

Case NO.

6996

Application

Transcripts

Small Exhibits

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

BRUCE KING GOVERNOR LARRY KEHOE BECRETARY

January 30, 1981

Re:

POST OFFICE BOX 2083 STATE LANO OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

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

John E. Schalk

CASE NO.

ORDER NO.

Applicant:

6996

R=6568

Dear Sir:

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

Yours very traiy, UM JOE D. RAMEY Director

JDR/fd

Copy of order also sent to:

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Other

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

IN THE MATTER OF THE HEARING Called by the oil conservation Commission for the purpose of Considering:

> CASE NO. 6996 Order No. R-6568

 $o^{\pm}$ 

APPLICATION OF JOHN E. SCHALK FOR COMPULSORY POOLING, RIO ARRIBA COUNTY, NEW MEXICO.

## ORDER OF THE COMMISSION

## BY THE COMMISSION:

This cause came on for hearing at 9 s.m. on January 19, 1981, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NDW, on this 29th day of January, 1981, the Commission, a quorum being present, having considered the record and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 6996 is hereby dismissed.

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

> STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

ALESSJ. ARMIJON Member

ARNOLD. MERYC E Member ÓOE D. RAMEY, Member & Secretary

SEAL fd/

1 STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION COMMISSION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 11 December 1980 COMMISSION HEARING 7 CASE IN THE MATTER OF: Application of John E. Schalk for 6996 8 compulsory pooling, Rio Arriba ) ) 9 County, New Mexico. 1 10 11 BEFORE: Oil Conservation Commission 12 . 13 TRANSCRIPT OF HEARING 14 15 APPEARANCES 16 17 Ernest L. Padilla, Esq. Legal Counsel to the Commission 18 For the Oil Conservation State Land Office Bldg. Santa Fe, New Mexico 87501 19 Commission: 20 21 22 23 24 25 26 27 28

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I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

CERTIFICATE

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Sally W. Bayd C.S.R.

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1 1 2 STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 3 OIL CONSERVATION COMMISSION 4 STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 5 11 December 1980 6 COMMISSION HEARING 7 8 IN THE MATTER OF: 9 Application of John E. Schalk for 10 compulsory pooling, Rio Arriba CASE County, New Mexico. ) 5996 11 12 BEFORE: 011 Conservation Commission 13 14 15 TRANSCRIPT OF HEARING 16 17 APPEARANCES 18 19 For the Oil Conservation 20 Commission: Ernest L. Padilla, Esq. Legal Counsel to the Commission 21 State Land Office Bldg. Santa Fe, New Mexico 87501 22 23 <u>i</u> 24 25 26 27 28

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MR. RAMEY: Call next Case Number 6996. MR. PADILLA: Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. MR. RAMEY: This case will be continued to the next regular Commission Hearing. (Hearing concluded.) 

## CERTIFICATE

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I, SALLY W. BOYD, C.S.R., DO HEREPY 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.E.

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Page STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 1 OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. 2 SANTA FE, NEW MEXICO 25 November 1980 3 EXAMINER HEARING 4 5 6 IN THE MATTER OF: Application of John E. Schalk for 7 compulsory pooling, Rio Arriba CASE 6996 8 County, New Mexico. 9 10 BEFORE: Daniel S. Nutter 11 12 TRANSCRIPT OF HEARING 13 14 APPEARANCES 15 Ernest L. Padilla, Esq. 16 For the Oil Conservation Legal Counsel to the Division State Land Office Bldg. Division: 17 Santa Fe, New Mexico 87501 18 19 For the Applicant: 20 21 22 23 24 25 energy and a state of the second s nalle Birle States and the states of the

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1	MR. NUTTER: We'll call next Case Number	
2	MR. NUITER; WE II OULL DI	
3	6996.	
4	MR. PADILLA: Application of John E.	
5	Schalk for compulsory pooling, Rio Arriba County, New Mexico.	
6	MR. NUTTER: Case Number 6996 relates	
7	to a matter which is being heard de novo on two cases by the	
8	· 제품 제품 문화	
9	Commission on December 11th.	
10	Therefor, Case Number 6996 will be con-	
11	tinued to be heard at the same time as those de novo cases.	
12	It will be continued to the Commission Hearing scheduled to	
13	be held at this same place at 9:00 o'clock a. m. December 11,	
14		
15	1980.	
16		5 <b> </b>
17	(Hearing concluded.)	
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I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

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1 STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 2 OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. 3 SANTA FE, NEW MEXICO 25 November 1980 4 EXAMINER HEARING 5 6 IN THE MATTER OF: 7 Application of John E. Schalk for 8 compulsory pooling, Rio Arriba CASE 6996 County, New Mexico. 9 10 BEFORE: Daniel S. Nutter 11 12 TRANSCRIPT OF HEARING 13 14 APPEARANCES 15 16 For the Oil Conservation Ernest L. Padilla, Esq. 17 Legal Counsel to the Division Division: State Land Office Bldg. 18 Santa Fe, New Mexico 87501 19 20 For the Applicant: 30 21 22 23 24 25 

MR. NUTTER: We'll call next Case Number 6996. MR. PADILLA: Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. MR. NUTTER: Case Number 6996 relates to a matter which is being heard de novo on two cases by the Commission on December 11th. Therefor, Case Number 6996 will be con-tinued to be heard at the same time as those de novo cases. It will be continued to the Commission Hearing schoduled to be held at this same place at 9:00 o'clock a. m. December 11, 1980. (Hearing concluded.) 

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## CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

Sury W. Bay C.S.E.

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I do hereby certify that the foregoing is a complete remark of the proceedings in the Examiner Fearing of Case No. 6996. heard by no on 11/25 1980. , Examiner Conservation Division

## Docket No. 40-80

Dockets Nos. 42-80 and 43-80 are tentatively set for December 30, 1980 and January 14, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

### DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 10, 1980

9 A.H. - 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 January, 1981, from fifteen prorated pools in Les, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for January, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7095: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Bill G. Isler, United States Fidelity and Guranty Company, and all other interested parties to appear and show cause why the Spears State Well No. 2 in Unit B of Section 28, Township 11 South, hange 27 East, Chaves County, should not be plugged and abandoned in accordance with a Divisionapproved plugging program.
- CASE 7096: Application of Read & Stevens, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Baum Unit Area, comprising 637 acres, more or less, of State lands in Township 13 South, Ranges 32 and 33 East.
- CASE 7097: Application of Mesa Petroleum Co. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Jackson Unit Area, comprising 2,560 acres, more or less, of State lands in Township 24 South, Range 33 East.
- CASE 7098: Application of The Wiser Oil Company for a dual completion, Lea County, New Merico. Applicant, in the above-styled cause, seeks approval for the dual completion of its McQuatters Well No. 4 located in Unit G of Section 11, Township 21 South, Range 36 East, to produce oil from the Oil Center-Glorieta and Hardy-Drinkard Pools through parallel strings of tubing.
- CASE 7077: (Continued from November 25, 1980, Examiner Hearing)

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Application of Threshold Development Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Conoco "10" State Com Well No. 1 located in Unit I of Section 10, Township 19 South, Range 29 East, Turkey Track Field, to produce oil from the Wolfcamp formation and gas from the Atoka formation through parallel strings of tubing.

CASE 7089: (Continued from November 25, 1980, Examiner Hearing)

Application of Summit Energy, Inc. for a waterflood project, Les County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Blinebry formation through its Gulf Bunin Well No. 2 located in Unit C of Section 13, Township 21 South, Range 37 East.

- CASE 7099: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Unit Area, comprising 7,679 acres, more or less, of State, Federal, and fee lands in Townships 13 and 14 South, Range 35 East.
- CASE 7100: Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Travis 24 State Com Well No. 1 in Unit H of Section 24, Township 18 South, Range 28 East.
- CASE 7101: Application of Consolidated Oil & Gas, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Callup and Pasin-Dakota production in the wellbore of its Tribal "C" Well No. 4-E in Unit H of Section 6, Township 26 North, Range 3 West.
- CASE 7102: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling and an exception to Rule 9(E) of Order No. R-1670-T, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its Jacquez Well No. 2 to be located in Unit K of Section 2, Township 31 North, Range 13 West, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the two existing wells on the unit. Applicant further seeks an exception to Rule 9(E) of Division Order No. R-1670-T to permit calculating the proration unit's allowable on the basis of three Mesaverde wells on the unit.

Page 2 of 4 Examiner llearing - Wednesday - December 10, 1980

Docket No. 40-80

CASE 7103: Application of E. L. Latham, Jr. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Pennsylvanian formations underlying the N/2 of Section 7, Township 22 South, Range 26 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 7104: Application of Conoco Inc. for the amendment of Orders Nos. R-4633 and WFX-462. Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Orders Nos. R-4633 and WFX-462, which authorized the injection of water into applicant's Maljamar Mitchell Waterflood Project in Section 5, Township 17 South, Range 32 East. The amendments sought would include carbon dioxide in the injection authorization for said project.

CASE 7105: Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the N/2 of Section 9, Township 30 North, Range 11 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 7106: Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the S/2 of Section 8, Township 30 North, Range 11 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 7107: Application of C and E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas provision unit comprising the SW/4 of Section 9, Township 30 North, Range 11 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 7090:

(Continued from November 25, 1980, Examiner Hearing)

Application of Dorchester Exploration, Inc. for directional drilling and an unorthodox gas well Application of bochester Exploration, Incl. for all actions described and a successful and a successful action of the successful and the successful action actio indeterminate direction from a kick-off point at 7300 feet, bottoming said well at an approximate depth of 8100 feet in the Mississippian formation less than 330 feet away from the surface location. The W/2 of said Section 27 would be dedicated to the well.

CASE 6668: (Continued from November 25, 1980, Examiner Hearing)

In the matter of Case 6668 being reopened pursuant to the provisions of Order No. R-6139 which order promulgated temporary special rules and regulations for the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing units.

CASE 7092:

(Continued from November 25, 1980, Examiner Hearing)

Application of Delta Drilling Company for pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the South Culebra Bluff-Bone Spring Pool to include all of Sections 2, 11, 13, 14, 23, and 24, Township 23 South, Range 28 East.

CASE 7056: (Continued and Readvertised)

> Application of Getty Oil Company for the extension of vertical limits of the Jalmat Pool, Les County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Langlie-Nattix Pool and the downward extension of the vertical limits of the Jalmat Pool to a depth of 3740 feet, subsurface, under the NW/4 SW/4 of Section 3, Township 24 South, Range 36 East.

Page 3 of 4 Examiner Hearing - Wednesday - December 10, 1980

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Docket No. 40-80

CASE 7108: Application of HNG Oil Company for compulsory pooling, Les 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 32, Township 21 South, Range 35 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 7109: Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the El Paso Tom Federal Well No. 1 located 330 feet from the North and West lines of Section 33, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing provation unit in the Langlig-Mattix Pool which cannot be so drained by the existing well(s).

- CASE 7110: Application of Alpha Twenty-One Production Company for approval of infill drilling, Les County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the El Paso Tom Federal Well No. 3 located 1650 feet from the North and West lines of Section 33, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Langlie-Mattix Pool which cannot be so drained by the existing well(s).
- CASE 7111: Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the El Paso Tom Federal Well No. 2 located 1650 feet from the North line and 330 feet from the West line of Section 33, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Langlie-Mattix Pool which cannot be so drained by the existing well(s).
- CASE 7112: Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the Harrison Federal Well No. 3 located 1980 feet from the North line and 660 feet from the West line of Section 27, Township 25 South, Range 37 East, is necessary to effectively and efficiently drain that portion of an existing proration unit in the Jalmat Gas Pool which cannot be so drained by the existing well(s).
- CASE 7086: (Continued from November 12, 1980, Examiner Hearing)

Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7087: (Continued from November 12, 1980, Examiner Hearing)

Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Fruitland formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7046: (Continued and Readvertised)

Application of Cotton Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Pictured Cliffs production in the wellbores of wells in the South Blanco-Pictured Cliffs Pool located in Sections 1 thru 4, 9 thru 14, and 23 and 24, Township 24 North, Range 4 West.

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Page 4 of 4

### Docket No. 41-80

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## DOCKET: COMMISSION HEARING - THURSDAY - DECEMBER 11, 1980

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

### CASE 7025: (DE NOVO)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 35, Township 18 South, Range 29 East, to be didicated 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.

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

### CASE 7008: (DE NOVO)

Application of Coronado Exploration Corp. for eight compulsory poolinge, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying eight 40-acre proration units, being the NE/4 NE/4 of Section 4 and the NW/4 NE/4 of Section 5, both in Township 12 South, Range 28 East, and the NH/4 SE/4 of Section 6, the NE/4 NW/4 of Section 23, the NE/4 SE/4 of Section 28, the SE/4 SE/4 of Section 29, the NE/4 NW/4 of Section 32, and the SE/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each 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 a charge for risk involved in drilling said wells.

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

### CASE 6965: (DE NOVO)

Application of Supron Energy Corporation for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Mesaverde and Dakota gas proration unit comprising the SE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon.

Upon application of Curtis J. Little and Beartooth Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

### CASE 6896: (DE NOVO)

Application of John E. Schalk for a non-standard gas protetion unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160acre non-standard Blanco Mesaverde gas protation unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

Upon application of Curtis J. Little and Beartooth Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6996:

(Continued from November 25, 1980, Examiner Hearing)

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

#### Docket No. 37-80

Dockets Nos. 40-80 and 41-80 are tentatively set for December 10 and 30, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 18, 1980

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

CASE 7088: Application of Southern Union Exploration Co. for reconsideration of Division Order No. R-6175, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks (a) that Order No. R-6175 be set aside, or (b) to except the E/2 of Section 32, Township 25 South, Range 24 East, Eddy County, New Mexico, from the terms of said order, or (c) clarify said order with respect to the E/2 of Section 32, Township 25 South, Range 24 East.

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Docket No. 38-80

DOCKET: COMMISSION HEARING - MONDAY - NOVEMBER 24, 1980

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

CASE 7075: (Continued and Readvertised)

Application of Benson-Montin-Greer Drilling Corporation for the amendment of pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool as promulgated by Order No. R-2565-B and amended by Order No. R-6669, to require that cells completed or recompleted on standard units in said pool be located in the west half of the section at least 1650 feet from the outer boundary of the spacing and proration unit, and that the drilling of wells be controlled so as to allow no more than a 330-foot horizontal deviation from the surface location. Further, that the location of wells on certain specified non-standard proration units approved by Order No. R-6469 should be no closef than 660 feet to the cuter boundary of the non-standard unit nor closer than 330 feet to a quarter section line or 10 feet to a quarter-quarter section line. Said specified non-standard units are the two 640-acre units in Township 24 North, Range 1 West; the two 480-acre units' in Township 24 North, Range 1 East; the four 640-acre units in Township 26 North, Range 1 West; the 640-acre unit in Township 26 North, Range 1 East; and the two 640-acre units, the three 600-acre units, and the 400-acre unit, all in Township 27 North, Range 1 West. Applicant further seeks an administrative procedure whereby unorthodox locations could be approved upon receipt of written waivers from all offsetting operators being "crowded" by the unorthodox location.

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Docket Ho. 39-80

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 25, 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 7055: (Continued from October 29, 1980, Examiner Hearing)

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 Eaves-Les Unit Area, comprising 2209 acres, more or less, of State and Federal lands in Township 21 South, Ranges 32 and 33 East.

CASE 7077: (Continued from November 12, 1980; Examiner Hearing)

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Application of Threshold Development Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Conoco "10" State Com Well No. 1 located in Unit I of Section 10, Township 19 South, Range 29 East, Turkey Track Field, to produce oil from the Wolfcamp formation and gas from the Atoka formation through parallel strings of tubing. PARE 2 OF 6

# Examiner Hearing - Tuesday - November 25, 1980

CASE 7090:

CASE 7089: Application of Summit Energy, Inc. for a vaterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, areks authority to institute a vaterflood project by the injection of water into the Blinebry formation through its Gulf Bunin Well No. 2 located in Unit G of Section 13, Township 21 South, Range 37 East. Application of Dorchester Exploration, Inc. for directional drilling and an unorthodox gas well location Chauge County New Marico. Applicant in the showarefulad cruse seeks suthering to r Application of Dorchester Exploration, Inc. for directional drilling and an unorthodox gas well location, Chayes County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-antsr the old Union Hill Well No. 1, the surface location of which is 2310 feet from the North indaterminate direction from a kick-off point at 7300 feet, bottoming said well at an approximate for, The W/2 of said Section 27 would be dedicated to the well.

CARE 7091;

Application of Layton Enterprises, Inc. for a non-scandard protation unit, Les County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-scre non-standard oil protation unit comprising the N/2 NN/4 of Section 14, Township 9 South, Range 34 East, Vada-Pennsylvanian unit fa be dedicated to an ald wall to be re-entered 660 feet from the North line and 1830 feet from the West line of said Section 14.

OA88 70511 (Continued from October 15, 1980, Examiner Hearing)

Application of Patro Lawis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit G of Sec-tion 19, Township 21 South, Range 37 East. CABE 6940: (Continued from October 1, 1980, Examiner Hearing)

Application of Adobe Oil Company for compulsory pooling, Les County, New Mexico.

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Application of Adobe Oil Company for compulsory pooling, Les County, New Mexico. Applicant, in the above-styled cause, seeks in order pooling all mineral interests down through the Walframp formation underlying the NH/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 for thereof as well as actual operating costs and charges for supervision, designation of appli-FO PO PORSIGNTED WILL DO THE COST OF DELLING and completing said well and the allocation of the cost thereof as well as Actual Operating Costs and charges for supervision, designation of the PARE as operator of the well, and a charge for risk involved in drilling said well.

(Continued from October 1, 1980, Examiner Hearing) (To be continued to December 10, 1980, Examiner

Application of John E. Sohalk for compulsory pooling, Rio Arriba County, New Mexico. Bearing Applicant, in the above-atyled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, 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 Bearing)

Mesaverae root underlying the NE/4 of Section 8, Township 25 North, Bange 3 West; to be dedicate 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 operators of the well of artiting 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 6669: (Continued and Readvertised)

CASE 7092:

In the matter of Case 6668 being reopened pursuant to the provisions of Order No. R-6139 which order non-losted temperary energial rulas and resultations for the South Orlebra Bluff-Home Sort In the matter of Gase 6565 being reopened pursuant to the provisions of Order No. R-6139 which erder promulgated temporary special rules and regulations for the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, including a provision for 80-acre spacing units. Operators in anid pool may appear and show cause why the pool should not be developed on 40-acre spacing units

sure an away would's new control including a provision for our-acre spacing units. "persions in said pool may appear and show cause why the pool should not be developed on 40-acre spacing units. Application of Delta Drilling Company for pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the South Culebra Bluff-done Spring Pool to include all of Sections 2, 11, 13, 14, 23, and 24, Township 23 South, Range 28 East.

CASE 7093:

Application of Mesa Petroleum Company and Vates Petroleum Corporation for designation of a tight Application of Mesa Petroleum Company and Yates Petroleum Corporation for designation of a tight formation, Torrance, Guadalupe, DeBaca, Lincoln, and Chaves Counties, New Mexico. Pursuant to Socilya 107 of the Natural Gas Policy Act of 1978 and 18 CSR Section 271.701-705, applicants, in the shows-studed cause seek the designation as a tight formation of the Abo formation underlying the above-styled cause, seek the designation as a tight formation of the Abo formation underlying the following described lands in the above-named counties: A following described lands in the above-named counties: A formation of the Abo formation underlying all of Townships 1 North thru 27 Sast; all of Townships 5 North thru North, Ranges 14 East thru 26 Sast; all of Townships 1 South thru 5 South, Ranges 14 East thru:

All of Townships 1 North thru 4 North, Ranges 14 East thru 27 Sast; all of Townships 5 North thru 7 North, Ranges 14 East thru 26 East; all of Townships 1 South thru 5 South, Ranges 14 East thru 27 East; all of Township 6 South, Ranges 14 thru 28 East; N/2 only of Township 7 South, Ranges 14 East thru eships 4 South and 10 South, Ranges 18 East thru 27 East; all of Township 7 South, Ranges 14 thru 25 East; all of Township 12 South, Ranges 18 East thru 28 East; all of Township 11 South, Ranges 18 East; all of Township 12 South, Ranges 18 East thru 27 East; all of Township 11 South, Ranges 18 East; all of Township 12 South, Ranges 18 East thru 28 East; all of Township 13 South, thru 25 East; all of Township 12 South, Ranges 18 East thru 24 East; all of Township 13 South, estimated all of Township 14 South, Ranges 18 East thru 27 East; also all

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### Page 3 of 6 Examinor Hearing - Tuesday - November 25, 1980

#### Docket No. 39-80

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CASE 7094: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, contracting, and extending certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the Northeast Lusk-Yates Pool. Further, to assign approximately 14,790 barrels of discovery allowable to the discovery well, Sun Oil Company Jennings B Pederal Well No. 1 located in Unit K of Section 15, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

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

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Yates production and designated as the North Querecho Plains-Yates Gas Pool. The discovery well is Lewis B. Burle-son, Inc. Berry Federal Well No. 1 located in Unit E of Section 35, Township 18 South, Range 32 East, IMPM. Suid pool would comprise:

## TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM Section 35: NW/4

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Triple X-Atoka Gas Pool. The discovery well is Getty Oil Company HNG 4F State Well No. 1 located in Unit F of Section 4, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

## TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM Section 4: 4/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Tulk-Devonian Fool. The discovery well is Santa Fe Energy Company State NM3 Well No. 1 located in Unit P of Section 3, Township 15 South, Range 32 East, NMPM. Said pool would comprise:

## TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM Section 3: SE/4

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Vaca Draw-Morrow Gas Pool. The discovery well is HNG Oil Company Bell Lake 11 Federal Well No. 1 located in Unit B of Section 11, Township 25 South, Range 33 East, NMPH. Said pool would comprise:

## TOWNSHIP 25 SOUTH, RANGE 33 EAST, NHPM Section 11: N/2

(f) CREATE a new pool in Les County, New Mexico, classified as an oil pool for Bone Spring pro-duction and designated as the North Young-Bone Spring Pool. The discovery well is Harvey E. Yates Company Young Deep Unit Well No. 1 located in Unit D of Section 10, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

## TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM Section 10: NW/4

(g) CONTRACT the Anderson Ranch-Wolfcamp Pool in Les County, New Mexico, by the deletion of the following described area:

## TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM Section 3: Lots 9, 10, 15, and 16

(h) CONTRACT the Querecho Plains-Yates Pool in Les County, New Mexico, by the deletion of the following described area:

> TOWNSHIP 18 SOUTH, RANGE 32 EAST, MMPM Section 35: NW/4

(1) CONTRACT the South Red Lake-Seven Rivers Pool in Eddy County, New Mexico, by the deletion of the following described area:

> TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM Section 15: W/2 SW/4 Section 22: NW/4

## Page 4 of 6

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# Examiner Hearing - Tuesday - November 25, 1980

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(j) EXTEND the Airstrip-Lower Bone Spring Pool in Lea County, New Mexico, to include therein: TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM Section 23: SE/4

(k) EXTEND the North Anderson Ranch-Wolfcamp Pool in Les County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM Section 2: Lots 11, 12, 13, and 14 Section 3: Lots 9, 10, 15, and 16

(1) EXTEND the Antelope Ridge-Bone Spring Pool in Lea County, New Mexico, to include therein: TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM Section 24: SW/4 Section 25: NW/4

(m) EXTEND the West Arkansas Junction-San Andres Pool in Les County, New Mexico, to include therein: TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM Section 20: SW/4 Section 29: NH/4

(n) EXTEND the Bass-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM Section 21: E/2 Section 28: A11

(o) EXTEND the Bell Lake-Bone Spring Pool in Les County, New Mexico, to include therein: TOWNSHIP 23 SOUTH, RANGE 34 EAST, NHPM Section 29: N/2 Section 30: E/2 Section 31: NE/4

(p) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein: TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM Section 22: SE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NHPM Section 8: NW/4

(q) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein: TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM Section 6: E/2 SW/4 Section 7: E/2 NW/4

(r) EXTEND the Denton-Wolfcamp Pool in Les County, New Mexico, to include therein: TOWNSHIP 14 SOUTH, RANGE 37 EAST, NMPM Section 22: SE/4

(s) EXTEND the Diamond Mound-Morrow Gas Pool in Chaves and Eddy Counties, New Mexico, to include

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NHPH Section 35: S/2

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM Section 31: E/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 3, 2, 13, 14, 15, and 16 Lots 1, 2, 7, 8, 9, 10, 15, and 16

Section 4:

Page 5 of 6 Examiner Hearing - Tuesday - November 25, 1980

### Docket No. 39-80

14

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

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM Section 28: All Section 29: N/2

(u) EXTEND the Eagle Creek Permo-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANCE 24 EAST, NMPM Section 36: E/2

(v) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPH Section 18: All

(W) EXTEND the East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NHPH Section 22: NW/4

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

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NHPM Section 2: SE/4

(y) EXTEND the Hardy-Blinebry Pool in Les County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM Section 1: S/2

(z) EXTEND the Hardy-Drinkard Pool in Les County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPH Section 1: S/2

(as) EXTEND the Leamex-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM Section 21: S/2 NW/4

(bb) EXTEND the Loco Hills Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM Section 2: SW/4 SW/4 Section 3: A11 Section 4: E/2 Section 11: NW/4 NW/4

(cc) EXTEND the South Loco Hills Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

> TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM Section 31: NE/4 NE/4

(dd) EXTEND the Northeast Lovington-Pennsylvanian Pool in Les County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM Section 29: NW/4

(ee) EXTEND the Penasco Draw Permo-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 24 EAST; NMPM Section 25: S/2 Section 36: A11

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM Section 1: N/2

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Page 6 of 6 Examiner Hearing - Tuesday - November 25, 1980

Docket No. 39-80

(ff) EXTEND the Saunders Permo-Upper Pennsylvanian Pool in Les County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM Section 28: NW/4

(gg) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM Section 4: SW/4 Section 5: SE/4

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

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM Section 29: SE/4

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

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPH Section 19: W/2 NE/4 and NW/4 SE/4 Section 31: E/2

(jj) EXTEND the Vacuum-Abo Reef Pool in Les County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM Section 9: SW/4

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

RECEIVER NOV 1 0 1980 OIL CLASS 71

! OF SION SANTA FE JI SIUN Telephone 982-4285 Area Code 505

November 5, 1980

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

John E. Schalk NMOCD Case No. 6996 RE:

Dear Mr. Ramey:

contin 

Nov 25 will then be contd to Dec 10

The Press Stragger

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was.

That decision having now been made by Order No. R-6496, please place Case 6996 on the Examiner Docket for December 10, 1980.

Very Fru Thomas Kellahin

WTK:jm cc: Mr. Tom Schalk Mr. John E. Schalk Mr. Al Kendrick Mr. Sumner Buell Mr. Curtis Little

1 Page 1 STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 2 OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 3 1 October 1980 EXAMINER HEARING 5 6 IN THE MATTER OF: 7 Application of John E. Schalk for compulsory pooling, Rio Arriba CASE 8 6996 County, New Mexico. 9 SALLY W. BOYD, C.S.R. Rt. 1 Box 193-E Santa Fe, New Merico 87501 Phone (305) 455-7405 10 BEFORE: Daniel S. Nutter 11 12 TRANSCRIPT OF HEARING 13 14 APPEARANCES 15 16 For the Oil Conservation Ernest L. Padilla, Esq. 17 Division: Legal Counsel to the Division State Land Office Bldg. 18 Santa Fe, New Mexico 87501 19 20 For the Applicant: 21 22 23 24 25 

We'll call next Case Number MR. NUTTER: 6996. Application of John E. MR. PADILLA: Schalk for compulsory pooling, Rio Arriba County, New Mexico. MR. NUTTER: At request of applicant this case will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. November 25th, 1980. (Hearing concluded.) SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Merico 87501 Phone (505) 455-7409 

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## CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

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I do hereby certicy that the foregoing is a complete record of the proceedings in the Examiner hearing of Gase No. 6516, heard by me on 19 6

, Examiner Oil Conservation Division

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Merido 87501 Phone (503) 455-7405 1

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 1 OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. 2 SANTA FE, NEW MEXICO 1 October 1980 3 EXAMINER HEARING 4 5 6 IN THE MATTER OF: Application of John E. Schalk for CASE 7 compulsory pooling, Rio Arriba 6996 County, New Mexico. 8 9 SALLY W. BOYD, C.S.N. Rt. 1 Box 193-B Suita Fe, New Medico 87501 Phone (505) 455-7409 BEFORE: Daniel S. Nutter 10 11 TRANSCRIPT OF HEARING Q. 12 13 APPEARANCES 14 15 Ernest L. Padilla, Esq. Legal Counsel to the Division For the Oil Conservation 16 State Land Office Bldg. Santa Fe, New Mexico 87501 Division: 17 18 19 For the Applicant: 20 21 22 23 24 25 And a construction of the construction of the

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MR. NUTTER: We'll call next Case Number 6996. MR. PADILLA: Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. MR. NUTTER: At request of applicant this case will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. November 25th, 1980. SALLY W. BOYD, C.S.R. Rt: 1 Box 193-B Santa Fe, New Martico 87501 (Hearing concluded.) Phone (505) 455-7409 

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Page 1 CERTIFICATE 2 3 I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that 4 the foregoing Transcript of Hearing before the Oil Conserva-5 tion Division was reported by me; that the said transcript 6 is a full, true, and correct record of the hearing, prepared 7 by me to the best of my ability. 8 S SALLY W. BOYD, C.S.R. 10 Rt. I Bot 193-B I Fe, New Mexico 87501 hone (505) 455-7409 (2)11 12 13 Sent 14 I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing or Case sto. 6916 15 16 heard by me on Examiner 17 Oil Conservation Division 18 19 20  $\odot$ 21 22 23 24 25

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Dockets Nos. 31-80 and 32-80 are tentatively set for October 15 and 29, 1980. Applications for hearing must EXAMINER HEARING - WEDNESDAY - OCTOBER 1, 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 7029: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its special rules and procedures for the designation of "tight formation", promulgated by Division Order No. R-6388, to comply with FERC Order No. 99, issued August 15, 1980, promulgating final regulations with respect to Section 107 of the NGPA.

CASE 7030: 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 promuloated by Division Order No. 8-5878 as amended The proposed amendments relate to individu

CASE 7031:

amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATECORY DETERMINATIONS as promulgated by Division Order No. R-5878, 49 amended. The proposed amendments relate to individual well filings for price category determination as "tight formation" gas under Section 107 of the NGPA. Application of Coronado Exploration Corp. for a unit agreement, Guadalupe County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Mesa Leon Unit Area, comprising 15,680 acres, more or less, of State, Federal, and fee lands in Township 6 North, Range 17 East.

CASE 7007: (Continued from September 3, 1980, Examiner Hearing)

Application of Hervey 5. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Morrow and Atoka production in the wellbore of its North Travis 12 Deep Well No. 1 located in Unit 0 of Section 12, CASE 7023: (Continued from September 17, 1980, Examiner Hearing)

Application of Shell Oil Company for pool creation and temporary special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Pennsylvanian oil pool for its Askew Well No. 1 located in Unit L of Section 2, Township 5 South, Range 33 East, and the pro-mulasion of energial cool rules therefor including a provision for R0-serve spacing. TOT ICS ASKEW WELL NO. 1 LOCATED IN UNIT L OF SECTION 2, LOWISITP 3 SOUTH, Mange 33 mulgation of special pool rules therefor, including a provision for 80-acre spacing. CASE 7019: (Continued from September 17, 1980, Examiner Hearing)

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 Pansyl-vanian formation underlying the W/2 of Section 30, Township 23 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, designation of applicant as operator of the well, and a charge for

costs 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 asid well risk involved in drilling said well,

Application of Dalport Oil Corporation for an exception to Order No. R-3221, Chaves County, New Application of Dalport Oil Corporation for an exception to Order No. R-3221, Chaves County, New Mexico, Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit dis-posal of produced brine into an unlined surface pit located between Units L and M of Section 9, Town-

CASE 7033:

CASE 7032:

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Application of Adams Exploration Inc. for three non-standard proration units, Lea County, New Mexico. Application of Adams Exploration Inc. for three non-atandard proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of three 80-acre non-standard proration units in the Vada-Pennsylvanian Pool, comprising the following acreage: SE/4 NE/4 and NE/4 SE/4 of Section 12, N/2 NE/4 of Section 12, and S/2 SE/4 of Section 2, all in Township 9 South, Range 34 East. CASE 6940: (Continued from August 20, 1980, Examiner Hearing)

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/6 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 cost thereof as well as actual operating costs and completing said well and the allocation of the as operator of the well, and a charge for risk involved in drilling said well.

Page 2 of 3 Examiner Hearing - Wednesday - October 1, 1980

Docket No. 30-80

CASE 6996: (Continued from September 3, 1980, Examiner Hearing)

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7034: Application of Merrion & Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Otero-Chacra production in the wellbore of its Atlantic Well No. 1 located in Unit O of Section 32, Township 26 North, Range 6 West.

CASE 7035: Application of Merrion & Bayless for downhole commingling, San Juan County, New Merrico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallegos-Gallup and Basin-Dakota production in the wellbore of its Delhi Taylor Yell No. 1 located in Unit M of Section 4, Township 26 North, Range 11 West.

CASE 7036: Application of J. Gregory Merrion for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SE/4 of Section 34, Township 25 North, Range 6 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.

<u>CASE 7037</u>: Application of Mesa Petroleum Co. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Mesaverde production in the wellbore of its State Com AF Well No. 28 located in Unit I of Section 36, Township 29 North, Range 10 West.

CASE 7020: (Continued from September 3, 1980, Examiner Hearing)

Application of Mess Petroleum Co. for pool creation, special pool rules and an oil discovery allowable, Rio Arriba and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup oil pool for its South Blanco Federal Well No. 1-6 located in Unit A of Section 6, Township 23 North, Range 7 West, and special rules therefor, including a provision for 80-acre spacing units. Applicant further seeks a discovery allowable for the aforesaid well.

CASE 6822: (Continued from September 17, 1980, Examiner Hearing)

In the matter of Case 6822 being reopened pursuant to the provisions of Order No. R-6293 which order created the West Double X-Wolfcamp Gas Pool as a retrograde gas condensate pool and set special production limitations therein. Operator(s) may appear and present evidence to establish the true nature of the reservoir and proper rates of withdrawal therefrom.

CASE 7038: Application of Natura Energy Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NE/4 of Section 6, Township 19 South, Range 39 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 7039: Application of Red Mountain & Associates for a waterflood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Chaco Wash-Mesaverde Oil Pool by the injection of water into the Chaco Wash Sand formation through eight wells at various orthodox and unorthodox locations in Section 28 of Township 20 North, Range 9 West.

CASE 7040: Application of Belco Petroleum Corporation for reclassification or a new gas pool and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Wilson Strawn Pool as a gas pool or, in the alternative, the creation of a new gas pool for its State 12 Well No. 1 located in Unit G of Section 12, Township 21 South, Range 34 East; applicant further seeks approval of a standard gas proration unit for said well comprising the E/2 of said Section 12, or in the alternative, a non-standard unit comprising the NE/4, N/2 SE/4 and SE/4 SE/4 of said Section 12.

## Page 3 of 3

Examiner Hearing - Wednesday - October 1, 1980

CA9E 6618: (Reopened and Readvertised)

Docket No. 30-80

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In the matter of Case 6618 being reopened pursuant to the provisions of Order No. R-6103 which order created the Travis-Yates Gas Pool in Eddy County, New Mexico, with temporary special rules and regu-lations including a provision for 80-acre spacing units. Operators in said pool may appear and regu-cause why the pool should not be developed on 160-acre spacing units.

CASE 6648: (Reopened and Readvertised)

In the matter of Case 6648 being reopened pursuant to the provisions of Order No. R-6124 which order promulgated temporary special rules and regulations for the North Caprock-Mississippian Pool in Lea County, New Mexico, including a provision for 160-acre spacing and a 4000 to one gas-oil ratio limitation. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing with a 2000 to one GOR.
Page 1 STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 2 OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 20 August 1980 3 4 EXAMINER HEARING 5 6 IN THE MATTER OF: 7 Application of John E. Schalk for 8 compulsory pooling, Rio Arriba CASE County, New Mexico. 6996 9 SALLY W. BOYD, C.S.R. Rt. I Box 193-8 10 BEFORE: Richard L. Stamets 455-740 11 12 TRANSCRIPT OF HEARING 13 14 APPEARANCES 15 16 For the Oil Conservation Ernest L. Padilla, Esq. 17 Division: Legal Counsel to the Division State Land Office Bldg. 18 Santa Fe, New Mexico 87501 19 20 For the Applicant: 21 22 23 24 25 يوارد بغريبا ويتبع ويود

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

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B

MR. PADILLA: Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. MR. STAMETS: We will continue this case until later in the hearing.

> (Thereupon the hearing was continued until later on the same date.)

MR. STAMETS: For the record, we have received instructions from the applicant to continue Case 6996 to the September 3rd Examiner Hearing, and it will be so continued.

(Hearing concluded.)

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SALLY W. ISOYD, C.S.R. Rt. 1 Box 193-B Sunta Fe, Ner Mecico 87501 Phone (305) 455-7409 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.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6996, heard by me on 8-20 1980

lam Examiner Sar Oll Conservation Division

1 STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 2 OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. 3 SANTA FE, NEW MEXICO 20 August 1980 4 EXAMINER HEARING 5 6 IN THE MATTER OF: 7 Application of John E. Schalk for 8 compulsory pooling, Rio Arriba CASE County, New Mexico. 9 6996 SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fc. New Medico \$7501 Phone (503) 455-7409 10 BEFORE: Richard L. Stamets 11 12 TRANSCRIPT OF HEARING 13 14 APPEARANCES 15 16 For the Oil Conservation Ernest L. Padilla, Esq. 17 Division: Legal Counsel to the Division State Land Office Bldg. 18 Santa Fe, New Mexico 87501 19 20 For the Applicant: 21 22 23 24 25 NER MELLER STATISTICS OF THE STATE Addition of the

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

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SALLY W. HOYD, C.S.R. Rt. 1 Box 195-B Santa Fe, New Merico 87501 Phone (205) 555-7400 MR. PADILLA: Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. MR. STAMETS: We will continue this case until later in the hearing.

> (Thereupon the hearing was continued until later on

the same date.)

MR. STAMETS: For the record, we have received instructions from the applicant to continue Case 6996 to the September 3rd Examiner Hearing, and it will be so continued.

(Hearing concluded.)

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Page CERTIFICATE 1 G I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that 2 the foregoing Transcript of Hearing before the Oil Conserva-3 tion Division was reported by me; that the said transcript 4 is a full, true, and correct record of the hearing, prepared б 6 by me to the best of my ability. 7 8 9 SALLY W. BOYD, C.S.R. Rt. 1 Box 193-11 Santa Fe, New Meerico 87501 Phone (502) 455-1405 10 11 12 nal the foregoing is d co 13 1 do house of the Lka mer wearing of Case No. 14 -, Examiner neard by me on\_ 15 Oll Conservation Division 16 17 18 19 20 21 22 23 24 and a second 25 )

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	MR. NUTTE	R: Applicant in	this case has
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Hearing schedu	led to be held	at this same pla	ce at 9:00
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SALLY W.

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.E.

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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. 6994 9/3 heard by me on Examiner Oll Conservation Division

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MR. NUTTER: Call next Case Number 6996. MR. PADILLA: Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. MR. NUTTER: Applicant in this case has requested continuance. We'll continue Case 6996 to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. October 1st, 1980. (Hearing concluded.) 

SALLY W. BOYD, C.S.R

Rt. 1 Bo Santa Fe, New

Page CERTIFICATE I, SALLY W. BOYD, C.S.R., DO HEREPY 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. I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6196, heard by rae on 9/3 1980. Examiner OII Conservation Division aspendense van er waarde w

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	1	MR. NUTTER: We'll call now Case Number
	2	6996.
	3	MR. PADILLA: Application of John E.
		Schalk for compulsory pooling in Rio Arriba County, New Mexico
	4	MR. NUTTER: The applicant in this case
	6 7	has requested continuance. Case Number 6996 will be continued to the
	8	Examiner Hearing scheduled to be held at this same place at
a <b>ses</b> ta di Antonio 1995 - Antonio A	ŷ	9:00 o'clock a. m. August 20, 1980.
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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Merico 87501 Phone (500) 455-7409	11	(Hearing concluded.)
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SALLY W. BOYD, C.S.R

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

Jarly W. Boyd CSR

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MR. NUTTER: We'll call now Case Number

MR. PADILLA: Application of John E. 6996. Schalk for compulsory pooling in Rio Arriba County, New Mexico. MR. NUTTER: The applicant in this case 

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SALLY. W. BOYD, C.S.R. Rt. 1 Box 199-B Santa Fc. New Mictico 87501 Phone (200) 4557409

has requested continuance. Case Number 6996 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. August 20, 1980.

(Hearing concluded.)

CERTIFICATE I, SALLY W. BOYD, C.S.R., DO HEREPY 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 1 do hereby certify that the foreaoing is a comple e re-or of the proceedings in the Examiner hearing of yise so. 6996 heard by me on , Examiner Off Conservation Division 

#### Docket No. 27-80

Dockets Nos. 29-80 and 30-80 are tentatively set for September 17 and October 1, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 3, 1980

#### 9 A.H. - 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 7015: Application of Tenneco Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the S/2 of Section 36, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

#### CASE 7016: Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Mississippian formations underlying the E/2 of Section 18, Township 15 South, Range 27 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 7006: (Continued from August 20, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Northwest Gladiola Unit Area, comprising 1,280 acres, more or less, of State and fee lands in Townships 11 and 12 South, Range 37 East.

#### CASE 7007: (Continued from August 20, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Morrow and Atoka production in the wellbore of its North Travis 12 Deep Well No. 1 located in Unit 0 of Section 12, Township 18 South, Range 28 East.

#### CASE 7017: Application of Bass Enterprises Production Company for pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Bone Spring gas pool for its Big Eddy Unit Well No. 60 located in Unit J of Section 20, Township 21 South, Range 28 East, with classification of wells with a GOR of 20,000 or more as gas wells.

CASE 7018: Application of Shell Oil Company for an exception to Division Rule No. 202(B), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a one year extension to the exception to Rule 202(B) previously approved by Order No. R-5655 for certain of its Carson Unit wells in the Bisti Pool. Applicant further requests an administrative procedure for any future extensions.

CASE 7019: 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 30, Township 23 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6991: (Continued from August 6, 1980, Examiner Hearing)

Application of Amoco Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in a 100 foot perforated interval between 4400 feet and 4800 feet in its South Hobbs Unit Well No. 103 in Unit B of Section 15, Township 19 South, Range 38 East, Hobbs Grayburg-San Andres Pool.

### CASE 7000: (Continued from August 20, 1980, Examiner Hearing)

Application of Cavalcade Oil Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its McClay Well No. 11 2385 feet from the South line and 1834 feet from the West line of Section 33, Township 18 South, Range 30 East, the NE/4 SW/4 of said Section 33 to be dedicated to the well.

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#### Page 2 of 2 Examiner Hearing - Wednesday - September 3, 1980

Docket No. 27-80

CASE 7020: Application of Mesa Petroleum Co. for pool creation, special pool rules and an oil discovery allowable, Rio Arriba and San Juan Councies, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup oil pool for its South Blanco Federal Well No. 1-6 located in Unit A of Section 6, Township 23 North, Range 7 West, and special rules therefor, including a provision for 80-acre spacing units. Applicant further seeks a discovery allowable for the aforesaid well.

#### CASE 6822: (Reopened and Readvertised)

In the matter of Case 6822 being reopened pursuant to the provisions of Order No. R-6293 which order created the West Double X-Wolfcamp Gas Pool as a retrograde gas condensate pool and set special production limitations therein. Operator(s) may appear and present evidence to establish the true nature of the reservoir and proper rates of withdrawal therefrom,

#### CASE 6996: (Continued from August 20, 1980, Examiner Hearing)

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, 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, designation of applicant as operator of the well, and a charge o for risk involved in drilling said well.

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Docket No. 28-80

DOCKET: COMMISSION HEARING - THURSDAY - SEPTEMBER 4, 1980

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

#### CASE 6889: (DE NOVO)

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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.

Upon application of Duval Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

Evidence and testimony or arguments in this hearing shall be limited to the issue of whether Duval Corporation has standing to object to the application of Belco Petroleum Corporation.

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

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Telephone 982-4285 Area Code 505

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

> Re: John E. Schalk NMOCD Case No. 6996

Dear Mr. Ramey:

Our firm represents Mr. Schalk. Case 6996 is an application for compulsory pooling for the NE/4 of Section 8 now set for hearing on August 20, 1980.

We would request that the hearing on Case 6996 be continued until the Division decides Case 6896 which is Mr. Schalk's application for approval of the NE/4 of Section 8 as a 160 acre non-standard proration and spacing unit. That case was heard on July 9, 1980.

Very truly Thomas Kellahin

August 18, 1980

cc: Mr. Tom Schalk Mr. Al Kendrick Mr. Sumner Buell

WIK: jm

Docket No. 26-80

Dockets Nos. 27-80 and 28-80 are tentatively set for September 3 and 17, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 20, 1980

9 A.N. - 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 September, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

- (2) Consideration of the allowable production of gas for September, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 6998:

- 98: Application of Monsanto Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Back Basin Unit Area, comprising 1,920 acres, more or less, of State and Federal lands in Township 23 South, Range 34 East.
- <u>CASE 6999</u>: Application of Gulf Oil Corporation for an unorthodox location and simultaneous dedication, Lea Gounty, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a previously approved 320-acre non-standard proration unit comprising the N/2 of Section 36, Township 21 South, Range 36 East, Eumont Gas Pool, to its Harry Leonard NCT-C Well No. 9 located in Unit B, and its No. 8, at an unorthodox location 1980 feet from the North line and 660 feet from the East line of Section 36.
- CASE 7000: Application of Cavalcade Oil Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its McClay Well No. 11 2385 feet from the South line and 1834 feet from the West line of Section 33, Township 18 South, Range 30 East, the NE/4 SW/4 of said Section 33 to be dedicated to the well.
- CASE 7001: Application of McClellan Oil Corporation for three unorthodox oil well locations, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for three following unorthodox locations for wells to be drilled in Section 24, Township 14 South, Range 29 East, Double L Queen Associated Pool: 1155 feet from the North line and 2145 feet from the East line; 1155 feet from the North and East lines; and 1650 feet from the North line and 1155 feet from the East line; the respective 40-acre tract would be dedicated to each well.
- CASE 7002: Application of Orville Slaughter for the amendment of Order No. R-5947, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the emendment of Order No. R-5947 to provide for the commingling of Oswell-Parmington production from his Sangre de Cristo Well No. 1 with undesignated Fruitland production from Wells Nos. 2 and 25, all in Section 34, Township 30 North, Range 11 West.
- CASE 7003: Application of El Paso Natural Gas Company for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill a well, the surface location of which is 590 feet from the South line and 2400 feet from the East line of Section 1, Township 29 North, Range 13 West, in such a manner as to bottom it within 175 feet of a point 990 feet from the South line and 1650 feet from the West line of said Section 1.
- <u>CASE 7004</u>: Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all pineral interests in the Wolfcamp-Morrow formations underlying the N/2 of Section 12, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

#### CASE 6938: (Continued from June 25, 1980, Examiner Hearing)

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 Pederal 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: (Continued from June 25, 1980, Examiner Hearing)

Application of Anadarko Production Company for compulsory publing, 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. Page 2 of 5

# Examiner Hearing - Wednesday - August 20, 1930

# CASE 6940: (Continued from July 23, 1980, Examiner Hearing)

Docket No. 26-80

Application of Adobe Oil Company for compulsory proling, Lea County, New Mexico.

Application of Adobe Oil Company for compulsory pBoling, Lea County, New Nexico. 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 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. A to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof for supervision designation of appli-

CASE 6961:

to be considered will be the cost of drilling and completing said well and the dilocation of the cost thereof as well as actual operating costs and charges for supervision, designation of appli-cant as operator of the unit and a charge for viet involved in drilling said well. cost thereof as well as accual operating costs and charges for supervision, designa cant as operator of the well, and a charge for risk involved in drilling said well. (Continued from July 23, 1980, Examiner Hearing) (This case will be continued to September 17.)

Application of Conoco Inc. for a dual completion and unorthodox well location, Lea County, New Mexico.

CASE 7005:

Application of Conoco Inc. for a dual completion and unorthodox well location, Lea County, New Mexic Applicant, in the above-styled cause, seeks appreval for the dual completion of its Meyer A-29 Well No. 11 to be drilled at an unorthodox location 990 feet from the North line and 660 feet from the East line of Section 29 Tourship 22 South Range 36 Fast to produce cas from the Langley-Devenion No. 11 to be drilled at an unorthodox location 990 feet from the North line and 660 feet from the East line of Section 29, Township 22 South, Range 36 East, to produce gas from the Langley-Devonian and -Ellenburger Pools thru parallel strings of tubing, the E/2 of said Section 29 to be dedicated to the well. Application of Sol West III for an NGPA determination, Eddy County, New Mexico. Application of Sol West Lif for an nors decempination, Eddy County, New Residu. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for his Turbou Track-Morrow Cand Wall No 1 in Whit Lof Section 26 Township 18 South Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for his Turkey Track-Morrow Sand Well No. ] in Unit I of Section 26, Township 18 South, Range 28 West

Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico.

CASE 7006: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Northwest Gladiola Unit Area, comprising 1,280 acres, more or less, of State and fee lands in Townships 11 and 12 South, Range 37 East.

CASE 7007:

CASE 7008:

Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Horrow and Atoka production in the wellbore of its North Travis 12 Deep Well No. 1 located in Unit 0 of Section 12. Townshin 18 South Rance 28 East

Application of Coronado Exploration Corp. for eight compulsory poolings, Chaves County, New Mexico. Application or coronado exploration Corp. for eight computsory poolings, chaves councy, new nexico. Applicant, in the above styled cause, seeks an order pooling all mineral interests in the San Andres formation with the second powerion with being the NF/A NF/A of Section A and the NW/A Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Audi formation underlying eight 40-acre proration units, being the NE/4 NE/4 of Section 4 and the NW/4 NE/4 of Section 5, both in Townshin 12 South, Range 28 East, and the NW/4 SE/4 of Section 6, the Tormation underlying eight 40-acre proration units, being the NE/4 NE/4 of Section 4 and the NW/4 NE/4 of Section 5, both in Township 12 South, Range 28 East, and the NW/4 SE/4 of Section 4 and the NW/4 NE/4 NW/4 of Section 23, the NE/4 SE/4 of Section 28, the SE/4 SE/4 of Section 29, the NE/4 NW/4 of Section 32, and the SE/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be Section 32, and the SE/4 NW/4 of Section 33, all in Township 11 Sourn, Kange 40 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the section of the cost thereof as well as 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, designation of applicant as operator of the the cost of drilling and completing said wells and the allocation of the cost thereof as well actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico.

CASE 6994:

(Continued from August 6, 1980, Examiner Hearing)

Application of Enserch Exploration, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Siluro-Devonian formations underlying the N/2 of Section 14, Township 25 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, designation of applicant as operator of the well 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 6996:

(Continued from August 6, 1980, Examiner Hearing)

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico.

Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant; in the above-styled cause; seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, 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 dril-ling 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 ling 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. Application of Amoco Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the interval from 8330 feet to 9000 feet in its State "E" Tract 18 Well No. 22 in Noit C of Section 2 Toumehin 17 South Panes 36 Fast Lowington-Abo Pool

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CASE 7009:

Examiner Hearing - Wednesday - August 20, 1980

Dacket No. 26-80

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CASE 7010: Application of Amoco Production Company for a dual completion, unorthodox well location, and simultaneous dedication, Les County, Nov Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Myers "B" Federal Well No. 28 at an unorthodox location 330 feet from the South line and 420 feet from the West line of Section 9, Township 24 South, Range 37 East, to produce gas from the Jalmat Cas Pool and oil from the Langlie Mattix Pool, to be simultaneously dedicated in the gas zone with its No. 13 located in Unit L of Section 9.

Page 3 of 5

#### CASE 7011: (This case will be continued to the September 17, 1980, hearing.)

Application of Amoco Production Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Blanco-Pictured Cliffs production in the wellbores of the following six wells: Elliott "C" No. 1, SE/4 of Section 9, Township 30 North, Range 9 West; Elliott "B" No. 8, NE/4 of Section 10; "A" Nos. 3 and 2, NE/4 and NA/4, Section 11; "D" No. 7, SW/4 of Section 11; and "E" No. 1, NW/4 of Section 14, all in Township 29 North, Range 9 West.

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#### CASE 6981: (Continued from July 23, 1980, Examiner Hearing)

Application of Bass Enterprises Production Company for a special gas-oil ratio limitation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a special gas-oil ratio limitation of 8000 to one for the Palmillo-Bone Springs Pool.

CASE 7012: Application of Amoco Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka formation for its Pardue Farms Gas Com Well No. 1 in Unit G of Section 26, Township 23 South, Range 28 East.

CASE 7013: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, contracting vertical limits, and extending certain pools in Chaves, Lea, and Roosevelt Counties, New Mexico:

> (a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Yates production and designated as the Byers-Yates Gas Pool. The discovery well is Exxon Corporation Bowers A Federal Well No. 37 located in Unit P of Section 30, Township 18 South, Range 38 East, MMPM. Said pool would comprise:

#### TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM Section 30: SE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production) and designated as the West Jal-Atoka Gas Pool. The discovery well is Getty Oil Company West Jal B Deep Well No. 1 located in Unit II of Section 17, Township 25 South, Kange 36 East, KMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANCE 36 EAST, NMPM Section 17: E/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Saunders-Horrow Gas Pool with special vertical limits defined as being from the top of the Morrow formation at 12,150 feet to the top of the Mississippian at 12,445 feet, as found on the log of the discovery well, the Adobe Oil and Gas Corporation Gray 35 Well No. 1 located in Unit N of Section 35, Township 14 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 14	SOUTH,	RANGE	33	EAST,	NMPM
Section 35:	A11				

(d) ABOLISH the North Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, described as:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, IMPM Section 13: Section 23: SE/4 SE/4 Section 24: S/2 and NE/4 Section 25: N/2 and SE/4 Section 26: N/2 TOWNSHIP 13 SOUTH, RANGE 33 EAST, MMPM Section 18: -S/2 Section 19: N/2 and SE/4 Section 20: All

Page 4 of 5 Examiner Hearing - Wednesday - August 20, 1980

Docket No. 26-80

(c) EXTEND the Baua-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EA	AST, NHPH
Section 12: SE/4	
Section 23: SE/4	
Section 24: S/2 and NE/4	
Section 25: API	
Section 26: N/2	
TOWNSHIP 13 SOUTH, RANGE 33 E/	ST, NMPH
Section 18: 8/2	
Section 19: N/2 and SE/4	متنقصية والمسترور والمتالو
Section 20: All	

(f) ABOLISH the Gallina-San Andres Pool in Chaves County, New Mexico, described as:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM Section 6: NW/4

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

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM Section 6: NW/4

(h) ABOLISH the West Tonto-Pennsylvanian Gas Pool in Lea County, New Mexico, described as:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM Section 12: S/2 TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM Section 7: All Section 8: W/2 Section 18: N/2

(i) EXTEND the Bulfalo-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANCE 32 EAST, NMPM Section 1: S/2 Section 12: S/2 TOWNSHIP 19 SOUTH, RANCE 33 EAST, NMPM Section 6: SW/4 Section 7: All Section 8: W/2 Section 18: N/2

(j) CONTRACT the vertical limits of the Saunders-Permo Pennsylvanian Pool with special vertical limits defined as being from the top of the Wolfcamp<sup>3</sup> formation at 9,195 feet to 10,705 feet into Pennsylvanian formation, as found on log of Adobe Oil and Cas Corporation Gray 35 Well No. 1 located in Unit N of Section 35, Township 14 South, Range 33 East, NNPM, and redesignate said Sounders-Permo Pennsylvanian Pool to Saunders Permo-Upper Pennsylvanian Pool.

(k) EXTEND the Airstrip-Upper Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPH Section 25: NE/4

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

TOWNSHIP 24 SOUTH, RANGE 34 EAST, IMPH Section 18: 5/2

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

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NHPH Section 13: SW/4

(n) EXTEND the Guster-Devonian Gas Pool in Les County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANCE 36 EAST, HMPH Section 36: S/2 TOWNSHIP 25 SOUTH, RANCE 36 EAST, NHPH Section 1: E/2 Page 5 of 5 Examiner Hearing - Wednesday - August 20, 1980

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#### Docket No. 26-80

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(o) EXTERD the Custer-Ellenburger Cas Pool in Lea County, New Mexico, to include therein:

TORNSHIP 24 SOUTH, RANGE 36 EAST, NMPM Section 36: S/2

TOURSHIP 25 SOUTH, RANGE 36 EAST, NMPM Section 1: E/2

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

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM Section 19: NE/4

(q) EXTEND the Hardy-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPH Section 12: NM/4

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

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM Section 12: NW/4

(b) EXTEND the Hobbs-Drinkard Pool in Les County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM Section 3: SW/4

(t) EXTERND the South Kemnitz-Cisco Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM Section 22: SE/4 Section 27: NE/4

(u) EXTEND the North Lusk-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOINISHIP 18 SOUTH, RANGE 32 EAST, NMPM Section 32: N/2 Section 33: W/2

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM Section 4: W/2

(v) EXTEND the Querccho Plains-Yates Pool in Les County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EASE, NHPH Section 35: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPH Section 6: Lots 9, 10, 15, 16, and SE/4

(x) EXTEND the Northwest Todd-San Andres Gas Pool in Roosevelt County, New Mexico, to include therein:

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

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

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NNPH Section 32: SE/4 SM/4

(z) EXTEND the Warren-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM Section 35: NW/4

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Jason Kellahin W. Thomas Kellahin Karen Aubrey

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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

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July 29, 1980

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

file

Re: John E. Schalk Case No. 6996

Dear Joe:

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Please continue the above referenced case now set for August 6, 1980 to the examiner hearing on August 20, 1980. My client is not available for the first scheduled date.

Very truly yours,

W. thomas Kellahin

cc: Mr. Tom Schalk Mr. John E. Schalk Mr. Al Kendrick Mr. Curtis Little Minel Incorporated WTK:nb

#### Page 2 of 2 Examiner Hearing - Wednesday - August 6, 1980

Docket No. 25-80

CASE 6992: Application of Amoco Production Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Anderson 3 Com. Well No. 1 in Unit R of Section 3, Township 16 South, Range 32 East.

CASE 6956: (Continued from July 9, 1980, Examiner Hearing)

Application of Amoco Production Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow-formation for its State "GA" Well No. 1 located in Unit F of Section 21, Township 16 South, Range 35 East.

CASE 6957: (Continued from July 9, 1980, Examiner Hearing)

Application of Amoco Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State HK Com Well No. 1 located in Unit L of Section 6, Township 24 South, Range 25 East.

CASE 6993: Application of Tom Bolack 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 1, Township 30 North, Range 12 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 6994: Application of Enserch Exploration, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Siluro-Devonian formations underlying the N/2 of Section 14, Township 25 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6995: Application of Petro-Lewis Corporation for downhole commingling, Les County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Penrose Skelly, Blinebry, and Drinkard production in the wellbore of its L. G. Warlick Well No. 2 located in Unit B of Section 19, Township 21 South, Range 37 East.

CASE 6996: Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Messverde Pool underlying the NE/4 of Section 8, 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 dril-ling 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 6982: (Continued from July 23, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Aminoil USA to appear and show cause why its 1980 Plan of Operation/Development for its Willow Lake Unit Area, Eddy County, New Mexico, should not be disapproved.

CASE 6997:

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Application of Benson-Montin-Greer Drilling Corporation for amendment of pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, as promulgated by Order No. R-2565-B, which currently prescribe 320-acre spacing for pool.

Applicant proposes that said rules be amended to provide for 640-acre spacing units with wells to be located within 165 feet of the center of a governmental quarter section.

Applicant further seeks approval for the following non-standard spacing units in Township 24 North, Range 1 East: two 640-acre units being the E/2 of Section 7 and W/2 of 8, and the W/2 of Section 17 and E/2 of 18; and two 480-scre units being the N/2 of Section 19 and NW/4 of 20, and the S/2 of Secand E/2 of 18; and two 480-scre units being the N/2 of Section 19 and NW/4 of 20, and the S/2 of Sec-tion 19 and SW/4 of 20; in Township 24 North, Range 1 West: a 320-scre unit being the N/2 of Section 1 and two 640-scre units being the N/2 of Sections 23 and 24, and the S/2 of Sections 23 and 24; also the following eight 640-scre units: the W/2 of Section 29 and E/2 of 30, Township 25 North, Range 1 East; the E/2 of Section 19 and W/2 of 20, Township 26 North, Range 1 East; the E/2 of Sections 5 and 8; the W/2 of Sections 5 and 8; the E/2 of Sections 17 and 20; and the W/2 of Sections 17 and 20, all in Township 26 North, Range 1 West; the W/2 of Sections i and 12, and the W/2 of Sections 13 and 24, ell in Township 27 North, Range 1 West; also three 600-scre units being the W/2 of Section 25 and all of 26; all of Section 27 and the E/2 of 28; and the W/2 of Section 28 and all of 29, Township 27 North, Range 1 West: and one 400-scre unit in the same township comprising all of Section 30. Range 1 West; and one 400-acre unit in the same township comprising all of Section 30.

Jason Kellahin W. Thomas Kellahin Karen Aubrey

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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

Case 6996

July 17, 1980

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

RE: John Schalk

Dear Joe:

Please set the enclosed forcedpooling application for hearing on August 6, 1980.

Very truly yo 0 Kellahin Thomas

WTK:jm cc: Mr. John Schalk Mr. Al Kendrick Mr. Curtis Little

Encl.

ECEIVED 1 OIL CONSERVATION DIVISION SANTA FE



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DEPARTMENT OF ENERGY & MINERALS

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF JOHN E. SCHALK FOR COMPULSORY POOLING, RIO ARRIBA COUNTY, NEW MEXICO

CASE NO. (0996

## APPLICATION

COMES NOW JOHN E. SCHALK, by his attorneys, and in support hereof, respectfully states:

1. Applicant has a 50% interest in the Mesaverde rights in the NE/4 Section 8, T25N R 3 W, Blanco Mesaverde Pool, Rio Arriba County,

New Mexico.

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2. Applicant has proposed a non-standard 160 acre proration unit of the NE/4 which was the subject of Division Case No. 6896 heard on July 9, 1980.

3. The applicant will dedicate the NE/4 of said section to this well, and there is an interest owner in the proration unit who have not agreed to pool their interests. These interest owners are:

Curtis J. Little 103 N. Main Aztec, New Mexico 87410

MineloIncorporated 27209 Kane Lane Conroe, Texas 77302

which together have the other 50% of the working interest to the

Mesaverde formation.

4. Applicant should be designated the operator of the well and the

proration unit.

5. To avoid the drilling of unnecessary wells, to protect correlative'

rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in said unit, all mineral interests, whatever they may be, for the Mesaverde formation underlying the NE/4 of said Section 8, should be pooled.

6. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

7. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

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A. This application be set for hearing before an examiner and that notice of said hearing to be given as required by law.

B. Upon hearing the Division enter its order pooling all mineral interests, whatever they may be, for the Mesaverde formation underlying the NE/4 of said Section 8, Township 25 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico, to form a 160 acre spacing unit dedicated to applicant's well.

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

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W. Thomas Kellahin

KELLAHIN & KELLAHIN P.O. Box 1769 Santa Fe, New Mexico 87501

Attorneys for Applicant

### STATE OF NEW MEXICO

DEPARTMENT OF ENERGY & MINERALS OIL CONSERVATION DIVISION OIL CONSERVATION DIVISION

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IN THE MATTER OF THE APPLICATION OF JOHN E. SCHALK FOR COMPULSORY POOLING, RIO ARRIBA COUNTY, NEW MEXICO

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CASE	NO.	6996
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#### APPLICATION

COMES NOW JOHN E. SCHALK, by his attorneys, and in support hereof, respectfully states:

1. Applicant has a 50% interest in the Messaverde rights in the NE/4 Section 8, T25N R 3 W, Blanco Mesaverde Pool, Rio Arriba County, New Mexico.

2. Applicant has proposed a non-standard 160 acre proration unit of the NE/4 which was the subject of Division Case No. 6896 heard on July 9, 1980.

3. The applicant will dedicate the NE/4 of said section to this well, and there is an interest owner in the proration unit who have not agreed to pool their interests. These interest owners are:

Curtis J. Little 103 N. Main Aztec, New Mexico 87410

Minel Incorporated 27209 Kane Lane Conroe, Texas 77302

which together have the other 50% of the working interest to the  $\frac{1}{2}$ . Mesaverde formation.

4. Applicant should be designated the operator of the well and the proration unit.

5. To avoid the drilling of unnecessary wells, to protect correlative

rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in said unit, all mineral interests, whatever they may be, for the

Mesaverde formation underlying the NE/4 of said Section 8, should be pooled. 6. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a

reasonable charge for the risk involved in the drilling of the well. 7. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner. WHERFFORE, applicant prays that:

A. This application be set for hearing before an examiner and that notice of said hearing to be given as required by law. B. Upon hearing the Division enter its order pooling all mineral interests, whatever they may be, for the Mesaverde formation underlying the NE/4 of said Section 8, Township 25 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico, to form a 160 acre spacing unit dedicated to applicant's well.

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

KELLAHIN & KELLAHIN

W. Thomas Kellahin

KELLAHIN & KELLAHIN P,O. Box 1769 Santa Fe, New Mexico 87501

Attorneys for Applicant



STATE OF NEW MEXICO

SANTA FE

OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY & MINERALS

IN THE MATTER OF THE APPLICATION OF JOHN E. SCHALK FOR COMPULSORY POOLING, RIO ARRIBA COUNTY, NEW MEXICO

CASE NO. 6996

# APPLICATION

COMES NOW JOHN E. SCHALK, by his attorneys, and in support hereof, respectfully states:

1. Applicant has a 50% interest in the Mesaverde rights in the NE/4 Section 8, T25N R 3 W, Blanco Mesaverde Pool, Rio Arriba County, New Mexico.

2. Applicant has proposed a non-standard 160 acre proration unit of the NE/4 which was the subject of Division Case No. 6896 heard on July 9, 1980.

3. The applicant will dedicate the NE/4 of said section to this well, and there is an interest owner in the proration unit who have not agreed to pool their interests. These interest owners are:

Curtis J. Little 103 N. Main Aztec, New Mexico 87410

Minel Incorporated 27209 Kane Lane Conroe, Texas 77302

which together have the other 50% of the working interest to the Mesaverde formation.

4. Applicant should be designated the operator of the well and the proration unit.

5. To avoid the drilling of unnecessary wells, to protect correlative

-1-

rights and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in said unit, all mineral interests, whatever they may be, for the Mesaverde formation underlying the NE/4 of said Section 8, should be pooled.

6. That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in the drilling of the well.

7. Applicant should be authorized to withhold from production the proportionate share of a reasonable supervision charge for drilling and producing wells attributable to each non-consenting working interest owner.

WHEREFORE, applicant prays that:

A. This application be set for hearing before an examiner and that notice of said hearing to be given as required by law.

B. Upon hearing the Division enter its order pooling all mineral interests, whatever they may be, for the Mesaverde formation underlying the NE/4 of said Section 8, Township 25 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico, to form a 160 acre spacing unit dedicated to applicant's well.

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

**KELLAHIN & KELLAHIN** 

W. Thomas Kellahin

KELLAHIN & KELLAHIN P.O. Box 1769 Santa Fe, New Mexico 87501

Attorneys for Applicant

BEFORE YAF OIL CONS, COMM STATE-OF-NEW MEXICO-ENERGY-AND-MINERALS DEPARTMENT RAFT OF THE STRIKE ON NM IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING: Application of John Eischalk Sor compulsory pooling, Rio Artoba County, New Mexico CASE NO. 6996 Allcop Order No. R- 6568 Dec COMMISSION ORDER OF THE DIVISION COMMISSION BY THE DIVISION: This cause came on for hearing at 9 a.m. on Jonuary 1981, at Santa Fe, New Mexico, before Examiner 1981, at Santa Fe, New Mexico, before Examiner 19 New Mexico bere in offer referred to 25 the Commission," Commission 19 Now, on this \_\_\_\_\_ day of January . 1981, the Division Guarum being present. Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises, FINDS: That the applicant's request for dismissal should be granted. IT IS THEREFORE ORDERED: is hereby dismissed. That Case No. 6996 DONE at Santa Fe, New Mexico, on the day and year hereinabove designated. from the Examine 1) made no cont Unetuter 73 Lander 11, 1730.