

CASE 4313: Application of ATLANTIC
RICHFIELD FOR A NON-STANDARD GAS
PRORATION UNIT, LEA COUNTY.

Case Number

43 / 3

Application
Transcripts.

Small Exhibits

ETC.

dearnley-meier

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

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 25, 1970

EXAMINER HEARING

IN THE MATTER OF:)

Application of Atlantic Richfield)
Company for a non-standard gas pro-)
ration unit, Lea County, New Mexico.)

Case No. 4313

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please.

Case 4313.

MR. HATCH: Case 4313. Application of Atlantic Richfield Company for a non-standard gas proration unit, Lea County, New Mexico.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant and Christy, appearing on behalf of Atlantic Richfield. We have one witness.

(Witness sworn).

(Whereupon, Applicant's Exhibits 1 through 3 were marked for identification).

MR. UTZ: Other appearances? You may proceed.

MIKE OSBORNE

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence and by whom you are employed.

A My name is Mike Osborne. I reside in Roswell, New Mexico, and I am employed by Atlantic Richfield Company as an operation's engineer.

Q Are you a graduate petroleum engineer?

A Yes, I am.

Q Have you previously testified before the Commission?

A I have.

Q And qualified as a petroleum engineer?

A Yes, I have.

Q Your qualifications are a matter of record with the Commission?

A They are.

Q Are you familiar with the application of Atlantic Richfield in this case?

A Yes, I am.

Q What is Atlantic Richfield seeking to accomplish?

A Atlantic is applying for a 160-acre non-standard gas proration unit in the Blaine Gas Pool. This unit is to comprise the north half of the south half of Section 36, Township 21 South, Range 31 East of Lea County, New Mexico.

The unit is to be dedicated to Atlantic's State 367, Wells Number Two and Three, located respectively in Units "L" and "K" of said Section 36. In addition, we further seek authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proration.

Q Have you made a study of this particular area?

A Yes, I have.

Q Familiar with all the wells that have been drilled, Atlantic's Wells?

A Yes, I am.

Q Have you prepared or has there been prepared under your direction certain exhibits for introduction in this case?

A Yes. We have three exhibits.

Q Refer to Exhibit One and explain what this is and what it shows.

A Exhibit One is a general plat showing Atlantic Richfield's acreage in Section 36, Township 21 South, Range 37 East, with the proposed non-standard proration unit colored in red.

It also shows the Atlantic Richfield's State 367, Wells Number Two and Three and also all other wells that have been drilled in the vicinity.

Q Can you state briefly the history of Atlantic's Two and Three Wells?

A Yes, I can. Both of these wells were drilled in 1947 and completed as Drinkard producers. In 1955, the Number Three Well was recompleted as a dual gas well in the Blinebry and Tubb Zones.

At that time, it had a 160-acre non-standard proration unit assigned to it by Commission Order No. R-711. This 160-acre non-standard unit consisted of Units J, K, L and M. In 1965, the Number Two Well was recompleted and dualled as a Drinkard and Blinebry Oil Well.

At that time, the proration unit for the Number Three Well was reduced to 80 acres, consisting of units J and K. In December --

MR. HATCH: Was that reduced by any order? Is there an administrative order?

THE WITNESS: No. It was just reduced by the Commission through notice because of the completion of the Number Two Well as an oil well in the Blinebry zone. In December of last year, due to a high GOR test in the Number Two Well, it was reclassified as a Blinebry Gas Well in the Blinebry Pool and it is now producing with a 40-acre gas allowable comprising the 40 acres on which it is located.

Q (By Mr. Hinkle) Both wells are now gas wells?

A Both wells are now gas wells.

Q Does Atlantic have any other acreage other than the north half of the south half of 36?

A Well, as a part of that -- additional part of that lease, we also have the east half of the northeast

quarter of Section 36 and also the southwest quarter of the southwest quarter on which Well Number One is located.

Q Now, refer to Exhibit Two and explain to the examiner what this is and what it shows.

A Exhibit Two is a cross section of the Blinebry pay interval. It includes the Cities Service Owens Number 7 Well, which is the direct west offset of Atlantic's State 367 Number Two Well.

In addition, shown on this cross section are the Atlantic 367 Number Two and Number Three Wells progressing east. We have shaded in on this cross section five gross pay intervals in the Blinebry zone.

The purpose of doing this was to indicate that the pay was continuous across this area and that by extrapolating we can assume that the 80 acres of the 160-acre non-standard unit that don't have wells on them that that 80 acres also contains a pay.

Q Are these wells producing from all of these zones?

A I am not sure about the Cities Service Owens Number 7. I was unable to find where it was completed and what intervals in the Blinebry, although it is a Blinebry Oil Well.

The Number 27 Well is completed in the second, third and fourth intervals, shaded and the Number Three Well is completed in the first interval.

Q Do you have anything else with respect to this exhibit?

A Not at this moment. We will refer back to it.

Q Refer to Exhibit Number Three and explain what this shows.

A Exhibit Number Three is a structure map contoured on the top of the Blinebry and it shows in red the 160-acre non-standard unit, which we are requesting. If you will note on this cross section or on this structure map, excuse me, that the top of the Blinebry interval in the two easternmost 40-acre units ranges from about a minus 2300 feet to a minus 2400 feet.

The reason that I bring this up was that at one time there was some doubt in my mind as to whether these two units were gas productive, but what I have done is checked the completion interval of some gas wells in the area to show that they are gas productive below a minus 2400 feet.

Referring to the Pan American State C Number 5 Well, which is the direct north offset of our Number Two Well, this well was just recently recompleted. In fact, it was recompleted in May of 1969 through perforations ranging from 5566 to

5888, I believe.

It flowed 905 MCF per day with 200 barrels of condensate on initial test. It had a GOR of 50,000. The well is perforated into all five zones shown on the cross section and the lowest perforations are at a subsea depth of minus 2517. Referring now to --

MR. UTZ: What number well was that?

THE WITNESS: That was the Pan American State C Number 5.

MR. UTZ: That was perforated at a minus what?

THE WITNESS: Minus 2517 was the lowest perforation.

MR. UTZ: All right.

THE WITNESS: If you will note on the Atlantic 367 Number Two Well, that is perforated in the middle three zones; that its lowest perforations are at a minus 2493. Also in Section 1 of Township 22 South, Range 37 East, the Gulf Alice Paddock Number 5 Well in Unit "B" is perforated in the upper four intervals shown on the cross section and its lowest perforations are at a minus 2462.

All three of these wells that I have mentioned are presently gas producers in the Blinbry interval.

Q (By Mr. Hinkle) Do you conclude from that that all of the north half of the south half of 36 is productive

of gas?

A Yes. This is my conclusion.

Q In your opinion, will your two wells, two and three wells, effectively and efficiently drain the north half of the south half?

A Yes, I do believe they will. One other thing that I would like to mention at this time. The Tidewater or Getty State "Q" Well in Section 36 that's in Unit "N" at this time has a 120 acre non-standard proration unit consisting of their entire lease there.

Q That includes the south half of the southeast quarter of 36?

A Yes, it does.

Q Which is directly below your acreage?

A Right.

Q Do you have any further comments with respect to Exhibit Number Three?

A No, I don't.

Q Are you requesting that Atlantic be permitted to produce the allowable from these two wells in any prorations?

A Yes, we are. The reason for this is that the Number Two Well appears that it is a marginal status. The Number Three Well, if I can refer to its production for a moment,

produced 14,957 MCF of gas in October.

This is slightly above the average allowable for a 160-acre unit over the last year. The average allowable for a 160-acre Blinbry Unit was 14,843 MCF. This was averaged over the 12 months of 1969. The Number Two Well, as yet, we don't have a gas production test on it on a high pressure line.

However, in March of 1969, on a packer leakage test this well produced an average of 10,590 MCF per month, but it was necessary to draw the well down to a pressure of 146 PSI.

The anticipated high pressure line that we will produce this well into is -- its anticipated pressure is 460 PSI; so, we don't believe that it, by itself, would be able to produce the full 160 acre allowable.

Q In your opinion, would the approval of this non-standard proration unit tend to protect correlative rights?

A I believe that to be true.

Q And be in the interest of conservation and prevention of waste?

A Yes.

MR. HINKLE: We would like to offer in evidence Exhibits 1, 2 and 3.

MR. UTZ: Without objection, Exhibits 1, 2 and 3 will be entered into the record of this case.

MR. HINKLE: That's all.

MR. UTZ: Any questions of the witness? He may be excused. Excuse me just a moment.

What's the present dedicated acreage to the Number Three?

THE WITNESS: The Number Three Well present dedicated acreage is the northwest of the southeast and the northeast of the southwest. It is 80 acres.

MR. UTZ: Okay.

MR. HATCH: The only "R" Order or administrative order that have been issued on either of these wells is the R-711?

THE WITNESS: R-711.

MR. UTZ: Other questions? The witness may be excused.

(Witness excused).

MR. UTZ: Statements?

MR. HINKLE: Thank you very much.

MR. UTZ: The case will be taken under advisement.

The hearing is adjourned.

(Whereupon, the hearing was adjourned.)

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
MIKE OSBORNE	
Direct Examination by Mr. Hinkle	2

E X H I B I T S

Applicant's 1 through 3	2
-------------------------	---

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, GLENDA BURKS, 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.

Glenda Bunch
Notary Public

My Commission Expires:

March 12, 1973

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 4313,
heard by me on Sept. 25, 1920.
John A. [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

March 2, 1970

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

Re: Case No. 4313
Order No. R-3929
Applicant:
Atlantic Richfield

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

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. 4313
Order No. R-3929

APPLICATION OF ATLANTIC RICHFIELD COMPANY
FOR A NON-STANDARD GAS PRORATION UNIT, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 25, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Uts.

NOW, on this 2nd day of March, 1970, 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, Atlantic Richfield Company, is the
owner and operator of the State 367 Wells Nos. 2 and 3, located
in Unit L and K, respectively, of Section 36, Township 21 South,
Range 37 East, NMPM, Blinbry Gas Pool, Lea County, New Mexico.

(3) That the applicant seeks approval of a 160-acre non-
standard gas proration unit in the Blinbry Gas Pool comprising
the N/2 S/2 of said Section 36 to be simultaneously dedicated
to its aforesaid State 367 Wells Nos. 2 and 3.

(4) That the applicant further seeks authority to produce
the allowable assigned to the unit from either of the aforesaid
wells in any proportion.

-2-

CASE No. 4313
Order No. R-3929

(5) That the NE/4 SW/4 and NW/4 SE/4 of said Section 36 is presently dedicated to Well No. 3 in the Blinebry Gas Pool.

(6) That the NW/4 SW/4 of said Section 36 is presently dedicated to Well No. 2 in the Blinebry Gas Pool.

(7) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid State 367 Wells Nos. 2 and 3.

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

(9) That Order (1) of Order No. R-711 should be superseded.

IT IS THEREFORE ORDERED:

(1) That, effective March 1, 1970, a 160-acre non-standard gas proration unit in the Blinebry Gas Pool comprising the N/2 S/2 of Section 36, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Atlantic Richfield Company State 367 Wells Nos. 2 and 3, located in Units L and K, respectively, of said Section 36.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 160 acres and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

(3) That the status of said unit shall be the combined status, as of March 1, 1970, of the units presently dedicated to said Wells Nos. 2 and 3.

(4) That Order No. (1) of Commission Order No. R-711, which approved a non-standard Blinebry gas proration unit comprising a portion of the subject lands, is hereby superseded.

-3-

CASE No. 4313

Order No. R-3929

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

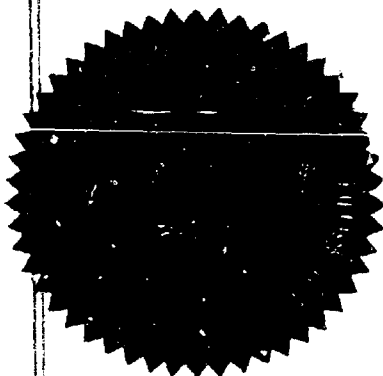
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMISO, Member


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



esr/

Case 4313

Leased, 2-25-70

Rec. 2-26-70

Grant Atlantic a Blinchy Gas
Pool NSP consisting of N/2 S/2
36-21-37. This is a dual well
unit. The dedicated wells are their
state 367 # 2 L - 36-21-37

— — — — —
— — — — —
The 2 is a recent oil well
which has gone to a high D.O.R.
& is ~~Marginal~~.

Well should be allowed to
produce ~~the unit~~ allowable in
any proportion.

—
E. M. O'Neil

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 25, 1970

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 4296: (Continued from the January 21, 1970 Examiner Hearing)
Application of S. P. Yates for a pressure maintenance project expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the S. P. Yates West McMillan Anderson Pressure Maintenance Project, authorized by Order No. R-3852, by the injection of water into the Queen formation through one additional well, the Anderson Well No. 3 located 2310 feet from the East line and 990 feet from the South line of Section 11, Township 20 South, Range 26 East, West McMillan-Seven Rivers-Queen Pool, Eddy County, New Mexico.
- CASE 4308: Application of Bill J. Graham for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the perforated interval from 4913 feet to 4961 feet in his U. S. Smelting Federal Well No. 5 located in Unit P of Section 22, Township 24 South, Range 32 East, Double X-Delaware Pool, Lea County, New Mexico.
- CASE 4309: Application of Mobil Oil Corporation for an amendment of Order No. R-3824, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3824 to permit the drilling of its Humphrey Queen Unit Well No. 13, a water injection well in its Langlie Mattix Humphrey Waterflood Project, at a non-standard location 1500 feet from the South line and 1220 feet from the East line of Section 4, Township 25 South, Range 37 East, Lea County, New Mexico, in lieu of the location authorized in said Order No. R-3824.
- CASE 4310: Application of Klabzuba, Munson and Seaman for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a wildcat oil well to the Devonian formation at an unorthodox location 700 feet from the East line and 2500 feet from the South line of Section 13, Township 10 South, Range 27 East, Chaves County, New Mexico.

CASE 4311: Application of C. E. Long for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests from the surface down to the base of the Seven Rivers formation underlying the S/2 of the NE/4 of Section 31, Township 21 South, Range 36 East, Lea County, New Mexico, to form two 40-acre proration units for Jalmat, Eumont, or South Eunice Oil production to be dedicated to a well to be re-entered in Unit H and a well to be re-entered or to be drilled at a standard location in Unit G of said Section 31 and/or to form an 80-acre non-standard gas proration unit in the event gas production is encountered in the Jalmat or Eumont Gas Pools. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4312: Application of U. S. Potash & Chemical Company, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to include the following-described lands in the Potash-Oil Area defined by said order:

EDDY COUNTY, NEW MEXICO

Township 23 South, Range 31 East,
Sections 19, 20, 27, 28, 29 and 30: All

CASE 4313: Application of Atlantic Richfield Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of 160-acre non-standard gas proration unit comprising the N/2 S/2 of Section 36, Township 21 South, Range 37 East, Blinbry Gas Pool, Lea County, New Mexico, to be dedicated to its State 367 Wells Nos. 2 and 3 located, respectively, in Units L and K of said Section 36. Applicant further seeks authority to produce the allowable assigned to said unit from either of the aforesaid wells in any proportion.

CASE 4314: Application of Coastal States Gas Producing Company for pool redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the W/2 and SE/4 of Section 21, Township 13 South, Range 33 East, Lea County, New Mexico, from the Lazy J-Pennsylvanian Pool and the extension of the North Baum Upper Pennsylvanian Pool to include said deleted acreage.

- CASE 4315: Application of Pan American Petroleum Corporation for pool consolidation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of the Fowler-Lower Paddock and Fowler-Blinebry Pools, Lea County, New Mexico, into one pool. Applicant further requests that the consolidated pool be governed by rules presently applicable to the Fowler-Blinebry Pool.
- CASE 4316: Application of Pan American Petroleum Corporation for an un-orthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C 11 to permit the drilling of a well at an un-orthodox gas well location 330 feet from the North and East lines of Section 11, Township 23 South, Range 26 East, South Carlsbad-Strawn, Atoka, and-Morrow Gas Pools, Eddy County, New Mexico. The N/2 of said Section 11 to be dedicated to the well.
- CASE 4317: Application of Union Oil Company of California for the creation of a new gas pool and special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres gas pool for its Federal "18" Well No. 2 located 660 feet from the South and East lines of Section 18, Township 8 South, Range 38 East, Roosevelt County, New Mexico, and for the promulgation of special rules therefor, including provisions for 160-acre spacing units and a casing program.



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
APP. EXHIBIT NO. 1
CASE NO. 4313

Proration Unit Requested

ATLANTIC RICHFIELD COMPANY
Application for Non
Standard Gas Proration Unit
Blaine Gas Pool
Lea County, New Mexico

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART O. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.

LAW OFFICES
HINKLE, BONDURANT & CHRISTY
600 HINKLE BUILDING
ROSWELL, NEW MEXICO 88201

February 4, 1970

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) MU 3-4691

TELEPHONE (505) 822-6510
POST OFFICE BOX 10

70 FEB 5 PM 1 07

Enc 4213

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose in triplicate application of Atlantic Richfield Company for approval of a non-standard gas production unit in the Blinbry Gas Pool. This is the matter about which the writer spoke to Dan Nutter several days ago, and we understand that it has been set down for hearing at the examiner's hearing to be held on February 25.

Yours very truly,

HINKLE, BONDURANT & CHRISTY

By Clarence E. Hinkle
CH

CEH:cs
Enc.

DOCKET MAILED

Date 2-13-70

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF ATLANTIC RICHFIELD)
 COMPANY FOR APPROVAL OF A NON-)
 STANDARD GAS PRORATION UNIT TO)
 BE DEDICATED TO ATLANTIC RICHFIELD'S)
 STATE 367 WELLS 2 AND 3 LOCATED IN)
 UNITS K AND L OF THE N $\frac{1}{2}$ S $\frac{1}{2}$ SECTION)
 36, TOWNSHIP 21 SOUTH, RANGE 37 EAST)
 IN THE BLINEBRY GAS POOL, AND THAT)
 APPLICANT BE PERMITTED TO PRODUCE)
 ANY PORTION OF THE ALLOWABLE FROM)
 EITHER OR BOTH OF SAID WELLS)

Case 4313

Oil Conservation Commission
 Box 2088
 Santa Fe, New Mexico 87501

Comes Atlantic Richfield Company, acting by and through the undersigned attorneys, and hereby makes application for approval of a non-standard gas proration unit to be dedicated to Atlantic Richfield's State 367 Wells 2 and 3 located in Units K and L of the N $\frac{1}{2}$ S $\frac{1}{2}$ Section 36, Township 21 South, Range 37 East in the Blinebry Gas Pool, and that applicant be permitted to produce any portion of the allowable from either or both of said wells, and in support thereof respectfully shows:

1. That Atlantic Richfield is the owner of a certain oil and gas lease designated as State 367 covering the N $\frac{1}{2}$ S $\frac{1}{2}$ Section 36, Township 21 South, Range 37 East, N.M.P.M. Lea County, which is situated within the Blinebry Gas Pool. That Atlantic Richfield heretofore completed its No. 2 well located in Unit L of said oil and gas lease as an oil well and its No. 3 well located in Unit K as a gas well. That the No. 2 well has recently been reclassified as a gas well because of the oil-gas ratio and due to that fact applicant is desirous of dedicating the N $\frac{1}{2}$ S $\frac{1}{2}$ of said Section 36 to both of said wells and of producing the allowable from either or both of said wells. There is attached hereto, made a part hereof, and for purposes of identification marked Exhibit "A", a plat showing the location of the Atlantic Richfield State 367, together with said wells, and also the ownership of the surrounding acreage and the wells which have been completed in the vicinity thereof.

2. That to the best of applicant's knowledge and belief all of the N $\frac{1}{2}$ S $\frac{1}{2}$ of said Section 36 is productive of gas from the Blinebry Gas Pool and that the wells to which applicant seeks to dedicate said acreage will effectively and efficiently drain all of said acreage and it will be in the interest of protection of correlative rights and the prevention of waste.

3. Applicant requests that this matter be set down for hearing at the examiner's hearing on February 25, 1970.

Respectfully submitted,

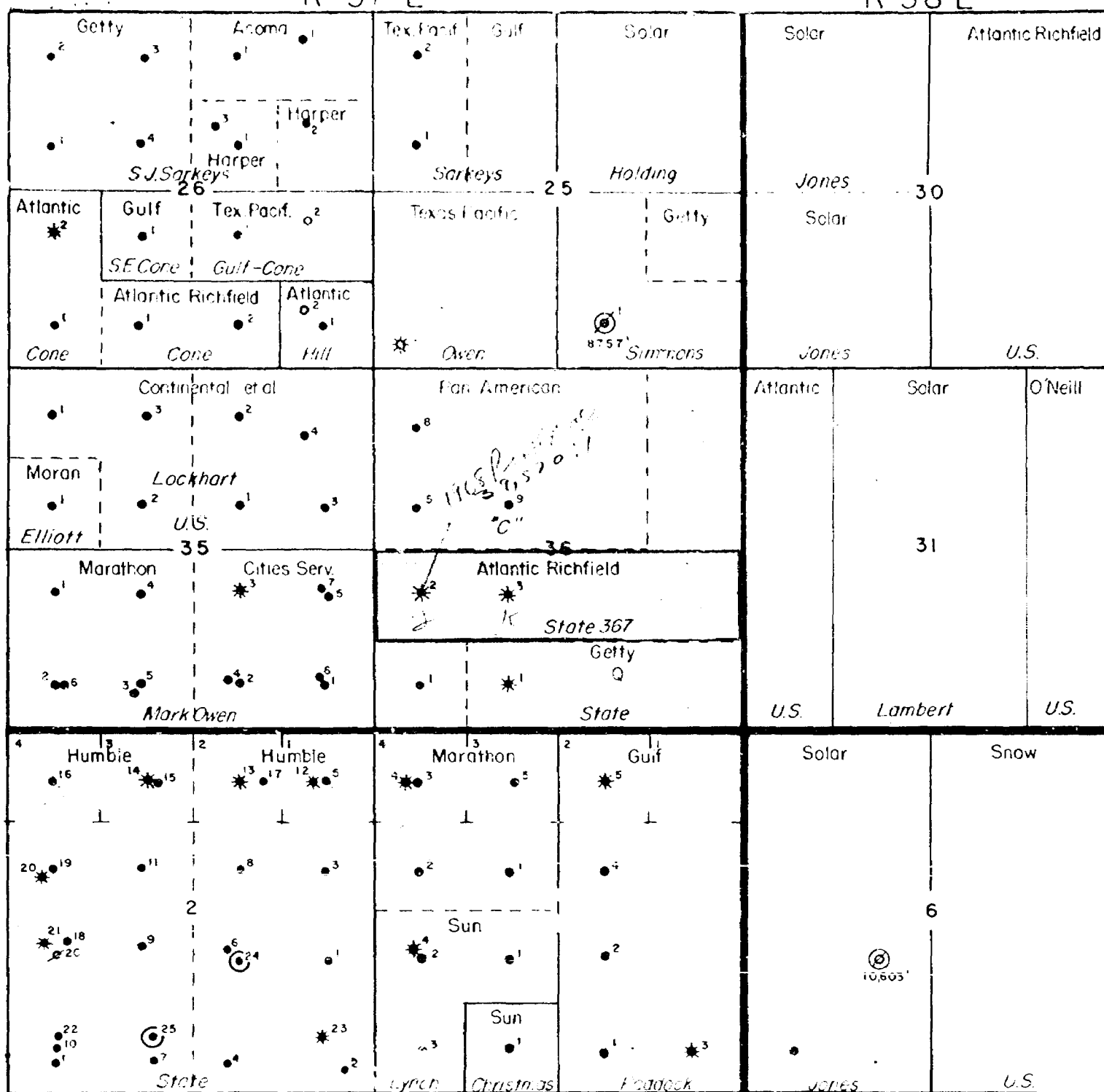
ATLANTIC RICHFIELD COMPANY


By 

Member of the Firm of
HINKLE, BONDURANT & CHRISTY
Box 10
Roswell, New Mexico
Attorneys for Applicant

R-37-E

R-38-E



 Proration Unit Requested

ATLANTIC RICHFIELD COMPANY
Application for Non
Standard Gas Proration Unit
Blaine Gas Pool
Lea County, New Mexico

EXHIBIT "A"

Check 4313

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

don
CASE No. 4313

Order No. R- 3929

APPLICATION OF ATLANTIC RICHFIELD COMPANY
FOR A NON-STANDARD GAS PRORATION UNIT, LEA
COUNTY, NEW MEXICO.

Q
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 25, 19670,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of March, 19670, 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, Atlantic Richfield Company, is the
owner and operator of the State 367 Wells Nos. 2 and 3, located
in Units L and K, respectively, of Section 36, Township 21 South,
Range 37 East, NMPM, Blinbry Gas Pool, Lea County, New Mexico.
~~on its State 367 Lease which consists of the N/2 S/2 of said~~
~~Section 36.~~ *the State 367*

³
(4) That the applicant seeks approval of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool comprising the N/2 S/2 of said Section 36 to be simultaneously dedicated to its aforesaid State 367 Wells Nos. 2 and 3.

⁴
(5) That the applicant further seeks authority to produce the allowable assigned to the unit from either of the aforesaid wells in any proportion.

⁷
(6) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid State 367 Wells Nos. 2 and 3.

⁹
(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Blinebry Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

⁹
(8) That Order (1) of Order No. R-711 should be superseded.

IT IS THEREFORE ORDERED:

(1) That, effective March 1, 1970, a 160-acre non-standard gas proration unit in the Blinebry Gas Pool comprising the N/2 S/2 of Section 36, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and simultaneously dedicated to the Atlantic Richfield Company State 367 Wells Nos. 2 and 3, located in Units L and K, respectively, of said Section 36.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit

5(6) That the NE 1/4 3 W 1/4 8 and NW 1/4 5 E 1/4 of said Section 36 is presently dedicated to well No. 3 in the Blinebry Gas Pool.
6(7) That the NW 1/4 5 W 1/4 of said Section 36 is presently dedicated to well No. 2 in the Blinebry Gas Pool.

size of 160 acres and that the operator may produce the allowable assigned to the unit from the subject wells in any proportion.

(3) That the status of said unit shall be the combined status, as of March 1, 1970, of the units presently dedicated to said wells Nos. 2 and 3

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

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

(4) That Order No. (1) of Commission Order No. R-711, which approved a non-standard Blinbury gas proration unit comprising a portion of the subject lands, is hereby superseded

10/10/10 field

10/10/10 field

ACT - 1.1k St 367 #2 & 3

N/2 S/2 36 718 37E Len

BCinby gas Pool.

produce from either well
in any proportion

2

3

NE/4 SW/4

NE/4 SW/4