

CASE 4427: Application of DAVID
F. FASKEN for new pool, rules &
non-standard gas spacing unit.

Case Number

4427

Application
Transcripts.

Small Exhibits

ETC.



Telegram

THE NEAREST GAS WELL IS NEARLY TWO MILES FROM THE FASKEN WELL PERIOD.

SECOND WE PROTEST THE PROPOSED COMMUNITIZATION OF THE ENTIRE 854 ACRES IN SECTION ONE PERIOD SOME OF THE LAND IN THE PROPOSED UNIT IS MORE THAN ONE MILE FROM FASKENS WELL PERIOD WE BELIEVE SUCH A LARGE UNIT WOULD DILUTE THE INTERESTS OF THE OVERRIDING ROYALTY HOLDERS OF NM 491036 BEYOND REASON PERIOD.

WE BELIEVE IT IS THE INTENT AND DUTY OF THE COMMISSION TO PROTECT THE CORRELATIVE RIGHTS OF ALL INTEREST HOLDERS WHO HAVE NOT PREVIOUSLY AGREED TO SUCH A PROPOSED COMMUNITIZATION PLAN PERIOD.

JOE LYON JR GLENN E LYON ROBERT P KUNKEL

WU 1201 (R 5-69)

*If this case is
ever reopened notify
parties listed on
the telegram - Ida*

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

September 8, 1970

C
O
P
Y

Mr. Robert P. Kunkel
757 Northcliffe Drive
Salt Lake City, Utah 84103

Dear Sir:

In response to your letter of September 4, I wish to inform you that:

1. The present gas well spacing for the Morrow formation in the area of Section 1, Township 21 South, Range 25 East, Eddy County, New Mexico, is 320 acres. However, an application has been filed with the Commission by David F. Fasken to create a new gas pool in said area and for the establishment of 640 acre spacing. The case is to be heard September 16, 1970. I am enclosing a copy of the docket for your information.
2. It is impossible at this time for the Commission to know what would happen if you should decide not to sign the communitization agreement. However, I do wish to point out to you that there is a compulsory pooling statute in effect in New Mexico, a copy of which I am also enclosing.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/ir

cc: Oil Conservation Commission
Artesia, New Mexico

ROBERT P. KUNKEL

Geologist

757 NORTHCLIFFE DRIVE
SALT LAKE CITY, UTAH 84103
TELEPHONES: 801 - 355-5125, 355-8477

September 4, 1970

'70 SEP 8 AM 9 07

State of New Mexico
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico 87501

Re: NM-0491036 (T.21S., R.25E., Sec.11: Lots 11, 12, 13, 14, 25, 26, 27, 28)

Gentlemen:

As an overriding royalty interest owner under the above captioned federal oil and gas lease, I have been requested to sign a communitization agreement covering the acreage involved in the lease. Would you be good enough to answer the following two questions:

1. What is the gas well spacing for the Morrow Formation in this area?
2. What would happen in the event I should decide that signing the agreement is not in my best interest?

Very truly yours,

Robert P. Kunkel

Robert P. Kunkel

*Area in proposed new
pool w/ 640 acre spacing*
RPK:fk

R-2917

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 16, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of David F. Fasken for
the creation of a new gas pool and
special pool rules therefor, and a
non-standard gas spacing unit, Eddy
County, New Mexico.

CASE 4427

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

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PAGE 2

MR. NUTTER: Case 4427 is the Application of David F. Fasken for the creation of a new gas pool and special pool rules therefor, and a non-standard gas spacing unit, Eddy County, New Mexico.

MR. BATEMAN: I am Ken Bateman appearing for the Applicant. I have one witness, Mr. Jim Henry and I request he be sworn at this time.

(Whereupon, the witness was sworn.)

JAMES B. HENRY

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

DIRECT EXAMINATION

BY MR. BATEMAN:

Q State your name and capacity in which you are employed?

A My names is James B. Henry with the engineering firm of Henry Engineering. We are on retainer for David Fasken on whose behalf I am appearing here today.

Q Where are you located?

A Midland, Texas.

Q Have you previously testified before the Commission?

A Yes, I have.

MR. BATEMAN: Are the witness' qualifications



acceptable?

MR. NUTTER: Yes, they are.

Q (By Mr. Bateman) Would you state briefly what you hope to obtain by your Application?

A The David Fasken Avalon Federal No. 1 Well was completed on September 8, 1970 as a gas producer from the middle Morrow formation in Section 1, Township 21 South, Range 25 East, Eddy County, New Mexico, the well being located 3630 feet from the South line of that Section and 660 feet from the East line of that Section. The well was filed in the name of Monsanto Corporation as operator. Mr. Fasken was a joint-interest owner but non-operator at the outset of the well. At casing point Monsanto elected to withdraw from the venture and did not elect to complete the well at which time Mr. Fasken became the operator and we did complete the well in his behalf for him.

The Section involved here is a non-standard governmental survey. It is designated as Section 1. It contains 653 -- excuse me, 853.62 acres.

Q Are you referring to Exhibit 1?

A I would like to refer to Exhibit 1 and point out this Section as being the one lightly outlined in yellow, the well being designated by large red arrow near the center of the map.

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PAGE 4

It is our desire to obtain a 640 acre spacing rule with a provision that governmental sections larger than this be granted non-standard proration units encompassing the entire Section and that that be specifically done in this case for Section 1 of Township 21 South, Range 25 East.

Q Mr. Henry, will you refer to Exhibit 2 and tell us what that reveals regarding the porosity and permeability of the production?

A Exhibit 2 is the New Mexico Oil Conservation Commission's back pressure test on this well. This well had a calculated absolute open flow potential of 2,725 MCF per day. Now, this well indicates a rather good deliverability, we believe, one that indicates it has deliverability of draining 640 acres. I might add that an analysis of drill stem test No. 4 of this well indicated a capacity of 108 milidarcie feet. In the Indian Basin Field located approximately eight miles to nine miles west of this well we have a well, the Cavid Fasken Shell Federal No. 1 with 99 milidarcie feet that indicates that is draining in excess of the 640 acres around that well. It is a non-standard unit granted under similar rules we are asking for here today. You might also add that that well from the time it was completed until it was placed on pipeline production experienced a drop in its bottom-hole



pressure, being during the time when there was no production from this well. The nearest producing well was two and a half miles away. We believe this is good evidence where Morrow sands are continuous this level of permeability, foot product of a 108 is adequate. The well had 99 milidarcie feet by similar analysis of the drill-stem test. We believe this represents comparable conditions in that the well can drain in excess of 640 acres.

Q Then, Mr. Henry, will you refer to your Exhibit No. 3?

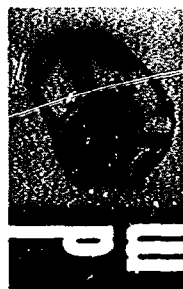
A Exhibit No. 3 is a log comparison of two wells. You might refer also back to Exhibit 1. The well in the right-hand side of the Exhibit under discussion here. The area colored in yellow with the red ticks on the sonic log show the productive sand in the middle Morrow zone. The log sections beginning at the top are designated top of Atoka as between this well and the Atlantic Richfield Peary Federal No. 1 located in Section 11. If you refer to Exhibit 1, Section 11 is a lower Morrow producer on statewide spacing regulations. The proration unit being the West 320 acres of Section 11. The current nomenclature describes this as being in the Golden Eagle Field with the Golden Eagle Morrow Field all of Section 11. Now, you will note on the Golden Eagle Field Well the Arco ^{Peary} Pure Federal No. 1 that the sand colored in yellow with



the red ticks on the sonic log side of the Exhibit being at a depth of 10,334 feet, top of it, represents the gas pay sand in that well which occurs in the lower Morrow.

Going from the top of this Exhibit down skegratographically denoted the top of the Atoka, at the top of the zone, we have designated top of the Morrow Plastic zone if you observe the porosity side of these logs and neutron side this marks the delineation between the predominate shale and limestone and dolomite sequence of the Atoka and predominately sand and shale sequence within the Morrow. The upper Morrow we have designated here as being the lower of two small lime stringers and these are the only lime stringers that consistently occur within the Morrow plastic section and these we have designated the base of these as being the base of the upper Morrow interval. The middle Morrow is the interval from the bottom of those lime stringers down to the Morrow continuous shale as depicted on this map. This shale zone is a shale zone that consistently occurs in the Morrow Section of this general part of Western Eddy County. It occurs regularly and is a good correlative marker.

The interval between that continuous shale and top of the Barnett shale has been designated as lower Morrow. This continuous shale Section separates the gas pay sands and



the lower Morrow from those gas pay sands and the middle Morrow and is an effective barrier, we think, to the movement of gas through those intervals.

The light orange outline on the log tracks indicate some sand zones that are deficient in porosity and permeability to the extent they are not commercially productive although they do show to be sand zones.

The sonic log when compared to core data, production data, test data over a large number of wells in this area we find is not productive when the sonic log records a value of 62 micro seconds or smaller or less. The little red ticks on the porosity side of this log are approximately 62 micro second level with the response to the left of that line being considered productive Morrow sand, commercially productive. Some of this other will give up a little bit of gas but it is not commercially productive.

The area to the north, I might point out on Exhibit 1, there are Morrow dry holes circles in green and Township 20 South, Range 26 East, there are three wells between this field and the McMillan Field that are dry holes in the Morrow. They are circled in green. At the top center of this Exhibit in Sections 24 and 19 of 20 South, 26 East, are two wells that are placed within the McMillan-Morrow Field and to the west

of this area there are forecast wells colored in blue, Cisco producers. One of those is encircled by red circles. It is a Morrow dry hole but a Cisco producer in Section 2.

Q It is your testimony, Mr. Henry, that you believe the production from the Applicant's well to be from a different Morrow zone than the production in the Golden Eagle Field?

A Yes, and it is separated from the McMillan Field producers by dry holes.

Q What Pool Rules would you suggest for this particular area?

A Exhibit 4 is a copy of the Field Rules for the Indian Basin-Morrow Gas Pool. These Rules were adopted in Indian Basin-Morrow on a temporary basis. Later they were adopted as permanent rules which I think speaks for the propriety of the development of these fields and I would recommend that we adopt, that the Commission adopt, Rules identical with Rules in the Indian Basin-Morrow Gas Pool on a temporary basis to allow for orderly development of this area.

Q What name designation do you suggest?

A We are suggesting the Avalon Middle Morrow Gas Pool.

Q Are there any pipelines in the area?

A Yes, there are four pipelines in the general area, being the Phillips Petroleum Company, Transwestern, Texaco Oil

and Gas and Natural Gas Pipeline.

Q Were Exhibits 1 through 4 prepared by you or under your supervision?

A Yes, they were.

MR. BATEMAN: I move the admission of Exhibits 1 through 4.

MR. NUTTER: Exhibits 1 through 4 will be admitted in evidence.

A Exhibit 4 is a copy of the Commission's Rules, the other 3 I did prepare.

Q (By Mr. Bateman) Do you have anything further to add, Mr. Henry?

A I believe that's all I have.

MR. BATEMAN: That concludes our Direct Examination.

MR. NUTTER: We only got one copy of this cross-section. I definitely want another one to send to our geologist in Artesia.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Henry, according to your cross-section, Exhibit No. 3, the Atlantic Richfield Well, which is Southwest of yours, is producing from the lower Morrow and your well is from producing from the middle Morrow and the Morrow continuous



shale which separates these two intervals. When the Monsanto-Fasken Well was drilled it was taken on down into this lower Morrow. Was any test made in the lower Morrow formation?

A No, sir, there were no tests made by Monsanto. It was abandoned on the log analysis since there were no sands above the 62 marker second cutoff on the sonic log.

Q How deep was the well drilled?

A The well was drilled to a depth of 10,528.

Q Which would be sufficient to take in the lower Morrow formation?

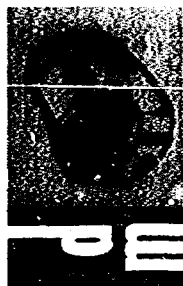
A Yes, it did on the cross-section. It shows the base of the Morrow and top of the Barnett shale.

Q 10,528. This log would be to the bottom of the hole?

A Yes, it is.

Q Do you know whether Richfield Oil Corporation, when they completed the Atlantic Richfield Well made a test in the middle Morrow formation?

A They did. The middle Morrow zone, slightly colored in orange -- turned out pink -- supposed to be orange, 10,162 to 10,180, tested 220 MCF of gas per day from the middle Morrow. They elected not to complete as being non-commercial. That's the exact interval of drill-stem tests. That is the only sand zone.



Q Are you reading from the log?

A Yes.

Q In that approximate interval is where they got 220 MCF?

A Yes, I have the exact interval. That was 10,110 to 10,220, gas to surface in three minutes at a rate of 220 MCF of gas per day, covered 760 feet of gas cut mud surface pressure, 20 pounds, and half-inch choke.

Q That was probably prior to the time they whip-stopped this well, wasn't it?

A Yes, it was. This is the original open hole. They perforated the sand zone, were unsuccessful in completing it. They cut a windpipe and side-tracked the hole to complete and the sand is shown here at this interval in open hole.

Q I was aware they had open hole after drilling?

A This is primary-hole log. I don't believe they ran one in the side-track hole.

Q This is the original hole?

A This one that was released at log surface. This was indicated to be original hole.

Q You mentioned that there were four pipelines in the area. Is it expected that this well will have a connection in the near future?



A We are hopeful that it will. We are presently negotiating with all four.

Q No contract has been signed?

A No. I will put it this way, negotiations not under way, inquiries under way for log-pressure test from all of the four pipeline companies.

Q I believe the Indian Basin Rules which you suggested as being followed here provided that the case would be opened a year after?

A That is correct.

Q After a pipeline connection?

A Right. Special Rules and Regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well. During this temporary period all operators in subject pool should gather all available information relative to drainage and recoverables.

Q And this one year provision would be satisfactory?

A Yes, sir. We are asking these identical Rules.

MR. NUTTER: Any further questions of Mr. Henry?

He may be excused. Do you have anything further, Mr. Bateman?

MR. BATEMAN: No.

MR. NUTTER: We do have a telegram which we received

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PAGE 13

which reads as follows: It is from Salt Lake City, Utah to the Oil Conservation Commission, State of New Mexico. "Regarding September 8, 1970 letter from George M. Hatch, Attorney, as overriding royalty interests owners Lease No. NM-0491036, respectfully request Application of David F. Fasken in Case 4427 be denied. First we protest a change from 320 to 640 acre spacing. There has not been sufficient drilling in the area of the Fasken Well to properly outline the pool, test the reservoir or determine porosities, permeabilities or pressures throughout the Section 1. The nearest gas well is approximately two miles from the Fasken Well. Second, we protest the proposed communitization of the entire 854 acres in Section 1. Some of the land in the proposed unit is more than a mile from the Fasken Well. We believe such a large unit would dilute the interest of the overriding royalty holders of NM-0491036 beyond reason. We believe it is the intent and the duty of the Commission to protect the correlative rights of all interest holders who have not previously agreed to such a communitization plan." It is signed "Joe Lyon, L-Y-O-N, Glen E. Lyon and Robert P. Kunkel, K-U-N-K-E-L.

Is there anything further to be offered in 4427? We will take the case under advisement.

MR. NUTTER: We will call the Hearing to order and

we will reopen Case Number 4427.

MR. HENRY: In response to telegram received I would like to point out this is the tract where the well is physically located which they are objecting to, enlarging the unit because they own the override on the tract in which the well is physically located which is approximately the center one-third. I don't believe that Exhibit has the NM OCC numbers on it.

MR. NUTTER: That is the 320-acre lease in the center, middle third of the Section?

A Right. That is physically the well that is physically located and that they are objecting to enlarging their unit and dilluting their unit.

MR. BATEMAN: The well located in Lease NM-0491036?

A It is my opinion we will not dilute their interest but will stimulate development in the field and will avoid drilling of unnecessary wells that are fully developed and protect the correlative rights of the other interest owners, which would require excessive drilling.

MR. NUTTER: We will take the case under advisement.
The Hearing is recessed.



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PAGE 15

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
JAMES B. HENRY	
Direct Examination by Mr. Bateman	2
Cross Examination by Mr. Nutter	9

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PAGE 16

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I, SOVEIDA GONZALES, 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.

Soveida Gonzales
COURT REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings
the preliminary hearing of Case No. 4427
held on 9/16/70
Soveida Gonzales
New Mexico Oil Conservation Commission

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Telegram

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PR SLB206 EC PDC=SALT LAKE CITY UTAH 15 412PMDT=

OIL CONSERVATION COMMISSION DLR BY 930 SURE REPT DLY 75 DLY=

STATE OF NEW MEXICO SANTA FE NMEX=

REGARDING SEPTEMBER 8 1970 LETTER FROM GEORGE M HATCH
ATTORNEY COMMA AS OVERRIDING ROYALTY INTEREST OWNERS
NM 0491036 WE RESPECTFULLY REQUEST THAT THE APPLICATION
OF DAVID F FASKEN IN CASE 4427 BE DENIED PERIOD=

FIRST WE PROTEST A CHANGE FROM 320 TO 640 ACRE
SPACING AS THERE HAS NOT BEEN SUFFICIENT DRILLING IN THE
AREA OF THE FASKEN WELL TO PROPERLY OUTLINE THE POOL
COMMA TEST THE RESERVOIR OR DETERMINE POROSITIES COMMA
PERMEABILITIES OR PRESSURES THROUGHOUT SECTION ONE PERIOD



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

October 14, 1970

Re: Case No. 4427

Order No. R-4042

Applicant:

David F. Fasken

Mr. William J. LeMay
Post Office Box 2244
Santa Fe, New Mexico

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 x

Aztec OCC

Other Mr. Ken Bateman - White, Gilbert, Koch & Kelly

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. 4427
Order No. R-4042
Nomenclature

APPLICATION OF DAVID F. FASKEN
FOR THE CREATION OF A NEW GAS POOL
AND SPECIAL POOL RULES THEREFOR,
AND A NON-STANDARD GAS SPACING UNIT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on September 16, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of October, 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, David F. Fasken, seeks the creation of a new gas pool for Morrow production in Eddy County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That the David F. Fasken Avalon Federal "Com" Well No. 1, located 3630 feet from the South line and 660 feet from the East line of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, having its top perforations at 10,314 feet, has discovered a separate common source of supply which should be designated the Avalon-Middle Morrow Gas Pool; that the vertical limits of said pool should be the Middle Morrow

formation as found in the interval from 10,266 feet to 10,406 feet on the log of the aforesaid David F. Fasken Avalon Federal "Com" Well No. 1; and that the horizontal limits of said pool should be all of said Section 1.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 640-acre spacing units should be promulgated for the Avalon-Middle Morrow Gas Pool.

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

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Avalon-Middle Morrow Gas Pool, at which time the operators in the subject pool should appear and show cause why the Avalon-Middle Morrow Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Avalon-Middle Morrow Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

(9) That the applicant further seeks approval of an 854.62-acre non-standard gas spacing unit comprising all of the aforesaid Section 1 to be dedicated to the aforesaid David F. Fasken Avalon Federal "Com" Well No. 1.

(10) That the proposed non-standard spacing unit should be approved and dedicated to the subject well.

-3-

Case No. 4427

Order No. R-4042

(11) That Administrative Order NSP-830, dated May 8, 1970, which previously authorized a 405.43-acre non-standard gas proration unit in undesignated Morrow and Devonian gas pools consisting of the E/2 of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, to be dedicated to the subject well, should be superseded.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated the Avalon-Middle Morrow Gas Pool, with vertical limits comprising the Middle Morrow formation as found in the interval from 10,266 feet to 10,406 feet on the log of the David F. Fasken Avalon Federal "Com" Well No. 1, located 3630 feet from the South line and 660 feet from the East line of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 1: All

(2) That temporary Special Rules and Regulations for the Avalon-Middle Morrow Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
AVALON-MIDDLE MORROW GAS POOL

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

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard

Case No. 4427
Order No. R-4042

unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director

-5-

Case No. 4427

Order No. R-4042

may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That an 854.62-acre non-standard gas spacing unit comprising all of Section 1, Township 21 South, Range 25 East, NMPM, Avalon-Middle Morrow Gas Pool, is hereby approved and dedicated to the David F. Fasken Avalon Federal "Com" Well No. 1, located 3630 feet from the South line and 660 feet from the East line of said Section 1.

(2) That the locations of all wells presently drilling to or completed in the Avalon-Middle Morrow Gas Pool or in the Middle Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before November 1, 1970.

(3) That, pursuant to Paragraph A, of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Avalon-Middle Morrow Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 640 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Avalon-Middle Morrow Gas Pool or in the Middle Morrow formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(4) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained

-6-

Case No. 4427

Order No. R-4042

for a well in the Avalon-Middle Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the Avalon-Middle Morrow Gas Pool should not be developed on 320-acre spacing units.

(5) That the first operator to obtain a pipeline connection for a well in the Avalon-Middle Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(6) That Administrative Order NSP-830 is hereby superseded.

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

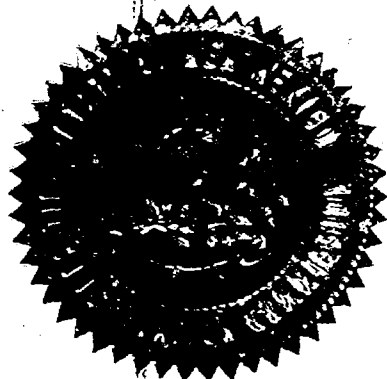
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member Secretary



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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. 4427
Order No. R-4042
Nomenclature

APPLICATION OF DAVID F. FASKEN
FOR THE CREATION OF A NEW GAS POOL
AND SPECIAL POOL RULES THEREFOR,
AND A NON-STANDARD GAS SPACING UNIT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on September 16, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of October, 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, David F. Fasken, seeks the creation of a new gas pool for Morrow production in Eddy County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That the David F. Fasken Avalon Federal "Com" Well No. 1, located 3630 feet from the South line and 660 feet from the East line of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, having its top perforations at 10,314 feet, has discovered a separate common source of supply which should be designated the Avalon-Middle Morrow Gas Pool; that the vertical limits of said pool should be the Middle Morrow

-2-

Case No. 4427

Order No. R-4042

formation as found in the interval from 10,266 feet to 10,406 feet on the log of the aforesaid David F. Fasken Avalon Federal "Com" Well No. 1; and that the horizontal limits of said pool should be all of said Section 1.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 640-acre spacing units should be promulgated for the Avalon-Middle Morrow Gas Pool.

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

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Avalon-Middle Morrow Gas Pool, at which time the operators in the subject pool should appear and show cause why the Avalon-Middle Morrow Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Avalon-Middle Morrow Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

(9) That the applicant further seeks approval of an 854.62-acre non-standard gas spacing unit comprising all of the aforesaid Section 1 to be dedicated to the aforesaid David F. Fasken Avalon Federal "Com" Well No. 1.

(10) That the proposed non-standard spacing unit should be approved and dedicated to the subject well.

-3-

Case No. 4427

Order No. R-4042

(11) That Administrative Order NSP-830, dated May 8, 1970, which previously authorized a 405.43-acre non-standard gas proration unit in undesignated Morrow and Devonian gas pools consisting of the E/2 of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, to be dedicated to the subject well, should be superseded.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated the Avalon-Middle Morrow Gas Pool, with vertical limits comprising the Middle Morrow formation as found in the interval from 10,266 feet to 10,406 feet on the log of the David F. Fasken Avalon Federal "Com" Well No. 1, located 3630 feet from the South line and 660 feet from the East line of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 1: All

(2) That temporary Special Rules and Regulations for the Avalon-Middle Morrow Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
AVALON-MIDDLE MORROW GAS POOL

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

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard

--4--

Case No. 4427

Order No. R-4042

unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director

-5-

Case No. 4427

Order No. R-4042

may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That an 854.62-acre non-standard gas spacing unit comprising all of Section 1, Township 21 South, Range 25 East, NMPM, Avalon-Middle Morrow Gas Pool, is hereby approved and dedicated to the David F. Fasken Avalon Federal "Com" Well No. 1, located 3630 feet from the South line and 660 feet from the East line of said Section 1.

(2) That the locations of all wells presently drilling to or completed in the Avalon-Middle Morrow Gas Pool or in the Middle Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before November 1, 1970.

(3) That, pursuant to Paragraph A, of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Avalon-Middle Morrow Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 640 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Avalon-Middle Morrow Gas Pool or in the Middle Morrow formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(4) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained

-6-

Case No. 4427

Order No. R-4042

for a well in the Avalon-Middle Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the Avalon-Middle Morrow Gas Pool should not be developed on 320-acre spacing units.

(5) That the first operator to obtain a pipeline connection for a well in the Avalon-Middle Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(6) That Administrative Order NSP-830 is hereby superseded.

(7) 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. ARMIJO, Member

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

S E A L

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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. 4300
Order No. R-3917
NOMENCLATURE

APPLICATION OF TEXAS AMERICAN OIL
CORPORATION FOR THE CREATION OF A
NEW GAS POOL AND FOR SPECIAL POOL
RULES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 21, 1970, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 3rd day of February, 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, Texas American Oil Corporation, seeks the creation of a new gas pool for Atoka production in Eddy County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That the Texas American Oil Corporation Todd "26" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the East line of Section 26, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, having its top perforations at 13,679 feet, has discovered a separate common source of supply which should be designated the Sand Dunes-Atoka Gas Pool; that

-2-

CASE No. 4300

Order No. R-3917

the vertical limits of said pool should be the Atoka zone of the Pennsylvanian formation as found in the interval from 13,553 feet to 14,122 feet on the log of the aforesaid Todd "26" Federal Well No. 1; and that the horizontal limits of said pool should be all of said Section 26.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 640-acre spacing units should be promulgated for the Sand Dunes-Atoka Gas Pool.

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

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Sand Dunes-Atoka Gas Pool, at which time the operators in the subject pool should appear and show cause why the Sand Dunes-Atoka Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Sand Dunes-Atoka Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production, is hereby created and designated the Sand Dunes-Atoka Gas Pool, with vertical limits

-3-

CASE No. 4300
Order No. R-3917

comprising the Atoka zone of the Pennsylvanian formation as found in the interval from 13,553 feet to 14,122 feet on the log of the Texas American Oil Corporation Todd "26" Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the East line of Section 26, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 26: All

(2) That temporary Special Rules and Regulations for the Sand Dunes-Atoka Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SAND DUNES-ATOKA GAS POOL

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

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.

-4-

CASE No. 4300

Order No. R-3917

- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Sand Dunes-Atoka Gas Pool or in the Atoka zone of the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before February 15, 1970.

-5-

CASE No. 4300

Order No. R-3917

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Sand Dunes-Atoka Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 640 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Sand Dunes-Atoka Gas Pool or in the Atoka zone of the Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Sand Dunes-Atoka Gas Pool, at which time the operators in the subject pool may appear and show cause why the Sand Dunes-Atoka Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the Sand Dunes-Atoka Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(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. ARMIJO, Member

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

S E A L

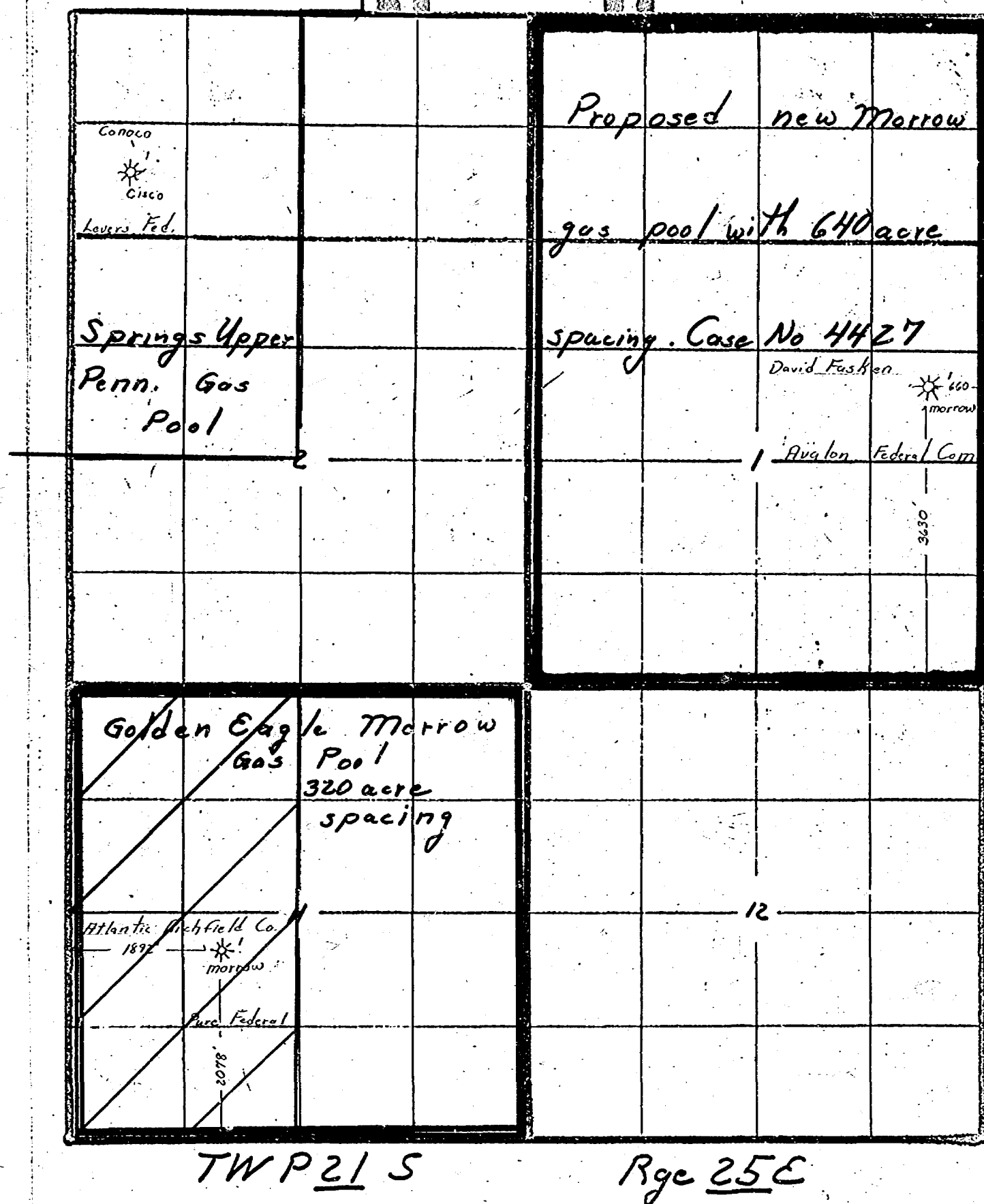
esr/

Don,

Deck still wants to
talk to you about
this case -

Georg

To George Hatch



Re Case 4427.
 This might work out better by changing the spacing in the Golden Eagle Pool to 640 and extending it to include sections 1 & 12. Considering the proximity of the two pools it would appear that they should have the same spacing and rules.

Dick

County, _____

Township _____ Range _____

Township _____ Range _____

Township _____ Range _____

Township _____ Range _____

Form 104—(Four on Township)

26

20

McMullen

6/20/00

Horner

6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36

215

3/20/00

6/20/00

6	5	4	3	2	1	6	5	4	3	2	1
7	8	9	10	11	12	7	8	9	10	11	12
18	17	16	15	14	13	18	17	16	15	14	13
19	20	21	22	23	24	19	20	21	22	23	24
30	29	28	27	26	25	30	29	28	27	26	25
31	32	33	34	35	36	31	32	33	34	35	36

25 E

Docket No. 21-70

DOCKET: REGULAR HEARING - WEDNESDAY - SEPTEMBER 16, 1970

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

ALLOWABLE: Consideration of the allowable production of gas for October, 1970, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for October, 1970.

CASE 4367: (De Novo)

Application of Mobil Oil Corporation for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Bridges State Waterflood Project, Vacuum Grayburg-San Andres Pool, by the injection of water into the Grayburg San Andres formations through two additional injection wells to be drilled at locations in Township 17 South, Range 34 East, Lea County, New Mexico, as follows:

A well to be drilled at a standard location 2310 feet from the North line and 860 feet from the West line of Section 25; and

A well to be drilled at an unorthodox location 100 feet from the South line and 1980 feet from the West line of Section 26.

Upon application of Mobil Oil Corporation this case will be heard De Novo under the provisions of Rule 1220.

CASE 4368: Application of Mobil Oil Corporation for a waterflood expansion and amendment of rules governing same, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Bridges State Waterflood Project, Vacuum Grayburg-San Andres Pool, to the conversion of water injection of 13 additional wells at standard locations in Sections 25, 26, and 27, Township 17 South, Range 34 East, Lea County, New Mexico. Applicant further seeks the amendment of the rules governing said project to permit expansion of the project administratively without a showing of well response.

Upon application of Mobil Oil Corporation this case will be heard De Novo under the provisions of Rule 1220.

THE FOLLOWING CASES WILL BE HEARD BEFORE DANIEL S. NUTTER, EXAMINER, OR ELVIS A. UTZ, ALTERNATE EXAMINER, IN THE OIL CONSERVATION COMMISSION CONFERENCE ROOM ON THE SECOND FLOOR OF SAID BUILDING AT 9:30 A.M.

CASE 4413: (Continued from the August 19, 1970, Examiner Hearing)
In the matter of the hearing called by the Oil Conservation Commission upon its own motion to permit Stanley Leonard Jones dba Francisca Corporation and all other interested parties to appear and show cause why the Francisca Corporation Beeman Well No. 1 located 1980 feet from the South and West lines of Section 2, Township 24 South, Range 28 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4416: (Continued for the September 2, 1970, Examiner Hearing)
Application of Robert L. Parker Trust for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a cooperative waterflood project in the Langlie Mattix Pool on its George L. Erwin Lease by the injection of water through its Erwin Well No. 2 located in Unit L of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.

CASE 4424: Southeastern New Mexico nomenclature case calling for an order for the extensions of certain pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico:

a) Extend the Blinebry Oil Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
SECTION 25: SE/4

b) Extend the Bluitt-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM
SECTION 17: SE/4

c) Extend the South-Carlsbad Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
SECTION 1: W/2

d) Extend the Double L-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM
SECTION 25: SE/4 SW/4
SECTION 36: NE/4 NW/4

e) Extend the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
SECTION 22: E/2 NE/4

f) Extend the Lusk-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
SECTION 32: All

REGULAR HEARING - September 16, 1970
-3-

Docket No. 21-70

(Case 4424 continued)

g) Extend the Midway-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
SECTION 16: SW/4

h) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
SECTION 34: S/2

i) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 11: SW/4

j) Extend the North Vacuum-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 14: N/2
SECTION 15: E/2

k) Extend the Vada-Pennsylvanian Pool in Lea and Roosevelt Counties, New Mexico to include therein:

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM
SECTION 34: NW/4

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
SECTION 27: SE/4
SECTION 28: NE/4

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
SECTION 24: All
SECTION 25: NE/4

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM
SECTION 19: N/2 and SW/4

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
SECTION 16: SE/4

CASE 4425: Application of Eastern Petroleum Company as agent for Southern Gulf Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to the gas well location requirements of the Commission Rules and Regulations, approval for the Southern Gulf

(Case 4425 continued)

Production Company Navajo Tocito Well No. 4 at an unorthodox gas well location 2023 feet from the South line and 1157 feet from the West line of Section 10, Township 26 North, Range 18 West, undesignated Pennsylvanian gas pool, San Juan County, New Mexico.

CASE 4426: Application of Texaco Inc. for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open-hole interval from 11,150 feet to 11,750 feet in its Peery Federal Well No. 4 located in Unit A of Section 29, Township 15 South, Range 30 East, Little Lucky Lake-Devonian Pool, Chaves County, New Mexico.

CASE 4427: Application of David F. Fasken for the creation of a new gas pool and special pool rules therefor, and a non-standard gas spacing unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Morrow gas pool for his well located 3630 feet from the South line and 660 feet from the East line of Section 1, Township 21 South, Range 25 East, Eddy County, New Mexico, and for the promulgation of special rules therefor, including a provision for 640-acre spacing units. Applicant further seeks approval of a 854.62-acre non-standard gas spacing unit comprising all of said Section 1 to be dedicated to the above-described well.

CASE 4428: Application of Texas Oil and Gas Corporation for a non-standard gas spacing unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an approximately 240-acre non-standard gas proration unit comprising the E/2 NE/4, SW/4 NE/4, W/2 NW/4, and SE/4 NW/4 of Section 11, Township 23 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location in the N/2 of said Section 11 to test any and all formations from the surface of the ground down to and including the Morrow formation.

CASE 4354: (Continued from the July 1, 1970, Examiner Hearing) and the August 5, 1970, Examiner Hearing. Application of Michael P. Grace and Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 11, Township 23 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico; said acreage to be dedicated to a well to be drilled in either the NE/4 NW/4 or the NW/4 NE/4 of said Section 11. 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.

**NEW MEXICO OIL CONSERVATION COMMISSION
MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL**

Form C-122
Revised 9-1-65

Type Test <input checked="" type="checkbox"/> Initial <input type="checkbox"/> Annual <input type="checkbox"/> Special		Test Date 9-8-70	
Company David Fasken		Connection None	
Pool Undesignated		Formation Mid-Morrow	
Completion Date	Total Depth	Plug Back TD 10516	Elevation 3219 KB
Farm or Lease Name Avalon Federal Comm.			Well No. 1
Csg. Size 4 1/2	Wt. 11.6	d 4.000	Set At 10580
Perforations From 10314 To 10349			
Trg. Size 2 3/8	Wt. 4.7	d 1.995	Set At 10193
Perforations From To			
Type Well - Single - Drifted - G.G. or G.O. Multiple Single		Packer Set At	
Producing Thru Tubing		Baro. Press. - P _a 13.2	
Reservoir Temp. °F @		Mean Annual Temp. °F	
L 10322	H 10332	Gg 0.600	% CO ₂ % N ₂ % H ₂ S
Prover 2		Meter Run Taps	

FLOW DATA						TUBING DATA		CASING DATA		Duration of Flow	
NO.	Prover Line Size	X	Orifice Size	Press. p.s.i.g.	Diff. h _w	Temp. °F	Press. p.s.i.g.	Temp. °F	Press. p.s.i.g.	Temp. °F	
1	2	x 1/16		2498		92	2498				1 Hr.
2	2	x 1/8		2184		79	2184				1 Hr.
3	2	x 3/16		1720		68	1720				1 Hr.
4	2	x 1/4		1313		60	1313				1 Hr.
5											

RATE OF FLOW CALCULATIONS							
NO.	Coefficient (24 Hour)	$\sqrt{h_w P_m}$	Pressure P _m	Flow Temp. Factor F _T	Gravity Factor F _g	Super Compress. Factor, F _{pv}	Rate of Flow Q, Mcfd
1	0.06405		2511.2	0.9706	1.291	1.118	225.3
2	0.2648		2197.2	0.9822	1.291	1.126	830.8
3	0.6082		1733.2	0.9924	1.291	1.130	1526.4
4	1.087		1326.2	1.000	1.291	1.117	2078.8
5							

NO.	P _r	Temp. °R	T _r	Z	Gas Liquid Hydrocarbon Ratio	Dry Gas	Mcf/bbl.
1	3.742	552	1.54	0.789	A.P.I. Gravity of Liquid Hydrocarbons	Dry	Deq.
2	3.275	539	1.51	0.777	Specific Gravity Separator Gas	.600	XXXXXXXXXX
3	2.533	528	1.47	0.767	Specific Gravity Flowing Fluid	XXXXXX	Dry Gas
4	1.976	520	1.45	0.801	Critical Pressure	671	P.S.I.A.
5					Critical Temperature	358	R

NO.	P _r ²	P _s ²	P _s ² X Z	P _s ² X Z ²	P _s ² X Z ³
1	3276.2	10732	686		
2	2872.2	8248	8170		
3	2298.2	5281	5137		
4	1818.2	3305	8113		
5					

BEFORE EXAMINER NUTTER

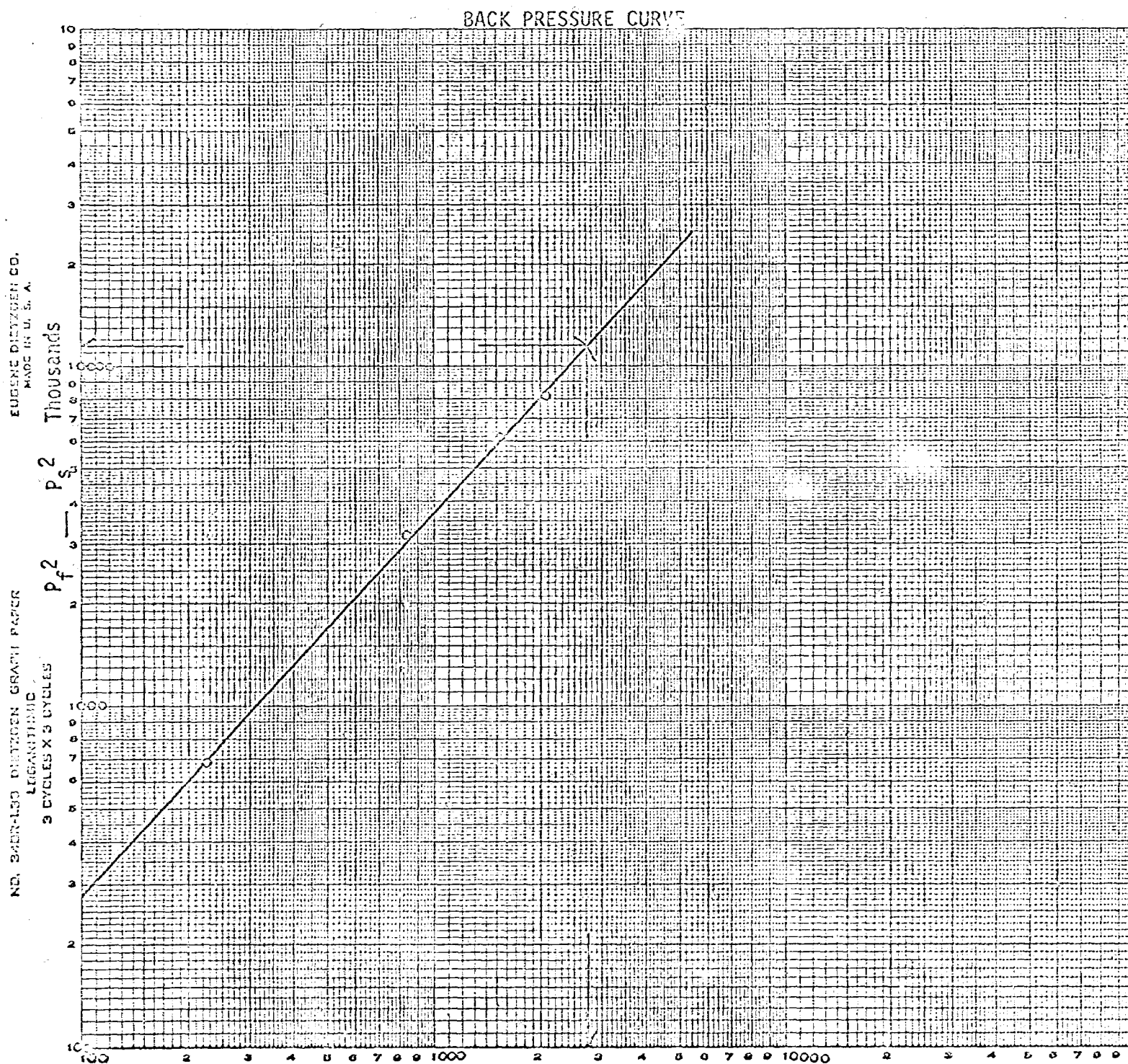
OIL CONSERVATION COMMISSION

Application EXHIBIT NO. 2

CASE NO. 4427

Absolute Open Flow	2725	Mcf/d @ 15.025	Angle of Slope	48.5	Slope, ft	895
Remarks: BHP measured with Amerada R26-3 gauge						
Approved By Commission						
Conducted by:		Calculated by:		Checked by:		
Tefteller, Inc.		Neil Tefteller				

Company : David Fasken
 Well : Avalon Federal Comm. No. 1
 Field : Undesignated
 County : Eddy
 State : New Mexico
 Date : September 9, 1970



Q : MCF/D: 15.025 PSIA

AOF : 2725 MCF/DAY
 ϕ : 43.5
 n : .885

INDIAN BASIN-MORROW GAS POOL
Eddy County, New Mexico

Order No. R-2441, Creating and Adopting Temporary Operating Rules for the Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, March 1, 1963.

Order No. R-2441-A, February 13, 1967, makes permanent the temporary rules adopted in Order No. R-2441.

Application of Ralph Lowe to create a New Pool for Morrow Gas Production and for Special Pool Rules, Eddy County, New Mexico.

CASE NO. 2760
Order No. R-2441

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a. m. on February 6, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 28th day of February, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Ralph Lowe, seeks the creation of a new gas pool for Morrow production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That a new gas pool for Morrow production should be created and designated the Indian Basin-Morrow Gas Pool. This pool was discovered by the Ralph Lowe Indian Basin Well No. 1, located in Unit E of Section 23, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico. The top of the perforations in the Morrow formation is at 9039 feet.

(4) That temporary special rules and regulations establishing 640-acre spacing units should be promulgated for the subject pool in order to prevent the possibility of economic loss resulting from the drilling of unnecessary wells and in order to allow the operators in the subject pool to gather information concerning the reservoir characteristics of the pool.

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

(6) That special rules and regulations should be established for a temporary period to expire one year from the

date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Indian Basin-Morrow Gas Pool, at which time the operators in the subject pool should appear and show cause why the Indian Basin-Morrow Gas Pool should not be developed on 160-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Indian Basin-Morrow Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production is hereby created and designated the Indian Basin-Morrow Gas Pool, consisting of the following-described area:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 22: All
Section 23: All

(2) That Special Rules and Regulations for the Indian Basin-Morrow Gas Pool are hereby promulgated as follows, effective March 1, 1963.

SPECIAL RULES AND REGULATIONS
FOR THE
INDIAN BASIN-MORROW GAS POOL

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

RULE 2. Each well completed or recompleted in the Indian Basin-Morrow Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

RULE 3. The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

Suggest
Avalon Middle Morrow

BEFORE EXAMINER NUTTER
CONSERVATION COMMISSION
Applicant: EXHIBIT NO. <u>4</u>
<u>4427</u>

(INDIAN BASIN-MORROW GAS POOL - Cont'd.)

(d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well completed or recompleted in the Indian Basin-Morrow Gas Pool shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Morrow formation within the Indian Basin-Morrow Gas Pool or within one mile of the Indian Basin-Morrow Gas Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of Rule 4. The operator of any such well shall notify the Artesia District Office in writing of the name and location of the well on or before March 1, 1963.

(2) That any operator desiring to dedicate 640 acres to a well presently drilling to or completed in the Indian Basin-Morrow Gas Pool shall file a new Form C-128 with the Commission on or before March 1, 1963.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Indian Basin-Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the Indian Basin-Morrow Gas Pool should not be developed on 160-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the Indian Basin-Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(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.

EUMONT GAS POOL
(Make-Up of Underproduction)
Lea County, New Mexico

Order No. R-3183, Authorizing Operators of Certain Gas Wells to Make-Up Underproduction in the Eumont Gas Pool, Lea County, New Mexico, January 25, 1967.

In the Matter of the Hearing Called by the Oil Conservation Commission on its own Motion to Consider Suspending the Scheduled Cancellation of Underproduction Which Accrued to Certain Wells in the Eumont Gas Pool During the First Six Months of 1966 and Which was not Made-Up During the Second Six Months Period and was Therefore Subject to Cancellation January 1, 1967.

CASE NO. 3514
Order No. R-3183

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a. m. on January 4, 1967, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of January, 1967, 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 following wells in the Eumont Gas Pool, Lea County, New Mexico, accumulated underproduction during the last six months of 1966; that said underproduction was cancelled as of July 1, 1966:

Operator - Name of Well	Unit	Section	Township	Range
Continental Oil Company				
Phillips Hopper Well No. 1	O	27	20 South	37 East
State D Corn Well No. 1	L	11	21 South	36 East
Great Western Drilling Co.				
N. B. Boydages Well No. 1	D	33	19 South	37 East
Bert Fields, Jr.				
Turner State Well No. 2	D	32	20 South	37 East

(3) That the said wells were deprived of full opportunity to make up the said underproduction during the first six months of 1966 as a result of the sale of the connecting pipeline for said wells by an intrastate company to an interstate company resulting in the shutting in of the subject wells until FPC approval for the sale of gas was received.

70 SEP 10 AM 10

1 BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

2 Re: Application of David F. Faskin, For the Creation of
3 a New Gas Pool and Special Rules Therefor, and a
4 Non-Standard Gas Spacing Unit, in Section 1, Town-
5 ship 21 S., Range 25 E., Eddy County, New Mexico
6 No. 4427

7 APPLICATION

8 Comes now David F. Faskin, and for his application states:

9 1. He is the owner and operator of certain oil and gas leases
10 within the above described area located in Eddy County, New Mexico.

11 2. Applicant seeks approval of the Commission for the creation
12 of a new Morrow gas pool to be designated the Avalon-Morrow Gas
13 Pool, for the promulgation of special rules therefor, similar to the
14 rules promulgated by the Commission in the Indian-Morrow Gas Pool,
15 Order Number R-2441, including a provision for 640 spacing units
16 and in addition the applicant further seeks approval of a 854.62
17 acre non-standard gas spacing unit comprising all of the above
18 described Section 1.

19 3. Standard exhibits will be presented at the time of the
20 hearing on this application; however, said exhibits are unavailable
21 at this time.

22 WHEREFORE, Applicant prays that after public hearing as re-
23 quired by law this application be granted in its entirety.

24
25 WHITE, GILBERT, KOCH & KELLY

26 By Kenneth S. Sutton
27 Attorneys for David F. Faskin
28
29
30
31
32

WHITE, GILBERT, KOCH & KELLY
ATTORNEYS AT LAW
P. O. BOX 787
SANTA FE, NEW MEXICO 87501

DRAFT

GMH/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:

RECORDS CENTER

CASE No. 4427

Order No. R-4042
NOMENCLATURE

[Handwritten signature]
APPLICATION OF DAVID F. FASKEN
FOR THE CREATION OF A NEW GAS POOL
AND SPECIAL POOL RULES THEREFOR, AND
A NON-STANDARD GAS SPACING UNIT, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

9:30

This cause came on for hearing at 9 a.m. on September 16, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this Oct day of September, 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, David F. Fasken, seeks the creation
of a new gas pool for Morrow production in Eddy County, New Mexico,
and the promulgation of special rules and regulations governing
said pool, including a provision for 640-acre spacing units.

(3) That the David F. Fasken Avalon Federal "Com" Well
No. 1, located 3630 feet from the South line and 660 feet from
the East line of Section 1, Township 21 South, Range 25 East,
NMPM, Eddy County, New Mexico, having its top perforations at
10,314 feet, has discovered a separate common source of supply
which should be designated the Avalon Middle Morrow Gas Pool;

that the vertical limits of said pool should be the ^{Middle} Morrow formation as found in the interval from 10,266 feet to 10,406 feet on the log of the aforesaid David F. Fasken Avalon Federal "Com" Well No. 1; and that the horizontal limits of said pool should be all of said Section 1.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 640-acre spacing units should be promulgated for the Avalon-Middle Morrow Gas Pool.

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

(6) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Avalon-Middle Morrow Gas Pool, at which time the operators in the subject pool should appear and show cause why the Avalon-Middle Morrow Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Avalon-Middle Morrow Gas Pool should notify the Commission in writing of such fact, and that the

Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

(9) That the applicant further seeks approval of an 854.62-acre non-standard gas spacing unit comprising all of the aforesaid Section 1 to be dedicated to the aforesaid David F. Fasken Avalon Federal "Com" Well No. 1.

(10) That the proposed non-standard spacing unit should be approved and dedicated to the subject well.

(11) That Administrative Order NSP-830, dated May 8, 1970, which previously authorized a 405.43-acre non-standard gas proration unit in undesignated Morrow and Devonian gas pools consisting of the E/2 of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, to be dedicated to the subject well, should be superseded.

from 10,200 feet to 10,700 feet on the log of the ^(SEE UNDER) David F.

Fasken Avalon Federal "Com" Well No. 1, located 3630 feet from the South line and 660 feet from the East line of Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico, and horizontal limits comprising the following-described area:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 1: All

(2) That temporary Special Rules and Regulations for the
Avalon-Middle Morrow Gas Pool, Eddy County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
AVALON-MIDDLE MORROW GAS POOL

RULE 1. Each well completed or recompleted in the Avalon-
Middle Morrow Gas Pool or in the ^{Middle} Morrow formation within one mile thereof, and not nearer to or within the limits

of another designated ^{Middle}Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

✓ RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That an 854.62-acre non-standard gas spacing unit comprising all of Section 1, Township 21 South, Range 25 East, NMPM, Avalon-Middle Morrow Gas Pool, is hereby approved and dedicated to the David F. Fasken Avalon Federal "Com" Well No. 1, located 3630 feet from the South line and 660 feet from the East line of said Section 1.

(2) That the locations of all wells presently drilling to or completed in the Avalon-Middle Morrow Gas Pool or in the ^{Middle} Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before ^{November 1} ~~October 15~~, 1970.

(3) That, pursuant to Paragraph A, of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Avalon-Middle Morrow Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing

wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 640 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Avalon-
Middle Morrow Gas Pool or in the Middle Morrow formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(4) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Avalon-Middle Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the Avalon-Middle Morrow Gas Pool should not be developed on 320-acre spacing units.

(5) That the first operator to obtain a pipeline connection for a well in the Avalon-Middle Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(6) That Administrative Order NSP-830 is hereby superseded.

(7) 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.

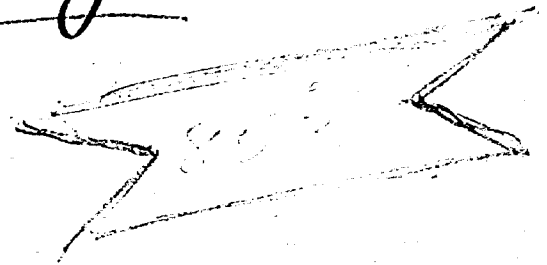
Braker Reddy

David Faaken

create new pool

pool rules for Marrowgas

21 S 25 E
3630 FSL } Sec 1
660 FEL }



Sept 16

~~640 ac spec or larger when all 5 are~~
~~larger~~

= Eddy County =

R. P. Gos Commission
82 2319

34.61
33.97
34.32
3 20.00

456.62

26.19
26.01
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25.99
38.01
38.03
36.60
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34.98