

CASE 7227: ALPHA TWENTY-ONE PRODUCTION Co.
COMPANY FOR UNORTHODOX GAS WELL LOCATION
AND NON-STANDARD PRORATION UNIT, LEA
COUNTY, NEW MEXICO

CASE NO.

7227

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Alpha Twenty-One
Production Company for an unortho-
dox gas well location and a non-
standard proration unit, Lea County,
New Mexico.

CASE
7227

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:

William F. Carr, Esq.
CAMPBELL, BYRD, & BLACK P.A.
Jefferson Place
Santa Fe, New Mexico 87501

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I N D E X

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WILLIAM P. AYCOCK

Direct Examination by Mr. Carr

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Cross Examination by Mr. Nutter

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E X H I B I T S

Applicant Exhibit One, Plat

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Applicant Exhibit Two, Summary

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3 MR. NUTTER: We'll call next Case Number
4 7227.

5 MR. PADILLA: Application of Alpha
6 Twenty-One Production Company for an unorthodox gas well loca-
7 tion and a nonstandard proration unit, Lea County, New
8 Mexico.

9 MR. CARR: May it please the Examiner,
10 my name is William F. Carr, with the law firm Campbell, Byrd,
11 and Black, Santa Fe, New Mexico, appearing on behalf of the
12 applicant, and I have one witness who needs to be sworn.

13 (Witness sworn.)
14

15 WILLIAM P. AYCOCK
16 being called as a witness and being duly sworn upon his oath,
17 testified as follows, to-wit:
18

19 DIRECT EXAMINATION

20 BY MR. CARR:

21 Q Will you state your name and place of
22 residence?

23 A William P. Aycock, Midland, Texas.

24 Q By whom are you employed and in what
25 capacity?

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A. By Alpha Twenty-One Production Company
in connection with the application designated as Case 7227 on
Docket 14-81.

Q Are you a petroleum engineer?

A. Yes, sir, I am.

Q Have you previously testified before
this Division and had your credentials accepted?

A. Yes, sir, I have.

Q Are you familiar with the application in
this case?

A. Yes, sir, I am.

Q Are you familiar with the subject well?

A. Yes, sir, I am.

MR. CARR: Are the witness' qualifications
acceptable?

MR. NUTTER: Yes, they are.

Q Will you briefly summarize what Alpha
Twenty-One seeks with this application?

A. Alpha Twenty-One Production Company is
applying for an unorthodox gas well location and nonstandard
proration unit for the unit comprising the east half, southwest
quarter, and southwest quarter southeast quarter, of Section
21, Township 21 South, Range 37 East, in the Hare-San Andres
Pool, Lea County, New Mexico, to be dedicated to its Lansford

No. 1 Well at an unorthodox location 660 feet from the south line and 1650 feet from the west line of Section 21.

Q Mr. Aycock, will you briefly summarize the events which have resulted in this hearing?

A. Alpha Twenty-One Production Company staked and drilled the Lansford Well with the intention of completing it as a Grayburg oil well. They did not encounter reservoir quality in the Grayburg and they originally tested the Lower San Andres and found it to be productive only of black sulphur water, plugged back to the Upper San Andres, and have completed the Lansford No. 1 Well in the Upper San Andres as a salvage operation.

Q Will you please refer to what has been marked for identification as Alpha Twenty-One Exhibit Number One and explain to Mr. Nutter what this shows?

A. Alpha Twenty-One's Exhibit Number One is a land map of the area of the Hare-San Andres Pool, showing the only four wells that have ever been completed in the San Andres formation in this area, including the well for which this application is tendered, and including the proposed 120-acre proration unit, all located in the south half of Section 21.

As will be substantiated with our Exhibit Number Two, I would call Mr. Nutter's attention to the

fact of these four wells there is only one other still producing from the San Andres, and that is the Gulf well in Unit I of Section 28, immediately to the south, approximately 3/4 of a mile southeast of the subject well. The other two wells are no longer productive from the San Andres formation.

Q What is Alpha Twenty-One's interest in the proposed nonstandard proration unit?

A. Alpha Twenty-One controls 100 percent of the working interest under the proposed 120-acre proration unit.

Q What is the standard spacing unit for the San Andres well in this area?

A. 160 acres.

Q Are there other nonstandard proration units in this area for San Andres wells?

A. Yes, sir. I would adjudge that there are from those that are -- have been applied to the wells that are no longer active because you can see from the land map and from the fact that there are other wells that were completed nearby, that it does not appear there was 160 acres to assign to them at the time.

Q Will you now refer to what has been marked as Alpha Twenty-One Exhibit Number Two and review this for Mr. Nutter?

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2 A. Alpha Twenty-One's Exhibit Number Two
3 is a summary of pertinent data for all four of the wells that
4 have been completed from the Hare-San Andres Pool, and we would
5 call to Mr. Nutter's attention that only the Gulf Oil Corpor-
6 ation J. N. Carson NCTC-8 in Unit I of Section 28, indicated
7 as the lefthand column, is still --- or was still currently
8 producing from the Hare-San Andres Pool as of December, 1980.

9 The next two wells to the immediate right
10 in columnar fashion, are Mobil Oil Corporation Ed Carson No. 2,
11 in Unit L of Section 28, was last reported productive from the
12 Hare-San Andres in January of 1980, and the third column from
13 the left is a summary of information for the Shell Oil Company
14 A. T. Turner No. 16, located in Unit M of Section 22, which
15 was last reported productive from the Hare-San Andres Pool in
16 July of 1980.

17 The fourth column from the left is the
18 pertinent information for the Alpha Twenty-One Production
19 Company Lansford No. 1, the well which is the subject of this
20 application.

21 I would call the Examiner's attention to
22 the fact that all of the four wells, Alpha Twenty-One has not
23 yet placed their well on production, and there is only one
24 well that was actually --- could be considered by any stretch of
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6 pleted as water supply wells rather than as producing gas
7 wells, and the gas was -- that was produced and sold was inci-
8 dental to the intended operation of the wells.

9 In the case of Alpha Twenty-One, the
10 production from the Hare-San Andres is a last ditch, bail out,
11 salvage type operation for the well.

12 Q Mr. Aycock, would you expect the proposed
13 well to drain any offsetting acreage?

14 A No, sir, I would not.

15 Q In your opinion would granting this
16 application result in the impairment of correlative rights of
17 any operator in the area?

18 A No, sir, it would not. As I mentioned,
19 there is no other well producing from the Hare-San Andres Pool
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4 well at all, would have been the Shell well in Unit M of
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6 Andres Pool, according to the records that are submitted to
7 the Commission.

8 Q In your opinion will granting this
9 application result in the production of hydrocarbons that
10 otherwise would not be produced, thereby preventing waste?

11 A Yes, sir,

12 Q Were Exhibits One and Two prepared by
13 you or under your direction and supervision?

14 A Yes, sir, they were.

15 MR. CARR: At this time, Mr. Nutter, we
16 would offer Alpha Twenty-One Exhibits One and Two.

17 MR. NUTTER: Exhibits One and Two will
18 be admitted in evidence.

19 MR. CARR: I have nothing further on
20 direct.

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22 CROSS EXAMINATION

23 BY MR. NUTTER:

24 Q Mr. Aycock, what kind of potential did
25 they get on this well?

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2 A 300 Mcf a day.

3 MR. NUTTER: Are there any other ques-
4 tions of the witness? He may be excused.

5 Do you have anything further, Mr. Carr.

6 MR. CARR: Nothing further, Mr. Nutter.

7 MR. NUTTER: Does anyone have anything
8 they wish to offer in Case Number 7227?

9 We'll take the case under advisement.

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11 (Hearing concluded.)
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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 CSR.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 2227
heard by me on 4/22 1981.

[Signature] Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

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

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
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MR. NUTTER: We'll call next Case Number 7227.

MR. PADILLA: Application of Alpha Twenty-One Production Company for an unorthodox gas well location and a nonstandard proration unit, Lea County, New Mexico.

MR. CARR: May it please the Examiner, my name is William F. Carr, with the law firm Campbell, Byrd, and Black, Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness who needs to be sworn.

(Witness sworn.)

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

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BY MR. CARR:

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A William P. Aycock, Midland, Texas.

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3 in connection with the application designated as Case 7227 on
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MR. NUTTER: Are there any other questions of the witness? He may be excused.

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Do you have anything further, Mr. Carr.

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MR. CARR: Nothing further, Mr. Nutter.

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MR. NUTTER: Does anyone have anything they wish to offer in Case Number 7227?

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We'll take the case under advisement.

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(Hearing concluded.)

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C E R T I F I C A T E

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

Sally W. Boyd CSR.

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. 7227
heard by me on 4/22 19 81.

[Signature], Examiner
Oil Conservation Division

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. 7227
Order No. R-6669

APPLICATION OF ALPHA TWENTY-ONE
PRODUCTION COMPANY FOR AN UNORTHODOX
GAS WELL LOCATION AND A NON-STANDARD
PRORATION UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 22, 1981,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of April, 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, Alpha Twenty-One Production Company,
seeks approval of a 120-acre non-standard proration unit compris-
ing the E/2 SW/4 and SW/4 SE/4 of Section 21, Township 21 South,
Range 37 East, NMPM, Hare-San Andres Gas Pool, to be dedicated
to its Lansford Well No. 1 at an unorthodox location 660 feet
from the South line and 1650 feet from the West line of said
Section 21, Lea County, New Mexico.
- (3) That the entire non-standard unit may reasonably be
presumed to be productive of gas from the Hare-San Andres Gas
Pool.
- (4) That a well at said unorthodox location will better
enable applicant to produce the gas underlying the proration
unit.

-2-
Case No. 7227
Order No. R-6669

(5) That no offset operator objected to the proposed unorthodox location.

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

IT IS THEREFORE ORDERED:

(1) That the application of Alpha Twenty-One Production Company for a 120-acre non-standard proration unit comprising the E/2 SW/4 and SW/4 SE/4 of Section 21, Township 21 South, Range 37 East, Hare-San Andres Gas Pool, to be dedicated to its Lansford Well No. 1 at an unorthodox location 660 feet from the South line and 1650 feet from the West line of Section 21, Lea County, New Mexico, is hereby approved.

(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


SEAL

fd/

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

~~NO. 21~~ EXHIBIT NO. 7227

CASE NO. 7227

SUMMARY OF INDIVIDUAL WELL INFORMATION FOR WELLS IN

THE VICINITY OF ALPHA 21 CORP'S LANDSFORD NO. 1, SECTION 21 (N), T-25S, R-37E, 1650' FWL & 660' F
HARE (SAN ANDRES GAS) POOL, LEA COUNTY, NEW MEXICO

	Gulf Oil Corp. J.N. Carson NCT C #8	Mobil Oil Corp. Ed Carson (WSW) #2	Shell Oil Co.. A.T. Turner #16
LOCATION OF WELL	28(I)-21S-37E	28(L)-21S-37E	22(M)-21S-37E
DISTANCE & DIRECTION FROM LANDSFORD #1	4200' SE	4500' WSW	4200' NE
ORIGINAL SPUD DATE	6-03-49	11-05-72	12-21-51
ORIGINAL COMPLETION DATE	8-02-49	12-02-72	3-11-52
ORIGINAL COMPLETION ZONE	Brunson Oil	San Andres	Brunson Oil
ORIGINAL COMPLETION INTERVAL	7565-7723	4374-4888	7785-7864
DATE OF COMPLETION TO SAN ANDRES	3-25-67	Original	7-22-65
INTENTION OF COMPLETION	Water Supply Well	Water Supply Well	Water Source Well
SAN ANDRES COMPLETION INTERVAL	4055-4795	Original	4004-4818
DATE OF FIRST PROD. OF SA GAS	5-72	3-73	7-72
CUMULATIVE SA GAS TO 1-1-81, MCF	31,024	61,122	622,910
CURRENT STATUS	Currently Production 12-80	Last Production Reported 1-80	Last Production Reported 7-80

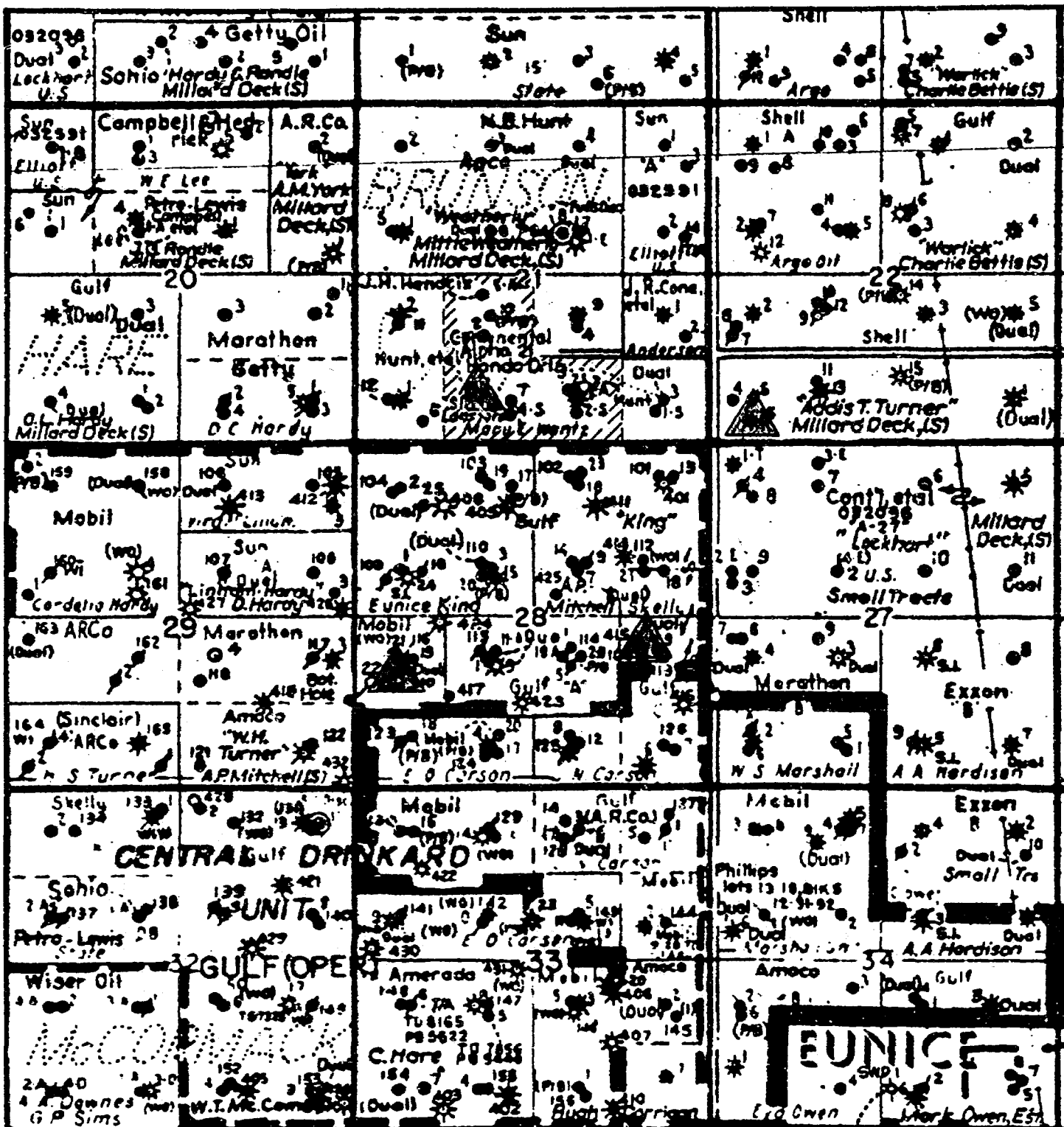
SUMMARY OF INDIVIDUAL WELL INFORMATION FOR WELLS IN
 CITY OF ALPHA 21 CORP'S LANDSFORD NO. 1, SECTION 21 (N), T-25S, R-37E, 1650' FWL & 660' FSL
 HARE (SAN ANDRES GAS) POOL, LEA COUNTY, NEW MEXICO

Gulf Oil Corp. J.N. Carson NCT C #8	Mobil Oil Corp. Ed Carson (WSW) #2	Shell Oil Co.. A.T. Turner #16	Alpha 21 Prod. Co. Lansford #1
28(I)-21S-37E	28(L)-21S-37E	22(M)-21S-37E	21(N)-21S-37E
4200' SE	4500' WSW	4200' NE	
6-03-49	11-05-72	12-21-51	1-12-81
8-02-49	12-02-72	3-11-52	2-17-81
Brunson Oil	San Andres	Brunson Oil	San Andres
7565-7723	4374-4888	7785-7864	4015-4130
3-25-67	Original	7-22-65	Original
Water Supply Well	Water Supply Well	Water Source Well	Gas Producer
4055-4795	Original	4004-4818	Original
5-72	3-73	7-72	
31,024	61,122	622,910	0
Currently Production 12-80	Last Production Reported 1-80	Last Production Reported 7-80	Shut-In

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION


~~Alpha 21~~ EXHIBIT NO. 2

CASE NO. 7227



LAND MAP

T-21-S, R-37-E

 - SAN ANDRES PROD.

Pool HARE (San Andres)

County LEA

State N. MEX.

Engineer W.P.A.

Drwn. By H's

Date 4-20-81

File ALPHA 21 CORP.

RADTKE, AYCOCK, & ASSOC., INC.

Ref No.

EXHIBIT NO.

310 WALL TOWERS WEST

MIDLAND, TEXAS

168

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
ALPHA 21 EXHIBIT NO. 1
CASE NO. 7227

SUMMARY OF INDIVIDUAL WELL INFORMATION FOR WELLS IN

THE VICINITY OF ALPHA 21 CORP'S LANDSFORD NO. 1, SECTION 21 (N), T-25S, R-37E, 1650' FWL & 660' FSL
HARE (SAN ANDRES GAS) POOL, LEA COUNTY, NEW MEXICO

	Gulf Oil Corp. J.N. Carson NCT C #8	Mobil Oil Corp. Ed Carson (WSW) #2	Shell Oil Co.. A.T. Turner #16
LOCATION OF WELL	28(I)-21S-37E	28(L)-21S-37E	22(M)-21S-37E
DISTANCE & DIRECTION FROM LANDSFORD #1	4200' SE	4500' WSW	4200' NE
ORIGINAL SPUD DATE	6-03-49	11-05-72	12-21-51
ORIGINAL COMPLETION DATE	8-02-49	12-02-72	3-11-52
ORIGINAL COMPLETION ZONE	Brunson Oil	San Andres	Brunson Oil
ORIGINAL COMPLETION INTERVAL	7565-7723	4374-4888	7785-7864
DATE OF COMPLETION TO SAN ANDRES	3-25-67	Original	7-22-65
INTENTION OF COMPLETION	Water Supply Well	Water Supply Well	Water Source Well
SAN ANDRES COMPLETION INTERVAL	4055-4795	Original	4004-4818
DATE OF FIRST PROD. OF SA GAS	5-72	3-73	7-72
CUMULATIVE SA GAS TO 1-1-81, MCF	31,024	61,122	622,910
CURRENT STATUS	Currently Production 12-80	Last Production Reported 1-80	Last Production Reported 7-80

SUMMARY OF INDIVIDUAL WELL INFORMATION FOR WELLS IN

UNITY OF ALPHA 21 CORP'S LANDSFORD NO. 1, SECTION 21 (N), T-25S, R-37E, 1650' FWL & 660' FSL
HARE (SAN ANDRES GAS) POOL, LEA COUNTY, NEW MEXICO

	Gulf Oil Corp. J.N. Carson NCT C #8	Mobil Oil Corp. Ed Carson (WSW) #2	Shell Oil Co.. A.T. Turner #16	Alpha 21 Prod. Co. Lansford #1
	28(I)-21S-37E	28(L)-21S-37E	22(M)-21S-37E	21(N)-21S-37E
	4200' SE	4500' WSW	4200' NE	-
	6-03-49	11-05-72	12-21-51	1-12-81
TE	8-02-49	12-02-72	3-11-52	2-17-81
NE	Brunson Oil	San Andres	Brunson Oil	San Andres
INTERVAL	7565-7723	4374-4888	7785-7864	4015-4130
SAN ANDRES	3-25-67	Original	7-22-65	Original
	Water Supply Well	Water Supply Well	Water Source Well	Gas Producer
INTERVAL	4055-4795	Original	4004-4818	Original
SA GAS	5-72	3-73	7-72	-
-1-81, MCF	31,024	61,122	622,910	0
	Currently Production 12-80	Last Production Reported 1-80	Last Production Reported 7-80	Shut-In

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

~~APR 21~~ EXHIBIT NO. 2

CASE NO. 7227

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

~~ALPHA~~ 21 EXHIBIT NO. 1

CASE NO. 7227

SUMMARY OF INDIVIDUAL WELL INFORMATION FOR WELLS IN

THE VICINITY OF ALPHA 21 CORP'S LANDSFORD NO. 1, SECTION 21 (N), T-25S, R-37E, 1650' FWL & 660' F
HARE (SAN ANDRES GAS) POOL, LEA COUNTY, NEW MEXICO

	Gulf Oil Corp. J.N. Carson NCT C #8	Mobil Oil Corp. Ed Carson (WSW) #2	Shell Oil Co.. A.T. Turner #16
LOCATION OF WELL	28(I)-21S-37E	28(L)-21S-37E	22(M)-21S-37E
DISTANCE & DIRECTION FROM LANDSFORD #1	4200' SE	4500' WSW	4200' NE
ORIGINAL SPUD DATE	6-03-49	11-05-72	12-21-51
ORIGINAL COMPLETION DATE	8-02-49	12-02-72	3-11-52
ORIGINAL COMPLETION ZONE	Brunson Oil	San Andres	Brunson Oil
ORIGINAL COMPLETION INTERVAL	7565-7723	4374-4888	7785-7864
DATE OF COMPLETION TO SAN ANDRES	3-25-67	Original	7-22-65
INTENTION OF COMPLETION	Water Supply Well	Water Supply Well	Water Source Well
SAN ANDRES COMPLETION INTERVAL	4055-4795	Original	4004-4818
DATE OF FIRST PROD. OF SA GAS	5-72	3-73	7-72
CUMULATIVE SA GAS TO 1-1-81, MCF	31,024	61,122	622,910
CURRENT STATUS	Currently Production 12-80	Last Production Reported 1-80	Last Production Reported 7-80

SUMMARY OF INDIVIDUAL WELL INFORMATION FOR WELLS IN

UNITY OF ALPHA 21 CORP'S LANDSFORD NO. 1, SECTION 21 (N), T-25S, R-37E, 1650' FWL & 660' FSL
HARE (SAN ANDRES GAS) POOL, LEA COUNTY, NEW MEXICO

	Gulf Oil Corp. J.N. Carson NCT C #8	Mobil Oil Corp. Ed Carson (WSW) #2	Shell Oil Co.. A.T. Turner #16	Alpha 21 Prod. Co. Lansford #1
	28(I)-21S-37E	28(L)-21S-37E	22(M)-21S-37E	21(N)-21S-37E
	4200' SE	4500' WSW	4200' NE	-
	6-03-49	11-05-72	12-21-51	1-12-81
	8-02-49	12-02-72	3-11-52	2-17-81
	Brunson Oil	San Andres	Brunson Oil	San Andres
INTERVAL	7565-7723	4374-4888	7785-7864	4015-4130
SAN ANDRES	3-25-67	Original	7-22-65	Original
	Water Supply Well	Water Supply Well	Water Source Well	Gas Producer
INTERVAL	4055-4795	Original	4004-4818	Original
SA GAS	5-72	3-73	7-72	-
1-81, MCF	31,024	61,122	622,910	0
	Currently Production 12-80	Last Production Reported 1-80	Last Production Reported 7-80	Shut-In

300 MCF/day

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

~~ADIA 71~~ EXHIBIT NO. 2

CASE NO. 7227

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

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

RECEIVED
APR 10 1981
JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
OIL CONSERVATION DIVISION
SANTA FE

April 10, 1981

Case 7227

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

Re: Application of Alpha Twenty One Production Company
for an Unorthodox Gas Well Location and a Non-
Standard Proration Unit, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Alpha Twenty One
Production 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
April 22, 1981.

Very truly yours,

William F. Carr

William F. Carr

WFC:lr

Enclosures

BEFORE THE

RECEIVED
APR 10 1981

OIL CONSERVATION DIVISION
SANTA FE

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF ALPHA TWENTY ONE PRODUCTION
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION AND A NON-STANDARD
PRORATION UNIT, LEA COUNTY,
NEW MEXICO.

Case 7227

APPLICATION

Comes now, ALPHA TWENTY ONE PRODUCTION COMPANY, by its undersigned attorneys, and hereby applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location and a non-standard gas proration unit, Lea County, New Mexico and in support of its application states:

1. Applicant owns or has obtained by voluntary agreement or farmout all working interest in and under the E/2 SW/4 and the SW/4 SE/4 of Section 21, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico.
2. Applicant drilled its Lansford No. 1 Well at a point 660 feet from the South line and 1650 feet from the West line of said Section 21 as a Pennrose-Grayburg oil well to which it dedicated the SE/4 SW/4 of said Section 21.
3. Applicant encountered gas and completed the Lansford No. 1 Well in the San Andres formation, Hare-San Andres Gas Pool.
4. Said well was drilled at an orthodox location for a Grayburg oil well but has been drilled at an unorthodox location for a San Andres gas well.

5. Applicant seeks an exception to the well location requirements of Oil Conservation Division Rule 104-B-I(a) for said Lansford No. 1 Well.

6. Applicant further seeks authority to dedicate to said Lansford No. 1 Well a 120 acre non-standard proration unit to be comprised of the E/2 SW/4 and the SW/4 SE/4 of said Section 21.

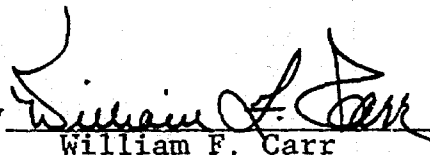
7. That approval of this application will afford applicant the opportunity to produce its just and equitable share of the gas in the San Andres formation and will protect correlative rights.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing before one of the Division's duly appointed examiners on April 22, 1981, and, that after notice and hearing as required by law, the Division enter its Order approving the application.

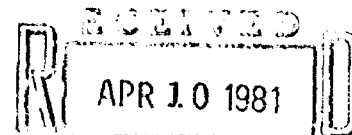
Respectfully submitted,

CAMPBELL, BYRD AND BLACK, P.A.

By


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

BEFORE THE



OIL CONSERVATION DIVISION
SANTA FE

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF ALPHA TWENTY ONE PRODUCTION
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION AND A NON-STANDARD
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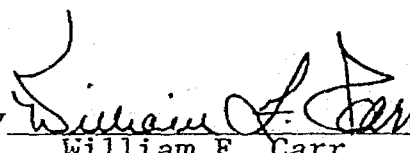
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Respectfully submitted,

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William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
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RECEIVED
APR 10 1981

BEFORE THE
OIL CONSERVATION DIVISION
SANTA FE

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF ALPHA TWENTY ONE PRODUCTION
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION AND A NON-STANDARD
PRORATION UNIT, LEA COUNTY,
NEW MEXICO.

Case 7227

APPLICATION

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1. Applicant owns or has obtained by voluntary agreement or farmout all working interest in and under the E/2 SW/4 and the SW/4 SE/4 of Section 21, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico.
2. Applicant drilled its Lansford No. 1 Well at a point 660 feet from the South line and 1650 feet from the West line of said Section 21 as a Pennrose-Grayburg oil well to which it dedicated the SE/4 SW/4 of said Section 21.
3. Applicant encountered gas and completed the Lansford No. 1 Well in the San Andres formation, Hare-San Andres Gas Pool.
4. Said well was drilled at an orthodox location for a Grayburg oil well but has been drilled at an unorthodox location for a San Andres gas well.

5. Applicant seeks an exception to the well location requirements of Oil Conservation Division Rule 104-B-I(a) for said Lansford No. 1 Well.

6. Applicant further seeks authority to dedicate to said Lansford No. 1 Well a 120 acre non-standard proration unit to be comprised of the E/2 SW/4 and the SW/4 SE/4 of said Section 21.

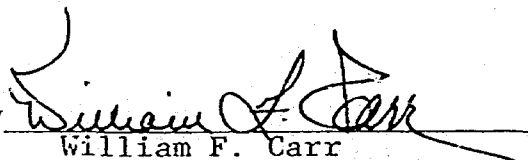
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Respectfully submitted,

CAMPBELL, BYRD AND BLACK, P.A.

By


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

Dockets Nos. 15-81 and 16-81 are tentatively set for May 6 and 20, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 22, 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 7220: Application of McClellan Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Connor Unit Area, comprising 5,120 acres, more or less, of State and Federal lands in Township 13 South, Range 29 East.
- CASE 7221: Application of Maddox Energy Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Flower Draw Unit Area, comprising 3,760 acres, more or less, of State lands in Townships 25 and 26 South, Range 28 East.
- CASE 7222: Application of GMA Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Starman Unit Area, comprising 2,803 acres, more or less, of State, Federal, and fee lands in Township 26 South, Range 35 East.
- CASE 7211: (Continued from April 8, 1981, Examiner Hearing)
Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Rock Lake State Unit Area, comprising 2,880 acres, more or less, of State land in Township 22 South, Range 35 East.
- CASE 7223: Application of Sun Oil Company for a dual completion and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of a well to be drilled in Unit M of Section 1, Township 22 South, Range 37 East, to produce oil from the Wantz-Granite Wash Pool and gas from the Tubb formation and to simultaneously dedicate the SW/4 of said Section 1 to said well and to its Lynch Christmas Com Well No. 4 in Unit L.
- CASE 7224: Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations underlying the SW/4 SW/4 of Section 2, Township 29 North, Range 15 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 7225: Application of Knox Industries, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Morrow location of its Maddox Well No. 1 to be drilled 1980 feet from the South line and 660 feet from the West line of Section 12, Township 23 South, Range 34 East, Northeast Antelope Ridge Field, the S/2 of said Section 12 to be dedicated to the well.
- CASE 7226: Application of Enserch Exploration, Inc. for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Montoya formation in the interval from 7902 feet to 7930 feet in its Rader Well No. 2 in Unit E of Section 32, Township 5 South, Range 33 East.
- CASE 7227: Application of Alpha Twenty-One Production Company for an unorthodox gas well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit comprising the E/2 SW/4 and SW/4 SE/4 of Section 21, Township 21 South, Range 37 East, Hare-San Andres Gas Pool, to be dedicated to its Lansford Well No. 1 at an unorthodox location 660 feet from the South line and 1650 feet from the West line of said Section 21.
- CASE 7228: 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 Wolfcamp-Pennsylvanian location of its Rio Penasco "KD" Well No. 3 to be drilled 990 feet from the North line and 660 feet from the East line of Section 11, Township 19 South, Range 25 East, the N/2 of said Section 11 to be dedicated to said well and to applicant's Rio Penasco "KF" Federal Well No. 1 located in Unit F.

CASE 7229: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Morrow-Pennsylvanian location of its Sharp "QS" Com. Well No. 1 to be drilled 660 feet from the South and East lines of Section 4, Township 17 South, Range 26 East, the S/2 of said Section 4 to be dedicated to the well.

CASE 7184: (Continued from March 11, 1981, Examiner Hearing)

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 7230: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Gallup formations underlying the S/2 SW/4 of Section 7, Township 29 North, Range 14 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 7231: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Gallup formations underlying the S/2 SE/4 of Section 11, Township 29 North, Range 15 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 7232: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Gallup formations underlying the E/2 SW/4 of Section 12, Township 29 North, Range 15 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 7233: Application of Bass Enterprises Production Co. for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Montieith Well No. 3, the surface location of which is 2130 feet from the South line and 1980 feet from the East line of Section 13, Township 16 South, Range 36 East, Northeast Lovington-Pennsylvanian Pool, and drill said well in an easterly direction to bottom it not closer than 510 feet to the outer boundary of the dedicated unit, being the N/2 SE/4 of said Section 13.

CASE 7234: Application of Getty Oil Company for a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Farming E Well No. 1-E located in Unit I of Section 2, Township 24 North, Range 6 West, to produce oil from the Gallup formation thru the casing-tubing annulus and gas from the Dakota formation thru tubing.

Memo

From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To Called in by Bill Carr
4/1/81

Alpha Twenty-One Production
Company

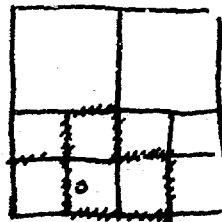
Unorthodox Gas Well Location
and Non-Standard Proration
Unit

Lansford #1

66015 + 1650/W
21-215-37E

Lea County

Nare-Dan Andres Gas



120-acre NSP
E/2 SW/4 and SW/4 SE/4

OIL CONSERVATION COMMISSION-SANTA FE

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

dr/

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

CASE NO. 7227

ORDER NO. R- 6669

APPLICATION OF ALPHA TWENTY-ONE PRODUCTION COMPANY

FOR AN UNORTHODOX GAS WELL LOCATION, AND A NON-STANDARD PRORATION UNIT,

LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 22, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of April, 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, Alpha Twenty-One Production Company, seeks approval of a 120-acre non-standard proration unit comprising the E/2 SW/4 and SW/4 SE/4 of Section 21, Township 21 South, Range 37 East, NMPM, 660 feet from the South line and 1650 feet from the West line of said Section 21. to be dedicated to its Lansford Well No. 1 at an unorthodox location 660 feet from the South line and 1650 feet from the West line of said Section 21. NMPM to test the Pool, Lea County, New Mexico.

(3) That the of said Section 21 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

That the entire non-standard unit may be reasonably presumed to be productive of gas from the Hare-San Andres Gas Pool

-2-
Case No. _____
Order No. R- _____

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

IT IS THEREFORE ORDERED:

The application of Alpha Twenty-one Production, Inc.
(1) That an ~~unorthodox gas well location~~ *120-acre non-standard* proration unit comprising the E/2 SW/4 and SW/4 SE/4 of Section 21, ~~formation is hereby approved for a well to be located at a point~~ *South, Range 37 East, Hare-San Andres Gas Pool, to be dedicated to its Lansford* ~~feet from the line and feet from the Well No. 1 at~~ *an unorthodox location 660 feet from the South line and 1650 feet from the West* ~~line of Section 21 Township Range~~ *Lea County, New Mexico, is hereby approved.*
~~NMPM~~ *Peak* ~~County,~~
~~New Mexico.~~

~~(2) That the _____ of said Section 21 shall be dedicated to the above-described well.~~

(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.