

CASE No.

4/8/2

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
September 13, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Midwest Oil
Corporation for an unorthodox
location, Eddy County, New
Mexico.

CASE NO. 4812

BEFORE: Daniel S. Nutter
Examiner

TRANSCRIPT OF HEARING

1 MR. HATCH: Case No. 4812: Application of
2 Midwest Oil Corporation for an unorthodox location, Eddy
3 County, New Mexico.

4 MR. HINKLE: Clarence Hinkle of Hinkle, Bondurant,
5 Cox and Eaton, on behalf of Midwest Oil Corporation. I have
6 one witness I would like to have sworn.

* * * * *

7 FRANK L. SCHATZ,
8 was called as a witness and, having been duly sworn according
9 to law, testified as follows:

10 DIRECT EXAMINATION

11 BY MR. HINKLE:

12 Q State your name, your residence, and by whom you are
13 employed.

14 A Frank L. Schatz, Midland, Texas, employed by Midwest
15 Oil Corporation.

16 Q What is your position with Midwest?

17 A District exploration manager and geologist.

18 Q Have you previously testified before the Commission?

19 A Yes, I have.

20 Q And you've qualified as a petroleum geologist?

21 A Yes, sir.

22 Q Your qualifications are a matter of record with the
23 Commission?

24 A Yes, sir.

25

dearnley, meier & mc cormick

200 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6601, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

- 1 Q Are you familiar with the application of Midwest in
2 this Case?
- 3 A Yes, sir.
- 4 Q What is Midwest seeking to accomplish by the application?
- 5 A Midwest seeks an unorthodox location in the SE/4 of
6 Section 1, Township 18 South, Range 28 East.
- 7 Q Have you made a study of this area and are familiar
8 with all of the wells that have been drilled or are
9 being drilled?
- 10 A Yes, sir, I have.
- 11 Q Have you prepared or has there been under your
12 direction, certain exhibits for introduction into this
13 Case?
- 14 A Yes, sir, there have.
- 15 Q And they have been marked 1, 2 and 3?
- 16 A Yes, sir.
- 17 Q Would you refer to Exhibit Number 1 and explain what
18 this shows?
- 19 A Exhibit 1 is a small colored plat of the area. It
20 shows in the red, the outline of the south Empire deep
21 units of which Midwest Oil Corporation is the operator.
22 It also shows the ownership of the adjacent lands two
23 completed Morrow gas wells are located on the units, and
24 both of them were drilled by Midwest.
- 25 Q It also shows the ownership of the acreage in the area?

- 1 A Yes, sir, it shows the ownership of the acreage in
2 the units also. But, the acreage ownership in the
3 unit has been changed due to Midwest being the
4 operator.
- 5 Q I see.
- 6 A It also shows the development of the unit as proceeding
7 with drilling of the well Number 3 in Section 31,
8 Township 17 South, Range 29 East, and the proposed
9 Number 4 location.
- 10 Q Now, refer to Exhibit 2 and explain what this is and
11 what it shows.
- 12 A Exhibit 2 is the log. Exhibit 2 is the portion of the
13 electric log of the discovery well, the Midwest Oil
14 Corporation Number 1 South Empire Deep unit. On it
15 you'll see the top of the Morrow marked at 10,637
16 feet. Also we show Sand Numbers 1 and 2 rather close
17 together and then Sand 3, all of the notations being
18 in the left column.
- 19 Q And the Sands 1 and 2 have been perforated?
- 20 A Sands 1 and 2 have been perforated by the interval
21 marked in red, and also round dots on the right side
22 of the center of the log.
- 23 Q And these are the intervals from which the well is
24 now producing?
- 25 A Yes, sir, it is. Sand Number 3 is the Sand producing

1 in the Number 2 well which we have previously referred
2 to on the plat.

3 Q But it was not productive in this well?

4 A We did not perforate it in this well.

5 Q I see. Now, refer to Exhibit 3.

6 A Exhibit 3 is a subsurface structure map contoured on
7 the top of the Morrow, the Morrow previously being the
8 interval referred to on the electric log. The structure
9 map is a portion of the larger regional map which we
10 did not feel appropriate to present as an Exhibit.
11 The structure plunging southward through the south
12 Empire Deep unit is better demonstrated on that larger
13 scale map, but it is also substantiated by geophysical
14 work that we have in the area.

15 Q Now, this is contoured on the top of the Morrow?

16 A Yes, sir.

17 Q The Number 1 well is located in the NW/4 of Section 6,
18 the green?

19 A Yes, sir.

20 Q And what is the total depth of that well?

21 A The total depth was in the Mississippian at 12,100 feet.

22 Q Well, did you test the Devonian in the well?

23 A Yes, sir, the Devonian was -- we have had -- created
24 water.

25 Q And was that plugged up and completed in the Morrow?

1 A Yes, sir. The red is the outline of the Empire South
2 Deep unit and, of course, Numbers 1 and 2 wells are
3 circled and colored green. The Number 3 drilling well
4 in Section 31 to the north is circled in red, and
5 our proposed location is to the west, circled twice
6 in Section 1.

7 Q And the well in 31 is now in the process of being
8 drilled?

9 A Yes, sir. It was somewhere below 7,300 feet.

10 Q In connection with your geologic study of the area,
11 what have you found, if anything?

12 A A new technique being generally used more and more in
13 drilling the Morrow sand wells is that the dipmeter is
14 run through the interval of the Morrow sands. We ran
15 the dipmeter in wells Number 1 and 2. The dipmeter
16 contractor interprets a channel in Sands 1 and 2 that
17 we've previously referred to and that is demonstrated
18 on the map and trending in a north, north-east, south,
19 southwest direction and it is colored purple. The
20 contractor green shows a channel, or interprets a channel,
21 rather, in Well Number 2 running in a similiar direction
22 and it is colored greer.

23 Q Now, what is the relation of these channels, geologically,
24 to the Morrow formation, or beds, that are productive
25 in the area?

1 A The Morrow channels appear to have better porosity
2 and permeability. We do know from cores in well
3 Number 1 that we are dealing with beach sand as well
4 as the channels. Channels normally, usually, enter
5 the shoreline at a 90 degree angle and therefore we
6 are interpreting the orientation of the beach to be
7 at 90 degrees to the channel orientation, and that is
8 the reason for the yellow lines on the map, which show
9 the direction, we think, of the beach environment.
10 We can't be sure of it, but we think this is true.

11 In other producing areas in southeast New Mexico
12 we know that the beach sands, as well as the channels,
13 are productive in wells 1 and 2. So far we have found
14 that the channels are productive, but we anticipate
15 that the beach sands could also be productive in this
16 area.

17 Q What is your reason for wanting to locate the well
18 in Section 1 in an unorthodox location?

19 A We believe that the beach environment will tend to
20 cross there and that at a normal location we might
21 find, probably find, some of the beach environment.
22 However, if we drill at an unorthodox location, we
23 would hope to find both or one, channel or beach.
24 In other words, we feel like we are almost doubling
25 our chances of being productive in the Morrow sand in

1 that unorthodox location.

2 Q Well, if you did not find the channel, does that
3 necessarily mean that the S/2 of 1 would not be
4 productive?

5 A No, sir. That's what we anticipate, that the beach
6 will be productive in the area and that's why we think --

7 Q That's between the yellow lines?

8 A Between the yellow lines. This is more or less a
9 direction of the beach environment; this is not to mean
10 that the beach only extends that far.

11 Q What acreage would you like to dedicate to the well
12 and complete it as a producer?

13 A The S/2 of Section 1, Township 18 South, Range 28
14 East.

15 Q In your interest, will the approval of the application
16 prevent waste?

17 A Yes.

18 Q And tend to protect correlative rights?

19 A Yes, sir.

20 Q Now, all of the offset owners, with the exception of
21 the NW of 12, are within the unit itself, is that right?

22 A All of the offset acreage is all within the unit.

23 Q All within the unit area?

24 A Yes.

25 Q So, there is no problem, those that have a part of the

1 unit would be interested in it, regardless of the
2 location?

3 A Yes, sir.

4 Q And have you had any protests from the owners of the
5 acreage outside the unit of Section 12?

6 A We have no protests.

7 MR. HINKLE: We'd like to offer Exhibits 1 through
8 3.

9 MR. NUTTER: Exhibits 1 through 3 will be admitted
10 in evidence.

11 (Whereupon, Applicant's Exhibits Number 1, 2 and
12 3 were marked and received into evidence.)

13 * * * * *

14 CROSS-EXAMINATION

15 BY MR. NUTTER:

16 Q Mr. Schatz, down in this area someplace there is the
17 old Empire Pennsylvanian Pool, where is that in respect
18 to this?

19 A Well, the Empire AB, the Morrow.

20 Q The old Pennsylvanian?

21 A Yes, sir, that's about a Township to the west.

22 Q It is?

23 A Yes, sir.

24 Q So this is not within a mile of any existing
25 Pennsylvanian pool, at this time?

1 A No, sir, it's not. There is a Pennsylvanian producer
2 in Section 26 to the north and 17, 28.

3 Q That you've indicated as a Morrow sandstone well?

4 A Yes, sir.

5 Q That's the nearest Pennsylvanian to the well?

6 A Yes, sir.

7 Q I thought that the Empire Pennsylvanian is closer
8 than it is.

9 There is no other producing well within a mile?

10 A No, sir, not Pennsylvanian.

11 Q Now, we can't drill a well exactly on the intersection
12 of the 40 acre line. If we move the well five feet
13 to the east, do you have any objections?

14 Well, we have to move it five feet east and five
15 feet south.

16 A Okay.

17 Q So the point of 1,320 feet from the south and east
18 would be 1,315 from the south and east and then we
19 could attribute a 40 acre tract.

20 A Fine.

21 MR. NUTTER: I think, to correct the record, we
22 will state that the Empire Pennsylvanian pool is approximately
23 one and three-quarters mile west of the proposed location,
24 that the South Empire Morrow Pools which have been designated
25 for Midwest Well in Section 6, is the only Pennsylvanian

1 Pool within a mile of the proposed location.

2 Are there any further questions of the witness?

3 (No response.)

4 MR. NUTTER: If not, he may be excused.

5 (Witness excused.)

6 MR. NUTTER: Do you have anything further,
7 Mr. Hinkle?

8 MR. HINKLE: No.


9 MR. NUTTER: Does anyone have anything they wish
10 to offer in Case 4812?

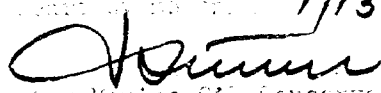
11 (No response.)

12 MR. NUTTER: We will take the Case under
13 advisement and call Case 4813.
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1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

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

11 
12 COURT REPORTER
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9/13 4812
72

New Mexico Oil Conservation Commission

I N D E X

WITNESS:

PAGE

FRANK L. SCHATZ

Direct Examination by Mr. Hinkle

3

Cross-Examination by Mr. Nutter

10

E X H I B I T S

APPLICANT'S

OFFERED

ADMITTED

Midwest Oil Corporation

Exhibit Number 1

4

10

Exhibit Number 2

5

10

Exhibit Number 3

6

10



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2068 - SANTA FE
87501

September 22, 1972

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4811
4812
Order No. R-4401 & R-5402
Applicant:

Atlantic & Midwest

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x (R-R-4402)
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. 4812
Order No. R-4402

APPLICATION OF MIDWEST OIL
CORPORATION FOR AN UNORTHODOX
LOCATION, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 13, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of September, 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, Midwest Oil Corporation, seeks an exception to Rule 104 of the Commission Rules and Regulations for approval of a gas well location 1315 feet from the South line and 1315 feet from the East line of Section 1, Township 18 South, Range 28 East, NMPM, to test the Morrow formation, adjacent to the South Empire-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the S/2 of said Section 1 is to be dedicated to the well.

(4) That a well drilled at the proposed location should encounter a more porous section of the subject formation than a well drilled at a standard location.

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

-2-

CASE NO. 4812
Order No. R-4402

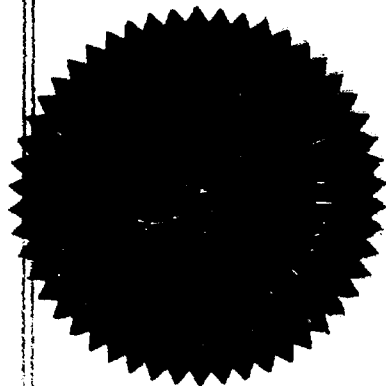
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Midwest Oil Corporation's Empire South Deep Unit Well No. 4, to be located at a point 1315 feet from the South line and 1315 feet from the East line of Section 1, Township 18 South, Range 28 East, NMPM, adjacent to the South Empire-Morrow Gas Pool, Eddy County, New Mexico, as an exception to Rule 104 of the Commission Rules and Regulations.

(2) That the S/2 of said Section 1 shall be dedicated to the above-described well.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

(Case 4821 continued from Page 3)

to Rule 303 of the Commission Rules and Regulations, authority to commingle production from the North Vacuum-Abo, Vacuum-Wolfcamp, and Vacuum-Pennsylvanian Pools in the wellbore of its State "BA" Well No. 8 located in Unit B of Section 36, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 4822: Application of Getty Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its State "BA" Well No. 9 located 660 feet from the North line and 2310 feet from the East line of Section 36, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico. Said well being nearer than 660 feet to another well capable of producing from the same pool.

CASE 4823: Application of Getty Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its A. B. Coates "C" Well No. 28 located 1820 feet from the North and West lines of Section 24, Township 25 South, Range 37 East, Justis Blinebry Pool, Lea County, New Mexico. Said well being located nearer than 660 feet to another well capable of producing from the same pool.

CASE 4824: Application of Getty Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for its H. D. McKinley Well No. 11 located 760 feet from the North line and 550 feet from the East line of Section 30, Township 18 South, Range 38 East, Hobbs Grayburg-San Andres Pool, Lea County, New Mexico. Said well being nearer than 660 feet to another well capable of producing from the same pool.

CASE 4825: Application of Hanagan Petroleum Corporation for dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Catclaw Draw Unit Well No. 3 located in Unit D of Section 36, Township 21 South, Range 25 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Strawn gas pool through tubing and from the Catclaw Draw-Morrow Gas Pool through the casing-tubing annulus.

CASE 4826: Application of Hanagan Petroleum Corporation for pool creation, special pool rules, and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn gas pool for its well located 920 feet from the North and West lines of Section 36, Township 21 South, Range 25 East, Eddy County, New Mexico, and the promulgation of special rules therefor, including a provision for 640-acre spacing units. Applicant further seeks approval of an unorthodox location for the above-described well.

CASE 4827: Application of Robert N. Enfield for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks

(Case 4827 continued from Page 4)

authority to drill a gas well at an off-pattern unorthodox location 990 feet from the North and East lines of Section 11, Township 15 South, Range 27 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, with the E/2 of said Section 11 to be dedicated to the well.

CASE 4828: Application of Inexco Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the dual completion of its McMinn State Well No. 1 located 1980 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from the Strawn formation and the Morrow formation adjacent to the Catclaw Draw-Morrow Gas Pool.

(Case 4816 continued from Page 2)

to establish a limiting gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil in said pool.

CASE 4817: Application of Phillips Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Drag "B" Well No. 1 located in Unit K of Section 18, Township 23 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce gas from the South Carlsbad-Morrow Gas Pool through tubing and an undesignated Canyon gas pool through the casing-tubing annulus.

CASE 4818: Application of Tipperary Land and Exploration Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the North Bagley-Pennsylvanian Pool by the injection of water into the Strawn and possibly other formations by the injection of water through its Bess Well No. 1 located 660 feet from the North line and 1980 feet from the East line of Section 20, Township 11 South, Range 33 East, Lea County, New Mexico.

CASE 4819: Application of D. L. Hannifin for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in and under the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the South and East lines of said Section 24. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4820: Application of Anadarko Production Company for the creation of an associated pool, special rules therefor, downhole and surface commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new associated pool for the production of oil and gas from the Yates and Seven Rivers formations for its Loco Hills Federal "B" Wells Nos. 1 and 8 located, respectively, in Units P and K of Section 9, Township 17 South, Range 30 East, Eddy County, New Mexico, and the promulgation of special rules therefor including provisions for the classification of oil and gas wells, oil and gas well spacing, and an unlimited gas-oil ratio.

Applicant further seeks authority to commingle in the well-bore of said Well No. 1 the Yates-Seven Rivers production from the newly created pool and the Grayburg-Jackson Pool and to commingle on the surface the Yates-Seven Rivers production from said Well No. 8 with production from the Grayburg-Jackson Pool.

CASE 4821: Application of Getty Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks as an exception

CASE 4577: (Reopened)

In the matter of Case 4577 being reopened pursuant to the provisions of Order No. R-4181, which order established special rules and regulations for the Parkway-Wolfcamp Pool, Eddy County, New Mexico, including a provision for 160-acre spacing units. All interested persons may appear and show cause why said pool should not be developed on 40-acre or 80-acre spacing units.

CASE 4811: Application of Atlantic Richfield Company for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard gas proration unit comprising the N/2 SE/4 and NE/4 SW/4 of Section 36, Township 21 South, Range 37 East, Blinbry Gas Pool, Lea County, New Mexico, to be dedicated to its State 367 Well No. 3 located in Unit K of said Section 36.

CASE 4812: Application of Midwest Oil Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 104, authority to drill a wildcat gas well to test the Morrow formation at an unorthodox location 1320 feet from the South and East lines of Section 1, Township 18 South, Range 28 East, Eddy County, New Mexico, with the S/2 of said Section 1 to be dedicated to the well.

CASE 4813: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sitting Bull Unit Area comprising 6,665 acres, more or less, of Federal lands in Sections 28, 29, 31, 32, and 33 of Township 23 South, Range 22 East, and Sections 4 through 9 of Township 24 South, Range 22 East, Eddy County, New Mexico.

CASE 4814: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Four Forks Unit Area comprising 3,133 acres, more or less, of Federal and Fee lands in Sections 3, 10, 11, 14 and 15 of Township 22 South, Range 25 East, Eddy County, New Mexico.

CASE 4815: Application of Inexco Oil Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn gas pool for its well located 1980 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Eddy County, New Mexico. Applicant further seeks the promulgation of special rules therefor, including a provision for 640-acre spacing units.

CASE 4816: Application of Penroc Oil Corporation for a special gas-oil ratio limitation increase, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of the special rules and regulations for the Hobbs-Drinkard Pool promulgated by Order No. R-3811, as amended,

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 13, 1972

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1972, from seventeen prorated pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1972.

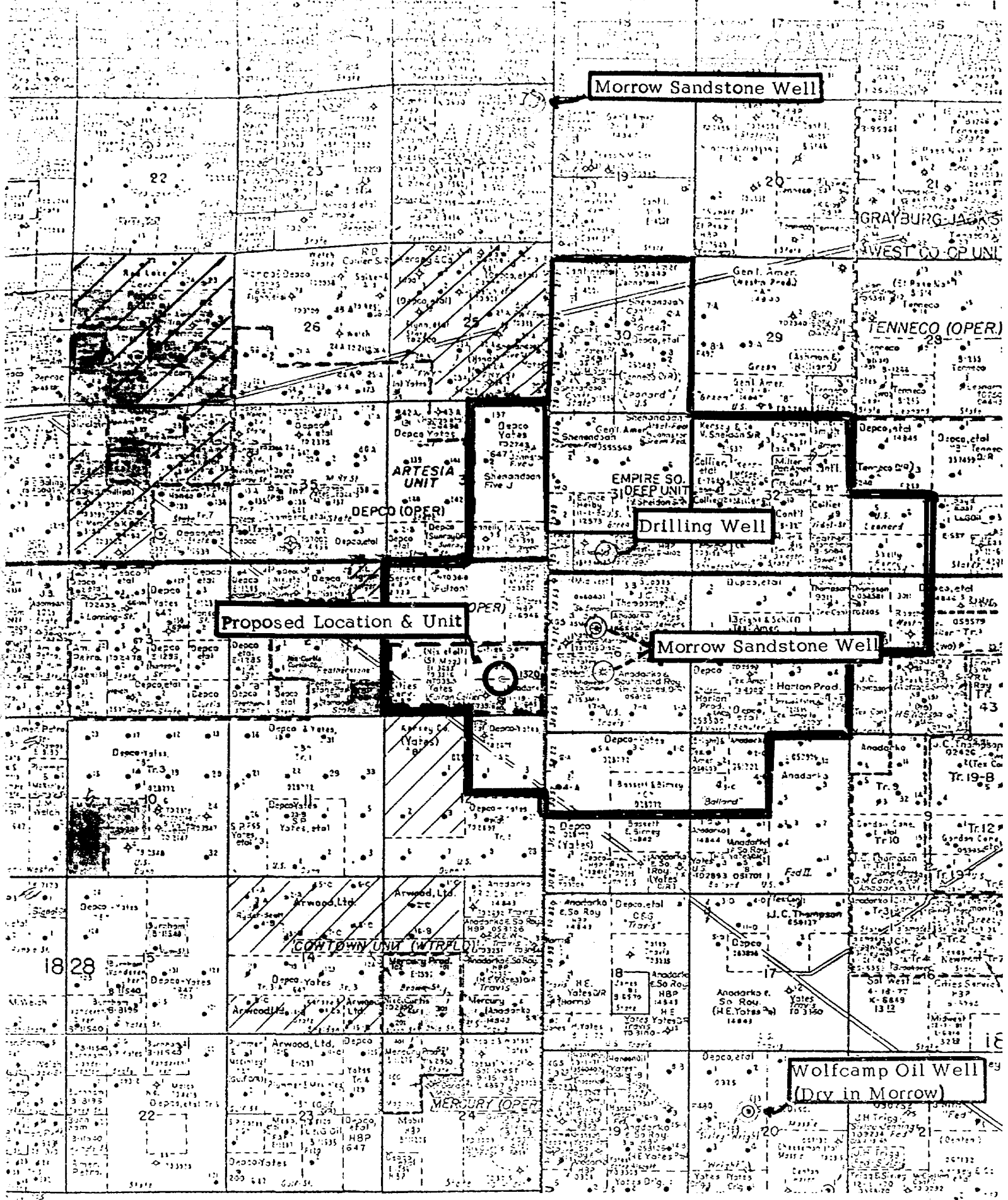
CASE 4808: Application of Skelly Oil Company for a waterflood expansion and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Grayburg-Jackson Skelly Unit Waterflood Project, Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water through 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-Sevens Rivers Pool and the injection of water into the Grayburg-Jackson Pool.

CASE 4809: Application of Saturn Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Antebellum Unit Area comprising 3,840 acres, more or less, of State and Federal lands in Township 23 South, Range 34 East, Lea County, New Mexico.

CASE 4810: In the matter of the application of the Oil Conservation Commission on its own motion to consider the revision of the special rules for the Devils Fork Gallup Associated Pool and the Escrito Gallup Associated Pool, Rio Arriba and San Juan Counties, New Mexico, promulgated by Orders Nos. R-1670-B and R-1793-A, respectively, to permit taking of gas-oil ratio and bottom-hole pressure tests on an annual basis rather than quarterly and semi-annually, as is now required.

CASE 4747: (Continued from the July 26, 1972, Examiner Hearing)

Application of Union Texas Petroleum, a Division of Allied Chemical Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the base of the Devonian formation underlying the N/2 of Section 33, Township 25 South, Range 37 East, Crosby Field, Lea County, New Mexico. Said acreage to be dedicated to its well to be located 1650 feet from the North line and 2310 feet from the East line of said Section 33. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.



EMPIRE, SOUTH
EDDY COUNTY, NEW MEXICO

1" = 4000'

9-1-77

□ Middle Unit
□ Federal Unit

Depco & Depco et al
Kersey Co.
Arwood Ltd.
Bassett & Birney
Featherstone Farms
J. C. Thompson
B. N. Muncy, Jr.
Yates

Donnelly Drlg.
Anadarko
Burnham
Jones & Jones et al
Samedan
Mercury Prod
Red Lake et al
Silverthorne
Sinclair

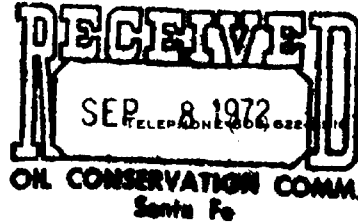
Am. Petr.
Cities Service
J. M. Welch
Pan Am.
C & K
Penroc
T. L. Ingram
Adamson

EXHIBIT

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
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LAW OFFICES
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600 HINKLE BUILDING
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ROSWELL, NEW MEXICO 88201

September 6, 1972



MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 663-4691

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

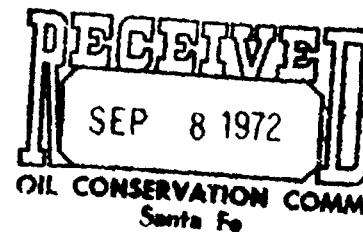
We enclose herewith in triplicate application of
Midwest Oil Corporation for an unorthodox well location
in Section 1, Township 18 South, Range 28 East, which is
No. 4812 on the docket for September 13, 1972.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By 

CEH:cs
Enc.



BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

APPLICATION OF MIDWEST OIL CORPORATION)
FOR AN UNORTHODOX LOCATION FOR ITS NO.)
4 EMPIRE SOUTH DEEP UNIT WELL TO BE)
LOCATED 1320 FEET FROM THE SOUTH LINE)
AND 1320 FEET FROM THE EAST LINE OF)
SECTION 1, TOWNSHIP 18 SOUTH, RANGE)
28 EAST, EDDY COUNTY, PROJECTED TO TEST)
THE MORROW FORMATION AND TO WHICH WILL)
BE DEDICATED THE S½ SAID SECTION 1.)

No. 4812

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes Midwest Oil Corporation, acting by and through the undersigned attorneys, and hereby makes application for an unorthodox location for its No. 4 Empire South Deep Unit well to be located 1320 feet from the south line and 1320 feet from the east line of Section 1, Township 18 South, Range 28 East, Eddy County, projected to test the Morrow formation and to which will be dedicated the S½ said Section 1, and in support thereof respectfully shows:

1. There is attached hereto, made a part hereof and for purposes of identification marked Exhibit "A", a plat showing the Empire South Deep Unit Area together with the wells which have been drilled therein and which are being drilled and the proposed location of applicant's No. 4 well; said plat also shows the ownership of the leasehold interests within the unit area and within 2 miles of the proposed location.

2. Applicant desires the unorthodox location inasmuch the geological information available indicates the probability of success at the proposed location would be better than at a regular location even though applicant feels that the entire S½ Section 1 would be productive and desires to dedicate the S½ of said section to the well if completed as a producer.

3. Applicant believes that the unorthodox location requested would be in the interest of conservation and the prevention of waste and will tend to protect correlative rights.

4. Applicant requests that this matter be set down for hearing at the examiner's hearing on September 13, 1972.

Respectfully submitted,

MIDWEST OIL CORPORATION

By 

Member of the Firm of
HINKLE, BONDURANT, COX & EATON
Attorneys for Applicant
P.O. Box 10
Roswell, New Mexico 88201

Morrow Sandstone Well

GRAYBURG, TEXAS

WEST CO-OP UNIT

TENNECO (OPER)

Drilling Well

Morrow Sandstone Well

Proposed Location and Unit

COWTOWN UNIT (WYFELD)

Wolfcamp Oil Well
(Dry in Morrow)

EMPIRE, SOUTH

EDDY COUNTY, NEW MEXICO

1" = 4000'

9-1-72

Middle Unit
Federal Unit

Depco & Depco et al
Kersey Co.
Arwood Ltd.
Bassett & Birney
Featherstone Farms
J. C. Thompson
B. N. Muncy, Jr.
Yates

Donnelly Drig.
Anadarko
Burnham
Jones & Jones et al
Samedan
Mercury Prod
Red Lake et al
Silverthorne
Sinclair

Am. Petr.
Cities Service
J. M. Welch
Pan Am.
C & K
Penroc
T. L. Ingram
Adamson

EXHIBIT "A"

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. 4812

Order No. R-4402

APPLICATION OF MIDWEST OIL
CORPORATION FOR AN UNORTHODOX
LOCATION, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 13, 1972,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13 day of September, 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, Midwest Oil Corporation, seeks an
exception to Rule 104 of the Commission Rules and Regulations
for approval of ^a ~~an unorthodox~~ Wildcat gas well location ¹³¹⁵ ~~1320~~ feet
from the South line and ¹³¹⁵ ~~1320~~ feet from the East line of Section 1,
Township 18 South, Range 28 East, NMPM, to test the Morrow forma-
tion, ^{adjacent to the South Empire - Morrow Pool,} Eddy County, New Mexico.

(3) That the S/2 of said Section 1 is to be dedicated to the well.

(4) That a well drilled at the proposed location should encounter ^{a more porous section of} the subject formation ~~structurally higher~~ than a well drilled at a standard location.

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox ~~wildcat~~ gas well location for the Morrow formation is hereby approved for the Midwest Oil Corporation's ~~well~~ ^{Unit Well No. 1, to be located} at a point ¹³¹⁵ ~~1320~~ feet from the South line and ¹³¹⁵ ~~1320~~ feet from the East line of said Section 1, Township 18 South, Range 28 East, NMPM, ^{adjacent to the South Empire - Morrow Gas Pool} Eddy County, New Mexico, as an exception to Rule 104 of the Commission Rules and Regulations.

(2) That the S/2 of said Section 1 ^{shall} ~~is to~~ be dedicated to the above-described well.

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

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

Mr. Hill

Off. Midwest Oil Corp. for an unrecorded
location

South Empire Deep Unit #4

1320 FSL 1320 FEL, Sec 1, T18S, R28E

Eddy County, N.M. projected to test
the Marine formation.

~~to White House~~

(Include on Form attached for Sept 12th -

Will file a form of test of formation.

Sept. 13