

Case Number  
4673

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
STATE LAND OFFICE BUILDING  
Santa Fe, New Mexico  
March 1, 1972

## EXAMINER HEARING

IN THE MATTER OF:

Case No. 4673

Application of Fluid Power Pump )  
Company for two non-standard oil )  
proration units, Sandoval County, )  
New Mexico. )

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF PROCEEDINGS

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1 MR. STAMETS: We will now take Case No. 4673.  
 2 MR. HATCH: 4673 is the application of Fluid Power  
 3 Pump Company for two non-standard oil proration units, Sandoval  
 4 County, New Mexico.  
 5 MR. KELLAHIN: Jason Kellahin of Santa Fe, appearing  
 6 for the applicant.  
 7 MR. STAMETS: Are there other appearances in Case  
 8 No. 4673?  
 9 MR. MORRIS: Richard Morris, appearing for Billy  
 10 Robinson and Mr. and Mrs. Claude Roark.  
 11 V. R. REESE,  
 12 a witness, having been first duly sworn according to law, upon  
 13 his oath testified as follows:  
 14 MR. STAMETS: Do you have any witnesses, Mr. Morris?  
 15 MR. MORRIS: I don't think so.  
 16 DIRECT EXAMINATION  
 17 BY MR. KELLAHIN  
 18 Q Would you state your name?  
 19 A V. R. Reese.  
 20 Q By whom are you employed?  
 21 A The Fluid Power Pump Company as a consultant geologist.  
 22 Q Where are you located?  
 23 A Albuquerque.  
 24 Q Have you testified before the Oil Commission before, and  
 25 are your qualifications a matter of record?

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1 A Yes, sir.

2 MR. KELLAHIN: Are the witness' qualifications  
 3 acceptable?

4 MR. STAMETS: They are.

5 Q (By Mr. Kellahin) Mr. Reese, what is proposed by the  
 6 applicant in Case No. 4673?

7 A The proposal is to form two non-standard 160-acre tracts,  
 8 which are outlined in red on the structure map and the  
 9 land map.

10 Q Exhibits one and two?

11 A Yes. And they are titled Block 1 and Block 2, in Block  
 12 1, the Fluid Power Pump Company's number one well is  
 13 producing, and this well is producing between 400 and 430  
 14 barrels of oil per day.

15 MR. STAMETS: On my exhibit, I do not find the  
 16 identification designated Block 1 and Block 2.

17 THE WITNESS: I might have left it off.

18 Q (By Mr. Kellahin) Just identify them as east or west.

19 A The East one is Block 1, and I just have the Roman numeral  
 20 one; and the West one is Roman numeral 2, and they are  
 21 just for the purpose of locating the sites. At the present  
 22 time, we are completing a well in the Southeast corner of  
 23 Block number 2, which is colored red. We have drilled  
 24 this well and logged it. We also have to the north of it  
 25 the Fluid Power Pump Company number 2, which has been

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1 testing, and since our last hearing, we have determined  
 2 that this well, although it does make some oil, it is  
 3 not commercial and it is our plan to use this well as a  
 4 pressure well.

5 Q In this connection, was there a previous case heard by  
 6 the Commission in which you applied for 160-acre spacing?

7 A Yes.

8 Q And an order has not been entered?

9 A No.

10 Q So your application would be contingent upon the prior  
 11 application; is that correct?

12 A That is correct.

13 Q At the present time, are you only proposing the two  
 14 160-acre units?

15 A Yes. Our reasons for it are the number 1 well and the  
 16 number 3 well, which we are presently completing, are  
 17 capable of a high production rate, and we have 7-inch  
 18 casings in the number 1 and probably will have in the  
 19 number 2, but because of the high porosity of sand over  
 20 a large area including these two blocks, we have made  
 21 application with the U.S.G.S. for unitizing the area and  
 22 Blocks 1 and 2 will be within the unit area. Our reason  
 23 for bringing the application for the 160-acre units gives  
 24 us time to apply for unitization of this area.

25 Q What other wells have been completed in the Media-Entrada

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1 Pool?

2 A Federal Median number 1, 3 and 4, located just south of  
 3 the two blocks, and we are producing on Federal Median  
 4 number 1 and number 2 at this time.

5 Q Do you propose to produce those on 40-acre units to each  
 6 well?

7 A Yes, we do. These two wells are making allowables to  
 8 40-acre spacing, and we are just capable of lifting our  
 9 40-acre allowables.

10 Q Do you propose then to produce one-fourth of the allowable,  
 11 assuming the Commission approves 160-acre spacing?

12 A Yes.

13 Q In that connection, do you propose to unitize the entire  
 14 area?

15 A Yes, we do, and we also propose to add to the unit as we  
 16 find additional production in the area.

17 Q There is a well location to the south. What is the  
 18 location of that well?

19 A That is colored in red and is in the Northwest corner of  
 20 Section 23. We propose at a future date to drill a well  
 21 on this Northwest corner of Section 23, but present  
 22 geology indicates that the area may be structurally low  
 23 to the Crest. Due to the nature of the flank, we could  
 24 have some production in the Northwest corner of 23, and  
 25 in order to determine this, we have a tentative location

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1 there. We have already tried two wells over in the  
 2 Northeast corner near Section 22, both of which were  
 3 unsuccessful.

4 Q Will you use those for water injection too?

5 A Yes, we use number 5 presently for injection into the  
 6 Upper Gallup, and that is taking care of produced water  
 7 at the present time; however, we are desirous of injecting  
 8 into the well to the North, Number 2, which is structurally  
 9 low.

10 MR. STAMETS: Would you identify the two wells in  
 11 the Northeast of 22 that were unsuccessful?

12 THE WITNESS: They are Federal-Media number 3 and  
 13 Federal-Media number 5. Number 3 is in the Northeast of the  
 14 Northeast and number 5 is in the Southeast of the Northeast.

15 MR. KELLAHIN: If the Examiner please, it might be  
 16 helpful to ask that you take notice of the record and the  
 17 exhibits in Case No. 4642, which was heard on January 19th,  
 18 1972, if Mr. Morris has no objection, I think he was present  
 19 at the hearing.

20 MR. MORRIS: I concur in your request.

21 MR. KELLAHIN: That will save us some discussion  
 22 about these wells because that testimony was presented in the  
 23 prior case.

24 MR. STAMETS: We will make note of that.

25 Q (By Mr. Kellahin) Mr. Reese, you are aware of the situation

Mr. S.

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- 1 that Mr. Robinson is confronted with; are you not?
- 2 A Yes.
- 3 Q What do you propose to do about that?
- 4 A Well, at the present time, we are establishing production
- 5 and if it turns out to be good production, and we are
- 6 still in exploration on its margins, and I have proposed
- 7 to Fluid Power Pump Company to continue trying to enlarge
- 8 the area in any way that we can, and if we find favorable
- 9 geology we are going to follow it through for drilling and
- 10 if we find that the Northwest section of Section 23 is
- 11 favorable for putting a well on it, we will drill it.
- 12 Q Can you give any date on that at the present time?
- 13 A No, I cannot, it is only a tentative location, and we have
- 14 found that due to the changes in the sand and limestone
- 15 that we will feel our way pretty carefully step by step.
- 16 Q You have testified that you propose unitization in that
- 17 area. Would that acreage be included in the unit?
- 18 A As far as the plan goes, it is to come down to the northern
- 19 edge of Section 23.
- 20 Q If you were to drill an injection well, would that be in
- 21 the Southwest corner of Section 23?
- 22 A Well, it would be in the Southeast of the Northwest.
- 23 Q The Southeast of the Northwest?
- 24 A Yes.
- 25 Q And that would be included?

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- 1 A Yes.
- 2 Q And this would also take in her acreage?
- 3 A Yes. We would probably drill for a producer first, and
- 4 if that was unsuccessful, make it an injection well.
- 5 Q And it would have to be included in the unit?
- 6 A Yes.
- 7 Q Referring to Exhibit number 2, would you identify that
- 8 exhibit?
- 9 A Exhibit number 2 is the acreage ownership map of the
- 10 area which is owned 100 percent by Fluid Power Pump Company,
- 11 except for the 40 acres located in the Southwest of the
- 12 Southeast of Section 14.
- 13 Q And that is federal acreage?
- 14 A Yes, federal acreage.
- 15 Q On the known geological structure?
- 16 A Yes. And at some time, it will be up for bid.
- 17 Q Fluid Power Pump has a working interest in all of the rest
- 18 of the area; is that correct?
- 19 A Yes.
- 20 Q And all of the acreage is federal?
- 21 A Yes, it is all federal.
- 22 Q So the only difference that would exist between the
- 23 various tracts would be an overriding royalty interest?
- 24 A That is right. In Block 1, there would be three different
- 25 leases, federal leases involved, and in Block 2, there

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1 would be two federal leases involved, and overriding  
2 royalties on each of these blocks would be a simple matter

3 Q Were Exhibits 1 and 2 prepared by you?

4 A Yes.

5 MR. KELLAHIN: I would like to offer in evidence  
6 Exhibits 1 and 2.

7 MR. STAMETS: Any objection?

8 MR. MORRIS: No objection.

9 MR. STAMETS: They will be entered in evidence in  
10 this case.

11 MR. KELLAHIN: That's all I have on direct  
12 examination.

13 MR. STAMETS: Any questions of this witness?

14 CROSS EXAMINATION

15 BY MR. MORRIS

16 Q Mr. Reese, did I understand you to say that the plans for  
17 unitization of this area as presented to the U.S.G.S. do  
18 not include any portion of the Northwest quarter of Section  
19 23?

20 A At the present time, we have started with what would be  
21 considered an approved area, or a drill area. Now, I  
22 should perhaps qualify that with we have not progressed  
23 to the point where we have completed the map-up. We are  
24 going, Mr. Kellahin and I, are going to Roswell and visit  
25 with the U.S.G.S. next week and go over this set-up, the

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1 basic unit outline, which will probably be based on the  
2 approved productive area.

3 Q Mr. Reese, let me make our position clear here. I don't  
4 mean to make a closing statement, but to just clear the  
5 air here a little bit. My clients do not object to the  
6 160-acre spacing, they do not object to non-standard  
7 units in this area; they do insist and want to pursue  
8 here before the Commission the proposition of how their  
9 rights in the Northwest, their overriding royalties in  
10 the Northwest quarter of Section 23, can be protected  
11 under the proposals that you have made in this case, and  
12 also the proposals in Case 4642 which go hand in hand.  
13 Can you give my clients any assurances that either a well  
14 will be drilled in the Northwest quarter of Section 23,  
15 or that it will be included in the unitization?

16 A Well, the only assurances I can give them is that I have  
17 talked to the management of Fluid Power Pump Company and  
18 proposed drilling a well here. This proposal has been  
19 met with favorable reaction, however, I cannot say  
20 definitely at this time that they will drill a well. I  
21 know they are interested in drilling, and we are actively  
22 going ahead with the proposal, and it has been received  
23 with favor, and we are much interested in establishing  
24 that as producing acreage.

25 Q You have a tentative location here in the Northwest quarter

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1 of the Northwest quarter of Section 23?

2 A Yes.

3 Q Would that be a permissible location under your proposal  
 4 for 160-acre spacing?

5 A As long as it came within the rules of the Commission  
 6 concerning the distance from the outside boundaries.

7 Q What well location requirements are suggested in your  
 8 160-acre spacing?

9 A I haven't suggested any, I have been using the 330 feet  
 10 from the outside 40-acre line.

11 Q And what acreage would you propose to dedicate to this  
 12 well in the Northwest of the Northeast of Section 23?

13 A We would dedicate the quarter to it probably so we would  
 14 have enough room to inject, room at the flank.

15 Q Do I understand your proposal to be that even though you  
 16 are asking that 40-acre non-standard proration units be  
 17 established for these two wells?

18 A I believe they are standard proration units.

19 Q But if you go to 160-acre spacing, you get non-standard  
 20 units approved for them; do you not?

21 MR. KELLAHIN: Mr. Examiner, I agree with Mr.  
 22 Morris' conclusion and provided we get unitization, I think  
 23 the situation would become academic at that point.

24 Q (By Mr. Morris) Have you considered forming a 160-acre  
 25 unit which would comprise the south half of the Southwest

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1 quarter of Section 14, and the north half of the Northwest  
 2 quarter of Section 23?

3 A Yes, we have, however, due to the fact that we are planning  
 4 for this unitization, we feel that the basic area would  
 5 be including the 40 acres on Block 1 and 2 with the  
 6 Northwest quarter, which would be admitted to the area.

7 Q Mr. Reese, part of your application in this case and also  
 8 in Case 4642 is for 160-acre spacing. What are you asking  
 9 the Commission to do with respect to the acreage containing  
 10 the two wells in the south half of the Southwest quarter  
 11 of Section 14? Is the Commission to make some provision  
 12 for them?

13 A At the present time, we are not asking the Commission to  
 14 do anything with them except to recognize them as 40-acre  
 15 spacings.

16 Q So you are asking for non-standard proration units if  
 17 your 160-acre spacing is approved; is that right?

18 A Well, I assume that, I don't know because I haven't gone  
 19 into that.

20 Q You really haven't addressed yourself to that problem?

21 A No, I haven't.

22 MR. KELLAHIN: May I make a little explanation?

23 It had been anticipated that we would be further down the road  
 24 in our dealings with the U.S.G.S. at this time, and that's  
 25 the reason we didn't ask for those. We asked for the two

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1 160-acre units because as the Commission's record will show,  
 2 a special allowable has been assigned to those wells, and  
 3 unless we get the 160-acre spacing adopted on each one of them,  
 4 we are way over-produced, and this is the reason for the  
 5 manner in which it has been handled, because of the high volume  
 6 of water, and all of this appears in the other case, and the  
 7 high rate of production. We will either get the non-standard  
 8 unit approved or we will have to come back and have them  
 9 unitized, which we really are proposing to do.

10 MR. MORRIS: You still have to have either standard  
 11 proration units or non-standard proration units assigned to  
 12 these wells in the south half of the Southwest quarter of  
 13 Section 14 for the purpose of proration.

14 MR. KELLAHIN: That would depend on where the  
 15 unit was.

16 Q (By Mr. Morris) Mr. Reese, you said that you had given  
 17 some consideration to establishing a 160-acre non-standard  
 18 unit which would take in the south half of the Southwest  
 19 quarter of 14 and the north half of the Northwest quarter  
 20 of Section 23. Now, what has happened in those  
 21 considerations? Have you decided that it is still a  
 22 possibility, or have you rejected that possibility?

23 A Well, presently we have rejected that, due to the fact  
 24 that we feel the basic unit area should be as we know it  
 25 is, and that if we establish production in the Northwest

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1 section of Section 23, we would enlarge the area by 160  
 2 acres and probably benefit our production.

3 Q You said that you could drill a well in the northwest of  
 4 the northwest of Section 23, but that that depended on  
 5 many factors, and that you are feeling your way along.

6 A That's right.

7 Q What factors does the decision depend on as to whether  
 8 you drill or don't drill at the proposed tentative location  
 9 in the northwest of the Northwest of Section 23?

10 A Well, the basic one would be the geology, which would be  
 11 a matter of projection, sand thickness in the area, and  
 12 whether drilling would be justified.

13 Q You are not going to have any more drilling right in this  
 14 immediate area that will give you any more geological  
 15 information than you have right now; will you?

16 A That's right. The geological information we have is that  
 17 the number 3 and number 5 wells just to the west of Section  
 18 23 are structurally low going to the South, and there is  
 19 a possibility, the reason why we recommended the location  
 20 is because there is a possibility that the sand could be  
 21 developed from the federal number 1 well South, and in  
 22 spite of the unfavorable geology we have at this time,  
 23 we are not closing the door on this.

24 Q What is the current rate of production of Federal Median  
 25 number 1?

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- 1 A The current rate allowable is 133 barrels a day.
- 2 Q And is it making the top allowable?
- 3 A Well, not every day. In January of 1972, we produced
- 4 in 30 days 3,512 barrels; it is close to it.
- 5 Q When was that well completed, approximately?
- 6 A In 1969.
- 7 Q Has it been a top allowable well all that time?
- 8 A No, it hasn't. The production was very intermittent until
- 9 we put a pump in and it is now a top allowable well.
- 10 Q When did you put that pump in?
- 11 A About a year ago.
- 12 Q For the last year, has it been a top allowable well?
- 13 A Yes.
- 14 Q What about the Federal Median number 4?
- 15 A We have produced oil from it, but it is a very marginal
- 16 producer. It has good core and good sand and for those
- 17 reasons, we just recently attempted a larger pump on that
- 18 well, but we were unsuccessful.
- 19 Q What is its current rate of production?
- 20 A Right at the present time, it is zero.
- 21 Q In the recent past, has it produced its top allowable?
- 22 A No, it hasn't made a total of 300 barrels in its entire
- 23 history.
- 24 Q I believe I understood your testimony to be that if the
- 25 well in the northwest of the Northwest of Section 23 was

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1 successful, then you would come down to the southeast of  
2 the Northwest of Section 23 and drill a proposed injection  
3 well.

4 A I would like to bring out in answering your question that  
5 this is tentative in our thoughts at this time. Whether  
6 Fluid Power Pump carries this out or not, I do not want  
7 to say. We cannot be bound at this time to any definite  
8 plans on this, we may drill and we may not drill.

9 Q Mr. Reese, if I may suggest, you have applied to the  
10 Commission in your previous case for authority to drill  
11 an injection well here in the southwest of the Northwest  
12 quarter of Section 23, and now today you say that you  
13 intend to drill the well only if the well in the northwest  
14 of the Northwest quarter is ~~not~~ successful.

15 A No, the thing about that is we have set up a tentative  
16 program, but we have not made formal application to the  
17 Commission or to the U.S.G.S. for drilling.

18 Q You have made application to the New Mexico Oil Conserva-  
19 tion Commission to drill and I am trying to determine  
20 on the record whether your drilling an injection well is  
21 contingent upon your drilling a successful producer in  
22 the northwest of Section 23.

23 A I would think so, yes.

24 Q So you are amending your original application in the  
25 record?

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1 A Well, I am not sure that I understand just what you mean  
 2 by amending it, but I do want to bring out, and I have,  
 3 that our plans here are tentative on drilling in this  
 4 quarter. I feel that I am being pushed to say that we do  
 5 have definite well commitments.

6 Q Mr. Reese, on behalf of my clients, I am trying to reach  
 7 a position where I do not have to object to anything you  
 8 are proposing to do, and to see if there is some reasonable  
 9 commitment that you can make to show my clients that their  
 10 overriding royalty interests in the Northwest quarter of  
 11 Section 23 will be protected. Obviously, if your plan  
 12 is to drill an injection well in the section without  
 13 committing yourself to drill a producing well, we don't  
 14 get much overriding royalties out of an injection well.

15 A I am sure we won't drill an injection well first.

16 Q You are not in a position to commit your client to forming  
 17 a non-standard proration unit that would take in the  
 18 north half of the Northwest quarter of Section 23 and  
 19 the south half of the Southwest quarter of Section 14?

20 A At the present time, I am not, we are only interested in  
 21 Blocks 1 and 2.

22 MR. MORRIS: I think those are all the questions  
 23 I have, Mr. Examiner. I would like to make a statement  
 24 eventually.  
 25

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CROSS EXAMINATION

2 BY MR. STAMETS

3 Q Mr. Reese, was there any testimony concerning the  
 4 productivity of the formations below these two non-standard  
 5 units that you have proposed here in the previous case?

6 A Do you mean like from the number 1 and number 2 wells?

7 Q Yes.

8 A Yes, I believe I covered that along with the production  
 9 history, and this was furnished in the form of an exhibit.  
 10 I believed I covered everything I can think of in those  
 11 areas.

12 Q Mr. Reese, if in order to protect the correlative rights,  
 13 it appeared to become necessary to request an additional  
 14 non-standard proration unit to include the south half of  
 15 Section 14 and the north half of Section 23, would you  
 16 make the recommendation to the Fluid Power Pump Company  
 17 to proceed accordingly?

18 A Yes, I would. I feel that if we can get our U.S.G.S.  
 19 approval for unitization that eventually we would come  
 20 to Section 23 and drill it, but if it did become necessary  
 21 for us to do this, I would make the recommendation to  
 22 Fluid Power Pump Company.

23 MR. STAMETS: Any further questions of this witness?

24 (No response)

25 MR. STAMETS: If not, the witness will be excused.

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1 (Witness excused)

2 MR. STAMETS: Mr. Kellahin, do you have any  
3 additional testimony?

4 MR. KELLAHIN: No more testimony, no, sir.

5 MR. STAMETS: Mr. Morris?

6 MR. MORRIS: I have no testimony, but I would like  
7 to make a short statement here.

8 MR. STAMETS: Go ahead.

9 MR. MORRIS: First of all, I would like to ask the  
10 Examiner to consider the record in Case No. 4642, and consider  
11 our letter of January 17th, which we entered into the record  
12 of that case. The letter was addressed to the Commission and  
13 to the attention of Mr. Utz, who was the Commissioner in that  
14 case. As we pointed out, my clients are the owners of  
15 overriding royalty interests in the Northwest quarter of  
16 Section 23, but do not own any overriding royalty interests  
17 to the north of that section which has been considered here  
18 today. As I said earlier, we have no objection to 160-acre  
19 spacing, in fact, we think it is desirable here and is a means  
20 of protecting the correlative rights of my clients so long as  
21 their interests can be included, so long as a portion of their  
22 interests and a portion of their acreage under which they have  
23 their overriding royalty interests can be included.

24 Although we have no objection to 160-acre spacing,  
25 non-standard units would be formed under this spacing, and my

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1 clients here today are opposing two non-standard proration units.  
 2 As I understand it, Mr. Reese is proposing 40-acre non-standard  
 3 units with respect to Federal Median number 1 and number 4,  
 4 and I don't think it is properly before the Commissioner in  
 5 either of these cases, but something would have to be done to  
 6 establish a non-standard unit for these wells before the 160-  
 7 acre spacing could be established.

8 If my clients are not to share in this production,  
 9 several alternatives might be agreeable. Federal Median number  
 10 1 and number 4 could have acreage dedicated to the south for  
 11 40 acres and then maybe 40 acres below that to form a 120-acre  
 12 non-standard unit, that is just an observation. Or they could  
 13 form a 160-acre unit in the south half of the Southwest quarter  
 14 of Section 14 and the north half of the Northwest quarter of  
 15 Section 23, and then you would have Federal Median number 1  
 16 and Federal Median number 4 in that 160-acre unit, and my  
 17 clients would have their overriding interests in half of that  
 18 acreage.

19 We suggested in our letter of January 17th that  
 20 correlative rights cannot be protected by the applications  
 21 that are being presented to the Commissioner unless Federal  
 22 number 1 was to be included in the acreage of the Northwest  
 23 quarter of Section 23, or unless a non-standard proration unit  
 24 is established that would cross the section line. We have  
 25 suggested that unless a commitment is made by Fluid Power Pump

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1 Company to drill a well in the northwest corner of Section  
2 23, and we still adhere to that position, that our correlative  
3 rights are not being protected under the proposals being made  
4 by the applicant because the applicant is either unwilling  
5 or unable to commit itself to taking some action under our  
6 alternatives to protect our correlative rights.

7 We would observe that the applicant has testified  
8 of the extremely permeable reservoir, and we would submit that  
9 Federal number 1, which is a top allowable, would be producing  
10 from the same permeable reservoir and that this is coming from  
11 the land in which my clients own in overriding royalty interest.  
12 To protect their correlative rights, something has to be done,  
13 and we are in the position of having to object especially to  
14 the two non-standard 40 acre units that would have to be  
15 assigned to Federal Median number 1 and number 4 if the 160-  
16 acre spacing is to be developed.

17 Unless the applicant is willing to concede to my  
18 clients one of the alternatives to protect their correlative  
19 rights, and being unwilling and unable to do so, we take the  
20 status of objecting to the application.

21 MR. KELLAHIN: I will try to be very brief because  
22 it is getting late. We can sympathize with Mrs. Robinson's  
23 position, and Mr. Roark's; they have overriding royalty  
24 interests, I don't know the extent of them, but they are their  
25 interests and we recognize their existence. However, if we

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1 had not gone into this project, the question of correlative  
 2 rights would never have come up, because the area was spaced  
 3 on 40-acre spacing west. <sup>first</sup> 160-acre units north have no bearing  
 4 on their correlative rights, simply because the Commission has  
 5 already determined that 40-acre allowables protect them. Had  
 6 we not gone to the 160-acre unit to the north, the question of  
 7 correlative rights would never have gotten before the Commission.

8 Mr. Reese, I am sure, would probably like to say  
 9 that they would drill a well down to the south, but in the  
 10 first place, all we can do is make the recommendation, and as  
 11 he has said, he has made it. In the second place, we may need  
 12 to study the area considerably more before it is really  
 13 determined where that well will be located if it is drilled.  
 14 Chances are, it will be drilled and I think Mr. Reese has  
 15 indicated that, but we cannot say here today that we will  
 16 start next week or next month. All we can say here today is  
 17 that we are going to proceed with unitization of the area  
 18 and I am satisfied on the basis of my own dealings with the  
 19 U.S.G.S. that they are not going to unitize unproven acreage,  
 20 they will not go for that, they never have, and I am sure they  
 21 will not in this case.

22 Now, admittedly, we have to come back and ask for  
 23 non-standard units for the four wells to the south and make  
 24 provisions for a unit agreement. But it cannot be for 160-acre  
 25 allowables because they will not produce that allowable. If

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1 we could make a 160-acre allowable, it would be a different  
2 matter, but the well will not make it.

3 Thank you.

4 MR. STAMETS: Any other statements, letters, telegrams?

5 (No response)

6 MR. STAMETS: If not, this case will be taken under  
7 advisement.

8 (The hearing will be adjourned.)

9 \* \* \* \* \*

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4	Direct Examination by Mr. Kellahin		3
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10	<u>E X H I B I T S</u>		
11	<u>NUMBER</u>	<u>EXHIBITS</u>	<u>IDENTIFIED</u>
12	Applicant's #1		10
13	Applicant's #2		10
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## CERTIFICATE

I, Richard E. McCormick, the officer before whom the foregoing hearing was taken, do hereby certify that the witness whose testimony appears in the foregoing hearing was duly sworn by me; that I personally recorded his testimony; that said hearing is a true record of the testimony given by said witness; that I am neither attorney nor counsel for, nor related to or employed by any of the parties to the action in which this hearing is taken, and that I am not a relative or employee of any attorney or counsel employed by the parties hereto or financially interested in the action.

*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. 4673, held by me on March 1, 1977.

*Richard L. Hammett*, Examiner  
 New Mexico Oil Conservation Commission



## OIL CONSERVATION COMMISSION

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

March 15, 1977

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. 4673

Order No. R-4274

Applicant:

Fluid Power Pump Company

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 x

Other Mr. Richard S. Morris

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. 4673  
Order No. R-4274

APPLICATION OF FLUID POWER PUMP  
COMPANY FOR TWO NON-STANDARD OIL  
PRORATION UNITS, SANDOVAL COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 1, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of March, 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 the applicant, Fluid Power Pump Company, seeks the establishment of two non-standard oil proration units in the Media-Entrada Oil Pool, described as follows:

- (a) S/2 NW/4 and N/2 SW/4 of Section 14, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, comprising 160 acres, to be dedicated initially to its Fluid Power Well No. 1, located 1980 feet from the South line and 330 feet from the West line of said Section 14.

-2-

CASE No. 4673

Order No. R-4274

- (b) S/2 NE/4 and N/2 SE/4 of Section 15, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, comprising 160 acres, to be dedicated initially to its Fluid Power Well No. 3, located 1650 feet from the South line and 330 feet from the East line of said Section 15.

(3) That each of the proposed non-standard proration units described above can be efficiently and economically drained and developed by said wells.

(4) That the applicant has filed an application for two companion 160-acre non-standard proration units described as follows:

- (a) S/2 SW/4 of Section 14 and N/2 NW/4 of Section 23, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, which it proposes to dedicate to its Federal Media Well No. 1, located 990 feet from the South line and 660 feet from the West line of said Section 14.
- (b) S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, which it proposes to dedicate to its Federal Media Well No. 2, located 940 feet from the South line and 330 feet from the East line of said Section 15.

(5) That approval of the subject application will not cause waste and will not impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the following-described non-standard oil proration units in the Media-Entrada Oil Pool, Sandoval County, New Mexico, are hereby established:

- (a) S/2 NW/4 and N/2 SW/4 of Section 14, Township 19 North, Range 3 West, NMPM,

-3-

CASE No. 4673

Order No. R-4274

Sandoval County, New Mexico, comprising 160 acres, dedicated initially to the Fluid Power Pump Company Well No. 1, located 1980 feet from the South line and 330 feet from the West line of said Section 14.

- (b) S/2 NE/4 and N/2 SE/4 of Section 15, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, comprising 160 acres, dedicated initially to the Fluid Power Pump Company Well No. 3, located 1650 feet from the South line and 330 feet from the West line of said Section 15.

(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. ARMIJO, Member

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



esr/

26835

## NEW MEXICO OIL CONSERVATION COMMISSION

BOX 2088 SANTA FE, NEW MEXICO

## OPERATOR'S MONTHLY REPORT

900 Bank of New Mexico Building

(Company or Operator)

FLUID POWER PUMP COMPANY

(Address)

Albuquerque, New Mexico 87101

FOR MONTH

January 1972

Page 1 of 1

STATE OF FORM C-118 REV. 10-1-61  
SUBMIT ORIGINAL TO OCC SANTA FE  
ONE COPY TO OCC DIST. OFFICE  
ONE COPY TO TRANSPORTER

WELL NO. UNIT SEC. TWP. RNO.	WELL STATUS	TOTAL LIQUIDS PRODUCED				GAS PRODUCED MCF	DAYS PROD.	DISPOSITION OF GAS					DISPOSITION OF OIL					
		MONTHLY OIL ALLOCABLE	ACTUAL BARRELS PRODUCED	BARRELS OF WATER PRODUCED				VENTED	USED ON LEASE	SOLD	PURCH.	OTHER	C O D E	OIL ON HAND BEG. OF MONTH	BARRELS TO TRANS-PORTER	OTHER	C O D E	TRANS-PORTER
LEASE NAME AND STATE LAND LEASE NUMBER OR FEDERAL LEASE NUMBER																		
<u>Media Entrada Field:</u>																		
Lease No. NM 058122																		
1 M 14-19N-3W	P	4123	3512	10535	None	30								630	7134		Per	520
2 P 15-19N-3W	P	4123	3512	10535	None	30												
Lease No. NM 043286																		
4 <sup>N</sup> P 14-19N-3W	P		None	None	None	0								45	None		Per	45
<del>7024 21220</del>																		
Lease No. NM 12012																		
1 L 14-19N-3W	*		6813	20440	None	16								266	6505		Per	574
1980 S-330 West																		
Totals																		
			13837	41510	None									941	13639			1139
<u>Undesignated Gallup:</u>																		
Lease No. NM 045884-A																		
3 B 22-19N-3W	S		None	None	None	0								191	None		Per	191
5 H 22-19N-3W	I NC																	
*The No. 1 L well is currently being produced on a special testing allowable.																		
drilling Fluid Power Pump Co 3 1650 S 330 E 15-19N 3E																		

## STATUS CODE

F-----FLOWING  
P-----PUMPING  
G-----GAS LIFT  
S-----SHUT IN  
T-----TEMP ABANDONED  
I-----INJECTION

## "OTHER" GAS DISPOSITION CODE

X-----USED OFF LEASE  
D-----USED FOR DRILLING  
G-----GAS LIFT  
L-----LOST (MCF ESTIMATED)  
E-----EXPLANATION ATTACHED  
R-----REPRESSURING OR PRESSURE MAINTENANCE

## "OTHER" OIL DISPOSITION CODE

C-----CIRCULATING OIL  
L-----LOST  
S-----SEDIMENTATION (BSW)  
E-----EXPLANATION ATTACHED

I HEREBY CERTIFY THAT THE INFORMATION GIVEN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE.



Consulting Geologist

(POSITION)

1/23/72

(DATE)

4673

Finds

(3)

(a) Fluid Power Pump Co No 1 located  
1980 FSL & 330 FWL of Section 14-  
T19N-R3W

(b) Fluid Power Pump Co. No 3  
located 1650 FSL & 330 FEL of  
Section 15-T19N-R3W

(6) Dan wants to include a finding  
that the operator has filed an  
application for 2 companion  
non-standard units comprising

(a) S/2 SW/4 Sec 14 & N/2 NW/4  
Section 23-T19N-R3W

(b) S/2 SE/4 Sec 15 & N/2 NE/4  
Section 22-T19N-R3W

(Case 4672 continued)

involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4508: (Reopened)

In the matter of Case 4508 being reopened pursuant to the provisions of Order No. R-4117, which order established special rules and regulations for the Warren-Devonian Pool, Lea 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 4673:

Application of Fluid Power Pump Company for two non-standard oil proration units, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard oil proration units in Township 19 North, Range 3 West, Media-Entrada Oil Pool, Sandoval County, New Mexico, said units comprising acreage as follows:

1. S/2 NW/4 and N/2 SW/4 of Section 14
2. S/2 NE/4 and N/2 SE/4 of Section 15



western union

Telegram

KA038 SSA175

1972 MAR 7 PM 12 35

K OCB074 RS PDF= OKLAHOMA CITY OKLA 7 1128ACST=  
NEW MEXICO OIL CONSERVATION COMMISSION PHONE=  
PO BOX 2088 SANTA FE NMEX=

RECEIVED  
MAR-7 1972  
CONSERVATION COMM.

REF CASE 4673 APPLICATION BY FLUID POWER PUMP FOR 160  
NON STANDARD SPACINGSOUTH HALF NORTHWEST QUARTER  
ANDNORTH HALF SOUTHWEST QUARTER SECTION 14 AND SOUTH  
HALF NORTHEAST QUARTER AND NORTH HALF SOUTHEAST  
QUARTER SECTION 15 TOWNSHIP 19 NORTH RANGE 3 WEST  
SANDOVAL COUNTY. BEARD OIL COMPANY AS OVERRIDING  
ROYALTY OWNER HAS NO OBJECTION TO PROPOSED NON STANDARD  
SPACING=

BEARD OIL CO J K CASKEY==

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. 4673

Order No. R-4274

APPLICATION OF FLUID POWER PUMP  
COMPANY FOR TWO NON-STANDARD OIL  
PRORATION UNITS, SANDOVAL COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 1, 1972,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this        day of March, 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 the applicant, Fluid Power Pump Company, seeks  
the establishment of two non-standard oil proration units in the  
Media-Entrada Oil Pool, described as follows:

- (a) S/2 NW/4 and N/2 SW/4 of Section 14,  
Township 19 North, Range 3 West, NMPM,  
Sandoval County, New Mexico, comprising  
160 acres, *to be dedicated to its well No. 1, located 1980 feet from the  
south line and 830 feet from the west line  
of said Section 14.*

(b) S/2 NE/4 and N/2 SE/4 of Section 15,  
Township 19 North, Range 3 West, NMPM,  
Sandoval County, New Mexico, comprising *Fluie Pomeroy*  
160 acres *to be dedicated initially to its Well No. 3,*  
*located 1650 feet from the south line and 330 feet from the*

~~(3) That the two above-described 160-acre non-standard oil~~

~~proration units are to be dedicated, respectively, to the follow-~~  
~~ing wells:~~

(3) *That each of the proposed non-standard proration*  
*units described above can be efficiently and economically drained and*  
*developed by said wells.*

(4) *That the applicant has filed an application for*  
*two companion 160-acre non-standard proration units*  
*described as follows:*

(a) *S/2 SW/4 of Section 14 and N/2 NW/4 of Section 23,*  
*Township 19 North, Range 3 West NMPM, Sandoval*  
*County, New Mexico, which it proposes to dedicate to its*  
*Federal Media Well No. 1, located 990 feet from the South line*

(b) *S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22,*  
*Township 19 North, Range 3 West, NMPM, Sandoval*  
*County, New Mexico, which it proposes to dedicate to its Federal*  
*Media Well No. 2, located 990 feet from the South line and 330 feet*  
*from the East line of said Section 15.*

~~(4) That each of the proposed 160-acre non-standard oil~~  
~~proration units can reasonably be presumed to be productive of~~  
~~oil from the Media-Entrada Oil Pool.~~

(5) That approval of the subject application will not cause  
waste and will not impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the following-described non-standard oil proration

*its and 660 feet from the west line of said Section 14.*

units in the Media-Entrada Oil Pool, Sandoval County, New Mexico, are hereby established:

- (a) S/2 NW/4 and N/2 SW/4 of Section 14, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, comprising 160 acres, *dedicated, initially, to the Fluid Power Pump Company, well No. 1, located 1780 feet from the south line and 330 feet from the west line of said Section 14.*
- (b) S/2 NE/4 and N/2 SE/4 of Section 15, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, comprising 160 acres, *dedicated, initially, to the Fluid Power Pump Company, well No. 3 located 1650 feet from the south line and 330 feet from the west line of said Section 15.*
- (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 herein-  
above designated.

CASE 4674: Application of HANAGAN  
PETROLEUM CORP. FOR AN UNORTHODOX  
GAS WELL LOCATION, EDDY COUNTY.