

# Lovington, Northeast Field

Lea County, New Mexico

Isopach Map

Strawn Porosity >4%

Contour Interval: 20 Feet

Scale: 1 Inch Equals 1000 Feet

September, 1986

BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION	
<u>PENNER</u>	EXHIBIT NO. <u>1</u>
CASE NO. <u>2993</u>	

**Insert**  
**Color Page/Photo**  
**Here**

**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C  
Supersede  
Effective 1-1-64

All distances must be from the outer boundaries of the Section

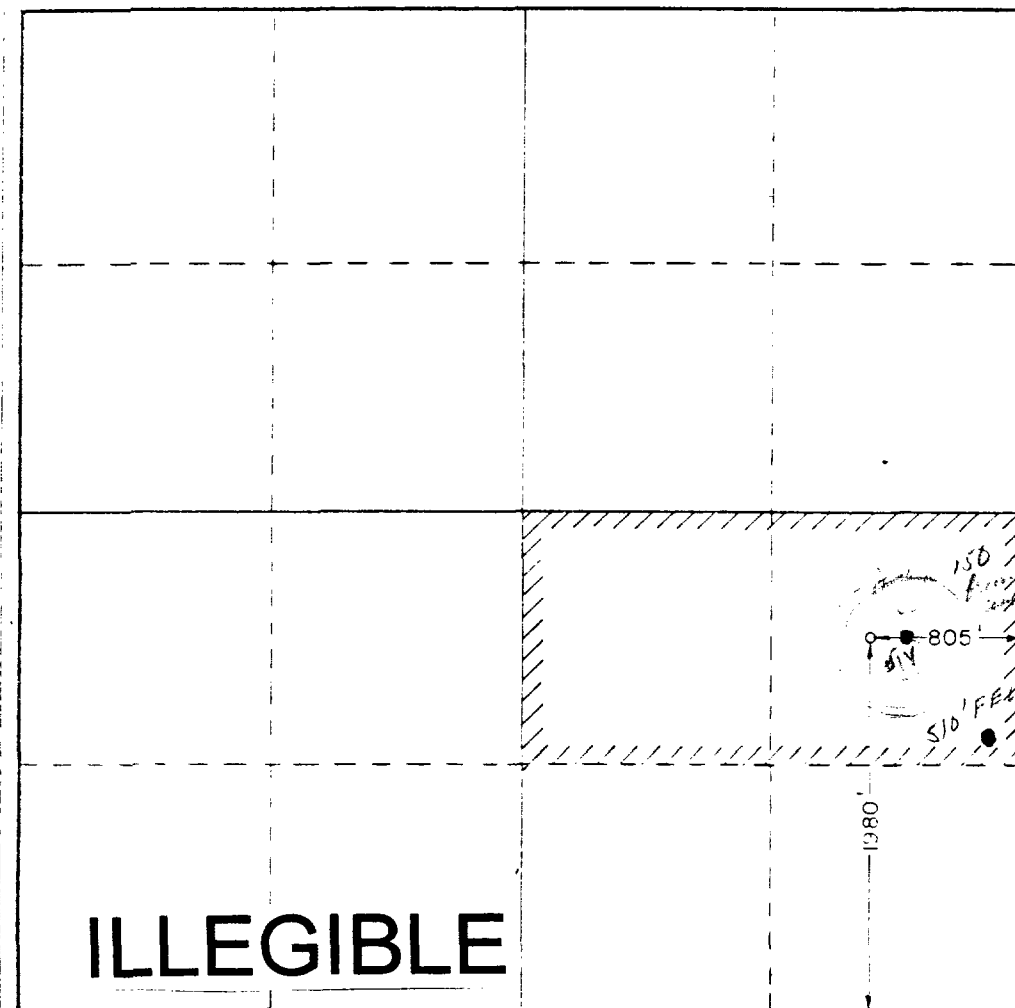
Operator New Oil Company			Lease Section 20, T1N, R1E, Co. 1		Well No. 1
Well Letter 1	Section 20	Township T1N	Range R1E	County 1	
Actual Well Location of Well:					
feet from the		line and	feet from the		
Ground Level Elev. (511.1)	Producing Formation Stratford		Foot	Dedicated Acreage: 1.00	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name Dean F. Jarrett  
Position Operations Engineer  
Company New Oil Company  
Date June 20, 1964

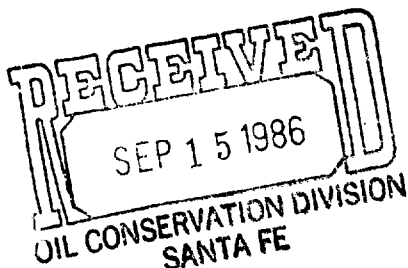
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed June 20, 1964  
Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. JOHN W. WEST, 676  
RONALD J. EIDSON, 3239





**Spectrum 7**  
**ENERGY CORPORATION**



September 11, 1986

*DK*  
*24.9*

State of New Mexico  
Energy and Mineral Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attn: Mr. R. L. Stamets, Director


RE: Case 8993

Gentlemen:

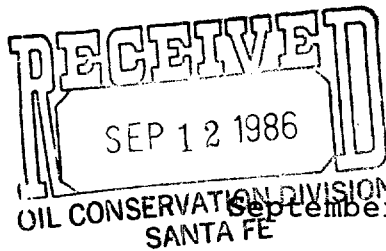
This is to advise that Spectrum owns a substantial working interest in the Amerind Oil Company wells (Higgins Trust, Inc. No. 1 and No. 2) which directly offset the unorthodox location requested by Texaco. Spectrum fully supports Amerind's testimony to be given at the hearing for this case.

Very truly yours,

SPECTRUM 7 ENERGY CORPORATION

  
Paul C. Rea  
President

PCR/gg



CITIES SERVICE OIL AND GAS CORPORATION  
P. O. BOX 1919 MIDLAND, TEXAS 79702

(915) 685-5600

September 10, 1986

Texaco, Inc.  
P. O. Box 3109  
Midland, Texas 79702

Attention: Mr. Alan R. McDaniel

Re: NE Lovington - Pennsylvanian Pool  
Lea County, New Mexico

Gentlemen:

Cities Service Oil & Gas Corporation has received notice from the New Mexico Oil Conservation Division of Case #8993, request of Texaco, Inc., for unorthodox oil well location for the Lovington Lumpkin 20 well #2 to be drilled 1470' FSL, 150' FEL, Section 20, T-16-S, R-37-E, Lea Co., New Mexico. This proposed location is 150' north of our jointly owned Montieth "A" lease line (Texaco - Operator) and 810' north of the Montieth A #2 well.

Cities strenuously objects to your drilling the Lovington Lumpkin 20 well #2 at the proposed location. A well completed at the proposed location would produce a large amount of reserves from the offsetting leases which is in violation of the New Mexico statutes protecting correlative rights. In our opinion, an economically acceptable producing well could be completed in the W/2 of your proposed proration unit (N/2 SE/4) at a location complying with NMOCD Order #3816-A.

Yours very truly,

E. F. Motter  
Engineering Manager  
Southwest Region  
E & P Division

EFM:wc

CC: Mr. R. L. Stamets  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501-2088

✓ Mr. Michael Stogner  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501-2088

Mr. Thomas W. Kellahin  
Kellahin & Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501-1769



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Cities strenuously objects to your drilling the Lovington Lumpkin 20 well #2 at the proposed location. A well completed at the proposed location would produce a large amount of reserves from the offsetting leases which is in violation of the New Mexico statutes protecting correlative rights. In our opinion, an economically acceptable producing well could be completed in the W/2 of your proposed proration unit (N/2 SE/4) at a location complying with NMOCD Order #3816-A.

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New Mexico Oil Conservation Division  
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Santa Fe, New Mexico 87501-2088

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New Mexico Oil Conservation Division  
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Santa Fe, New Mexico 87501-2088

Mr. Thomas W. Kellahin  
Kellahin & Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501-1769



Dockets Nos. 31-86 and 32-86 are tentatively set for October 22 and November 5, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 8, 1986  
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Michael E. Stogner, Examiner, or David R. Catanach, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for November, 1986, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for November, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8983: (Continued from September 17, 1986, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Oil Processing Inc., the Travelers, and all other interested parties to appear and show cause why Oil Processing's authority under Division Order No. R-6053 to operate an oil treating plant located in the NE/4 SE/4 of Section 8, Township 20 South, Range 37 East, Lea County, should not be cancelled and why the site of such plant should not be reclaimed in a timely manner and to specifications authorized by the OCD.

CASE 8997: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Oilfield Services and all other interested parties to appear and show cause why Oilfield Services' authority under Division Order No. R-8237 to operate an oil treating plant located in the SE/4 NW/4 of Section 33, Township 29 North, Range 11 West, San Juan County, should not be cancelled and why the site of such plant should not be reclaimed in a timely manner and to specifications authorized by the OCD.

CASE 8998: Application of Amoco Production Company for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Bear Canyon Unit Area comprising 4,800.00 acres, more or less, of Federal and Fee lands in Township 26 North, Range 2 West.

CASE 8999: Application of V. H. Westbrook for Hardship Gas Well Classification, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a determination that his Kinahan Federal Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 20, Township 15 South, Range 30 East, West Cedar Point-Wolfcamp Gas Pool is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8984: (Continued from September 17, 1986, Examiner Hearing)

Application of H. E. Prince Construction and Petroleum for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Linda-San Andres Pool in the open-hole interval from approximately 1019 feet to 1071 feet in its Federal Well No. 11 located 1650 feet from the South line and 2310 feet from the West line (Unit K) of Section 33, Township 6 South, Range 26 East.

CASE 9000: Application of Lynx Petroleum Company for a non-standard oil proration unit and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard oil spacing and proration unit comprising the NE/4 SE/4 (Unit I) of Section 20, Township 17 South, Range 35 East, North Vacuum-Abo Pool, to be dedicated to a well to be drilled at an unorthodox oil well location 1980 feet from the South line and 660 feet from the East line.

CASE 9001: Application of HNG Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Malaga-Atoka Pool and the Strawn formation underlying the S/2 of Section 7, Township 24 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit 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 8993: (Continued from September 17, 1986, Examiner Hearing)

Application of Texaco, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Lovington Lumpkin 20 Well No. 2 to be drilled 1470 feet from the South line and 150 feet from the East line of Section 20, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool, the N/2 SE/4 of said Section 20 to be dedicated to the well.

CASE 9002: Application of Zia Energy, Inc. for a non-standard gas proration unit, unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 240-acre non-standard gas spacing and proration unit comprising the E/2 NW/4, SW/4 NW/4, N/2 SW/4, and SE/4 SW/4 of Section 20, Township 22 South, Range 36 East, Jalmat Gas Pool, to be simultaneously dedicated to its Cities Federal Well No. 3 located at an unorthodox gas well location 330 feet from the North line and 2310 feet from the West line (Unit C) of said Section 20 and to its Cities Federal Well No. 4 located at a standard location 1650 feet from the North line and 2310 feet from the West line (Unit F) of said Section 20.

CASE 9003: Application of Pennzoil Company for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 150 feet from the South line and 1980 feet from the East line of Section 4, Township 17 South, Range 37 East, Shipp-Strawn Pool, and the simultaneous dedication of the W/2 SE/4 of said Section 4 to the well and to the existing Vierson Well No. 2 located in Unit O.

CASE 9004: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Eddy County New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for San Andres production and designated as the Espuña-San Andres Pool. The discovery well is the RPM Energy, Inc., State Well No. 1, located in Unit I of Section 16, Township 16 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM  
 Section 16: SE/4  
 Section 21: N/2 and SW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the East Palmillo-Bone Spring Pool. The discovery well is the Moroilco, Inc., Hamon State Well No. 1, located in Unit L of Section 5, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
 Section 5: SW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Rustler Bluff-Atoka Gas Pool. The discovery well is the HNG Oil Co., Gulf Federal Well No. 1, located in Unit H of Section 5, Township 25 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM  
 Section 5: E/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production and designated as the North Turkey Track-Strawn Pool. The discovery well is the Hondo Drilling Co., Alscott Federal Well No. 3, located in Unit O of Section 31, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
 Section 31: SE/4

- (e) EXTEND the South Loving-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
 Section 20: N/2

- (f) EXTEND the Owen Mesa-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM  
 Section 25: W/2

- (g) EXTEND the Salt Draw-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM  
 Section 27: All

- (h) EXTEND the Sheep Draw-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM  
 Section 11: All

Dockets Nos. 30-86 and 31-86 are tentatively set for October 8 and October 22, 1986. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 17, 1986  
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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- (2) Consideration of the allowable production of gas for October, 1986, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8983: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Oil Processing Inc., the Travelers, and all other interested parties to appear and show cause why Oil Processing's authority under Division Order No. R-6053 to operate an oil treating plant located in the NE/4 SE/4 of Section 8, Township 20 South, Range 37 East, Lea County, should not be cancelled and why the site of such plant should not be reclaimed in a timely manner and to specifications authorized by the OCD.

CASE 8984: (Continued from September 3, 1986, Examiner Hearing)

Application of H. E. Prince Construction and Petroleum for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Linda-San Andres Pool in the open-hole interval from approximately 1019 feet to 1071 feet in its Federal Well No. 11 located 1650 feet from the South line and 2310 feet from the West line (Unit K) of Section 33, Township 6 South, Range 26 East.

CASE 8987: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Red Bluff State Unit Area comprising 8960 acres, more or less, of State and Federal lands in Townships 6 and 7 South, Range 24 East.

CASE 8939: (Continued from August 20, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 3750 feet to 3790 feet in the Sinclair Oil and Gas Company State 197 Well No. 3 located 1980 feet from the North line and 1762.5 feet from the West line (Unit F) of Section 6, Township 17 South, Range 34 East.

CASE 8940: (Continued from August 20, 1986, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation in the perforated interval from approximately 3770 feet to 3810 feet in the H. L. Brown, Jr. State "B" Well No. 2 located 990 feet from the South line and 330 feet from the West line (Unit M) of Section 6, Township 17 South, Range 34 East.

CASE 8305: (Reopened) (Continued from September 3, 1986, Examiner Hearing)

In the matter of Case 8305 being reopened pursuant to the provisions of Order No. R-7660, which order promulgated temporary special rules and regulations for the North Chaveroo Permo-Pennsylvanian Pool in Roosevelt County, including a provision for 160-acre spacing units. Operators in said pool may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 8988: Application of TXO Production Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 990 feet from the North line and 1980 feet from the West line of Section 12, Township 22 South, Range 27 East, East Carlsbad Wolfcamp Gas Pool, the W/2 of said Section 12 to be dedicated to the well.

CASE 8989: Application of Merrion Oil and Gas Corporation for directional drilling and an unorthodox bottom-hole oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to plug back, side track, and directionally drill their Federal "21" Well No. 1, located at a standard surface location 2310 feet from the South and West lines of Section 21, Township 20 North, Range 5 West, Ojo Encino-Entrada Oil Pool, to a new unorthodox bottom-hole location within 100 feet of a point 2310 feet from the South line and 2610 feet from the West line of said Section 21, the NE/4 SW/4 (Unit K) of said Section 21 to remain as the dedicated acreage to the well.

CASE 8971: (Readvertised)

Application of Cinco, Ltd. for a non-standard gas proration unit and for an exception to Division Order No. R-8170, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the NW/4 of Section 32, Township 30 North, Range 7 West, Blanco-Mesaverde Pool, to be dedicated to a well to be drilled at a standard gas well location thereon. Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said unit.

CASE 8972: (Readvertised)

Application of the Estate of Edward Gerber and Iris Gerber Danson for a non-standard gas proration unit and an exception to Division Order No. R-8170, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the SW/4 of Section 32, Township 30 North, Range 7 West, Blanco-Mesaverde Pool, to be dedicated to its existing Ired State Well No. 1 located at a standard gas well location 790 feet from the South line and 1630 feet from the West line (Unit N) of said Section 32. Applicant further seeks an exception to the General Rules for Prorated Gas Pools in northwest New Mexico as promulgated by Division Order No. R-8170 permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said unit.

CASE 8990: Application of A. L. Dawsey, Jr. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed El Vado Well No. 2 to be drilled 1770 feet from the South line and 970 feet from the East line of Section 11, Township 27 North, Range 1 East, Undesignated East Puerto Chiquito-Mancos Oil Pool, the SE/4 of said Section 11 to be dedicated to the well.

CASE 8991: Application of Amerind Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Meyers Well No. 2 to be drilled 1150 feet from the South line and 1750 feet from the West line of Section 33, Township 16 South, Range 37 East, West Casey-Strawn Pool, the E/2 SW/4 of said Section 33 to be dedicated to the well.

CASE 8992: Application of Amoco Production Company for the amendment of Division Order No. R-7267, Lea County, New Mexico. Division Order No. R-7267, dated April 23, 1983, issued in Case No. 7835, compulsorily pooled all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 24, Township 20 South, Range 35 East, forming a standard 310-acre gas spacing and proration unit. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-7267 to include a provision pooling all mineral interests in the Wolfcamp formation underlying the SW/4 NW/4 (Unit E) of said Section 24 forming a standard 40-acre oil spacing and proration unit if the subject well covered in the original Order is completed as an oil producing well in the Wolfcamp formation. Applicant further requests that all other provisions in said Order No. R-7267 remain in full force and effect.

CASE 8958: (Continued from August 6, 1986, Examiner Hearing)

Application of Amoco Production Company for Hardship Gas Well Classification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its State FQ Gas Com Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 26, Township 23 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8993: Application of Texaco, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its proposed Lovington Lumpkin 20 Well No. 2 to be drilled 1470 feet from the South line and 150 feet from the East line of Section 20, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool, the N/2 SE/4 of said Section 20 to be dedicated to the well.

CASE 8994: Application of Union Texas Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the B.S. Mesa-Gallup, Basin-Dakota, and Blanco-Mesaverde Gas Pools in the wellbore of its Jicarilla G Well No. 9 located 990 feet from the North line and 1650 feet from the East line of Section 1, Township 26 North, Range 5 West.

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Docket No. 29-86

DOCKET: COMMISSION HEARING - THURSDAY - SEPTEMBER 18, 1986  
OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8960: (De Novo)

Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Siluro-Devonian formation underlying the SE/4 SE/4 of Section 14, Township 16 South, Range 38 East, to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, said unit 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. Upon application of Marathon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8781: (Rehearing)

Application of Petro-Thermo Corporation for an exception to Division Order No. R-3221 and for authorization to dispose of associated waste hydrocarbons and other solids, obtained in conjunction with the drilling and production of oil and gas into a disposal site on the surface, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of produced salt water onto the surface in the E/2 NE/4 of Section 16, Township 20 South, Range 32 East. Applicant further seeks authorization to dispose of associated waste hydrocarbons and other related solids, obtained in conjunction with the drilling and production of oil and gas, onto the surface in said area. Laguna Plata, sometimes referred to as Laguna Grande is located within a portion of the above-described area. Upon the appeal of Snyder Ranches, Inc. and Pollution Control, Inc. for rehearing, this case will be heard pursuant to the provisions of Division General Rules 1220 and 1222.

CASE 8854: (De Novo)

Application of the Oil Conservation Division on its own motion for exceptions to the Special Rules for the Gavilan-Greenhorn-Graneros-Dakota and Gavilan Mancos Oil Pools as promulgated by Division Order Nos. R-7745 and R-7407, respectively, Rio Arriba County, New Mexico, the OCD seeks exceptions to the spacing and one well per proration unit limitation provisions of the Special Rules and Regulations governing the Gavilan-Greenhorn-Graneros-Dakota and Gavilan-Mancos Oil Pools as promulgated by Division Orders Nos. R-7745 and R-7407, authorizing the establishment of seven non-standard oil spacing and proration units for both pools in Township 25 North, Range 2 West, as described below:

- 1) Lots 3 and 4, S/2 NW/4, SW/4 of Section 5 and all of Section 6 consisting of 505.20 acres, more or less;
- 2) All of Section 7 and the W/2 of Section 8 consisting of 505.84 acres, more or less;
- 3) W/2 of Section 17 and all of Section 18 consisting of 506.36 acres, more or less;
- 4) All of Section 19 and the W/2 of Section 20 consisting of 506.76 acres, more or less;
- 5) N/2 of Section 29 and Lots 1 and 2 of Section 30 consisting of 413.59 acres, more or less;
- 6) S/2 of Section 29 and Lots 3 and 4 of Section 30 consisting of 413.73 acres, more or less, and
- 7) All of Section 31 and the W/2 of Section 32 consisting of 507.88 acres, more or less.

Said units would allow for the orderly development of both pools within the irregular sections along the western side of the subject township resulting from survey corrections in the United States Land Survey. The OCD proposes to allow two wells to be completed in both pools in each of the above-described units. Upon application of Mesa Grande Resources, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8995: Application of Mesa Grande Resources, Inc. for a non-standard oil proration unit and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 185.84-acre non-standard oil spacing and proration unit comprising Lots 1, 2, 3, and 4 of Section 7, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools, to be dedicated to a well to be drilled at an unorthodox oil well location 1700 feet from the North line and 600 feet from the East line of said Section 7.

CASE 8996: Application of Mesa Grande Resources, Inc. for a non-standard oil proration unit and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 186.36-acre non-standard oil spacing and proration unit comprising Lots 1, 2, 3, and 4 of Section 18, Township 25 North, Range 2 West, Gavilan-Mancos and Gavilan Greenhorn-Graneros-Dakota Oil Pools to be dedicated to a well to be drilled at an unorthodox oil well location 1920 feet from the North line and 720 feet from the East line of said Section 18.

CASE 8951: (Continued from August 27, 1986, Commission Hearing)

Application of Benson-Montin-Greer Drilling Corporation for the amendment of Division Order No. R-8124, Rio Arriba County, New Mexico. The New Mexico Oil Conservation Division by Division Order No. R-8124, dated January 16, 1986, issued in Case 8745, authorized the applicant to conduct a long-term reservoir pressure test in the Mancos formation using certain wells in Rio Arriba County and further authorized the shut-in of certain wells and provided six months after completion of the test during which certain accumulated underproductions can be made up. Applicant, in the above-styled cause, now seeks the amendment of said Order No. R-8124 to provide for twelve months after completion of the reservoir pressure test during which to make up the accumulated underproduction of certain wells resulting from the test. Applicant further requests that all other provisions in said Order No. R-8124 remain in full force and effect.

CASE 8952: (Continued from August 27, 1986, Commission Hearing)

Application of Benson-Montin-Greer Drilling Corporation for statutory unitization, Rio Arriba County, New Mexico. Applicant, in the above-styled cause seeks an order unitizing, for the purpose of continued pressure maintenance operations, all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying the Canada Ojitos Unit Area, which encompasses 69,567.235 acres, more or less, being all or portions of the following lands in Rio Arriba County, New Mexico:

Sections 6 through 8 and 17 through 20, Township 24 North, Range 1 East;  
Sections 1 through 15 and 23 through 34, Township 24 North, Range 1 West;  
Sections 5 through 8, 17 through 20 and 29 through 31, Township 25 North, Range 1 East;  
Sections 1 through 36, Township 25 North, Range 1 West;  
Sections 19 and 20 and 29 through 32, Township 26 North, Range 1 East;  
Sections 1 through 36, Township 26 North, Range 1 West.

Among the matters to be considered at the hearing will be the necessity of unit operations, the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable and equitable allocation of production and costs of production, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

## (PRAIRIE, SOUTH-CISCO AND ALLISON, MIDDLE-PENNSYLVANIAN (ORDER NO. R-3806) POOLS - Cont'd.)

(4) That the NW/4 of said Section 28 should not be deleted from the South Prairie-Cisco Pool.

(5) That the Middle Allison-Pennsylvanian Pool should be extended to include all of said Section 29, the SE/4 of said Section 30, and the N/2 of said Section 32.

(6) That the deletion and extensions as described in Findings (3) and (5) above will not violate correlative rights nor cause waste.

## IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the South Prairie-Cisco Pool, Roosevelt County, New Mexico, are hereby contracted by the deletion therefrom of the following-described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM  
Section 29: NE/4

(2) That the horizontal limits of the Middle Allison-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico, are hereby extended to include therein the following-described area:

ROOSEVELT COUNTY, NEW MEXICO  
TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM  
Section 29: All  
Section 30: SE/4  
Section 32: N/2

(3) That the location of any well which, by virtue of this extension, is presently drilling to or completed in the Middle Allison-Pennsylvanian Pool or in the Bough "C" zone of the Pennsylvanian formation within one mile thereof is hereby approved; that the operator of any such well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before August 15, 1969.

(4) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of this extension, is subject to the Middle Allison-Pennsylvanian Pool rules providing for 160-acre spacing or proration units, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating 160 acres to said well or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

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

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

NORTHEAST LOVINGTON-PENNSYLVANIAN POOL  
Lea County, New Mexico

Order No. R-3816, Creating and Adopting Temporary Operating Rules for the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, September 1, 1969.

Order No. R-3816-A, August 21, 1970, makes permanent the rules adopted in Order R-3816.

Application of Pennzoil United, Inc., for Special Pool Rules, Lea County, New Mexico.

CASE NO. 4172  
Order No. 3816

## ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on August 6, 1969, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of August, 1969, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pennzoil United, Inc., seeks the promulgation of special rules and regulations for the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre oil proration units.

(3) That the reservoir information presently available indicates that the horizontal limits of the East Lovington-Pennsylvanian Pool, as presently designated, encompass more than one separate common source of supply.

(4) That the horizontal limits of the East Lovington-Pennsylvanian Pool should, in order to prevent waste and protect correlative rights, be contracted by deleting the following-described lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 16: SW/4  
Section 17: SE/4  
Section 18: SE/4  
Section 19: All  
Section 20: NE/4 and S/2  
Section 21: NW/4  
Section 29: All  
Section 31: N/2 N/2, SW/4 NW/4, SW/4,  
and W/2 SE/4  
Section 32: N/2 and N/2 S/2  
Section 33: N/2 SW/4 and SE/4 SW/4

(LOVINGTON, NORTHEAST-PENNSYLVANIAN POOL -  
Cont'd.)

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM  
Section 4: NE/4, E/2 NW/4, and SW/4 NW/4  
Section 5: S/2 N/2

(5) That in order to prevent waste and protect correlative rights, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production should be created and designated the Northeast Lovington-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation and horizontal limits comprising the following-described lands in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM  
Section 24: SE/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 16: SW/4  
Section 17: SE/4  
Section 18: SE/4  
Section 19: All  
Section 20: NE/4 and S/2  
Section 21: NW/4

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Northeast Lovington-Pennsylvanian Pool.

(7) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in August, 1970, at which time the operators in the subject pool should be prepared to appear and show cause why the Northeast Lovington-Pennsylvanian Pool should not be developed on 40-acre spacing units.

## IT IS THEREFORE ORDERED:

(1) That, effective September 1, 1969, the horizontal limits of the East Lovington-Pennsylvanian Pool, Lea County, New Mexico, are hereby contracted by the deletion therefrom of the following-described lands:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 16: SW/4  
Section 17: SE/4  
Section 18: SE/4  
Section 19: All  
Section 20: NE/4 and S/2  
Section 21: NW/4  
Section 29: All  
Section 31: N/2 N/2, SW/4 NW/4, SW/4, and W/2 SE/4  
Section 32: N/2 and N/2 S/2  
Section 33: N/2 SW/4 and SE/4 SW/4

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM  
Section 4: NE/4, E/2 NW/4, and SW/4 NW/4  
Section 5: S/2 N/2

(2) That, effective September 1, 1969, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, is hereby created and designated the Northeast Lovington-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation and horizontal limits comprising the following-described lands:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM  
Section 24: SE/4

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM  
Section 16: SW/4  
Section 17: SE/4  
Section 18: SE/4  
Section 19: All  
Section 20: NE/4 and S/2  
Section 21: NW/4

(3) That effective September 1, 1969, temporary Special Rules and Regulations for the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
NORTHEAST LOVINGTON-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the



**(LOVINGTON, NORTHEAST-PENNSYLVANIAN POOL -  
Cont'd.)**

proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed locating or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

**RULE 6.** A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

**IT IS FURTHER ORDERED:**

(1) That the locations of all wells presently drilling to or completed in the Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before September 1, 1969.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Northeast Lovington-Pennsylvanian Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Northeast Lovington-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in August, 1970, at which time the operators in the subject pool may appear and show cause why the Northeast Lovington-Pennsylvanian Pool should not be developed on 40-acre spacing units.

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

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

**WEIR-DRINKARD POOL  
(Gas-Oil Ratio)  
Lea County, New Mexico**

Order No. R-4803, Adopting a Gas-Oil Ratio Rule for the Weir-Drinkard Pool, Lea County, New Mexico, July 1, 1974.

Application of Continental Oil Company for a Special Gas-Oil Ratio Limitation, Lea County, New Mexico.

CASE NO. 5243  
Order No. R-4803

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:** This cause came on for hearing at 9 a.m. on May 22, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of June, 1974, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, seeks, as an exception to Rule 506 of the Commission Rules and Regulations, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil in the Weir-Drinkard Pool, Lea County, New Mexico.

(3) That the reservoir characteristics of the subject pool justify the establishment of a gas-oil limitation of 10,000 cubic feet of gas per barrel of liquid hydrocarbons.

(4) That in order to afford to the owner of each property in the Weir-Drinkard Pool the opportunity to produce his just and equitable share of the oil and gas in the subject pool and for this purpose to use his just and equitable share of the reservoir energy, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the pool.

**IT IS THEREFORE ORDERED:**

(1) That effective July 1, 1974, the limiting gas-oil ratio in the Weir-Drinkard Pool, Lea County, New Mexico, shall be 10,000 cubic feet of gas for each barrel of liquid hydrocarbons produced; that, effective July 1, 1974, each proration unit in the Weir-Drinkard Pool shall produce only that volume of gas equivalent to 10,000 multiplied by the top unit allowable for the pool.

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

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

CAMPBELL & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
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TELECOPIER: (505) 983-6043

August 15, 1986

*Case* 8993  
RECEIVED

HAND DELIVERED

AUG 15 1986

R. L. Stamets, Director  
Oil Conservation Division  
New Mexico Department of  
Energy and Minerals  
State Land Office Building  
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION

Re: Application of Texaco, Inc. for an Unorthodox Well  
Location, Lea County, New Mexico.

Dear Mr. Stamets:

Enclosed in triplicate is the Application of Texaco, Inc. in the above-referenced case. Texaco, Inc. respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on September 17, 1986.

Very truly yours,

*William F. Carr*  
William F. Carr

WFC/cv  
enclosures

cc: (w/enclosure)  
Mr. Gary Kern

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED

AUG 15 1968

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF TEXACO, INC. FOR AN UNORTHODOX  
WELL LOCATION, LEA COUNTY, NEW  
MEXICO.

Case No. 8993

APPLICATION

Comes now, TEXACO, INC., by and through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an unorthodox well location, and in support thereof would show the Division:

1. Applicant is the operator of the Pennsylvanian formation underlying the N/2 SE/4 of Section 20, Township 16 South, Range 37 East, N.M.P.M., and proposes to drill its Lumpkin 20 Well No. 2 at a point 1470 feet from the South line and 150 feet from the East line of said Section 20.

2. Applicant seeks an exception to Rule 4 of the Special Rules and Regulations for the Northeast Lovington-Pennsylvanian Pool as promulgated by Oil Conservation Division Order No. R-3816 to permit the drilling of the well at the above-mentioned unorthodox location to a depth sufficient to adequately test all formations in the Pennsylvanian system.

3. That a standard 80-acre oil proration unit comprising the N/2 SE/4 of said Section 20 should be dedicated to the Lumpkin 20 Well No. 2.

4. That approval of its application will afford applicant the opportunity to produce its just and equitable share of the

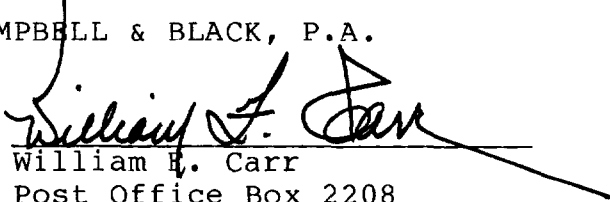
gas in the Pennsylvanian formation and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on September 17, 1986, that notice be given as required by law and the rules of the Division, and that the Division enter its order approving the unorthodox location for the Lumpkin 20 Well No. 2 and providing such other and further relief as is proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By

  
William H. Carr

Post Office Box 2208

Santa Fe, New Mexico 87501

(505) 988-4421

ATTORNEYS FOR TEXACO, INC.

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED  
AUG 15 1966

IN THE MATTER OF THE APPLICATION  
OF TEXACO, INC. FOR AN UNORTHODOX  
WELL LOCATION, LEA COUNTY, NEW  
MEXICO.

OIL CONSERVATION DIVISION

Case No. 8993

APPLICATION

Comes now, TEXACO, INC., by and through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for an unorthodox well location, and in support thereof would show the Division:

1. Applicant is the operator of the Pennsylvanian formation underlying the N/2 SE/4 of Section 20, Township 16 South, Range 37 East, N.M.P.M., and proposes to drill its Lumpkin 20 Well No. 2 at a point 1470 feet from the South line and 150 feet from the East line of said Section 20.

2. Applicant seeks an exception to Rule 4 of the Special Rules and Regulations for the Northeast Lovington-Pennsylvanian Pool as promulgated by Oil Conservation Division Order No. R-3816 to permit the drilling of the well at the above-mentioned unorthodox location to a depth sufficient to adequately test all formations in the Pennsylvanian system.

3. That a standard 80-acre oil proration unit comprising the N/2 SE/4 of said Section 20 should be dedicated to the Lumpkin 20 Well No. 2.

4. That approval of its application will afford applicant the opportunity to produce its just and equitable share of the

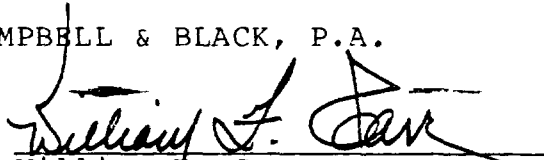
gas in the Pennsylvanian formation and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on September 17, 1986, that notice be given as required by law and the rules of the Division, and that the Division enter its order approving the unorthodox location for the Lumpkin 20 Well No. 2 and providing such other and further relief as is proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By

  
William H. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
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ATTORNEYS FOR TEXACO, INC.