

CASE 7127: ELLWADE CORPORATION FOR
AMENDMENT OF ORDER NO. R-6399, EDDY
COUNTY, NEW MEXICO

CASE NO.

7127

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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. 7127
Order No. R-6399-A

APPLICATION OF ELLWADE CORPORATION
FOR THE AMENDMENT OF ORDER NO. R-6399,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 14, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of February, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Ellwade Corporation, seeks the amendment of Order No. R-6399 to include the Pennsylvanian formation under the non-standard proration unit order rather than only the Wolfcamp formation as previously ordered.
- (3) That said Order No. R-6399 established a 129.52-acre non-standard gas spacing and proration unit consisting of the W/2 of partial Section 33, Township 26 South, Range 30 East, NMPM, for drilling to and production from the Wolfcamp formation.
- (4) That the applicant now seeks said amendment of Order No. R-6399 in order to permit it to complete its well in productive zones which may be encountered both in the Wolfcamp and the Pennsylvanian formations.
- (5) That no offset operator appeared and objected to the proposed amendment to said order.

-2-
Case No. 7127
Order No. R-6399-A

(6) That approval of the application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

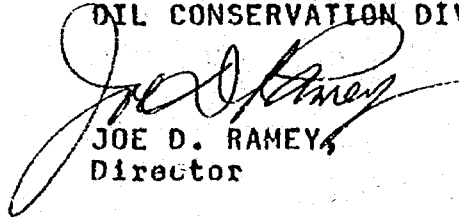
(1) That the first paragraph of Order (1) of Division Order No. R-6399 entered July 22, 1980, is hereby amended in its entirety to read as follows:

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

S E A L

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
14 January 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Ellwade Corporation
for amendment of Order No. R-6399,
Eddy County, New Mexico.

CASE
7127

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

JOHN B. CASTLE

Direct Examination by Mr. Kellahin

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E X H I B I T S

Applicant Exhibit One, Plat

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Applicant Exhibit Two, Structure Map

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Applicant Exhibit Three, Structure Map

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MR. STAMETS: We'll call now Case 7127.

MR. PADILLA: Application of Ellwade Corporation for amendment of Order No. R-6399, Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness to be sworn.

(Witness sworn.)

JOHN B. CASTLE
being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Castle, for purposes of the record, would you please state your name and occupation?

A John B. Castle, geologist, Midland, Texas.

Q Mr. Castle, have you previously qualified as an expert geologist before the Division and had your qualifications accepted and made a matter of record?

A Yes.

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Q And are you appearing here today on behalf of the applicant as a geologist?

A Yes, I am.

MR. KELLAHIN: We tender Mr. Castle as an expert witness.

MR. STAMETS: He is considered qualified

Q Mr. Castle, I direct your attention to Ellwade Exhibit Number One and ask you to identify that exhibit and explain what the applicant is seeking to accomplish

A Ellwade is seeking to amend Order No. R-6399, which approved a non-standard gas proration unit, consisting of the west half of Section 33, Township 26 South, Range 30 East, for the Wolfcamp formation.

And Ellwade seeks to have that order amended to include all formations of Pennsylvanian age. And Exhibit Number One is a plat showing the location of the unit colored in yellow and the ownership of the surrounding acreage.

Q Were you the witness that testified at the previous hearing which resulted in Order No. 6399?

A Yes, I was.

Q Would you refresh the Examiner's memory with regards to the circumstances that necessitated that original order?

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2 A. An order was approved for Florida Ex-
3 ploration Company. It was Division Order No. R-6270, approving
4 a non-standard unit for the Wolfcamp and all Pennsylvanian
5 formations consisting of Section 34 and the east half of
6 Section 33 of 26 South, 30 East.

7 And Amoco Production Company is putting
8 a unit together to the west of Ellwade's proposed unit and
9 that leaves Ellwade with 129.52 acres with no place to go
10 with it except for this non-standard unit.

11 Q. At the time of the previous hearing
12 for purposes of the Wolfcamp formation did you have any other
13 acreage available to you except this 129.52 acres?

14 A. That's all.

15 Q. The purposes of the application today
16 are what, Mr. Castle?

17 Q. We, since the application was approved
18 for the Wolfcamp formation, we have built the location and
19 roads and location, and have set the conductor pipe, and
20 we're presently waiting for a rig; hopefully, we'll have a
21 rig within the next 30 to 90 days.

22 Q. Was it your original intention to in-
23 clude as a portion of the original order the Pennsylvanian
24 age formations?

25 A. We intended to drill through the Morrow

1
2 formation from the beginning.

3 Q Is there any acreage available in the
4 area from which you could form a standard proration unit for
5 any of the Pennsylvanian age formations?

6 A No.

7 Q The same circumstances exist for those
8 formations as existed for the Wolfcamp.

9 A Yes.

10 Q All right, sir, would you turn to Ex-
11 hibit Number Two and identify that?

12 A Exhibit Number Two is a structure map
13 contoured on top of the Delaware lime formation, showing the
14 structure and the strike of the beds at a depth of approxi-
15 mately 3500 feet, and the unit again is colored in yellow.

16 This also shows in a color code the
17 producing formations within the immediate area.

18 Q Is the proposed location for the well
19 the same location as was approved in the earlier order?

20 A Yes.

21 Q All right. Would you turn to Exhibit
22 Number Three and identify that?

23 A Exhibit Number Three is a structure map
24 contoured on the Wolfcamp lime formation at a depth of approxi-
25 mately 12,000 feet, and this plat shows a structure and

1
2 strike to be similar to the shallow Delaware lime formation
3 and it is expected that the Pennsylvanian horizons would show
4 a similar structure and strike and we expect to encounter the
5 Morrow formation at this location to be at approximately
6 14,000 feet.

7 Q Are there any other Morrow wells in this
8 area?

9 A Not in the immediate area. In the
10 southwest quarter of Section 27 Penroc Oil Corporation drilled
11 their No. 5 Ross Draw Unit to the Devonian formation and
12 plugged back and did perforate and test the Morrow formation
13 and was producing approximately 4-million cubic feet of gas
14 per day when they attempted to plug back and test the Wolf-
15 camp formation and the pipe collapsed and lost the hole.

16 Q Are there any other wells depicted upon
17 your Exhibit Number Three that have penetrated the Morrow
18 formation?

19 A The Texaco Damsite Well in Loving County,
20 Section 9, to the southeast; the H. L. Brown Well in Section
21 7, directly south; and in Section 26 of 26, 30, Florida Ex-
22 ploration's No. 7 tested approximately million cubic feet a
23 day from the Morrow and 160 barrels of water per hour.

24 Q Your --

25 A I might add that the -- in Section 27,

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2 1980 feet from the north, 660 from the west, Florida Explora-
3 tion has their No. 10 location staked and are at this time
4 moving a rig in on the location, and it will go to the Morrow
5 formation.

6 Q In your opinion, Mr. Castle, will any
7 of the Pennsylvanian age formations underlying this non-standard
8 proration unit be developed unless they are now included in
9 the existing Order 6399?

10 A. No, they would not be.

11 Q In your opinion will approval of this
12 application be in the best interests of conservation, the
13 prevention of waste, and protection of correlative rights?

14 A. Yes.

15 Q Were Exhibits One, Two, and Three pre-
16 pared by you or under your direction?

17 A. Yes.

18 MR. KELLAHIN: We move the introduction
19 of Exhibits One, Two, and Three.

20 MR. STAMETS: These exhibits will be
21 admitted.

22 Are there any questions of the witness?
23 He may be excused.

24 Anything further in this case? The case
25 will be taken under advisement.

C E R T I F I C A T E

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

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 Examiner hearing of Case No. 7127,
heard by me on 1-14 1981.

Richard H. Stamt, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
14 January 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Ellwade Corporation
for amendment of Order No. R-6399,
Eddy County, New Mexico.

CASE
7127

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

JOHN B. CASTLE

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MR. KELLAHIN: If the Examiner please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness to be sworn.

(Witness sworn.)

JOHN B. CASTLE

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DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Castle, for purposes of the record, would you please state your name and occupation?

A John B. Castle, geologist, Midland, Texas.

Q Mr. Castle, have you previously qualified as an expert geologist before the Division and had your qualifications accepted and made a matter of record?

A Yes.

Q And are you appearing here today on behalf of the applicant as a geologist?

A Yes, I am.

MR. KELLAHIN: We tender Mr. Castle as an expert witness.

MR. STAMETS: He is considered qualified.

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Q Are there any other Morrow wells in this area?

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9 the existing Order 6399?

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22 Are there any questions of the witness?
23 He may be excused.

24 Anything further in this case? The case
25 will be taken under advisement.

C E R T I F I C A T E

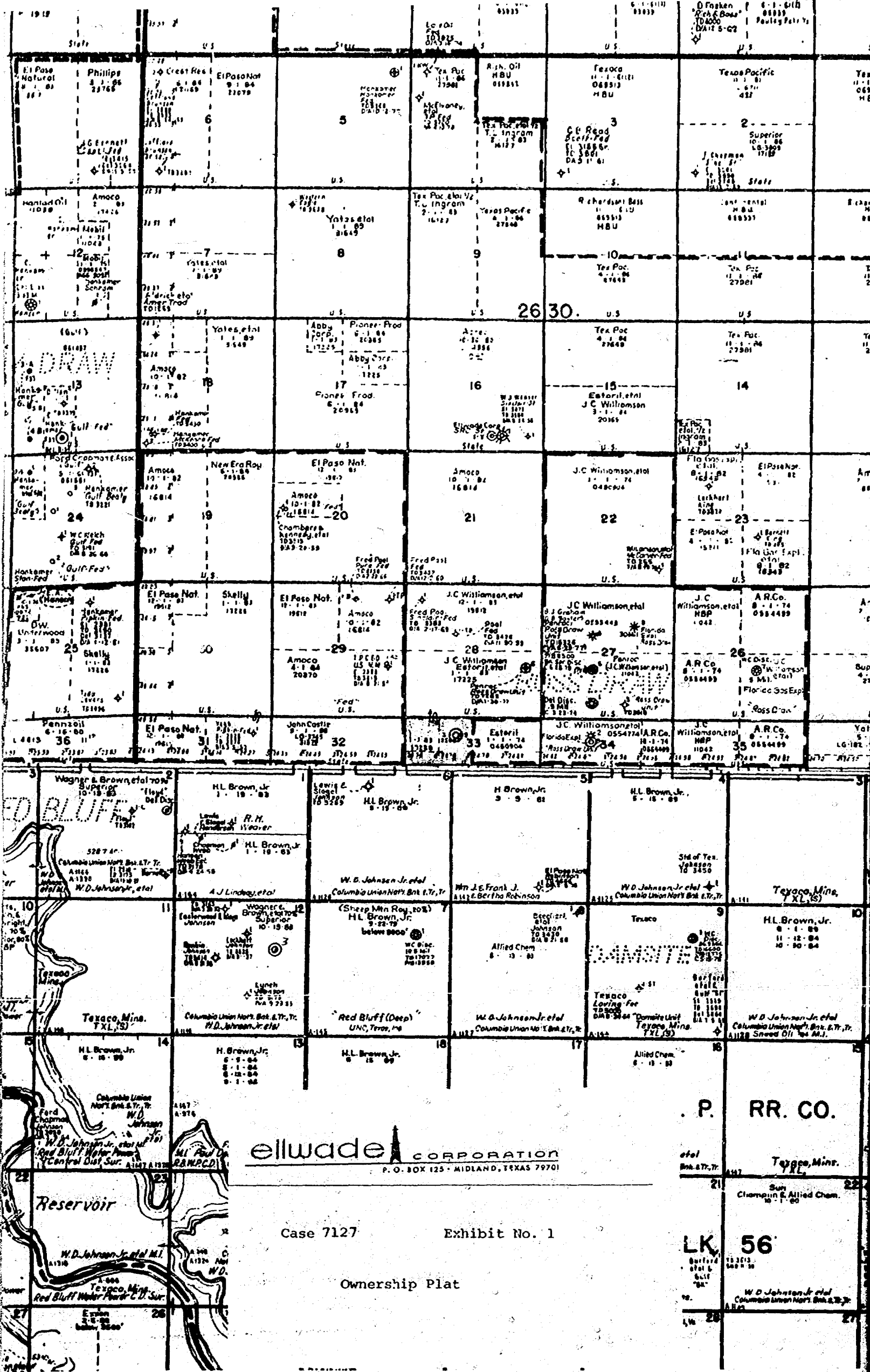
I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

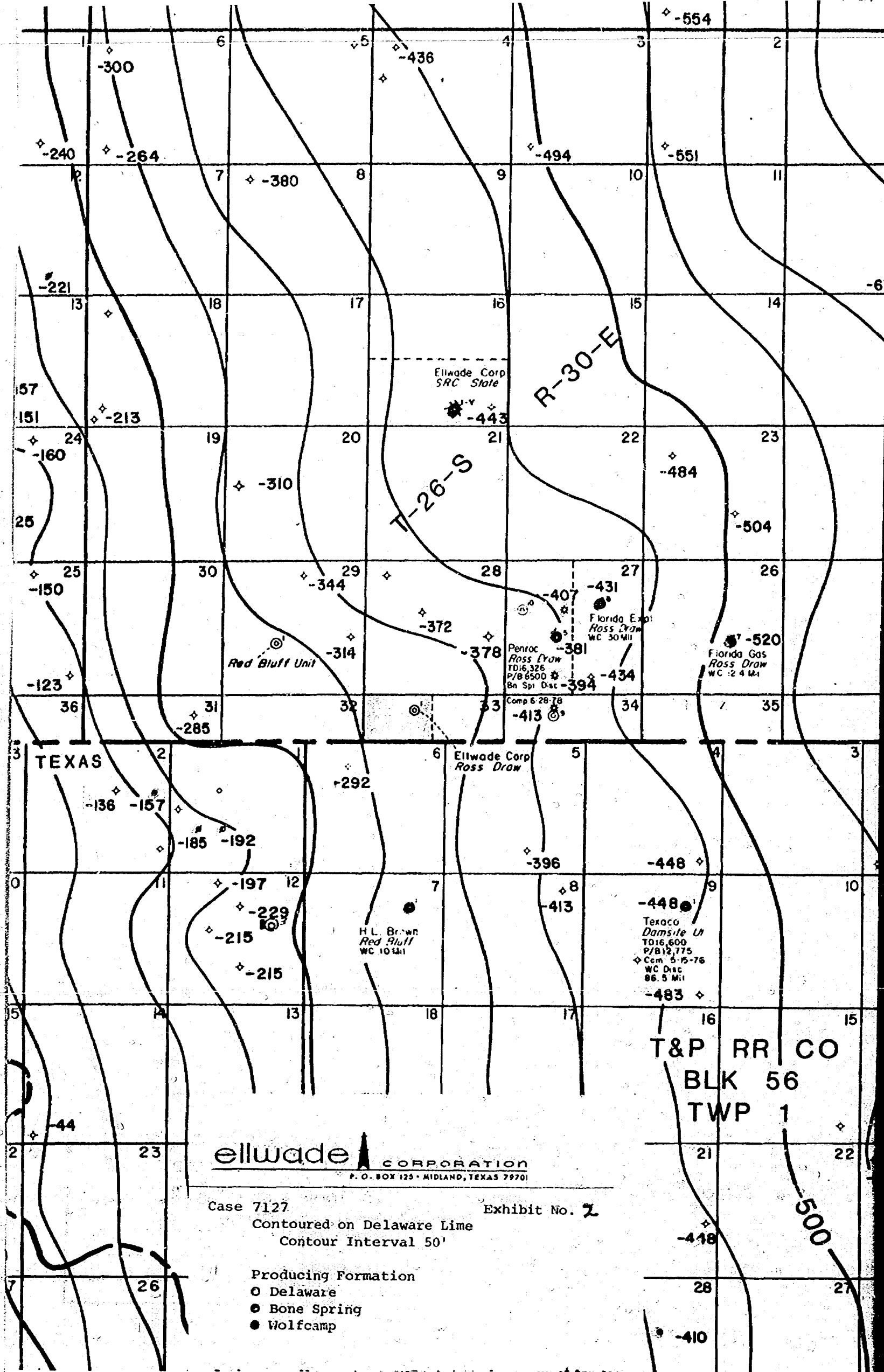
Sally W. Boyd C.S.R.

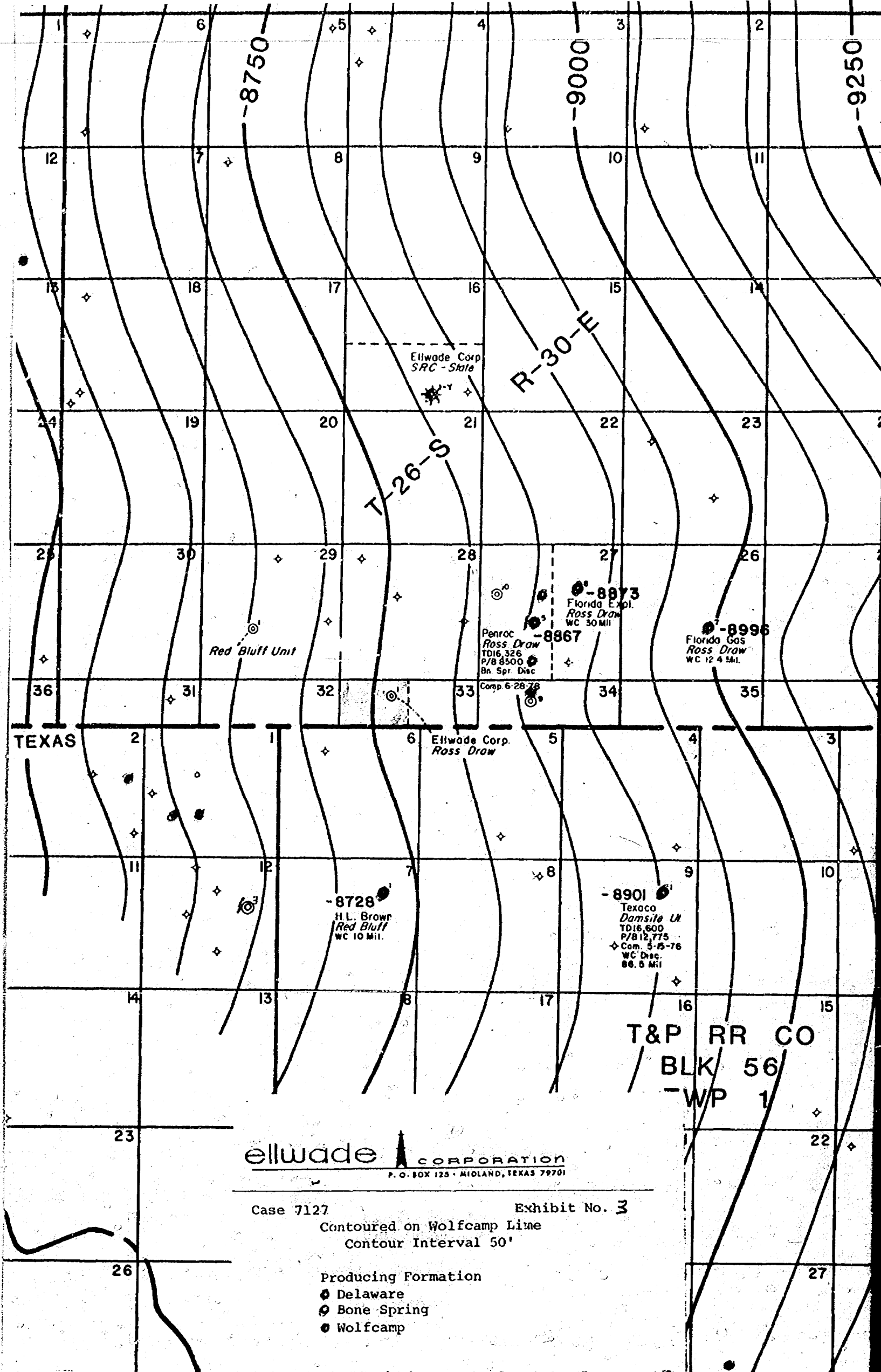
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

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







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

Case 7127 Exhibit No. 3
Contoured on Wolfcamp Line
Contour Interval 50'

Producing Formation
 ♦ Delaware
 ♦ Bone Spring
 ♦ Wolfcamp



Exhibit No. 1

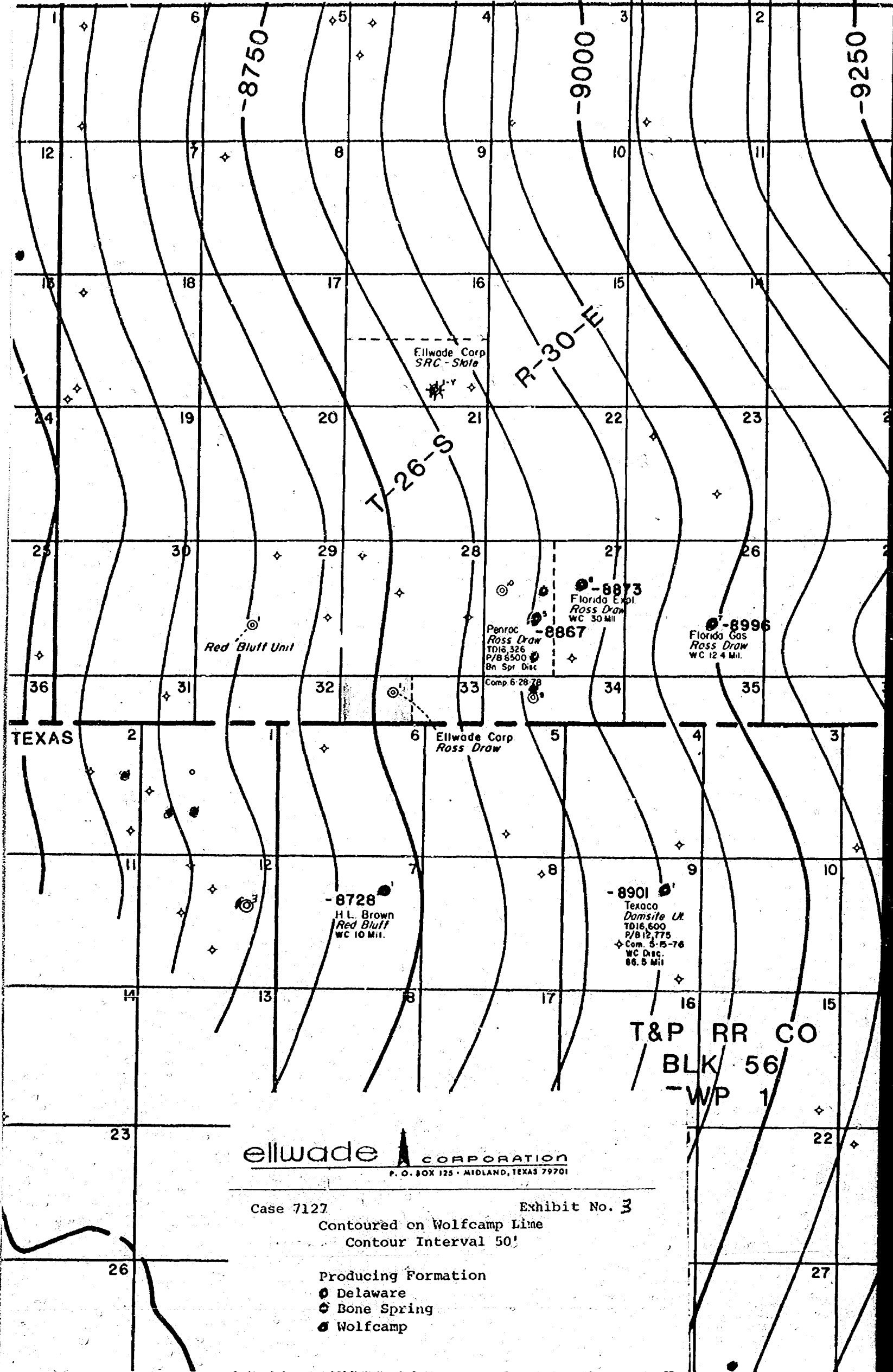
Ownership Plat

. P. | RR. CO.

etal
BNA. & Tr. Tr. 4112
Tuxco, Minn.
TAL

LK 56

W D Johnson Jr et al
Columbia Union Natl. Bank & T.

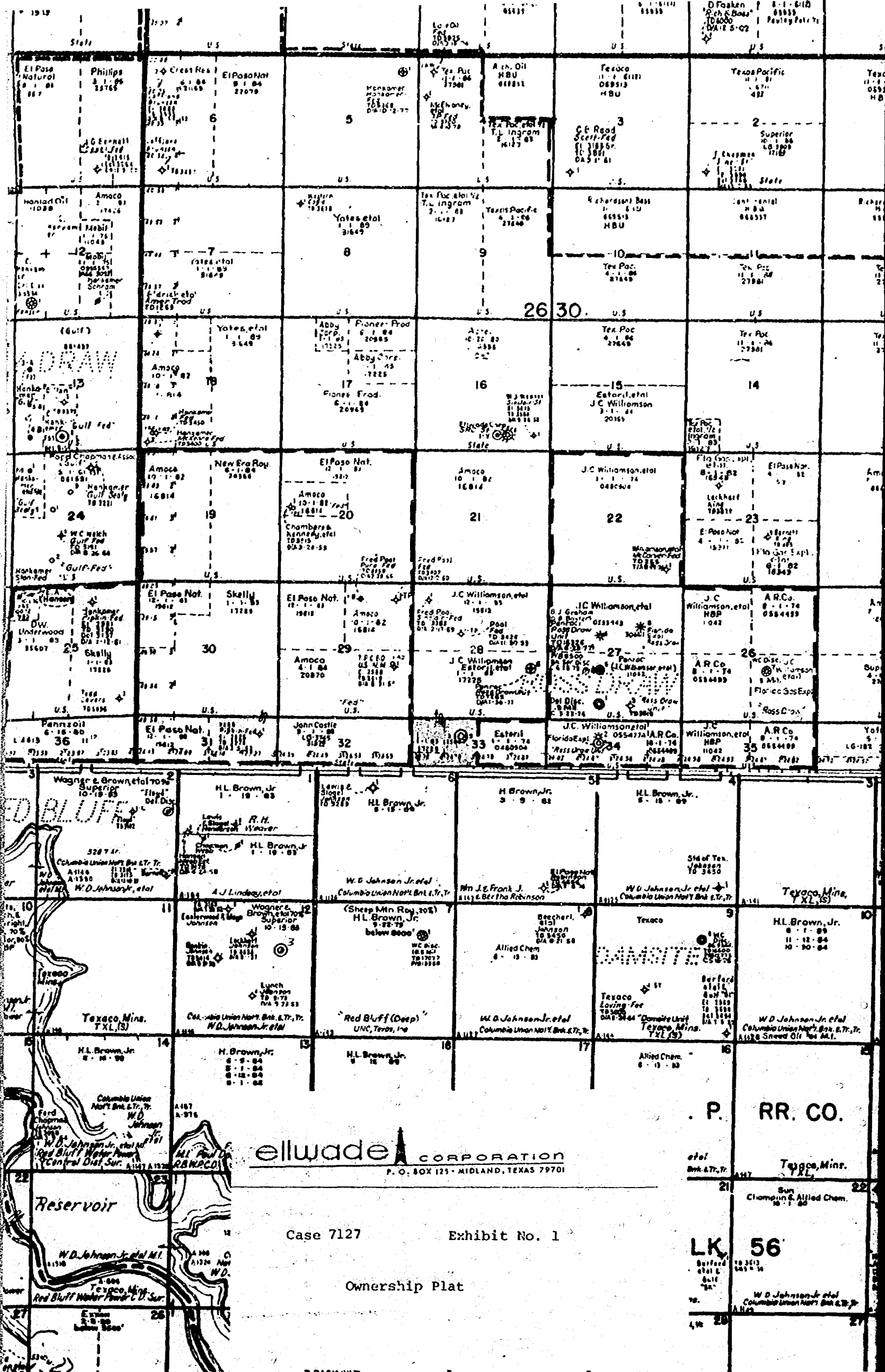


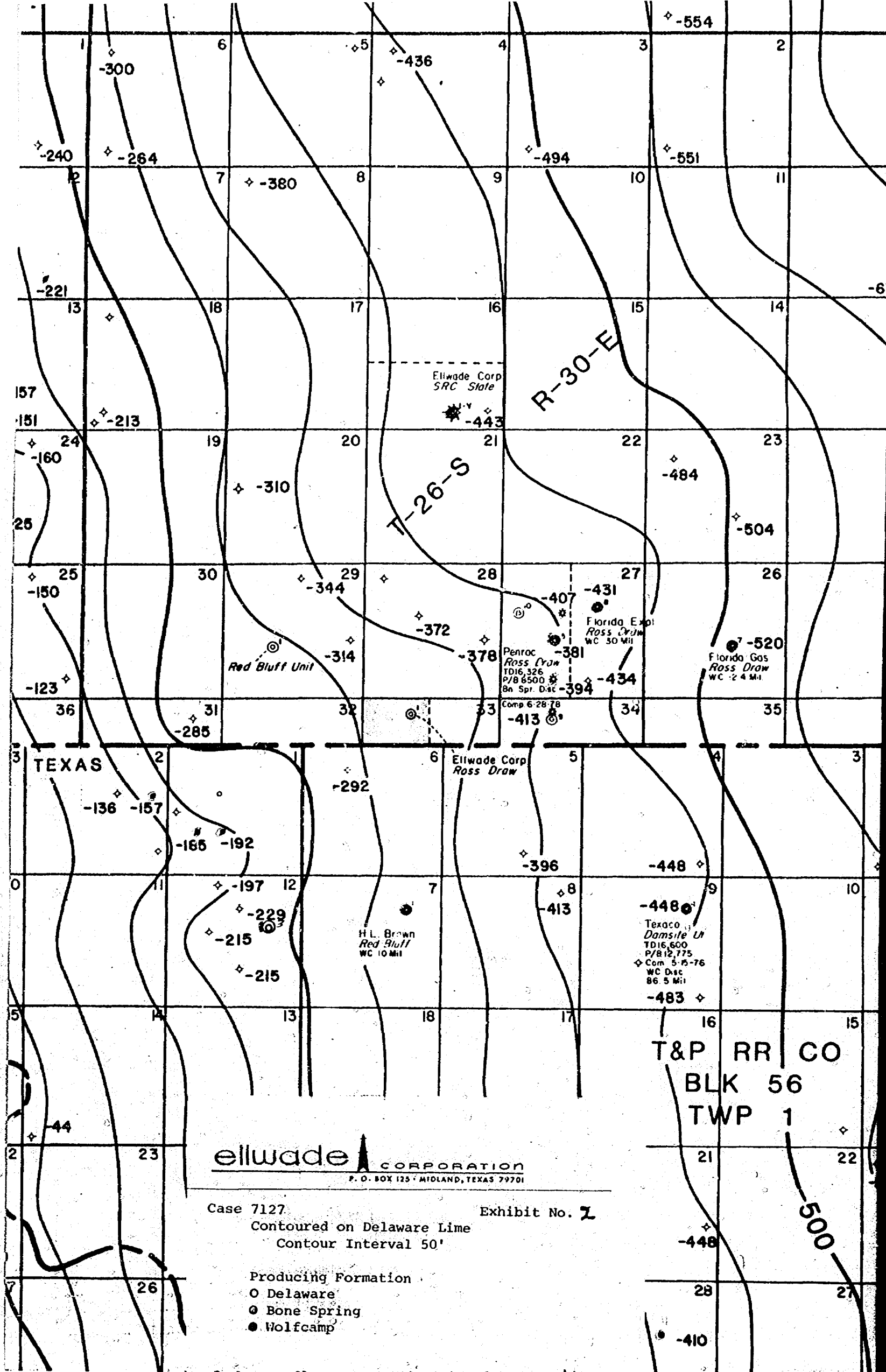
ellwade CORPORATION
P. O. BOX 125 • MIDLAND, TEXAS 79701

Case 7127 Exhibit No. 3
Contoured on Wolfcamp Line
Contour Interval 50'

Producing Formation
 ● Delaware
 ● Bone Spring
 ● Wolfcamp

T&P RR CO
BLK 56
WP 1





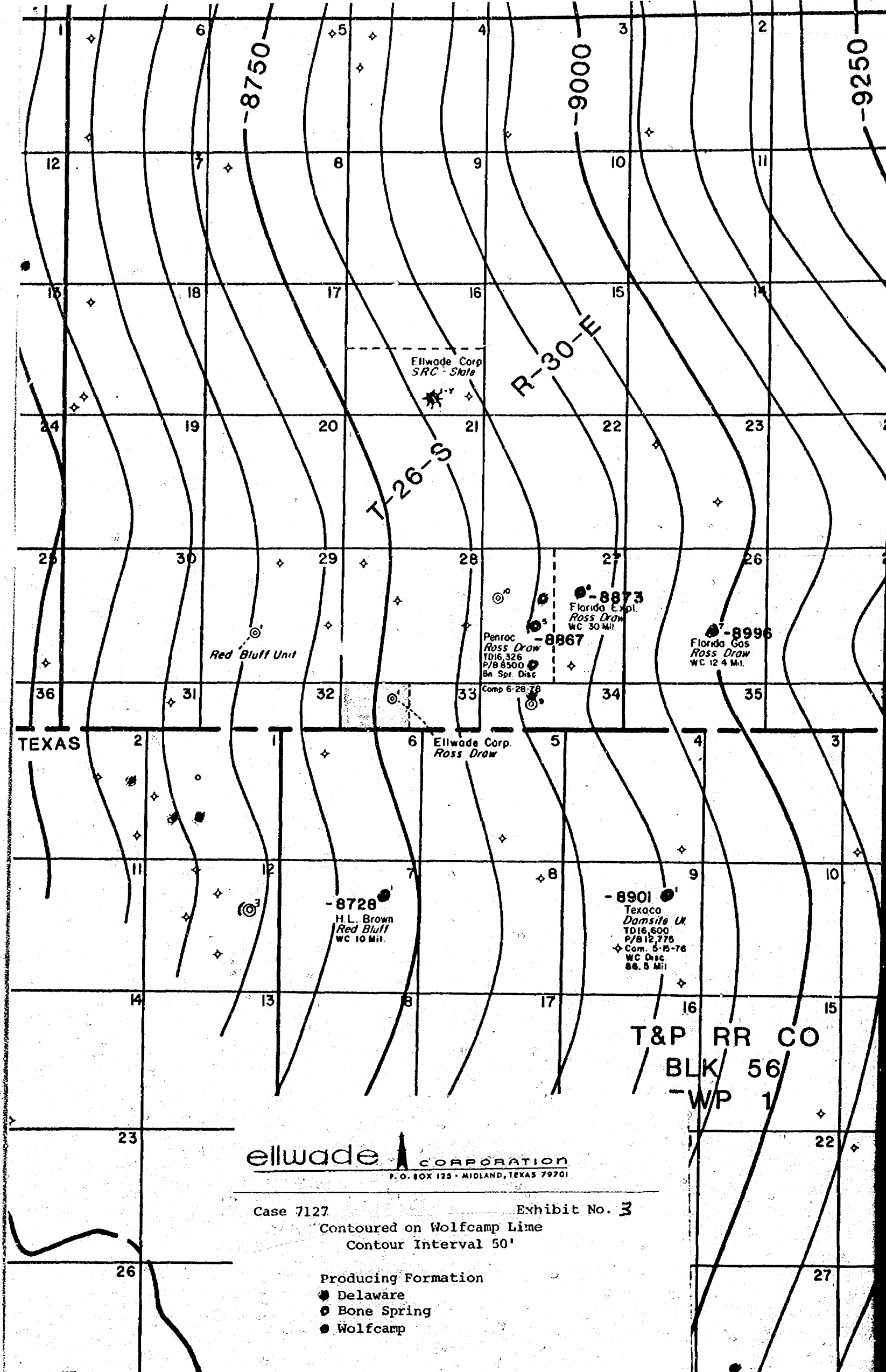
ellwade CORPORATION
 P. O. BOX 125 MIDLAND, TEXAS 79701

Case 7127 Exhibit No. 7
 Contoured on Delaware Lime
 Contour Interval 50'

Producing Formation
 O Delaware
 ● Bone Spring
 ● Wolfcamp

T&P RR CO
 BLK 56
 TWP 1

500



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

Case 7127 Exhibit No. 3

Contoured on Wolfcamp Line
Contour Interval 50'

- Producing Formation
- Delaware
 - Bone Spring
 - Wolfcamp

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6941
Order No. R-6399

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

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 22nd day of July, 1980, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

- (1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.
- (2) That the applicant, Ellwade Corporation, seeks approval
of a 129.52-acre non-standard gas proration unit comprising the
W/2 of partial Section 33, Township 26 South, Range 30 East,
NMPH, Eddy County, New Mexico, to be dedicated to its Ross Draw
Well No. 1, to be located in Unit C of said Section 33.
- (3) That the entire non-standard proration unit may reason-
ably be presumed productive of gas from the Ross Draw-Wolfcamp
Gas Pool and that the entire non-standard gas proration unit can
be efficiently and economically drained and developed by the
aforesaid well.
- (4) That approval of the subject application will afford
the applicant the opportunity to produce his just and equitable
share of the gas in the Ross Draw-Wolfcamp Gas Pool, will prevent
the economic loss caused by the drilling of unnecessary wells,
avoid the augmentation of risk arising from the drilling of an

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Case No. 6941
Order No. R-6399

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

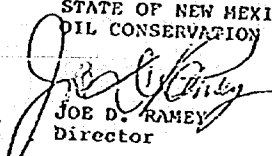
IT IS THEREFORE ORDERED:

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

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L

fd/

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

RECEIVED
JAN 08 1981
KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Office Box 1769
Santa Fe, New Mexico 87501
OIL CONSERVATION DIVISION
SANTA FE

Telephone 982-4285
Area Code 505

January 6, 1981

Mr. Richard L. Stamets
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Ellwade Corporation

Dear Dick:

The Division has set the Ellwade application
in Case 7127 for hearing on January 14, 1981.

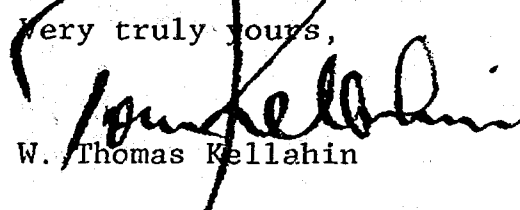
Please correct our application as follows:

The application indicates that the well has
already been drilled to test the Wolfcamp formation.
That is an error. The well has not yet been drilled.

Ellwade seeks an amendment to Order R-6399
which approved the Wolfcamp non-standard proration
unit to also include all Pennsylvanian formations.

Ellwade has not yet determined if the well will
be a dual completion, commingling completion or
will simply produce the zones consecutively.

Very truly yours,


W. Thomas Kellahin

WTK:jm
cc: Mr. John Castle

- CASE 7125: Application of Western Oil Producers Inc. for the amendment of Order No. R-5399, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-5399 to include production from all of the Pennsylvanian formations in its Amoco State Well No. 1 at an unorthodox location in Unit M of Section 28, Township 16 South, Range 33 East.
- CASE 7126: Application of Franks Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 1980 feet from the North line and 1315 feet from the West line, Section 3, Township 21 South, Range 32 East, Mat Mesa-Morrow Gas Pool, the N/2 of said Section 3 to be dedicated to the well.
- CASE 7127: Application of Ellwade Corporation for amendment of Order No. R-6399, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6399 which approved a 129.52-acre non-standard gas proration unit comprising the W/2 of Section 33, Township 26 South, Range 30 East, for the Wolfcamp formation in the Ross Draw Area. Applicant seeks to have said order also apply to all formations of Pennsylvanian age.
- CASE 6670: (Reopened and Readvertised)
- In the matter of Case 6670 being reopened and pursuant to the provisions of Order No. R-6183 which order promulgated temporary special rules and regulations for the Red Hills-Devonian Gas Pool in Lea County, New Mexico, including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 320-acre spacing units.
- CASE 7128: Application of HNG Oil Company for pool creation, special pool rules, assignment of a discovery allowable, and dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks creation of a new Wolfcamp oil pool for its San Simon 6 State Comm. Well No. 1 located 1980 feet from the North line and 660 feet from the East line of Section 6, Township 22 South, Range 35 East, with special rules therefor, including provisions for 160-acre spacing. Applicant further seeks a discovery allowable for said well and approval for its dual completion to produce oil from the Wolfcamp and gas from an undesignated Morrow pool thru parallel strings of tubing.
- CASE 7129: Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 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 7130: Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the SE/4 of Section 12, Township 15 South, Range 27 East, to be dedicated to its Trobough "A" State Com. Well No. 1 in Unit J, and the other being the NE/4 of said Section 12 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the North and East lines of the section.
- CASE 7131: Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the SE/4 of Section 1, Township 15 South, Range 27 East, to be dedicated to its Trobough Com. Well No. 1 in Unit J, and the other being the NE/4 of said Section 1 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the North and East lines of the section.
- CASE 7132: Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the SE/4 of Section 13, Township 15 South, Range 27 East, to be dedicated to its Rose Well No. 1 located in Unit J, and the other being the SW/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the South and West lines of the section.

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

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

Telephone 982-4285
Area Code 505

December 22, 1980

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

RECEIVED

DEC 22 1980

RE: Ellwade Corporation

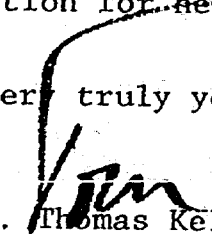
OIL CONSERVATION DIVISION
SANTA FE

Dear Joe:

Case 7127

Please set the enclosed application for hearing on
January 14, 1981.

Very truly yours,


W. Thomas Kellahin

WTK:jm
Encl.
cc: Mr. John Castle

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

IN THE MATTER OF THE APPLICATION OF
ELLWADE CORPORATION FOR AN AMENDMENT
TO ORDER R-6399, EDDY COUNTY, NEW
MEXICO.

A P P L I C A T I O N

Case 7127

COMES NOW ELLWADE CORPORATION, by and through its attorneys, KELLAHIN & KELLAHIN, and applies to the Oil Conservation Division of New Mexico for an amendment to Order R-6399 to all all Pennsylvanian formations to said order which approved a non-standard gas proration unit consisting of 129.52 acres being the W/2 of Section 33, T26S, R30E, for a well to be drilled to test the Wolfcamp formation, Eddy County, New Mexico, and in support thereof would show:

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

2. That a standard size unit for a gas well in the Pennsylvanian formations in the subject area is 320 acres pursuant to Rule 104.

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

4. That as a result of a non-standard unit created by Division Order No. R-6270, the E/2 of Section 33 has been dedicated

to a Florida Exploration Company well, and Applicant in this case has no other acreage available to it for the formation of a standard gas unit.

5. That the entire non-standard proration unit as proposed may reasonably be presumed productive of gas from the Morrow formation and that the entire non-standard gas proration unit can be effectively and economically drained and developed by the subject well.

6. Applicant desires to recomplete said well as a Morrow test and request that this approved non-standard Wolfcamp unit be extended to all Pennsylvanian ages formations.

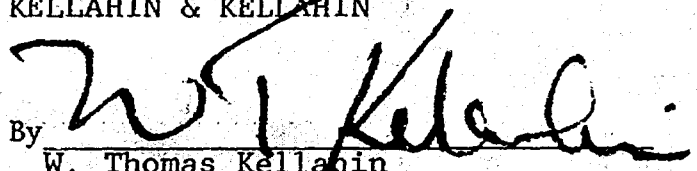
7. That approval of the subject Application will afford the Applicant the opportunity to produce its just and equitable share of the gas in the Ross Draw area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent waste and will afford this Applicant an opportunity to protect its correlative rights and will not impair the correlative rights of others.

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

ELLWADE CORPORATION

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin
P.O. Box 1769
Santa Fe, New Mexico 87501
(505) 982-4285

ATTORNEYS FOR ELLWADE CORPORATION

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

IN THE MATTER OF THE APPLICATION OF
ELLWADE CORPORATION FOR AN AMENDMENT
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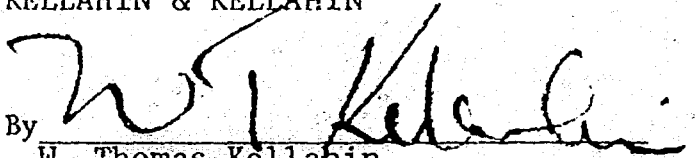
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DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
ELLWADE CORPORATION FOR AN AMENDMENT
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Case 7127

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1. Applicant is the operator of the W/2 of Section 33, T26S, R30E, NMPM, consisting of 129.52 acres, and has drilled its Ellwade Corp. #1 Ross Draw Well at a standard location, 1980 feet from the West line and 660 feet from the North line of Section 33.
2. That a standard size unit for a gas well in the Pennsylvanian formations in the subject area is 320 acres pursuant to Rule 104.
3. That due to the New Mexico-Texas state line traversing T26S, R30E, Section 33 is not a standard size section and contains only approximately 260 acres.
4. That as a result of a non-standard unit created by Division Order No. R-6270, the E/2 of Section 33 has been dedicated

to a Florida Exploration Company well, and Applicant in this case has no other acreage available to it for the formation of a standard gas unit.

5. That the entire non-standard proration unit as proposed may reasonably be presumed productive of gas from the Morrow formation and that the entire non-standard gas proration unit can be effectively and economically drained and developed by the subject well.

6. Applicant desires to recomplete said well as a Morrow test and request that this approved non-standard Wolfcamp unit be extended to all Pennsylvanian ages formations.

7. That approval of the subject Application will afford the Applicant the opportunity to produce its just and equitable share of the gas in the Ross Draw area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent waste and will afford this Applicant an opportunity to protect its correlative rights and will not impair the correlative rights of others.

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

ELLWADE CORPORATION

KELLAHIN & KELLAHIN

By 

W. Thomas Kellahin

P.O. Box 1769

Santa Fe, New Mexico 87501

(505) 982-4285

ATTORNEYS FOR ELLWADE CORPORATION

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. 7079-7127
Order No. R-5727-A
6399-17

Ellwade Corporation
APPLICATION OF ~~HNG OIL COMPANY~~ FOR
THE AMENDMENT OF ORDER NO. R-5727, R-6399
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on ^{January 14} ~~November 12~~,
1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th 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.

Ellwade Corporation
(2) That the applicant, ~~HNG Oil Company~~, seeks the amend-
ment of Order No. R-6399 to include the ~~entire~~ Pennsylvanian
formation under the ~~non standard proration unit~~ order rather than only
the ~~Wolfcamp~~ formation as previously ordered.

6399 established a 129.52-acre non standard
(3) That said Order No. R-~~6399~~ ⁶³⁹⁹ established a ~~non standard~~
~~gas~~ gas spacing and proration unit consisting of the ~~W/2~~ ^{W/2} of ~~partial~~
Section 33, Township 26 South, Range 30 East, NMPM, for drilling
to and production from the ~~Wolfcamp~~ formation.

(4) That the applicant has completed a well at a standard
location on said unit.

(4)(5) That the applicant now seeks said amendment of Order
No. R-5727 in order to permit it to complete its well in ~~the~~
productive zones in the Pennsylvanian formations.

Which may be encountered both in the Wolfcamp and

-2-

Case No. 7079

Order No. R-5727-A

(5) ~~(6)~~ That ^{no operator} appeared and objected to the proposed amendment to said order.

(6) That there is a single interest owner in five acres within said proration unit who cannot be found and cannot, therefore, agree to pool his interests in the Pennsylvanian formation.

(6) (7) That approval of the application will prevent waste and protect correlative rights.

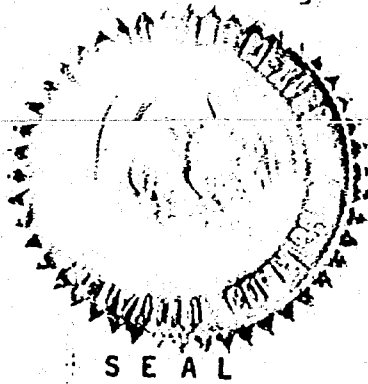
IT IS THEREFORE ORDERED:

(1) That the first paragraph of Order (1) of Division Order No. R-4399 entered July 22, 1980 is hereby amended in its entirety to read as follows:

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

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/