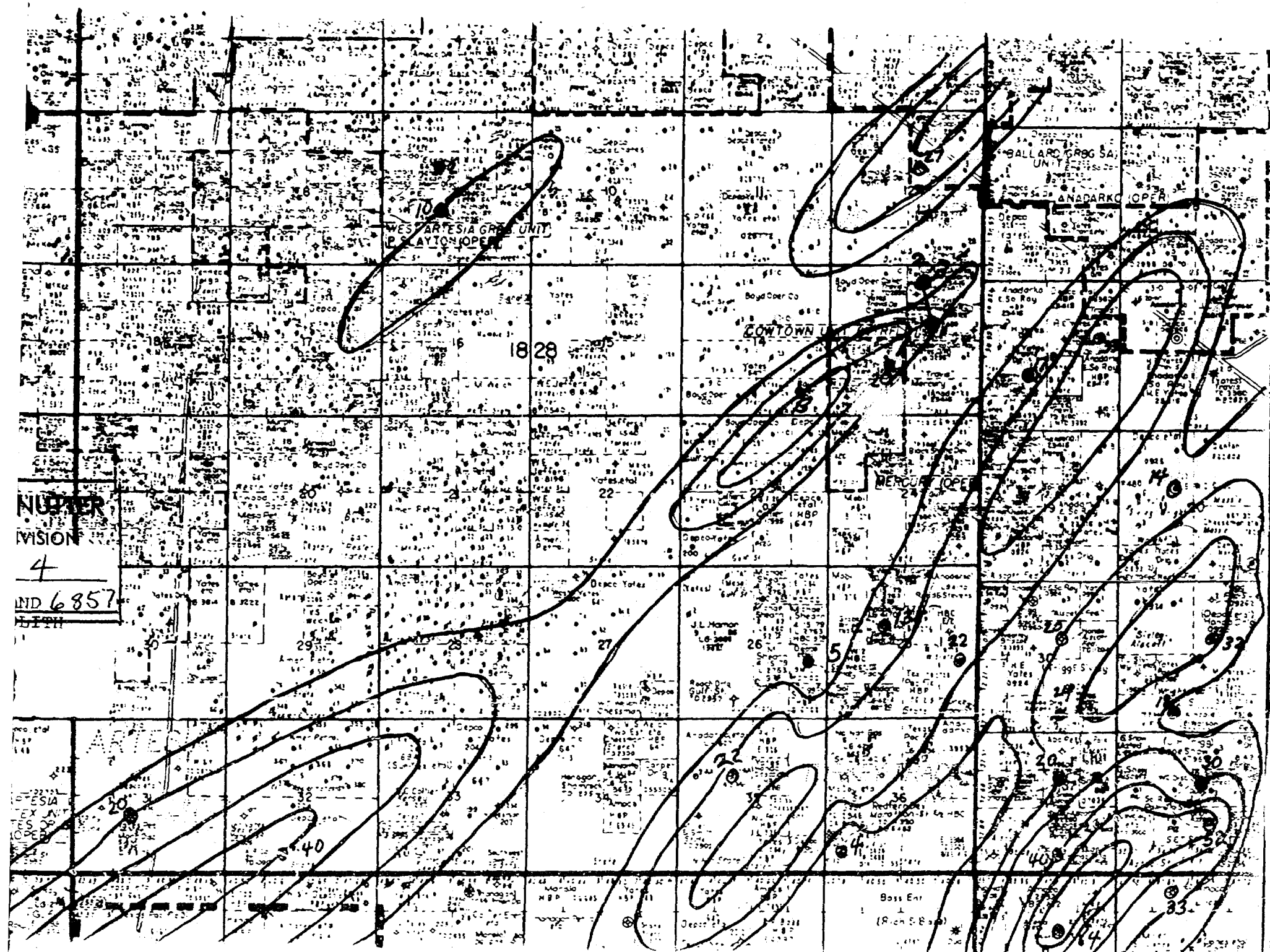
-7300

-7300

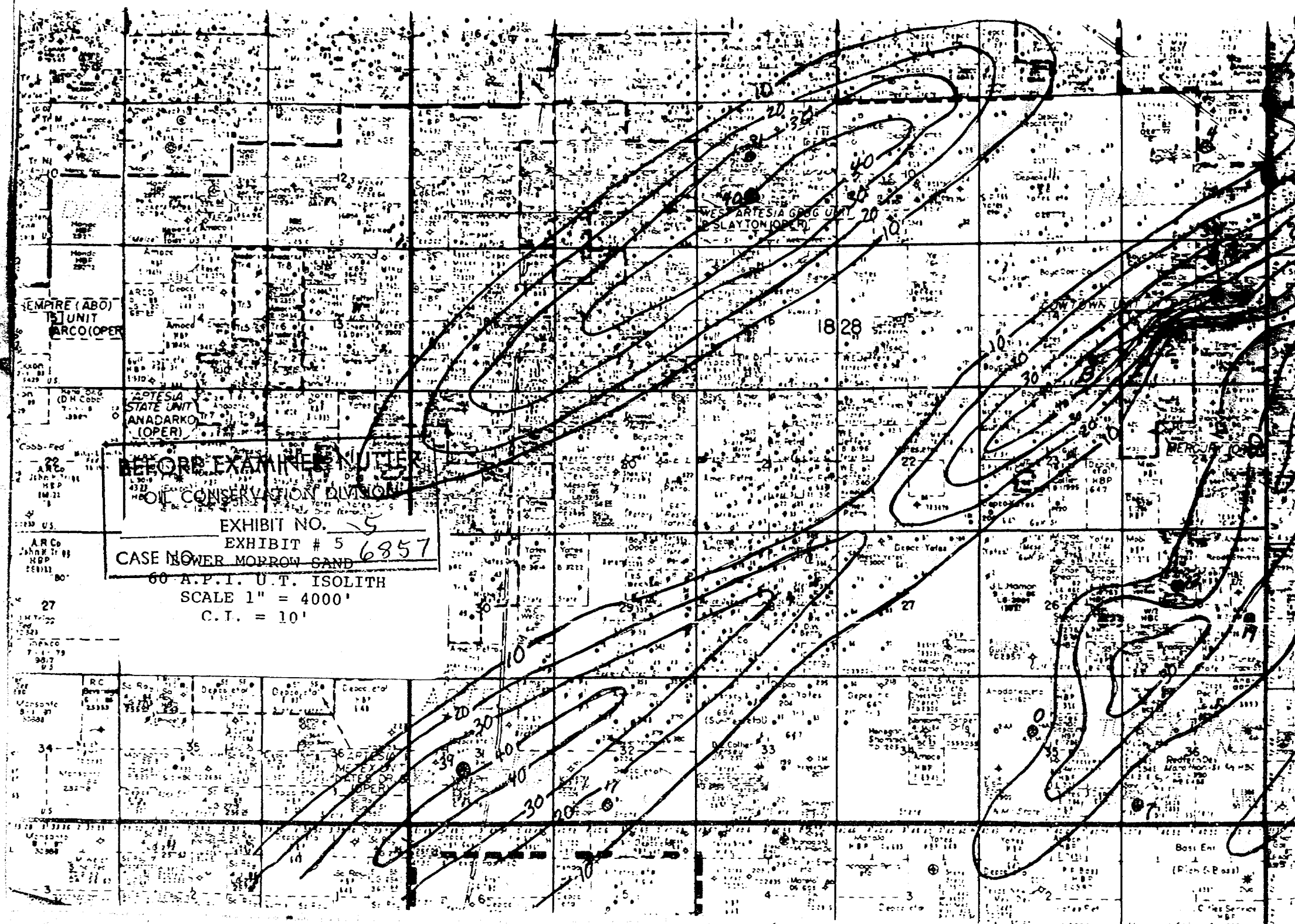
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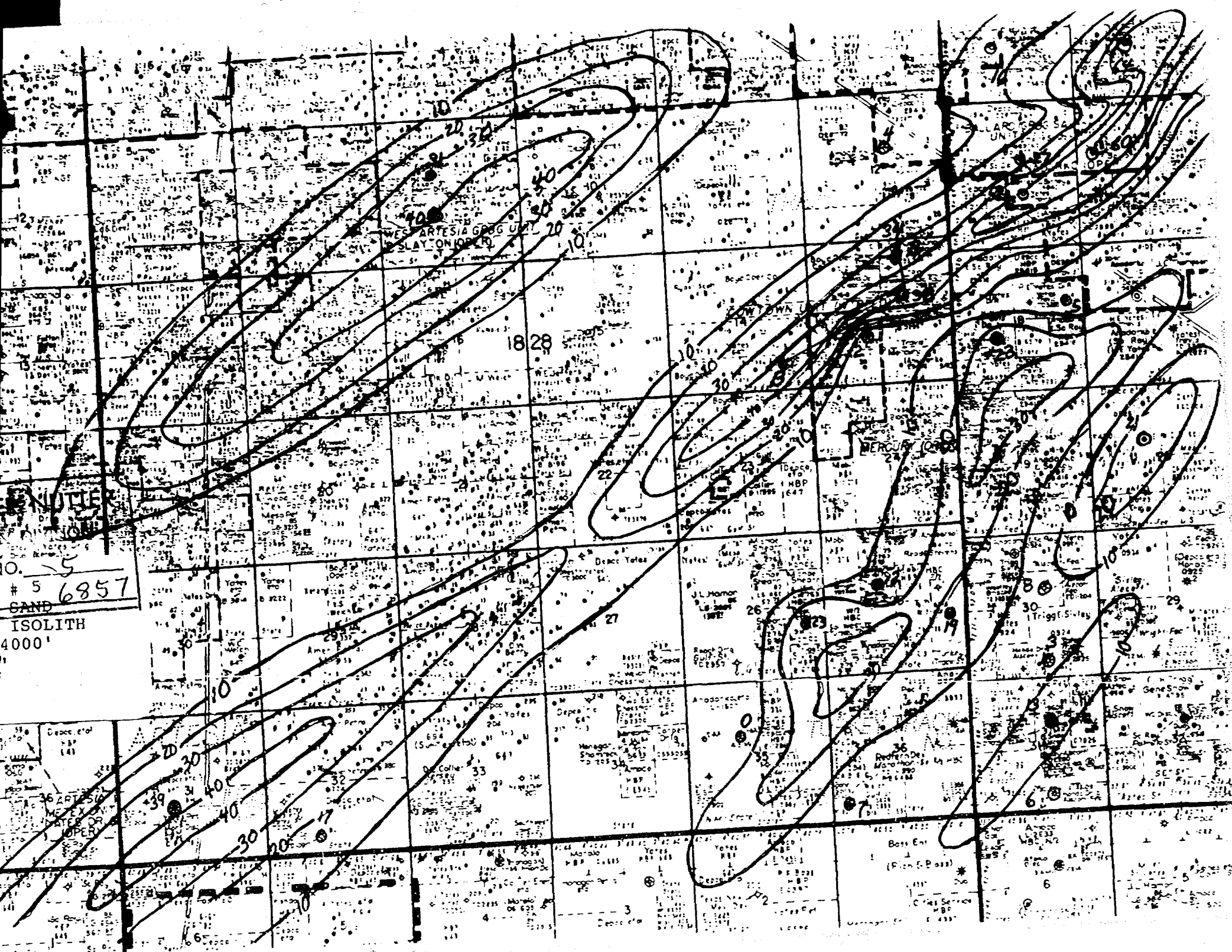






BEFORE EXAMINED BY  
OIL CONSERVATION DIVISION

EXHIBIT NO. 5  
EXHIBIT # 5  
CASE NO. 6857  
60 A.P.I. U.T. ISOLITH  
SCALE 1" = 4000'  
C.I. = 10'



B

PROPOSED  
LOCATION

H. YATES TRAVIS DEEP UNIT #2

H. YATES TRAVIS DP. UNIT #3

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

EXHIBIT NO. 6

CASE NO. 6857

DATUM:  
CHESTER L.S.

F.R. (GR)  
F.R. (CALIPER)

F.R. (GR)  
F.R. (CALIPER)

GAUGE 254

BULK DENSITY GRAMS CC

MIDDLE MORROW

LOWER MORROW

EXHIBIT # 6  
STRATIGRAPHIC SECTION  
MORROW SANDS

H. YATES TRAVIS DEEP UNIT #2

H. YATES TRAVIS DP. UNIT #3 B1

EXAMINER NUTTER  
 OBSERVATION DIVISION  
 EXHIBIT NO. 6  
 6857

TUM:  
 TER L.S.

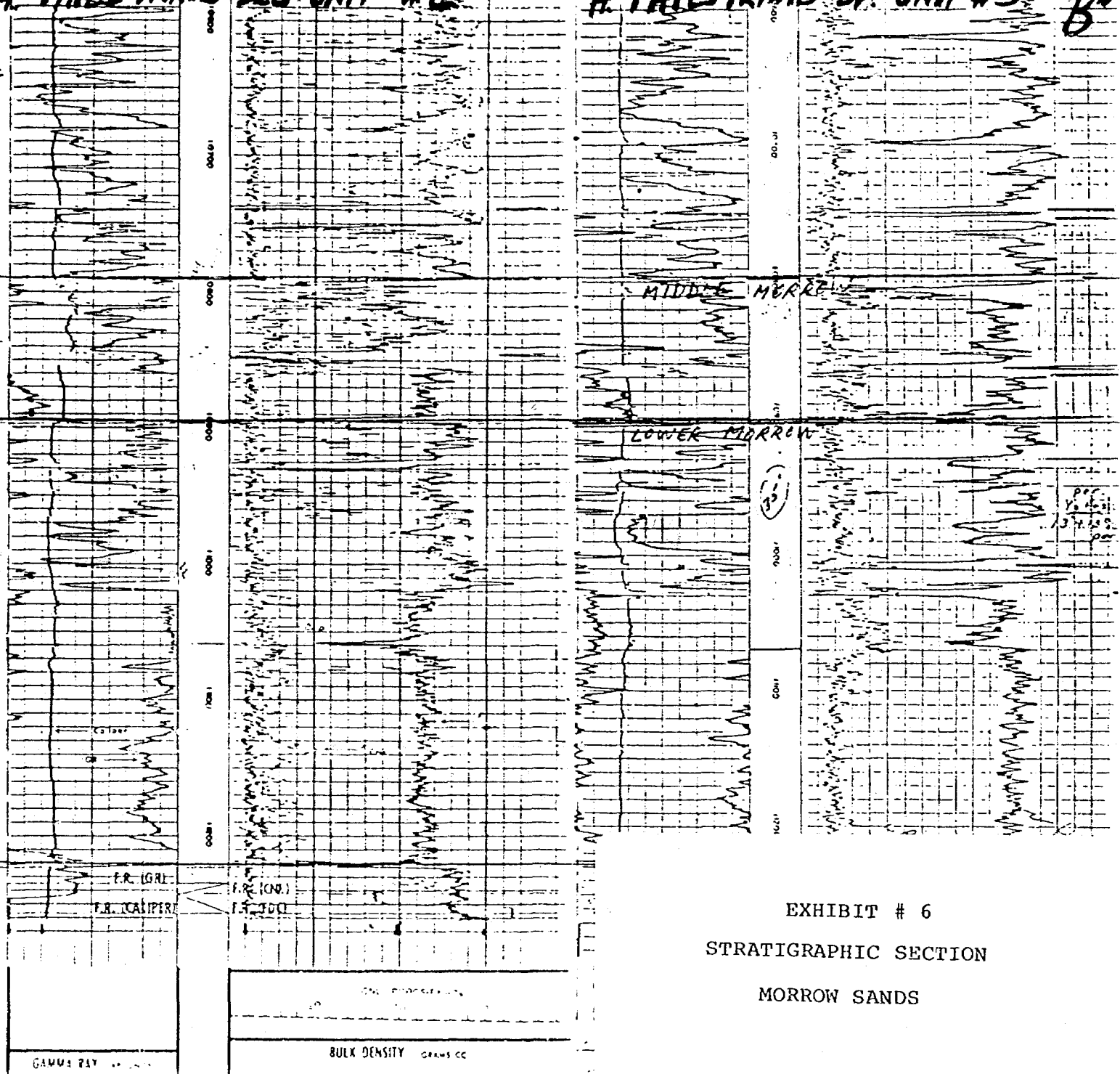


EXHIBIT # 6  
 STRATIGRAPHIC SECTION  
 MORROW SANDS



PROPOSED  
LOCATION  
Sec. 14, T18S, R28E

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

EXHIBIT NO. 7

CASE NO. 6857

MIDDLE PENN. CARBONIFEROUS

DATUM: STRAWN LINE

H. YATES TRAVIS DEED #2

Sec. 13, T18S, R28E

U. P. 11.0

H. YATES TRAVIS DEED #2

Sec. 13, T18S, R28E

U. P. 11.0

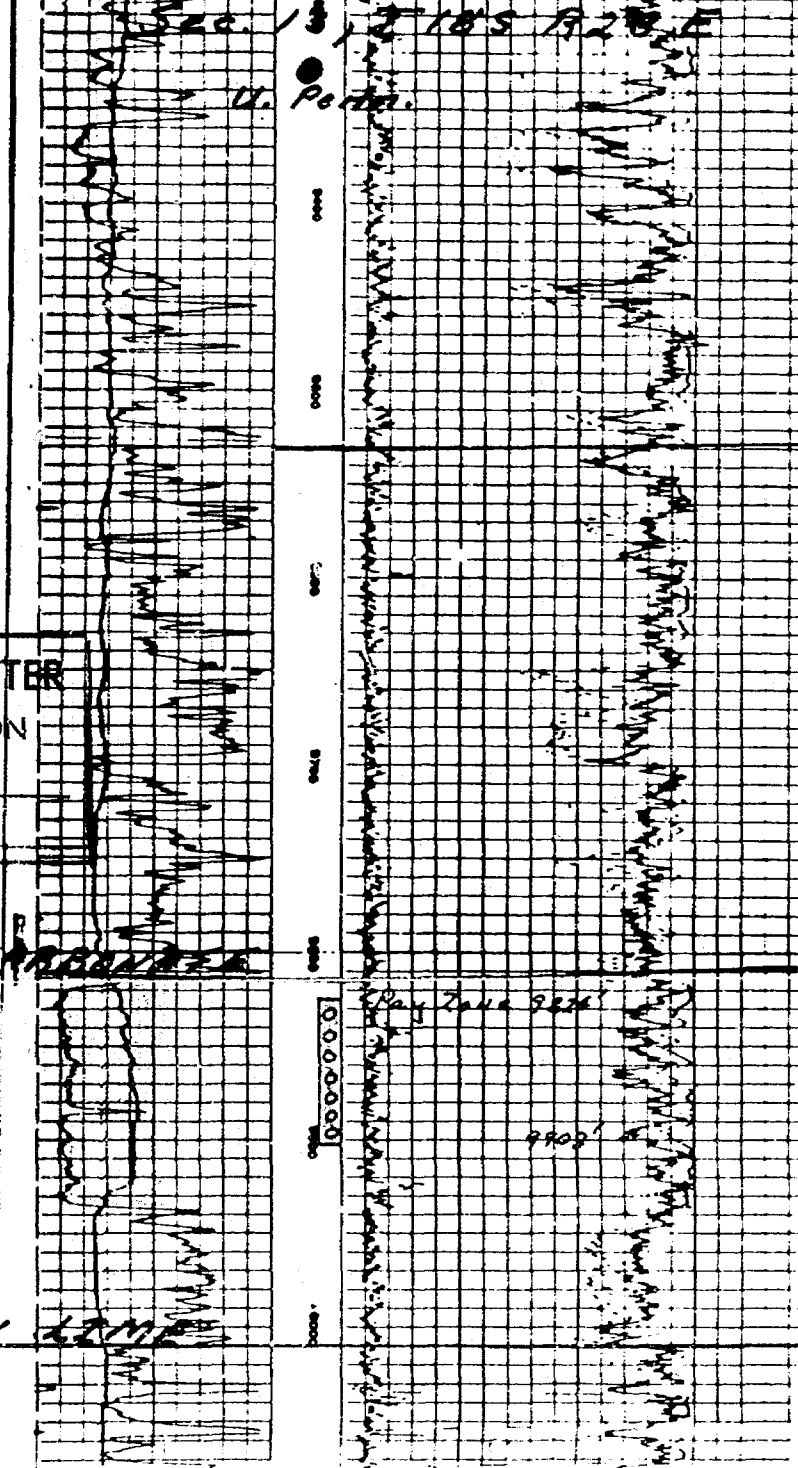
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H. YATES TRAVIS DEEP #2

Sec. 13, T18S R28E

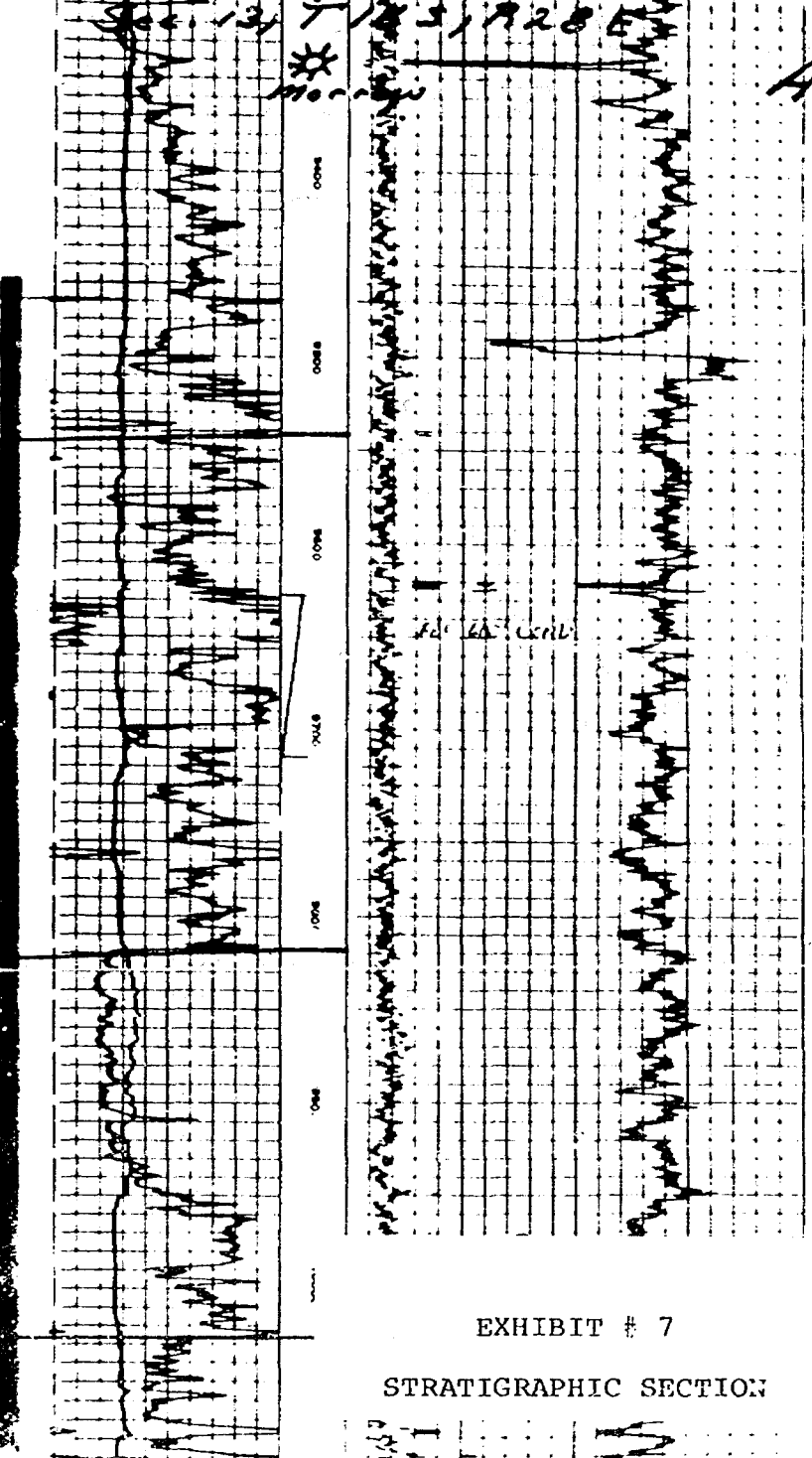
U. P. M.



H. YATES TRAVIS DEEP #3

Sec. 13, T18S R28E

U. P. M.



EXAMINER NUTTER

SERVATION DIVISION

EXHIBIT NO. 7

6857

E. PENN. CARBONATE

STRAW LINE

EXHIBIT # 7

STRATIGRAPHIC SECTION



ENERGY, INC.

Phone: 505-746-6161

P. O. Box 726

Artesia, N. M. 88210

RECEIVED

March 11, 1980

MAR 18 1980

O. C. D.  
ARTESIA, OFFICE

Mr. Joe D. Ramey  
Secretary-Director  
Department of Energy and Minerals  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Attention; Mr. Joe D. Ramey

RE: Non-Standard Gas Well Location  
Sec. 14, T-18S, R-28E  
Eddy County, New Mexico  
State 14-1

*Case 6857*

Gentlemen:

Holly Energy Inc. respectfully requests that a hearing be called to consider Holly's application for a permit to drill State 14-1 at a non-standard location which will require an exception to Paragraph C-II of Rule 104, New Mexico Oil Conservation Commission Rules and Regulations.

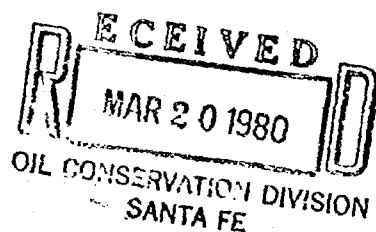
The requested location is 660 feet FSL and 990 feet FEL of Section 14. T-18S, R-28E. Rule 104, Paragraph C-II requires that a well will be not closer than 1980 feet to the nearest end boundary.

The proposed well is projected to a depth of 11,200' feet to test the gas reservoirs to a depth sufficient to test the Morrow.

Yours truly,

*Robert Loyd*

Robert Loyd  
Superintendent



# WELL LOCATION AND ACREAGE DEDICATION PLAT

Supervised by  
Effective 1-1-80

All distances must be from the outer boundaries of the Section

Operator: **Holly Energy, Inc.** Lease: **State 14**

Tract Letter: **P** Section: **14** Township: **1 South** Range: **2 East** County: **Holly**

Actual Footage Location of Well: **680** feet from **South** line and **990** feet from **East** line

Ground Level Elev.: **3539.5** Elevation of Surface: **Morrow** Undesignated **Morrow** Section: **320**

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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

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.

RECEIVED  
MAR 20 1980  
OIL CONSERVATION DIVISION  
SANTA FE

ST. 647 TR. 3A  
Arco, Depco  
Husky, Yates

St. 647 TR. -3  
Arco, Depco  
Husky, Yates

E 1287-6  
Holly  
Read & Stevens

B 11594-6  
Holly  
Read & Stevens

E 1287-4  
Holly

B-11594-6  
Holly  
Read & Stevens  
990

## CERTIFICATION

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

*Robert Loyd*

Robert Loyd

Superintendent

Holly Energy Inc.

March 19, 1980

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.

March 1, 1980

*John W. West*

JOHN W. WEST 676  
PATRICK A. ROMERO 6663  
RONALD J. EIDSON 3239

0 330 660 990 1320 1650 1980 2310 2640 2970 3300

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. 6857

ORDER NO. R- 6347

APPLICATION OF HOLLY ENERGY, INC.

FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 7 ~~April 9~~,  
19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.  
NOW, on this May day of April, 19 80, 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, Holly Energy, Inc.,  
~~for~~ its State 14 Well No. 1 to be drilled  
seeks approval of an unorthodox gas well location/ 660  
feet from the South line and 990 feet from the  
East line of Section 14, Township 18 South  
Range 28 East, NMPM, to test the Morrow  
formation, Pool Eddy  
County, New Mexico.

(3) That the E/2 of said Section 14 is to be  
dedicated to the well.

(4) That a well at said unorthodox location will better  
enable applicant to produce the gas underlying the proration unit.

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

*accolage.  
dedication  
amended &  
reauthorized  
originally 3/2 of Sec 14  
now E/2 of section*

-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 gas 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 gas well location for the Morrow  
the Holly Energy, Inc. State 14 Well No. 1 to be drilled  
formation is hereby approved for ~~location to be located~~ at a point 229x 660  
feet from the South line and 990 feet from the East  
line of Section 14, Township 18 South, Range 28 East  
NMPM, Pool, Eddy County,  
New Mexico.

(2) That the A/2 of said Section 14 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.

CASE 6841: (Continued from March 26, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yaso formation underlying two 40-acre proration units, the first being the SE/4 SE/4 and the second being the SW/4 SE/4 of Section 6, Township 19 South, Range 25 East, Penasco Draw Field, each 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 wells 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 wells and a charge for risk involved in drilling said wells.

CASE 6858: Application of H. L. Brown, Jr. for gas well commingling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Bluit-Wolfcamp gas and condensate production from ten federal wells located as follows: Units K and P of Section 33 and L of 34, Township 7 South, Range 37 East; Units D and L of Section 3, C and J of 4, I of 5, C of 9 and G of 10; and one fee well in D of 10, all in Township 8 South, Range 37 East. Applicant would separate and meter the gas and condensate production from each well, then recombine the well's stream and commingle all wells into a small gasoline plant. Allocation of gas and condensate to each well would be on the basis of wellhead meter readings and allocation of gasoline plant production would be on the basis of gas production and BTU content at each well.

CASE 6859: Application of R & G Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1890 feet from the North line and 1830 feet from the East line of Section 28, Township 28 North, Range 11 West, Kutz-Fruitland Pool, the NE/4 of said Section 28 to be dedicated to the well.

CASE 6860: Application of Flag-Redfern Oil Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit P of Section 3, Township 19 South, Range 31 East.

CASE 6861: Application of Zia Energy, Inc. for pool creation, special pool rules, and an WCPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres oil pool for its State "C" Well No. 1 located in Unit F of Section 17, Township 22 South, Range 37 East, and special rules therefor, including a provision for a limiting gas-oil ratio of 10,000 to 1. Applicant further seeks a new onshore reservoir determination for said State "C" Well No. 1.

CASE 6837: (Continued from March 26, 1980, Examiner Hearing)

Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, 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 6862: Application of ARCO Oil and Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 157 "D" Well No. 11 drilled 2123 feet from the South line and 1644 feet from the East line of Section 12, Township 22 South, Range 36 East, Drinkard Pool, the NW/4 SE/4 of said Section 12 to be dedicated to the well.

CASE 6863: Application of Bass Enterprises Production Co. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Big Eddy Unit Well No. 72 located in Unit R of Section 3, Township 21 South, Range 28 East, to produce undesignated Atoka and Morrow gas thru parallel strings of tubing.

CASE 6864: Application of Grace Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Smith Ranch Well No. 11, to be drilled 1980 feet from the North line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East, Teas-Penn Gas Pool, the N/2 of said Section 11 to be dedicated to the well.

Dockets Nos. 12-80 and 13-80 are tentatively set for April 23 and May 7, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 9, 1980

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:

- CASE 6850: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Jack F. Grimm, N. B. Hunt, George R. Brown, Am-Arctic, Ltd., The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Mobil J2 Well No. 1 located in Unit D of Section 32, Township 25 South, Range 1 East, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6851: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS as promulgated by Division Order No. R-5878 and amended by R-5878-A. The proposed amendments would make said SPECIAL RULES conform to FERC Order No. 65 which promulgated final regulations implementing filing requirements of the Natural Gas Policy Act of 1978.
- CASE 6852: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider special rules and procedures for the designation of "tight formations" or "tight sands" as outlined in the FERC interim rules and regulations issued February 20, 1980, relating to Section 107(b) of the Natural Gas Policy Act of 1978.
- CASE 6853: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cha Cha Gallup Pool underlying the N/2 NE/4 of Section 18, Township 29 North, Range 14 West, 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 6854: Application of Jack A. Cole for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Apache Hills Well No. 6, 1326 feet from the North line and 1843 feet from the West line of Section 17, Township 23 North, Range 3 West, Ballard-Pictured Cliffs Pool, the NW/4 of said Section 17 to be dedicated to the well.
- CASE 6841: (Continued from March 26, 1980, Examiner Hearing)
- Application of CIG Exploration, Inc. for two non-standard gas proration units, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units in Township 16 South, Range 28 East, the first being 219.6 acres comprising Lots 1 thru 8 of Section 1 and the second being 219.92 acres comprising Lots 1 thru 8 of Section 2, for the Wolfcamp, Pennsylvanian, and Mississippian formations, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6855: Application of Dome Petroleum Corporation for an unorthodox well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Santa Fe 2 well No. 1 to be drilled 1220 feet from the North line and 900 feet from the West line of Section 3, Township 21 North, Range 10 West.
- CASE 6856: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry, Tubb-Drinkard, and Fusselman production in the wellbore of its C. C. Fristoe "B" Federal NCT-2 Well No. 6 located in Unit H of Section 34, Township 24 South, Range 37 East, Justis Field.
- CASE 6857: Application of Holly Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 14 Well No. 1, a Morrow test to be drilled 660 feet from the South line and 990 feet from the East line of Section 14, Township 18 South, Range 28 East, the S/2 of said Section 14 to be dedicated to the well.



**CASE 6846: (Amended)**

In the matter of Case No. 6846 being amended to reflect that the location for the unorthodox location of the well on the second unit is 330 feet from the North line and 2310 feet from the East line of Section 13, Township 21 South, Range 36 East, Lea County.

**CASE 6846: (Continued from March 26, 1980, Examiner Hearing)**

Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying two 80-acre non-standard gas proration units, the first being the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13, and the second being the N/2 NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13. Also to be considered will be the cost of drilling and completing said wells 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 wells and a charge for risk involved in drilling said wells.

**CASE 6865:** Application of Getty Oil Company to reopen Case No. 6608, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to reopen Case No. 6608 for consideration of the establishment of maximum efficient rates of withdrawal from the Grama Ridge-Wolfcamp Gas Pool.

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Docket No. 10-80

**DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 16, 1980**

8:45 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:

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for May, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for May, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

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Docket No. 11-80

**DOCKET: COMMISSION HEARING - WEDNESDAY - APRIL 16, 1980**

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

**CASE 6609: (DE NOVO) (Continued from March 11, 1980, Commission Hearing)**

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 0 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. Applicants allege this is not an "oil" pool but is a "volatile" oil pool.