

Case Number  
4591

Application

Transcripts

Small Exhibits

ETC.



TRANSCRIPT OF HEARING

I N D E XPAGEWILLIAM J. HENRY

Direct Examination by Mr. Buell

3

Cross Examination by Mr. Nutter

6

E X H I B I T S

Applicant's Exhibits Nos. 1 &amp; 2

Marked  
3Offered and  
Admitted  
6

MR. NUTTER: Case No. 4591.

MR. HATCH: Case No. 4591. Application of American Quasar Petroleum Company of New Mexico for an unorthodox gas well location, Lea County, New Mexico.

MR. BUELL: Mr. Examiner, I am Sumner Buell, of the firm of Montgomery, Federici, Andrews, Hannahs and Morris, Santa Fe, appearing on behalf of the Applicant. We have one witness we would like to have sworn.

(Witness sworn)

(Whereupon, Applicant's Exhibits Nos. 1 and 2 were marked for identification.)

WILLIAM J. HENRY

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Will you state your name, please?

A My name is William J. Henry.

Q Mr. Henry, by whom are you employed and in what capacity?

A I am a consulting geologist in Midland, Texas.

Q Have you testified before this Commission on

previous occasions and had your qualifications accepted?

A Yes, I have.

Q Are you familiar with what is sought in Application No. 4591?

A Yes, I am.

Q Would you briefly state what it is?

A We would request the Commission to amend the Order R-4130-A to change the unorthodox location in Section 28 to Section 21 in Township 25 South, Range 33 East, Lea County, New Mexico.

Q Referring you to what has been marked for identification as Exhibit 1, would you briefly tell the Examiner what this indicates?

A Exhibit 1 is just a location plat and designation of our Baca Draw unit which was presented previously to the Commission.

Q That was the Hearing on Case No. 4518, is that correct?

A I believe that is right, yes.

Q Now, referring you to Exhibit No. 2, would you briefly describe what is shown on this exhibit?

A Exhibit No. 2 is a structure map contoured on top of the Lower Devonian and the Baca Draw unit which we

propose to drill an 18,000-foot Siluro-Devonian test. Our hole location is in the NE/4 of Section 28 and we propose to move it to Section 21 because of a 40-acre tract which is due to expire on October 2nd, 1971. We have proposed this unit and we have yet to receive word from Texaco to ratify this unit. If we do not move our location, we will have 40 acres that will expire and will not preserve a proration unit. Moving this location to the amended location in Section 21 will be essentially structural and encounter Siluro-Devonian in approximately the same position as our old location.

Q In other words, if I understand your testimony, you need to shift to a new location in Section 21 in order to hold the 40 acres located in the NE corner of Section 21 in the event that Texaco is delayed in ratifying this unit or does not ratify it?

A That is correct.

Q And this unit agreement has previously been presented to the Commission, is that correct?

A That is correct.

Q Were Exhibits 1 and 2 prepared by you or under your supervision?

A Exhibit No. 1 was not prepared by me, but by

Mr. Ed White at our other Hearing, but Exhibit No. 2 was prepared by me.

Q In your opinion, will the granting of this Application tend to protect correlative rights and prevent waste?

A Yes, I believe it will.

MR. BUELL: I offer Exhibits Nos. 1 and 2 in evidence.

MR. NUTTER: Applicant's Exhibits 1 and 2 will be admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. 1 and 2 were offered and admitted in evidence.)

MR. BUELL: I have nothing further, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Q Which 40-acre tract is it you are referring to on your Exhibit; is that Tract No. 4 up there, the NE?

A NE/NE, yes.

Q What are you drilling this well under, the pool rules for Red Hills?

A Yes, sir, 640 acres.

Q So by drilling in Section 21, that 40 would be included in the proration?

A Yes, sir. I might comment that Texaco does not object verbally locally to this change and the reason they would not notify or give a letter was that the unit agreement is before their management and they have recommended ratifying the unit agreement, so we are at a standstill and we are waiting to hear what Texaco is going to do. Texaco owns Sections 22 and 27.

Q Well, if I am reading Exhibit No. 1 correctly, you have quite a number of leases in here that are due to expire?

A That's right, but not on top of the structure.

Q Well, actually, the lease that you are moving off of in Section 28 is an October 2nd lease, isn't it?

A Yes. We will be drilling on the same lease up in 21.

MR. NUTTER: Are there any further questions of the witness?

You may be excused.

(Witness dismissed.)

MR. NUTTER: Anything further Mr. Buell?

MR. BUELL: No, sir.

MR. NUTTER: If there is nothing further, we will take the case under advisement.



STATE OF NEW MEXICO )  
 ) SS.  
 COUNTY OF SANTA FE )

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

Richard L. Nye  
 COURT REPORTER

My commission expires March 25, 1975.

I do hereby certify that the foregoing is a complete record of the proceedings in the summary hearing of Case No. 4591, held by me on 9/15, 1971.  
James H. [Signature], Examiner  
 New Mexico Oil Conservation Commission



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

September 16, 1971

GOVERNOR  
BRUCE KING  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMijo  
MEMBER

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

Mr. Sumner Buell  
Montgomery, Federici, Andrews,  
Hannahs & Morris  
Attorneys at Law  
Post Office Box 2307  
Santa Fe, New Mexico

Re: Case No. 1591  
Order No. R-4130-B  
Applicant:  
American Quasar Petroleum Co.

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X  
Artesia OCC \_\_\_\_\_  
Aztec OCC \_\_\_\_\_

Other \_\_\_\_\_

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. 4591  
Order No. R-4130-B

APPLICATION OF AMERICAN QUASAR  
PETROLEUM COMPANY OF NEW MEXICO  
FOR AN UNORTHODOX GAS WELL  
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of September, 1971, 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, American Quasar Petroleum Company of New Mexico, is the operator of the Vaca Draw Unit Area, Lea County, New Mexico, approved by Commission Order No. R-4130, dated April 6, 1971.
- (3) That the applicant seeks authority to drill an exploratory gas well at an unorthodox location within said unit area 660 feet from the South line and 660 feet from the East line of Section 21, Township 25 South, Range 33 East, NMPM, to test the Devonian, Pennsylvanian, and Wolfcamp formations within one mile of the Red Hills Field with the primary objective being the Devonian formation.
- (4) That a well drilled at the proposed location should

-2-

CASE NO. 4591

Order No. R-4130-B

encounter the Devonian formation structurally higher than a well drilled at a standard location.

(5) That the proposed unorthodox gas well location will not crowd acreage belonging to any other operator.

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

(7) That Order No. R-4130-A should be superseded.

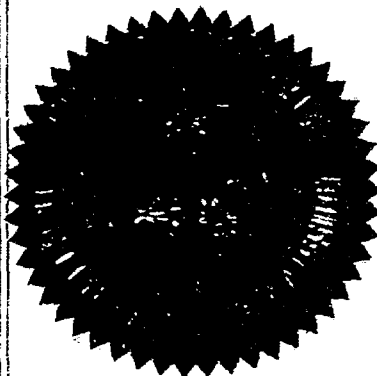
IT IS THEREFORE ORDERED:

(1) That the applicant, American Quasar Petroleum Company of New Mexico, is hereby authorized to drill an exploratory gas well to the Devonian, Pennsylvanian, and Wolfcamp formations at an unorthodox location 660 feet from the South line and 660 feet from the East line of Section 21, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico.

(2) That Order No. R-4130-A is hereby superseded.

(3) 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.



S E A L

dr/

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Bruce King*  
BRUCE KING, Chairman

*Alex J. Armijo*  
ALEX J. ARMILLO, Member

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

Docket No. 20-71

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 15, 1971

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

The following cases will be heard before Daniel S. Nutter, Examiner, or A. L. Porter, Jr., Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1971, from fifteen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, for October, 1971.

CASE 4222 (Reopened): In the matter of Case 4222 being reopened pursuant to the provisions of Order No. R-3850-A, which order continued 80-acre spacing units for the West Sawyer-San Andres Pool, Lea County, New Mexico, for an additional one-year period. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units and present evidence as to whether or not said pool is in fact an associated reservoir.

CASE 4588: Application of V. H. Westbrook for a pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Delaware formation through his Guy A. Reed Well No. 2 located in Unit L of Section 24, Township 24 South, Range 28 East, Malaga-Delaware Pool, Eddy County, New Mexico.

CASE 4589: Application of Anadarko Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Burnham Grayburg San Andres Unit Area comprising 480 acres, more or less, of state lands in Section 2, Township 17 South, Range 30 East, Square Lake Field, Eddy County, New Mexico.

CASE 4590: Application of Wolfson Oil Company, MKA Oil Properties, John H. Hendrix, and Bruce A. Wilbanks for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 506 of the Commission Rules and Regulations, a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil in the Drinkard Pool, Lea County, New Mexico.

CASE 4591: Application of American Quasar Petroleum Company of New Mexico for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill an exploratory gas well at an unorthodox location 660 feet from the South and East lines of Section 21, Township 25 South, Range 33 East, Lea County, New Mexico, to test the Devonian, Pennsylvanian, and Wolfcamp formations within one mile of the Red Hills Field.

Examiner Hearing  
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- CASE 4592: Application of Gulf Oil Corporation for amendment of order permitting commingling of production, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4079, which order authorized the applicant to commingle production from the Hobbs (Grayburg-San Andres) and Hobbs-Blaine Pools on its W. D. Grimes NCT-B Lease and to commingle production from said lease with the Hobbs (Grayburg-San Andres) Pool on its W. D. Grimes NCT-A lease, located in Sections 32 and 33, Township 18 South, Range 38 East, Lea County, New Mexico. Applicant seeks to allocate production to each lease and pool on the basis of bi-monthly tests rather than monthly tests.
- CASE 4593: Application of Continental Oil Company for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose of water produced by wells located on its W. R. Means lease comprising the S/2 and NW/4 of Section 28, and E/2 and E/2 W/2 of Section 29, Township 14 South, Range 30 East, Vest Ranch-Queen Pool, Chaves County, New Mexico, in unlined surface pits.
- CASE 4594: Application of Continental Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its second well on a proration unit at an unorthodox location 660 feet from the South line and 2540 feet from the East line of Section 19, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico.
- CASE 4595: Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from undesignated Gallup and Dakota oil pools in the wellbores of two wells to be drilled in Section 27, Township 25 North, Range 4 West, West Lindrith Field, Rio Arriba County, New Mexico. Applicant further seeks the establishment of a procedure whereby similar approval may be granted administratively for other wells to be drilled in said area.
- CASE 4597: Application of Morris R. Antweil for lease commingling and off-lease storage, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle condensate produced from his Little Jewel Well No. 1 and Allen Well No. 1 located in Units F and J, respectively,

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September 15, 1971

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(Case 4597 continued)

of Section 31, Township 22 South, Range 27 East, and from his Joell Well No. 1 located in Unit C of Section 6, Township 23 South, Range 27 East, South Carlsbad-Strawn Gas Pool, Eddy County, New Mexico, after separation and measurement of the liquids from each well.

CASE 4583: (Continued from the August 18, 1971, Examiner Hearing) Application of V. F. Vasicek and J. M. Fullinwider, doing business as V-F Petroleum for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 15, Township 16 South, Range 35 East, Lea County, New Mexico, said acreage to be dedicated to a well to be re-entered and recompleted in the Pennsylvanian formation and located 1980 feet from the South and East lines of said Section 15. 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 4596: Southeastern New Mexico nomenclature case calling for an order for the creation, extension and abolishment of certain pools in Lea, Eddy, and Chaves County, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production and designated as the South Hackberry-Strawn Pool. The discovery well is the Perry R. Bass Big Eddy Unit No. 33 located in Unit P of Section 4, Township 20 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM  
SECTION 4: SE/4 SE/4

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Maroon Cliffs-Morrow Gas Pool. The discovery well is the Perry R. Bass Big Eddy Unit No. 7 located in Unit O of Section 19, Township 20 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM  
SECTION 19: S/2

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(c) Create a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the McDonald-Pennsylvanian Pool. The discovery well is the J. M. Huber Corporation Griffin No. 1 located in Unit A of Section 4, Township 14 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM  
SECTION 4: NE/4

(d) Abolish the Northwest Vacuum-Abo Pool in Lea County, New Mexico, described as:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 2: SW/4  
SECTION 3: NE/4 SE/4

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

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 2: SW/4  
SECTION 3: SE/4

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

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

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
SECTION 8: NW/4

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

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM  
SECTION 25: S/2

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
SECTION 30: S/2  
SECTION 31: W/2

(h) Extend the South Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, to include therein:



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TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
SECTION 30: S/2

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

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

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

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM  
SECTION 22: W/2

- (k) Extend the Flying "M"-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

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

- (l) Extend the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM  
SECTION 9: W/2, NE/4 and N/2 SE/4

- (m) Extend the Grayburg Jackson Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM  
SECTION 18: S/2 NW/4

- (n) Extend the Langlie-Mattix Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
SECTION 20: NW/4 and NW/4 SW/4

- (o) Extend the Power Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
SECTION 1: NE/4 NE/4

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
SECTION 6: SW/4 NW/4

Examiner Hearing  
September 15, 1971  
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Docket No. 20-71

(Case 4596 continued)

(p) Extend the East Shoebar-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM  
SECTION 29: SW/4  
SECTION 30: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 12: S/2  
SECTION 14: S/2  
SECTION 23: N/2

(r) Extend the North Vacuum-Lower Wolfcamp Pool in Lea County, New Mexico, to include therein:

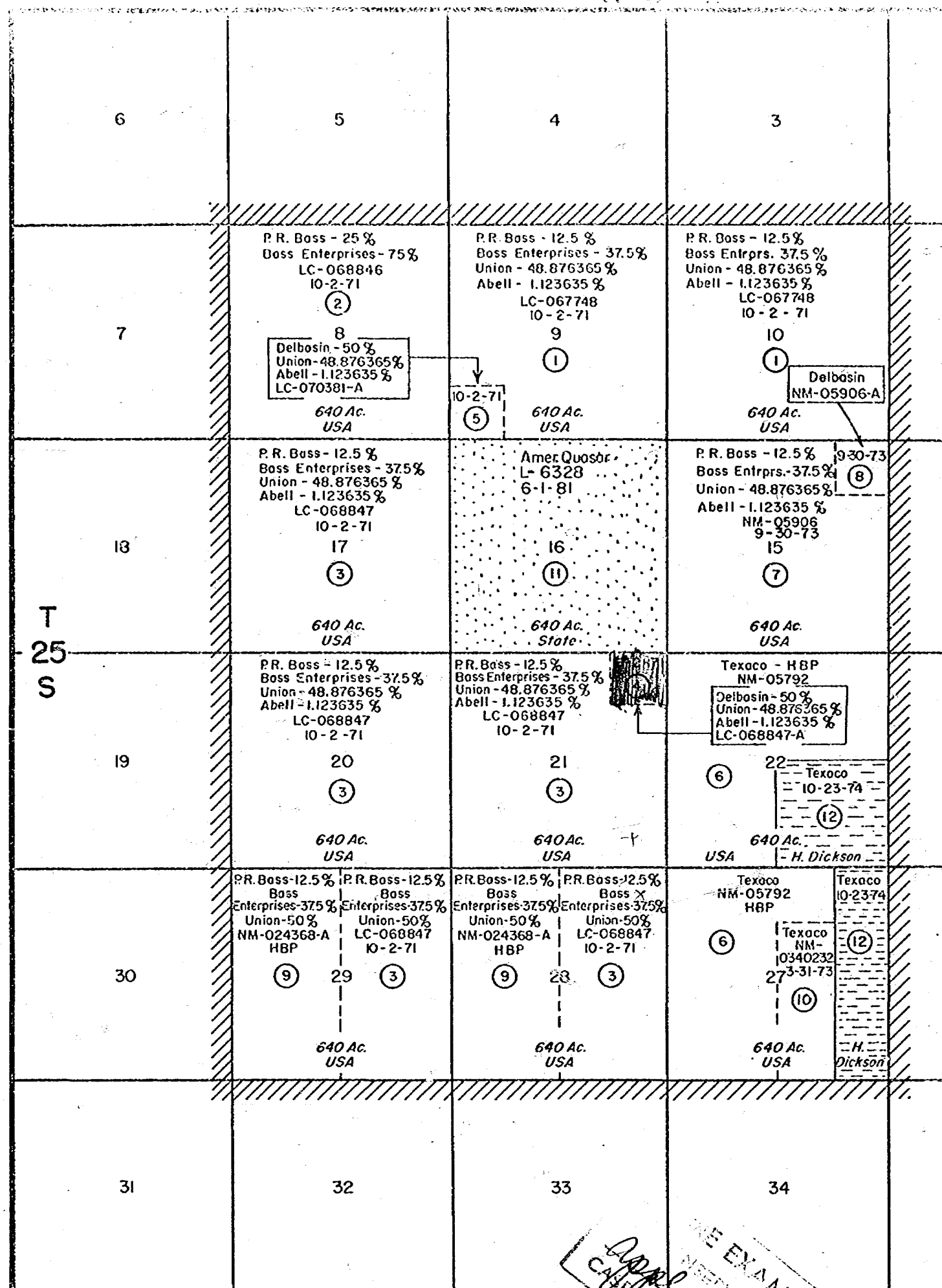
TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 4: NW/4

(s) Extend the Northwest Vacuum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM  
SECTION 5: SE/4

(t) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

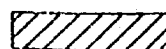
TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM  
SECTION 2: S/2 and NW/4  
SECTION 3: NE/4  
SECTION 7: S/2  
SECTION 10: E/2  
SECTION 11: N/2



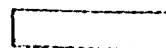
# EXHIBIT "A" LAND OWNERSHIP MAP - VACA DRAW UNIT LEA COUNTY, NEW MEXICO

LEGEND

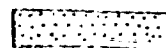
SCALE: 1" = 3000 FT.



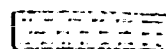
UNIT OUTLINE



FEDERAL LAND



STATE OF NEW MEXICO LAND



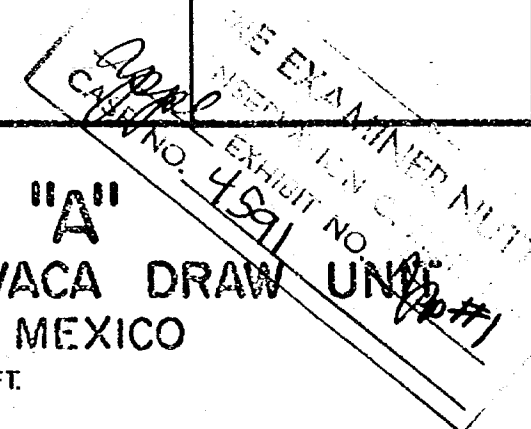
FEE LAND

87.5000 % 6720 AC.

8.3333 % 640 AC.

4.1667 % 320 AC.

TOTALS 100.0000 % 7680 AC.



RECEIVED  
AUG 26 1971  
JUL 20 1971

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

APPLICATION OF AMERICAN QUASAR  
PETROLEUM COMPANY OF NEW MEXICO  
FOR APPROVAL OF THE UNIT AGREEMENT  
AND FOR APPROVAL OF AN UNORTHODOX  
GAS WELL LOCATION, LEA COUNTY,  
NEW MEXICO.

CASE NO. <sup>4591</sup>~~4518~~

A P P L I C A T I O N

Comes now American Quasar Petroleum Company of New Mexico, by its attorneys, and applies for an amendment to the New Mexico Oil Conservation Commission Order No. R-4130-A, which order provides for an unorthodox well location in Lea County, New Mexico, and in support of its application states:

1. On April 6, 1971, the Commission entered its order R-4130 after a hearing on March 31, 1971, which order approved the unit agreement covering the Vaca Draw Unit.

2. On May 3, 1971, the Commission entered its order R-4130-A, which order approved an unorthodox well location for a well to be drilled on the Vaca Draw Unit, said location being 660 feet from the north line and 760 feet from the east line of Section 28, Township 25 South, Range 33 East. The proposed well was to be a test of the Devonian, Pennsylvanian and Wolfcamp formations and was to be located within one mile of the Red Hills Field with its primary objective as the Devonian formation.

3. Applicant wishes to ask the Commission to amend its Order R-4130 to permit the drilling of a gas well at an unorthodox location 660 feet from the east line and 660 feet from the south line of Section 21, Township 25 South, Range 33 East, which location would be unorthodox under the special rules and regulations established for the Red Hills - Wolfcamp gas pool by Order R-3073.

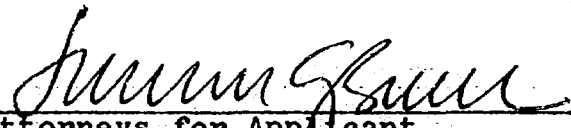
DOCKET MAILED

Date 9-3-71

4. The granting of this application to amend Order No. R-4130-A will prevent waste, protect relative rights and prevent the drilling of unnecessary wells and enable the unit operator to achieve an optimum location for the initial test well of this unit.

WHEREFORE, Applicant requests this application be set for hearing before the Commission, or one of its examiners, and that the Commission enter its order approving the unorthodox location of the well herein as set forth above.

MONTGOMERY, FEDERICI, ANDREWS,  
HANNAHS & MORRIS

By   
Attorneys for Applicant  
AMERICAN QUASAR PETROLEUM COMPANY  
OF NEW MEXICO  
P. O. Box 2307  
Santa Fe, New Mexico 87501

DRAFT

GMH/dr

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. 4591

Order No. R- 4130-B

APPLICATION OF AMERICAN QUASAR  
PETROLEUM COMPANY OF NEW MEXICO  
FOR AN UNORTHODOX GAS WELL  
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15, 1971,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of September, 1971, 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, American Quasar Petroleum Company  
of New Mexico, is the operator of the Vaca Draw Unit  
Area, Lea County, New Mexico, approved by Commission Order  
No. R- 4130, dated April 6, 1971.

(3) That the applicant seeks authority to drill an explora-  
tory gas well at an unorthodox location within said unit area  
~~at an unorthodox location~~ 660 feet from the South line and 660  
feet from the East line of Section 21, Township 25 South, Range 33  
East, to test the Devonian, Pennsylvanian, and Wolfcamp formations  
within one mile of the Red Hills Field with the primary objective  
being the Devonian formation.

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CASE NO. 4591

Order No. R-

(4) That a well drilled at the proposed location should encounter the Devonian formation structurally higher than a well drilled at a standard location.

(5) That the proposed unorthodox gas well location will not crowd acreage belonging to any other operator.

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

*(7) That Order No. R-4130-A should be refused.*

IT IS THEREFORE ORDERED:

(1) That the applicant, American Quasar Petroleum Company of New Mexico, is hereby authorized to drill an exploratory gas well to the Devonian, Pennsylvanian, and Wolfcamp formations at an unorthodox location 660 feet from the South line and 660 feet from the East line of Section 21, Township 25 South, Range 33 East NMPM, Lea County, New Mexico.

*(2) That Order No. R-4130-A is hereby refused.*

(3) 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.

CASE 4592: Application of GULF  
FOR AMENDMENT OF ORDER PERMITTING  
COMMINGLING OF PRODUCTION.