CASE 7000: CAVALCADE OIL CORFORATION FOR AN UNORTHODOX OIL WELL LOCATION, EDDY, COUNTY, NEW MEXICO

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-1 Page 1 STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 2 OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. 3 SANTA FE, NEW MEXICO 3 September 1980 4 EXAMINER HEARING 5 6 IN THE MATTER OF: 7 Application of Cavalcade Oil Cor-8 CASE poration for an unorthodox oil well) location, Eddy County, New Mexico. 7000) 9 SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B 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: William F. Carr, Esq. CAMPBELL & BLACK P. A. 21 Jefferson Place Santa Fe, New Mexico 87501 22 23 24 25 A CALLER CONTRACTOR

Pag INDEX MICHAEL LEVENSON Direct Examination by Mr. Carr Cross Examination by Mr. Nutter SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Sunta Fe. New Mexico 87501 Phone (505) 455-7409 EXHIBITS Applicant Exhibit One, Survey Applicant Exhibit Two, Survey .17

MR. NUTTER: Call Case Number 7000. MR. PADILLA: Application of Cavalcade Oil Corporation for an unorthodox oil well location, Eddy County, New Mexico.

MR. CARR: May it please the Examiner, I am William F. Carr, Campbell and Black P.A., Santa Fe, appearing on behalf of the applicant. I have one witness who needs to be sworn.

(Witness sworn,)

MICHAEL LEVENSON

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

DIRECT EXAMINATION

BY MR, CARR:

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SALLY W. BOYD, C.S.R

Will you state your name and place of

residence?

Michael Levenson, Carlsbad, New Mexico. By whom are you employed and in what

capacity?

A. I'm the President of Cavalcade Oil Cor-

poration in Carlsbad.

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Mr. Levenson, have you previously testified

before this Commission, had your credentials accepted and made a matter of record?

No, I have not.

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SALLY W. BOYD, C.S. Rt. J Box 193-B A.

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Q. Will you briefly summarize your educational background and work experience for the Examiner?

A Yes. Four years at Texas Tech University, majoring in finance and banking; eight years at the Carlsbad National Bank in Carlsbad, New Mexico; four years of the eight as president of that bank; and two years actively engaged in the oil business.

Q. Are you familiar with the application filed in this case?

Yes, I am,

Are you familiar with the subject area? Yes, I am.

Q Is Cavalcade Oil Corporation the operator of the subject well?

Yes, sir.

MR. CARR: Are the witness' qualifications acceptable?

MR. NUTTER: What's he going to testify to?

MR. CARR: He will -- we're qualifying Mr. Levenson as a practical oil man. He's going to basically give you the background, the events which bring about the

hearing today. MR. NUTTER: There's not any geological 3 or engineering data? MR. CARR: No, there isn't any geological 5 testimony. ß MR. NUTTER: He's qualified to testify 7 in that vein. 8 0. When did Cavalcade Oil Corporation become 9 the operator of the subject well? 10 Α. September 1st, 1980. 11 Q, Has Cavalcade filed the appropriate C-104 12 with the Oil Conservation Commission? 13 Yes, yes, we have. A. 14 Is H&S Oil Company aware of the change Q. 15 in operators? 16 Yes, sir, they are. Α. 17 Will you please refer to what has been Q. 18 marked for identification as Cavalcade Exhibit Number One and 19 identify this for the Examiner? 20 A. Yes. Exhibit Number One is a survey that 21 was filed by H&S Oil Company in September, 1979, for the 22 McClay 11 Well that's in question today, marked 1730 feet 23 from the west, 2260 feet from the south, in Section 33 of 24 Township 18 South, Range 30 East, Eddy County. 25 Mr. Levenson, will you now refer to what

SALLY W. BOYD, C.S.R

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SALLY W. BOYD. C.S.R

A. Exhibit Number Two is a survey that was
hired by Cavalcade Oil Corporation, done by Herschel Jones,
showing the actual wellsite being 1834 feet from the west,
2385 feet from the south in Section 33, Township 18 South, 30
East, Eddy County.

Q. Will you briefly summarize for Mr. Nutter the events which resulted in this hearing?

A. Yes. In September, 1979, H&S Oil Company of Artesia farmed out to Cavalcade Oil Corporation this acreage. A well was drilled in September. At the same time an operating agreement was signed with H&S Oil Company by Cavalcade with H&S being the operator, who was charged with the responsibility of drilling the well and operating the well after it was drilled.

The well was drilled September and successfully completed as a producer in 1979.

A second well, the 12, McClay 12, located in the 40 acres due west was scheduled to be drilled in early 1980, and at that time -- this is, indidentally, on Federal -a Federal lease -- the Bureau of Land Management conducted their archeological study, and when they when they were doing that, they determined that the operator, H&S Oil Company, on the first well, the No. 11, had disturbed some Indian ruins when they made the drilling pad, and in their investigation the BLM measured and surveyed unofficially the actual wellsite.

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SALLY W. BOYD, C.S.R

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completed in May, 1980. At this time Cavalcade Oil Corporation verbally notified H&S Oil that we wanted to become the operator of the wells, and when we went to the Bureau of Land Management to get a list of their regulations, they informed us that there was a problem on the McClay No. 11; that problem being the disturbance of the Indian ruins; in addition, the location of the actual wellhead being different from what was originally platted and filed by H&S Oil Company.

So, we engaged Mr. Herschel Jones, the surveyor from Lovington, to verify this and this is what led us up to today.

We have become the operator of the well and we want the location that the actual wellhead is on to be approved.

Q. Mr. Levenson, what formation is this well producing from?

It's a Queen-Grayburg.

Q Are there other Queen-Grayburg wells in the immediate area?

There is a well in the 40 acres due north And who is the operator of that well? LaRue and Muncy. And is that well currently producing? No, sir.

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Q. Would you review for the Examiner the other offsetting operators?

A. H&S Oil Company is to the south and LaRue and Muncy is to the east, and LaRue and Muncy would be to the north with the well that I just mentioned, and Cavalcade Oil Corporation is to the west.

Mr. Levenson, in your opinion will granting this application be in the interests of conservation, the prevention of waste, and the protection of correlative rights?
 A. Yes, it will.

MR. CARR: At this time, Mr. Examiner, we would offer into evidence Applicant's Exhibits One and Two. MR. NUTTER: Applicant's Exhibits One and

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SALLY W. BOYD, C.S.

MR. CARR: We have nothing further on direct.

CROSS EXAMINATION BY MR. NUTTER:

Q. Well now, Mr. Levenson, you stated that there is a well directly north of No. 11?

A. In the 40 acres directly north there is a well in the most northeast part of that 40. Q. But it's not producing.
A. No, the history of the well, it was
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SALLY W. BOYD, C.S.R.

Q. I see. And now your well is -- was staked at what was thought was a standard location but then it turns out on the re-survey that it's 2385 from the south line, and the maximum would be 2310.

That's right.

According to the rules, is that it? That's right.

So it's 75 feet too far north.

That's exactly right.

Q Now if the Division forgives you for having the well at the wrong location, will the BLM forgive you for drilling through those Indian ruins?

A. Well, the matter of the Indian ruins is between H&S Qil Company and the Bureau of Land Management, and I understand that there is action in that case that currently is being negotiated for settlement between BLM and

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MR. CARR: The Losee firm is representing

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Metrico 57301 Phone (505) 455-7409 Rupert Heinsch has been hospitalized for heart surgery and it's sort of on hold until Heinsch is back and they can conclude their negotiations.

MR. NUTTER: Are there any further questions of Mr. Levenson? He may be excused.

> Do you have anything further, Mr. Carr? MR. CARR: Nothing further, Mr. Nutter. MR. NUTTER: Does anyone have anything to

offer in Case Number 7000?

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We'11 take the case under advisement.

(Hearing concluded.)

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Control For New Metico 87501 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.

Solly W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete that the foregoing is in the Exactiner marine of f is a line in heard by me on $\frac{9}{3}$ 1980.

ininer, Examiner Off Conservation Division

-1 1 STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 2 OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 3 3 September 1980 4 EXAMINER HEARING 5 6 IN THE MATTER OF: 7 Application of Cavalcade Oil Cor-8 CASE poration for an unorthodox oil well) location, Eddy County, New Mexico.) 7000 9 SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Mentico 87501 10 BEFORE: Daniel S. Nutter one (505) 455-7409 11 12 TRANSCRIPT OF HEARING 13 14 APPEARANCES 15 16 Ernest L. Padilla, Esq. For the Oil Conservation 17 Legal Counsel to the Division Division: State Land Office Bldg. 18 Santa Fe, New Mexico 37501 19 20 For the Applicant: William F. Carr, Esq. CAMPBELL & BLACK P. A. 21 Jefferson Place Santa Fe, New Mexico 87501 22 23 24 25 A A STATE OF STATE OF STATES

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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Merico 87501

Phone (505) 455-7409

Q. Will you state your name and place of residence?

Michael Levenson, Carlsbad, New Mexico.
 By whom are you employed and in what
 capacity?

A I'm the President of Cavalcade Oil Corporation in Carlsbad.

Mr. Levenson, have you previously testified

Pag before this Commission, had your credentials accepted and made 1 a matter of record? 2 No, I have not. Will you briefly summarize your educational 3 A. 0. 4 background and work experience for the Examiner? Yes. Four years at Texas Tech University, 5 majoring in finance and banking; eight years at the Carlebad 6 National Bank in Carlsbad, New Mexico; four years of the eight 7 as president of that bank; and two years actively engaged in 8 9 the oil business. Are you familiar with the application 10 SALLY W. BOYD, C.S.R 11 0. Box 193-B filed in this case? 12 Yes, I am. 19 2 Are you familiar with the subject area? 13 A. 14 Yes, I am. Is Cavalcade Oil Corporation the operator 15 A. Q. 16 of the subject well? 17 Yes, sir. MR. CARR: Are the witness' qualifications 18 A. 19 20 acceptable? MR. NUTTER: What's he going to testify 21 MR. CARR: He will -- we're qualifying 22 to? Mr. Levenson as a practical oil man. He's going to basically 23 give you the background, the events which bring about the 24 26 and the first state of the

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SALLY W. BOYD, C.S.R.

MR. NUTTER: There's not any geological or engineering data?

MR. CARR: No, there isn't any geological testimony.

MR. NUTTER: He's qualified to testify in that vein.

Q When did Cavalcade Oil Corporation become the operator of the subject well?

September 1st, 1980.

Q Has Cavalcade filed the appropriate C-104 with the Oil Conservation Commission?

Yes, yes, we have.

Q Is H&S Oil Company aware of the change

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A Exhibit Number Two is a survey that was hired by Cavalcade Oil Corporation, done by Herschel Jones, showing the actual wellsite being 1834 feet from the west, 2385 feet from the south in Section 33, Township 18 South, 30 East, Eddy County.

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Q Mr. Levenson, in your opinion will granting this application be in the interests of conservation, the prevention of waste, and the protection of correlative rights?

Yes, it will.

MR. CARR: At this time, Mr. Examiner, we would offer into evidence Applicant's Exhibits One and Two.

¹⁵ MR. NUTTER: Applicant's Exhibits One and
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MR. CARR: We have nothing further on direct.

CROSS EXAMINATION

21 BY MR. NUTTER:

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SALLY W. BOYD, C.S.

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	3	drilled in about 1972 and has cumulative production cf 6500
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N. BOYD, New Mexico New Mexico te (305) 455-74	12	According to the rules, is that it?
SALLY W. BOYD, Rt. 1 Box 193-B Santa Fe, New Mexico Phone (509) 455-74	13	A. That's right.
3	14	Q. So it's 75 feet too far north.
	15	A. That's exactly right.
	16	Q Now if the Division forgives you for
1	17	having the well at the wrong location, will the BLM forgive
	18	you for drilling through those Indian ruins?
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2	20	between H&S Oil Company and the Bureau of Land Management,
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offer in Case Number 7000? We'll take the case inder advisement.

(Hearing concluded.)

N354 Page CERTIFICATE 1 I, SALLY W. BOYD, C.S.R., DO HEREEY 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 10 SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Re. New Merico 87501 Phone (503) 455-7409 11 do hereby certify that the foregoing is 12 as providing is In 1000, Santa Fe. a complete record 13 the Examiner licaring 80 • 14 theard by me Examiner 15 Conservation Division OI 16 17 18 19 20 21 22 23 24 and the second 25

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

BRUCE KING GOVERNOR LAFIRY KEHOE

September 12, 1980

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

Rolling Break Street and

Mr. William F. Carr Campbell and Black Attorneys at Law Post Office Box 2208 Santa Fe, New Mexico Re: CASE NO.

Applicant:

Cavalcade Oil Corporation

7000

Dear Sir:

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

Yours very truly, MAL JOE D. RAMEY Director

JDR/fd

Copy of order also sent to:

Hobbs OCD Artesia OCD Aztec OCD

Other

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

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

CASE NO. 7000 Order No. R-6470

APPLICATION OF CAVALCADE OIL Corporation for an unorthodox OIL WELL LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 3, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this <u>lith</u> day of September, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Cavalcade Oil Corporation, seeks approval of an unorthodox oil well location of its McClay Well No. 11 located 2385 fest from the South line and 1834 feet from the West line of Section 33, Township 18 South, Range 30 East, NMPM, Benson Queen-Grayburg Pool, Eddy County, New Maxico.

(3) That the NE/4 SW/4 of said Section 33 is to be dedicated to the well.

(4) That said well was drilled at what was thought to be an orthodox location but which was discovered to be 75 feet too far north following a resurvey after the well was drilled.

(5) That no offset operator objected to the proposed unorthodox location. -2-Case No. 7000 Order No. R-6470

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location is hereby approved for the Cavalcade Oil Corporation McClay Well No. 11 located at a point 2385 feet from the South line and 1834 feet from the West line of Section 33, Township 18 South, Range 30 East, NMPM, Benaon Queen-Grayburg Pool, Eddy County, New Mexico.

(2) That the NE/4 SW/4 of said Section 33 shall be dedicated to the above-described well.

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

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

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

JOE D. RAMEY Director

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MR. PADILLA: Application of Cavalcade
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County, New Mexico.
MR. STAMETS: At the request of the AppliGant this case will be continued to the September 2nd Evening

Carlo Marcine Contraction (Contraction)

SALLY W. BOYD, C.S.R. Rt. I Box 193-B Santa Fe, New Mexico 87501 Phone (505) 455-7409 cant this case will be continued to the September 3rd Examiner Hearing.

(Hearing concluded.)



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SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Sunta Fe, New Mexico 87501 Phone (503) 455-7409

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(Hearing concluded.)



Docket No. 27-80

Dockets Nos. 29-80 and 30-80 are tentatively let 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.

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Application of Harvey B. 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.

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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 Pennsyl-vanian formation underlying the W/2 of Section 30, Township 23 South, Range 25 East, to be dedi-CASE 7019: cated 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)

A CARLES AND A CONTRACT

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

<u>CASE 7020</u>: Application of Mesa 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: (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 for risk involved in drilling said well.

Docket No. 28-80

DOCKET: COMMISSION HEARING - THURSDAY - SEPTEMBER 4, 1980

OIL CONSERVATION COMMISSION - 9 A.M. - KOOM 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.

NEW MEXICO OIL CONSERVATION COMMISSION cam (* + 10) upresedes (* 128 WELL LOCATION AND ACREAGE DEDICATION PLAT dentive ports A H & S COMPANY McClov St.m. in T. we shi 33 Κ 18 South _____30 East.__ Eddy ... 1 22(0 South feet from the 1730 ture and West 11:0+ Finducing Foat -Pedi. 11 No BENSON QUEEN LICHTH GB 3468:0 40 in Grayburg) Outline the acreage dedicated to the aubject well by colored pencil or bachure marks on the plat below. if more than one lease is ded RIE C & Joy, EiRe each and identify the ED hip thereof that as to working autorest and royalty). ODT 0 1979 RECEIVED hip thereof that as to working 2 ell, have th 1979 rests of all owners licen consoli-SEP 1 If more than one lease of different Officiarity is dedicated to the well 3 dated by communitization, unitization, force-pooling. etc? If answer is ARTEBIAN PERICONSolidation U.S. LILULULICAL SURVEY Yes No [] Yes [] No If answer is ARISH NPE of consolidation U.S. LitULOW: []EVILUA [] Answer is "no." list the owners and tract descriptions which have actually been consolidated. It's reverse side of this form if necessary.)_ No allowable will be assigned to the well until all interests have been consolidated (hy communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission. CERTIFICATION I hereby certify that the information can toined here n is true and complete to the knowledge and helief Partner H & S OIL COMPANY Sept. 10, 1979 1730 and connect to the lest of my 2260 676 ... 320 6 80 Ronold J. Eidson 2002
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NEXICO OIL CONSERVATION COMMISS

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

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Application of Amoco Production Company for salt water disposel, 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.

ASE 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 puol 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: "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 for risk involved in drilling said well.

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)

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.

Bvidence 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.

CAMPBELL AND BLACK, P.A.

a Marinto (Marine

JACK M, CAMPBELL Bruce D, Black Michael B, Campbell William F, Carr POST OFFICE BOX 2208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (505) 988-4421

August 13, 1980

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OIL CONSERVATION DIVISION SANTA FE

Mr. Joe D. Ramey Division Director Oil Conservation Division New Mexico Department of Energy and Minerals Post Office Box 2088 Santa Fe, New Mexico 87501

Re: Application of Cavalcade Oil Corporation for an Unorthodox Well Location, Eddy County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is an Amended Application of Cavalcade Oil Corporation in the above-referenced matter.

Very truly yours, elian &. (

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William F. Carr

WFC:1r

Enclosure

cc: Mr. Michael Levenson



SANTA FE

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF CAVALCADE OIL CORPORATION FOR AN UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO.

Case _2000

AMENDED APPLICATION

Comes now CAVALCADE OIL CORPORATION, by its undersigned attorneys and hereby makes application to the Oil Conservation Division for an unorthodox well location and in support thereof, respectfully states:

1. In September of 1979, H & S Oil Company drilled the McClay No. 11 Well in Unit K of Section 33, Township 18 South, Range 30 East, Eddy County, New Mexico, in the Queen-Grayburg Formation to which was dedicated the NE/4 SW/4 of said Section 33.

2. In July of 1980, it was discovered that said McClay No. 11 Well had been drilled at an unorthodox location 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 instead of at the approved location 2,260 feet from the South line and 1,730 feet from the West line of said Section.

3. Pursuant to the terms of an Operating Agreement dated September 1, 1979, as amended on September 21, 1979, between H & S Oil Company and Cavalcade Oil Corporation, Cavalcade has made demand on H & S Oil Company to resign as operator of said McClay No. 11 Well and Cavalcade Oil Corporation will become operator of said well on or before September 1, 1980.

4. Cavalcade Oil Corporation seeks an order granting an exception to the well location requirements of Rule 104 (B) I (b) of the Oil Conservation Division and approving the unorthodox location of the McClay No. 11 Well at a point 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 in the Queen-Grayburg formation.

5. A standard 40 acre oil proration unit comprising the NE/4 SW/4 of said Section 33 should be dedicated to such well.

6. Approval of this application will afford applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Queen-Grayburg formation and will protect correlative rights.

WHEREFORE, Cavalcade Oil Corporation requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division, that notice be given as required by law and the rules of the Division, and that the Division enter its order granting the applicant an exception to the provisions of Rule 104 (B) I (b) for its McClay No. 11 Well and dedicating the NE/4 SW/4 of said Section 33 to said well.

-2-

Respectfully submitted, CAMPBELL AND BLACK, P.A.

Bv iam F.

Post Office Box 2208 Santa Fe, New Mexico 87501 Attorneys for Applicant

BEFORE THE

OIL CONSERVATION DIVISION OIL CONSERVATION DIVISION SANTA FE

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF CAVALCADE OIL CORPORATION FOR AN UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO.

Case	フ	000	

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AMENDED APPLICATION

Comes now CAVALCADE OIL CORPORATION, by its undersigned attorneys and hereby makes application to the Oil Conservation Division for an unorthodox well location and in support thereof, respectfully states:

> 1. In September of 1979, H & S Oil Company drilled the McClay No. 11 Well in Unit K of Section 33, Township 18 South, Range 30 East, Eddy County, New Mexico, in the Queen-Grayburg Formation to which was dedicated the NE/4 SW/4 of said Section 33.

2. In July of 1980, it was discovered that said McClay No. 11 Well had been drilled at an unorthodox location 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 instead of at the approved location 2,260 feet from the South line and 1,730 feet from the West line of said Section.

3. Pursuant to the terms of an Operating Agreement dated September 1, 1979, as amended on September 21, 1979, between H & S Oil Company and Cavalcade Oil Corporation, Cavalcade has made demand on H & S Oil Company to resign as operator of said McClay No. 11 Well and Cavalcade Oil Corporation will become operator of said well on or before September 1, 1980.

4. Cavalcade Oil Corporation seeks an order granting an exception to the well location requirements of Rule 104 (B) I (b) of the Oil Conservation Division and approving the unorthodox location of the McClay No. 11 Well at a point 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 in the Queen-Grayburg formation.

5. A standard 40 acre oil proration unit comprising the NE/4 SW/4 of said Section 33 should be dedicated to such well.

6. Approval of this application will afford applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Queen-Grayburg formation and will protect correlative rights.

WHEREFORE, Cavalcade Oil Corporation requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division, that notice be given as required by law and the rules of the Division, and that the Division enter its order granting the applicant an exception to the provisions of Rule 104 (B) I (b) for its McClay No. 11 Well and dedicating the NE/4 SW/4 of said Section 33 to said well.

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Respectfully submitted, CAMPBELL^DAND BLACK, P.A.

By S William F. Carr

Post Office Box 2208 Santa Fe, New Mexico 87501 Attorneys for Applicant

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	CONSERVATION DIV	ision

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF CAVALCADE OIL CORPORATION FOR AN UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO.

Case	7000
Case	1000

AMENDED APPLICATION

Comes now CAVALCADE OIL CORPORATION, by its undersigned attorneys and hereby makes application to the Oil Conservation Division for an unorthodox well location and in support thereof, respectfully states:

> 1. In September of 1979, H & S Oil Company drilled the McClay No. 11 Well in Unit K of Section 33, Township 18 South, Range 30 East, Eddy County, New Mexico, in the Queen-Grayburg Formation to which was dedicated the NE/4 SW/4 of said Section 33.

2. In July of 1980, it was discovered that said McClay No. 11 Well had been drilled at an unorthodox location 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 instead of at the approved location 2,260 feet from the South line and 1,730 feet from the West line of said Section.

3. Pursuant to the terms of an Operating Agreement dated September 1, 1979, as amended on September 21, 1979, between H & S Oil Company and Cavalcade Oil Corporation, Cavalcade has made demand on H & S Oil Company to resign as operator of said McClay No. 11 Well and Cavalcade Oil Corporation will become operator of said well on or before September 1, 1980.

4. Cavalcade Oil Corporation seeks an order granting an exception to the well location requirements of Rule 104 (B) I (b) of the Oil Conservation Division and approving the unorthodox location of the McClay No. 11 Well at a point 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 in the Queen-Grayburg formation.

5. A standard 40 acre oil proration unit comprising the NE/4 SW/4 of said Section 33 should be dedicated to such well.

6. Approval of this application will afford applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Queen-Grayburg formation and will protect correlative rights.

WHEREFORE, Cavalcade Oil Corporation requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division, that notice be given as required by law and the rules of the Division, and that the Division enter its order granting the applicant an exception to the provisions of Rule 104 (B) I (b) for its McClay No. 11 Well and dedicating the NE/4 SW/4 of said Section 33 to said well.

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Respectfully submitted; CAMPBELL AND BLACK, P.A.

lliam F. Carr

Post Office Box 2208 Santa Fe, New Mexico 87501 Attorneys for Applicant AUGI11980

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CAMPBELL AND BLACK, P.A.

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JACK M, CAMPBELL BRUCE D, BLACK MICHAEL B, CAMPBELL WILLIAM F, CARR OIL CONS RVATION DIVISION POST OFFICE BOX 2208 SANTA FE JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (505) 988-4421

August 11, 1980

Mr. Joe D. Ramey Division Director Oil Conservation Division New Mexico Department of Energy and Minerals Post Office Box 2088 Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Application of Cavalcade Oil Corporation for an Unorthodox Well Location, Eddy County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Cavalcade Oil Corporation in the above-referenced matter.

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on August 20, 1980.

Very truly yours William F. Carr

WFC:1r

Enclosures

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cc: Mr. Michael Levenson



BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF CAVALCADE OIL CORPORATION FOR AN UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO.

CASE _ 7000

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APPLICATION

Comes now CAVALCADE OIL CORPORATION, by its undersigned attorneys and hereby makes application to the Oil Conservation Division for an unorthodox well location and in support thereof, respectfully states:

> 1. In September of 1979, H & S Oil Company drilled the McClay No. 11 Well in Unit K of Section 33, Township 18 South, Range 30 East, Eddy County, New Mexico, in the Queen-Grayburg Formation to which was dedicated the NE/4 SW/4 of said Section 33.

> 2. In July of 1979, it was discovered that said McClay No. 11 Well had been drilled at an unorthodox location 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 instead of at the approved location 2,260 feet from the South line and 1,730 feet from the West line of said Section.

3. Pursuant to the terms of an Operating Agreement dated September 1, 1979, as amended on September 21, 1979, between H & S Oil Company and Cavalcade Oil Corporation, Cavalcade has made demand on H & S Oil Company to resign as operator of said McClay No. 11 Well and Cavalcade 011 Corporation will become operator of said well on or before September 1, 1980.

4. Cavalcade Oil Corporation seeks an order granting an exception to the well location requirements of Rule 104 (B) I (b) of the Oil Conservation Division and approving the unorthodox location of the McClay No. 11 Well at a point 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 in the Queen-Grayburg formation.

5. A standard 40 acre oil proration unit comprising the NE/4 SW/4 of said Section 33 should be dedicated to such well.

6. Approval of this application will afford applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Queen-Grayburg formation and will protect correlative rights.

WHEREFORE, Cavalcade Oil Corporation requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division, that notice be given as required by law and the rules of the Division, and that the Division enter its order granting the applicant an exception to the provisions of Rule 104 (B) I (b) for its McClay No. 1 Well and dedicating the NE/4 SW/4 of said Section 33 to said well.

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Respectfully submitted, CAMPBELL AND BLACK, P.A.

Liam F Carr

Post Office Box 2208 Santa Fe, New Mexico 87501 Attorneys for Applicant

CEIVED AUG 1 1 1980 OIL CONS INVATION DIVISION SANTA FE

CASE _ 7000

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF CAVALCADE OIL CORPORATION FOR AN UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO.

APPLICATION

Comes now CAVALCADE OIL CORPORATION, by its undersigned attorneys and hereby makes application to the Oil Conservation Division for an unorthodox well location and in support thereof, respectfully states:

In September of 1979, H & S Oil Company drilled the McClay No. 11 Well in Unit K of Section 33, Township 1.8 South, Range 30 East, Eddy County, New Mexico, in the Queen-Grayburg Formation to which was dedicated the NE/4 SW/4 of said Section 33.

2. In July of 1979, it was discovered that said McClay No. 11 Well had been drilled at an unorthodox location 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 instead of at the approved location 2,260 feet from the South line and 1,730 feet from the West line of said Section.

3. Pursuant to the terms of an Operating Agreement dated September 1, 1979, as amended on September 21, 1979, between H & S Oil Company and Cavalcade Oil Corporation, Cavalcade has made demand on H & S Oil Company to resign as operator of said McClay No. 11 Well and

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Cavalcade Oil Corporation will become operator of said well on or before September 1, 1980.

4. Cavalcade Oil Corporation seeks an order granting an exception to the well location requirements of Rule 104 (B) I (b) of the Oil Conservation Division and approving the unorthodox location of the McClay No. 11 Well at a point 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 in the Queen-Grayburg formation.

5. A standard 40 acre oil proration unit comprising the NE/4 SW/4 of said Section 33 should be dedicated to such well.

6. Approval of this application will afford applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Queen-Grayburg formation and will protect correlative rights.

WHEREFORE, Cavalcade Oil Corporation requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division, that notice be given as required by law and the rules of the Division, and that the Division enter its order granting the applicant an exception to the provisions of Rule 104 (B) I (b) for its McClay No. 1 Well and dedicating the NE/4 SW/4 of said Section 33 to said well.

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Respectfully submitted, CAMPBELL AND BLACK, P.A.

Bv'

Post Office Box 2208 Santa Fe, New Mexico 87501 Attorneys for Applicant

OIL CONSTRUCTION DIVISION

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BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF CAVALCADE OIL CORPORATION FOR AN UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO.

CASE _ 2000

APPLICATION

Comes now CAVALCADE OIL CORPORATION, by its undersigned attorneys and hereby makes application to the Oil Conservation Division for an unorthodox well location and in support thereof, respectfully states:

> 1. In September of 1979, H & S Oil Company drilled the McClay No. 11 Well in Unit K of Section 33, Township 18 South, Range 30 East, Eddy County, New Mexico, in the Queen-Grayburg Formation to which was dedicated the NE/4 SW/4 of said Section 33.

2. In July of 1979, it was discovered that said McClay No. 11 Well had been drilled at an unorthodox location 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 instead of at the approved location 2,260 feet from the South line and 1,730 feet from the West line of said Section.

3. Pursuant to the terms of an Operating Agreement dated September 1, 1979, as amended on September 21, 1979, between H & S Oil Company and Cavalcade Oil Corporation, Cavalcade has made demand on H & S Oil Company to resign as operator of said McClay No. 11 Well and

Cavalcade Oil Corporation will become operator of said well on or before September 1, 1980.

4. Cavalcade Oil Corporation seeks an order granting an exception to the well location requirements of Rule 104 (B) I (b) of the Oil Conservation Division and approving the unorthodox location of the McClay No. 11 Well at a point 2,385 feet from the South line and 1,834 feet from the West line of said Section 33 in the Queen-Grayburg formation.

5. A standard 40 acre oil proration unit comprising the NE/4 SW/4 of said Section 33 should be dedicated to such we11.

Approval of this application will afford applicant 6. the opportunity to produce its just and equitable share of the hydrocarbons in the Queen-Grayburg formation and will protect correlative rights.

WHEREFORE, Cavalcade Oil Corporation requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division, that notice be given as required by law and the rules of the Division, and that the Division enter its order granting the applicant an exception to the provisions of Rule 104 (B) I (b) for its McClay No. 1 Well and dedicating the NE/4 SW/4 of said Section 33 to said well.

-2-

Respectfully submitted, CAMPBELL AND BLACK, P.A.

Carr Post Office Box 2208

Santa Fe, New Mexico 87501 Attorneys for Applicant

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.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING, SANTA FE, HEW 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 provated
 - 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: Application of Honsanto 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.
- Application of Gulf Oil Corporation for an unorthodox location and simultaneous dedication, Lea CASE 6999: County, 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. 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 Nell 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.

- Application of Orville Slaughter for the amendment of Order No. R-5947, San Juan County, New Mexico. CASE 7002: Applicant, in the above-styled cause, seeks the amendment of Order No. R-5947 to provide for the commingling of Oswell-Farmington production from his Sangre de Cristo Well No. 1 with undesignated Fruitland production from Wells Nos. 2 and 2S, 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.

Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Morrow formations underlying the N/2 of Section 12, Township 19 South, Range 25 East, to be dedi-CASE 7004: cated 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 Federal Well No. 1 660 feet from the South and West lines of Section 20, Township 13 South, Range 31 East, Southeast Chaves Queen Gas Area, the W/2 of said Section 20 to be dedicated to the well.

CASE 6939: (Continued from June 25, 1980, Examiner Hearing)

Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests at a depth from 2400 feet to 5000 feet below the surface, Turkey Track Field, underlying the NE/4 SE/4 of Section 10, Township 19 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thercof 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, 1980

Docket No. 26-80

CASE 6940: (Continued from July 23, 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/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6961: (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. Applicant, in the above-styled cause, seeks approval for the dual completion of its Meyer A-29 Well No. 11 to be drilled at an unorthodox location 970 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.

CASE 7005: Application of Sol West III 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 his Turkey Track-Morrow Sand Well No. 1 in Unit I of Section 26, Township 18 South, Range 28 East.

CASE 7006: Application of Marvey 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:

07: 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 O of Section 12, Township 18 South, Range 28 East.

CASE 7008: Application of Coronado Exploration Corp. for eight compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks on 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 NH/4 NE/4 of Section 5, both in Township 12 South, Range 28 East, and the NW/4 SE/4 of Section 6, the NE/4 NE/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 applicant as operator of the wells, and a charge for risk involved in drilling said wells.

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, and a charge for risk involved in drilling said well.

CASE 6996:

996: (Continued from August 6, 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 NR/4 of Section 8, Yownship 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 7009:

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 Unit G of Section 2, Township 17 South, Range 36 East, Lovington-Abo Pool.

Page 3 of 5 Examiner Hearing - Wednesday - August 20, 1980

Docket No. 26-80

CASE 7010: Application of Amoco Production Company for a dual completion, unorthodox well location, and simultaneous dedication, Lea County, New 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 Jahuat Gas Pool and oil from the Langlie Mattix Pool, to be simultaneously dedi-cated in the gas zone with its No. 13 located in Unit L of Section 9.

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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 NW/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, Banye 9 West; 14, all in Township 29 North, Range 9 West.

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 C 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 Lon 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, HNPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NNPM 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 H of Section 17, Township 25 South, Range 36 East, NMPM. Said pool would comprise:

> TOWNSHIP 25 SOUTH, RANGE 36 EAST, HMPM 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-Norrow 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, NMPN. Said pool would comprise:

> TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPH Section 35: All

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

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

Section 20: All

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

TOURSHIP 13 SOUTH, RANCE 32 EAST, NMPM Section 12: SE/4 Section 23: SE/4 Section 24: S/2 and NE/4 Section 25: All Section 26: N/2

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM Section 18: S/2 Section 19: N/2 and SE/4 Section 20: All

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

TOMNSHIP & SOUTH, RANCE 32 FAST, 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 FAST, NMPH 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, NNPM Section 7: All Section 8: W/2 Section 18: N/2

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM Section 1: 5/2 Section 12: 5/2

TOWNSHIP 19 SOUTH, RANGE 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 formation at 9,195 feet to 10,705 feet into Pennsylvanian formation, as found on log of Adobe Oil and Gas Corporation Gray 35 Well No. 1 located in Unit N of Section 35, Township 14 South, Range 33 East, NMPM, and redesignate said Saunders-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-Norrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANCE 34 EAST, NMPM Section 18: S/2

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

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

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

TOWNSHIP 24 SOUTH, RANGE 36 EAST, IMPM Section 36: S/2 TOWNSHIP 25 SOUTH, RANGE 36 MAST, MMPM Section 1: E/2

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ACCORDENCES

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TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM Section 36: 5/2

TOWNSHIP 25 SOUTH, RANGE 36 LAST, MMPM

E/2 Section 1:

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

TOWNSHIP 9 SOUTH, PANGE 33 FAST, 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, IMPH Section 12: NH/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

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

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NNPM SW/4

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

TOWNSHIP 16 SOUTH, RANGE 33 EAST, IMPN

Section 22: SE/4 Section 27: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NNPM Section 32: N/2 Section 33: W/2

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NIPM

(v) EXTEND the Querecho Plains-Yates Pool in Lea County, New Mexico, to include therein: W/2

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

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

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NNPM 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, MMPM Section 7: NE/4

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

TOUNSHIP 7 SOUTH, RANGE 31 EAST, NMPM Section 32: SE/4 SW/4

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

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

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

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

> **CASE NO.** 7000 ORDER NO. R- 10470

APPLICATION OF CAVALCADE OIL CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION,

COUNTY, NEW MEXICO.

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ORDER OF THE DIVISION

BY THE DIVISION:

EDDY

This cause came on for hearing at 9 a.m. on <u>September 3</u> 19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter. NOW, on this day of September , 1980 , the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Cavalcade Oil Corporation of its McClay Well No. 11 located seeks approval of an unorthodox give well location/ 2385 feet from the South line and 1834 feet from the line of Section 33 , Township 18 South West Range 30 East , NMPM, to test the formation, Benson Quan Drayburg Pool, Eddy County, New Mexico. (3) That the NE/4 SW/4 of said Section 33 is to be

dedicated to the well. said wree was drilled at what was thought do be an althodog location (4) That a well as said unorthodox location will better but which was discovered to be 75 first too far north following meble applicant to produce the first underlying the provation unit: a nesurvey after the wree was drilled (5) That no offset operator objected to the proposed unorthodox

location.

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-2-Case No. Order No. R-____

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

IT IS THEREFORE ORDERED:

(2) That the <u>NE/4 SW</u> of said Section 33 shall be dedicated to the above-described well.

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

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

Called in by Bill Carr 7/31/80 Unorthodox Well Location Cavalcade Oil Corporation Mc Clay Well No. 11 2385/5 and 1834/W 33-T185-R30E NE14 SW/4