

Case Number
4608

Application

Transcripts

Small Exhibits

ETC.

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200 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

December 19, 1972

EXAMINER HEARING

IN THE MATTER OF:

Case 4608 being reopened pursuant
to the provisions of Order Number
R-4213 which order established
special rules and regulations
for the Haystack Siluro-Devonian
Pool, Chaves County, New Mexico.

Case No. 4608

BEFORE: Daniel S. Nutter,
Examiner.

TRANSCRIPT OF HEARING

1 MR. NUTTER: We will run through the hearing
2 docket and dispose of several cases, which will be continued
3 or dismissed.

4 Case 4608: In the matter of Case 4608 being
5 reopened pursuant to the provisions of Order Number R-4213,
6 which order established special rules and regulations for
7 the Haystack Siluro-Devonian Pool, Chaves County, New Mexico.

8 Are there any appearances in Case 4608?

9 (No response)

10 MR. NUTTER: This hearing today on Case 4608 is
11 to permit all interested persons to appear and show cause
12 why the Haystack Siluro-Devonian Pool should not be
13 developed on 40-acre spacing units.

14 The Examiner will make the recommendation to the
15 Commission that the wells revert to 40-acre units. We will
16 take the case under advisement.

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dearnley, meier & mc cormick reporting service

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS

I, RICHARD E. McCORMICK, a Certified Shorthand 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.

Richard E. McCormick
CERTIFIED SHORTHAND REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 4608
heard by me on 12/19, 1972

C. Sutton, Examiner
New Mexico Oil Conservation Commission

dearnley, meier & mc cormick reporting service inc.

209 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
Tuesday, November 14, 1972

EXAMINER HEARING

IN THE MATTER OF:

Case 4608 being reopened pursuant to the provisions of Order No. R-4213 which order established special rules and regulations for the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, including a provision for 80-acre spacing units.

Case No. 4608

BEFORE: Daniel S. Nutter,
Examiner

TRANSCRIPT OF HEARING

1 MR. NUTTER: Case 4608, in the matter of Case 4608
2 being reopened pursuant to the provisions of Order No. R-4213
3 which order established special rules and regulations for the
4 Haystack Siluro-Devonian Pool, Chaves County, New Mexico,
5 including a provision for 80-acre spacing units.

6 At the request of an interested party, this case
7 will be continued to the December 19, 1972, Examiner Hearing
8 which is scheduled for this same place at 9:00 A.M. at which
9 time we do expect to hear Case 4608.

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13 STATE OF NEW MEXICO)
14) ss
15 COUNTY OF BERNALILLO)

16 I, JOHN DE LA ROSA, a Court Reporter, in and for the
17 County of Bernalillo, State of New Mexico, do hereby certify
18 that the foregoing and attached Transcript of Hearing before
19 the New Mexico Oil Conservation Commission was reported by me;
20 and that the same is a true and correct record of the said
21 proceedings to the best of my knowledge, skill and ability.

22 I do hereby certify that the foregoing
23 is a complete record of the proceedings
24 in the Examiner Hearing of Case No. 4608
25 held by me on 11/14, 1972.
John De La Rosa
COURT REPORTER
Examined by _____, Examiner
New Mexico Oil Conservation Commission

dearnley, meier & mc cormick reporting services, inc.

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PAGE 2

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

October 4, 1972

EXAMINER HEARING

IN THE MATTER OF:

Case 4608 being reopened pursuant
to the provisions of Order No.
R-4213.

Case No. 4608

BEFORE: Elvis A. Utz,
Examiner.

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick reporting services inc.

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1 MR. UTZ: Case 4608.

2 MR. HATCH: In the matter of Case 4608 being
3 reopened pursuant to the provisions of Order Number R-4213
4 which order established special rules and regulations for
5 the Haystack Siluro-Devonian Pool, Chaves County, New Mexico,
6 including a provision for 80-acre spacing units. The
7 Applicant has requested the case be continued to November 15th.
8 There are additional developments taking place, and they
9 think that they will have some additional information by
10 that time.

11 MR. UTZ: Case 4608 will be continued to November
12 15th, 1972.
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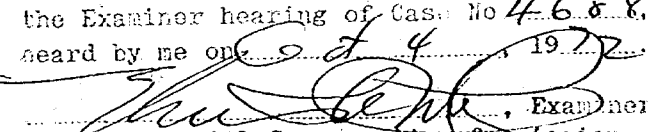
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200 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87106

1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO) SS

3
4 I, RICHARD E. MCCORMICK, a Certified Shorthand
5 Reporter, in and for the County of Bernalillo, State of New
6 Mexico, do hereby certify that the foregoing and attached
7 Transcript of Hearing before the New Mexico Oil Conservation
8 Commission was reported by me; and that the same is a true
9 and correct record of the said proceedings to the best of
10 my knowledge, skill and ability.

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12 
13 CERTIFIED SHORTHAND REPORTER

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23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
25 the Examiner hearing of Case No 4688,
heard by me on Sept 4, 1972.

Examiner
New Mexico Oil Conservation Commission

dearnley-meier reporting service, inc.

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

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Roswell, New Mexico

October 13, 1971
Examiner Hearing

IN THE MATTER OF:)
)
)

Application of Jack L. McClellan)
for the creation of a new pool)
and special pool rules, Chaves)
County, New Mexico.)
)

Case No. 4608

BEFORE: DANIEL S. NUTTER, EXAMINER

TRANSCRIPT OF HEARING

dearnley-meier reporting services

1 MR. NUTTER: Call Case No. 4608

2 MR. HATCH: Case 4608. Application of Jack L.
3 McClellan for the creation of a new pool and special pool
4 rules, Chaves County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason
6 Kellahin, Kellahin and Fox, Santa Fe, appearing for the
7 applicant. We have one witness I would like to have sworn.

8 (Witness sworn)

9 JOE JOHNSON

10 having been first duly sworn, according to law, upon his oath
11 testified as follows:

12 DIRECT EXAMINATION

13 BY MR. KELLAHIN:

14 Q Would you state your name, please?

15 A Joe Johnson.

16 Q By whom are you employed, Mr. Johnson?

17 A I am employed as a partner in the Stevens Engineering,
18 Wichita Falls, Texas, doing consultant work for Jack L.
19 McClellan.

20 Q Have you ever testified before the Oil Conservation
21 Commission in New Mexico?

22 A Not in New Mexico, no.

23 Q For the benefit of the Examiner, would you briefly outline
24 your education and experience as an engineer?

25 A Graduated from Texas A & M College with a degree in --

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1 B. S. degree in petroleum engineering and a B. S. degree
2 in mechanical engineering in 1952, worked briefly with
3 Phillips Petroleum Company, have worked for fourteen years
4 with Stevens Engineering in a consulting capacity.

5 MR. KELLAHIN: Are the witness' qualifications
6 acceptable?

7 MR. NUTTER: Yes, they are. Where did you say
8 Stevens Engineering is?

9 THE WITNESS: Wichita Falls, Texas.

10 MR. NUTTER: Go ahead, Mr. Kellahin.

11 Q (Mr. Kellahin continuing) Have you in connection with
12 your work as a consulting engineer done any work for J. L.
13 McClellan involving the case now before the Examiner?

14 A Yes. I did some work on the completion phase of the
15 subject well.

16 Q Are you familiar with the producing characteristics of
17 the well insofar as the information that is presently
18 available?

19 A Yes, I am.

20 Q Now, referring to what has been marked as the Applicant's
21 Exhibit No. 1, would you identify that exhibit?

22 A This is the plat indicating the location of the Jack L.
23 McClellan Bar-J Well No. 1. It is located in Section 15,
24 6 South, 27 East.

25 Q And is that an orthodox well location for the Devonian?

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- 1 A Yes.
- 2 Q What other information is shown on the exhibit?
- 3 A This indicates the other wells producing in the area.
- 4 These wells are completed in an upper interval, not the
- 5 Sage interval, as that particular well, and are gas
- 6 producing wells.
- 7 Q Are there any other Devonian oil wells in the area?
- 8 A No, there are not.
- 9 Q Are the other wells you refer to as gas wells completed in
- 10 the Devonian?
- 11 A No, they are not.
- 12 Q They are in a different formation, are they not?
- 13 A Yes.
- 14 Q So this is a discovery well, is it not?
- 15 A Yes, it is.
- 16 Q Are there any other production within a mile of the well
- 17 from the Devonian?
- 18 A No.
- 19 Q Now, what is the completion interval in the well?
- 20 A The well is completed from 6460, 6468.
- 21 Q Now, this is shown on Exhibit No. 2, is it not?
- 22 A Yes, it is.
- 23 Q The completion data?
- 24 A Yes.
- 25 Q And what other information would you like to point out which

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1 is shown on the particular exhibit?

2 A Well, this indicates the -- Exhibit 2 indicates the
3 completion information filed with the government, indicates
4 4 $\frac{1}{2}$ pipes set at 6479.

5 It also indicates a potential taken on the well
6 indicating 360 barrels of oil a day and 240 barrels of
7 water per day.

8 Gas-oil ratio is 555.

9 Q And have you made any comparison to this well with other
10 Devonian wells?

11 A Yes. The nearest pool that we could find in this vicinity
12 is the Twin Lakes Devonian pool located approximately 15
13 miles to the southeast.

14 Q And are the producing characteristics of that well similar
15 to the McClellan discovery well?

16 A To the best of our knowledge it is similar at this time. We
17 really had very little production history on the McClellan
18 well at this time but it appears similar.

19 Q Well, what did the Twin Lakes well do?

20 A Twin Lakes was a single well pool covered in May, 1963 by
21 Mobil Oil Company and O'Brien C Well No. 1 was a discovery
22 well.

23 Well potentialled for 176 barrels of oil per day,
24 completed in the Devonian interval from 7180 to 7205.

25 Cumulative production from the well as of January 1,

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1 1971 is 116,891 barrels.

2 1970 the well produced approximately 18,000 barrels of
3 oil and 29,000 barrels of water. Present production is
4 approximately 186 barrels of oil per month, 326 barrels of
5 water per month.

6 Q Would you anticipate a similar productive history for the
7 McClellan well?

8 A Yes. However, this well also -- there is another Devonian
9 well north of this Mobil well that we are talking about that
10 has been abandoned now.

11 This well was completed at approximately one mile to
12 the north in December, 1950 and had a cumulative production
13 on abandonment at 46,032 barrels, so I would say that the
14 McClellan well would fall in this range.

15 Q Somewhere between the two?

16 A Yes.

17 Q Now, the Twin Lakes well is on 40-acre spacing, is it not?

18 A To the best of my knowledge, yes.

19 Q And Mr. McClellan is asking for 80-acre spacing and distance?

20 A This is correct.

21 Q Now, what is the porosity for this zone?

22 A The only measurement we have is off the log and indicates
23 a proximity of seventy percent, also indicates a water
24 saturation of fifty-seven percent.

25 Q What other information can you give that would give some

1 indication of possible recoveries of the well?

2 A Original bottom hole pressure on the well, we have had no
3 pressure data since the completion, that was approximately
4 2850. Porosity was eleven percent.

5 There appears to be about eight foot of sand or eight
6 foot of productive zone in the Devonian with this fifty-
7 seven percent water saturation, and assuming at fifty
8 percent water drive recovery, we believe that the Devonian
9 well indicated a water drive type mechanism.

10 We are looking at about 126 barrels here acre foot,
11 assuming that eight foot of sand carries over a forty acre
12 area, and we are looking at a recovery of approximately
13 40,000 barrels.

14 Q And what is the cost of the Devonian well?

15 A Our estimates of cost on this well is \$135,000.

16 Q Now, have you filed a log with this well?

17 A Yes.

18 Q Have you requested that it be confidential as far as the
19 rules of the U. S. G. S. and the Commission?

20 A Yes, they have.

21 Q But you have examined the log and that is the base of your
22 porosity figures?

23 A This is correct.

24 Q In your opinion would it be economical to drill and develop
25 this pool on 40-acre spacing?

1 A No, it wouldn't. I have a 40,000 barrels possible potential
2 recovery.

3 Q Now, your 40,000 barrels is based on a 40-acre unit; is
4 that correct?

5 A Yes, it is.

6 Q Would you estimate it would be approximately twice that on
7 80 acres?

8 A Yes.

9 Q And do you feel that one well on the base of information
10 presently available will economically drain and develop
11 80 acres?

12 A Yes, with the water drive which we anticipate to be present
13 in the zone, and judging from the data that we gathered
14 during the completion, the well has apparently -- is in a
15 fractured type reservoir.

16 Therefore, it has a considerable potential, relatively
17 high water cut, but should drain 80 acres with no difficulty
18 whatsoever.

19 Q If the Commission sees fit to grant the 80-acre spacing do
20 you have any recommendation as to the pool rules that
21 should be adopted in that connection? That is, should they
22 be fixed locations or flexible or --

23 A We would request flexible well locations.

24 Q To drill in either 40-acre tract?

25 A Yes.

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1 Q And which way would you have the units run?

2 A North, south, east or west.

3 Q In other words, just dedicate any 240 acres within a
4 governmental quarter-section?

5 A Yes, correct.

6 Q Were Exhibits 1 and 2 prepared by you or under your
7 direction or supervision? Exhibit 1 was prepared by you or
8 under your supervision?

9 A Yes.

10 Q And Exhibit 2 is the United States Department of the
11 Interior Form 90330?

12 A This is correct.

13 MR. KELLAHIN: At this time I would like to offer in
14 evidence Exhibits 1 and 2.

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

17 MR. KELLAHIN: One further question, Mr. Johnson.
18 What disposition is being made of the produced water?

19 A At the present time we have a disposal well which has been
20 completed and water will be disposed into this interval
21 when the necessary facilities have been installed.

22 MR. KELLAHIN: That's all I have, Mr. Nutter.

23 MR. NUTTER: That's all?

24 MR. KELLAHIN: Yes.

25

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Johnson, there was one other thing that was advertised in connection with this case which was not a part of the application.

Mr. Kellahin, it was a separate application, but for the discovery allowable.

MR. KELLAHIN: Discovery allowable.

MR. NUTTER: But we consolidated the two. Do you still want the discovery allowable?

A Yes.

Q (Mr. Nutter continuing) Mr. Johnson, this potential that you gave us here was taken back in July. What is the well presently producing?

A Present production is -- well, we have done some work on the well recently. In the upper zone in an effort to test the gas interval, we have tested the gas well or the gas section and established the fact that it is a gas producing interval and have now gone back and are looking at the oil production.

We are not -- this is not a twin site at the present time.

The present production is approximately 127 barrels of oil per day, I believe. However, this well has only been on one day, and it did make quite a bit of water, and

1 anticipate that this will improve.

2 Q I see. So --

3 A Past history has indicated that it will.

4 Q You mean it had been on production one day after being
5 shut-in while you were working with the other zone?

6 A Yes, this is correct.

7 Q So you think after it has been produced a while it will
8 dry up some of that water and get some more oil?

9 A Yes, sir, sure do.

10 Q I see. Now, your estimate of 40,000 barrels per 40 acre
11 tract was based on your eight foot of productive zone?

12 A It is assuming an eight foot all the way across.

13 Q And eleven percent porosity?

14 A Yes.

15 Q Now, you have asked for a 32,000 barrel of discovery
16 allowable.

17 A That is going just about -- we are going to go fast.

18 Q Discovery allowable is going to take the 40 acre reserves?
19 These other wells that are in the area are Cisco gas wells,
20 and I know they are connected. They are a connection for
21 low pressure gas in here for the casinghead gas?

22 A Not at the present time, sir. Very little gas actually
23 being produced from the Devonian.

24 Q I see. And you have been testing the Cisco zone in this
25 well?

1 A Yes.

2 MR. NUTTER: Are there any further questions of
3 Mr. Johnson?

4 MR. KELLAHIN: I would like to ask one further question
5 about this Cisco zone.

6 REDIRECT EXAMINATION

7 BY MR. KELLAHIN:

8 Q Do you feel you have gas production from the Cisco?

9 A Yes. We have gas production from the Cisco.

10 Q Do you anticipate a dual completion, then?

11 A Eventually, yes.

12 MR. NUTTER: If there is no further question of Mr.
13 Johnson he may be excused.

14 (Witness excused)

15 MR. NUTTER: Do you have anything further, Mr.
16 Kellahin?

17 MR. KELLAHIN: No, Mr. Nutter.

18 MR. NUTTER: Does anyone have anything they wish to
19 offer in Case 4608? Take the case under advisement.

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25I N D E XWITNESSPAGE

JOE JOHNSON

Direct Examination by Mr. Kellahin 2

Cross-Examination by Mr. Nutter 10

Redirect Examination by Mr. Kellahin 12

E X H I B I T SOFFERED IN EVIDENCEPAGE

Applicant's Exhibits 1 and 2 9

dearnley-meier reporting services, inc.

PAGE 14

1 STATE OF NEW MEXICO)
2)
3 COUNTY OF BERNALILLO)

4 I, LINDA MALONE, Court Reporter, do hereby certify that
5 the foregoing and attached Transcript of Hearing before the
6 New Mexico Oil Conservation Commission was reported by me;
7 that the same is a true and correct record of the said
8 proceedings, to the best of my knowledge, skill and ability.
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Linda Malone
Court Reporter

21 I do hereby certify that the foregoing is
22 a complete record of the proceedings in
23 the Bernalillo hearing of Case No. 4608,
24 heard by us on 10/13, 1971.

[Signature]
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
97501

**GOVERNOR
BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMijo
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR**

January 4, 1973

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4608
Order No. R-4213-A
Applicant:

Jack L. McClellan

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.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
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. 4608
Order No. R-4213-A

IN THE MATTER OF CASE 4608 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-4213
WHICH ORDER ESTABLISHED SPECIAL RULES AND
REGULATIONS FOR THE HAYSTACK SILURO-DEVONIAN
POOL, CHAVES COUNTY, NEW MEXICO, INCLUDING
A PROVISION FOR 80-ACRE SPACING UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 19, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 4th day of January, 1973, 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 by Order No. R-4213, dated October 21, 1971, temporary Special Rules and Regulations were promulgated for the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, establishing 80-acre spacing units for a period of one year.

(3) That pursuant to the provisions of Order No. R-4213, this case was reopened to allow the operators in the subject pool to appear and show cause why the Haystack Siluro-Devonian Pool should not be developed on 40-acre spacing units.

(4) That no operator in the subject pool appeared to show cause why the Haystack Siluro-Devonian Pool should not be developed on 40-acre spacing units.

(5) That it is not known at this time whether additional wells will be completed in the subject pool.

-2-

Case No. 4608

Order No. R-4213-A

(6) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 80 acres.

(7) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-4213 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, promulgated by Order No. R-4213, are hereby abolished.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Bruce King
BRUCE KING, Chairman

Alex J. Armiño
ALEX J. ARMIÑO, Member

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

S E A L

dr/

DOCKET: EXAMINER HEARING - TUESDAY - DECEMBER 19, 1972

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1973, from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico for January, 1973.

CASE 4608: (Reopened) (Continued from November 14, 1972)

In the matter of Case 4608 being reopened pursuant to the provisions of Order No. R-4213 which order established special rules and regulations for the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, including a provision for 80-acre spacing units. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 4860: (Continued from the November 29, 1972 Examiner Hearing)

Application of Craig Folsom for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well to test the Queen formation at an unorthodox oil well location 1340 feet from the South line and 1300 feet from the East line of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico.

CASE 4869: (Continued and Readvertised)

Application of Claude C. Kennedy for the amendment of Order No. R-4263, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4263 to prohibit the transfer of allowable to any well located closer than 1320 feet from the outer boundary of the Lone Pine Dakota "D" Unit Area, Lone Pine Dakota "D" Pool, McKinley County, New Mexico.

CASE 4874: Application of Skelly Oil Company for a dual completion and water injection well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Skelly Waterflood Unit Well No. 3 located in Unit D of Section 22, Township 17 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Fren-Seven Rivers Pool and the injection of water into the Grayburg-Jackson Pool through parallel strings of tubing.

- CASE 4875: Application of ESH Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Lower San Andres formation in the perforated interval from 5144 feet to 5170 feet in its Hobbs State Well No. 5 located in Unit F of Section 29, Township 18 South, Range 38 East, Hobbs Field, Lea County, New Mexico.
- CASE 4876: Application of Gulf Oil Corporation for an unorthodox oil well location and amendment of Order No. R-2248, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its West Dollarhide Devonian Unit Well No. 118 at an unorthodox location 2540 feet from the South line and 1420 feet from the West line of Section 33, Township 24 South, Range 38 East, West Dollarhide-Devonian Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-2248 to provide for administrative approval of additional production and injection wells in the aforesaid unit at unorthodox locations.
- CASE 4877: Application of Texas Pacific Oil Company, Inc. for two non-standard oil proration units and a non-standard location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard proration unit comprising the NE/4 NW/4 and NW/4 NE/4 of Section 2 to be dedicated to its State "C" Well No. 1 located in Unit B and a 40-acre non-standard proration unit comprising the SE/4 NW/4 of Section 2 to be dedicated to its State "C" Well No. 2 located in Unit F of Section 2 and an 80-acre standard proration unit comprising the E/2 NE/4 of Section 2 to be dedicated to its State "D" Well No. 1 at an unorthodox location in Unit A of Section 2, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.
- CASE 4878: Application of Harding Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn and Atoka formations underlying the E/2 SE/4 of Section 10, Township 17 South, Range 37 East, Lea County, New Mexico, to be dedicated to a Humble City Field extension well to be drilled at a standard location for said pools; also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.
- CASE 4879: Application of Atlantic Richfield Company for gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard proration unit comprising the N/2 of Section 30, Township 23 South, Range 37 East, to be dedicated to its Eva Blinebry Wells Nos. 2 and 7 located in Units D and G, respectively, of said Section 30; a 320-acre non-standard proration unit comprising the E/2 of Section 26, Township 22 South, Range 36 East to be dedicated to its McDonald State Wells Nos. 8 and 9 located in

(Case 4879 continued from page 2)

Units P and G, respectively, of said Section 26, and a 640-acre standard gas proration unit comprising all of Section 15, same township, to be dedicated to its McDonald State Wells Nos. 13, 14, and 15 located in Units P, G, and L, respectively, of said Section 15, Jalmat Gas Pool, Lea County, New Mexico.

CASE 4880: Application of Jake L. Hamon for the amendment of Order No. R-638-C, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-638-C which established 150 barrels of oil per day as the maximum allowable for the South Knowles-Devonian Pool. Applicant proposes that the regular 80-acre depth bracket allowable be applied to said pool.

CASE 4881: Application of Anadarko Production Company for two unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill two wells at unorthodox locations 1980 feet from the South line and 1310 feet from the West line of Section 9 and 1310 feet from the North line and 1980 feet from the East line of Section 16, both in Township 18 South, Range 29 East, Loco Hills Pool, Eddy County, New Mexico.

Applicant further seeks the adoption of a procedure for administrative approval of additional production and injection wells in its Far West Loco Hills Sand Unit at unorthodox locations.

CASE 4882: Application of Shell Oil Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the San Andres formation through the following five wells in the Cato-San Andres Pool, Chaves County, New Mexico: Amoco Federal Wells Nos. 4, 6, 7, and 8 in Units G, O, E, and M, respectively, of Section 33 and Hodges Federal B Well No. 4 in Unit M of Section 34, all in Township 8 South, Range 30 East.

CASE 4883: Application of El Paso Natural Gas Company for non-standard gas spacing units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following non-standard gas spacing units adjacent to the Blanco-Pictured Cliffs Pool in Township 31 North, Range 9 West, San Juan County, New Mexico:

A 145.6-acre unit comprising lots 9 and 10 and 15 through 18 of Section 31;

A 153.5-acre unit comprising lots 14 through 17 of Section 30 and lots 7 and 8 of Section 31;

A 156.5-acre unit comprising lots 17 and 18 of Section 19 and lots 6 through 9 of Section 30;

A 152.6-acre unit comprising lots 7 through 10 and 15 and 16 of Section 19.

CASE 4853: (Continued and Readvertised)

Application of El Paso Natural Gas Company for amendment of gas well testing procedures, San Juan Basin, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the gas well testing procedures for the San Juan Basin, New Mexico, promulgated by Order No. R-333-F, as amended, to remove the requirement for annual deliverability and shut-in pressure tests for marginal wells.

Applicant further requests the Commission to consider:

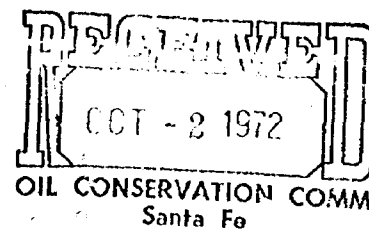
1. Other means of avoiding or minimizing the loss of pipeline availability attributable to the period wells in prorated pools are shut in in order to conduct the annually required deliverability and shut-in pressure tests;
2. Exempting wells in non-prorated pools from the annual deliverability and shut-in pressure requirements; and,
3. Exempting all wells in the San Juan Basin from the requirement for annual shut-in pressure tests as provided in the General Rules and Regulations.

CASE 4884: Application of Colorado Plateau Geological Services, Inc., for an extension of Order No. R-4227, McKinley County, New Mexico. Applicant, in the above-styled cause, as managing agent for oil and gas for the Henry Birdseye Estate, seeks a one-year extension to certain provisions of Order No. R-4227 which, as amended by Order No. R-4227-A, required that certain of the Birdseye wells in the Chaco Wash Mesaverde Oil Pool be placed on active production or water injection by December 31, 1972, or be plugged and abandoned. Applicant, or United States Fidelity and Guaranty Company, or any other interested party will be permitted to show cause why the effective date of the aforesaid order should not be enforced.

CASE 4885: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John Lemley and Juanita Franks and Aetna Casualty and Surety Company and all other interested parties to appear and show cause why the Lemley and Franks Greathouse Well No. 1, located in Unit F of Section 10, Township 23 North, Range 1 West, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1759
SANTA FE, NEW MEXICO 87501



TELEPHONE 982-4315
AREA CODE 505

September 29, 1972

Mr. George Hatch, Attorney
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Commission Case #4608 (Reopened)

Dear Mr. Hatch:

The above referenced Commission Case has been set for hearing on October 4, 1972. On behalf of Read & Stevens, Inc., Roswell, New Mexico, I would request a continuance until on or after November 15, 1972. *2-14*

Read & Stevens, Inc. will be drilling a well to test the Siluro-Devonian in the vicinity of the Jack McClellan Bar-J Federal Well No. 1 located in Unit E of Section 15, Township 6 South, Range 27 East, N.M.P.M., Chaves County, New Mexico.

Mr. Jack L. McClellan has been contacted and supports the Read & Stevens request for a continuance. I am aware of no other interested parties.

Very truly yours,

A handwritten signature in cursive script that reads "Tom Kellahin".

W. Thomas Kellahin

WTK:amr

cc: Mr. John Anderson, Read & Stevens, Inc.
Mr. Jack L. McClellan

DOCKET MAILED

Date 12-6-72
For Dec. 19th

DOCKET MAILED

Date 11-2-72

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 14, 1972

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 Elvis A. Utz, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for December, 1972, from seventeen prorate pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas from nine prorate pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico for December, 1972.
- (3) Consideration of purchasers' nominations for the one-year period beginning January 1, 1973, for both of the above areas.

CASE 4608: (Reopened) (Continued from October 4, 1972)

In the matter of Case 4608 being reopened pursuant to the provisions of Order No. R-4213 which order established special rules and regulations for the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, including a provision for 80-acre spacing units. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 4855: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of oil production from the Cary-Montoya and South McCormack-Silurian Oil Pools in the wellbore of its R. E. Cole (NCT-A) Well No. 10 in Unit E of Section 16, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 4856: Application of Gulf Oil Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Shugart Pool, Eddy County, New Mexico, by the injection of water into the Queen formation through three wells on its Federal Littlefield "AB" Lease in Section 22, Township 18 South, Range 31 East, Eddy County, New Mexico.

CASE 4857: Application of Perry R. Bass for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for his Big Eddy Well No. 7 located 660 feet from the South line and 1980 feet from the East line of Section 19, Township 20 South, Range 31 East, Maroon Cliffs-Morrow Gas Pool, Eddy County, New Mexico, with the E/2 of said Section 19 to be dedicated to the well.

CASE 4858: Application of Continental Oil Company for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the two following Blinebry Gas Pool non-standard gas proration units in Township 21 South, Range 37 East:

A 120-acre unit comprising the N/2 SW/4 and the SW/4 SW/4 of Section 21, to be dedicated to applicant's M. E. Wantz Well No. 11 located in Unit L of said Section 21, and a 160-acre unit comprising the NW/4 SE/4, S/2 SE/4 and SE/4 SW/4 of Section 21, to be dedicated to applicant's M. E. Wantz Well No. 8 located in Unit O of said Section 21.

CASE 4859: Application of Continental Oil Company for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the two following Blinebry Gas Pool non-standard proration units in Township 21 South, Range 37 East:

An 80-acre unit comprising the SW/4 NW/4 of Section 13 and the SE/4 NE/4 of Section 14, to be dedicated to applicant's Lockhart B-14 "A" Well No. 1 located in Unit H of Section 14, and a 160-acre unit comprising the NW/4 SE/4, N/2 SW/4, and SW/4 SW/4 of Section 13, to be simultaneously dedicated to applicant's Lockhart B-13 "A" Wells Nos. 1 and 8 located in Units M and L, respectively, of said Section 13.

CASE 4860: Application of Craig Folsom for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well to test the Queen formation at an unorthodox oil well location 1340 feet from the South line and 1300 feet from the East line of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico.

CASE 4861: Application of Cities Service Oil Company for the amendment of Order R-4239, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4239, which order pooled all mineral interests in the South Carlsbad-Morrow Gas Pool underlying the N/2 of Section 19, Township 22 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 2173 feet from the North line and 1200 feet from the East line of said Section 19 and provided \$60.00 per month as the charge for supervision (combined fixed rates). Applicant proposes that said order be amended to provide for the drilling of a well on the pooled unit at a standard well location and that \$200.00 a month be established as the charge for supervision.

CASE 4862: Application of Adobe Oil Company for a non-standard gas proration unit and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 520-acre non-standard

(Case 4862 continued from Page 2)

gas proration unit comprising the NE/4, SE/4, E/2 SW/4, N/2 NW/4, and SE/4 NW/4 of Section 11, Township 23 South, Range 24 East, Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools in Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 320 feet from the South and East lines of said Section 11.

CASE 4863: Application of C & K Petroleum Inc. for a non-standard gas proration unit and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 225.59-acre non-standard West Atoka-Morrow gas proration unit in Section 18, Township 18 South, Range 26 East, comprising the SW/4, the SW/4 SE/4, and that portion of the NW/4 SE/4 described as follows:

Beginning at the Northwest corner of said NW/4 SE/4, thence South 1320 feet, thence East 1193.4 feet, thence North 639 feet, thence West 242.2 feet, thence North 30 degrees West, 452.6 feet, thence West 267 feet, thence North 8 degrees East, 267 feet to the North line of said NW/4 SE/4, thence West 507.4 feet to the point of beginning.

Applicant further seeks authority to drill a well for said unit at an unorthodox location 990 feet from the South and West lines of said Section 18.

CASE 4864: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Chaves, Eddy and Lea Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Canyon production and designated as the South Carlsbad-Canyon Gas Pool. The discovery well is the Phillips Petroleum Company Drag B No. 1 located in Unit K of Section 18, Township 23 South, Range 27 East, NMPM. Said pool described as:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 18: S/2

(b) Create a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Hat Mesa-Morrow Gas Pool. The discovery well is the Phillips Petroleum Company Hat Mesa No. 1 located in Unit G of Section 11, Township 21 South, Range 32 East, NMPM. Said pool described as:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 11: E/2

(Case 4864 continued from Page 3)

(c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Rocky Arroyo-Morrow Gas Pool. The discovery well is the El Paso Natural Gas Company Rocky Arroyo No. 1 located in Unit J of Section 8, Township 22 South, Range 22 East, NMPM. Said pool described as:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 8: E/2
Section 17: N/2

(d) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Rocky Arroyo-Wolfcamp Gas Pool. The discovery well is the El Paso Natural Gas Company Rocky Arroyo No. 1 located in Unit J of Section 8, Township 22 South, Range 22 East, NMPM. Said pool described as:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 8: SE/4

(e) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Lower Pennsylvanian production and designated as the South Sand Dunes-Lower Pennsylvanian Gas Pool. The discovery well is the El Paso Natural Gas Company Sundance Federal No. 1 located in Unit F of Section 4, Township 24 South, Range 31 East, NMPM. Said pool described as:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 4: N/2

(f) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Winchester-Morrow Gas Pool. The discovery well is the Perroc Oil Corporation Dero Federal No. 1 located in Unit P of Section 35, Township 19 South, Range 28 East, NMPM. Said pool described as:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2

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

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 25: SW/4

(h) Extend the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

(Case 4864, Paragraph (h) continued from Page 4)

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2
Section 18: N/2

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

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 18: S/2

(j) Extend the East Chisum-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM
Section 16: NW/4 NE/4

(k) Extend the North Eunice-San Andres Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 17: NW/4
Section 18: NE/4

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 7: SE/4

(m) Extend the Haystack-Cisco Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM
Section 9: All
Section 16: N/2

(n) Extend the Penasco Draw San Andres-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 5: SW/4
Section 6: S/2

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 23: SE/4 NW/4, NE/4 SW/4, and
N/2 SE/4
Section 24: SE/4 and N/2 SW/4

(Case 4864 continued from Page 5)

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

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 29: NW/4

(q) Extend the Shugart Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 36: NW/4

(r) Extend the West Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 30: NE/4

(s) Extend the Washington Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 24 EAST, NMPM
Section 2: W/2
Section 11: All

(t) Extend the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 32: All



OIL CONSERVATION COMMISSION

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

October 22, 1971

GOVERNOR
BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4608
Order No. R-4213
Applicant: Jack McClellan

DOCKET MARKED

Date 9-22-72

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 U. S. Geological Survey - Artesia, New Mexico

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. 4608
Order No. R-4213

NOMENCLATURE

APPLICATION OF JACK L. McCLELLAN
FOR THE CREATION OF A NEW POOL
AND SPECIAL POOL RULES, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 13, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of October, 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, Jack L. McClellan, seeks the creation of a new pool for the production of oil from the Siluro-Devonian formation for his Bar-J Federal Well No. 1 located in Unit E of Section 15, Township 6 South, Range 27 East, NMPM, Chaves County, New Mexico, and the assignment of approximately 32,300 barrels of discovery allowable to said well.

(3) That the applicant further seeks the promulgation of special rules and regulations governing said pool, including a provision for 80-acre spacing and proration units, with wells to be drilled in either quarter-quarter section.

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CASE NO. 4608

Order No. R-4213

(4) That the evidence presently available indicates that the Jack L. McClellan Bar-J Federal Well No. 1, located in Unit E of Section 15, Township 6 South, Range 27 East, NMPM, Chaves County, New Mexico, having its top perforations at 6460 feet, has discovered a separate common source of supply which should be designated the Haystack Siluro-Devonian Pool; that the vertical limits of said pool should be the Siluro-Devonian formation, and that the horizontal limits of said pool should comprise the NW/4 of said Section 15.

(5) That the discovery well for said pool, the aforesaid Jack L. McClellan Bar-J Federal Well No. 1, is entitled to and should receive a bonus discovery oil allowable in the amount of 32,300 barrels, based upon the top perforations in said well at 6460 feet, to be assigned over a two-year period.

(6) 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 80-acre spacing units should be promulgated for the Haystack-Siluro-Devonian Pool.

(7) 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.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in October, 1972, at which time the operators in the subject pool should be prepared to appear and show cause why the Haystack Siluro-Devonian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Chaves County, New Mexico, classified as an oil pool for the production of oil from the Siluro-

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CASE NO. 4608

Order No. R-4213

Devonian formation, is hereby created and designated the Haystack Siluro-Devonian Pool, with vertical limits comprising the Siluro-Devonian formation and horizontal limits comprising the NW/4 of said Section 15.

(2) That the discovery well, the aforesaid Bar-J Federal Well No. 1, is hereby authorized an oil discovery allowable of 32,300 barrels to be assigned to said well at the rate of 45 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That Special Rules and Regulations for the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
HAYSTACK SILURO-DEVONIAN POOL

RULE 1. Each well completed or recompleted in the Haystack Siluro-Devonian Pool or in the Siluro-Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Siluro-Devonian oil 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 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The 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 comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state 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

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CASE NO. 4608
Order No. R-4213

formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

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.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.77 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Haystack Siluro-Devonian pool or in the Siluro-Devonian 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, 1971.

(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 Haystack Siluro-Devonian pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules;

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CASE NO. 4608
Order No. R-4213

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 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective 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 Haystack Siluro-Devonian Pool or in the Siluro-Devonian 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 in October, 1972, at which time the operators in the subject pool may appear and show cause why the Haystack Siluro-Devonian pool should not be developed on 40-acre spacing units.

(4) 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



Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

Docket No. 22-71

DOCKET: REGULAR HEARING - WEDNESDAY - OCTOBER 13, 1971

OIL CONSERVATION COMMISSION - 9 A.M. - ROSWELL INN, 1815 NORTH MAIN,
ROSWELL, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for November and December, 1971;
- (2) Consideration of the allowable production of gas for November, 1971, 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 November, 1971.

CASE 4575: (De Novo)

Application of Anadarko Production Company for the amendment of the special pool rules for an existing pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations governing the South Eunice-San Andres Pool to provide for the classification of oil and gas wells, spacing and well location requirements, and an allocation formula for withdrawals by oil and gas wells.

Upon application of Anadarko Production Company, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4557: (De Novo)

Application of Continental Oil Company for transfer of allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to transfer allowable across boundaries of the participating area and the leases outside said area, but within the Maljamar Co-operative Area, MCA Unit Area, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

Upon application of Continental Oil Company, 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, ALSO AT THE
ROSWELL INN:

- CASE 4605: Application of Elk Oil Company for special pool rules and a non-standard gas proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Round Tank-Queen Pool,

Regular Hearing - October 13, 1971

-2-

Docket No. 22-71

(Case 4605 continued)

including provisions for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and a limiting gas-oil ratio of 6,000 to 1. Applicant further seeks approval of a 120-acre non-standard gas proration unit comprising the W/2 SW/4 and SE/4 SW/4 of Section 30, Township 15 South, Range 29 East, Chaves County, New Mexico, to be dedicated to its JW Well No. 2 located in Unit L of said Section 30.

CASE 4606: Application of Black River Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Cities-Federal Well No. 2 located 2310 feet from the South and East lines of Section 34, Township 25 South, Range 24 East, undesignated Morrow gas pool, Eddy County, New Mexico, with the E/2 of said Section 34 to be dedicated to the well.

CASE 4448: (Reopened)

In the matter of Case 4448 being reopened pursuant to the provisions of Order No. R-4060, which order established 160-acre spacing units and an 80-acre proportional factor of 4.00 for the West Mescalero-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested persons may appear and show cause why said pool should not be developed on less than 160-acre spacing units and why the 80-acre proportional factor of 4.00 assigned to the pool should or should not be retained.

CASE 4607: Application of Penroc Oil Corporation for a waterflood expansion and amendment of Order No. R-3494, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Phillips Artesia Waterflood Project, Artesia Pool, by an additional injection well to be located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, Eddy County, New Mexico. Applicant further seeks the amendment of Order No. R-3494 to permit administrative approval for additional

(Case 4607 continued)

injection wells in said project without a showing of well response.

CASE 4608: Application of Jack L. McClellan for the creation of a new pool and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Siluro-Devonian formation for his Bar-J Federal Well No. 1 located in Unit E of Section 15, Township 6 South, Range 27 East, Chaves County, New Mexico, and the assignment of approximately 32,300 barrels of discovery allowable to said well. Applicant further seeks the promulgation of special rules for said pool including a provision for 80-acre spacing and proration units.

CASE 4609: Application of Jack L. McClellan for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sulimar-Queen Unit Area comprising 1520 acres, more or less, of Federal lands in Sections 13, 23, 24, 25, and 26 of Township 15 South, Range 29 East and Sections 18 and 19 of Township 15 South, Range 30 East, Chaves County, New Mexico.

CASE 4610: Application of Jack L. McClellan for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Sulimar-Queen Pool by the injection of water through various wells located in Sections 13, 23, 24, 25, and 26 of Township 15 South, Range 29 East and Sections 18 and 19 of Township 15 South, Range 30 East, Chaves County, New Mexico.

CASE 4611: Southeastern New Mexico nomenclature case calling for an order for the extension of certain pools in Lea, Chaves and Roosevelt Counties, New Mexico.

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

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
SECTION 3: N/2 SE/4

(Case 4611 continued)

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

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM
SECTION 16: S/2

(c) Extend the Vest Ranch-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
SECTION 28: SE/4

(d) Extend the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
SECTION 12: NE/4

CASE 4539: (Continued from the September 1, 1971 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Doanbuy Lease & Company, Inc., and all other interested persons to appear and show cause why its following described wells in Section 27, Township 14 South, Range 33 East, Saunders Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4593: (Continued from the September 15, 1971 Examiner Hearing)

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.

Docket No. 22-71

DOCKET: REGULAR HEARING - WEDNESDAY - OCTOBER 13, 1971

OIL CONSERVATION COMMISSION - 9 A.M. - ROSWELL INN, 1815 NORTH MAIN,
ROSWELL, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for November and December, 1971;
- (2) Consideration of the allowable production of gas for November, 1971, 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 November, 1971.

CASE 4575: (De Novo)

Application of Anadarko Production Company for the amendment of the special pool rules for an existing pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations governing the South Eunice-San Andres Pool to provide for the classification of oil and gas wells, spacing and well location requirements, and an allocation formula for withdrawals by oil and gas wells.

Upon application of Anadarko Production Company, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4557: (De Novo)

Application of Continental Oil Company for transfer of allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to transfer allowable across boundaries of the participating area and the leases outside said area, but within the Maljamar Co-operative Area, MCA Unit Area, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

Upon application of Continental Oil Company, 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, ALSO AT THE
ROSWELL INN:

Jim Jensen
Joe Kelley
CASE 4605: Application of Elk Oil Company for special pool rules and a non-standard gas proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Round Tank-Queen Pool,

Regular Hearing - October 13, 1971

-2-

Docket No. 22-71

(Case 4605 continued)

including provisions for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and a limiting gas-oil ratio of 6,000 to 1. Applicant further seeks approval of a 120-acre non-standard gas proration unit comprising the W/2 SW/4 and SE/4 SW/4 of Section 30, Township 15 South, Range 29 East, Chaves County, New Mexico, to be dedicated to its JW Well No. 2 located in Unit L of said Section 30.

Carroll Hinkle
Gordon West
CASE 4606: Application of Black River Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Cities-Federal Well No. 2 located 2310 feet from the South and East lines of Section 34, Township 25 South, Range 24 East, undesignated Morrow gas pool, Eddy County, New Mexico, with the E/2 of said Section 34 to be dedicated to the well.

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J. ...
... ..
post p. 1a
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J. ...
J. ...
Castle
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(Case 4607 continued)

injection wells in said project without a showing of well response.

Jack L. McClellan
Jack L. McClellan
Stevens Energy
Within 7 days
TEX
(Case 4608)

CASE 4608: Application of Jack L. McClellan for the creation of a new pool and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Siluro-Devonian formation for his Bar-J Federal Well No. 1 located in Unit E of Section 15, Township 6 South, Range 27 East, Chaves County, New Mexico, and the assignment of approximately 32,300 barrels of discovery allowable to said well. Applicant further seeks the promulgation of special rules for said pool including a provision for 80-acre spacing and proration units.

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CASE 4610: Application of Jack L. McClellan for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Sulimar-Queen Pool by the injection of water through various wells located in Sections 13, 23, 24, 25, and 26 of Township 15 South, Range 29 East and Sections 18 and 19 of Township 15 South, Range 30 East, Chaves County, New Mexico.

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TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
SECTION 3: N/2 SE/4

(Case 4611 continued)

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

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM
SECTION 16: S/2

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TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
SECTION 28: SE/4

(d) Extend the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
SECTION 12: NE/4

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In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Doanbuy Lease & Company, Inc., and all other interested persons to appear and show cause why its following described wells in Section 27, Township 14 South, Range 33 East, Saunders Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4593: (Continued from the September 15, 1971 Examiner Hearing)
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.

[illegible]

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN DUPLICATE*

(See other instructions on reverse side)

Form approved,
Budget Bureau No. 42-R355.5.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ DRY ☐ Other _____
b. TYPE OF COMPLETION: NEW WELL ☒ WORK OVER ☐ DEEP-EN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ Other _____

2. NAME OF OPERATOR
JACK L. MCCLELLAN

3. ADDRESS OF OPERATOR
Box 848, ROSWELL, NEW MEXICO 88201

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*
At surface
At top prod. interval reported below 1980' FNL & 660' FWL
At total depth

14. PERMIT NO. _____ DATE ISSUED _____

5. LEASE DESIGNATION AND SERIAL NO.

NM 0154766

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

FEDERAL BAR-J

9. WELL NO.

10. FIELD AND POOL, OR WILDCAT

WILDCAT

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

SEC. 15-T6S-R27E

12. COUNTY OR PARISH CHAVES 13. STATE N. M.

15. DATE SPUDDED 6/21/71 16. DATE T.D. REACHED 7/16/71 17. DATE COMPL. (Ready to prod.) 7/27/71 18. ELEVATIONS (OF, RKB, RT, OR, ETC.)* 4109 G.L. 4121 K.B. 19. ELEV. CASINGHEAD 4112'

20. TOTAL DEPTH, MD & TVD 6480 21. PLUG, BACK T.D., MD & TVD 6472 22. IF MULTIPLE COMPL., HOW MANY? 23. INTERVALS DRILLED BY 10-T.D. ROTARY TOOLS CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)* 6460-6468 25. WAS DIRECTIONAL SURVEY MADE YES

26. TYPE ELECTRIC AND OTHER LOGS RUN GAMMA-RAY SONIC, MICROLATERLOG-LATERLOG 27. WAS WELL CORED No

28. CASING RECORD (Report all strings set in well)						
CASINO SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED	
13 3/8	59	29'	15"	2 YARDS		
8 5/8	29	1422	12 3/4"	300SX.		
4 1/2	11 1/2, 9 1/2	6479'	7 7/8"	300SX.		

29. LINER RECORD						30. PACKING RECORD	
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

31. PERFORATION RECORD (Interval, size and number)			32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
INTERVAL	SIZE	NUMBER	DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
6460-6468	3 1/2"	200	6460-6468	500 GALS. MUD ACID

33. PRODUCTION							
DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)				WELL STATUS (Producing or shut-in)	
7/27/71		FLOWING				PRODUCING	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
7/28/71	13	32/64	→	195	200	130	555
FLOW, TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CORR.)	
100	0	→	360	200	240	39.1	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) VENTED TEST WITNESSED BY

35. LIST OF ATTACHMENTS 2 COPIES OF ELECTRICAL SURVEYS 124 BOPD

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED J. L. McClellan TITLE OPERATOR DATE 8/2/71

*(See Instructions and Spaces for Additional Data on Reverse Side)

RECEIVED

SEP 14 1971

OIL CONSERVATION COMM,
SANTA FE

BEFORE THE OIL CONSERVATION COMMISSION
OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF JACK L. McCLELLAN FOR CREATION
OF A NEW POOL AND THE ADOPTION
OF POOL RULES, CHAVES COUNTY,
NEW MEXICO

Case 4608

A P P L I C A T I O N

Comes now Jack L. McClellan and applies to the Oil Conservation Commission of New Mexico for the creation of a new pool for production of oil from the Siluro-Devonian formation, and for the adoption of pool rules, including a provision for 80-acre spacing and proration units, Chaves County, New Mexico, and in support thereof would show the Commission:

1. Applicant has drilled and completed his Bar-J Federal Well No. 1, located 1980 feet from the North line, and 660 feet from the West line of Section 15, Township 6 South, Range 27 East, N.M.P.M., Chaves County, New Mexico.

2. The well, which is located more than one mile from the exterior boundaries of any pool producing from the same formation, has been completed for production of oil from the Siluro-Devonian Formation, and is a discovery well in that formation in the area involved.

3. Information presently available indicates that one well will efficiently drain and develop not less than 80 acres. Due to the high cost of wells in this newly-discovered pool, and the return that can be anticipated from such wells, it is not economically justified to drill more than one well on an 80-acre tract.

DOCKET MAILED

10-1-71

4. In order to determine more fully the area one well can be expected to drain and develop, and to prevent the drilling of unnecessary wells, temporary pool rules should be adopted for the pool, with a provision for 80-acre spacing and proration units.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order creating a new pool and adopting pool rules as prayed for.

Respectfully submitted,

JACK L. McCLELLAN

By Jason W. Kellahin
KELLAHIN & FOX
P.O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

DSN/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 4608

Order No. R-4213-A

IN THE MATTER OF CASE 4608 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-4213
WHICH ORDER ESTABLISHED SPECIAL RULES AND
REGULATIONS FOR THE HAYSTACK SILURO-DEVONIAN
POOL, CHAVES COUNTY, NEW MEXICO, INCLUDING A
PROVISION FOR 80-ACRE SPACING UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 19, 1972
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of January, 1973, 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 by Order No. R-4213, dated October 21, 1971,
temporary Special Rules and Regulations were promulgated for the
Haystack Siluro-Devonian Pool, Chaves County, New Mexico, estab-
lishing 80-acre spacing units for a period of one year.

-2-

Case No. 4608
Order No. R-

(3) That pursuant to the provisions of Order No. R-4213, this case was reopened to allow the operators in the subject pool to appear and show cause why the Haystack Siluro-Devonian Pool should not be developed on 40-acre spacing units.

(4) That no operator in the subject pool appeared to show cause why the Haystack Siluro-Devonian Pool should not be developed on 40-acre spacing units.

(5) That it is not ^{known at this time whether} ~~anticipated that~~ additional wells will be ~~drilled~~ ^{completed} in the subject pool.

(6) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 80 acres.

(7) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-4213 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, promulgated by Order No. R-4213, are hereby abolished.

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

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

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. 4608

Order No. R-4213

APPLICATION OF JACK L. McCLELLAN
FOR THE CREATION OF A NEW POOL
AND SPECIAL POOL RULES, CHAVES
COUNTY, NEW MEXICO.

NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 13, 1971,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of October, 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, Jack L. McClellan,
seeks the creating of a new pool for the
production of oil from the Siluro-Dominian
formation for his Bon-J Federal well
No. 1 located in Unit E of Section 15,
Township 6 South, Range 27 East,
Chaves County, New Mexico, and the
assignment of approximately 32,300
barrels or more, allowable to said well.

(3) That the applicant, Jack L. McClellan, requested and was granted a hearing de novo before the Oil Conservation Commission.

(4) That the applicant, Jack L. McClellan, seeks the creation of a new pool for the production of oil from the Siluro-Devonian formation, and the assignment of an oil discovery allowable to the discovery well.

(3) ~~4~~ That the applicant further seeks the promulgation of special rules and regulations governing said pool, including a provision for 80-acre spacing ^{at production} units, with wells to be drilled in either quarter-quarter section.

(4) ~~4~~ That the evidence presently available indicates that the Jack L. McClellan Bar-J Federal Well No. 1, located in Unit E of Section 15, Township 6 South, Range 27 East, NMPM, Chaves County, New Mexico, having its top perforations at 6460 feet, has discovered a separate common source of supply which should be designated the Haystack Siluro-Devonian Pool; that the vertical limits of said pool should be the same ~~zone of the Siluro-Devonian formation as found in the interval from _____ feet to _____ feet on the log of the aforesaid Bar J Federal Well No. 1,~~ and that the horizontal limits of said pool should comprise the ~~following described lands NW/4 of said Section 15.~~

~~(7)~~ That the above-described discovery is the deepest oil production in Chaves County.

(5) ~~(2)~~ That the discovery well for said pool, the aforesaid Jack L. McClellan Bar-J Federal Well No. 1, is entitled to and should receive a bonus discovery oil allowable in the amount of 32,300 barrels, based upon the top perforations in said well at 6460 feet, to be assigned over a two-year period.

(6) ~~(1)~~ 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 80-acre spacing units should be promulgated for the ~~San Andres Pool~~ San Andres Pool.

(7) ~~(2)~~ 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.

(8) ~~(2)~~ That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) ~~(2)~~ That this case should be reopened at an examiner hearing in ~~March, 1970~~ March, 1972, at which time the operators in the subject pool should be prepared to appear and show cause why the ~~San Andres Pool~~ San Andres Pool should not be developed on 40-acre spacing units.

in the pool until such time as the pool has a gas gathering facility or the gas is being reinjected and thereafter an 80-acre proportional factor of 2.00.

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

CASE No. 4608
Order No. R-

~~(12) That Order No. R should be superseded.~~

IT IS THEREFORE ORDERED:

(1) That a new pool in Chaves County, New Mexico, classified as an oil pool for the production of oil from the ~~siluro~~ Haystack Siluro-Devonian of the Siluro-Devonian formation, is hereby created and designated the Haystack Siluro-Devonian Pool, with vertical limits comprising the Siluro-Devonian ~~of the Siluro-Devonian formation as found in the interval from~~ foot to foot on the log of the Jack E. McClellan Bar-J Federal Well No. 1, located in Unit E of Section 15, Township 6 South, Range 27 East, NMPM, Chaves County, New Mexico, and horizontal limits comprising the following described area: NW/4 of said Section 15.

(2) That the discovery well, the aforesaid Bar-J Federal Well No. 1, is hereby authorized an oil discovery allowable of 32,300 barrels to be assigned to said well at the rate of 45 barrels per day in accordance with Rule 509 of the Commission Rules and Regulations.

(3) That Special Rules and Regulations for the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, are hereby promulgated as follows:

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CASE NO. 4608
Order No. R-

SPECIAL RULES AND REGULATIONS

FOR THE

Haystack Siluro-Devonian Pool

RULE 1. Each well completed or recompleted in the *Haystack*
Siluro-Devonian Pool or in the ~~Haystack~~ the Siluro-
Devonian formation within one mile thereof, and not nearer to or
within the limits of another designated *Siluro-Devonian* oil
pool, shall be spaced, drilled, operated, and produced in accor-
dance with the Special Rules and Regulations hereinafter set
forth.

RULE 2. Each well shall be located on a standard unit
containing 80 acres, more or less, consisting of the N/2, S/2,
E/2, or W/2 of a governmental quarter section; provided, however,
that nothing contained herein shall be construed as prohibiting
the drilling of a well on each of the quarter-quarter sections
in the unit.

RULE 3. The 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
comprising a governmental quarter-quarter section or lot, or the
unorthodox size or shape of the tract is due to a variation in
the legal subdivision of the United States Public Land Surveys.
All operators offsetting the proposed non-standard unit shall be
notified of the application by registered or certified mail, and
the application shall state that such notice has been furnished.
The Secretary-Director may approve the application upon receipt
of written waivers from all offset operators or if no offset
operator has entered an objection to the formation of the non-
standard unit within 30 days after the Secretary-Director has
received the application.

within 150 feet of the
RULE 4. Each well shall be located ~~no closer than 330 feet~~
Center of a governmental quarter-quarter section or lot.
~~to a quarter-quarter section line nor closer than 660 feet to the~~
~~nearest well drilling to or capable of producing from the same~~
~~pool.~~

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.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned *a 80-acre* proportional factor of *2.77* ~~for~~ allowable purposes, ~~until such time as the pool has a gas gathering facility or the gas is being reinjected and thereafter an 80-acre proportional factor of 2.00,~~ and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Haystack Siluro-Devonian Oil Pool or in the _____ of the Siluro-Devonian 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, 1971.

(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 Haystack Siluro-Devonian Oil Pool shall have dedicated thereto 80 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 80 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective 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 Haystack Siluro-Devonian Oil Pool or in the _____ of the Siluro-Devonian 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 in October, 1972, at which time the operators in the subject pool may appear and show cause why the Haystack Siluro-Devonian pool should not be developed on 40-acre spacing units.

entry of such further orders as the Commission may deem necessary.

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