

Case Number

4611

Application

Transcripts

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

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

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Roswell, New Mexico

October 13, 1971  
Examiner Hearing

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IN THE MATTER OF: )

Southeastern New Mexico )  
nomenclature case calling )  
for an order for the )  
extension of certain pools )  
in Lea, Chaves and )  
Roosevelt Counties, New )  
Mexico. )  
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Case No. 4611

BEFORE: DANIEL S. NUTTER, EXAMINER

TRANSCRIPT OF HEARING

1 MR. NUTTER: We will call next Case No. 4611.

2 MR. HATCH: Case 4611. Southeastern New Mexico  
3 nomenclature case calling for an order for the extension of  
4 certain pools in Lea, Chaves and Roosevelt Counties, New Mexico.

5 (Witness sworn)

6 JOE D. RAMEY

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

9 DIRECT EXAMINATION

10 BY MR. HATCH:

11 Q Would you state your name and position for the record?

12 A Joe D. Ramey, supervisor of the Commission's District 1.

13 Q Are you prepared to make recommendations to the Commission  
14 concerning the extension of certain pools in Lea, Chaves  
15 and Roosevelt County, New Mexico?

16 A Yes, I am.

17 Q Are your recommendations prepared in the form of an exhibit?

18 A Yes. It is southeast New Mexico nomenclature Exhibit 1,  
19 Paragraphs A through D.

20 Q All right. Would you refer to Exhibit 1, Paragraphs A to D  
21 and tell the Examiner whether or not there are any  
22 corrections to be made?

23 A There are no corrections or additions and the exhibit is  
24 as shown on the advertisement.

25 Q And do you recommend that the pools in Paragraphs A through

1 D be extended as shown on this docket?

2 A Yes, I do.

3 Q Was Exhibit 1 prepared by you or some member of the staff  
4 under your supervision?

5 A Yes, it was.

6 MR. HATCH: I would like to introduce Exhibit No. 1.

7 MR. NUTTER: OCC Exhibit No. 1 will be admitted in  
8 evidence in Case 4611.

9 Are there any questions of Mr. Ramey? He may be  
10 excused.

11 (Witness excused)

12 MR. NUTTER: Do you have anything further, Mr. Hatch?

13 MR. HATCH: That's all.

14 MR. NUTTER: Does anyone have anything they wish to  
15 offer in Case 4611? Take the case under advisement, and the  
16 hearing is adjourned.

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dearnley-meier reporting service

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I N D E X

WITNESS

PAGE

JOE D. RAMEY

Direct Examination by Mr. Hatch

2

E X H I B I T S

OFFERED IN EVIDENCE

PAGE

OCC Exhibit No. 1

3

dearnley-meier reporting service, inc.

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

22 I do hereby certify that the foregoing is  
23 a complete record of the proceedings in  
the hearing hearing of Case No. 4611  
heard by me on 10/13, 1971.

24 *[Signature]* Registrar  
New Mexico Oil Conservation Commission  
25

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. 4611  
Order No. R-4207

THE APPLICATION OF THE OIL CONSERVATION  
COMMISSION UPON ITS OWN MOTION FOR AN  
ORDER EXTENDING CERTAIN POOLS IN CHAVES,  
LEA, AND ROOSEVELT COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on October 13, 1971, at Roswell, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th 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 there is need for certain extensions to the Vest Ranch-Queen Pool in Chaves County, New Mexico, the Allison-Pennsylvanian Pool and the Wantz-Abo Pool, both in Lea County, New Mexico, and the Bluit-San Andres Associated Pool in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED:

(a) That the Allison-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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

-2-

CASE NO. 4611  
Order No. R-4207

(b) That the Bluit-San Andres Associated Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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

(c) That the Vest Ranch-Queen Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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

(d) That the Wantz-Abo Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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

IT IS FURTHER ORDERED:

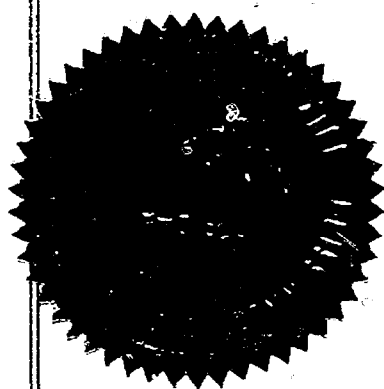
(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

(2) That the effective date of this order and all extensions included herein shall be November 1, 1971.



-3-  
CASE NO. 4611  
Order No. R-4207

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



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Bruce King*  
BRUCE KING, Chairman

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

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

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

Regular Hearing - October 13, 1971

Docket No. 22-71

-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.

CASE 4611: (a) EXTENSION OF AN EXISTING OIL POOL

COUNTY LEA POOL ALLISON-PENNSYLVANIAN

TOWNSHIP 9 South RANGE 36 East NMPM

A 6x6 grid with numbers 1 through 36. The numbers are arranged in a boustrophedon pattern: Row 1 (right to left) contains 1, 2, 3, 4, 5, 6; Row 2 (left to right) contains 7, 8, 9, 10, 11, 12; Row 3 (right to left) contains 13, 14, 15, 16, 17, 18; Row 4 (left to right) contains 19, 20, 21, 22, 23, 24; Row 5 (right to left) contains 25, 26, 27, 28, 29, 30; Row 6 (left to right) contains 31, 32, 33, 34, 35, 36. A path of thick black lines is drawn on the grid, starting at cell 3, moving right to cell 4, then down to cell 10, then left to cell 9, then down to cell 15, then left to cell 14, then down to cell 23, then left to cell 22, then down to cell 27, then left to cell 26, then down to cell 35, then left to cell 34, then down to cell 33, then left to cell 32, then down to cell 31, and finally left to cell 30.

PURPOSE: One completed oil well capable of producing.

BLACKROCK OIL COMPANY - Mobil Atlantic Federal #4 in Unit J of Section 3-  
9-36. Completed in Bough C on August 17, 1971. Top of Perforations  
9830'.

Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 3: N/2-SE/4

CASE 4611: (b) EXTENSION OF AN EXISTING OIL POOL

COUNTY ROOSEVELT POOL BLUITT-SAN ANDRES ASSOCIATED

TOWNSHIP 8 South RANGE 38 East NMPM

A 6x6 grid with numbers 1-36. The numbers are arranged in a 6x6 grid, with the top row containing 6, 5, 4, 3, 2, 1 and the bottom row containing 31, 32, 33, 34, 35, 36. A 3x3 subgrid is highlighted in the center, with its top row containing 16, 15, 14, 13 and its bottom row containing 21, 22, 23, 24. The subgrid is defined by a thick border.

PURPOSE: One completed oil well capable of producing.

CITIES SERVICE OIL COMPANY - State CO #1 in Unit L of Section 16-8-38.

Completed in San Andres on August 20, 1971. Top of Perforations 4789'.

Pcol boundary colored in red.

Proposed pool extension colored in green. SECTION 16: S/2

CASE 4611: (c) EXTENSION OF AN EXISTING OIL POOL

COUNTY CHAVES

POOL VEST RANCH-QUEEN

TOWNSHIP 14 South RANGE 30 East NMPM

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

PURPOSE: One completed oil well capable of producing.

CONTINENTAL OIL COMPANY - W. R. Means #2 in Unit J of Section 28-14-30.

Completed in Queen on August 26, 1971. Top of Perforations 2124'.

Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 28: SE/4



CASE 4611: (d) EXTENSION OF AN EXISTING OIL POOL

COUNTY LEA POOL WANTZ-ABO

TOWNSHIP 22 South RANGE 37 East NMPM

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

PURPOSE: One completed oil well capable of producing.

JOHN H. HENDRIX - Cossatot #1 in Unit G of Section 12-22-37. Completed in Abo on August 9, 1971. Top of Perforations 6663'.

Pool boundary colored in red.

Proposed pool extension colored in green. SECTION 12: NE/4

NEW MEXICO OIL CONSERVATION COMMISSION  
APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

Form C-109  
Adopted 9-1-66

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.  
If discovery is claimed for more than one zone, separate forms must be filed for each.

RECEIVED  
SEP 14 1971

RECEIVED

Operator <b>JACK CONSERVATION COMM. FEDERAL BAR-J</b>		Address <b>Box 848, ROSWELL, NEW MEXICO 88201</b>	
Lease Name <b>FEDERAL BAR-J</b>		Well No. <b>1</b>	County <b>CHAPARRAL</b>
Well Location Unit Letter <b>E</b> ; <b>1980</b> Feet from The <b>NORTH</b> Line and <b>660</b> Feet From the <b>WEST</b> Line of Section <b>15</b> , Township <b>6-SOUTH</b> , Range <b>27 EAST</b> , NMPM			
Suggested Pool Names (List in order of preference) <b>1. BAR-J DEVONIAN</b> 2. 3.			
Name of Producing Formation <b>DEVONIAN (MONTOKA)?</b>		Perforations <b>6460-6468</b>	Date of Filing Form C-104 <b>7/28/71</b>
Was "Affidavit of Discovery" Previously Filed <b>No</b>		If Yes, Give Date of Filing	Date Well was Spudded <b>6/21/71</b>
Total Depth <b>6480'</b>		Plugged Back Depth <b>6472'</b>	Depth Casing Shoe <b>6476'</b>
Tubing Depth <b>6430'</b>		Elevation (Gr., DF, RKB, RT, etc.) <b>4109G.L. - 4121K.B.</b>	
Oil Well Potential (Test to be taken only after all load oil has been recovered) <b>360</b> Bbls. Oil Per Day Based On <b>195</b> Bbls In <b>13</b> Hours; <b>240</b> Bbls Water Per Day Based On <b>130</b> Bbls In <b>13</b> Hours; Gas Production During Test: <b>200</b> MCF; Gas-Oil Ratio: <b>555</b> Method Of Producing: <b>PUMPING</b> Chk. Size <b>2"</b>			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name <b>UNDESIGNATED</b>	Name of Producing Formation <b>CISCO</b>	Top of Pay <b>5800</b>	Bottom of Pay <b>5930</b>	Currently Producing? <b>YES</b>
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool <b>3/4TH MILES SOUTHWEST</b>		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool <b>540'</b>		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name <b>TWINLAKES DEVONIAN</b>	Top of Pay <b>7180</b>	Bottom of Pay <b>7205</b>	Currently Producing? <b>YES</b>
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool <b>14 MILES SOUTHEAST</b>			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well?	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
--	--

Is the Subject Well Multiple Completion?	Is Discovery Allowable Requested for other Zone(s)?	If Yes, Name all Such Formations
--	---	----------------------------------

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
<b>SHENANDOAH OIL CORP.</b>	<b>1018 COMMERCE BLDG., FT. WORTH, TEXAS</b>
<b>FOREST OIL CORP.</b>	<b>1300 NAT'L BANK OF COMMERCE, TEXAS</b>
<b>UNION TEXAS PETROLEUM DIVISION</b>	<b>1300 WILCO BLDG., MIDLAND, TEXAS</b>
<b>EL PASO NATURAL GAS CO.</b>	<b>Box 2185, HOUSTON, TEXAS</b>
<b>SOUTHERN MINERALS CORP.</b>	<b>Box 716, CORPUS CHRISTI, TEXAS</b>

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.

Remarks: <b>MAY DUAL THIS WELL IN CISCO GAS ZONE AT A LATER DATE.</b>
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CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

DOCKET MAILED

Signature <b>Joe L. McCall</b>	Operator <b>10-1-71</b>	Date <b>9/10/71</b>
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CASE 4612: Application of MEADCO  
PROPERTIES FOR CREATION OF A NEW  
POOL AND SPECIAL RULES.

Revised  
to  
File

Case Number  
4612

Application

Transcripts

Small Exhibits

ETC.

# Memo

From

D. S. NUTTER  
CHIEF ENGINEER

To

Hold for vertical  
limits. (Requested  
from John Runyon  
10/29/71)

9204  
9263

Ha  
from John  
on 11/1/71

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 4612 being reopened pursuant  
to Order Number R-4218.

Case No. 4612

BEFORE: Elvis A. Utz,  
Examiner.

TRANSCRIPT OF HEARING

1 MR. UTZ: The hearing will come to order, please.  
2 We have two cases which will not be heard today, and we will  
3 call them first. Case 4612.

4 MR. HATCH: Case 4612: In the matter of Case 4612  
5 being reopened pursuant to Order Number R-4218 which order  
6 established special rules and regulations for the Cuerno  
7 Largo-Pennsylvanian Pool, Lea County, New Mexico, including  
8 provisions for 160-acre spacing units and an 80-acre  
9 proportional factor of 4.77 for allowable purposes.

10 I understand in talking to the attorney that no  
11 appearances are expected if you call for appearances.

12 MR. UTZ: Are there any appearances in Case 4612?

13 (No response)

14 MR. UTZ: There are none. In any event, seeing  
15 there are no appearances in Case 4612, the special pool rules  
16 will revert to statewide rules.

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dearnley, meier & mc cormick

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

dearnley, meier & mc cormick reporting services, inc.

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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

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

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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. 4612, heard by me on Oct 4, 1972.  
Richard E. McCormick 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  
Santa Fe, New Mexico

October 27, 1971  
Examiner Hearing

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IN THE MATTER OF: )

Application of Meadco Properties )  
for creation of a new pool and )  
special rules, Lea County, New )  
Mexico. )  
-----

Case No. 4612

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 4612.

2 MR. HATCH: Case 4612. Application of Meadco  
3 Properties for creation of a new pool and special rules, Lea  
4 County, New Mexico.

5 MR. MORRIS: Mr. Examiner, I am Richard Morris of  
6 Montgomery, Federeci, Andrews, Hannett and Morris, Santa Fe  
7 appearing on behalf of the applicant. We will have one witness,  
8 and I ask that he be sworn at this time.

9 (Witness sworn)

10 MR. UTZ: Are there other appearances?

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

13 MR. UTZ: You may proceed.

14 BILL C. COTNER

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

17 DIRECT EXAMINATION

18 BY MR. MORRIS:

19 Q Mr. Cotner, state your name and where do you reside?

20 A Bill C. Cotner, Midland, Texas.

21 Q Mr. Cotner, what is Meadco Properties?

22 A It is a company owned by me that deals in oil and gas  
23 production.

24 Q All right. Is it a limited partnership?

25 A It is a limited partnership, but I am the general partner.

1 Q All right. Would you state briefly your qualifications  
2 and your experience in the petroleum industry?

3 A I graduated from the University of Texas in 1953, went to  
4 work in Midland, Texas, for Stanelin Oil and Gas Company,  
5 whom I worked for till 1962.

6 At that time I formed Meadco Properties and have  
7 operated as an oil and gas producer since in Midland, Texas.

8 I am a certified petroleum geologist with the AAPG.

9 Q What has been your experience in west Texas and New Mexico  
10 particularly in connection with Pennsylvanian production?

11 A We have drilled some twenty-two wells in the Bagley field  
12 of Lea County, three wells in the Bough "C" area of the  
13 Vada and one well in the Bough "C" field and numerous wells  
14 in different counties in west Texas.

15 MR. MORRIS: Are the witness' qualifications  
16 acceptable?

17 MR. UTZ: Yes, sir, they are.

18 Q Mr. Cotner, referring to Exhibit No. 1, the plat, first  
19 point out if you will the location of your well.

20 A The location is in the southeast of the southwest of  
21 Section 25, Township 10 South, 32 East, Lea County, New  
22 Mexico.

23 Q All right, sir. And in what formation is this completed?

24 A In the Bough "C" formation.

25 Q Where is the nearest Bough "C" production to this well?

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1 A To the best of my knowledge, the nearest Bough "C"  
2 production is in the Enby field located approximately three  
3 and a half miles to the east.

4 Q What are the other pools producing formations of the wells  
5 shown on this exhibit?

6 A The Mescalero field produces from the San Andres and the  
7 Devonian formation located a mile and a half to the  
8 northwest and the North Bagley-Pennsylvanian pool produces  
9 from the Middle Lower Penn located approximately two miles  
10 to the south.

11 Q All right. What is the status of the two wells just north  
12 of your subject well? That is, the Mobil well and the well  
13 on north of that, the Belco well.

14 A The Mobil well was drilled some ten years ago, and drill-stem  
15 tested approximately eight different zones, one of which  
16 was the Bough "C", and the drill-stem test is noted on the  
17 cross-section, and the well was plugged and abandoned.

18 It was a Devonian test. The Belco-Midwest State  
19 located in the southwest of the southwest of Section 24,  
20 approximately a mile and a half northwest of the subject  
21 well is currently laying a water line to pump the Bough "C"  
22 formation.

23 Q All right. Now, if that well is completed in the Bough "C"  
24 would you expect that it would be completed in the same  
25 reservoir as your well?

1 A Yes, I would.

2 Q Would you describe the geology shown on this exhibit?

3 A Well, this --

4 Q The geology of the area.

5 A Well, this is a Bough "C" structure map showing the steep  
6 bite from the Mescalero field into a low relief anacline,  
7 dipping on the east into the Enby area and north dip from  
8 the Bagley field.

9 Q All right. What does it show with respect to the structure  
10 right in the area of your well?

11 A Well, it shows that we are on either a low relief anacline  
12 or a monocline.

13 Q From what you know of the structure at this time can you  
14 say whether you expect that you are in a small, relatively  
15 small, relatively large pool?

16 A From the indications of the production tests on the Belco  
17 well, which before the Commission shut them down for water  
18 disposal they were pumping 1500 barrels of water per day  
19 and no oil from the Bough "C", and they expect to continue  
20 to pump this, as typical of Bough "C" formation with hopes  
21 that oil will eventually show up.

22 We feel that we have possibly five locations based on  
23 160-acre spacing.

24 Q All right. Would you refer now to your cross-section,  
25 Exhibit No. 2?

1 A Okay.

2 Q First would you refer to the inset map down in the lower  
3 left-hand corner and point out the line of the cross-section?

4 A The line of cross-section A prime begins with the Shell  
5 M.S.-State No. 1, a Devonian dry-hole that was drilled  
6 approximately 1965. This well had numerous drill-stem  
7 tests, no commercial production, was established, and the  
8 well was plugged and abandoned.

9 Q All right. Just continue on if you will.

10 A The next one on the cross-section is the Mobil Double A  
11 State No. 1 and it's located approximately a mile north of  
12 of the Meadco well, and they drilled to the Devonian and  
13 established no commercial production.

14 However, they did have a drill-stem test in the Bough  
15 "C" that had gas to the surface and one minute, and  
16 recovered 7164 feet of oil and gas, cut salt water with  
17 flow pressures from 3135 to 3372, initial and final shut-in  
18 pressures 3372.

19 In my opinion, this would make a Bough "C" producer.  
20 However, at the time that this well was drilled the  
21 Bough "C" was not being produced with hydraulic equipment.

22 Q All right. Now, is the next well here your well?

23 A Yes, sir.

24 Q All right. Would you go into some detail on the information?

25 A The Meadco drilled this well with anticipation of finding

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1 another North Bagley field for the Lower Middle Penn  
2 section.

3 This well was drilled to approximately 10,400 feet,  
4 and unsuccessfully established production in the lower  
5 areas. Meadco took a drill-stem test in the Bough "C" from  
6 9214 to 59, tool was opened sixty minutes, gas surfaced in  
7 twenty minutes.

8 Recovery was 8539 feet of oil and gas, cut salt water  
9 fifteen percent, oil sixty minute initial shut-in pressure  
10 was 3002 pounds, flow pressure 2769 to 2979.

11 One hundred twenty minutes final shut-in pressure was  
12 3002 pounds. This is a typical drill-stem test in an  
13 undrained area for the Bough "C" formation.

14 Subsequently we drill-stem tested the Upper Penn and  
15 received no shows and the Middle Penn and Lower Penn had  
16 no shows.

17 We plugged back, set a bridge plug to 9340, perforated  
18 the Bough "C" section from 9214 to 9249, acidized with  
19 2000 gallons.

20 The well flowed 129 barrels of oil on a 3264 show and  
21 die.

22 Subsequently installed hydraulic pump and equipment  
23 and the well was potential for 275 barrels of oil plus 520  
24 barrels of salt water in twenty-four hours on 9/9/71.

25 Q All right. While we were talking about this particular

1 well how much of a pay zone do you have? How much net pay  
2 do you believe you have?

3 A We feel that we have ten feet to fourteen feet of net pay  
4 in the Bough "C" section.

5 Q How much production have you experienced from this well so  
6 far?

7 A Well, we produced this well for five days prior to shut-  
8 down for water disposal connection, and the well produced  
9 an average of 225 barrels per day, at which time we were  
10 shut down until a water connection could be obtained. We  
11 were shut-in five weeks.

12 On October 13 we connected the water disposal line to  
13 barrel system and the well has been on production since,  
14 averaging 105 to 110 barrels of oil per day, and 480 barrels  
15 of water per day.

16 Q All right. Would you continue with your description of  
17 your cross-section then?

18 A Well, the next well on the cross-section is a fundamental  
19 one D State located approximately three-fourths of a mile  
20 to the south, and again was a Bagley-Penn type test, and  
21 they drill-stem tested several zones which no commercial  
22 production was found.

23 However, they had failed to drill-stem test the  
24 Bough "C" section and the Bough "C" section shows  
25 approximately eight feet of porosity in this well.



1 And it is our anticipation that this could have been  
2 a producing in the Bough "C", producer.

3 The next well on the cross-section is the Stolsom  
4 Company-Pubco State No. 1. This well was again a Bagley  
5 type test and was drilled to a TD without any drill-stem  
6 tests.

7 Pipe was set, and all zones of porosity were perforated  
8 and tested and unsuccessful.

9 It might be noted that the Bough "C" was perforated  
10 and has fifteen feet of porosity and a hundred percent salt  
11 water was swabbed from this zone and the well was  
12 subsequently plugged and abandoned.

13 Q Is there anything about this cross-section that you want  
14 to point out before we go on?

15 A Well, just to state that this Bough "C" type reservoir is  
16 typical with the Vada area on a low relief structural  
17 anacline.

18 Q You have already described the type of production that your  
19 drill-stem tests and the production that you have actually  
20 experienced in your well. How does that compare to  
21 production from this Vada or other Bough "C" production?

22 A It is very similar to the Enby and Vada areas in that the  
23 initial wells drilled in those areas had a similar shut-in  
24 pressure and similar recoveries on drill-stem tests.

25 Later wells that were drilled in the Vada area, the

1 bottom hole pressures had been reduced to approximately  
2 1900 pounds, which we drilled two wells, and approximately  
3 two years later the new wells in the field a mile and a  
4 half to the north had experienced 1200 pounds bottom hole  
5 pressure, so it is our feeling that based on smaller  
6 spacing at 160 acres that it would be uncommercial to drill  
7 these wells based on recoveries.

8 Q How does your net pay in this well compare with the net  
9 pay experienced in the Enby?

10 A It is thinner. In the Enby we had from twelve feet to  
11 eighteen feet of net pay, and in the Vada the same, and this  
12 area indicates a little less net pay.

13 Q What was the cost of your well?

14 A All the bills are not in yet as far as connecting the salt  
15 water disposal line, but the estimated total cost is  
16 \$175,055.25.

17 Q How much does it cost to operate a typical well in the  
18 Bough "C"?

19 A These wells are on hydraulic pumping equipment and the  
20 average yearly cost, taking into account changing the  
21 hydraulic pump periodically, \$1500 per month.

22 We also have a salt water disposal charge that is  
23 included in that that will run approximately \$1500 to \$1600  
24 a month.

25 Q In your opinion can one well in the Bough "C" in this area

1 effectively and efficiently drain and develop 160-acre  
2 proration unit?

3 A Yes, it can.

4 Q And it is your testimony that the economics require at  
5 least 160-acre spacing?

6 A We feel this way. We based our reserves, estimated on  
7 160 acres, and our net pay of ten feet of 104,000 barrels  
8 of oil on 160-acre spacing, netting \$3.00 a barrel after  
9 operating costs, and a seventy-five percent lease, our  
10 total income will be approximately \$210,000.

11 Q Mr. Cotner, in your suggestion here to the Commission that  
12 they adopt special rules for this pool and create a new  
13 pool for Bough "C" production other than your recommendation  
14 for 160-acre spacing do you have any particular  
15 recommendations for well location requirements?

16 A Just the standard location.

17 Q Flexible location?

18 A Flexible, 150 feet out of the center of the Thornton,  
19 anywhere located in the 160.

20 Q All right.

21 MR. MORRIS: Mr. Examiner, at this time we offer into  
22 evidence Exhibits 1 and 2.

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

25 MR. MORRIS: That's all we have to present at this time.

CROSS-EXAMINATION

2 BY MR. UTZ:

3 Q Cotner, is that the name?

4 A Yes, sir.

5 Q You are asking for special pool rules here. Do you have  
6 any suggestions for locations within the 160 acre tract?

7 A No, sir.

8 Q Do you have a sample order or another pool order that you  
9 would like to go by?

10 A The Vada pool order would be sufficient.

11 Q The Vada?

12 A Yes, sir.

13 Q Now, did you recommend a horizontal delineation of the  
14 pool?

15 A No, sir, I did not.

16 Q And you have one well that you consider in this pool at the  
17 present time?

18 A Belco anticipates being in the same pool to the north.

19 Q It is your opinion that all of Section 25 will be  
20 productive?

21 A Yes, sir. I believe that Section 25 and Section 36 and  
22 Section 31 and Section 30 will be productive in the Bough  
23 "C" formation.

24 Q Now, you ask here for a temporary order. By temporary what  
25 are you suggesting, one year?

1 A Yes, sir.

2 Q What do you intend to do in that year's period to show  
3 that this well will drain 160 acres?

4 A Well, we have a checkerboard form out from Stokes, Wagoner  
5 and Brown of Section 25 and 36, and we anticipate subject  
6 to this well sustaining the present production of drilling  
7 on a ninety day continuous development agreement the  
8 undrilled location.

9 We own the north half of Section 31 and have a  
10 sub-contract on the south half of Section 31, and anticipate  
11 developing all this acreage.

12 Q You don't propose to run any interference tests or any  
13 pressure tests of any kind?

14 A We could run some bottom hole pressure tests. However, in  
15 the experience that is in the Enby in the Vada area, once  
16 you put these wells on hydraulics and take out thirty or  
17 forty thousand barrels of fluid per month it is known that  
18 the bottom hole pressure will decline drastically, and  
19 within a year's time the bottom hole pressure will probably  
20 be less than 1500 pounds.

21 Q What was your pressure at this time?

22 A 3002 pounds.

23 Q And the name you propose for this pool is the Cuernos  
24 Largos?

25 A Yes, sir, that is long horns in Spanish.

1 Q Well, I looked up cuernos yesterday and it meant a whole  
2 bunch of things. I just wondered which one you are going  
3 to have.

4 A Well, I suggested another name to Mr. Joe Ramey, and he  
5 suggested I come up with some more names.

6 Q Is it plural?

7 A I don't know. I got this name from a Mexican. He works  
8 in Midland at --

9 Q The name you propose is long horn or large horn?

10 A Yes, sir, long horn.

11 Q Singular?

12 A Yes, sir.

13 Q I will consult some of my Spanish-speaking friends and see.

14 MR. UTZ: Are there other questions?

15 MR. MORRIS: One question.

16 REDIRECT EXAMINATION

17 BY MR. MORRIS:

18 Q Mr. Cotner, I neglected to ask you, would you have any  
19 objection under the rulings that would be adopted to --  
20 even though 160-acre proration units were established that  
21 the allowables would be limited to 80-acre allowables?

22 A That would be satisfactory, and in fact I think that is the  
23 ruling in the Vada area, that if we went by the Vada rules  
24 that would apply.

25 MR. MORRIS: That's all I have.

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1 MR. UTZ: Are there other questions? He may be  
2 excused.

3 (Witness excused)

4 MR. UTZ: Statements? Case will be taken under  
5 advisement. Let's have a ten minute coffee break.

6 (Whereupon, recess was held.)  
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25I N D E XWITNESSPAGE

BILL C. COTNER

Direct Examination by Mr. Morris

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Cross-Examination by Mr. Utz

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Redirect Examination by Mr. Morris

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E X H I B I T SMARKEDPAGE

Applicant's Exhibits 1 and 2

2

OFFEREDPAGE

Applicant's Exhibits 1 and 2

11



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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22 *Linda Malone*  
 23 Court Reporter  
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22 I hereby certify that the foregoing is  
 23 a complete record of the proceedings in  
 24 the Examiner hearing of Case No. 4612,  
 25 heard by me on 9/27/71.  
 \_\_\_\_\_, Examiner  
 New Mexico Oil Conservation Commission

deanley-meier reporting service, inc.



# OIL CONSERVATION COMMISSION

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

**GOVERNOR  
BRUCE KING  
CHAIRMAN**

**LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER**

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

November 4, 1971

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

Re: Case No. 4612  
Order No. R-4218  
Applicant:  
**Meadco Properties**

DOCKET 44-150

Date \_\_\_\_\_

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. 4612  
Order No. R-4218-A

IN THE MATTER OF CASE 4612 BEING  
REOPENED PURSUANT TO ORDER NO. R-4218  
WHICH ORDER ESTABLISHED SPECIAL RULES  
AND REGULATIONS FOR THE CUERNO LARGO-  
PENNSYLVANIAN POOL, LEA COUNTY, NEW  
MEXICO, INCLUDING PROVISIONS FOR 160-  
ACRE SPACING UNITS AND AN 80-ACRE PRO-  
PORTIONAL FACTOR OF 4.77 FOR ALLOWABLE  
PURPOSES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 4, 1972,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 16th day of October, 1972, 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-4218, dated November 4, 1971,  
temporary Special Rules and Regulations were promulgated for the  
Cuerno Largo-Pennsylvanian Pool, Lea County, New Mexico, estab-  
lishing 160-acre spacing units and an 80-acre proportional  
factor of 4.77 for allowable purposes for a period of one year.
- (3) That pursuant to the provisions of Order No. R-4218,  
this case was reopened to allow the operators in the subject  
pool to appear and show cause why the Cuerno Largo-Pennsylvanian  
Pool should not be developed on less than 160-acre spacing units  
and to show cause why the 80-acre proportional factor of 4.77  
should or should not be retained.
- (4) That no operator in the subject pool appeared to show  
cause why the Cuerno Largo-Pennsylvanian Pool should not be  
developed on less than 160-acre spacing units and to show cause  
why the 80-acre proportional factor of 4.77 should or should not  
be retained.

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Case No. 4612  
Order No. R-4218-A

(5) That only one well is presently producing from the subject pool.

(6) That it is not anticipated that additional wells will be drilled in the subject pool.

(7) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 160 acres.

(8) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-4218 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Cuerno Largo-Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-4218, are hereby abolished.

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

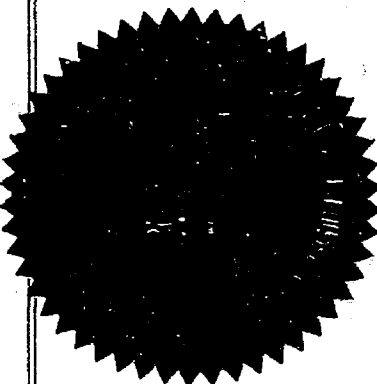
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
BRUCE KING, Chairman

  
ALEX J. ARMILLO, Member

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

  
S E A L

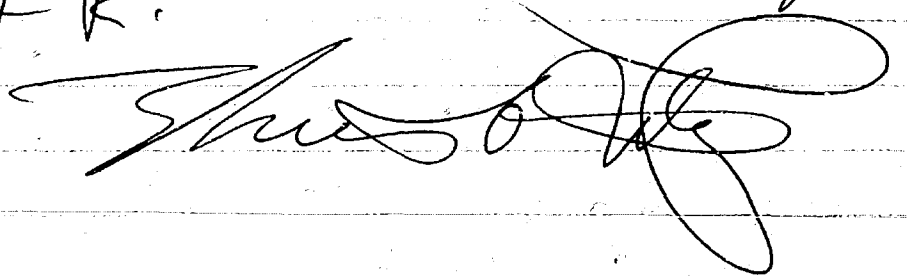
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Case 4612

Heard 10-4-72

Rec. 10-5-72

R 4612 shall be abolished &  
Census Large ~~Pool~~ Penn Pool  
shall revert to Rule 104 of  
Gen R & R.



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. 4612  
Order No. R-4218

NOMENCLATURE

APPLICATION OF MEADCO PROPERTIES  
FOR CREATION OF A NEW POOL AND  
SPECIAL RULES, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 27, 1971, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 4th day of November, 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, Meadco Properties, seeks the creation of a new oil pool for Bough "C" production in Lea County, New Mexico, including a provision for 160-acre spacing units and the assignment of 80-acre allowables.

(3) That the evidence presently available indicates that the Meadco Properties SWB State Well No. 1, located 660 feet from the South line and 2130 feet from the West line of Section 25, Township 10 South, Range 32 East, NMPM, Lea County, New Mexico, having its top perforations at 9,214 feet, has discovered a separate common source of supply which should be designated the Cuerno Largo-Pennsylvanian Pool; that the vertical limits of said pool should be the Bough "C" zone

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CASE NO. 4612

Order No. R-4218

of the Pennsylvanian formation as found in the interval from 9,204 feet to 9,263 feet on the log of the aforesaid well and that the horizontal limits of said pool should be the SW/4 of said Section 25.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units and the assignment of 80-acre proportional factor of 4.77 should be promulgated for the Cuerno Largo-Pennsylvanian Pool.

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

(6) That 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.

(7) 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 Cuerno Largo-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 assigned to the subject pool should or should not be retained.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Bough "C" zone production, is hereby created and designated the Cuerno Largo-Pennsylvanian Pool, with vertical limits comprising the Bough "C" zone as found in the interval from 9,204 feet to 9,263 feet on the log of the discovery well, the Meadco Properties SWB State Well No. 1, located 660 feet from the South line and 2130 feet from the West line of Section 25, Township 10 South, Range 32 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the

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CASE NO. 4612  
Order No. R-4218

following-described area:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM  
Section 25: SW/4

(2) That temporary Special Rules and Regulations for the Cuerno Largo-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS  
FOR THE  
CUERNO LARGO-PENNSYLVANIAN POOL**

**RULE 1.** Each well completed or recompleted in the Cuerno Largo-Pennsylvanian Pool or in the Bough "C" zone of the Pennsylvanian formation within one mile thereof, and not nearer to nor within the limits of another designated Bough "C" 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 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

**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 consisting of less than 160 acres 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.

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



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CASE NO. 4612

Order No. R-4218

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 (158 through 162 acres) shall be assigned an 80-acre proportional factor of 4.77 for allowable purposes, and in the event there is more than one well on a 160-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 160 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Cuerno Largo-Pennsylvanian Pool or in the Bough "C" zone of the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before November 15, 1971.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Law of 1969, existing wells in the Cuerno Largo-Pennsylvanian Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of 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 160 acres to a well or to obtain a non-standard unit

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CASE NO. 4612  
Order No. R-4218

approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Cuerno Largo Pool or in the Bough "C" zone of the Pennsylvanian formation within one mile thereof shall receive no more than one-fourth 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 Cuerno Largo-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 assigned to the subject pool should or should not be retained.

(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. ARMIDO, Member

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

S E A L

dr/

Docket No. 22-72

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 4, 1972

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

The following cases will be heard before Richard L. Stamets, Examiner, or  
Elvis A. Utz, Alternate Examiner:

CASE 4808: (Continued from the September 13, 1972, Examiner Hearing)

Application of Skelly Oil Company for a waterflood expansion and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Grayburg-Jackson Skelly Unit Waterflood Project, Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water through its Unit Well No. 114 located in Unit D of Section 14, Township 17 South, Range 31 East. Said Well No. 114 to be completed as a dual completion 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.

CASE 4608: (Reopened)

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 4612: (Reopened)  
In the matter of Case 4612 being reopened pursuant to Order No. R-4218 which order established special rules and regulations for the Cuerno Largo-Pennsylvanian Pool, Lea County, New Mexico, including provisions for 160-acre spacing units and an 80-acre proportional factor of 4.77 for allowable purposes. 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 4.77 should or should not be retained.

CASE 4837: Application of Amoco Production Company for an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well at an unorthodox location 1980 feet from the South line and 660 feet from the East line of Section 18, Township 5 South, Range 33 East, Peterson-Pennsylvanian Gas Pool, Roosevelt County, New Mexico, with the 3/2 of said Section 18 to be dedicated to the well.

CASE 4838: In the matter of the application of the Oil Conservation Commission of New Mexico on the motion of Hanagan Petroleum Corporation for the abolishment and extension of certain pools in Eddy County, New Mexico. Under consideration will be a proposal to:

(a) Abolish the Golden Eagle-Morrow Gas Pool in Eddy County, New Mexico, described as:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM  
SECTION 11: All

(b) Abolish the Avalon-Middle Morrow Gas Pool in Eddy County, New Mexico, described as:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM  
SECTION 1: All

(c) Extend the Catclaw Draw Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM  
SECTION 1: All  
SECTIONS 11 and 12: All  
SECTIONS 13 and 14: All  
SECTION 25: All  
SECTION 36: All

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
SECTION 18: All

CASE 4839: Application of Continental Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Langlie-Lynn (Queen) Unit Area comprising 760 acres, more or less, of State and Federal lands in Township 23 South, Range 36 East, Lea County, New Mexico.

CASE 4840: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Seven Rivers and Queen formations through nine wells located in Sections 22, 23, 26, and 27, Township 23 South, Range 36 East, Langlie-Mattix Pool, Lea County, New Mexico.

Examiner Hearing - October 4, 1972

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Docket No. 22-72

CASE 4841: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open hole interval from 10,600 to 10,780 feet in its New Mexico 'B0' State Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore-Devonian Pool, Lea County, New Mexico.

Case 4612

Heard 10-27-71

Rec. 10-27-71

Grant Meadows' request for  
a new pool to be called  
Cueno-Largo-Baugh's oil  
pool. The special pool rules  
shall be the same as  
used in Vada-~~perman~~  
Use an S&A factor  
for depths of 19-1011 of  
4.77.

Thos. D. Miller

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 27, 1971

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

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

- CASE 4613: Application of Scoggins Petroleum Corporation for creation of a new gas pool and special rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Morrow gas pool for its State BI Well No. 1 located in Unit F of Section 33, Township 18 South, Range 25 East, Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 640-acre spacing units.
- CASE 4614: Application of Cities Service Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill an oil well as an infill well in its Southeast Maljamar Grayburg-San Andres Unit Area at an unorthodox location 1395 feet from the South line and 2615 feet from the East line of Section 29, Township 17 South, Range 33 East, Maljamar Pool, Lea County, New Mexico.
- CASE 4612: Application of Meadco Properties for creation of a new pool and special rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Bough "C" zone of the Pennsylvanian formation for its well located 2130 feet from the West line and 660 feet from the South line of Section 25, Township 10 South, Range 32 East, Lea County, New Mexico, and for the promulgation of special rules therefor, including a provision for 160-acre spacing units.
- CASE 4615: Application of Marathon Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Eunice (Seven Rivers, Queen) Unit Area comprising 1840 acres, more or less, of state and fee lands in Sections 23, 24, 25, 26, 35, and 36, Township 22 South, Range 36 East, South Eunice Seven Rivers-Queen Pool, Lea County, New Mexico.
- CASE 4616: Application of Marathon Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled

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Docket No. 23-71 - Examiner Hearing  
October 27, 1971

(Case 4616 continued)

cause, seeks authority to institute a waterflood project in the South Eunice Seven Rivers-Queen Pool, by the injection of water through eight wells located in Sections 24, 25, and 26, Township 22 South, Range 36 East, Lea County, New Mexico.

CASE 4563: Continued from the September 29, 1971, Examiner Hearing

Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.



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OIL CONSERVATION COMM.  
SANTA FE

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN RE THE APPLICATION OF  
MEADCO PROPERTIES FOR A  
DESIGNATION OF A NEW FIELD  
AND TEMPORARY SPACING RULES.

*AM*

NO. 4612

A P P L I C A T I O N

Comes now the applicant, Meadco Properties, by and through its attorneys, Montgomery, Federici, Andrews, Hannahs & Morris, and respectfully states:

1. That the applicant is the owner of mineral interests underlying the West One-Half (W-1/2) of Section 25, Township 10 South, Range 32 East, Lea County, New Mexico.
2. That the applicant has drilled a well to a total depth of 10,300 feet, encountering pay at 9,200 feet of the Bough C Zone, said well being undesignated at the present time but at a location 2,130 feet from the west side and 660 feet from the south side of said Section 25, Township 10 South, Range 32 East.
3. The producing zone encountered in said well is not related to or a part of any near-by designated fields and should be designated as a new field.
4. That in order to orderly develop the field on an economical basis, applicant is informed and believes that temporary 160-acre spacing units are necessary for development.
5. That the field be designated the Cuernos Largos Field.
6. That the granting of this application would prevent waste and protect correlative rights.

WHEREFORE, applicant asks that the Commission enter its order as follows:

DOCKET

Date 10-14-71

1. Creation of a new field designated the Cuernos Largos Field, encompassing Section 25, Township 10 South, Range 32 East, Lea County, New Mexico.

2. The promulgation of temporary field rules providing for development on 160-acre spacing.

3. For such other orders or regulations as the Commission or its examiner deems proper.

Respectfully submitted,

MONTGOMERY, FEDERICI, ANDREWS,  
HANNAHS & MORRIS

By 

Attorneys for Applicant

Meadco Properties

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. 4612

Order No. R- 4218-A

IN THE MATTER OF CASE 4612 BEING  
REOPENED PURSUANT TO ORDER NO. R-4218  
WHICH ORDER ESTABLISHED SPECIAL RULES  
AND REGULATIONS FOR THE CUERNO LARGO-  
PENNSYLVANIAN POOL, LEA COUNTY, NEW  
MEXICO, INCLUDING PROVISIONS FOR 160-  
ACRE SPACING UNITS AND AN 80-ACRE PRO-  
PORTIONAL FACTOR OF 4.77 FOR ALLOWABLE  
PURPOSES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 4, 19<sup>72</sup>  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of October, 1972, 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-4218, dated November 4, 1971,  
temporary Special Rules and Regulations were promulgated for the  
Cuerno Largo-Pennsylvanian Pool, Lea County, New Mexico, estab-  
lishing 160-acre spacing units and an 80-acre proportional  
factor of 4.77 for allowable purposes for a period of one year.

-2-  
CASE NO. 4612  
Order No. R-4218-A

(3) That pursuant to the provisions of Order No. R-4218, this case was reopened to allow the operators in the subject pool to appear and show cause why the Cuerno Largo-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 should or should not be retained.

(4) That no operator in the subject pool appeared to show cause why the Cuerno Largo-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 should or should not be retained.

(5) That only <sup>one</sup> ~~two~~ well <sup>is</sup> ~~are~~ presently producing from the subject pool.

(6) That it is not anticipated that additional wells will be drilled in the subject pool.

(7) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 160 acres.

(8) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-4218 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Cuerno Largo-Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-4218, 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:

APPLICATION OF MEADCO PROPERTIES  
FOR CREATION OF A NEW POOL AND  
SPECIAL RULES, LEA COUNTY, NEW  
MEXICO.

CASE No. 4612

Order No. R- 4218

*Nomenclature  
Records Center*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 27, 1971,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this Nov. 1 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, Meadco Properties, seeks the  
creation of a new oil pool for Bough "C" production in Lea County,  
New Mexico, including a provision for 160-acre spacing units  
and the assignment of 80-acre allowables.

(3) That the evidence presently available indicates that the <sup>Proprietor</sup> ~~Meadow Lake~~ <sup>State</sup> ~~SW~~ <sup>660</sup> ~~Barwell No. 1~~, located <sup>2130</sup> ~~2130~~ feet from the <sup>South</sup> ~~West~~ line and <sup>660</sup> ~~660~~ feet from the <sup>West</sup> ~~South~~ line of Section 25, Township 10 South, Range 32 East, NMPM, Lea County, New Mexico, having its top perforations at 9214 feet, has discovered a separate common source of supply which should be designated the Cuernera Largo <sup>Pool</sup> ~~Pool~~; that the vertical limits of said pool should be the <sup>Boyle "C" zone of the Pennsylvanian formation</sup> ~~Pennsylvanian formation~~ as found in the interval from 9204 feet to 9263 feet on the log of the aforesaid well; and that the horizontal limits of said pool should be the SW/4 of said Section 25.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units and the assignment of 80-acre proportional factor of 4.77 should be promulgated for the Cuernera Largo <sup>Pool</sup> ~~Pool~~.

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

(6) That 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.

(7) 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 Cuernak Lagoon <sup>Pennsylvanian</sup> Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 assigned to the subject pool should or should not be retained.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Bough "C" zone production, is hereby created and designated the Cuernak Lagoon <sup>Pennsylvanian</sup> Pool, with vertical limits comprising the Bough "C" zone <sup>Pennsylvanian</sup> formation as found in the interval from 9204 feet to 9263 feet on the log of the discovery well, The Wadsworth SW 8 State Well No. 1 <sup>640 2130 feet from the west line and 640 feet from the south line</sup>, located in the west line of Section 25, NMPM, Township 10 South, Range 32 East, Lea County, New Mexico, and horizontal limits comprising the following-described area:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 25: SW 1/4

(2) That temporary Special Rules and Regulations for the Cuernak Lagoon <sup>Pennsylvanian</sup> Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE

Cuernak Lagoon <sup>Pennsylvanian</sup> Pool

RULE 1. Each well completed or recompleted in the Cuernak Lagoon <sup>Pennsylvanian</sup> Pool or in the Bough "C" zone <sup>Pennsylvanian</sup> formation within one mile thereof, and not nearer to or within the limits of another designated Bough "C" oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

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CASE NO. 4612

Order No. R-

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

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 consisting of less than 160 acres 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.

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



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CASE NO. 4612

Order No. R-

(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.