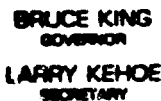


CASE NO.

7033

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(305) 827-2434

November 10, 1980

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

Re: CASE NO. 7033
ORDER NO. R-6500

Applicant:

~~Adams Exploration Inc.~~

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	X
Artesia OCD	X
Aztec OCD	

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7033
Order No. R-6500

APPLICATION OF ADAMS EXPLORATION
INC. FOR THREE NON-STANDARD PRORATION
UNITS, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 15, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of November, 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, Adams Exploration Inc., 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, NMPM, Lea County, New Mexico.

(3) That the three non-standard proration units may reasonably be presumed productive of oil from the Vada-Pennsylvanian Pool and that the three non-standard gas proration units can be efficiently and economically drained and developed by wells to be completed thereon.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Vada-Pennsylvanian Pool, will prevent

-2-

Case No. 7033
Order No. R-6300

the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Adams Exploration Inc. is hereby granted authority for 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, NMPM, Lea County, New Mexico.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

rd/

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Adams Exploration
Inc., for three non-standard pro-
ration units, Lea County, New Mexico.)

CASE
7033

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

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

SALLY W. BOYD, C.S.R.

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

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I N D E X

MARK SCHWEINFURTH

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stamets	9

E X H I B I T S

Applicant Exhibit One, Plat	4
Applicant Exhibit Two, Lists	8

SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 MR. STAMETS: We'll call next Case 7033.

2 MR. PADILLA: Application of Adams Ex-
3 ploration, Inc., for three non-standard proration units, Lea
4 County, New Mexico.

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

8
9 (Witness sworn.)

10
11 MARK SCHWEINFURTH
12 being called as a witness and having been duly sworn upon his
13 oath, testified as follows, to-wit:

14
15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Would you please state your name, by whom
18 you're employed, and in what capacity?

19 A My name is Mark Schweinfurth. I consult
20 for Adams Exploration Company as a geologist. Their offices
21 are in Midland, Texas

22 Q Mr. Schweinfurth, have you done a con-
23 sulting for the applicant in this particular case?

24 A Yes.

25 Q And in accordance with your studies have

SALLY W. BOYD, C.S.R.

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

1 you prepared certain exhibits?

2 A. I have.

3 Q. And have you previously testified before
4 the Oil Conservation Division as a geologist?

5 A. I have.

6 Q. And were your credentials accepted and
7 made a matter of record?

8 A. Yes, they were.

9 MR. KELLAHIN: We tender Mr. Schweinfurth
10 as an expert geologist.

11 MR. STAMETS: The witness is considered
12 qualified.

13 Q. Mr. Schweinfurth, would you refer to what
14 we've marked as Exhibit Number One and identify that plat
15 for us?

16 MR. STAMETS: Before we do that, Tom, let
17 me interrupt. This is off the record.

18 (Thereupon an announcement
19 was made off the record.)

20 Q. All right, Mr. Schweinfurth, would you
21 identify this plat for us?

22 A. Yes, sir. I have made a composite plat
23 showing the area in Lea County in the Vada Pruitt Bough C
24 Field, which encompasses the three tracts which we would pro-
25 pose be assigned 80-acre proration units. This plat also

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Phone (505) 455-7409

1 shows the structure in the heavy contour lines on top of the
2 Bough C.

3 In the thin contour lines it shows the
4 net pay as taken from logs of the Bough C.

5 The green symbols around the wells indi-
6 cate that they were or are producing wells from the Bough C.
7 The numbers under the wells are the subsurface depths with a
8 minus before them; the parentheses number is the net pay; the
9 small numbers indicate the production data, and if you'll
10 notice in the lefthand corner of the plat, is the production
11 data symbols. The upper line indicates the date of production
12 and the cumulative production in oil, gas, and water. Under-
13 neath is the total production for a particular well, the cumu-
14 lative production and the date of last production.

15 Q Would you identify for us the acreage
16 that Adams Exploration Company operates?

17 A Adams Exploration Company operates the
18 northeast half of the north half of the northeast quarter of
19 Section 12; the south half of the north half of Section 12;
20 and the north half of the south half of Section 12. Adams
21 also operates the south half of the southeast quarter of
22 Section 2.

23 Q Am I correct in understanding that except
24 for the 80-acre non-standard proration unit operated by
25 Tenneco in the north half of the northwest quarter of Section

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1 12, that Adams Exploration Company operates the balance of
2 that section?

3 A. No, sir. The south half of the south half
4 of Section 12 is not operated by Adams Exploration.

5 Q. The Tenneco non-standard proration unit,
6 is that an approved 80-acre non-standard proration unit?

7 A. Yes, sir, that was approved by the Commis-
8 sion last year, as I understand.

9 Q. Would you give us your opinion as to why
10 you believe that it's necessary to have these three non-standard
11 proration units for the Vada Penn Pool?

12 A. Yes, sir. It is our intention to -- to
13 drill these 80-acre proration units because we feel that there
14 is oil to be recovered, commercial oil to be recovered, and
15 that ultimately we can assign our acreage to four 80-acre
16 proration units in Section 12 and one 80-acre proration unit
17 in Section 2.

18 Q. In your opinion is development of this
19 particular area of the Vada Penn Pool on 80-acre tracts, as
20 opposed to 160-acre tracts --

21 A. Yes, sir.

22 Q. -- the most effective and efficient way
23 to recover the maximum amount of reserves?

24 A. Yes, sir, it appears to us to -- from re-
25 servoir studies, that there exists enough oil to justify

SALLY W. BOYD, C.S.R.

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1 drilling on 80-acre proration units.

2 Q Would you identify for us the two wells
3 in this portion of the pool that are still producing from this
4 formation?

5 A The Texaco Ward Insell (sic) in the north-
6 west quarter of the northwest quarter of Section 12 is cur-
7 rently producing --

8 Q You said Texaco. Is that Tenneco?

9 A Tenneco, pardon me, Tenneco Ward Insell
10 is currently producing oil from the Bough C in -- in this --
11 in Section 12. There are several wells in Section 1 to the
12 north that are currently producing oil.

13 Q There is a Tenneco well in Section 11 in
14 the northeast of the southeast corner.

15 A Yes, sir, that is also currently producing.

16 Q And then all the other wells in this im-
17 mediate vicinity are now plugged and abandoned?

18 A That's -- that is correct.

19 Q Will you describe the status of the Tenneco
20 Ward Insell No. 2 Well in the northeast of the northeast of
21 12?

22 A Yes, sir. That well was junked and aban-
23 doned in 1977, but it had -- the casinghead collapsed soon
24 after it was completed and it had not produced very much oil
25 before it was no longer operable.

SALLY W. BOYD, C.S.R.

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1 Q In your opinion there is still unrecovered
2 reserves that could be recovered by additional drilling in
3 that proration unit?

4 A Yes, sir.

5 Q Would you identify Exhibit Number Two for
6 us?

7 A Exhibit Number Two lists the operators who
8 offset the tracts which we are asking for 80-acre proration
9 units. ON the left side, the operator's name, and on the
10 right side, they were notified and asked for a waiver from
11 contention of our request. It notes on the right side those
12 companies which gave us the waiver.

13 Q Am I correct in understanding that you
14 first attempted to obtain the necessary waivers pursuant to
15 Rule 3 of the special rules and regulations for the Vada Penn
16 Pool?

17 A That is correct.

18 Q And you are unable to either obtain know-
19 ledge of or consent of all the unleased mineral owners for
20 the different offsetting tracts?

21 A That is correct.

22 Q All right. In your opinion will approval
23 of this application be in the best interests of conservation,
24 the prevention of waste, and the protection of correlative
25 rights?

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1 A That is correct.

2 Q And were Exhibits One and Two compiled by
3 you or compiled under your supervision and direction?

4 A Yes.

5 MR. KELLAHIN: We move the introduction of
6 Exhibits One and Two.

7 MR. STAMETS: These exhibits will be ad-
8 mitted.

9
10 CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q Mr. Scheinfurth, this is an older pool and
13 pretty well developed, is that correct?

14 A That is correct.

15 Q Are you looking at kind of a salvage oper-
16 ation here?

17 A Yes, sir, with the -- obviously, with the
18 increases price of oil, we feel that a well here will cost
19 about a half million dollars and that under current prices,
20 20,000 barrels to 25,000 barrels would make an economic ven-
21 ture. We feel that 50,000 barrels to 100,000 barrels is not
22 unreal for some locations, especially those locations who have
23 the highest net porosity in a special case, for instance, that
24 the Ward Insell No. 2 was collapsed casing.

25 MR. STAMETS: Any other questions of the

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Phone (505) 455-7409

1 witness?

2 MR. KELLAHIN: No, sir.

3 MR. STAMETS: He may be excused. Anything
4 further in this case?

5 The case will be taken under advisement.

6

7 (Hearing concluded.)

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SALLY W. BOYD, C.S.R.

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

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 113-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

I do hereby certify that the foregoing is
a complete and correct transcript of
the hearing held on 10-15-80
heard by 7033
Richard L. Hunt, Examiner
Oil Conservation Division

Uada Penn (Arwith Area) - Application for Non-Standard
-Locations

1. SE/4 NE/4 and NE/4 SE/4 Sec. 12, T-9-S, R-34-E, NMPM
Lea County, New Mexico

Offset Operators

Waiver

- a. Estoril Producing Corporation
b. Unleased mineral interests in
W/2 W/2 Sec. 7

✓
Did Not Contact

2. N/2 NE/4 Sec. 12

Offset Operators

Waiver

- a. Superior Oil Company
b. Tinneco Oil Company
c. Maurice L. Brown Co.
d. Unleased mineral interests
in W/2 W/2 Sec. 7

Did not respond but
see S/2 SE/4 Sec. 2

✓
✓
Did not contact

3. S/2 SE/4 Sec. 2

Offset Operators

Waiver

- a. Superior Oil Company
b. Marga Oil Corporation
c. Southern Union Exploration Company
d. Burns Corporation
e. Unleased mineral interests
in N/2 NE/4 Sec. 11

✓
✓
✓
✓
✓

ALAMO DISTRICT NO. 2
7133
Hearing Date: 05/15/1980

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

15 October 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Adams Exploration
Inc., for three non-standard pro-
ration units, Lea County, New Mexico.)

CASE
7033

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

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

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I N D E X

HARR SCHWEINFURTH

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stanets	9

E X H I B I T S

Applicant Exhibit One, Plat	4
Applicant Exhibit Two, Lists	8

MR. KELLAHIN: We'll call next case 7033.

MR. KELLAHIN: Application of Adams Exploration, Inc., for three non-standard proration units, Lea County, New Mexico.

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

(Witness sworn.)

MARK SCHWEINFURTH

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name, by whom you're employed, and in what capacity?

A My name is Mark Schweinfurth. I consult for Adams Exploration Company as a geologist. Their offices are in Midland, Texas.

Q Mr. Schweinfurth, have you done a consulting for the applicant in this particular case?

A Yes.

Q And in accordance with your studies have

you prepared certain exhibits?

A. I have.

Q. And have you previously testified before the Oil Conservation Division as a geologist?

A. I have.

Q. And were your credentials accepted and made a matter of record?

A. Yes, they were.

MR. KELLAM: We tender Mr. Schweinfurth as an expert geologist.

MR. STAMETS: The witness is considered qualified.

Q. Mr. Schweinfurth, would you refer to what we've marked as Exhibit Number One and identify that plat for us?

MR. STAMETS: Before we do that, Tom, let me interrupt. This is off the record.

(Thereupon an announcement was made off the record.)

Q. All right, Mr. Schweinfurth, would you identify this plat for us?

A. Yes, sir. I have made a composite plat showing the area in Lea County in the Vada Pruitt Bough C Field, which encompasses the three tracts which we would propose be assigned 80-acre proration units. This plat also

shows the structure in the heavy contour lines on top of the Rough C.

On the 100-foot contour lines it shows the net pay as taken from logs of the Rough C.

The green symbols around the wells indicate that they were or are producing wells from the Rough C. The numbers under the wells are the subsurface depths with a minus before them; the parentheses number is the net pay; the small numbers indicate the production data, and if you'll notice in the lefthand corner of the plat, is the production data symbols. The upper line indicates the date of production and the cumulative production in oil, gas, and water. Underneath is the total production for a particular well, the cumulative production and the date of last production.

Q Would you identify for us the acreage that Adams Exploration Company operates?

A Adams Exploration Company operates the northeast half of the north half of the northeast quarter of Section 12; the south half of the north half of Section 12; and the north half of the south half of Section 12. Adams also operates the south half of the southeast quarter of Section 2.

Q Am I correct in understanding that except for the 80-acre non-standard proration unit operated by Tenneco in the north half of the northwest quarter of Section

12, that Adams Exploration Company operates the balance of that section?

A. No, sir. The south half of the south half of Section 12 is not operated by Adams Exploration.

Q. The Tenecco non-standard proration unit, is that an approved 80-acre non-standard proration unit?

A. Yes, sir, that was approved by the Commission last year, as I understand.

Q. Could you give us your opinion as to why you believe that it's necessary to have these three non-standard proration units for the Vada Penn Pool?

A. Yes, sir. It is our intention to -- to drill these 80-acre proration units because we feel that there is oil to be recovered, commercial oil to be recovered, and that ultimately we can assign our acreage to four 80-acre proration units in Section 12 and one 80-acre proration unit in Section 2.

Q. In your opinion is development of this particular area of the Vada Penn Pool on 80-acre tracts, as opposed to 160-acre tracts --

A. Yes, sir.

Q. -- the most effective and efficient way to recover the maximum amount of reserves?

A. Yes, sir, it appears to us to -- from reservoir studies, that there exists enough oil to justify

7

drilling on 30-acre proration units.

Q Could you identify for us the two wells in this portion of the pool that are still producing from this formation?

A The Texaco Ward Insell (sic) in the northwest quarter of the northwest quarter of Section 12 is currently producing --

Q You said Texaco. Is that Tenneco?

A Tenneco, pardon me, Tenneco Ward Insell is currently producing oil from the Dough C in -- in this -- in Section 12. There are several wells in Section 1 to the north that are currently producing oil.

Q There is a Tenneco well in Section 11 in the northeast of the southeast corner.

A Yes, sir, that is also currently producing.

Q And then all the other wells in this immediate vicinity are now plugged and abandoned?

A That's -- that is correct.

Q Will you describe the status of the Tenneco Ward Insell No. 2 Well in the northeast of the northeast of 12?

A Yes, sir. That well was junked and abandoned in 1977, but it had -- the casinghead collapsed soon after it was completed and it had not produced very much oil before it was no longer operable.

Q In your opinion there is still unrecovered reserves that could be recovered by additional drilling in that proration unit?

A Yes, sir.

Q Would you identify Exhibit Number Two for us?

A Exhibit Number Two lists the operators who offset the tracts which we are asking for 30-acre proration units. ON the left side, the operator's name, and on the right side, they were notified and asked for a waiver from contention of our request. It notes on the right side those companies which gave us the waiver.

Q Am I correct in understanding that you first attempted to obtain the necessary waivers pursuant to Rule 3 of the special rules and regulations for the Vada Penn Pool?

A That is correct.

Q And you are unable to either obtain knowledge of or consent of all the unleased mineral owners for the different offsetting tracts?

A That is correct.

Q All right. In your opinion will approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A That is correct.

Q And were Exhibits One and Two compiled by you or compiled under your supervision and direction?

A Yes.

MR. KELLAMIN: We move the introduction of Exhibits One and Two.

MR. STAMETS: These exhibits will be admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Scheinfurth, this is an older pool and pretty well developed, is that correct?

A That is correct.

Q Are you looking at kind of a salvage operation here?

A Yes, sir, with the -- obviously, with the increases price of oil, we feel that a well here will cost about a half million dollars and that under current prices, 20,000 barrels to 25,000 barrels would make an economic venture. We feel that 50,000 barrels to 100,000 barrels is not unreal for some locations, especially those locations who have the highest net porosity in a special case, for instance, that the Ward Insell No. 2 was collapsed casing.

MR. STAMETS: Any other questions of the

witness?

MR. HILLMAN: No, sir.

MR. STANLEY: He is not a witness. Anything

further in this case?

The case will be held under advisement.

(Hearing concluded.)

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.

I do hereby certify that the foregoing is
a complete and correct transcript of the hearing in
the title of _____
heard by me on _____.

_____, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
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Phone: (505) 455-7409

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Adams Exploration,
Inc., for three non-standard prora-
tion units, Lea County, New Mexico.

CASE
7033

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

1 MR. NUTTER: We'll next call Case Number
2 7033.

3 MR. PADILLA: Application of Adams Explor-
4 ation, Inc., for three non-standard proration units, Lea
5 County, New Mexico.

6 MR. NUTTER: At request of applicant Case
7 Number 7033 will be continued to the Examiner Hearing
8 scheduled to be held at this same place at 9:00 a. m.
9 October 15th, 1980.

10
11 (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

C E R T I F I C A T E

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

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

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

I do hereby certify that the foregoing is
a complete and correct transcript of the
the Examiner's hearing of No. 7033
heard by me on 10/1 1980.

[Signature] Examiner
Oil Conservation Division

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 Adams Exploration,
Inc., for three non-standard prora-
tion units, Lea County, New Mexico.

CASE
7033

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. HUTTER: We'll next call Case Number
2 7033.

3 MR. PADILLA: Application of Adams Explor-
4 ation, Inc., for three non-standard proration units, Lea
5 County, New Mexico.

6 MR. HUTTER: At request of applicant Case
7 Number 7033 will be continued to the Examiner Hearing
8 scheduled to be held at this same place at 9:00 a. m.
9 October 15th, 1960.

10
11 (Hearing concluded.)
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SALLY W. BOYD, C.S.R.

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

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.

Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 433-7409

I do hereby certify that the foregoing is
a correct and true transcript of the proceedings in
the transcript number 7033
heard by me on 10/1 80.

Sham, Examiner
Oil Conservation Division

Vada Penn (Pruitt Area) - Application for Non-Standard
Locations

1. SE/4 NE/4 and NE/4 SE/4 Sec. 12, T-9-S, R-34-E, NMPM
Lea County, New Mexico

Offset Operators

- a. Estoril Producing Corporation
- b. Unleased mineral interests in
w/2 w/2 Sec. 7

Waiver

✓
Did Not Contact

2. N/2 NE/4 Sec. 12

Offset Operators

- a. Superior Oil Company
- b. Tenneco Oil Company
- c. Maurice L. Brown Co.
- d. Unleased mineral interests
in W/2 W/2 Sec. 7

Waiver

Did not respond but
see S/2 SE/4 Sec. 2

✓
✓
Did not contact

3. S/2 SE/4 Sec. 2

Offset Operators

- a. Superior Oil Company
- b. Manza Oil Corporation
- c. Southern Union Exploration Company
- d. Burns Corporation
- e. Unleased mineral interests
in N/2 NE/4 Sec. 11

Waiver

✓
✓
✓
✓
✓

LEA COUNTY EXAMINER STAMETS OIL CONSERVATION DIVISION
Adams EXHIBIT NO. 2
CASE NO. 7033
Submitted by
Hearing Date OCT 15, 1980

Uada Penn (Armit Area) - Application for Non-Standard Locations

1. SE/4 NE/4 and NE/4 SE/4 Sec. 12, T-9-S, R-34-E, NMPM Lea County, New Mexico

Offset Operators

Waiver

- a. Estoril Producing Corporation
- b. Unleased mineral interests in W/2 W/2 Sec. 7

✓
Did Not Contact

2. N/2 NE/4 Sec. 12

Offset Operators

Waiver

- a. Superior Oil Company
- b. Tenneco Oil Company
- c. Maurice L. Brown Co.
- d. Unleased mineral interests in W/2 W/2 Sec. 7

Did not respond but see S/2 SE/4 Sec. 2

✓
✓
Did not contact

3. S/2 SE/4 Sec. 2

Offset Operators

Waiver

- a. Superior Oil Company
- b. Marga Oil Corporation
- c. Southern Union Exploration Company
- d. Burns Corporation
- e. Unleased mineral interests in N/2 NE/4 Sec. 11

✓
✓
✓
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BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION	EXHIBIT NO. <u>2</u>
CASE NO. <u>2033</u>	Submitted by <u>APX</u>
Hearing Date <u>01/15/1980</u>	

Dockets Nos. 34-80 and 35-80 are tentatively set for October 29 and November 12, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 15, 1980

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for November, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for November, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7044: Application of Harvey E. Yates Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Travis Penn Unit Area, comprising 400 acres, more or less, of State and Federal lands in Township 18 South, Range 28 East.
- CASE 7045: Application of Texas Oil & Gas Corp. for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Upper Morrow production in the wellbore of its Superior Federal Com. Well No. 1 located in Unit G of Section 8, Township 20 South, Range 29 East.
- CASE 7046: Application of Cotton Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Pictured Cliffs production in the wellbores of wells in the South Blanco-Pictured Cliffs Pool located in Sections 1, 2, 3, 4, 9, 10, 11, 13, 23, and 24, Township 24 North, Range 4 West.
- CASE 7047: Application of Nucorp Energy Inc. for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a special gas-oil ratio limitation of 10,000 to one, retroactive to April 18, 1980, for the East Caprock-Pennsylvanian Pool.
- CASE 7033: (Continued from October 1, 1980, Examiner Hearing)
- 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 7048: Application of Public Lands Exploration, Inc. for a pilot steam enhanced oil recovery project, Guadalupe County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot steam enhanced oil recovery project in the Santa Rosa formation by re-entering 2 wells and drilling 3 wells, all located in Unit A of Section 15, Township 11 North, Range 25 East.
- CASE 7036: (Continued from October 1, 1980, Examiner Hearing)
- 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 7049: 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 SW/4 of Section 35, 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 7050: Application of Maddox Energy Corporation 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 N/2 of Section 23, Township 24 South, Range 28 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 7051: Application of Petro Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its L. C. Warlick "B" Well No. 2 located in Unit C of Section 19, Township 21 South, Range 37 East.

CASE 7052: Application of Gulf Oil Corporation 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 S/2 of Section 36, Township 18 South, Range 31 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 7024: (Continued from September 17, 1980, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 35, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7038: (Continued from October 1, 1980, Examiner Hearing)

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 7053: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area to include the SE/4 NE/4 and NE/4 SE/4 of Section 24, Township 19 South, Range 29 East, and the S/2 NW/4 of Section 19, Township 19 South, Range 30 East.

CASE 7054: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending the vertical and horizontal limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Abo production and designated as the East Bitter Lakes-Abo Gas Pool. The discovery well is Boyd Operating Company Blakemore Federal Well No. 1 located in Unit D of Section 20, Township 9 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 20: NW/4

(b) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the East Bitter Lakes-Wolfcamp Gas Pool. The discovery well is Boyd Operating Company Blakemore Federal Well No. 1 located in Unit D of Section 20, Township 9 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 20: W/2

(c) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Fusselman production and designated as the South Elkins-Fusselman Pool. The discovery well is Enserch Exploration, Inc. J. G. O'Brien Well No. 1 located in Unit E of Section 31, Township 7 South, Range 29 East, NMPM. Said pool would comprise:

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

(d) ABOLISH the Cary-San Andres Pool in Lea County, New Mexico, described as:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 17: NW/4

- (e) EXTEND the Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein:

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

- (f) EXTEND the Angell Ranch Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 13: S/2

- (g) EXTEND the Blinbry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 29: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 13: N/2

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 1: W/2
Section 14: N/2

- (i) EXTEND the Brown Queen-Grayburg Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 25: SE/4 SW/4 and S/2 SE/4

- (j) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM
Section 25: N/2

- (k) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 17: S/2
Section 20: N/2

- (l) EXTEND the vertical limits of the Comanche Stateline Tansill-Yates Pool in Lea County, New Mexico, to include the Seven Rivers formation and redesignate said pool as the Comanche Stateline Tansill-Yates-Seven Rivers Pool, and extend the horizontal limits of said pool to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 27: W/2 NW/4

- (m) EXTEND the Indian Flats-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 2: S/2 NE/4

- (n) EXTEND the Jenkins-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
Section 32: NW/4

- (o) EXTEND the L E Ranch-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 29: N/2 NW/4
Section 30: N/2 NE/4

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

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 15: N/2

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 8: All

- (r) EXTEND the West Osado-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 14: W/2
Section 23: All

- (s) EXTEND the Penasco Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 6: W/2

- (t) EXTEND the Penasco Draw San Andres-Yeso Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 1: W/2 NW/4 and NW/4 SW/4
Section 13: NW/4 NW/4
Section 14: NE/4 NE/4

- (u) EXTEND the South Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 2: Lots 1 and 2

- (v) EXTEND the Rabbit Flats-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 30: SE/4 SE/4

- (w) EXTEND the Railroad Mountain-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 11: W/2 SW/4
Section 14: NW/4 NW/4

- (x) EXTEND the Richard Knob Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

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

- (y) EXTEND the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 2: S/2 S/2

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

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 26: SE/4 SE/4
Section 35: E/2 NE/4 and NE/4 SE/4

- (aa) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: SE/4

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 NGPA.

CASE 7030: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS as 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 NGPA.

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 60-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 Callegos-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 G of Section 12, Township 21 South, Range 34 East; applicant further seeks approval of a standard gas proration unit for said well comprising the E/2 of said Section 12, or in the alternative, a non-standard unit comprising the NE/4, N/2 SE/4 and SE/4 SE/4 of said Section 12.

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.

KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

Post Office Box 1769

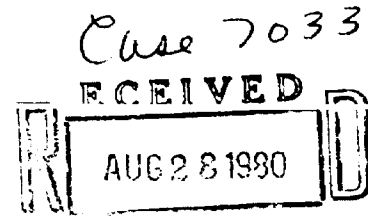
Santa Fe, New Mexico 87501

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

Telephone 982-4285
Area Code 505

August 28, 1980

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



OIL CONSERVATION DIVISION
SANTA FE

Re: Adams Exploration Inc.

Dear Joe:

Please set the enclosed application for three non-standard
proration units for hearing on September 17, 1980.

Very truly yours,

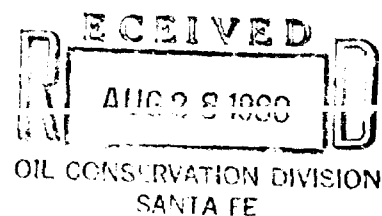
W. Thomas Kellahin
W. Thomas Kellahin

cc: James Brown

WTK:jm

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

APPLICATION OF ADAMS EXPLORATION
INC. FOR THREE NON-STANDARD
PRORATION UNITS, VADA-PENNSYLVANIAN
POOL, LEA COUNTY, NEW MEXICO



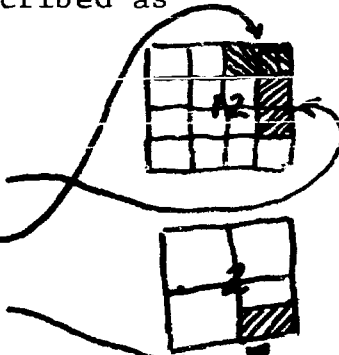
A P P L I C A T I O N

Case 7033

COMES NOW ADAMS EXPLORATION COMPANY, and applies to the Oil Conservation Division of New Mexico for approval of three non-standard proration units for the Vada-Pennsylvanian Pool, Lea County New Mexico and in support thereof would show:

1. Applicant is an operator of the applicable acreage involved.
2. Applicant seeks approval of three non-standard proration units each consisting of 80 acres more or less, in the Vada-Pennsylvanian Pool, Lea County, New Mexico, all in Township 9 South, Range 2 34 East, N.M.P.M. and more specifically described as follows:

- (a) Section 12: SE/4NE/4 and NE/4SE/4 (about 80 acres)
- (b) Section 12: N/2NE/4 (about 80 acres)
- (c) Section 2 : S/2SE/4 (about 80 acres)



3. Notice to all offsetting operators was sent by Certified Mail return receipt on August 28, 1980, in accordance to Rule 3 of the Special Rules and Regulations for the Vada-Pennsylvanian Pool.

4. Because of rig availability, Applicant needs to commence the subject wells prior to the expiration of the 30 day period provided for obtaining administrative approval for said non-standard proration units.

5. Applicant requests that the subject case be docketed for hearing on September 17, 1980, examiner hearing.

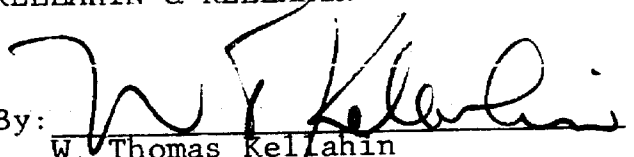
6. In the event the applicant is able to obtain written waivers from all offset operators in accordance with Rule 3 of the Special Pool Rules, then the applicant requests that this application be processed administratively.

7. That approval of the application is in the best interests of conservation, the prevention of waste and the protection correlative rights.

WHEREFORE, applicant requests that the foregoing application be approved.

KELLAHIN & KELLAHIN

By:


W. Thomas Kellahin

P.O. Box 1769

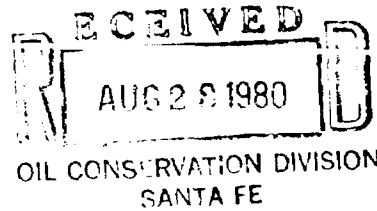
Santa Fe, New Mexico 87501

(505) 982-4285

Attorneys for Adams Exploration Inc.

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

APPLICATION OF ADAMS EXPLORATION
INC. FOR THREE NON-STANDARD
PRORATION UNITS, VADA-PENNSYLVANIAN
POOL, LEA COUNTY, NEW MEXICO



A P P L I C A T I O N

Case 7033

COMES NOW ADAMS EXPLORATION COMPANY, and applies to the Oil Conservation Division of New Mexico for approval of three non-standard proration units for the Vada-Pennsylvanian Pool, Lea County New Mexico and in support thereof would show:

1. Applicant is an operator of the applicable acreage involved.
2. Applicant seeks approval of three non-standard proration units each consisting of 80 acres more or less, in the Vada-Pennsylvanian Pool, Lea County, New Mexico, all in Township 9 South, Range 2 34 East, N.M.P.M. and more specifically described as follows:
 - (a) Section 12: SE/4NE/4 and NE/4SE/4 (about 80 acres)
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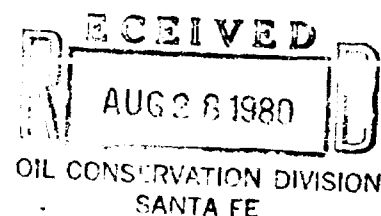
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STATE OF NEW MEXICO
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APPLICATION OF ADAMS EXPLORATION
INC. FOR THREE NON-STANDARD
PRORATION UNITS, VADA-PENNSYLVANIAN
POOL, LEA COUNTY, NEW MEXICO



A P P L I C A T I O N

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WHEREFORE, applicant requests that the foregoing application be approved.

KELLAHIN & KELLAHIN

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W. Thomas Kellahin

P.O. Box 1769

Santa Fe, New Mexico 87501

(505) 982-4285

Attorneys for Adams Exploration Inc.

ROUGH

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

Con'd

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

CASE NO. 7033

Order No. R-6500

APPLICATION OF ADAMS EXPLORATION
INC. FOR THREE NON-STANDARD PRORATION
UNITS, LEA COUNTY, NEW MEXICO.

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ORDER OF THE DIVISION

BY THE DIVISION:

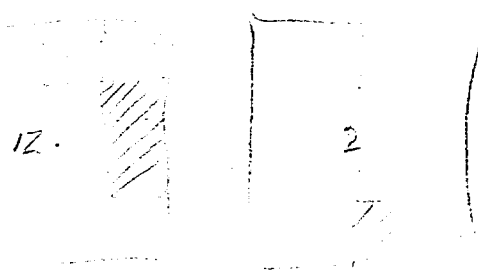
This cause came on for hearing at 9 a.m. on October 15
19 80, at Santa Fe, New Mexico, before Examiner Richard C. Starnitz
~~Daniel G. Nutter~~

NOW, on this _____ day of October, 19 80, the
Division Director, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, Adams Exploration Inc., 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,
NMPM, Lea County, New Mexico.



three

(3) That the ~~entire~~ non-standard proration units may reasonably be presumed productive of ^{oil} gas from the Vada-Pennsylvanian Pool and that the three non-standard gas proration units can be efficiently and economically drained and developed by ~~three~~ *• wells to be completed thereon.*

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the ^{oil} gas in the Vada-Pennsylvanian 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:

Adams Exploration is here by granted authority for

(1) That 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, NMPM, Lea County, New Mexico, ~~are hereby established.~~

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

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