

Docket Nos. 27-84 and 28-84 are tentatively set for July 25 and August 8, 1984. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 1984

8:00 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Michael E. Stogner, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1984, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for August, 1984, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 8240: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the rescission of Order No. R-2788. The Division seeks to rescind this order which allows special salt water disposal procedures in Townships 6 and 7 South, Range 26 East.

CASE 8241: Application of Sanders Oil & Gas Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Pecos River Unit comprising 1600 acres, more or less, of Federal and Fee lands in Township 10 South, Range 25 East.

CASE 8242: Application of Petrus Operating Company, Inc. for an unorthodox oil well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard spacing and proration unit comprising the NE/4 SE/4 of Section 34, Township 11 South, Range 33 East, Bagley-Siluro Devonian Pool, for a well to be drilled at an unorthodox location in the quarter-quarter section.

CASE 8243: Application of Robert E. Chandler Corp. 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 Drinkard formation underlying the NW/4 NW/4 of Section 12, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 8244: Application of Tenneco Oil Company for discovery allowable and creation of a new oil pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Queen oil pool for its State J. L. 36 Well No. 1 located 660 feet from the South line and 1980 feet from the East line of Section 36, Township 18 South, Range 29 East. In addition, applicant seeks the assignment of a discovery allowable for this well.

CASE 8245: Application of Tenneco Oil Exploration and Production for HARDSHIP GAS WELL CLASSIFICATION, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Dawson Federal Well No. 1 located in Unit D of Section 26, Township 27 North, Range 8 West, Blanco Mesaverde Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8204: (Continued from June 20, 1984, Examiner Hearing)

Application of Costa Resources, Inc. for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox Morrow well location 1600 feet from the South line and 660 feet from the East line of Section 2, Township 18 South, Range 28 East, the S/2 of said Section 2 to be dedicated to the well.

CASE 8246: Application of Trans Pecos Resources, Inc. for authority to inject produced gas for an enhanced oil recovery pilot project, Guadalupe County, New Mexico. Applicant, in the above-styled cause, seeks authority to inject produced gas for an Enhanced Oil Recovery Pilot Project into the Pennsylvanian formation in the perforated interval from 6165 feet to 6203 feet in its Latigo Ranch Block "A" Well No. 1 located 1980 feet from the North and East lines of Section 2, Township 9 North, Range 23 East.

- CASE 8247: Application of Charles B. Gillespie, Jr. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Townsend Wolfcamp (Permo-Upper Penn) formation in the perforated interval from 10546 feet to 10598 feet in its State D Well No. 3 located 3000 feet from the South line and 330 feet from the West line of Section 1, Township 16 South, Range 35 East.
- CASE 8248: Application of Consolidated Oil & Gas Inc. for amendment of Division Order No. R-6943-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6943-A, as amended, which authorized the Midway State Well No. 1, located 330 feet from the South and East lines of Section 8, Township 17 South, Range 37 East, to dispose of produced salt water into the Glorieta formation and provided in part that 4 Midway Abo producing wells, all within a 1/2 mile radius of the SWD well, were not adequately cemented through the injection interval. Consolidated now requests that the stipulation to have these four wells properly cemented be amended to provide for close monitoring of these well bores.
- CASE 8249: Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Morrow formation in the perforated intervals from 8,901 to 8,914 feet, 8,978 to 8,992 feet and 9,045 to 9,062 feet in its Dayton Townsite Well No. 1 located 1,980 feet from the North and East lines of Section 21, Township 18 South, Range 26 East.
- CASE 8250: Application of Alpha Twenty-One Production 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 Grayburg formation underlying the NE/4 SE/4 of Section 32, Township 18 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 8251: Application of Alpha Twenty-One Production 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 Grayburg formation underlying the SE/4 SE/4 of Section 32, Township 18 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 8215: (Continued from June 6, 1984, Examiner Hearing)
- Application of Alpha Twenty-One Production Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its BRC Madera Well No. 1 located in Unit B of Section 29, Township 22 South, Range 27 East, South Carlsbad-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8252: Application of Alpha Twenty-One Production Company for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its El Paso Smith Well No. 1 located in Unit N of Section 21, Township 24 South, Range 37 East, Jalmat Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8253: Application of Alpha Twenty-One Production Company for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Justis "BC" Federal Com Well No. 2 located in Unit H of Section 11, Township 25 South, Range 37 East, Justis-Glorieta Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8254: Application of Alpha Twenty-One Production Company for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Lansford Well No. 1 located in Unit N of Section 21, Township 21 South, Range 37 East, Hare-San Andres Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8255: Application of Arco Oil and Gas Company for amendment of Division Order No. R-7395, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7395 to delete requirement No. 5 regarding conducting annual tracer surveys on all injection wells and providing notice of the dates and the results of such surveys to the New Mexico Oil Conservation Division's Aztec District Office.
- CASE 8256: Application of Getty Oil Company for surface commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Gallup, Dakota and Pictured Cliffs production from several wells on its Jicarilla B and C Leases, portions of which are in Sections 5 and 6, Township 24 North, Range 5 West, and Sections 21, 22, 27, 28, 31, 32, 33, 34, in Township 25 North, Range 5 West.

- CASE 8257: Application of Getty Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NW/4 of Section 20, Township 6 South, Range 26 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 8212: (Continued from June 6, 1984, Examiner Hearing)
- Application of W. A. Moncrief, Jr. for a HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Jurnegan State Well No. 1 located in Unit C of Section 8, Township 24 South, Range 25 East, Mosley Canyon-Strawn Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8214: (Continued from June 6, 1984, Examiner Hearing)
- Application of W. A. Moncrief, Jr. for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Baldrige Federal Well No. 2 located in Unit B of Section 14, Township 24 South, Range 24 East, Baldrige Canyon-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8226: (Continued from June 20, 1984, Examiner Hearing)
- Application of Doyle Hartman for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its South Empire State Com Well No. 1 located in Unit M of Section 24, Township 17 South, Range 28 East, South Empire-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8227: (Continued from June 20, 1984, Examiner Hearing)
- Application of Doyle Hartman for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Gulf-Greer Well No. 1 located in Unit L of Section 21, Township 22 South, Range 36 East, Jalmat Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8228: (Continued from June 20, 1984, Examiner Hearing)
- Application of Doyle Hartman for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Langlie "A" State Well No. 3 located in Unit I of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8229: (Continued from June 20, 1984, Examiner Hearing)
- Application of Doyle Hartman for HARDSHIP GAS WELL CLASSIFICATION, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Bates-BB&S Well No. 1 located in Unit E of Section 29, Township 25 South, Range 37 East, Jalmat Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.
- CASE 8258: Application of The Ronadero Company, Inc. for downhole commingling and dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle Devonian and Pennsylvanian production in the wellbore of a well located 1,650 feet from the North line and 1980 feet from the West line of Section 23, Township 12 South, Range 32 East, the SE/4 NW/4 of said Section 23 to be dedicated to the well. In addition, applicant seeks authorization of future dual completion of these zones.
- CASE 8259: Application of Robert N. Enfield for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1,200 feet from the South line and 330 feet from the East line of Section 18, Township 21 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, all of said Section 18 to be dedicated to the well.

CASE 8239: (Continued from June 20, 1984, Examiner Hearing)

Application of Coastal Oil & Gas Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 990 feet from the South line and 1980 feet from the West line of Section 31, Township 13 South, Range 33 East, Baum-Pennsylvanian Field, the SW/4 of said Section 31 to be dedicated to the well.

CASE 8210: (Continued from June 20, 1984, Examiner Hearing)

Application of Coastal Oil & Gas 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 San Andres formation at a depth of 5100 feet to 5500 feet in the following two wells in Township 14 South, Range 32 East: State "27" Well No. 1 located in Unit H of Section 27 and State "22" Well No. 1 located in Unit I of Section 22. Said State "22" Well No. 1 is currently being used to dispose of produced salt water into the Pennsylvanian formation.

CASE 8217: (Continued from June 6, 1984, Examiner Hearing)

Application of Curtis J. Little for HARDSHIP GAS WELL CLASSIFICATION, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Federal Com Well No. 2E located in Unit N of Section 11, Township 28 North, Range 13 West, Basin-Dakota Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8218: (Continued from June 6, 1984, Examiner Hearing)

Application of Dinero Operating Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Dinero State Comm. Well No. 1 located in Unit C of Section 16, Township 22 South, Range 28 East, Dublin Ranch-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8219: (Continued from June 6, 1984, Examiner Hearing)

Application of Dinero Operating Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Little Squaw Comm. Well No. 1 located in Unit F of Section 27, Township 22 South, Range 28 East, Dublin Ranch-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8220: (Continued from June 6, 1984, Examiner Hearing)

Application of Dinero Operating Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Big Chief Comm. Well No. 4 located in Unit N of Section 15, Township 22 South, Range 28 East, Dublin Ranch-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8221: (Continued from June 6, 1984, Examiner Hearing)

Application of Dinero Operating Company for HARDSHIP GAS WELL CLASSIFICATION, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Big Chief Comm Well No. 1 located in Unit F of Section 22, Township 22 South, Range 28 East, Dublin Ranch-Morrow Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

CASE 8261: Application of Merrion Oil & Gas Corporation for retroactive allowable, Rio Arriba County, New Mexico.

Applicant, in the above-styled cause, seeks the assignment of a retroactive gas allowable to its East Lindrith Well No. 5 located in Unit L of Section 27, Township 24 North, Range 2 West, South Blanco-Pictured Cliffs Pool. Applicant seeks the assignment of the retroactive allowable from the date of first connection in June, 1982 until the date of the first regular allowable in July, 1983.

CASE 8262: Application of Shell Western E & P, Inc. for infill findings, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks a determination that infill drilling of 38 proration units in the North Hobbs (Grayburg San Andres) Unit (Grayburg San Andres) Pool is necessary to effectively and efficiently drain those proration units.

CASE 8263: Application of Shell Western E & P, Inc. for unorthodox locations, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval of 35 unorthodox well locations in the North Hobbs (Grayburg San Andres) Unit, Hobbs (Grayburg San Andres) Pool.

CASE 8264: Application of Shell Western E & P, Inc. for directional drilling and unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of three wells in the North Hobbs (Grayburg San Andres) Unit at unorthodox surface locations to unorthodox bottom hole locations. Applicant proposes to drill a well from a location 1163 feet from the South line and 2014 feet from the West line of Section 28, Township 18 South, Range 38 East, to a bottom hole location within 100 feet of a point 1100 feet from the South line and 2400 feet from the West line of that Section.

Applicant proposes to drill a well from a surface location 110 feet from the North line and 1830 feet from the East line of Section 33, Township 18 South, Range 38 East to a bottom hole location 10 feet from the North line and 1330 feet from the East line of that Section.

Applicant proposes to drill a well from a surface location 500 feet from the North line and 1448 feet from the East line of Section 30, Township 18 South, Range 38 East, to a bottom hole location 20 feet from the North line and 1268 feet from the East line.

CASE 8260: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider: The assignment of a discovery allowable of 29,200 barrels to the East Avalon-Bone Spring Pool in Eddy County.

Docket No. 26-84

DOCKET: COMMISSION HEARING - TUESDAY - JULY 17, 1984

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 8132: (Continued from May 15, 1984, Commission Hearing)

Application of Amoco Production Company for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of the wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such applications for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8109: (Continued from May 15, 1984, Commission Hearing)

Application of Amoco Production Company for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in Order R-5436 will be granted.

CASE 8111: (Continued from May 15, 1984, Commission Hearing)

Application of Southland Royalty Company for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8265: Application of Southland Royalty Co. for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8134: (Continued from May 15, 1984, Commission Hearing)

Application of Ladd Petroleum Corp. for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota Pool of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8135: (Continued from May 15, 1984 Commission Hearing)

Application of Veryl F. Moore for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Pictured Cliffs formation of Northwest New Mexico as provided in Section 62-7-5, NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8266: Application of Sun Exploration and Production for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota Pool as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8133: (Continued from May 15, 1984, Commission Hearing)

Application of Gulf Oil Exploration for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8105: (Continued from May 15, 1984, Commission Hearing)

Application of Conoco Inc. for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools of Northwest New Mexico as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.

CASE 8267: Application of Caulkins Oil Co. for exemption from the New Mexico Natural Gas Pricing Act (NMPA). Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota, Blanco-Mesaverde and Pictured Cliffs Pools as provided in Section 62-7-5 NMSA, 1978. To be considered will be the granting of these exemptions from the date of the filing of the application. A list of wells for which exemptions are being sought may be obtained by contacting the Oil Conservation Division's Santa Fe office. In the absence of objection, any such application for exemption which meets the criteria set forth in OCD Order R-5436 will be granted.



LTR



Job separation sheet

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 11 July 1984

7 EXAMINER HEARING

8 IN THE MATTER OF

9 Application of Alpha Twenty-One
10 Production Company for compulsory
pooling, Lea County, New Mexico.

CASE
8250
8251

11
12 BEFORE: Richard L. Stamets, Examiner

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14 TRANSCRIPT OF HEARING

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17 A P P E A R A N C E S

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19 For the Oil Conservation
20 Division:

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22 For the Applicant:

Robert H. Strand
Attorney at Law
ATWOOD, MALONE, MANN & TURNER
P. O. Drawer 700
Roswell, New Mexico 88201

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I N D E X

ROBERT WAYNE LANSFORD

Direct Examination by Mr. Strand	4
Cross Examination by Mr. Stamets	11

JOE ALEXANDER

Direct Examination by Mr. Strand	11
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E X H I B I T S

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Applicant Exhibit Four, Cost Sheet	7
Applicant Exhibit Five, Operating Agreement	8
Applicant Exhibit Six, Document	14

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MR. STAMETS: We'll call next Case 8250, being the application of Alpha Twenty-One Production Company for compulsory pooling, Lea County, New Mexico.

MR. STRAND: Mr. Examiner, Robert H. Strand of the firm of Atwood, Malone, Mann and Turner of Roswell, on behalf of the applicant.

Mr. Examiner, I would request that we also hear Case Number 8251 at the same time.

MR. STAMETS: If there is no objection I will call Case 8251 to be heard at this time.

This is the application of Alpha Twenty-One Production Company for compulsory pooling, Lea County, New Mexico.

Any other appearances in either of these cases?

You have two witnesses, Mr. Strand?

MR. STRAND: Yes.

MR. STAMETS: If they will both stand at this time, please.

(Witnesses sworn.)

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ROBERT WAYNE LANSFORD,

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

DIRECT EXAMINATION

BY MR. STRAND:

Q Would you please state your full name, please, your place of residence, and your occupation?

A Robert Wayne Lansford. I'm an engineer for Alpha Twenty-One Production Company and I reside at 908 Cochiti in Hobbs, New Mexico.

Q Mr. Lansford, have you previously testified before the Division and are your qualifications as an engineer a matter of record?

A Yes, sir.

MR. STRAND: Mr. Examiner, is Mr. Lansford considered qualified?

MR. STAMETS: Yes.

Q Mr. Lansford, would you briefly state the purpose of the applications in Cases Number 8250 and 8251?

A Alpha Twenty-One Production Company seeks an order pooling all unleased and uncommitted mineral interests underlying the northeast quarter of the southeast quarter of Section 32, Township 18 South, Range 37 East, Lea County, from the surface to the base of the Grayburg formation.

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Company seeks an order pooling all unleased and uncommitted mineral interests underlying the southeast quarter of the southeast quarter of Section 32, Township 18 South, Range 37 East, Lea County, from the surface to the base of the Grayburg formation.

Also, in each case Alpha Twenty-One requests that it be designated as operator of said pooled unit and that any orders entered therein make provision for allocation of well costs, a charge for supervision and a charge for risk.

Q Mr. Lansford, as well as performing your duties as an engineer for Alpha Twenty-One Production Company, are you also generally familiar with the operations of the company in drilling of its wells?

A Yes, sir, I am.

Q Mr. Lansford, I refer you to what we've designated as Exhibit Number One. Would you please describe that exhibit and what it shows?

A Okay. In Exhibit Number One we are looking at the northeast quarter of the southeast quarter of Section 32 and in Case Number 8251 we're looking at marked in red, also, the southeast quarter of the southeast quarter of Section 32.

Q Mr. Lansford, referring to the southeast quarter of the southeast quarter, has a well already been drilled on that 40-acre proration unit?

A Yes, sir, we have. It is designated as

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the Mike No. 1.

Q Mr. Lansford, I refer you to what we've marked as Exhibit Number Two. Would you please describe that?

A Okay. Exhibit Number Two is our well completion report, showing our cement, logs, perforation and stimulation that has been done on the Mike No. 1 Well.

Q Mr. Lansford, Alpha Twenty-One Production Company is the operator of that well?

A That is correct.

Q When was the well spudded?

A The well was spudded April 27th, 1984.

Q And when was it completed?

A June 9th, 1984.

Q Was the well completed as an oil well?

A Yes, sir.

Q And in what formation was it completed?

A It was completed in the Eumont, Eunice Monument Grayburg-San Andres Pool.

Q Was the well drilled to a deeper depth than the Grayburg formation?

A No, sir.

Q I refer you to Exhibit Number Three. Will you please describe that?

A Exhibit Number Three is our AFE for the proposed cost of drilling the Mike No. 1 Well.

Q Would you state for the record what the

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total estimated cost of that well was?

A Our total estimated cost was \$370,150.

Q Now I'll refer you to what we've marked as Exhibit Number Four. Would you please describe that?

A Exhibit Number Four is our actual cost for drilling and completion of the Mike No. 1 through June of 1984 and our cost at that point was \$343,219.

Q Do you anticipate any substantial additional costs for that well?

A Just a few minor costs, roustabout, painting, and surface equipment.

Q Mr. Lansford, in your opinion do these -- are these well costs for this type of well comparable to other wells you've been associated with drilled in southeast New Mexico --

A Yes, it is.

Q -- to a similar depth?

A Yes, sir.

Q Now, with regard to the Case Number 8250, the northeast quarter of the southeast quarter of Section 32, is it the intent of Alpha Twenty-One Production Company to drill a well to a similar depth on that tract?

A Yes, sir.

Q And would you anticipate the estimated cost for that well to be approximately the same?

A Yes, sir, it should be.

Q Mr. Lansford, I refer you to Exhibit Num-

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ber Five. Will you please describe that?

A Our Exhibit Number Five is our operating agreement covering the southeast quarter of the southeast quarter of the northeast quarter of the southeast quarter of Section 32 and other lands.

Q Does this operating agreement cover the two tracts that we've requested the pooling orders for?

A Yes, sir, it does.

Q Mr. Lansford, have you examined this operating agreement and are you familiar with the persons who have committed their interests thereto?

A Yes, sir, I have.

Q Have all of the working interest owners under the leases covering these tracts, as well as the unleased mineral interests, committed their interest to this operating agreement with the exception of one Lena B. Rogers?

A That's correct.

Q And to your knowledge what interest does Lena B. Rogers own?

A She owns a 4.72 percent undivided mineral interest.

Q Mr. Lansford, our original application submitted in this case also indicated that Douglas Cone owned an undivided mineral interest which has not -- which was not committed to the agreement.

Has he since agreed to participate in the

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well that's already drilled as well as the well proposed to be drilled on the northeast quarter of the southeast quarter of Section 32?

A Yes, sir, he has so committed.

Q Mr. Lansford, are you familiar with the penalty provisions contained in this operating agreement relating to owners going nonconsent under subsequent wells to be drilled?

A Yes, sir, I am.

Q Will you state for the record what those penalty provisions are?

A Yes, sir. The penalty provisions are 200 percent of the cost of surface equipment, 100 percent of operating costs, and 300 percent of drilling costs.

Q Mr. Lansford, in your experience, would you -- would it be your opinion that these nonconsent penalties are similar to other operating agreements covering wells in southeastern New Mexico drilled to a similar depth?

A Yes, sir.

Q Mr. Lansford, in any order entered in this -- either of these cases, would you ask the Commission to allow Alpha Twenty-One Production Company the maximum allowable risk factor?

A Yes, sir, I would.

Q And that is 200 percent of cost?

A Yes, sir.

Q Also, relating to Exhibit Number Five,

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the operating agreement, are you familiar with the rates provided in the accounting procedure attached thereto for drilling overhead and producing overhead and supervision rates?

A Yes, sir. We charge a flat charge of \$2500 a well for the drilling overhead and \$300 a month for producing the well.

Q And is it your opinion that these are comparable to supervision rates provided for other wells drilled in southeastern New Mexico to a similar depth?

A Yes, sir.

Q And would you also request that in any orders entered in these cases that a similar supervision rates be provided for?

A Yes, sir.

Q Mr. Lansford, is it your opinion that granting of the applications in Cases Number 8250 and 8251 will promote conservation, prevent waste, and protect correlative rights?

A Yes, sir.

Q Mr. Lansford, were Exhibits Number One through Five prepared by you or directly under your supervision?

A Yes, they were.

MR. STRAND: I have no further questions of Mr. Lansford.

MR. STAMETS: Will some other

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witness indicated what efforts have been made to contact the lady?

MR. STRAND: Yes.

CROSS EXAMINATION

BY MR. STAMETS:

Q What kind of a well did you get on that Mike No. 1?

A At the present time it's flowing between 23 through 28 barrels a day, oil; half barrel of water.

Q And your estimated cost for the second well would be essentially the same as the first well.

A Yes, sir.

MR. STAMETS: Are there any other questions of this witness? He may be excused.

JOE ALEXANDER,

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

DIRECT EXAMINATION

BY MR. STRAND:

Q Please state for the record your name, where you reside, and what your occupation is.

A My name is Joe Alexander. I reside at 1204 Sparks, Midland, Texas, and I'm an independent landman.

Q Mr. Alexander, have you ever testified

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before the Division in the past?

A No, I have not.

Q Would you briefly state your educational background and your experience as an independent consultant landman?

A Well, in 1980 I retired out of the U. S. Navy and moved to Midland, Texas, and at that time I underwent an intensive training program under the tutelage of Mr. Walter Holton and Mr. Bob Phipps.

Subsequent to that Mr. Phipps and I formed a partnership known as Phipps and Alexander Oil and Gas Properties and I have performed basically all facets of the land work for various and sundry exploration companies in Texas and New Mexico.

MR. STRAND: Mr. Examiner, are Mr. Alexander's qualifications acceptable as a landman?

MR. STAMETS: Yes.

Q Mr. Alexander, are you familiar with the applications in Cases Number 8250 and 8251 that Mr. Lansford has testified to?

A Yes, I am.

Q Are you also familiar with the mineral ownership under the two tracts involved, the southeast quarter of the southeast quarter and the northeast quarter of the southeast quarter of Section 32?

A Yes, I am.

Q As part of your employment in this matter

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by Alpha Twenty-One Production Company, did you obtain leases from mineral owners underlying these tracts?

A Yes, I did.

Q And did you also check records in Lea County to determine as best you could what this mineral ownership was?

A Yes, I did.

Q In carrying out these duties did you determine after you had taken your leases that there remained any uncommitted, nonleased mineral interests?

A Yes, there was.

Q Would you please state for the record what those interests were?

A The one interest that remains unleased is the interest of Lena B. Rogers.

Q And will you state again for the record the extent of that interest?

A I believe it's a 4.2 percent undivided mineral interest.

Q 4.7.

A 4.72 percent, I'm sorry.

Q Mr. Alexander, were your record checks also confirmed by a drilling title opinion for the Mike No. 1 Well?

A Yes, they were.

Q I refer you to what we've marked as Exhibit Number Six. Could you please describe that?

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2 A Exhibit Number Six is a document that
3 I've drafted which briefly outlines the procedures that we
4 have taken in trying to locate Lena B. Rogers.

5 Q Would you briefly go through those steps
6 --

7 A All right.

8 Q -- that you've taken?

9 A Well, basically the steps we took were in
10 August, 1983 our first step, as usual, is to check with the
11 long distance operator for a telephone number. There was no
12 listing.

13 Q Let me interrupt for a moment. Have you
14 had any indication at all where Lena B. Rogers might have
15 resided?

16 A Yes, we had from a previous mineral
17 lease, we knew that Lena B. Rogers had at one time resided
18 in Los Angeles County, California.

19 Q And that was the extent of any known ad-
20 dress?

21 A And that was the extent of any address at
22 all that we had on her.

23 Q Okay, if you would proceed then with --

24 A Okay. On the 11th of August we checked
25 with the reception books of Lea County, New Mexico, to see
where the lease that she had previously signed was returned
to. It was returned to Lovington Abstract Company.

We checked with the abstract company and

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2 they said that this was part of Gordon Holmes estate and had
3 been transferred to the GMC Company offices.

4 We checked with them. They had a record
5 of Lena Rogers but no address.

6 Q What was the date of that prior lease, do
7 you remember? What year?

8 A I do not right offhand. I do not.

9 Q Was it some years ago?

10 A Yes, it was; the early 1950s, I believe.

11 On 30 September we searched the Midland
12 County Library for a city directory or telephone listings in
13 the Los Angeles area and we could find none.

14 On the 9th of September made phone calls
15 to the Los Angeles City and County Tax Offices to see if
16 there was any record of Lena B. Rogers. They had none.

17 We sent requests on the 6th of October,
18 we sent requests to the California Bureau of Vital Statis-
19 tics requesting a death certificate.

20 On the 3rd of November they answered and
21 they had no record based on the information that we had.

22 On the 15th of November we hired -- we
23 employed Preferred Claim Service International, which is an
24 investigative service that specializes in locating hard to
25 find people.

On the 20th of February they reported
negative results and their report is an attachment to this.

On the 29th of February we went again to

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the Lea County Reception books to see where the original deed for Albert E. Rogers, Lena Rogers' husband was returned to, and it was returned to Rogers Pattern in Los Angeles, California.

We again went back to current city directories and Rogers Pattern no longer exists.

On the 23rd of May we contacted Petro-Lewis Corporation, which was a previous lessee on this tract of land, and had the previous lease we've spoken of from Lena Rogers. They said that they had made several attempts to locate Mrs. Rogers and her heirs and they had -- they were unsuccessful and they did provide me with a copy of a letter, which is an attachment here, they had sent to the depository bank indicated on the prior lease and it was returned, no longer at this address.

Q Mr. Alexander, your report would indicate that you continued to make attempts to find Ms. Rogers even after the Mike No. 1 Well had been drilled, is that correct?

A Yes, sir.

Q And are you continuing at the present time --

A We are.

Q -- to follow up on any leads --

A Yes, sir.

Q -- you might obtain on her address, and will you continue to do so throughout the drilling of --

A Yes, sir.

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Q -- the additional proposed well on the northeast quarter of the southeast quarter?

A Yes, sir.

Q Mr. Alexander, was Exhibit Number Six prepared by you or under your supervision?

A Yes, it was.

MR. STRAND: Mr. Examiner, I would move admission of Exhibits One through Six.

MR. STAMETS: These exhibits will be admitted.

MR. STRAND: I have no further questions.

MR. STAMETS: Are there any questions of the witness? He may be excused.

Anything further in either of these cases?

The cases will be taken under advisement.

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

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 8250/8251 heard by me on 7-11 1984.
[Signature], Examiner
Oil Conservation Division