

CASE 6941: ELLWADE CORPORATION FOR A
NON-STANDARD GAS PRORATION UNIT, EDDY
COUNTY, NEW MEXICO

CASE NO.

6941

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

July 23, 1980

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

Re: CASE NO. 6941
ORDER NO. R-6399

Applicant:

Ellwade Corporation

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. 6941
Order No. R-6399

APPLICATION OF ELLWADE CORPORATION
FOR A NON-STANDARD GAS PRORATION
UNIT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 25, 1980,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of July, 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, Ellwade Corporation, seeks approval
of a 129.52-acre non-standard gas proration unit comprising the
W/2 of partial Section 33, Township 26 South, Range 30 East,
NMPM, Eddy County, New Mexico, to be dedicated to its Ross Draw
Well No. 1, to be located in Unit C of said Section 33.

(3) That the entire non-standard proration unit may reason-
ably be presumed productive of gas from the Ross Draw-Wolfcamp
Gas Pool and that the entire non-standard gas proration unit can
be efficiently and economically drained and developed by the
aforesaid well.

(4) That approval of the subject application will afford
the applicant the opportunity to produce his just and equitable
share of the gas in the Ross Draw-Wolfcamp Gas Pool, will prevent
the economic loss caused by the drilling of unnecessary wells,
avoid the augmentation of risk arising from the drilling of an

-2-

Case No. 6941

Order No. R-6399

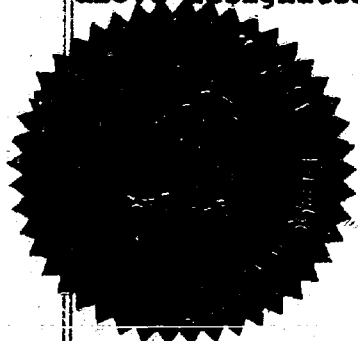
excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 129.52-acre non-standard gas proration unit in the Ross Draw-Wolfcamp Gas Pool comprising the W/2 of partial Section 33, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to its Ross Draw Well No. 1, to be located in Unit C of said Section 33.

(2) 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
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Ellwade Corporation for) CASE
a non-standard gas proration unit,) 6941
Eddy County, New Mexico.)

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.
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I N D E X

JOHN CASTLE

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stamets	10

E X H I B I T S

Applicant Exhibit One, Plat	4
Applicant Exhibit Two, Contour Map	8
Applicant Exhibit Three, Contour Map	9

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1 MR. STAMETS: We'll call at this time
 2 Case 6941.

3 MR. PADILLA: Application of Ellwade
 4 Corporation for a non-standard gas proration unit, Eddy County,
 5 New Mexico.

6 MR. KELLAHIN: I'm Tom Kellahin of Santa
 7 Fe, New Mexico, appearing on behalf of the applicant, and I
 8 have one witness.

9
 10 (Witness sworn.)

11
 12 JOHN CASTLE
 13 being called as a witness and having been duly sworn upon
 14 his oath, testified as follows, to-wit:

15
 16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Would you please state your name and your
 19 occupation?

20 A My name is John Castle. I'm a geologist;
 21 owner of Ellwade Corporation, from Midland, Texas.

22 Q And, Mr. Castle, have you previously
 23 testified before the Division and had your qualifications as
 24 a geologist accepted and made a matter of record?

25 A Yes, sir, I have.

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1 Q And on behalf of the applicant have you
2 made a study of and are you familiar with the facts surrounding
3 this application?

4 A Yes, I am.

5 MR. KELLAHIN: We tender Mr. Castle as
6 an expert geologist.

7 MR. STAMETS: He is considered qualified.

8 Q Mr. Castle, would you turn to what we
9 have marked as Exhibit Number One, identify that for us, and
10 explain to the Examiner what you're seeking to accomplish?

11 A Exhibit Number One is an ownership plat.
12 It shows the owners of the mineral interest in the area, the
13 oil and gas leases, the wells which have been drilled in the
14 immediate area, and by the heavy dashed line it shows units
15 in the immediate area, or portions of units, and outlined or
16 colored in yellow is Ellwade's proposed non-standard gas unit.

17 Q Would you identify for the Examiner the
18 area involved in the plat with specific reference to the
19 acreage to the south of your acreage, and then that north of
20 the acreage?

21 This is the New Mexico/Texas line, is it
22 not?

23 A Yes. The line is immediately south of
24 Ellwade's proposed non-standard unit, and south of the state
25 line, which is Texas, the lease ownership is owned by H. L.

1 Brown, Junior.

2 North of Ellwade's proposed unit is
3 acreage owned by J. C. Williamson, D. W. Underwood, Estoril
4 Corporation, Florida Exploration Company.

5 Q As a result of the New Mexico/Texas line
6 and the various surveys, there is a band of sections that are
7 all less than 640 acres, are there not?

8 A Yes, on the New Mexico side of the state
9 line the sections are half sections.

10 Q You propose to drill a well and dedicate
11 the west half of Section 33 to it?

12 A Yes.

13 Q And that will be a test of what formation,
14 Mr. Castle?

15 A We intend to test the Wolfcamp formation
16 at approximately 12,200 feet.

17 Q What is the proposed location for that
18 well?

19 A It will be a standard location 1980 from
20 the west, 660 from the north, of Section 33, 26 South, 30
21 East.

22 Q Now a standard sized spacing unit for the
23 Wolfcamp formation is how many acres?

24 A 320 acres.

25 Q Is there available to you any acreage

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1 contiguous with your acreage from which you could form a
2 standard proration unit for Wolfcamp production?

3 A No, as a result of Order R-6270, giving
4 Florida Exploration a non-standard gas unit immediately east,
5 it has left Ellwade with 89.52 acres with no place to go with
6 it.

7 MR. KELLAHIN: If the Examiner please,
8 we've furnished you with a copy not as an exhibit but as --
9 simply for your information, of the Florida Exploration Com-
10 pany order, R-6270.

11 Q Now, Mr. Castle, did you appear in oppo-
12 sition to Florida Exploration in that case?

13 A Yes, I opposed that unit because it would
14 leave Ellwade with not enough acreage to drill a Wolfcamp
15 well on, and I suggested at that time that Florida Explora-
16 tion make a non-standard unit out of Section 34, and then
17 Ellwade would make a non-standard unit out of all of Section
18 33.

19 And since that time, since the order was
20 approved, since the order approved Florida's non-standard
21 unit, I have acquired from Florida the northwest northwest,
22 the 40 acres in Section 33 for a well to be drilled in the
23 west half of Section 33.

24 Q Is it possible for you, Mr. Castle, to
25 include acreage to the west of your acreage in order to form

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1 a unit of -- more closely approximating a standard size unit?

2 A No, as I testified in the hearing before,
3 acres in Section 32 immediately west, have been committed to
4 a unit, being composed and put together at this time by Amoco,
5 as it was back then during their hearing, and that acreage
6 in Section 32, which I own, has been dedicated to that unit.
7 Amoco does not want this acreage I have to the east in the
8 unit.

9 Q Would you describe generally for the
10 Examiner what acreage is included in the Amoco unit?

11 A In this Exhibit One the heavy dashed
12 outlined acreage immediately west of Ellwade's proposed unit
13 is Amoco's proposed unit.

14 Q That would be Sections 32, 31, 30, 29?

15 A Yes. That would be Sections 19 and 20,
16 29, 30, 25, 32, 31, and 36, as outlined on the plat.

17 Q If the Commission approves your proposed
18 non-standard proration unit, would this be the last non-
19 standard proration unit necessary because of the configura-
20 tions of these sections?

21 A Yes, I believe it would.

22 Q The development of any other acreage in
23 the area for Wolfcamp production then could be on a standard
24 proration basis of 320 acres?

25 A Yes, or not -- not cross a section line.

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1 Q All right. Would you refer to Exhibit
2 Number Two and identify that?

3 A Exhibit Number Two is a subsurface map
4 contoured on top of the Delaware Lime formation at approxi-
5 mately 3500 feet. It shows subsurface in the immediate area
6 of Ellwade's proposed non-standard proration unit and the
7 wells in the area, the wells being color coded as to the zones
8 from which they produce.

9 Q All right. And would you refer to Exhibit
10 Number Three?

11 A Exhibit Number Three is contoured on the
12 Wolfcamp Lime, being the pay -- the upper pay zone in the
13 Wolfcamp. Ellwade's proposed unit being again colored in
14 yellow and the wells having the same color code as Exhibit
15 Two.

16 Q In your opinion, Mr. Castle, does the pro-
17 posed non-standard proration unit constitute a logical con-
18 figuration for a non-standard proration unit from which to
19 obtain Wolfcamp production?

20 A Yes, it does.

21 Q And in the event this application is not
22 approved, what would happen to your acreage?

23 A If the application is not approved, there
24 is nothing I can do with the acreage of which Ellwade has
25 something more than \$27,000 invested in the acreage, with

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1 nothing to do with it.

2 Q In your opinion is the proposed non-
3 standard proration unit reasonably productive from the Wolf-
4 camp formation?

5 A Yes. As Exhibit Number Three shows, the
6 Wolfcamp production is immediately south, southeast, east,
7 and northeast, and I might mention Florida Exploration's
8 well on their non-standard unit immediately east is presently
9 drilling in the Wolfcamp formation and has already tested
10 gas in this upper pay zone on which Exhibit Number Three is
11 contoured.

12 Q In the event this application is not ap-
13 proved, Mr. Castle, will your acreage be subject to drainage
14 by offset operators?

15 A Yes, it will.

16 Q Were Exhibits One, Two, and Three prepared
17 by you or compiled under your direction and supervision?

18 A Yes.

19 Q In your opinion will approval of this
20 application be in the best interests of conservation, the
21 prevention of waste, and the protection of correlative rights?

22 A Yes.

23 MR. KELLAHIN: We move the introduction
24 of Exhibits One, Two, and Three.

25 MR. STAMETS: These exhibits will be ad-

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1 mitted.

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3

CROSS EXAMINATION

4

BY MR. STAMETS:

5

Q

Mr. Castle, have you contacted Amoco con-

6

cerning dedication of acreage in Section 32?

7

A

Yes.

8

Q

Who did you contact?

9

A

Mike Burkhart.

10

Q

What all --

11

A

In Houston.

12

Q

When was that?

13

A

Several times; most recently about a week

14

ago.

15

Q

And Amoco has no desire to join in with

16

your acreage for this well?

17

A

No. And I might also mention in Amoco's

18

proposed unit they intend to drill 1980 from the south and

19

west of Section 29 of 26 South, 30 East.

20

MR. STAMETS: Any other questions of the

21

witness?

22

MR. KELLAHIN: No, sir.

23

MR. STAMETS: He may be excused.

24

Anything further in this case? The case

25

will be taken under advisement.

C E R T I F I C A T E

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 CSR

SALLY W. BOYD, C.S.R.

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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. 6941
heard by me on 6-25 1950.
Richard L. Stamm, Examiner
Oil Conservation Division

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

EXAMINER HEARING

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BEFORE: Richard L. Stamets

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20 application be in the best interests of conservation, the
21 prevention of waste, and the protection of correlative rights?

22 A Yes.

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24 of Exhibits One, Two, and Three.

25 MR. STAMETS: These exhibits will be ad-

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Phone (505) 455-7409

1 mitted.

2

3

CROSS EXAMINATION

4

BY MR. STAMETS:

5

Q Mr. Castle, have you contacted Amoco concerning dedication of acreage in Section 32?

6

7

A Yes.

8

Q Who did you contact?

9

A Mike Burkhardt.

10

Q What all --

11

A In Houston.

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Q When was that?

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A Several times; most recently about a week

14

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20

MR. STAMETS: Any other questions of the

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witness?

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MR. KELLAHIN: No, sir.

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MR. STAMETS: He may be excused.

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Anything further in this case? The case

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will be taken under advisement.

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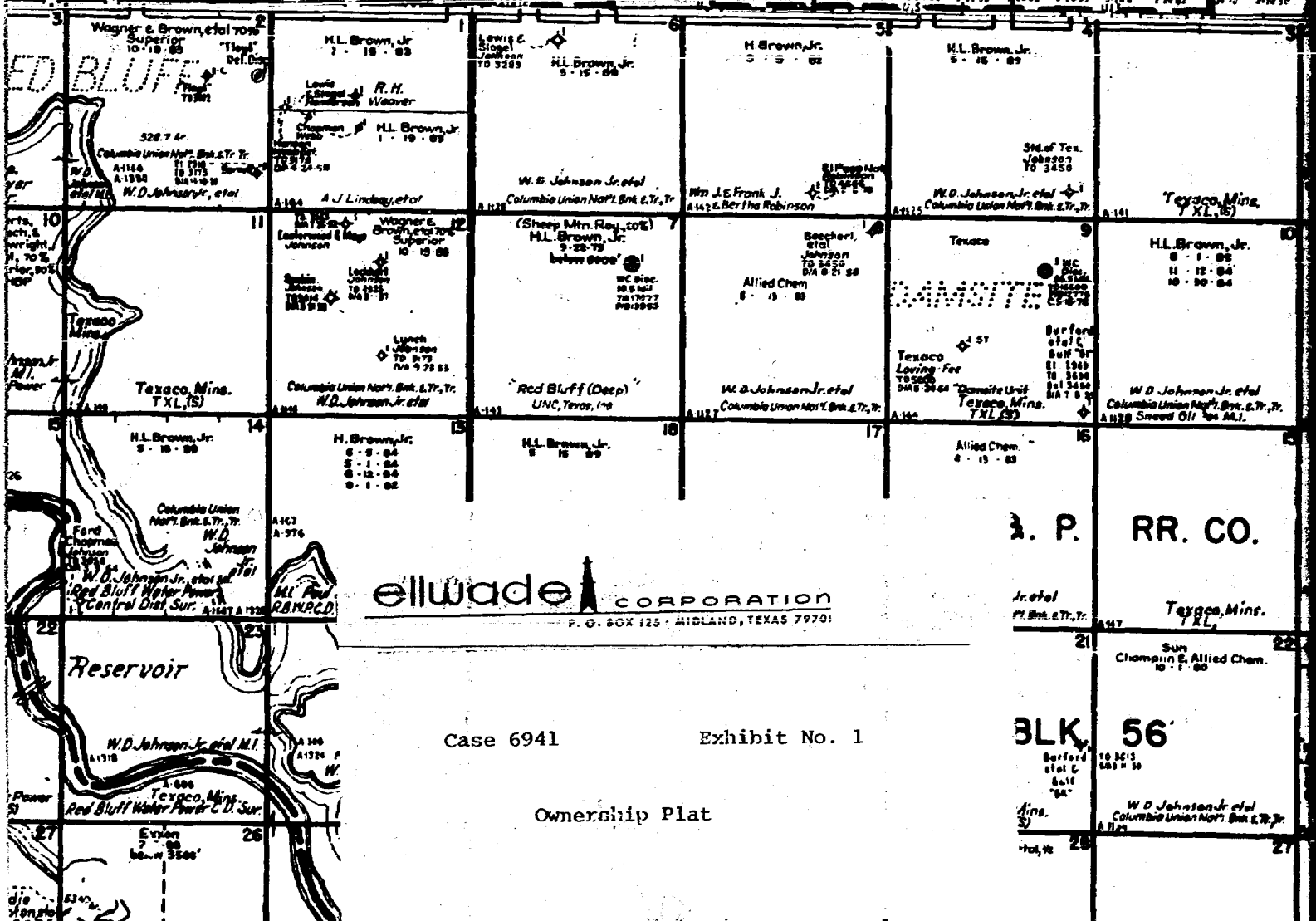
C E R T I F I C A T E

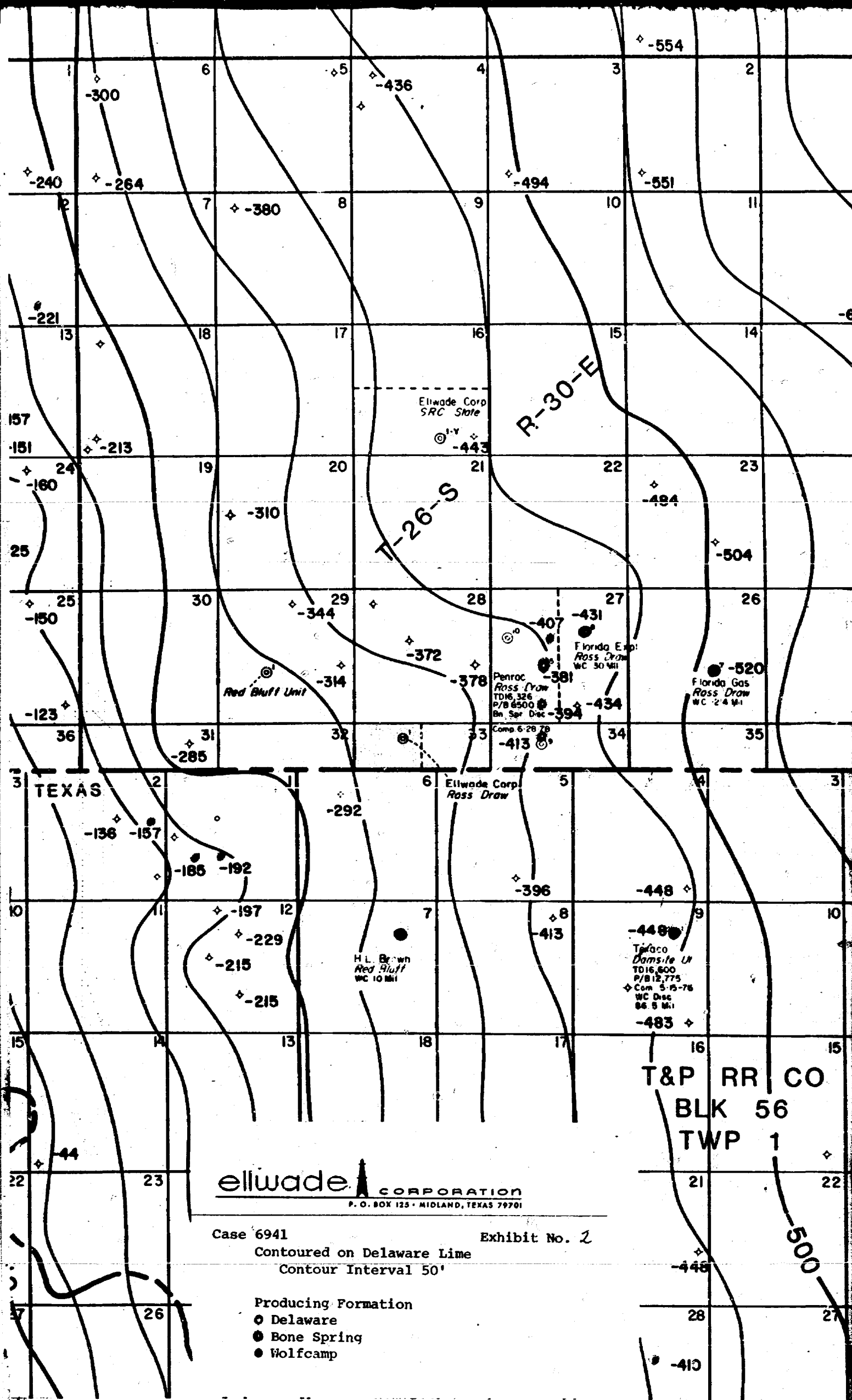
I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript is
a full, true, and correct record of the hearing, prepared by
me to the best of my ability.

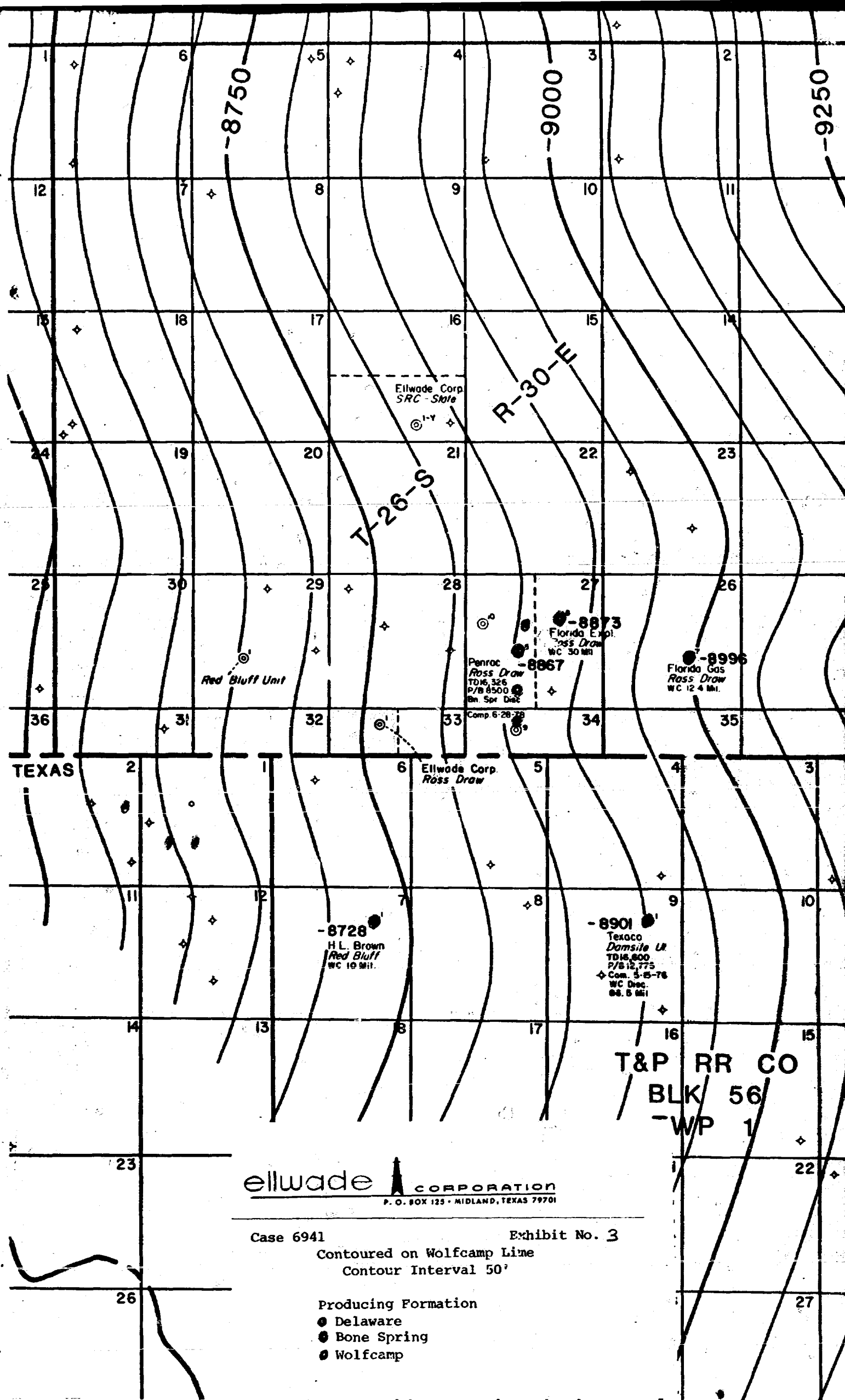
SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7405

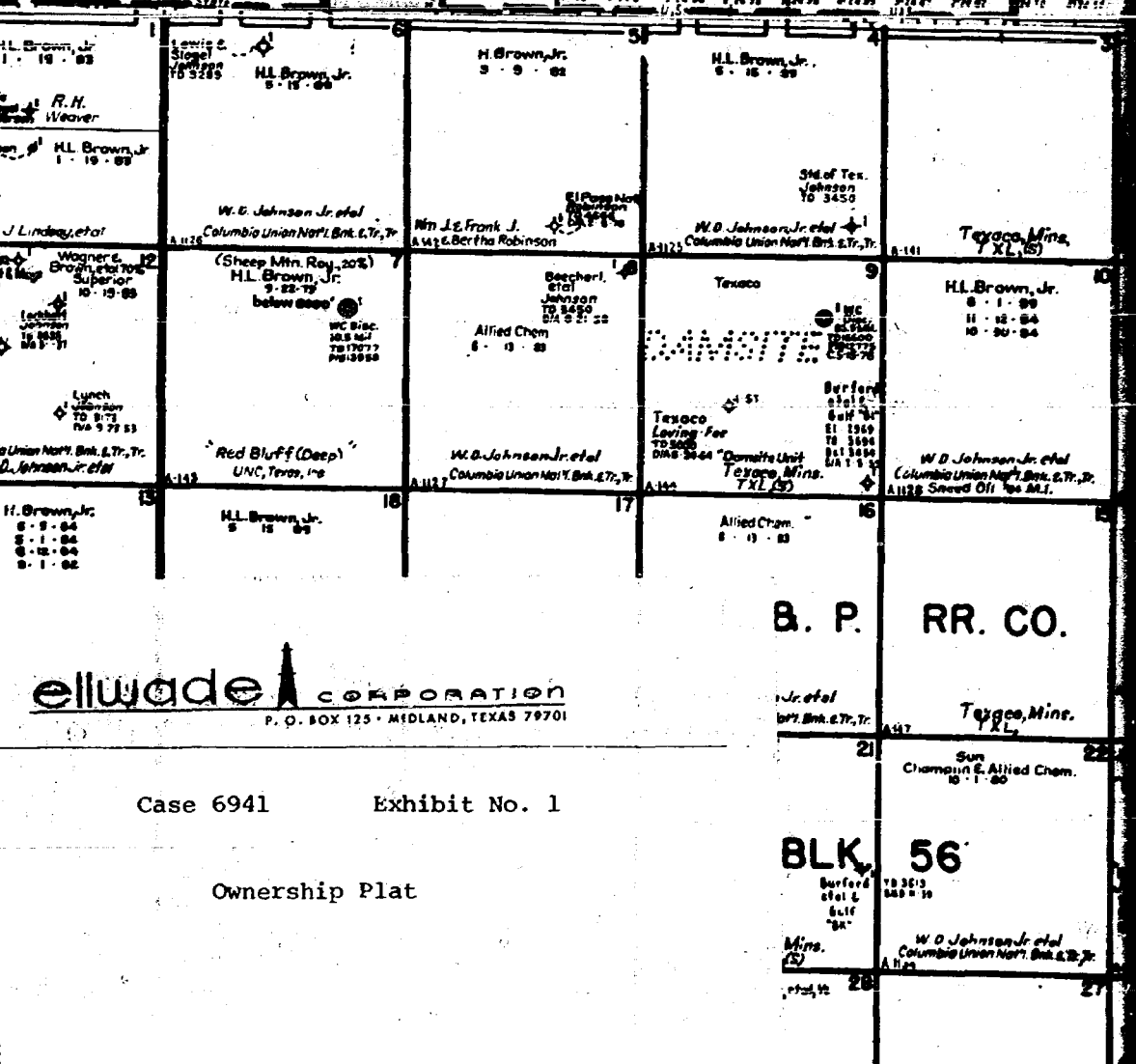
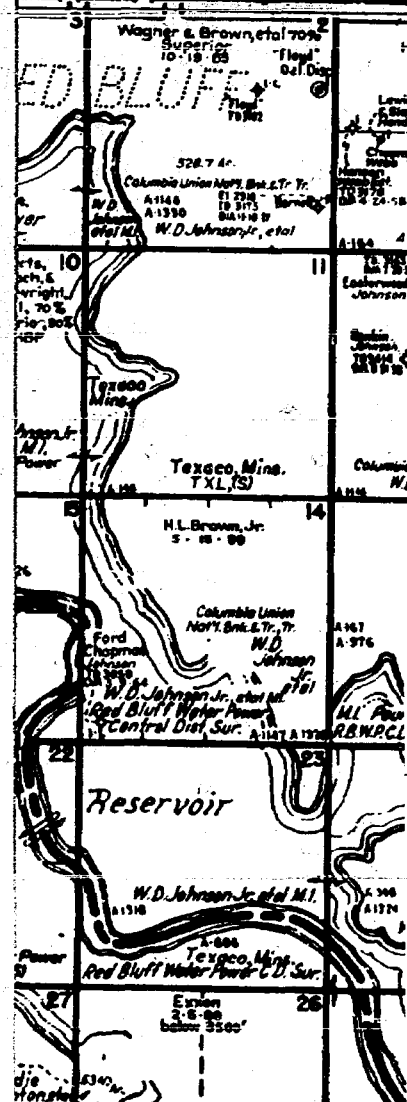
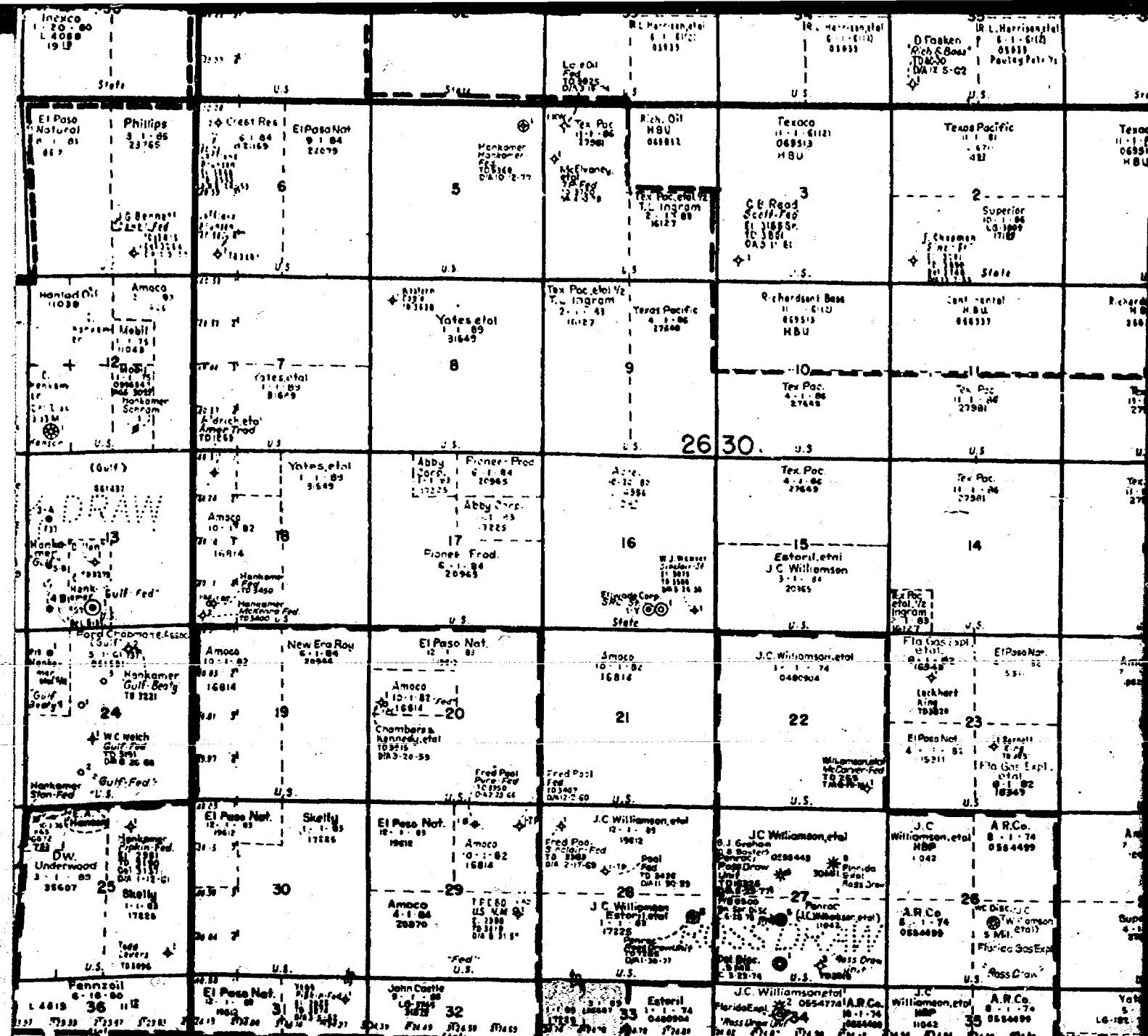
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division









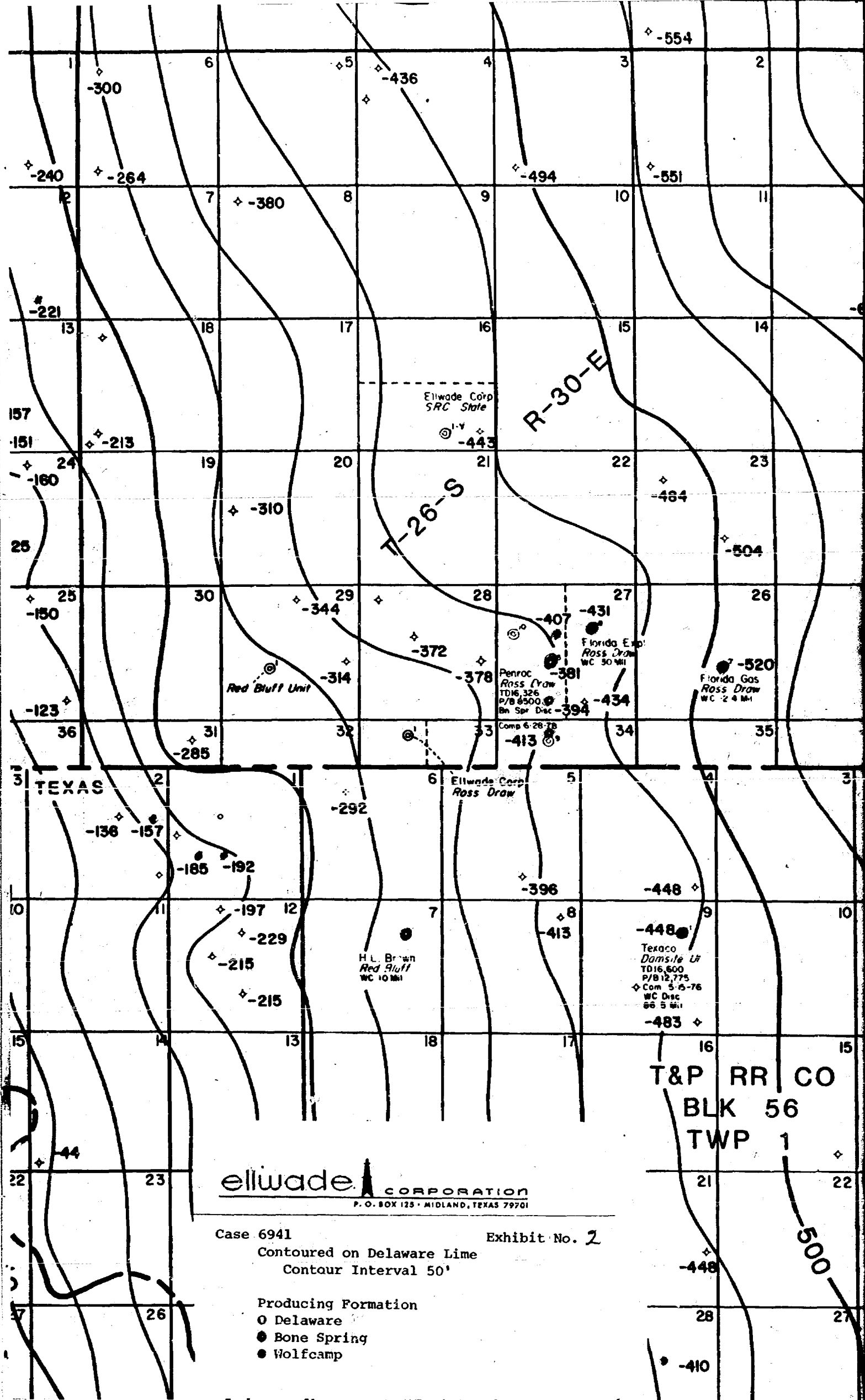
ellwade CORPORATION
P. O. BOX 125 • MIDLAND, TEXAS 79701

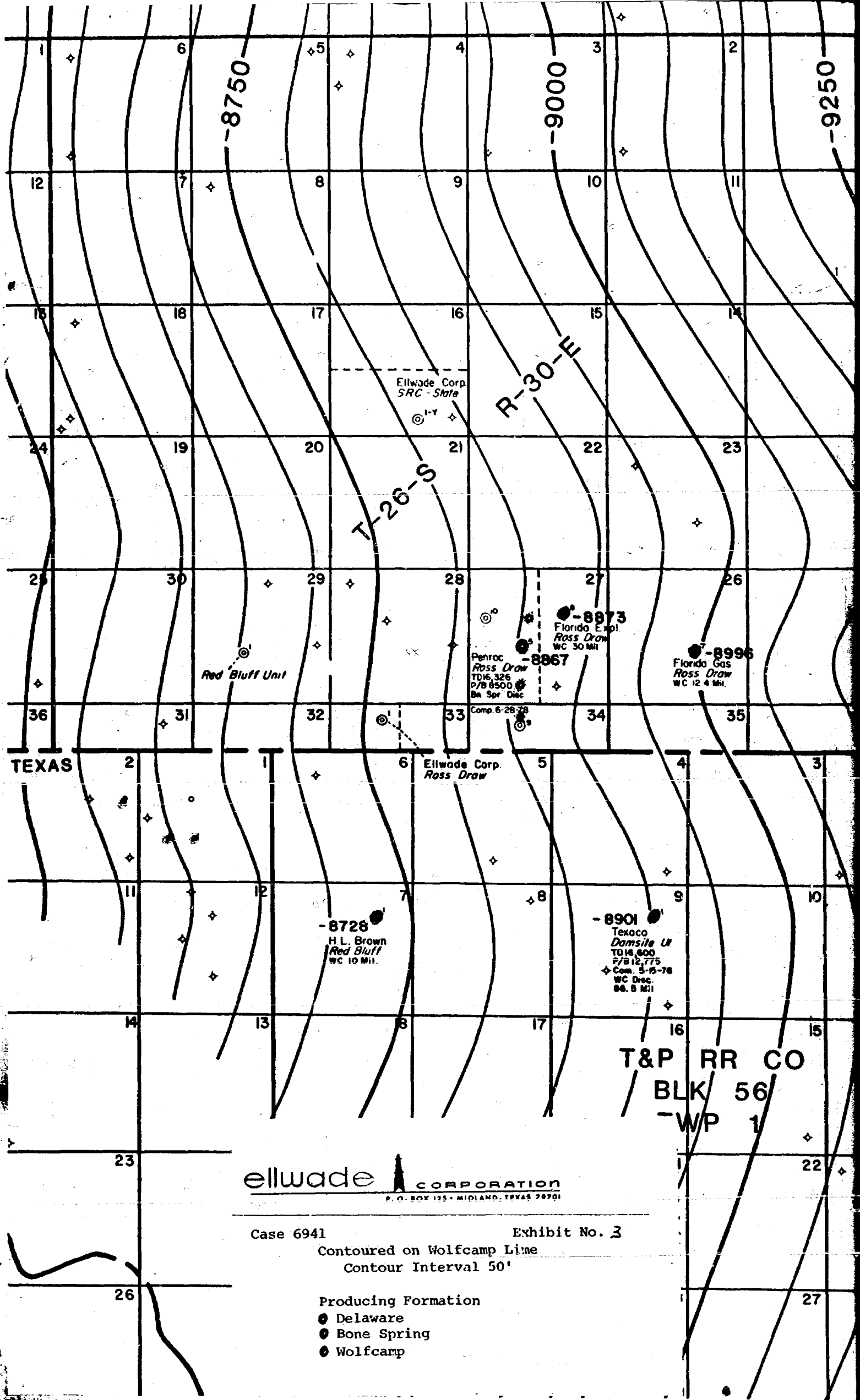
Case 6941 Exhibit No. 1

Ownership Plat

B. P. RR. CO.

BLK. 56





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. 6792
Order No. R-6270

APPLICATION OF FLORIDA EXPLORATION
COMPANY FOR A NON-STANDARD GAS
PRORATION UNIT, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 16, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of February, 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, Florida Exploration Company, seeks approval of a 324.25-acre non-standard gas proration unit comprising Lots 1 and 2 and N/2 NE/4 of Section 33 and Lots 2, 3, and 4 and NW/4 NE/4 and N/2 NW/4 of Section 34, all in Township 26 South, Range 30 East, NMPM, to be dedicated to a well to be drilled to the Wolfcamp formation and possibly to the Pennsylvanian formation at a standard location thereon.

(3) That due to the New Mexico-Texas state line traversing Township 26 South, Range 30 East, directly through Sections 31 through 36, said sections are not of standard size and contain only approximately 260 acres each.

(4) That a standard size unit for a gas well in the Wolfcamp and Pennsylvanian formations in the subject area is 320 acres.

(5) That the applicant is the operator of the Ross Draw Unit Area, which comprises, among other lands, the E/2 of Section 33 and all of Sections 34 and 35, Township 26 South, Range 30 East, NMPM, containing ten 40-acre tracts and 10 lots along the state line of approximately 25 acres each.

(6) That the 324.25-acre unit proposed by the applicant in this case comprises five 40-acre tracts and 5 lots along the state line of approximately 25 acres each, and such a combination of tracts and lots more closely approximates a standard size unit than any other combination of tracts or lots practicably possible in this area.

(7) That the proposed dedication will leave the applicant with 5 other 40-acre tracts and 5 other lots of approximately 25 acres each along the New-Mexico-Texas state line and within the boundary of the Ross Draw Unit Area to form a similar non-standard spacing and proration unit to be dedicated to a future well yet to be drilled, if such well appears feasible.

(8) That the entire non-standard proration unit as proposed may reasonably be presumed productive of gas from the Wolfcamp or Pennsylvanian formations, or both, and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(9) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Ross Draw area, 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 a 324.25-acre non-standard gas proration unit in the Ross Draw area comprising Lots 1 and 2 and N/2 NE/4 of Section 33 and Lots 2, 3, and 4 and NW/4 NE/4 and N/2 NW/4 of Section 34, all in Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to a well to be drilled by the applicant, Florida Exploration Company, to the Wolfcamp formation and possibly to the Pennsylvanian formation at a standard location thereon.

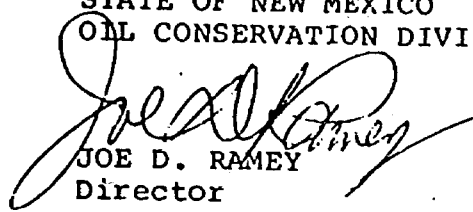
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

-3-

Case No. 6792
Order No. R-6270

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/

- CASE 6935:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and undesignated Gallup production in the wellbore of its June Joy Well No. 2 located in Unit B of Section 25, Township 24 North, Range 10 West.
- CASE 6936:** Application of Dugan Production Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 26, Township 30 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6916:** (Continued from June 4, 1980, Examiner Hearing)
Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinbry production in the wellbore of its State DC Well No. 1, a quadruple completion located in Unit F of Section 19, Township 21 South, Range 37 East.
- CASE 6937:** Application of R. N. Hillin for an unorthodox location and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his DWV Well No. 4 to produce gas from the Wolfcamp and Morrow formations thru tubing and the annulus, respectively. Applicant further seeks approval of the unorthodox location of said well in the Wolfcamp and Pennsylvanian formations at a point 800 feet from the South line and 2000 feet from the East line of Section 34, Township 19 South, Range 28 East.
- CASE 6938:** Application of Anadarko Production Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Dalport Federal Well No. 1 660 feet from the South and West lines of Section 20, Township 13 South, Range 31 East, Southeast Chaves Queen Gas Area, the W/2 of said Section 20 to be dedicated to the well.
- CASE 6939:** Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests at a depth from 2400 feet to 5000 feet below the surface, Turkey Track Field, underlying the NE/4 SE/4 of Section 10, Township 19 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6940:** Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6941:** Application of Ellwade Corporation for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 129.52-acre non-standard gas proration unit comprising the W/2 of partial Section 33, Township 26 South, Range 30 East, Ross Draw-Wolfcamp area, to be dedicated to its Ross Draw Well No. 1 located in Unit C of said Section 33.
- CASE 6942:** Application of Benson-Montin-Greer Drilling Corporation for amendment of Order No. R-2565-B, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 2 of the Special Pool Rules for the West Puerto Chiquito-Mancos Oil Pool as promulgated by Order No. R-2565-B to provide that all 320-acre spacing and proration units in said pool would comprise either the W/2 or the E/2 of a governmental section, provided however, that one injection well would have dedicated thereto the N/2 of Section 1, Township 24 North, Range 1 West, and also that the short 400-acre sections on the South side of Township 27 North, Range 1 West, would each comprise a single spacing unit.
- CASE 6943:** Application of Benson-Montin-Greer Drilling Corporation for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Puerto Chiquito-Mancos Unit Area, comprising 9,769 acres, more or less, of Federal, Indian, and fee lands in Townships 26 and 27 North, Ranges 1 East and 1 West.

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505

May 26, 1980

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


Case 6941

re: Ellwade Corporation

Dear Joe:

Please set the enclosed application for hearing on
June 25, 1980.

Very truly yours,


W. Thomas Kellahin

encl.
cc: Mr. John Castle
WTK:msf

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

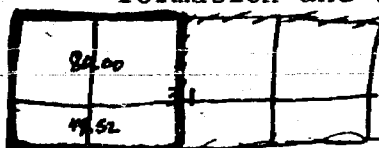
IN THE MATTER OF
THE APPLICATION OF
ELLWADE CORPORATION
FOR A NON-STANDARD GAS
PRORATION UNIT, EDDY
COUNTY, NEW MEXICO

Case 6941

APPLICATION

COMES NOW ELLWADE CORPORATION, by and through its attorneys, KELLAHIN & KELLAHIN, and applies to the Oil Conservation Division of New Mexico for approval of a non-standard gas proration unit consisting of 129.52 acres being the W/2 of Section 33, T26S, R30E, for a well to be drilled to test the Wolfcamp formation, Eddy County, New Mexico, and in support thereof would show:

1. Applicant is the operator of the W/2 of Section 33, T26S, R30E, NMPM, consisting of 129.52 acres, and proposes to drill its Ellwade Corp. #1 Ross Draw Well at a standard location, 1980 feet from the West line and 660 feet from the North line of Section 33.
2. That a standard size unit for a gas well in the Wolfcamp formation in the subject area is 320 acres.
3. That due to the New Mexico-Texas state line traversing T26S, R30E, Section 33 is not a standard size section and contains only approximately 260 acres.
4. That as a result of a non-standard unit created by Division Order No. R-6270, the E/2 of Section 33 has been dedicated to a Florida Exploration Company well, and Applicant in this case has no other acreage available to it for the formation of a standard gas unit.
5. That the entire non-standard proration unit as proposed may reasonably be presumed productive of gas from the Wolfcamp formation and that the entire non-standard gas proration unit can



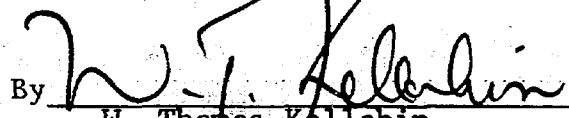
be effectively and economically drained and developed by the subject well.

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 Ross Draw area, 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, will prevent waste and will afford this Applicant an opportunity to protect its correlative rights and will not impair the correlative rights of others.

WHEREFORE APPLICANT requests that this Application be set for hearing before the Division's examiner and that after notice and hearing as provided by law, the Application be approved as requested.

KELLAHIN & KELLAHIN

By



W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

Phone: (505) 982-4285

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF
THE APPLICATION OF
ELLWADE CORPORATION
FOR A NON-STANDARD GAS
PRORATION UNIT, EDDY
COUNTY, NEW MEXICO

Case 6941

APPLICATION

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1. Applicant is the operator of the W/2 of Section 33, T26S, R30E, NMPM, consisting of 129.52 acres, and proposes to drill its Ellwade Corp. #1 Ross Draw Well at a standard location, 1980 feet from the West line and 660 feet from the North line of Section 33.

2. That a standard size unit for a gas well in the Wolfcamp formation in the subject area is 320 acres.

3. That due to the New Mexico-Texas state line traversing T26S, R30E, Section 33 is not a standard size section and contains only approximately 260 acres.

4. That as a result of a non-standard unit created by Division Order No. R-6270, the E/2 of Section 33 has been dedicated to a Florida Exploration Company well, and Applicant in this case has no other acreage available to it for the formation of a standard gas unit.

5. That the entire non-standard proration unit as proposed may reasonably be presumed productive of gas from the Wolfcamp formation and that the entire non-standard gas proration unit can

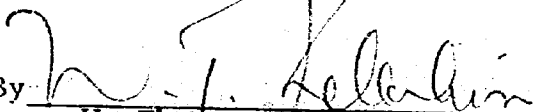
be effectively and economically drained and developed by the subject well.

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 Ross Draw area, 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, will prevent waste and will afford this Applicant an opportunity to protect its correlative rights and will not impair the correlative rights of others.

WHEREFORE APPLICANT requests that this Application be set for hearing before the Division's examiner and that after notice and hearing as provided by law, the Application be approved as requested.

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin

P. O. Box 1769
Santa Fe, New Mexico 87501
Phone: (505) 982-4285
ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF
THE APPLICATION OF
ELLWADE CORPORATION
FOR A NON-STANDARD GAS
PRORATION UNIT, EDDY
COUNTY, NEW MEXICO

Case 6941

APPLICATION

COMES NOW ELLWADE CORPORATION, by and through its attorneys, KELLAHIN & KELLAHIN, and applies to the Oil Conservation Division of New Mexico for approval of a non-standard gas proration unit consisting of 129.52 acres being the W/2 of Section 33, T26S, R30E, for a well to be drilled to test the Wolfcamp formation, Eddy County, New Mexico, and in support thereof would show:

1. Applicant is the operator of the W/2 of Section 33, T26S, R30E, NMPM, consisting of 129.52 acres, and proposes to drill its Ellwade Corp. #1 Ross Draw Well at a standard location, 1980 feet from the West line and 660 feet from the North line of Section 33.
2. That a standard size unit for a gas well in the Wolfcamp formation in the subject area is 320 acres.
3. That due to the New Mexico-Texas state line traversing T26S, R30E, Section 33 is not a standard size section and contains only approximately 260 acres.
4. That as a result of a non-standard unit created by Division Order No. R-6270, the E/2 of Section 33 has been dedicated to a Florida Exploration Company well, and Applicant in this case has no other acreage available to it for the formation of a standard gas unit.
5. That the entire non-standard proration unit as proposed may reasonably be presumed productive of gas from the Wolfcamp formation and that the entire non-standard gas proration unit can

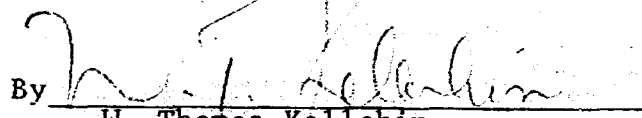
be effectively and economically drained and developed by the subject well.

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 Ross Draw area, 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, will prevent waste and will afford this Applicant an opportunity to protect its correlative rights and will not impair the correlative rights of others.

WHEREFORE APPLICANT requests that this Application be set for hearing before the Division's examiner and that after notice and hearing as provided by law, the Application be approved as requested.

KELLAHIN & KELLAHIN

By



W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

Phone: (505) 982-4285

ATTORNEYS FOR APPLICANT

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. 6941

Order No. R-6399

APPLICATION OF ELLWADE CORPORATION
GAS
FOR A NON-STANDARD PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 25
1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets
NOW, on this day of June, 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, Ellwade Corporation
seeks approval of a 129.52 -acre non-standard gas proration unit
comprising the W/2 of partial Section 33, Town-
ship 26 South, Range 30 East, NMPM, to be dedicated to
its Ross Draw Well No. 1, located in
Unit C of said Section 33.

(3) That the entire non-standard proration unit may reasonably
be presumed productive of gas from the Ross Draw-Wolfcamp
Gas Pool and that the entire non-standard gas proration unit can
be efficiently and economically drained and developed by the
aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Ross Draw-Wolfcamp Gas 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 a 129.52 -acre non-standard gas proration unit in the Ross Draw-Wolfcamp Gas Pool comprising the W/2 of partial ~~xxx of~~ Section 33, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to its Ross Draw-Wolfcamp Well No. 1 ^{4 be}, located in Unit C of said Section 33. ^A

(2) 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.