

CASE 7020: MESA PETROLEUM CO. FOR POOL
/ CREATION, SPECIAL POOL RULES AND OIL
DISCOVERY ALLOWABLE, RIO ARRIBA AND SAN
JUAN COUNTIES. NEW MEXICO.

Oct 1
to
Oct

DISMISS

CASE NO.

7020

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Mesa Petroleum Com-
pany for pool creation, special pool
rules, and an oil discovery allowable
Rio Arriba and San Juan Counties, New
Mexico.

CASE
7020

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 MR. NUTTER: Call next Case Number 7020.

2 MR. PADILLA: Application of Mesa Petroleum
3 Company for pool creation, special pool rules, and an oil
4 discovery allowable, Rio Arriba and San Juan Counties, New
5 Mexico.

6 MR. NUTTER: At request of applicant Case
7 Number 7020 will be dismissed.

8
9 (Hearing concluded.)

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

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C E R T I F I C A T E

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. 7029
heard by me on 10/1 1980.

[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Mesa Petroleum Com-
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Rio Arriba and San Juan Counties, New
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CASE
7020

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

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For the Oil Conservation
Division:

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

For the Applicant:

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Phone (505) 455-7409

1 MR. NUTTER: Call next Case Number 7020.

2 MR. PADILLA: Application of Mesa Petroleum
3 Company for pool creation, special pool rules, and an oil
4 discovery allowable, Rio Arriba and San Juan Counties, New
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6 MR. NUTTER: At request of applicant Case
7 Number 7020 will be dismissed.

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9 (Hearing concluded.)
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SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87501
Phone (505) 435-7409

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tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the case, hearing of Case No. 7020
heard by me on 10/1 1980.
, Examiner
Oil Conservation Division

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BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

October 23, 1980

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

Mr. William F. Carr
Campbell and Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 7020
ORDER NO. R-6488

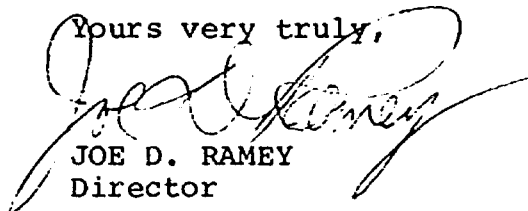
Applicant:

Mesa Petroleum Co.

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

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. 7020
Order No. R-6488

APPLICATION OF MESA PETROLEUM
COMPANY FOR POOL CREATION,
SPECIAL POOL RULES AND AN OIL
DISCOVERY ALLOWABLE, RIO ARRIBA
AND SAN JUAN COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 1, 1980,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of October, 1980, the Division
Director, having considered the record and the recommendations
of the Examiner, and being fully advised in the premises,

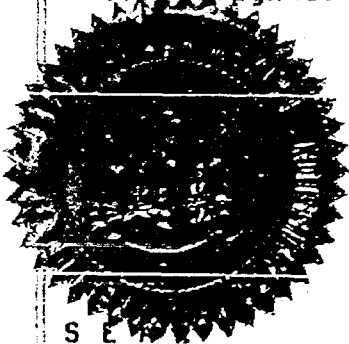
FINDS:

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

IT IS THEREFORE ORDERED:

That Case No. 7020 is hereby dismissed.

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

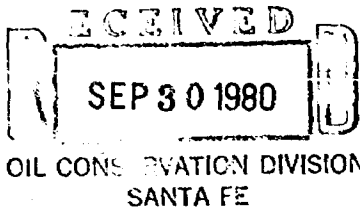


STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

S E
fd/

Thomas H. Hawkins,
attorney



September 26, 1980

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

Dear Mr. Ramey:

Subject: Case No. 7020; Application of Mesa
Petroleum Co. for Pool Creation,
Special Pool Rules, and an Oil
Discovery Allowable, Rio Arriba
and San Juan Counties, New Mexico

This will confirm my telephone conversation with Mr. Richard L.
Stamets on September 26, 1980 in which Mesa requested that the
captioned matter be dismissed.

Thank you for your cooperation.

Yours very truly,


Thomas H. Hawkins

kjs

c.c. Mr. William F. Carr
Campbell and Black, P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

Docket No. 30-80

Dockets Nos. 31-80 and 32-80 are tentatively set for October 15 and 29, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: 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 NCPA.
- 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 promulgated by Division Order No. R-5878, as amended. The proposed amendments relate to individual well filings for price category determination as "tight formation" gas under Section 107 of the NCPA.
- CASE 7031: 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 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 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 promulgation 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 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 7032: 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 disposal of produced brine into an unlined surface pit located between Units L and M of Section 9, Township 15 South, Range 30 East.
- CASE 7033: Application of Adams Exploration Inc. for three non-standard 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/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 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 Mexico. 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 Well 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.

CASE 7037: 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 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: (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 C 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.

CASE 6618: (Reopened and Readvertised)

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 regulations 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 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.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Mesa Petroleum Co.
for pool creation, special pool
rules, and an oil discovery allow-
able, Rio Arriba and San Juan
Counties, New Mexico.

CASE
7020

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

SALLY W. BOYD, C.S.R.

RL 1 Box 193-B
Santa Fe, New Mexico 87501
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MR. NUTTER: We'll call next Case Number 7020.

MR. PADILLA: Application of Mesa Petroleum Company for pool creation, special pool rules, and an oil discovery allowable, Rio Arriba and San Juan Counties, New Mexico.

MR. NUTTER: Applicant has requested continuance.

Case Number 7020 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. October 1st, 1980.

(Hearing concluded.)

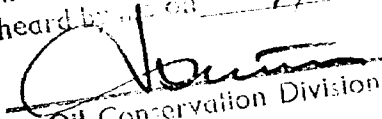
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SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Insular Hearing of Case No. 7020
heard by me on 9/3 1980.


Oil Conservation Division, Examiner

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

EXAMINER HEARING

IN THE MATTER OF:

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7020

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

For the Applicant:

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

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2 7020.

3 MR. PADILLA: Application of Mesa Petro-
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6 New Mexico.

7 MR. NUTTER: Applicant has requested con-
8 tinuance

9 Case Number 7020 will be continued to
10 the Examiner Hearing scheduled to be held at this same place
11 at 9:00 o'clock a. m. October 1st, 1980.

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14 (Hearing concluded.)
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SALLY W. BOYD, C.S. 3.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
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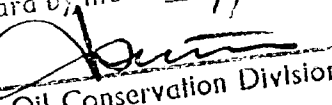
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Phone (505) 455-7409

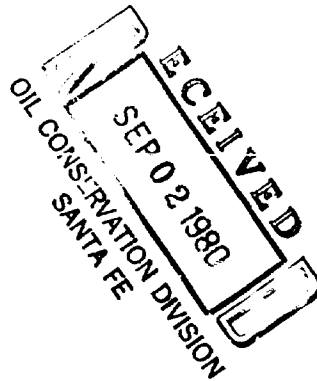
I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7020, heard by me on 9/3 1980.

 , Examiner
Oil Conservation Division

CAMPBELL AND BLACK, P.A.

LAWYERS

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) 986-4421

August 28, 1980

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

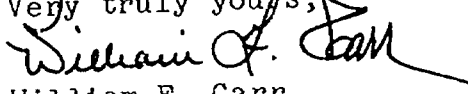
Re: Case No. 7020; Application of Mesa Petroleum Com-
pany for Pool Creation, Special Pool Rules, and An
Oil Discovery Allowable, Rio Arriba and San Juan
Counties, New Mexico.

Dear Mr. Ramey:

Mesa Petroleum Company requests that the above-
referenced case be continued to the examiner hearing
scheduled for October 1, 1980.

Your attention to this request is appreciated.

Very truly yours,


William F. Carr

WFC:arf

cc D. Dale Gillette



DIETRICH
EXPLORATION COMPANY, INC.

410 SEVENTEENTH STREET

SUITE 2450

DENVER, COLORADO 80202

TELEPHONE (303) 534-6080

August 29, 1980

Case 7020

Mesa Petroleum Co.
2800 Lincoln Center Building
1660 Lincoln Street
Denver, Colorado 80264
Attention: Mr. J. W. Lemmons, Division Land Manager

Re: Dietrich Exploration Company, Inc.
Prospect No. NM-27 West Lybrook
Application of Mesa Petroleum Co.
for Pool Creation, Special Pool
Rules and Oil-Discovery Allowable
Rio Arriba and San Juan Counties,
State of New Mexico

Gentlemen:

We have received a copy of Mesa's proposed Application for Pool Creation, Special Pool Rules and Oil Discovery Allowable, Rio Arriba and San Juan Counties, State of New Mexico, affecting oil and gas leases owned by Dietrich Exploration Company, Inc. in Section 6, Township 23 North, Range 7 West, Rio Arriba County, State of New Mexico.

We oppose eighty-acre spacing as proposed in this application as being unnecessary and undesirable. Forty-acre spacing allows each operator the flexibility to develop his oil and gas leases in accordance with his evaluation of reservoir and economic parameters.

This reservoir is not readily predictable as to performance capability on the basis of individual wells, even on forty-acre spacing, and may, at today's oil and gas prices potentially justify or require forty-acre spacing to properly develop and drain.



Page 2
Mesa Petroleum Co.
August 29, 1980

We have previously staked and filed application for permit for a well we plan to drill in the Southeast quarter of the Northwest quarter (SE/4NW/4) of Section 6, Township 23 North, Range 7 West, Rio Arriba County, State of New Mexico, and we note that Dugan Production Company has filed recently a location in the Northwest quarter of the Northwest quarter (NW/4NW/4) of Section 5, Township 23 North, Range 7 West, Rio Arriba County, State of New Mexico.

Very truly yours,

DIETRICH EXPLORATION COMPANY, INC.

By Ray F. Dietrich
Ray F. Dietrich
President

RFD/pm

cc: Oil Conservation Division
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

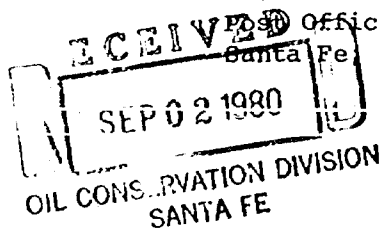
← THIS COPY FOR →

Oil Conservation Division
State of New Mexico
District Office for Northwest New Mexico
1000 Rio Brazos Road
Aztec, New Mexico 87401

Mr. D. D. Dent
Post Office Box 2009
Amarillo, Texas 79189

Mr. D. Dale Gillette
Post Office Box 2009
Amarillo, Texas 79189

Mr. William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501



Page 3
Mesa Petroleum Co.
August 29, 1980

Dugan Production Company
709 East Bloomfield Road
Farmington, New Mexico 87401

Adobe Oil & Gas Corporation
1700 Broadway, Suite 1700
Denver, Colorado 80290

Kenai Oil & Gas, Inc.
609 East Speer Boulevard
Denver, Colorado 80203

Hicks Enco, Inc.
P. O. Box 174
Farmington, New Mexico 87401

Navajo Indian Tribes (open allotted lands)
Bureau of Indian Affairs
Window Rock, Arizona 86515

Southern Union Supply Company
8350 North Central Expressway, Suite 1700
Dallas, Texas 75251

Grace Petroleum Corporation
6501 North Broadway
Oklahoma City, Oklahoma 75116

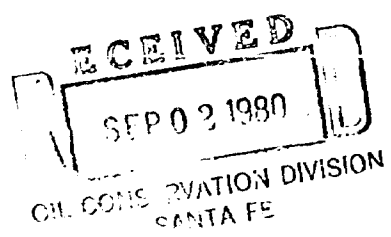
Mobil Oil Corporation
New Mexico District Office
P. O. Box 1800
Hobbs, New Mexico 88240

Seabrook Corporation
401 Lincoln Tower Building
Denver, Colorado 80203

Mrs. E. R. Richardson, Executrix
of the Estate of E. R. Richardson, De
3236 Candelaria, N.E.
Albuquerque, New Mexico 87107

Mr. C. J. Little
P. O. Box 2487
Farmington, New Mexico 87401

Mr. Harry L. Bigbee
P. O. Box 669
Santa Fe, New Mexico 87501



CASE 7020: 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. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

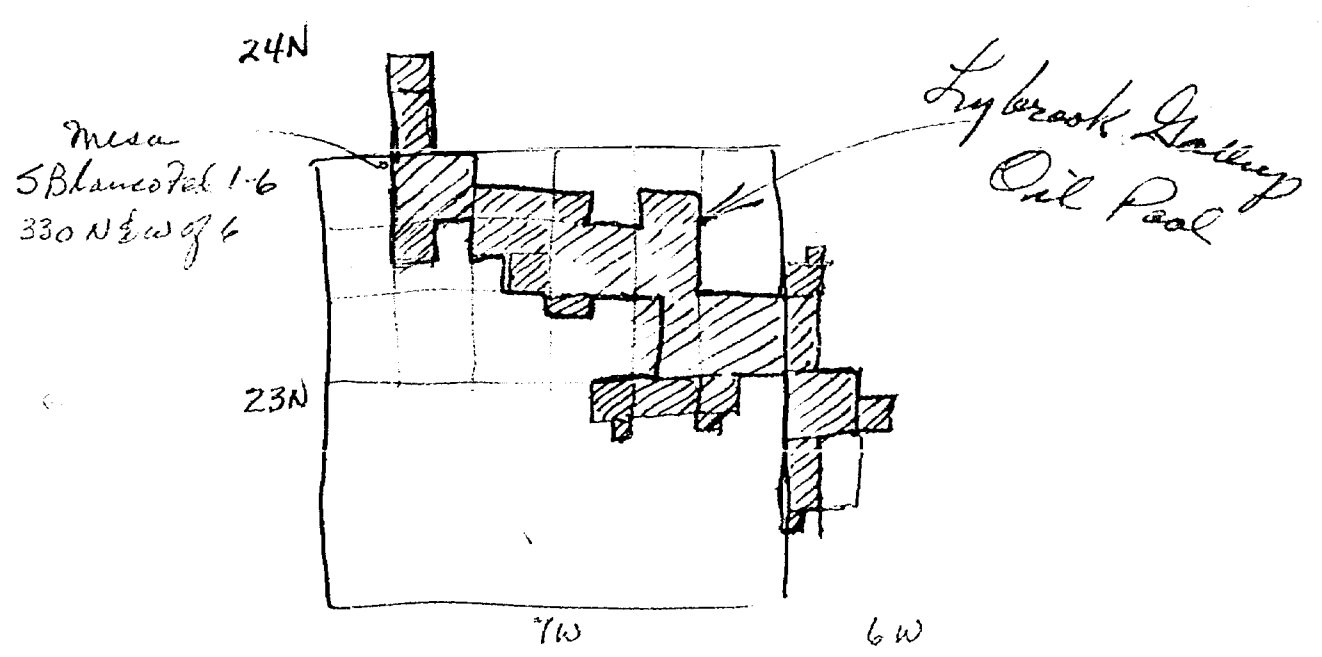
CASE 6889: (DE NOVO)

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 2540 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.

77



CAMPBELL AND BLACK, P.A.
LAWYERS

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) 259-4421

August 12, 1980

Case 7020

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 Mesa Petroleum Co. for Pool
Creation, Special Pool Rules and an Oil
Discovery Allowable, Rio Arriba and San
Juan Counties, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Mesa Petroleum
Co. 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
September 3, 1980.

Very truly yours,

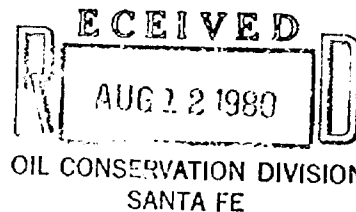
William F. Carr

William F. Carr

WFC:lr

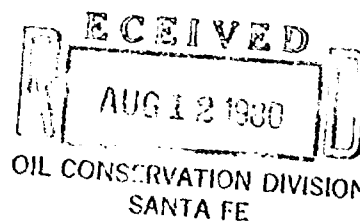
Enclosures

cc: D. Dale Gillette



BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS



IN THE MATTER OF THE APPLICATION
OF MESA PETROLEUM CO. FOR POOL
CREATION, SPECIAL POOL RULES AND
AN OIL DISCOVERY ALLOWABLE, RIO
ARRIBA AND SAN JUAN COUNTIES, NEW
MEXICO.

CASE 7020

APPLICATION

Comes now MESA PETROLEUM CO. (hereinafter referred to as Applicant) by and through its undersigned attorneys, and hereby makes application for an order establishing an oil discovery allowable, designating a new pool as a result of a discovery of hydrocarbons in the Gallup Formation and promulgating special pool rules, including (1) 80-acre spacing or proration units and (2) special well location requirements, and in support thereof, would show the following:

1. Applicant owns oil and gas leases issued by the United States Department of Interior, Bureau of Land Management, covering Lots 1, 2, 3 and 4 and S/2 NE/4, Section 6, Township 23 North, Range 7 West, N.M.P.M., Rio Arriba County, New Mexico.
2. Heretofore, Applicant has received from the Oil Conservation Division of the New Mexico Energy and Minerals Department (hereinafter referred to as the Division) a permit to drill a well at an orthodox location on the above-described tract. That well, designated the South Blanco Federal #1-6, has now been

completed in the Gallup Formation as an oil well. The location of the South Blanco Federal #1-6 is approximately 330 feet outside the presently designated and spaced Lybrook-Gallup Field and approximately one mile from existing oil production.

3. Applicant believes that the South Blanco Federal #1-6 is a bona fide oil discovery well producing from a new common source of supply. The well has been completed in the Gallup Formation through perforations from 5428' to 5668' overall, and flowed at an average rate of 200 BOPD and 200 MCF of gas during a 24 hour test period ending April 20, 1980. Attached hereto and incorporated herein is the Division Form C-109, Application for Discovery Allowable and Creation of a New Pool. Applicant requests that the Division establish a discovery allowable for the South Blanco Federal #1-6 in accordance with Rule 509 of the Division's Rules and Regulations.

4. Applicant further believes that the South Blanco Federal #1-6 can efficiently drain 80 acres. Under normal Division practice, the 40 acre proration units established for the Lybrook Field would be extended to incorporate the Applicant's lease. However, based upon the evidence to be produced before the Division that the South Blanco Federal #1-6 is a discovery well, and is capable of draining 80 acres, Applicant requests that special pool rules be promulgated establishing 80 acre units. Applicant requests that the following area be included in the special pool rules establishing 80 acre proration units:

Section 6-T23N-R7W
Section 30 & 31-T24N-R7W

All in San Juan County, New Mexico.

Section 1-T23N-R8W
Section 36-T24N-R8W

All in Rio Arriba County, New Mexico.

5. Applicant would propose the following special pool rules to apply to the above-described area:

(a) Unit Size - 80 acre oil "stand up" units; E/2 and W/2 of each governmental quarter section.

160 acre gas units; each governmental quarter section.

(b) Well Location -

(i) Oil - the center of either governmental quarter/quarter section with 330' tolerance in any direction; provided no well shall be drilled closer than 330' from any boundary line of any governmental quarter/quarter section line.

(ii) Gas - no well shall be drilled closer than 660' to any outer boundary of the tract nor closer than 130' to any quarter/quarter section or subdivision boundary line.

(c) Allowable Rate of Production -

(i) Oil - in accordance with Division regulations by depth as prescribed in Rules 505 and 506.

(ii) Gas - in accordance with Division Regulations.

6. The operators of the tracts of land offsetting Applicant's lease have been advised of this Application.

7. The granting of this application will protect correlative rights and provide for maximum efficient recovery of hydrocarbons, thereby preventing waste.

WHEREFORE, premises considered, Applicant requests that the South Blanco Federal #1-6 be established as a discovery

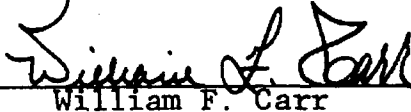
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and that a pool be designated and special pool rules established
providing for 80 acre spacing for the lands described herein,
and such other and further relief as Applicant may be entitled.

Respectfully submitted,

D. D. Dent
D. Dale Gillette
Post Office Box 2009
Amarillo, Texas 79189
Telephone: (806) 378-1018

CAMPBELL AND BLACK, P.A.

By



William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Telephone: (505) 988-4421

Attorneys for Applicant

NEW MEXICO OIL CONSERVATION COMMISSION
APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

Form C-105
 Adopted 9-1-65

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.
 If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator Mesa Petroleum Co.		Address 1660 Lincoln St., #2800, Denver, CO 80264	
Lease Name South Blanco Federal		Well No. 1-6	County Rio Arriba
Well Location Unit Letter A ; 330 Feet from The North Line and 330 Feet From the East Line of Section 6 , Township 23N , Range 7W , NMPM			
Suggested Pool Names (List in order of preference) 1. West Lybrook Gallup			
Name of Producing Formation Gallup	Perforations 5605-11, 5624-35, 5651-57, 5664-68, 5428-40, 5456-68, 5553-61, 5595-97	Date of Filing Form C-104 4-30-80	
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? NO	If Yes, Give Date of Filing	Date Well was Spudded 12-29-79	Date Compl. Ready to Prod. 12-29-80
Total Depth 5750	Plugged Back Depth 5713	Depth Casing Shoe 5750'	Tubing Depth 5691'
		Elevation (Gr., DF, RKS, RT, etc.) 7013 Gr	
Oil Well Potential (Test to be taken only after all load oil has been recovered) 200 Bbls. Oil Per Day Based On 200 Bbls In 24 Hours; 0 Bbls Water Per Day Based On 0 Bbls In 24 Hours; Gas Production During Test: 200 MCF; Gas-Oil Ratio: 1000:1 Method Of Producing: flow Chk. Size 32/64			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name Lybrook - Gallup	Name of Producing Formation Gallup	Top of Pay 5658	Bottom of Pay 5674	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool Approximately 3700' NNE		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 0 to ± 230'		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name Same	Top of Pay	Bottom of Pay	Currently Producing?
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? NO	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
---	--

Is the Subject Well Multiple Completion? NO	Is Discovery Allowable Requested for other Zone(s)? NO	If Yes, Name all Such Formations
---	--	----------------------------------

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
(See Schedule Attached)	

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.

Remarks:

CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

Signature

Position

Date

SCHEDULE OF OPERATORS OWNING
LEASES WITHIN ONE MILE OF WELL

Dugan Production Company
709 E. Bloomfield Rd.
Farmington, New Mexico 87401

Adobe Oil and Gas Corporation
1700 Broadway, Suite 1700
Denver, Colorado 80290

Kenai Oil and Gas, Inc.
609 E. Speer Blvd.
Denver, Colorado 80203

Dietrich Exploration Co., Inc.
444 17th Street, Suite 602
Denver, Colorado 80202

Hicks Enco
P. O. Box 174
Farmington, New Mexico 87401

Navajo Indian Tribe (open allotted lands)
Bureau of Indian Affairs
Window Rock, Arizona 86515

Southern Union Supply Co.
8350 North Central Expressway, Suite 1700
Dallas, Texas

Grace Petroleum Corp.
6501 N. Broadway
Oklahoma City, Oklahoma 75116

Mobil Oil Corporation
N.M. District Office
P. O. Box 1800
Hobbs, New Mexico 88240

Seabrook Corporation
401 Lincoln Tower Bldg.
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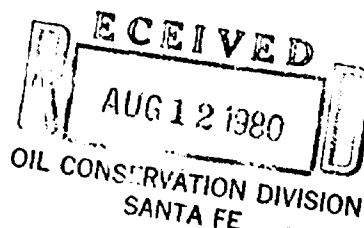
Mrs. E. R. Richardson, Executrix
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Albuquerque, New Mexico 87107

C. J. Little
P. O. Box 2487
Farmington, New Mexico 87401

Harry L. Bigbee
P. O. Box 669
Santa Fe, New Mexico

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS



IN THE MATTER OF THE APPLICATION
OF MESA PETROLEUM CO. FOR POOL
CREATION, SPECIAL POOL RULES AND
AN OIL DISCOVERY ALLOWABLE, RIO
ARRIBA AND SAN JUAN COUNTIES, NEW
MEXICO.

CASE 7020

APPLICATION

Comes now MESA PETROLEUM CO. (hereinafter referred to as Applicant) by and through its undersigned attorneys, and hereby makes application for an order establishing an oil discovery allowable, designating a new pool as a result of a discovery of hydrocarbons in the Gallup Formation and promulgating special pool rules, including (1) 80-acre spacing or proration units and (2) special well location requirements, and in support thereof, would show the following:

1. Applicant owns oil and gas leases issued by the United States Department of Interior, Bureau of Land Management, covering Lots 1, 2, 3 and 4 and S/2 NE/4, Section 6, Township 23 North, Range 7 West, N.M.P.M., Rio Arriba County, New Mexico.
2. Heretofore, Applicant has received from the Oil Conservation Division of the New Mexico Energy and Minerals Department (hereinafter referred to as the Division) a permit to drill a well at an orthodox location on the above-described tract. That well, designated the South Blanco Federal #1-6, has now been

completed in the Gallup Formation as an oil well. The location of the South Blanco Federal #1-6 is approximately 330 feet outside the presently designated and spaced Lybrook-Gallup Field and approximately one mile from existing oil production.

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All in San Juan County, New Mexico.

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160 acre gas units; each governmental quarter section.

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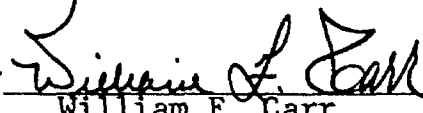
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CAMPBELL AND BLACK, P.A.

By



William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Telephone: (505) 988-4421

Attorneys for Applicant

NEW MEXICO OIL CONSERVATION COMMISSION
APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

Form C-105
 Adopted 9-1-68

NOTE: This form is to be filled and attachments made in accordance with the provisions of Rule 500.
 If discovery is claimed for more than one zone, separate forms must be filed for each.

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Lessee Name South Blanco Federal		Well No. 1-6	County Rio Arriba
Well Location Unit Letter A ; 330 Feet from The North Line and 330 Feet From the East Line of Section 6 , Township 23N , Range 7W , NMPM			
Suggest Pool Names (List in order of preference) 1. West Lybrook Gallup 2. 3.			
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		Elevation (Gr., DF, RKS, RT, etc.) 7013 Gr	
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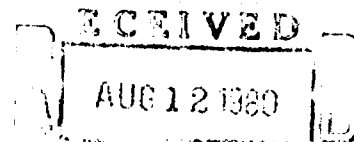
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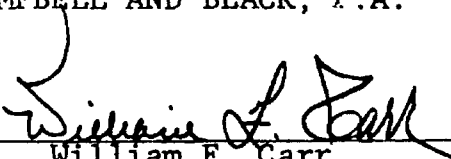
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CAMPBELL AND BLACK, P.A.

By


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Attorneys for Applicant

NEW MEXICO OIL CONSERVATION COMMISSION
APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

Form C-109
 Adopted 3-1-66

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.
 If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator Mesa Petroleum Co.		Address 1660 Lincoln St., #2800, Denver, CO 80264	
Lease Name South Blanco Federal		Well No. 1-6	County Rio Arriba
Well Location Unit Letter A ; 330 Feet from The North Line and 330 Feet From the East Line of Section 6 , Township 23N , Range 7W , NMPM			
Suggested Pool Names (List in order of preference) 1. West Lybrook Gallup 2. 3.			
Name of Producing Formation Gallup		Perforations 5605-11, 5624-35, 5651-57, 5664-68, 5428-40, 5456-68, 5553-61, 5595-97	Date of Filing Form C-104 4-30-80
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? NO		If Yes, Give Date of Filing 12-29-79	Date Well was Spudded 12-29-80
Total Depth 5750	Plugged Back Depth 5713	Depth Casing Shoe 5750'	Tubing Depth 5691'
Elevation (Gr., DF, RKS, RT, etc.) 7013 Gr			
Oil Well Potential (Test to be taken only after all load oil has been recovered) 200 Bbls. Oil Per Day Based On 200 Bbls In 24 Hours; 0 Bbls Water Per Day Based On 0 Bbls In 24 Hours; Gas Production During Test: 200 MCF; Gas-Oil Ratio: 1000-1 Method Of Producing: flow Chk. Size 32/64			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name Lybrook - Gallup	Name of Producing Formation Gallup	Top of Pay 5658	Bottom of Pay 5674	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool Approximately 3700' NNE		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 0 to \pm 230'		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name Same	Top of Pay	Bottom of Pay	Currently Producing?
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? NO	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
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Is the Subject Well Multiple Completion? NO	Is Discovery Allowable Requested for other Zone(s)? NO	If Yes, Name all Such Formations
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LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
(See Schedule Attached)	

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.

Remarks:

CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

Signature

Position

Date

SCHEDULE OF OPERATORS OWNING
LEASES WITHIN ONE MILE OF WELL

Dugan Production Company
709 E. Bloomfield Rd.
Farmington, New Mexico 87401

Adobe Oil and Gas Corporation
1700 Broadway, Suite 1700
Denver, Colorado 80290

Kenai Oil and Gas, Inc.
609 E. Speer Blvd.
Denver, Colorado 80203

Dietrich Exploration Co., Inc.
444 17th Street, Suite 602
Denver, Colorado 80202

Hicks Enco
P. O. Box 174
Farmington, New Mexico 87401

Navajo Indian Tribe (open allotted lands)
Bureau of Indian Affairs
Window Rock, Arizona 86515

Southern Union Supply Co.
8350 North Central Expressway, Suite 1700
Dallas, Texas

Grace Petroleum Corp.
6501 N. Broadway
Oklahoma City, Oklahoma 75116

Mobil Oil Corporation
N.M. District Office
P. O. Box 1800
Hobbs, New Mexico 88240

Seabrook Corporation
401 Lincoln Tower Bldg.
Denver, Colorado 80203

Mrs. E. R. Richardson, Executrix
of the Estate of E. R. Richardson, Deceased
3236 Candelaria, N.E.
Albuquerque, New Mexico 87107

C. J. Little
P. O. Box 2487
Farmington, New Mexico 87401

Harry L. Bigbee
P. O. Box 669
Santa Fe, New Mexico

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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

CASE NO. 7020

Order No. R- 6488

APPLICATION OF MESA PETROLEUM COMPANY
FOR POOL CREATION, SPECIAL POOL RULES
AND AN OIL DISCOVERY ALLOWABLE,
RIO ARriba AND SAN JUAN COUNTIES,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 1,
19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of October, 1980, the Division
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:

That Case No. 7020 is hereby dismissed.

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

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