Case No.

7170

Application

Transcripts

Small Exhibits

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STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION



May 6, 1981

Mr.	Willia	am F.	Ĉ٤	arr	
Camp	bell,	Byrd	å	Blac	:k
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	a Fe.				

Re: CASE NO. 7170 ~ ORDER NO R-6679

Applicant:

Threshold Development Company

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

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. 7170 Order No. R-6679

APPLICATION OF THRESHOLD DEVELOPMENT COMPANY FOR AN NGPA DETERMINATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 11, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of May, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the bremises.

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, Threshold Development Company, seeks a determination by the Division, in accordance with Sections 2 (6) and 102 of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission, that its Conoco 10A State Well No. 1Y located in Unit F of Section 10, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, has discovered two new onshore reservoirs from which natural gas was not produced in commercial quantities before April 20, 1977.
- (3) That said well was completed in the Atoka formation with perforations from 10,748 feet to 10,758 feet, and a plugged-back depth of 11,602 feet after having been drilled to a total depth of 11,700 feet.
- (4) That said well was completed in the Morrow formation with perforations from 11,296 feet to 11,308 feet.

-2-Case No. 7170 Order No. R-6679

- (5) That although there are wells in the general vicinity of the subject well which have penetrated and are or were completed in the Atoka and/or Morrow formations, which wells might disqualify the subject well from a category 102 determination, pressures and productive capacity encountered in said Conoco 10A State Well No. 17 as compared to said wells are completely distinctive and are indicative of non-communication therewith.
- (6) That the combined geological and engineering data presented establishes that said Conoco 10A State Well No. 1Y has been completed in a new onshore reservoir in the Atoka formation and in the Morrow formation as defined by the provisions of Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission.

IT IS THEREFORE ORDERED:

- (1) That the Conoco 10A State Well No. 1Y, located in Unit F of Section 10, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, is completed in a new onshore reservoir in the Atoka formation and in the Morrow formation as defined by Sections 2 (6) and 102 of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission.
- (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
OLL CONSERVATION DIVISION

JOE D. RAMEY

Director

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Dockets Nos. 12-81 and 13-81 are tentatively set for March 25 and April 8, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 11, 1981

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 April, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for April, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7176: In the matter of the hearing Called by the Oil Conservation Division on its own motion to permit Marjory M. Grier, U. S. Casualty Company of New York, and all other interested parties to appear and show cause why the Red Mountain Wells Nos. 6, 7, and 19, all located in Unit B of Section 29, Township 20 North, Range 9 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7177: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Henry S. Birdseye and all other interested parties to appear and show cause why the State Well No. 10-2 in Unit G of Section 10, Township 19 North, Range 10 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7178: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Noland and Wells and all other interested parties to appear and show cause why the Reinhardt Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7179: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit "26" Oil Company and all other interested parties to appear and show cause why the Jackson Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7180: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Vincent and Goodrum and all other interested parties to appear and show cause why the Refinery Hare Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7181: Application of Read & Stevens, Inc. for a unit agreement, Chaves County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the Hernandez Draw Unit Area, comprising 2,560 acres, more or less, of Federal, State, and Fee lands in Townships 4 and 5 South, Ranges 26 and 27 East.
- CASE 7182: Application of Wiser Oil Company for an unorthodox well location, Lea County, New Nexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Downes A
 Well No. 5 to be drilled in the approximate center of the SW/4 of Section 32, Township 21 South,
 Range 37 East, Penrose Skelly Pool.
- CASE 7183: Application of Flag-Redfern Oil Company for an unorthodox gas well location, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to drill its Osudo St. Com Well No. 2 at an unorthodox location 990 feet from the North and East lines of Section 18, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool.
- CASE 7147: (Readvertised)

Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to test all Pennsylvanian formations to be drilled 1650 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 25 East, the S/2 of said Section 35 to be dedicated to said well and to applicant's "JX" Well No. 2 located in Wair N

CASE 7184: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 13, Township 17 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 7185: Application of El Paso Exploration Company for downhole commingling, San Juan County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco

 Mesaverde and Basin-Dakota production in the wellbore of its Turner Hughes Well No. 17 located in

 Unit H of Section 10, Township 27 North, Range 9 West.
- CASE 7161: (Continued from February 25, 1981, Examiner Hearing)

Application of John Yuronka for four compulsory poolings, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlië Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 7164: (Continued from February 25, 1981, Examiner Hearing)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 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 7165: (Continued from February 25, 1981, Examiner Hearing)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Ellenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 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 7175: (Continued from February 25, 1981, Examiner Hearing)

Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellenburger formations. 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.

- Application of Sun Texas Company for salt water disposal, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the interval from 10,856 feet to 11,370 feet in its State C Account 1 Well No. 3 in Unit L of Section 2, Township 12 South, Range 33 last, Bagley Siluro-Devonian Pool.
- CASE 7187: Application of Blackwood & Nichols Co., Ltd. for four non-standard proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following four Fruitland and Pictured Cliffs non-standard gas proration units: a 185.68-acre unit comprising the SW/4 of Section 1, Township 31 North, Range 7 West; a 181.4-acre unit comprising the SE/4 of said Section 1; a 176.68-acre unit comprising the SW/4 of Section 6, Township 31 North, Range 6 West; and a 175.21-acre unit comprising the SE/4 of said Section 6. All units are to be dedicated to wells drilled at standard locations thereon.
- CASE 7188: Application of Blackwood & Nichols Co., Ltd. for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Northeast Blanco Unit Well No. 26-A, the surface location of which is 1160 feet from the North line and 60 feet from the West line of Section 8, Township 30 North, Range 7 West, and directionally drill said well in such a manner as to bottom it in the Mesaverde formation within 100 feet of a point 1190 feet from the North line and 790 feet from the West line of said Section 8, the W/2 of the section to be dedicated to the well; applicant further seeks authority to drill its Northeast Blanco Unit Well No. 32-A, the surface location of which is 1450 feet from the North line and 990 feet from the East line of Section 7, Township 30 North, Range 7 West, and directionally drill said well in such a manner as to bottom it in the Mesaverde formation within 100 feet of a point 1850 feet from the South line and 990 feet from the East line of said Section 7, the E/2 of the section to be dedicated to the well.

- CASE 7170: (Continued from February 25, 1981, Examiner Hearing)
 - Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.
- Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. CASE 7189: Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Conoco 7 State Well No. 1 in Unit N of Section 7, Township 19 South, Range 29
- Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. CASE 7190: Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka formation for its Conoco 10 State Com. Well No. 1 in Unit I of Section 10, Township 19 South, Range 29 East.
- CASE 7191: Application of Southland Royalty Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location in the Potash-Oil Area of its State "14-A" Com. Well No. 1 1325 feet from the North line and 2303 feet from the East line of Section 14, Township 19 South, Range 29 East, Turkey Track Field.
- Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. CASE 7192: Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Parkway A State Com. Well No. 1 in Unit H of Section 15, Township 19 South, Range
- CASE 7193: Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Horrow formations for its State 14 Com. Well No. 1 in Unit E of Section 14, Township 19 South, Range 29 East.
- CASE 7194: Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Parkway State Well No. 1 located in Unit K of Section 15, Township 19 South, Range
- Application of Southland Royalty Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its State 14 Well No. 1-A in Unit B of Section 14, Township 19 South, Range
- CASE 7196: Application of Dinero Operating Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 1980 feet from the North line and 660 feet from the West line of Section 15, Township 22 South, Range 28 East, Pennsylvanian formation, the N/2 of said Section 15 to be dedicated to the well.
- CASE 7153: (Readvertised)
 - Application of C & E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 8, Township 30 North, Range II 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 invoived in drilling said well.
- CASE 7197: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:
 - (a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Bilbrey-Morrow Cas Pool. The discovery well is Getty Oil Company Getty 32 State Com Well No. 1 located in Unit C of Section 32, Township 21 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM Section 32: E/2

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the East Grama Ridge-Strawn Gas Pool. The discovery well is Minerals, Inc. Llano "3" State Con Well No. 1 located in Unit II of Section 3, Township 22 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANCE 34 EAST, NMPM Section 3: E/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Lera-Norrow Cas Pool. The discovery well is John L. Cox Proctor Well No. 1 located in Unit D of Section 7, Township 11 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 32 EAST, NMPM Section 7: W/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the East Triste Draw-Wolfcamp Pool. The discovery well is Getty Oil Company State 29 J Well No. 1 located in Unit J of Section 29, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM Section 29: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM Section 36: NW/4

(f) EXTEND the Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include thereia:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM Section 30: NW/4

(g) EXTEND the Buil's Eye-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM Section 1: SE/4 SW/4

(h) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM Section 13: SW/4 SW/4

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

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM Section 10: NE/4

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

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM Section 27: SW/4

(k) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM Section 26: NW/4
Section 27: S/2 NE/4

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

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM Section 22: W/2 SW/4 and SW/4 NW/4 Section 27: NW/4 NW/4

(m) EXTEND the Diamond Mound-Atoka Gas Pool in Eddy and Chaves Counties, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM Section 34: S/2

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NNPM Section 15: N/2 Section 16: N/2

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

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM Section 6: Lots 1, 2, 7, 8, 9, 10, 15 and 16

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

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM Section 21: E/2 Section 28: All

(p) EXTEND the Happy Valley-Morrow Cas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM Section 8: E/2
Section 9: W/2
Section 16: W/2
Section 17: All

(q) EXTEND the Kemnitz-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM Section 23: W/2

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

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NNPM Section 29: S/2 NN/4
Section 30: S/2 NE/4

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

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM Section 30: NW/4 SE/4 and SW/4 NE/4

(t) EXTEND the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM Section 24: S/2

(u) EXTEND the East Millman-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM Section 22: W/2 SE/4
Section 27: NW/4 NE/4 and NE/4 NW/4

(v) EXTEND the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM Section 14: All

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

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM Section 30: S/2 Section 31: All

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

TOWNSHIP 19 SOUTH, RANGE 24 EAST, IMPM Section 2: E/2

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

TOWNSHIP 7 SOUTH, RANCE 28 EAST, NMPM Section 35: SW/4 SW/4

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

(z) EXTEND the East Siete-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM Section 10: SE/4
Section 11: SW/4

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

TOWNSHIP & SOUTH, RANGE 29 EAST, NNPM Section 32: W/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM Section 12: N/2 NE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM Section 6: N/2 N/2

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM Section 29: SE/4 Section 32: E/2

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

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM Section 15: NE/4

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ENERGY AND	MINERALS DEPARTMENT
OIL CONS	SERVATION DIVISION
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	an NGPA determin-) CASE
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TRANSCR	IPT OF HEARING
АРРЕ	ARANCES
For the Oil Conservation	Ernest L. Padilla, Esq.
Division:	Legal Counsel to the Division
22,222.	State Land Office Bldg.
	Santa Fe, New Mexico 87501
	Janua 10, non nonzoo 0,001
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or the Applicant:	
or one appareance	

MR. NUTTER: We'll call next Case Number 7170. MR. PADILLA: Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. MR. NUTTER: The applicant has requested continuance. Case Number 7170 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. March 11th, 1981. (Hearing concluded.)

CERTIFICATE

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

Sarry 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. 7/70. heard by me on_

___, Examiner Oil Conservation Division

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

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•	ENERGY AND MINERALS DEPARTMENT
2	OIL CONSERVATION DIVISION
-	STATE LAND OFFICE BLDG.
3	SANTA FE, NEW MEXICO
	25 February 1981
4	EXAMINER HEARING
6	IN THE MATTER OF:
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8	Application of Threshold Develop-) ment Company for an NGPA determin-) CASE ation, Eddy County, New Mexico.) 7170
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11	BEFORE: Daniel S. Nutter
3	TRANSCRIPT OF HEARING
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	APPEARANCES
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17	For the Oil Conservation Ernest L. Padilla, Esq.
'	Division: Legal Counsel to the Division State Land Office Bldg.
8	Santa Fe, New Mexico 87501
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	For the Applicant:
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23	

MR. NUTTER: We'll call next Case Number 7170. MR. PADILLA: Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico. MR. NUTTER: The applicant has requested continuance. Case Number 7170 will be continued to the Examiner Hearing scheduled to be held at this same place at 9:00 o'clock a. m. March 11th, 1981. (Hearing concluded.) 1ŷ

CERTIFICATE

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

Salywhood C.S.R.

I do hereby certify that the foregoing is a complete record of the proceeding; in the Examiner hadring of Case 0.7170. heard by me on 2/25 1981.

Examiner Oil Conservation Division

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CAMPBELL, BYRD & BLACK, P.A. LAWYERS

JACK M. CAMPBELL HARL D. BYRD BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR BRADFORD C. BERGE WILLIAM G. WARDLE

JEFFERSON PLACE SUITE I - 110 NORTH GUADALUPE POST OFFICE BOX 2208 SANTA FE, NEW MEXICO 87501 TELEPHONE: (FOE) 988-4421 TELECOPIER: (505) 983-6043

February 20, 1981



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

Case 7170: Application of Threshold Development Company for an N.G.P.A. Determination, Eddy County, New Mexico

Dear Mr. Ramey:

Threshold Development Company requests that this case be continued to the examiner hearing scheduled for March 11, 1981.

Your attention to this request is appreciated.

truly yours

William F. Carr

WFC:1r

cc: Mr. David Pace

Mr. William P. Aycock

Dockets Nos. 8-81 and 9-81 are tentatively set for March 11 and 25, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 25, 1981

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 7157: Application of Carl A. Schellinger for a unit agreement, Chaves County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the Campbell Station Unit Area, comprising 3,841 acres, more or less, of State lands in Townships 8 and 9 South, Range 27 East.

CASE 7158: Application of Grynberg & Associates for a unit agreement, Chaves County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the Silman Lake Unit Area, comprising 13,743 acres, more or less, of State and fee lands in Townships 9 and 10 South, Ranges 26 and 27 East.

CASE 7159: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the downhole commingling of Greenhorn and Dakota production in the wellbore of its Navajo Well No. 2-E located in Unit C of Section 11, Township 25 North, Range 10 West.

CASE 7160: Application of Marlan Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2370 feet from the North line and 1528 feet from the West line of Section 31, Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, the NW/4 of said Section 31 to be dedicated to the well.

CASE 7148: (Continued from February 11, 1981, Examiner Hearing)

Application of Twin Montana Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre Vada-Pennsylvanian oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, to be dedicated to its Webb Federal Well No. 1 located in Unit G of said Section 3.

CASE 7051: (Continued from January 28, 1981, Examiner Hearing)

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. G. Warlick "B" Well No. 2 located in Unit G of Section 19, Township 21 South, Range 37 East.

CASE 7140: (Continued from February 11, 1981, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 26, Township 21 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1650 feet from the East line of said Section 26. 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 7149: (Continued from February 11, 1981, Examiner Hearing)

Application of John H. Hendrix Corporation for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, underlying Unit O of Section 19, Township 23 South, Range 37 East.

CASE 7161: Application of John Yuronka for four compulsory poolings, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

- CASE 7162: Application of McCulloch Oil & Gas Company for compulsory pooling, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee formation underlying the E/2 of Section 25, 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 7163: Application of ARCO 0il and Gas Company for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jaluat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool by 165 feet underlying the NE/4 SE/4 of Section 35, Township 23 South, Range 36 East.
- CASE 7164: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 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 1165: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Ellenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 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 7166: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the Chosa Draw Unit Area, comprising 2,560 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 25 East.
- Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the Made Well Anticline Unit Area, comprising 39,238 acres, more or less, of State, Federal, and fee lands in Townships 12, 13, and 14 South, Ranges 21 and 22 East.
- CASE 7168: Application of Cavalcade Oil Corporation for an exception to Order No. R-3221, Eddy 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 in Unit K or L of Section 33, Township 18 South, Range 30 East.
- CASE 7129: (Continued from February 11, 1981, Examiner Hearing)

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 Nest, 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 7169: 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 S/2 of Section 22 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 7170: Application of Threshold Development Company for an NGPA determination, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

- CASE 7171: Application of Zia Energy Inc. for a non-standard gas proration unit, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit in the Eumont Gas Pool comprising the SN/4 SE/4 of Section 27, and the N/2 NE/4 of Section 34, Township 20 South, Range 36 East, to be dedicated to its Elliott "A" State Well No. 1 located 660 feet from the South line and 1980 feet from the East line of said Section 27.
- CASE 7172: Application of Caulkins Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of the following two wells on its Breech A Lease to be recompleted in the Chacra, Mesaverde, and Dakota formations: No. 157 located 1980 feet from the North line and 660 feet from the Mest line of Section 10 and No. 629 located 660 feet from the North line and 760 feet from the West line of Section 9, both in Township 26 North, Range 6 West.
- CASE 7173: Application of V-F Petroleum Inc. for an unorthodox well location, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North line and 1150 feet from the East line of Section 5, Township 16 South, Range 38 East, South Denton-Devonian Pool, the NE/4 NE/4 of said Section 5 to be dedicated to the well.
- CASE 7174: Application of Jake L. Hamon for an unorthodox gas well location, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South and West lines of Section 36, Township 23 South, Range 26 East, South Carlsbad-Morrow Cas Pool, the S/2 of said Section 36 to be decicated to the well.
- CASE 7175: Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellenburger formations. 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.

CAMPBELL, BYRD & BLACK, P.A.

JACK M. CAMPBELL
HARL D. BYRD
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February 13, 1981

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

FEB 13 1981

OIL CONSERVATION DIVISION SANTA FE

Re: Application of Threshold Development Company for an N.G.P.A. Determination, Eddy County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Threshold Development Company in the above-referenced matter.

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on February 25, 1981.

Very truly yours

William F. Carr

WFC:1r

Enclosures

cc: Mr. Dick Johnston

Mr. Bill Aycock

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINESANIA FE

APPLICATION OF THRESHOLD DEVELOPMENT COMPANY FOR AN N.G.P.A. DETERMINATION, EDDY COUNTY, NEW MEXICO.

Case 7/70

APPLICATION

Comes now THRESHOLD DEVELOPMENT COMPANY, by and through its undersigned attorneys, and hereby seeks a new onshore reservoir determination in accordance with Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission in the Atoka and Morrow formations for the Conoco State No. 1-Y Well located in Unit F of Section 10, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show the Division:

- That applicant is the operator of the subject well.
- That said well has been completed in the Atoka formation with perforations from 10,748 feet to 10,758 feet and in the Morrow formation with perforations from 11,296 feet to 11,308 feet.
- That there are other wells in the area which have penetrated and are completed in the Atoka and Morrow formations.
- That geologic and engineering data establish that the subject well is completed in new reservoirs in the Atoka and Morrow formations not connected to any other Atoka or Morrow well in the area.

5. That granting the application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order granting this application and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

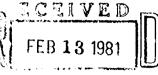
CAMPBELL, BYRD AND BLACK, P.A.

William F Cari

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

BEFORE THE

OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY AND QUI OP SANTA FE

APPLICATION OF THRESHOLD DEVELOPMENT COMPANY FOR AN N.G.P.A. DETERMINATION, EDDY COUNTY, NEW MEXICO.

Case <u>7/20</u>

APPLICATION

Comes now THRESHOLD DEVELOPMENT COMPANY, by and through its undersigned attorneys, and hereby seeks a new onshore reservoir determination in accordance with Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission in the Atoka and Morrow formations for the Conoco State No. 1-Y Well located in Unit F of Section 10, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show the Division:

- 1. That applicant is the operator of the subject well.
- 2. That said well has been completed in the Atoka formation with perforations from 10,748 feet to 10,758 feet and in the Morrow formation with perforations from 11,296 feet to 11,308 feet.
- 3. That there are other wells in the area which have penetrated and are completed in the Atoka and Morrow formations.
- 4. That geologic and engineering data establish that the subject well is completed in new reservoirs in the Atoka and Morrow formations not connected to any other Atoka or Morrow well in the area.

5. That granting the application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order granting this application and making such other and further provisions as may be proper in the premises.

Respectfully submitted,
CAMPBELL, BYRD AND BLACK, P.A.

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William F. Carr Post Office Box 2208

Santa Fe, New Mexico 87501 Attorneys for Applicant BEFORE THE

FEB 13 1981

OIL CONSERVATION DIVISION OIL CONS EVATION DIVISION NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

APPLICATION OF THRESHOLD DEVELOPMENT COMPANY FOR AN N.G.P.A. DETERMINATION, EDDY COUNTY, NEW MEXICO.

Case _7/70

APPLICATION

Comes now THRESHOLD DEVELOPMENT COMPANY, by and through its undersigned attorneys, and hereby seeks a new onshore reservoir determination in accordance with Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission in the Atoka and Morrow formations for the Conoco State No. 1-Y Well located in Unit F of Section 10, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show the Division:

- 1. That applicant is the operator of the subject well.
- 2. That said well has been completed in the Atoka formation with perforations from 10,748 feet to 10,758 feet and in the Morrow formation with perforations from 11,296 feet to 11,308 feet.
- 3. That there are other wells in the area which have penetrated and are completed in the Atoka and Morrow formations.
- 4. That geologic and engineering data establish that the subject well is completed in new reservoirs in the Atoka and Morrow formations not connected to any other Atoka or Morrow well in the area.

5. That granting the application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order granting this application and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL, BYRD AND BLACK, P.A.

Post Office Box 2208

Santa Fe, New Mexico 87501 Attorneys for Applicant

Memo

From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To Called in by Bill Carr 2/6/181

Threshold Development Co.

NG PA Determination

New Onshore Reservoir

Otoka and Morrors

St.

Conoco 10A # 14-F

10-195-29E

OIL CONSERVATION COMMISSION-SANTA FE

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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. 71	70
Order No. A-667	9
APPLICATION OF THRESHOLD DEVELOPMENT COMPANY	
FOR AN NGPA DETERMINATION,	
EDDY COUNTY, NEW MEXICO.	· · · /
•	Su

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 11

19 81 , at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this ______ day of __March _____, 19 81 ____, 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, <u>Threshold Development Company</u> seeks a determination by the Division, in accordance with Sections2 (6) and 102 of the Natural Gas Policy Act of 1978, and the

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-2-Case No. Order No.

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wells

applicable rules of the Federal Energy Regulatory Commission,
that its Conoco 10A State Well No. 1Y
locatedin Unit F
of Section <u>10</u> , Township <u>19 South</u> , Range <u>29 East</u>
NMPM, <u>Eddy</u> County, New Mexico, has discovered a new
onshore reservoirs from which natural gas was not produced in
commercial quantities before April 20, 1977.
(3) That said well was completed in the Aboka
formation with perforations from 10748 feet to 10,758
feet, and a plugged-back depth of 11602 feet after having
been drilled to a total depth of 11,700 feet.
(4) That said well was completed in the Morrow
formation with perforations from $\frac{41,124}{41,296}$ feet to $\frac{11308}{11,296}$
feet. and a plugged-back depth of feet after having
(5) That although there are wells in the general
vicinity of the subject well which have penetrated and are or
were completed in the Atoka and for Morrow formations, which might disquality the subject well from a Category 102 determination pressures and productive capacity encountered in said Conoco 10A
State Well No. 19 as compared to said wells are completely distinctive and are indicative of an undrained reservoir.
(6) That the combined geological and engineering data
presented establishes that said Conoco 10A State Well No. 19
has been completed in a new onshore reservoir as defined by the
provisions of Section 102 of the Natural Gas Policy Act of 1978
and the applicable rules of the Federal Energy Regulatory Commis-
sion.
IT IS THEREFORE ORDERED:
(1) That the Conoco 10A State Well No. 1Y
located in Unit <u>F</u> of Section <u>10</u> , Township <u>19 South</u>
Range 29 East , NMPM, Eddy County, New Mexico, is
completed in a new onshore reservoir as defined by Sections 2 (6)
and 102 of the Natural Gas Policy Act of 1978, and the applicable
rules of the Federal Energy Regulatory Commission.

-3-Case No. Order No.

(2) That jurisdiction of this cause is hereby 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.

-1-