

Case Number.

4159

Application

Transcripts.

Small Exhibits

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

June 25, 1969

EXAMINER HEARING

IN THE MATTER OF:)

Application of Southwestern)
Natural Gas Company, Inc. for)
an unorthodox oil well location,)
Lea County, New Mexico.)

Case 4159

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 4159.

MR. HATCH: Case 4159, application of Southwestern Natural Gas Company, Inc. for an unorthodox oil well location, Lea County, New Mexico.

MR. EATON: Paul Eaton of the firm of Hinkle, Bondurant and Christy, of Roswell, representing the Applicant. We have one witness, Mr. Gist.

(Thereupon, Applicant's Exhibits 1 through 6 were marked for identification.)

MONTY GIST

called as a witness by the Applicant, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. EATON

Q Please state your name, residence, occupation, and your employer?

A I am Monty Gist, employed as a Geologist with Southwestern Natural Gas in Midland, Texas.

Q Are you familiar with the application of Southwestern Natural Gas in this Case?

A Yes, I am.

Q Are you familiar with the property involved in this Case and the geology of the immediate area?

A Yes, I am.

Q Have you previously testified before the Commission

as a Petroleum Geologist, and have had your qualifications accepted?

A I have.

Q Mr. Gist, what does Southwestern Natural Gas seek by its application?

A Southwestern Natural Gas seeks approval for an unorthodox location in the North Anderson Ranch field, Lea County, New Mexico.

Q Is it your understanding that the field Rules provide the well locations shall be in either the southwest quarter or the northeast quarter of a quarter section?

A Yes, sir.

Q Mr. Gist, please refer to what has been marked as Exhibit No. 1, and state what that reflects?

A Exhibit No. 1 is the lease ownership plat of the North Anderson Ranch area of Lea County. It shows the wells in the North Anderson Ranch area. It shows the producing wells, as well as the dryholes on and adjacent to the acreage that has been assigned to Southwestern Natural Gas, which is indicated in yellow on the plat.

Q Do you understand that the North Anderson Ranch-Wolfcamp pool extends slightly down into Township 16 South, Range 32 East?

A Yes, it takes up in the north half of the two sections that are cut off here at the base of this plat.

Q Exhibit No. 1 does reflect, does it not, a dryhole in the southwest quarter-northwest quarter of Section 27?

A Yes, it does.

Q Please refer to what has been marked as Exhibit No. 2, and state what that exhibit represents?

A Exhibit No. 2 is a structural plat on top of an A zone marker in the North Anderson Ranch-Wolfcamp pool. The marker, itself, extends down through the North Anderson Ranch, proper. It is a structural contour map, contoured on top of this marker. The contoured interval is 50 feet as indicated on the plat.

The acreage outlined in yellow is the acreage of Southwestern Natural Gas. As you can clearly see on the structural plat, in the area of interest, we are looking at the dip in a southeastward direction.

Q You have shown on this exhibit the proposed location of your well in red, is that correct?

A Yes, that's correct.

Q By the reference to A zone, what do you mean?

A The A zone is a subdivision of the -- it is the upper subdivision of the Anderson Ranch North field pay. Now, the Commission does not bring this out, but it can be divided. The Anderson Ranch North pay can be broken down into two porosity stringers, and this structure map on top of the upper stringer, or the upper pay marker, let me

rephrase that, it is the upper pay marker, because the marker is present over the Anderson Ranch, North Anderson Ranch area, but the pay is not always present.

Q This exhibit also reflects in Sections 28, 27, and 34 a dashed line. What does that dashed line represent?

A This dashed line is a structural cross section that extends through the wells indicated by the dashed line. This section will be Exhibit No. 6.

MR. HATCH: May I interrupt? What is the proposed dedicated acreage?

THE WITNESS: The dedicated acreage is the east half of the northwest quarter.

Q Do you have anything else to say in connection with Exhibit No. 2?

A No, sir.

Q Please refer then to what has been marked as Exhibit No. 3, and state what this represent?

A Exhibit No. 3 is a map of the net porosity for zone A. This is the indicated log porosity. Contoured interval is ten feet here. As you can see, the northwest and southeast, you are losing your porosity. You have a narrow band or bank type stratigraphic porosity development in the upper zone of the Anderson Ranch-Wolfcamp pay.

Q Do you have anything else to state with respect to this Exhibit?

A No, sir.

Q Please refer to what has been marked as Exhibit No. 4, and state what it represents?

A Exhibit 4 again is a structure map on top of B zone. The B zone is below the A zone. Again, the B zone is in the Anderson Ranch-Wolfcamp pay. As you can see, the structural contours conform fairly regularly with that of the A zone.

Q Is it a fair statement to make that the B zone structural type to the southeast is more severe than the A zone?

A It is slightly more severe with the interpretation we have on that, it is slightly steeper.

Q Referring to Exhibit 5, please state what that represents?

A Exhibit No. 5 is a net gross porosity isopach, with the indicated log porosity on the B zone of the Anderson Ranch-North Wolfcamp pay. Again, here we are dealing with the stratigraphic type trap, a stratigraphic reservoir, porosity pinching out to the northwest, and we are having a bare type, if you want to refer to this as a similarity to a bare sand porosity type development within a carbonate bank of the Anderson Ranch-Wolfcamp pay.

Q This Exhibit would indicate that that Chambers

and Kennedy dryhole in the southwest quarter of the northwest quarter of Section 27 was completely out of the porosity zone?

A That's correct.

Q These Exhibits 2, 3, 4, and 5 have all reflected this dashed cross section line, is that correct?

A Yes.

Q Now, would you refer to Exhibit No. 7, and explain in some detail what this represents?

A Exhibit No. 6 is a northwest-southeast cross section across the northern portion of the Anderson Ranch North field. It starts with the Sinclair No. 1 State in Section 28. It goes down through the Union Oil Company No. A-2 State.

It has the Chambers and the Kennedy No. 1 Champlin State in Section 27 projected into it. It continues southeast through the JohnEisner No. 1 State, and on down to a dryhole in Section 34, the Stolz and Company No. 1 Standard State.

Starting with the northeast with the Sinclair well, I will describe it in detail. The zones on the cross section are indicated A and B. As I have mentioned previously, both zones are productive. The Commission prorates them as one unit.

Q Could I interrupt and ask you a question. Do some

wells in the North Anderson Ranch pool produce from the A zone only?

A Yes.

Q Do some produce from the B zone only?

A Yes, sir.

Q And do some produce from both zones?

A Yes. You can follow the zonation down through these lines of cross section, both A and B.

Q What does this show with respect to the Sinclair well?

A This cross section shows the productive interval that exists in the Union well with respect to a tight A zone in the Sinclair well. Likewise, this relationship in the A zone can be followed through the other wells, the Chambers and Kennedy well, which is projected in at an indicated 8 feet of pay or porosity. The well was abandoned by Chambers and Kennedy as a dryhole. It shows no porosity in the A zone in the Eisner well, and it shows no porosity in the A zone in the Stolz No. 1 Standard State.

Now, the B zone, as indicated on the cross section, is present only as a marker. There is no porosity in the Sinclair well, or the Union well, nor the Chambers and Kennedy well. The Eisner well had porosity, good porosity developed in the B zone, as did the Stolz No. 1 Standard State.

This, more than anything else, shows you the stratigraphic relationship of the porosity development in the North Anderson Ranch pay.

Q What are the microlog designations at the bottom of the Exhibit intended to reflect?

A They are intended to reflect the microlog indicated porosity, to be interpreted as microlog porosity where you have separation on the microlog, itself.

Q Now, Mr. Gist, based on the A and B zone structure and porosity Exhibits, and this structural cross section Exhibit, what opinions do you have, one, with respect to the entire northwest quarter of Section 27 being productive, and two, with respect to a well location to obtain the optimum production or optimum drainage from this area, and three, with respect to a well possibly being located on the Eisner acreage on the northeast quarter of the southwest quarter of Section 27? First, what is your opinion with respect to the entire northwest quarter of Section 27 being productive?

A Based on our best geological evidence at this time, we feel the east half of this Section would be non-productive.

Q East half or west half?

A Or the west, pardon me. I will repeat that. The west half.

Q Of the northwest quarter?

A Of the northwest quarter would be non-productive from a commercial standpoint.

MR. UTZ: Which zone are you talking about?

THE WITNESS: I am talking about the Anderson Ranch.

MR. UTZ: A zone or B zone?

THE WITNESS: Both.

Q (By Mr. Eaton) Now, with respect to the east 80, which is the east half of the northwest quarter in Section 27, what is your opinion?

A We feel the entire east half of the northwest quarter will be productive.

Q As to one or both of the zones you have testified are in existence?

A This would be the optimum well in the southeast quarter, with the proration unit comprised of the east half of that northwest quarter. We feel both zones would be penetrated at their optimum conditions and development.

Q What are your thoughts with respect to a well being located by Eisner in the northeast quarter-southwest quarter of Section 27, as compared to your proposed location directly north?

A According to our geological interpretation, we feel the well at our proposed location would be more ideally

situated to obtain the maximum possible reservoir column.

Q Would your proposed well be structurally higher or lower than an Eisner well?

A We feel we would get structurally higher. We feel we would pick up additional pay in the A zone. That is additional pay with respect to our location by Eisner in the southwest quarter.

Q The two closest wells to the proposed location are the Eisner well in the southwest quarter of Section 27, and the Union well in the northeast quarter of the southeast quarter of Section 28. Do you know the cumulative production of each of those wells?

A As of January 1, 1969, the Union well in Section 28 had produced in excess of 224,000 barrels. As of that same date, the Eisner well had produced in excess of 250,000 barrels of oil.

Q Do you know when the Eisner well was completed?

A November 14, 1962.

Q About six-and-half-years ago?

A Yes, sir.

Q I believe you testified this is all State of New Mexico acreage in Section 27?

A That's correct.

Q Has there been any indication to you or to your Company that Eisner intends to drill a well in that northeast

location on his acreage?

A No, sir, our Company has had no indication that they plan to.

Q Do you know what the approximate cost of a Wolfcamp well is in this area?

A It would run somewhere around \$100,000.

Q If your Company is not able to obtain approval for this unorthodox location, would it proceed to drill a well in the northeast quarter-northwest quarter of Section 27?

A No, sir, we would not.

Q Why wouldn't you?

A Because at the cost of a Wolfcamp well, and the additional risk by moving farther away from our control, we feel we could not justify a well at that location.

Q If you completed a commercial well in the proposed unorthodox location, would it tend to drain the Eisner acreage immediately south of it?

A It would certainly drain an undetermined area of extent. It would be hard to say whether we would drain Eisner here or not. It is a matter of correlative rights here, both for Southwestern Natural Gas and for the State of New Mexico.

Q Is it a fair statement to make that if you did obtain a commercial well, that Mr. Eisner would drill a direct offset if he felt that he could obtain a commercial

well?

A He could certainly -- we are aware of this. He could certainly move up and offset us to the south, if he felt he would justify that and if he so desired.

Q Have waivers from all offset operators other than Mr. Eisner been furnished to the Commission, insofar as you know?

A Yes.

Q Those offset operators are, as I understand it, Aztec, Union Oil, Atlantic Richfield, and Midwest?

A That's correct.

Q Do you believe that approval of the proposed unorthodox location would protect correlative rights and prevent waste?

A Yes, I do.

Q Have these Exhibits been prepared by you or under your supervision?

A Yes, they have.

MR. EATON: Mr. Examiner, we move the admission of Exhibits 1 through 6 into evidence.

MR. UTZ: Without objection, Exhibits 1 through 6 will be entered into this record.

(Thereupon, Applicant's Exhibits 1 through 6 were admitted in evidence.)

MR. EATON: I have no further questions of the witness.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Gist, do you recall how close to the quarter section boundary you can get in accordance with the Rules?

A In accordance with the Rules, we can get within 330 feet of the line, and we are within that distance.

Q So the unorthodox part of that request is the quarter quarter section you are drilling in, only?

A That's correct.

Q How much farther north would Southwest be willing to drill, to move away from the offsetting acreage?

A Right now we would prefer not to move any farther north. We feel we are at the optimum location for hitting both sands, at a favorable development.

Q I understand this, but I am asking how much farther north would you recommend to your Company that you drill this well and spend \$100,000 to drill it?

A I would recommend not drilling the well if we had to move farther north.

Q Any distance at all?

A Well, within -- you are going to be within the realm of reason and within our geological picture if you move no farther than 100. I think we would have no objection to

that, but as far as moving out of that quarter quarter, I would not recommend it.

Q Even if you moved up to the center of the 660, you have that much confidence in this porosity maps, is that right, they are accurate within 330 feet?

A They are interpretative.

Q Now, on your A zone, you show your zero porosity. In other words, it shows that you have vertically all of the east half of the northwest quarter within the porosity of the A zone. And on the B zone, there is quite a little bit of it that you show not in the same unit, but both of these units are in the pool?

A That is true, that is why we want to stay in the southeast quarter quarter, because here we have a much better chance of getting pay from both zones.

Q I don't remember now who drilled the dryhole in the southwest of the northwest.

A That was James Kennedy. That was their No. 1 Champlin State.

Q Did they get any DST at all?

A That DST covering an interval from 9,893 to 10,093 had gas in the five minutes at the rate of 400 Mcf. It recovered 1,850 feet of mud cut oil. This was not commercial, and they elected not to complete it, and abandoned the well.

Q The interpretation on the map, that DST would be

in the B zone or A zone?

A That would be in the A zone.

MR. UTZ: Any other questions of the witness?

MR. HATCH: Mr. Thompson, do you have any questions?

MR. THOMPSON: No.

MR. UTZ: The witness may be excused. Does this complete your Case, Mr. Eaton?

MR. EATON: Yes, sir, I might make a very short statement.

MR. HATCH: Are you planning on testifying, Mr. Thompson?

MR. THOMPSON: Yes.

MR. HATCH: Would you rather save your statement until Mr. Thompson testifies?

MR. EATON: Yes. I am sorry, I didn't realize this. I have no further questions of this witness.

MR. UTZ: The witness may be excused.

J. PETE THOMPSON

called as a witness in his own behalf, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HATCH:

Q Would you identify yourself for the record, please?

A I am J. P. Thompson, the operator of the John J.

Eisner properties in Lea County, New Mexico in this Case.

Q You are representing yourself, then?

A Yes, I don't have very much. I will read this statement. This is addressed to Mr. Elvis A. Utz, Oil Conservation Commission.

"Gentlemen: I would like to read the following prepared statement for the records of this Hearing. We are basing our objections to the drilling on an unorthodox oil well location in Lea County because the proposed location is presently illegal, and production from this location would possibly lower the production from a well I operate in the west half of the southwest quarter of Section 27, Township 15 South, Lea County, New Mexico. In addition, I represent people who have the east half of the southwest quarter, Section 27, Township 15 South, Lea County, New Mexico, and it is possible that these people will want to drill on this location in the future, and a well at the unorthodox location could jeopardize production on said properties which I represent.

"I do not plan to attempt to prove that there would be a loss of production on properties I manage, because I feel it would be impossible to prove that we would or would not be damaged.

"The offset properties which I manage next to the unorthodox oil well location are owned by eight different people with equal interests. It is my belief

that I would need unanimous consent from these eight owners in order to sign a waiver allowing the unorthodox well to be drilled without jeopardizing my operating agreement and possibly subjecting myself to legal action. The first owner I questioned elected not to approve the signing of the waiver; therefore, I did not pursue the matter further."

I have one other statement here that won't be entered into the record. Let the record show that I, J. Pete Thompson, as the operator of the Anderson Ranch Wolfcamp North Sinclair State IM-271532 (E-6565) except to any ruling the Examiner and/or the Oil and Gas Commission granting a permit for the drilling of an unorthodox oil or gas well to be drilled by the Southwestern Natural Gas Company, Inc. 2,310 feet from the north line and 1,980 feet from the west line of Section 27, Township 15 South, Range 32 East, North Anderson Ranch Wolfcamp pool, Lea County, New Mexico. I object to this unorthodox oil location under these proceedings and any stage hereof, and I do reserve all legal rights incident hereto.

As I pointed out here in this statement, we don't want to be contrary about this, and yet we don't know -- I want you to understand the position I am in on this thing. I represent other people, and, in other words, we are approaching this thing from a legal standpoint rather than a geological standpoint, because we do not know about whether we would be

harmful or not. I would like to say this in regard to the statement Mr. Gist made. It is very possible that at the present time we could be draining oil from their properties. On the other hand, we feel that our well is legal, and we have no objection to them drilling where it is legal. Like I say, on the other 80-acre spacing, we do not know at the present whether these people would want to drill later or not.

MR. UTZ: You are now speaking of the east half of the southeast quarter?

THE WITNESS: Yes, sir. That would be the east half of the southwest quarter, yes. That is really all I have, as far as any formal statement that I have on the matter. I will attempt to answer any questions these gentlemen here might have, or that you gentlemen might have with regard to this matter.

MR. UTZ: Mr. Thompson, if Southwest drilled a well on this proposed location and made a good well, would that have any bearing on what your clients would want to do with the east half of the southwest quarter?

THE WITNESS: I would be afraid to make any definite statement on that. I tell you why they haven't drilled in the past. They felt like if they drilled there, it would only take away from the present well, and there wouldn't be any additional production gained in the long

run. That is the reason they have given me for not already drilling.

MR. UTZ: They think it is draining 160 acres, then, either that or they presume the production wouldn't pay for the drilling. Now, I believe that those wells run around 10,000 right around in there. I believe to complete a well there, and a single well, batteries and everything concerned, would be in the neighborhood of \$200,000. So it is a matter of economics.

Is the Eisner well a top allowable well on 80 acres now?

THE WITNESS: It has an allowable of 55 barrels of oil per day, but it is down around 30 barrels of oil per day now. That is all it is actually producing. It was a real good well for several years. I believe they put a pump on that in January of 1968. But it has gradually dropped off since that time.

MR. UTZ: Has the well paid out? Oh, yes, I believe around 250,000 barrels, you mentioned that.

MR. GIST: As of January 1st, yes.

THE WITNESS: We are producing now approximately 900 barrels per month.

MR. UTZ: How many wells are in this pool?

THE WITNESS: The whole pool, I don't know for sure how much would be on that pool.

MR. UTZ: Do you know the answer to that question, Mr. Gist?

MR. GIST: Not exactly.

MR. UTZ: Do you have any opinion, either one of you, as to how much the top allowable was?

THE WITNESS: I sure don't.

THE GIST. No.

MR. UTZ: What does either one of you know about the permeability in this pool?

THE WITNESS: I don't know much about it. I have been operating these properties since August of 1968, and we haven't gone into any -- they drilled on the east half of that property, and so we haven't had any occasion really to make a study of that.

MR. UTZ: Did you have any information, Mr. Gist, as to the permeability?

MR. GIST: No, sir, I have not measured permeability, and we are not familiar with any of the well testing.

MR. UTZ: How did you get your porosity?

MR. GIST: Those porosities were arrived at from logs, gamma ray acoustic velocity logs and oral micrologs. They are porosity tools.

MR. UTZ: The microlog doesn't show permeability?

MR. GIST: Well, I haven't calculated the permeability, as far as drainage areas. No permeability has been arrived

at from the micrologs.

MR. UTZ: Any further questions of Mr. Thompson or Mr. Gist? The witness may be excused. Any statements in this Case?

MR. EATON: Yes, sir. It appears that six-and-a-half years have elapsed since Mr. Eisner completed his well. From what Mr. Thompson has stated, I gather that Mr. Eisner and his people don't have any plans to develop his second location, and apparently are of the opinion that it would be non-productive or that it would drain his existing well. Southwestern Natural Gas is of the opinion that it can go in and make a producing well. It would only go in if it could drill at this unorthodox location.

It appears to me that unless the unorthodox location is approved, that the chances of further development of this State lease are extremely slim. We feel that the evidence in the record would warrant the Commission, if it so desires, to approve the application. That is all.

MR. UTZ: Any other statements? The Case will be taken under advisement, and the Hearing is adjourned.

I N D E XWITNESSESPAGE

MONTY GIST

Direct Examination by Mr. Kelly

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Cross Examination by Mr. Utz

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J. PETE THOMPSON

Direct Examination by Mr. Hatch

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EXHIBITSMARKEDADMITTED IN
EVIDENCEApplicant's Exhibits 1
through 6

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STATE OF NEW MEXICO)
) SS.
 COUNTY OF BERNALILLO)

I, SAMUEL MORTELETTE, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Samuel R. Mortelette

I do hereby certify that the foregoing is a complete record of the proceedings in the Eminent Hearing of Case No. 4157 heard by me on June 23, 1969.
[Signature] Examiner
 New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

July 10, 1969

Mr. Paul Eaton
Hinkle, Bondurant & Christy
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4159
Order No. R-3790
Applicant:
Southwestern Natural Gas Co.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other Mr. J. Pete Thompson

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4159
Order No. R-3790

APPLICATION OF SOUTHWESTERN NATURAL
GAS COMPANY, INC., FOR AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 25, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of July, 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, Southwestern Natural Gas Company,
Inc., seeks authority to drill a well at an unorthodox oil well
location 2310 feet from the North line and 1980 feet from the
West line of Section 27, Township 15 South, Range 32 East, NMPM,
North Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico.

(3) That the Special Rules and Regulations governing the
North Anderson Ranch-Wolfcamp Pool provide that the initial well
on any 80-acre unit shall be located on either the NE/4 or the
SW/4 of a governmental quarter section, such well to be located
no closer than 330 feet to the boundary lines of the quarter-
quarter section in which the well is located; except, however,

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CASE No. 4159

Order No. R-3790

that all wells located south of the common line formed by Townships 15 and 16 South shall be located on either the NW/4 or the SE/4 of a governmental quarter section.

(4) That the proposed location, in the SE/4 NW/4 of said Section 27, is an off-pattern quarter-quarter section location.

(5) That the applicant proposes to dedicate the E/2 NW/4 of the aforesaid Section 27 to the subject well.

(6) That the productivity of approximately 5 acres in the northwest corner of the NE/4 NW/4 of the aforesaid Section 27 is doubtful in the North Anderson Ranch-Wolfcamp Pool.

(7) That the evidence indicates that a well drilled at the proposed non-standard location in the SE/4 NW/4 of said Section 27 should result in greater ultimate recovery of oil than a well drilled at a standard location, thereby preventing waste.

(8) That the correlative rights of offset operators will be impaired if the subject well is assigned a standard allowable for the subject pool.

(9) That approval of the proposed unorthodox location will not violate correlative rights and will afford the applicant the opportunity to produce its just and equitable share of the oil from the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste, provided the subject well, in order to offset any advantage gained by the applicant over other producers by reason of said unorthodox location, receives no more than 94 percent of a standard allowable for the North Anderson Ranch-Wolfcamp Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Southwestern Natural Gas Company, Inc., is hereby authorized to drill a well for the production of oil at an unorthodox oil well location 2310 feet from the North line and 1980 feet from the West line of Section 27, Township 15 South, Range 32 East, NMPM, North Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico;

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CASE No. 4159
Order No. R-3790

PROVIDED HOWEVER, that the subject well shall be assigned no more than 94 percent of a standard allowable for said 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.


STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



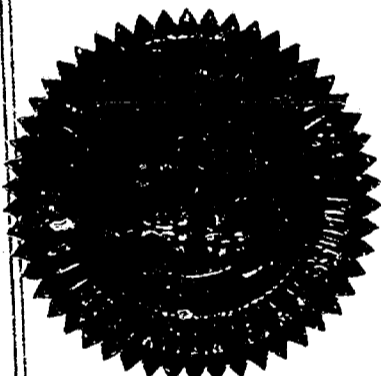
DAVID F. CARGO, Chairman



ALEX J. ARMILLO, Member



A. L. PORTER, Jr., Member & Secretary



esr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2507
Order No. R-2212

APPLICATION OF UNION OIL COMPANY OF
CALIFORNIA FOR AN ORDER CREATING A
NEW OIL POOL, ESTABLISHING SPECIAL
RULES AND REGULATIONS FOR SAID POOL,
AND CONTRACTING THE ANDERSON RANCH-
WOLFCAMP POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 28, 1962, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 18th day of April, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Union Oil Company of California, seeks the creation of the North Anderson Ranch-Wolfcamp Pool comprising acreage in Sections 28, 32 and 33, Township 15 South, Range 32 East, and Section 2, Township 16 South, Range 32 East, all in Lea County, New Mexico, and the establishment of Special Rules and Regulations for said pool, including a provision establishing 80-acre proration units therein.

(3) That the applicant further seeks the contraction of the Anderson Ranch-Wolfcamp Pool by the deletion of certain portions of the above-described sections.

(4) That the evidence indicates that the proposed North Anderson Ranch-Wolfcamp Pool and the Anderson Ranch-Wolfcamp Pool are two separate and distinct reservoirs which are separated by an impermeable zone.

-2-
CASE No. 2507
Order No. R-2212

(5) That the evidence indicates that one well in the North Anderson Ranch-Wolfcamp Pool will efficiently and economically drain in excess of 80 acres.

(6) That 80-acre proration units should be established in said pool with an 80-acre proportional factor of 4.77.

IT IS THEREFORE ORDERED:

(1) That the North Anderson Ranch-Wolfcamp Pool, consisting of the following-described acreage, is hereby created:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 15 SOUTH, RANGE 32 EAST

Section 28: S/2 SW/4, SE/4

Section 32: E/2 E/2

Section 33: W/2, NE/4

TOWNSHIP 16 SOUTH, RANGE 32 EAST

Section 2: Lots 1, 2, 7 and 8

(2) That the Anderson Ranch-Wolfcamp Pool is hereby contracted by the deletion of the following-described acreage:

NEW MEXICO PRINCIPAL MERIDIAN

TOWNSHIP 15 SOUTH, RANGE 32 EAST

Section 28: S/2 SW/4, SE/4

Section 32: E/2 SE/4

Section 33: W/2, NE/4

TOWNSHIP 16 SOUTH, RANGE 32 EAST

Section 2: Lots 1, 2, 7 and 8

(3) That Special Rules and Regulations for the North Anderson Ranch-Wolfcamp Pool are hereby promulgated as follows, effective May 1, 1962:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH ANDERSON RANCH-WOLFCAMP POOL

RULE 1. Each well completed or recompleted in the North Anderson Ranch-Wolfcamp Pool or in the Wolfcamp formation within one mile of said pool, and not nearer to nor within the limits of another designated Wolfcamp Pool, shall be spaced, drilled, operated and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the North Anderson Ranch-Wolfcamp Pool shall be located in a unit containing

-3-
CASE No. 2507
Order No. R-2212

80 acres, more or less, which unit shall contain two governmental quarter-quarter sections, or lots, joined by a common bordering side; 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 allowable for all wells in the North Anderson Ranch-Wolfcamp Pool shall be determined by applying the following formula:

$$\text{Allowable for the unit} = \left[\frac{\text{Normal unit Allowable}}{40} \times \frac{40\text{-acre proportional factor (3.77)}}{40} \right] + \left[\frac{\text{Normal unit Allowable}}{40} \times \frac{\text{No. of acres in unit} - 40}{40} \right]$$

RULE 4. (The initial well on any 80-acre unit in said pool shall be located on either the NE/4 or the SW/4 of a governmental quarter section, such well to be located no closer than 330 feet to the boundary lines of the quarter-quarter section in which the well is located; except, however, that all wells located south of the common line formed by Townships 15 and 16 South shall be located on either the NW/4 or the SE/4 of a governmental quarter section.) Any well drilled in the subject pool prior to the date of this order is hereby granted an exception to the well location requirements of this order.

RULE 5. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing where the application is for a non-standard unit comprising a single quarter-quarter section or lot. 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 of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the North Anderson Ranch-Wolfcamp Pool as the acreage in such non-standard unit bears to 80 acres.

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

-4-
CASE No. 2507
Order No. R-2212

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

Case 4159

Heard 5-25-69.

Rec. 8-2-69.

Grant SW request for
on NSL in J. Henderson-
Rough - W.C. Pool.

Rules call for SW & NE 1/4's
to be drilled. Operator wants to
drill in SE 1/4.

SW did not show that
all of E/2 NE/4 was produced
in & wants a structural
advantage. on Basis of
#3. I recommend that the
det. ac. be 75% factor of
75/80 or .94 factor.

The Thompson interests
can drill a well offsetting
to protect their interest.

Thompson

Docket No. 18-69

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 25, 1969

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4151:

Application of Northern Natural Gas Company for the suspension of certain provisions of Rules 14 (A) and 15 (A) of Order No. R-1670, as amended, of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico. Applicant, in the above-styled cause, seeks suspension, for a period of one year from July 1, 1969, of those provisions of Rules 14 (A) and 15 (A) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide, respectively, for the cancellation of unproduced allowable and the shutting-in of over-produced wells. Applicant seeks said suspension for the Blinebry, Eumont, Jalmat, Monument-McKee, and Tubb Gas Pools.

CASE 4152:

Application of Anadarko Production Company for an amendment of Order No. R-3628, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3628, which authorized the institution of a waterflood project in the Loco Hills Sand Unit Area, Loco Hills Pool, by the injection of water through certain wells located in Township 18 South, Range 29 East, Eddy County, New Mexico. Applicant seeks to delete 3 injection wells located or to be located in Section 4 of said Township and Range and to substitute in lieu thereof the following 3 wells in said Section 4:

A well to be drilled 2460 feet from the North line and 180 feet from the East line;

A well to be drilled 1980 feet from the South and West lines;

A well to be drilled 10 feet from the South line and 1650 feet from the West line.

Applicant further seeks a procedure whereby other injection wells may be substituted administratively for those previously authorized in order to have an efficient injection pattern.

CASE 4141:

(Readvertised)

Application of McCasland Disposal System for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the

Seven Rivers formation in the intervals from approximately 3756 feet to 3851 feet and from approximately 3918 feet to 3939 feet, respectively, in the Getty Oil Company J. H. Day Wells Nos. 1 and 2, both located in the NW/4 of Section 6, Township 22 South, Range 36 East, Jalmat Field, Lea County, New Mexico.

CASE 4153:

Application of Amerada 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 Wolfcamp and Pennsylvanian formations in the interval from approximately 9508 feet to 10,000 feet in its L. W. Ward Well No. 5 located in Unit J of Section 11, Township 13 South, Range 38 East, Bronco-Wolfcamp Pool, Lea County, New Mexico.

CASE 4107:

(Continued from the April 23, 1969 Examiner Hearing)
Application of Coastal States Gas Producing Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Sawyer-San Andres Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

CASE 4144:

(Continued from the June 4, 1969, Examiner Hearing)
Application of Sam G. Dunn Oil Operations for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from approximately 1910 feet to 1950 feet in its E. Faircloth "C" Well No. 1 located in Unit N of Section 32, Township 7 South, Range 27 East, Acme-San Andres Pool, Chaves County, New Mexico.

CASE 4154:

Application of Pan American Petroleum Corporation for a pool creation and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Blinebry oil pool for its State "C" Tract 11 Well No. 3 located in the NW/4 SE/4 of Section 2, Township 21 South, Range 36 East, Lea County, New Mexico, and for the assignment of an oil discovery allowable in the amount of approximately 28,510 barrels to said well.

CASE 4155:

Application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said

(Case 4155 continued)

exception would be for the applicant's wells located in Sections 28 and 33, Township 19 South, Range 32 East, Lusk Field, Lea County, New Mexico. Applicant seeks authority to dispose of salt water produced by said wells in unlined surface pits in said sections.

CASE 4156: Application of Jack L. McClellan for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's wells located in the SE/4 and NE/4, respectively, of Section 13 and 24, Township 15 South, Range 29 East, Sulimar-Queen Pool, Chaves County, New Mexico. Applicant, seeks authority to dispose of salt water produced by said wells in unlined surface pits located in said quarter sections.

CASE 4157: Application of Texaco Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Eunice-Monument Unit Area comprising 1516 acres, more or less, of State and fee lands in Township 20 South, Ranges 36 and 37 East, Lea County, New Mexico.

CASE 4158: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Eunice-Monument Unit Area by the injection of water into the Grayburg and San Andres formations through 18 wells located in Section 24, Township 20 South, Range 36 East, and in Sections 19, 20, 21, 29 and 30, Township 20 South, Range 37 East, Eunice-Monument (Grayburg-San Andres) Pools, Lea County, New Mexico.

CASE 4159: Application of Southwestern Natural Gas Company, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill at an unorthodox oil well location 2310 feet from the North line and 1980 feet from the West line of Section 27, Township 15 South, Range 32 East, North Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico.



ATLANTIC RICHFIELD COMPANY
North American Producing Division
SINCLAIR OIL CORPORATION
P. O. Box 1470
MIDLAND, TEXAS 79701

PH 1 12
JUN 19 1969

June 13, 1969

SOUTHERN REGION (WEST TEXAS)
DOMESTIC OIL & GAS DIVISION

New Mexico Oil Conservation Commission
Secretary Director
A. L. Porter, Jr.

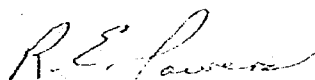
Santa Fe, New Mexico 87501

Re: Examiner Hearing 6-25-69
Case #4159

Dear Sir:

This is to advise that Atlantic Richfield Company, as Working Interest Owner of the SE/4 Section 27, T-17-S, R-32-E, Lea County, New Mexico, hereby waives objection to the application of Levin & Manulik for a non-standard location in the SE/4 NW/4 of Section 27.

Yours very truly,


R. E. Powers
Region Engineer

EHW:occ

cc: Levin & Manulik
219 Mid-America Bldg.
Midland, Texas 79701

GENERAL OFFICES
1700 BROADWAY
DENVER 2, COLORADO

MIDWEST OIL CORPORATION

1500 WILCO BUILDING
MIDLAND, TEXAS

AM 9 04
JUN 20 1969

DIVISION OFFICE
1200 CONTINENTAL NATIONAL
BANK BUILDING
FORT WORTH 2, TEXAS

June 20, 1969

gmg

Oil Conservation Commission
Santa Fe
New Mexico 87501
Attention: Mr. A. L. Porter, Jr.

Re: Case No. 4159

Gentlemen:

Southwestern Natural Gas proposes to drill a well at a location in SE/4 of NW/4 of Section 27-15S-32E, Lea County, New Mexico.

Midwest Oil Corporation has no objection to the drilling of this unorthodox location. We own State of New Mexico Lease No. L-1629 which covers W/2 of NE/4 of Section 26-15S-32E.

Very truly yours,

J. R. Rowan
J. R. Rowan
District Landman

JRR:rs
cc: Southwestern Natural Gas
900 Building of the Southwest
Midland, Texas
Attention: Mr. Monty Gist

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL
CHAIRMAN OF THE BOARD

R. W. MCFALL
PRESIDENT

SYMBOLS

DL=Day Letter
NL=Night Letter
LT=International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

LA046 NSC154

NS MDA045 DJ PD=4 EXTRA MIDLAND TEX 28 1107A
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BLDG SANTA FE NMEX

ATTENTION: DIRECTOR = THIS IS TO ADVISE THAT UNION OIL COMPANY OF CALIFORNIA DOES NOT HAVE ANY OBJECTION TO SOUTHWESTERN NATURAL GAS INC. DRILLING A 10,300 FOOT WOLFCAMP TEST IN THE SE/4 NW/4 SECTION 27, 15S, 32E, LEA COUNTY, NEW MEXICO

UNION OIL CO OF CALIF SAMUEL C. TERRY ASSISTANT
MANAGER OF LANDS

DOCKET MARKED

Date 6-12-69

WU1201 (R2-65)

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

ARTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING
DALLAS, TEXAS 75202

J. Pete Thompson

LAND DEPARTMENT
KENNETH A. SWANSON, MANAGER

May 27, 1969

MAIN OFFICE

'69 MAY 28 PM 1 22

*SM A
file Case 4159*

New Mexico Oil Conservation Commission
Land Building
Santa Fe, New Mexico

Attention: Mr. Dan Nutter

Re: NM-258
Southwestern Natural Gas Request
for Non-Standard Location in
North Anderson Ranch Field,
Lea County, New Mexico

Gentlemen:

Aztec Oil & Gas Company has no objection to Southwestern Natural Gas Company's proposed Pennsylvanian test in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 27, Township 15 South, Range 32 East, Lea County, New Mexico.

This letter may be considered our waiver in respect to such non-standard location.

Yours very truly,

Kenneth A. Swanson

KAS:nl

cc - Southwestern Natural Gas Company
444 Bank of the Southwest Building
Midland, Texas

DOCKET MAILED

Date 6-12-69

OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

June 12, 1969

C
O
P
Y

Southwestern Natural Gas Company, Inc.
900 Bank of the Southwest Building
Midland, Texas 79701

Attention: Mr. Monty Gist

Re: Case 4159 - Application of Southwestern
Natural Gas Company, Inc., for an unor-
thodox oil well location, Lea County,
New Mexico

Gentlemen:

As the above-described case has been set for
hearing on June 25, 1969, you should file with the
Commission a written application in accordance with
Rule 1203 of the New Mexico Oil Conservation Com-
mission Rules and Regulations. A copy of the Rules
and Regulations is enclosed for your convenience.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/ear
Enclosure

THOMPSON OPERATING COMPANY
1208 Great Plains Building
Lubbock, Texas 79401

June 25, 1969

Mr. Elvis A. Utz, Examiner
Oil Conservation Commission
Santa Fe, New Mexico

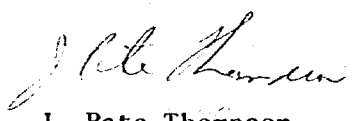
Gentlemen:

I would like to read the following prepared statement for the records of this hearing.

We are basing our objections to the drilling on an unorthodox oil well location in Lea County because the proposed location is presently illegal and production from this location could possibly lower the production from a well I operate in the W/2 of the SW/4 Section 27, Twp 15 South, Lea County, New Mexico. In addition I represent people who have the E/2 of the SW/4 Section 27, Twp 15 South, Lea County, New Mexico and it is possible that these people will want to drill on this location in the future and a well at the unorthodox location could jeopardize production on said properties which I represent.

I do not plan to attempt to prove that there would be a loss of production on properties I manage because I feel it would be impossible to prove that we would or would not be damaged.

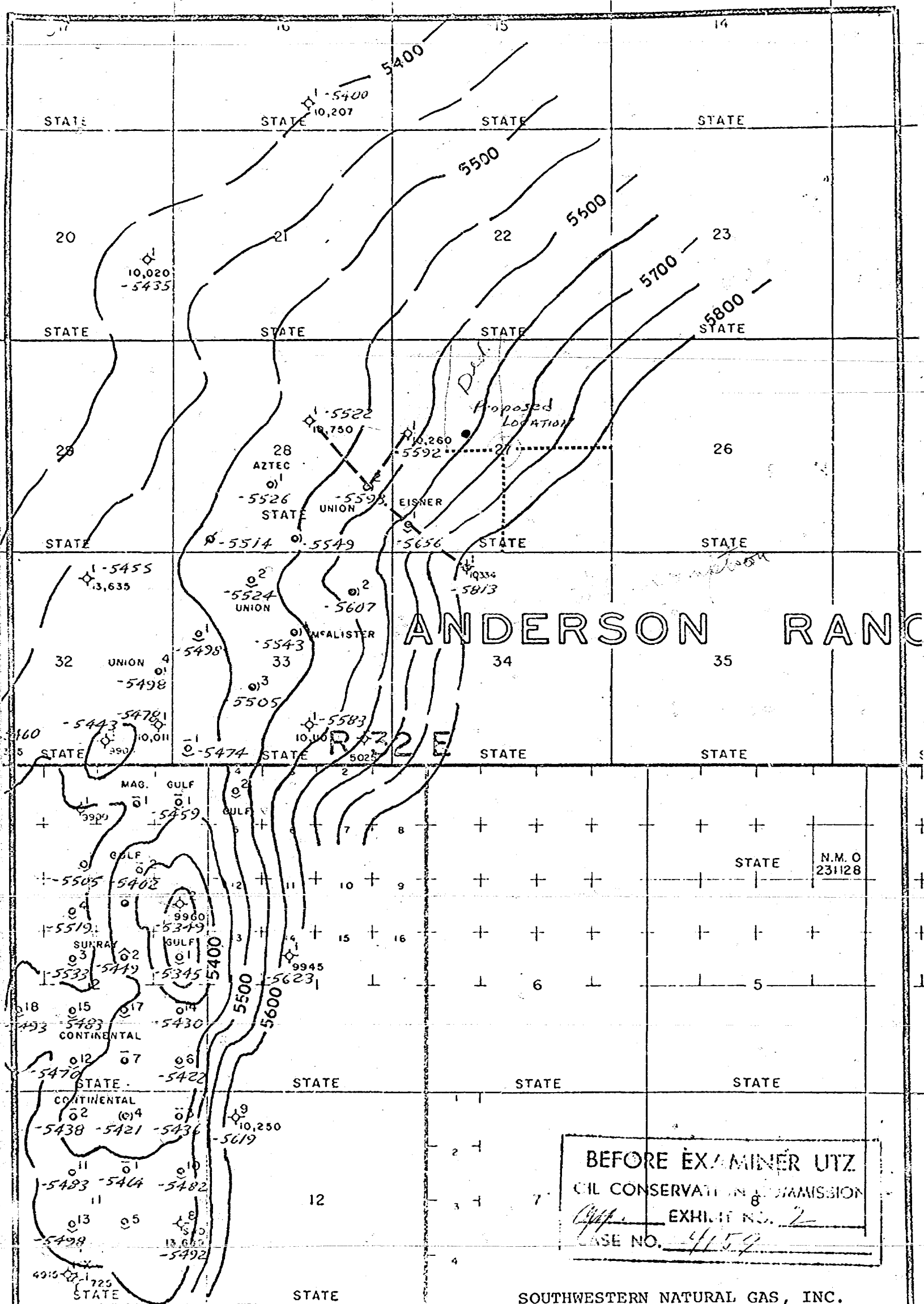
The offset properties which I manage next to the proposed unorthodox oil well location are owned by eight (8) different people with equal interests. It is my belief that I would need unanimous consent from these eight owners in order to sign a waiver allowing the unorthodox well to be drilled without jeopardizing my operating agreement and possibly subjecting myself to legal action. The first owner I questioned elected not to approve the signing of the waiver; therefore, I did not pursue the matter further.


J. Pete Thompson

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	1
CASE NO.	21159

Let the record show that I, J. Pete Thompson, as the operator of the Anderson Ranch Wolfcamp North Sinclair-State IM-271532 (E-6565) except to any ruling the examiner and/or the Oil and Gas Commission granting a permit for the drilling of an unorthodox oil or gas well to be drilled by the Southwestern Natural Gas Company, Inc., 231 feet from the North line and 1980 feet from the West line of Section 27, Township 15 South, Range 32 East, North Anderson Ranch Wolfcamp Pool, Lea County, New Mexico. I object to this unorthodox oil well location under these proceedings and any stage hereof; and I do reserve all legal rights incident hereto.

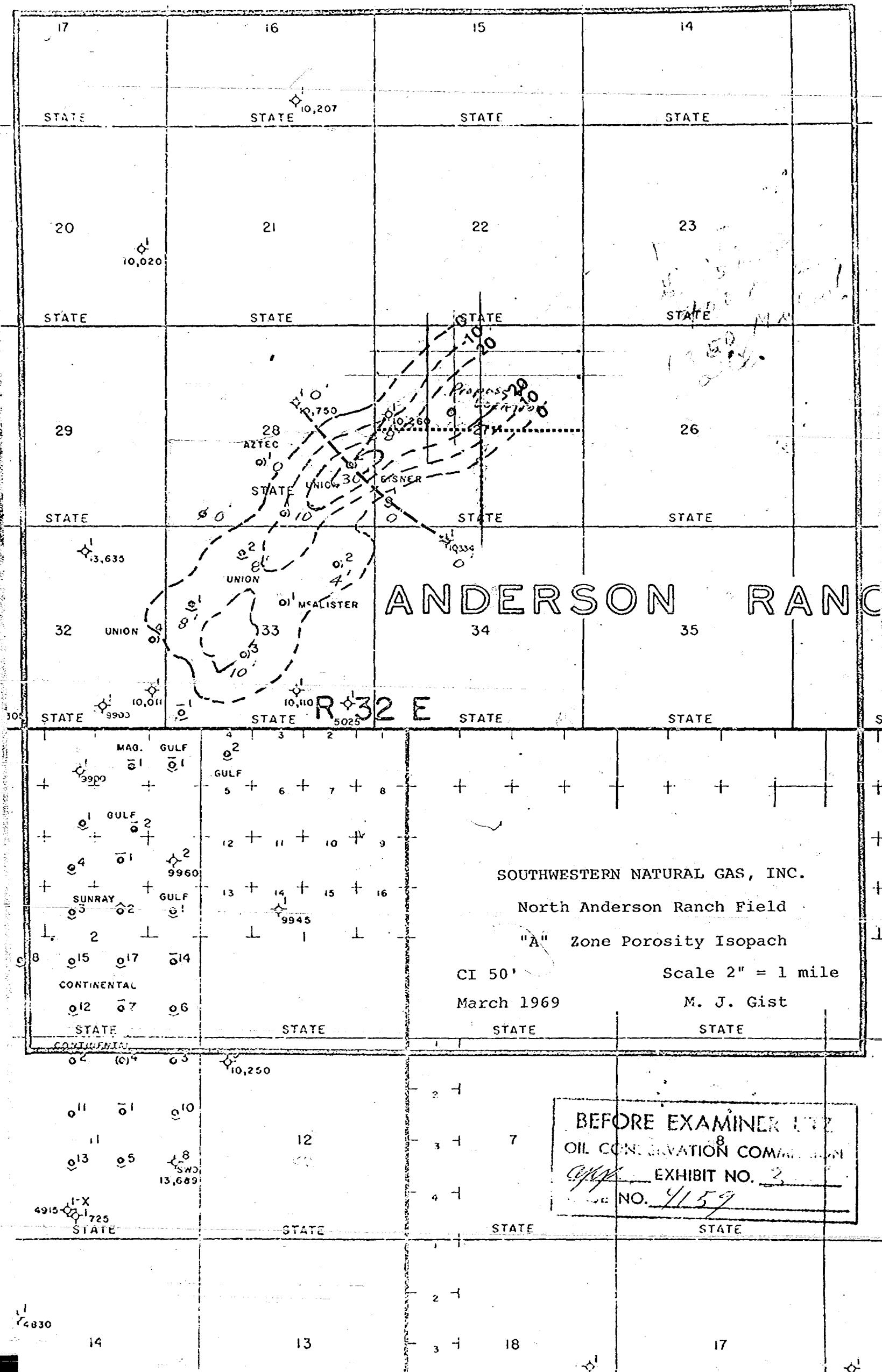

J. Pete Thompson

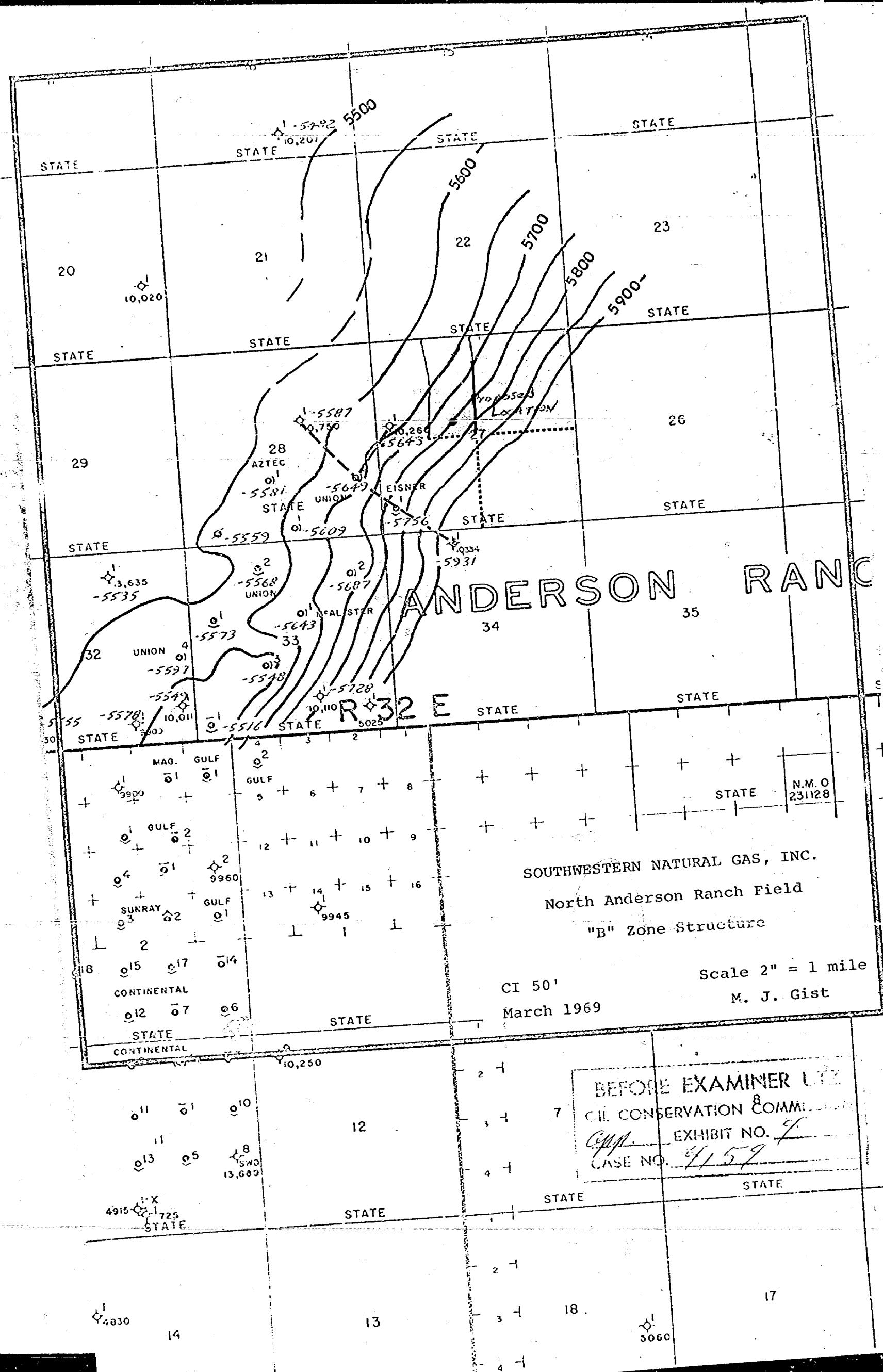


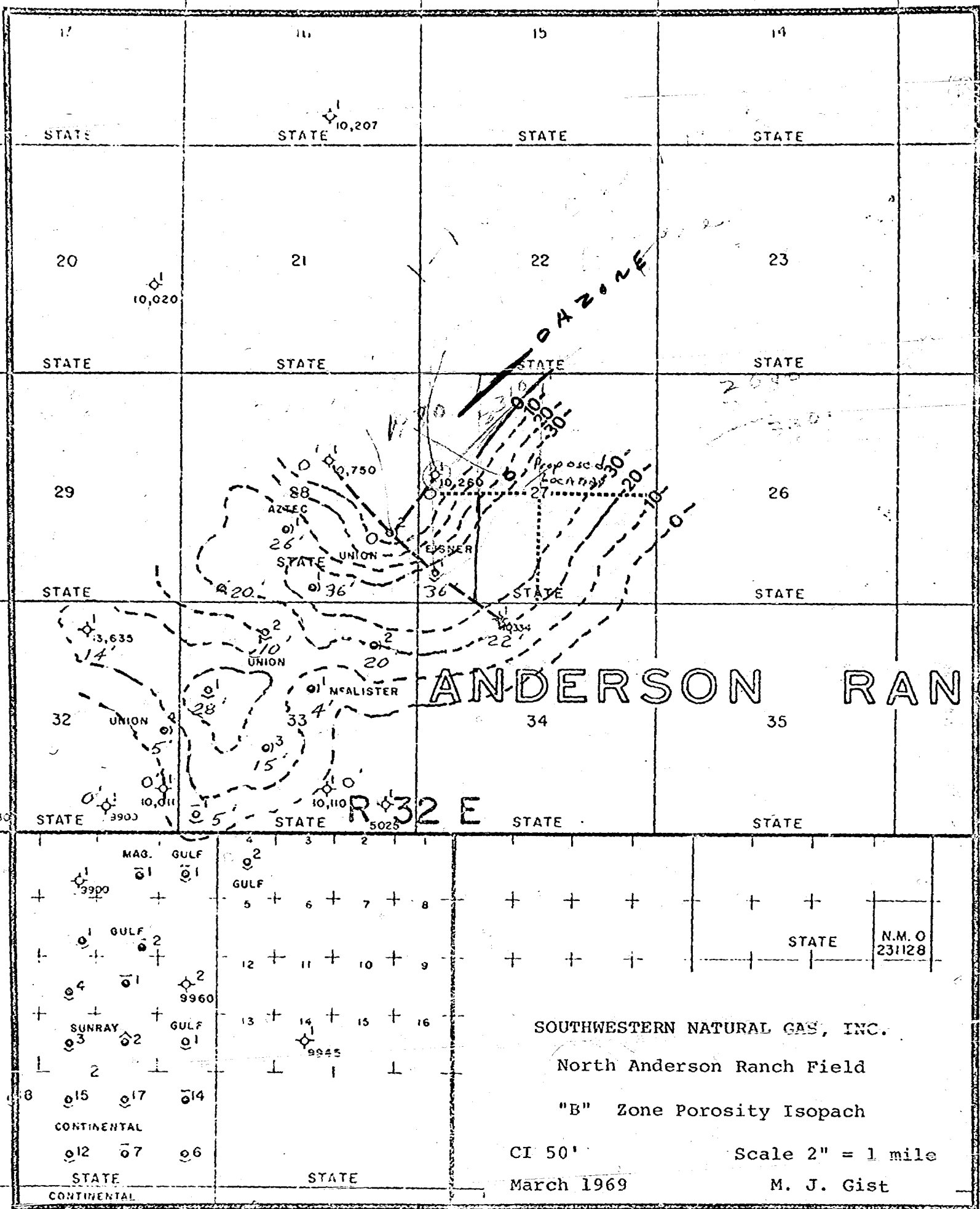
SOUTHWESTERN NATURAL GAS, INC.

North Anderson Ranch Field

"A" Zone Structure







BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 5
CASE NO. 4859

L.N. DUNNAVANT
VICE PRESIDENT AND
MANAGER OF OPERATIONS

SOUTHWESTERN NATURAL GAS, INC.
900 BUILDING OF THE SOUTHWEST
MIDLAND, TEXAS 79701

*file
Case 4159*

June 23, 1969

Oil Conservation Commission
State of New Mexico
P. O. Box 2083
Santa Fe, New Mexico 87501

Attention Mr. George M. Hatch

RE: Case 4159, Application for an Unorthodox Oil
Well Location, Anderson Ranch, North Field,
Lea County, New Mexico, by Southwestern Natural
Gas, Inc.

Gentlemen:

Southwestern Natural Gas, Inc. requests a hearing
before the Commission in Santa Fe on or before June 25, 1969,
for the purpose of obtaining approval to drill a 10,300 foot
Wolfcamp well in the Anderson Ranch, North Field at an un-
orthodox location. The proposed drillsite is located 2310
feet from the north line and 1980 feet from the west line
of Section 27, T-15-S, R-32-E, Lea County, New Mexico.

Yours very truly,

SOUTHWESTERN NATURAL GAS, INC.

Monty J. Gist

MONTY J. GIST
Chief Geologist

MJG:jan

DRAFT

GMH/esr
July 3, 1969

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

KID
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4159

John
Order No. R- 2790
7-369

APPLICATION OF SOUTHWESTERN NATURAL
GAS COMPANY, INC., FOR AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 25, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of July, 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, Southwestern Natural Gas Company,
Inc., seeks authority to drill a well at an unorthodox oil well
location 2310 feet from the North line and 1980 feet from the
West line of Section 27, Township 15 South, Range 32 East, NMPM,
North Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico.

(3) That the Special Rules and Regulations governing the
North Anderson Ranch-Wolfcamp Pool provide that the initial well
on any 80-acre unit shall be located on either the NE/4 or the
SW/4 of a governmental quarter section, such well to be located
no closer than 330 feet to the boundary lines of the quarter-
quarter section in which the well is located; except, however,

that all wells located south of the common line formed by Townships 15 and 16 South shall be located on either the NW/4 or the SE/4 of a governmental quarter section.

(4) That the proposed location, in the SE/4 NW/4 of said Section 27, is an off-pattern quarter-quarter section location.

(5) That the applicant proposes to dedicate the E/2 NW/4 of the aforesaid Section 27 to the subject well.

(6) That the productivity of approximately 5 acres in the northwest corner of the NE/4 NW/4 of the aforesaid Section 27 is doubtful in the North Anderson Ranch-Wolfcamp Pool.

(7) That the evidence indicates that a well drilled at the proposed non-standard location in the SE/4 NW/4 of said Section 27 should result in greater ultimate recovery of oil than a well drilled at a standard location, thereby preventing waste.

(8) That the correlative rights of offset operators will be impaired if the subject well is assigned a standard allowable for the subject pool.

(9) That approval of the proposed unorthodox location will not violate correlative rights and will afford the applicant the opportunity to produce its just and equitable share of the oil from the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste, provided the subject well, in order to offset any advantage gained by the applicant over other producers by reason of said unorthodox location, receives no more than 94 percent of a standard allowable for the North Anderson Ranch-Wolfcamp Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Southwestern Natural Gas Company,

Inc., is hereby authorized to drill a well for the production of oil at an unorthodox oil well location 2310 feet from the North line and 1980 feet from the West line of Section 27, Township 15 South, Range 32 East, NMPM, North Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico;

PROVIDED HOWEVER, that the subject well shall be assigned no more than 94 percent of a standard allowable for said 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.

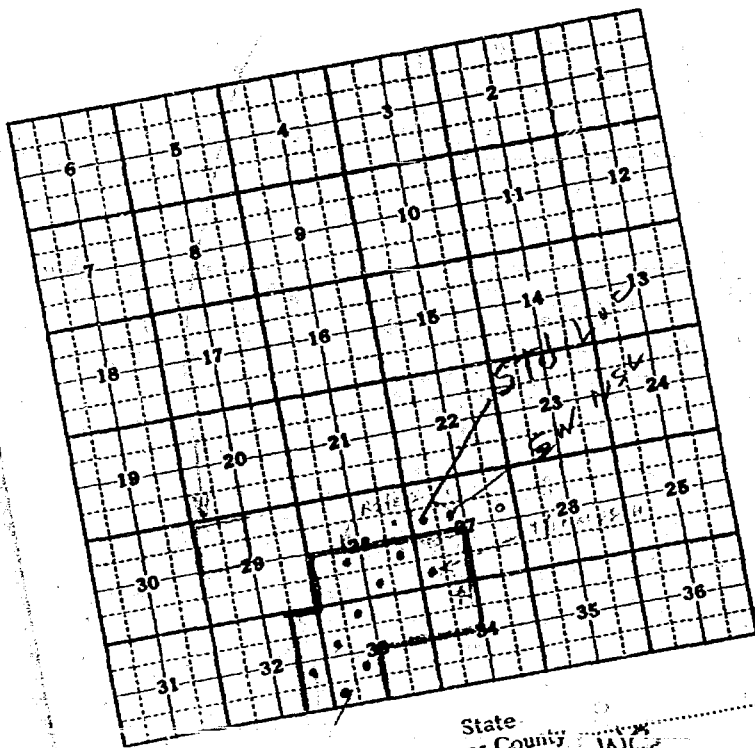
Name

Address

Remarks:

Ph.

FEATHER
WOLF CAMP

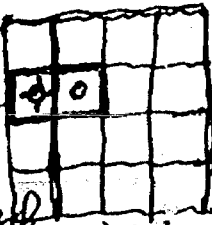


T R State
or County
ALABAMA RANDOLPH CO

DOCKET MARKED
Date 6-12-69
Deemmarant

2310 BNL
1990 FWL
27-15-32

~~Doc~~
Monty Gist (Midland)
add DOB re-entry Chambers & Kennedy



N Anderson Ranch Pool -
S 27 T 15 S R 32 E

SE 1/4 NE 1/4

SW. Nat. Gas

Area Code 915 - 684 7161

62 344 9
21
344 62 10
21

Spud date of June 15th
you own a

Geology

Extension - 24th June -
- Union oil - dia -
- Esnes - dia -

J. Pete Thompson
1208 Great Plains Bldg
Arlbock Tex

DOCKET MARKED
Date 6-12-69

Aztec Oil & Gas Co.
2000 1st Nat Bank Bldg
Dallas

Union Oil Co
Midland

CASE 4160: Application of ROGER C.
HANKS FOR POOL REDELINEATION,
ROOSEVELT COUNTY, NEW MEXICO.

RTISED TO THE JULY 23rd Examiner Hearing