

CASE 4862: Application of ADOBE  
OIL CO. FOR A NON-STANDARD GAS  
PRORATION UNIT & UNORTH. LOCATION

-ase Number

4862

Application  
Transcripts.

Small Exhibits

ETC.

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE ROOM, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
November 29, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Adobe Oil Company for a  
non-standard gas proration unit and an  
unorthodox location, Eddy County, New  
Mexico.

Case No. 4862

BEFORE: Richard L. Stamets  
Examiner

TRANSCRIPT OF HEARING

1 MR. STAMETS: We will call Case Number 4862,  
2 Application of Adobe Oil Company for a non-standard gas  
3 proration unit and an unorthodox location, Eddy County, New  
4 Mexico.

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

8 MR. STAMETS: Mr. Kellahin has registered his  
9 appearance in this case. Are there any other appearances  
10 in Case 4862?

11 MR. KASTLER: Mr. Examiner, I'm Bill Kastler of  
12 Midland, Texas, appearing on behalf of Gulf Oil Corporation,  
13 and our witness, whom we'd like to have sworn, is Mr. J. L.  
14 Hutcheson.

15 MR. STAMETS: Are there any other appearances on  
16 this case?

17 MR. SCHOLL: Monsanto would like to make a statement  
18 at the end of this case.

19 (Whereupon, Dean Rowe was sworn to testify upon  
20 his oath as follows:)

21 DIRECT EXAMINATION

22 BY MR. KELLAHIN

23 Q Would you state your name, please?

24 A My name is Dean Rowe.

25 Q Whom are you employed by, and in what capacity?

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- 1 A I am chief geologist for Adobe Oil Company.
- 2 Q And where are you located?
- 3 A In Midland, Texas.
- 4 Q Have you ever testified before the Oil Conservation
- 5 Commission?
- 6 A No, I have not.
- 7 Q For the benefit of the Examiner, would you briefly
- 8 outline your education and your experiences as a
- 9 geologist?
- 10 A I have a B.S. and an M.S. degree from Wayne State
- 11 University in Detroit, Michigan. I was employed eight
- 12 years by Skelly Oil Company as a geologist, district
- 13 geologist; and in the past ten months by Adobe Oil
- 14 Company.
- 15 Q And where did you obtain the bulk of your experience
- 16 as a field geologist?
- 17 A In Texas.
- 18 Q And did you do work in New Mexico?
- 19 A Yes.
- 20 Q Have you done any work in connection with the
- 21 Application of Adobe Oil Company before the
- 22 Commission?
- 23 A Yes, sir, I have.
- 24 Q Briefly, what's proposed by the applicant in this case?
- 25 A Adobe is proposing that we be given an unorthodox

1 location and a non-standard proration unit, the location  
 2 would be 360 from the south line and 330 from the east  
 3 line of Section 11, Township 23 South, Range 24 East,  
 4 Eddy County, New Mexico.

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

7 MR. STAMETS: They are.

8 Q (By Mr. Kellahin) Mr. Rowe, referring to what has  
 9 been marked as Applicant's Exhibit Number 1, would you  
 10 discuss the information shown on that exhibit?

11 A Yes, this map is a structure map of the base of the  
 12 lower Morrow sand, which is the main producing sand in  
 13 the field. The map shows a steep dip to the east  
 14 interpreted on the west by a down-to-the-west fault.

15 It also shows an approximate gas-water contact at  
 16 a minus 6600. It showed the location of a cross  
 17 section, that is a trace of a cross section, and it  
 18 shows our proposed location and a standard location  
 19 that conforms to the field rules.

20 Q Now, are there more than one gas producing stages in  
 21 this pool?

22 A Yes, sir. There is an upper sand and a recent  
 23 completion in Section 23, the Hamon Number 1 Union  
 24 Federal, is producing from a sand which is somewhere  
 25 in between the upper and lower.

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- 1 Q Could you give the approximate depths of those two
- 2 sands?
- 3 A Yes, the upper sand is approximately 9900 feet, and
- 4 the lower sand is approximately 10,200 feet.
- 5 Q And is the lower sand the one, the main producing sand
- 6 body?
- 7 A According to cumulative production records, the lower
- 8 sand has produced about 89 percent of the gas that has
- 9 been produced in the fields.
- 10 Q And that is the primary objective of Adobe in seeking
- 11 this unorthodox location, is the lower sand?
- 12 A That is right.
- 13 Q Now, you show a steep east dip interpreted as a fault
- 14 to the west. What is the throw of that fault,
- 15 approximately?
- 16 A Approximately 550 feet, based upon the information
- 17 posted on this map. It varies, I'm sure, but this is
- 18 a reasonable figure.
- 19 Q Now, do you have any firm evidence to show the exact
- 20 location of that fault?
- 21 A No, we feel that it must be between the Adobe Smith
- 22 Federal in Section 14 and the Gulf Number 1 North
- 23 Caverns Unit in the west side of Section 11; and that's
- 24 approximately a mile.
- 25 The fault could be anywhere in that distance

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1 between those two wells. We have shown it as, well,  
2 as you see on the map, the position we've shown it, it  
3 could be closer to the Gulf well or it could be closer  
4 to our well in Section 14. However, there, we have no  
5 precise information to locate the fault.  
6 Q Now, actually it could be to the west of the standard  
7 location, could it not?  
8 A Yes, it could.  
9 Q But that would be a rather risky assumption, would it  
10 not?  
11 A Since we cannot locate the fault, we feel it would be  
12 a very risky location.  
13 Q What evidence do you have to show that there actually  
14 is a fault there?  
15 A The 550 feet dip between Gulf Caverns' well and the  
16 Gulf Booth Federal well, for one, and an Adobe well  
17 in Section 14.  
18 Q Now, the well to the west, what is the designation of  
19 that well?  
20 A Gulf Number 1 Caverns Unit, North Caverns Unit.  
21 Q Is that a dry hole?  
22 A Yes.  
23 Q Is that the reason that acreage was omitted from your  
24 proposed unit?  
25 A Yes, it is.



1 Q Now, do you have anything to add in connection with  
2 Exhibit Number 1?

3 A No, I believe that's all I have.

4 Q Turn to what has been marked as Exhibit Number 2, will  
5 you identify that exhibit and discuss the information  
6 shown on it?

7 A That's the Isopach of the lower Morrow. Exhibit Number  
8 2 is an Isopach of the lower Morrow sand. It shows a  
9 northeast-southwest trending sand that ranges from 50  
10 feet in thickness in the vicinity of our lease in  
11 Section 11 to zero feet of thickness at just south of  
12 the Hamon well in Section 23, and on the northeast it  
13 also ranges down to about zero feet in thickness.  
14 That's basically what this map shows.

15 Q Now, referring to what has been marked as Exhibit  
16 Number 3, could you identify that exhibit?

17 A Exhibit Number 3 is an Isopach with the gas productive  
18 lower Morrow sand. This map depicts the gas productive  
19 sand which is limited on the east by a gas-water  
20 contact, and on the north, and also on the south by a  
21 stretch of sand, and on the west by a fault which  
22 appears to be the trapping agent for accumulation of  
23 the gas.

24 The Gulf North Caverns well, again, is a dry hole  
25 because it is low, structurally, and was not in a

1 position to accumulate gas.

2 Q And it was on the west side of the fault?

3 A Right, on the west side of the fault.

4 Q Now, in referring to Exhibit Number 4, will you identify  
5 that exhibit?

6 A Exhibit Number 4 is a cumulative production map of the  
7 field. By each well spot is posted the gas that has  
8 been produced from each of the upper and lower sands  
9 to a date which is posted by the well spot, and it  
10 shows the two wells to the south, and that's basically  
11 it.

12 Q Now, referring to what has been marked as Adobe's  
13 Exhibit Number 5, would you identify that exhibit?

14 A This is a cross section across the field, the trace  
15 of which is depicted on Exhibit Number 1, the structure  
16 map. It extends from the west at the Gulf Number 1  
17 North Caverns well across the field to the east, to  
18 the Monsanto Number 3 Rock Tank Unit.

19 It gives a general picture of the structural  
20 position of the sand in relation to the downthrown side  
21 of the fault. It shows the lower sands, the gas of  
22 the lower sands, and the gas-water contact.

23 Q How did you establish the gas-water contact?

24 A It's based upon the Number 3 Rock Tank well being a  
25 dry hole and the Arco Number 1 Smith being a producing

1 well in relation to the structure contour shown on  
2 Exhibit 1.

3 The gas-water contact is drawn, appearing between  
4 both of those wells.

5 Q But Exhibit Number 5 does show the continuity of the  
6 sand across the developed area?

7 A Yes, it shows the continuity of the sand across the  
8 field.

9 Q Now, why doesn't Adobe drill at a standard well location?

10 A We feel the standard well location would be too risky,  
11 that we may encounter the fault and encounter, as a  
12 result, a dry hole.

13 Q Well, if that happens, would that not indicate that  
14 all of the acreage in your proposed unit is not  
15 productive?

16 A If we encountered, first of all, we could not know  
17 where the fault is. We have no means of precisely  
18 locating the fault. It is our opinion that the fault  
19 could be anywhere between our unorthodox location and  
20 the Gulf Number 1 North Caverns well.

21 Our proration unit would be almost entirely  
22 covered by productive sand, by a sand which has gas  
23 in it.

24 Q But at this time, it's impossible to determine how much  
25 of your acreage is productive and how much is not?

1 A That's correct.

2 Q In other words, the line could be moved much further  
3 west?

4 A Yes, it could.

5 Q Now, are all of the units dedicated to wells in this  
6 pool productive from the Morrow?

7 A Let's refer to Exhibit Number 3. This map, you also  
8 have to consider Exhibit Number 1 which is a structure  
9 map and based on the lower Morrow sand, we have drawn  
10 the gas-water contact at a minus 6600 on the structure  
11 map. We transpose that gas-water contact to this  
12 gas-productive Isopach on this map. It indicates that  
13 none of the units in the field are fully covered by  
14 productive gas sand.

15 Q And to what range does that extend?

16 A Well, for example, the Number 2 Rock Tank Unit in  
17 Section 6 looks like it's three-quarters productive;  
18 the Number 1 Rock Tank may be two-thirds productive,  
19 the Arco Smith, approximately two-thirds productive;  
20 and the Adobe Number 1 Smith Federal, the one we have  
21 shown, is approximately three-fourths or two-thirds  
22 productive.

23 Q Now, you say you don't know where the fault lies. Do  
24 you have any Seismic data to determine its position?

25 A I'd like to discuss a couple of maps that were part of

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1 the exhibits for previous hearings in regard to this  
2 field. One of them was presented in February 15, 1968,  
3 which I believe was the date of the original hearing  
4 in relation to this field discovery, right after the  
5 discovery well was made.

6 Q Do you know what case and what exhibit that was?

7 A It's Exhibit Number 3, but it's not stamped on this  
8 map, it is a Xerox copy of that map and was taken from  
9 Commission files.

10 Then, I also have another map which was Case 3227.

11 Q 3727?

12 A Yes, for this map which I mentioned.

13 Q And it's marked as Exhibit Number 3?

14 A Right. This map shows the fault extending from the  
15 northwest to the southeast direction and the drilling  
16 of Adobe Number 1 Smith Federal in Section 14 is  
17 indicated at that fault, even though it is presumably,  
18 as indicated on the map -- a Seismic map located the  
19 fault inaccurately.

20 Our well had gas production, and it's on the  
21 upthrown side of the fault. I believe, comparing that  
22 map with the map which we have presented, indicates  
23 that Seismic is quite inaccurate in the area, and the  
24 location of the fault would be a bit of a difficult  
25 thing to do by any means.

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1 Q Then, does that indicate to you that more of your  
2 proration unit could be productive?

3 A Yes, it does. It indicates that possibly two-thirds  
4 of our unit in Section 11 could be productive. But,  
5 I believe I would find it difficult to recommend to  
6 my company that we drill a standard location because  
7 we do not know where the fault is.

8 Q Now, there has been production offsetting your acreage,  
9 has there not?

10 A Yes, there has.

11 Q In your opinion, has any drainage occurred from your  
12 acreage?

13 A Based upon pressure data which we have from our well and  
14 previous wells in the field, the pressure has declined  
15 from original bottom hole pressure of 4313, and that  
16 was from the Number 1, the Monsanto Number 1 Rock Tank  
17 Unit, to a pressure of 2545, which is a bottom hole  
18 build up pressure in the Adobe Number 1 Smith Federal.

19 And on that information, we feel that there is  
20 good pressure communication across the field, that  
21 there has been drainage from well to well. Each well  
22 could drain a large area.

23 Q Now, Mr. Rowe, why do you believe that the Commission  
24 should grant an exception to the field rules to permit  
25 this well location?

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1 A I believe that if we drilled the orthodox location, we  
2 would run a very high risk of drilling a dry hole. I  
3 believe, however, that since it is quite impossible to  
4 accurately locate the subsurface position of the fault,  
5 that much of our unit in Section 11 could be productive  
6 of gas.

7 Q And would a well drilled at the location you propose  
8 enable you to recover the gas underlying your acreage?

9 A Yes, we believe it would.

10 Q Now, in the event that the Commission saw fit to  
11 penalize the well because of the evidence shown in this  
12 hearing, to the fact that all of the acreage may not  
13 be productive of gas, what penalty would you think  
14 would be reasonable?

15 A Well, based upon the Isopach of gas-productive sand  
16 depicting that none of the units are totally productive  
17 of sand, are covered by productive sand, and the  
18 possibility that the fault could be much further west  
19 than we have shown, I feel that we should suffer very  
20 little penalty.

21 Q Now, would the well location, in your opinion, give you  
22 an undue advantage over your offsetting operators?

23 A I don't believe so because ours would be a new well and  
24 the well which is nearest to us has been in production  
25 for quite a while, and possibly, if anything, has taken

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1 some gas from our unit; and I don't believe we will  
2 take much from theirs.

3 Q Were Exhibits 1 through 5 prepared by you, or under  
4 your supervision?

5 A Yes, they were.

6 MR. KELLAHIN: At this time I'd like to offer in  
7 evidence Exhibits 1 through 5 inclusive.

8 MR. STAMETS: Without objection, Applicant's  
9 Exhibits 1 through 5 will be admitted into evidence.

10 Q (By Mr. Kellahin) Do you have anything further to add  
11 to your testimony, Mr. Rowe?

12 A Well, just to summarize, I can say it very simply this  
13 way, an orthodox location would be too risky for our  
14 company to assume. On the other hand, our proration  
15 unit could be largely productive of gas because we do  
16 not know where the fault is and we know of no means to  
17 accurately locate the fault.

18 MR. KELLAHIN: If the Examiner please, I would like  
19 to ask the Commission to take notice of Case 3727 and the  
20 Exhibit Number 3 discussed at the hearing.

21 That's all we have on Direct Examination.

22 MR. STAMETS: Are there questions of this witness?

23 MR. KASTLER: Yes.  
24  
25



CROSS-EXAMINATION

BY MR. KASTLER

Q Mr. Rowe, how long has this lease been owned, the lease covering 520 acres in Section 11, been owned by Adobe?

A Well, I would like to ask our land man that question, he is present in the room at this moment.

MR. KASTLER: Was he sworn in?

MR. KELLAHIN: He isn't, but we would be happy to have him sworn if you want to talk to him.

Q (By Mr. Kastler) Well, I'm trying to find out if it's a short or a long time?

A It's, in part, a farm-out from, I think, I really would prefer --

Q Well, you really haven't suffered a great amount of damage up to this time, have you, as a matter of this being a recent farm-out?

A That's right.

Q All right. Now, then, in your Application you are asking for 520 acres of a non-standard proration unit and it's generally assumed, isn't it, that 520 acres for a proration unit must be 520 productive acres?

A I believe that's right.

Q And at the same time you are admitting that this 520 acres, particularly in Section 11, and I'm sure you've testified to some other facts here as well, but I'm

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1 trying to confine your answer to Section 11 alone.

2 A All right.

3 Q Those 520 acres, you do not feel are all productive?

4 A No, they very possibly are not all productive.

5 Q Would you care to guess whether, or have you estimated

6 the area that's shown as nonproductive on your Exhibit

7 Number 1?

8 A It's approximately 92 acres.

9 Q 92 acres out of 520? Now, if this were a prorated

10 field, you would agree, would you not, that there would

11 be a penalty factor imposed, or there could be?

12 A There could be.

13 Q And if such a penalty factor were imposed, would it be

14 imposed on the basis of the relative number of acres

15 that are productive?

16 A Yes, I believe that's right.

17 Q From the location that you have proposed, well, let me

18 ask you this, is there any topographical reason why

19 the original, legal, standard, and orthodox location

20 could not be used, for topography alone?

21 A I'm not able to answer that question. I don't know

22 whether it's been inspected, I just don't know.

23 Q You apparently have not visited the site yourself?

24 A I have not.

25 Q Do you feel that a well at this proposed location would

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1 have the effect of draining in a radius of as far away  
2 as this northwest corner of Section 11 as shown on  
3 Exhibit 1, if the acreage were all productive?

4 A I believe, based upon the pressure information that we  
5 have, there is a good possibility that it would drain  
6 all of our proration unit in Section 11.

7 Q So, then, by the same token, if a well were drilled at  
8 this unorthodox location which you have proposed, it  
9 would also drain the radius of 7,000 feet into some  
10 other tract, is that correct?

11 A That is possible.

12 Q And you believe that's perfectly justified as  
13 counter-drainage, I take it?

14 A Well, I would go back to the pressure draw-down  
15 indicating that there had been quite a bit of drainage  
16 occurred there already. It probably would drain in an  
17 opposite direction, yes. I don't know how far, I have  
18 no idea.

19 Q In your opinion, if a well were completed nearer to  
20 the orthodox location than your proposed location, do  
21 you believe that that well would be equally productive?

22 A If I knew where the fault was, I could answer the  
23 question. I don't know where the fault is, sir.

24 Q Well, let's assume the fault is as you have drawn it  
25 in your Exhibit Number 1.

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- 1 A It would not be productive.
- 2 Q Now, if you were still in the green area as shown on
- 3 Exhibit Number 1, would the production that you
- 4 established be as prolific and as capable of draining
- 5 your acreage as if it were at the location which you
- 6 have proposed?
- 7 A Are you saying that if we had a location which was
- 8 halfway in between the two, is that what you are saying,
- 9 sir?
- 10 Q What I am trying to phrase perhaps might be phrased
- 11 in other words as this: If you were to complete a well
- 12 anywhere in Section 11 on your green-shaded area, and
- 13 assuming that it would be productive because this fault
- 14 is as you have drawn it, then would each well, or either
- 15 well, be as productive as the proposed location?
- 16 A I assume it would, you are asking me something about
- 17 reservoir conditions that I can't answer.
- 18 Q I see. How did you pick the area that you have
- 19 advertised for?
- 20 A Well, let's say this, that it was originally 330 from
- 21 the south and 330 from the east, but I believe topography
- 22 was such that we had to move it from a 330 from the
- 23 south to a 660 from the south.
- 24 Q Yes, but, of course, you haven't viewed the topography
- 25 yourself, but would any other location have been as

1 capable of giving you a good well in this green-shaded  
2 area?

3 A We assume that it would.

4 Q I see. So, then, your advertisement is actually an  
5 arbitrary advertisement, you want to get as close as  
6 330 feet to the Section line as you possibly can,  
7 merely to minimize your risk?

8 A Right.

9 Q That's the only factor you have?

10 A If that's in conformity to my original statement, yes,  
11 that we want to minimize our risk.

12 Q Would you believe that correlative rights would be  
13 impaired by the granting of your location at this point?

14 A We do not believe so.

15 Q And would you state your explanation for that statement?

16 A Well, I'll go back and repeat some of it. The Isopach,  
17 the productive sand indicates that few, none of the  
18 proration units are completely covered by sand,  
19 productive sand, and that even though we have had the  
20 lease for a short time, we feel that drainage is a  
21 major factor in our thinking.

22 We believe that the location we have asked for is  
23 justified.

24 Q I see. Well, on your Isopach, do your approximate  
25 gas-water contact, was it arrived at by the positive

1 control point?

2 A It was based upon the gas that was recovered on drill  
3 stem tests in the Monsanto Rock Tank Number 3 in  
4 Section 5, and the Arco Number 1 Smith in Section 13.

5 Q And did that well, Number 3 which is situated in Section  
6 5, did it have any gas at all to test?

7 A I have the well record, let me find it, please.

8 Well, on the cross section we have shown that it  
9 recovered 1650 feet of salt water, but I don't know  
10 exactly what the drill stem test recovery was -- 375  
11 feet of gas, slightly gas-cut mud, 1650 feet of salt  
12 water. It had a slight show of gas.

13 Q Is it possible that the gas-water contact could be  
14 lower than you have depicted if there was some gas in  
15 the well?

16 A It could be lower, it could be that the gas-water  
17 contact, remember, of course, that the structure map  
18 is on the base of the sand, so therefore we are, the  
19 gas-water contact is shown on this structure map, we've  
20 shown, is going to be higher on this than it would be  
21 on the top of the sand; so that that Rock Tank well  
22 could be slightly closer to the gas-water contact --  
23 may I show you this?

24 Q Yes.

25 MR. KASTLER: Well, I believe those are all the

questions I have on Cross-Examination at this time.

CROSS-EXAMINATION

BY MR. STAMETS

Q Mr. Rowe, looking at your Exhibit Number 1, you have the Gulf North Caverns Unit well in Section 11?

A Yes.

Q In Section 36 of Township 22 South, Range 24 East, we have a Cities Service State Well Number 1?

A Yes.

Q Now, is it a fair statement that both of these wells are the down-thrown side of the fault?

A That is our interpretation, that they are on the down-thrown side of the fault.

Q And if you were to inject a line between these on your structure map, would it be fair to state that all acreage on the north and west side of this line would be nonproductive of gas in this pool?

A Yes.

Q So that could be a definite limit of productive acres?

A Yes, that's right.

Q I've done a little penciling here that comes out to about 480 acres, roughly; does that sound about right to you?

A Yes, that's probably right, close to it.

Q Would Adobe have any objection to an order being

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1 entered assigning an allowable factor based on 480  
2 acres instead of 520?

3 A I believe we would be satisfied with it.

4 Q I suppose Adobe would be able to come up to some sort  
5 of agreement with Gulf?

6 MR. STAMETS: Does Gulf still own this acreage?

7 MR. KASTLER: I'm not sure.

8 Q (By Mr. Stamets) Adobe would be willing to work with  
9 the owner of the west half of the southwest quarter in  
10 communitizing that area?

11 A That is in Section 11.

12 Q Yes.

13 A I believe that acreage is no longer on a lease, I  
14 believe it's Federal acreage not at this moment leased.

15 MR. KASTLER: I believe that's correct.

16 Q (By Mr. Stamets) So, it's nonleased?

17 A Yes, if it were, Adobe would try to get it some way or  
18 another, I'm sure.

19 Q Are the leases in Section 11 and Section 14 of 23 South  
20 24 East separate leases?

21 A There is one difference in Section 14, the Smith, the  
22 Smith Federal in that 80-acre fee tract and the  
23 acreage in 11 is Federal acreage, that's my  
24 understanding, but I could confirm that with our land  
25 man. Yes, that's right.



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1 Q What is the location of the 80-acre feet tract?

2 A East half of the southeast of Section 14.

3 Q Mr. Rowe, in your opinion, would there be more drainage  
4 from the offsetting acreage in Sections 12, 13, and  
5 14, towards your proposed well at the non-standard  
6 location than at the standard location?

7 A The non-standard location, I believe, would probably  
8 drain from both directions, yes.

9 MR. STAMETS: Are there any other questions of  
10 the witness?

11 (No response.)

12 MR. STAMETS: He may be excused.

13 Mr. Kellahin, do you have any further testimony?

14 MR. KELLAHIN: That's all we have.

15 (Whereupon, J. L. Hutcheson was sworn to testify  
16 upon his oath as follows:)

17 DIRECT EXAMINATION

18 BY MR. KASTLER

19 Q Would you please state your name, your position, by  
20 whom you are employed and where you live?

21 A My name is J. L. Hutcheson, I'm employed by Gulf Oil  
22 Corporation, I'm a gas geologist in Midland, Texas.

23 Q Mr. Hutcheson, are you familiar with the Application  
24 of Adobe Oil Company in Case Number 4862 and have you  
25 heard the previous testimony of Mr. Dean Rowe in this

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1 case?

2 A Yes, I have.

3 Q And have you also made a study of the geology in the

4 Rock Tank upper and lower Morrow gas fields?

5 A Yes, sir, I have.

6 Q And have you also visited the site of the proposed

7 location in this case?

8 A Yes, I have, on November the 9th, the area geologist

9 and the area engineer from our Hobbs, New Mexico, office

10 went out to inspect the location of the proposed

11 location of the Adobe well.

12 Q You say you went?

13 A Yes, I and two others.

14 Q All right.

15 A And we found the common corner in the section to orient

16 us on this map.

17 Q Mr. Hutcheson, have you previously appeared and qualified

18 as an expert petroleum geologist before the New Mexico

19 Oil Conservation Commission?

20 A Yes, I have.

21 MR. KASTLER: Are the witness' qualifications

22 acceptable?

23 MR. STAMETS: Yes, he is qualified.

24 Q (By Mr. Kastler) Now, will you proceed please?

25

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1 A We visited the locale of the proposed location and  
2 found the corner, the common corner of Section 11,  
3 Section 12, Section 13, Section 14, Township 23 South,  
4 Range 24 East.

5 At the time we visited the location, we found the  
6 two locations, one a location 330 feet from the south  
7 and east lines, another location 660 feet from the  
8 south and 330 feet from the east line of the Section  
9 and --

10 Q Which of those is the proposed location in this hearing?

11 A The north location, the location proposed 660 from the  
12 south and 330 from the east lines of Section 11.

13 Q Now, have you marked those locations on Gulf's Exhibit  
14 Number 1, which you are referring to at this time?

15 A No, sir, it is not on the exhibit, this was just a  
16 blank map prepared by the United States Geological  
17 Survey, a topographical map showing the topography in  
18 the said section.

19 Q Will you please testify as to what you found at the  
20 first location, 330-330 location from the south and  
21 east lines and then the 660-330?

22 MR. KELLAHIN: If the Examiner please, I think it's  
23 immaterial what he found at the 330-330 location.

24 Q (By Mr. Kastler) Will you please testify as to what  
25 you found at the proposed location?

1 A Yes, the proposed location, which was an alternate at  
2 the time we found the location, as far as topography,  
3 I could see nothing wrong with the proposed location.

4 We also proceeded to examine in the southeast  
5 corner an orthodox location and we proceeded to go  
6 northwestward and locating ourselves in the northwest  
7 of the southwest of said section, and within a unit  
8 there of ten acres within the center of that 40-acre  
9 tract. And, it was our opinion that definitely there  
10 could be a location in that particular orthodox location  
11 that would be as well as any other location within the  
12 area as far as drilling.

13 So, we found no reason as far as topography was  
14 concerned, to ask for an unorthodox location.

15 MR. STAMETS: This was in the northwest of the  
16 southeast?

17 THE WITNESS: Correct.

18 Q (By Mr. Kastler) All right. Had you made any marks  
19 on the Gulf Exhibit Number 1, which is the commercial  
20 topography map by the SGS?

21 A No, sir, on the maps entered, there was no marking  
22 whatsoever.

23 MR. KASTLER: Mr. Examiner, at this time, I wish  
24 to move that this exhibit be admitted into evidence although  
25 it's unmarked, it's simply a true copy of the commercial map

1 showing and verifying the topography Mr. Hutcheson has  
2 testified to.

3 MR. STAMETS: Without objection, the exhibit will  
4 be admitted into evidence.

5 Q (By Mr. Kastler) Now, Mr. Hutcheson, have you viewed  
6 and examined the Exhibits 1 through 5, which were  
7 introduced by Mr. Rowe in this hearing?

8 A Yes, basically.

9 Q And would you state, at the outset, basically whether  
10 you agree or disagree with those interpretations?

11 A Basically, I say I would agree with his interpretations.  
12 I would be a little doubtful as far as his gas-water  
13 content, I think that we would say that it was somewhat  
14 lower than he depicted.

15 Q All right. I wish to call your attention to the Rock  
16 Tank Unit well, Number 3, do you have any completion  
17 data on that well?

18 A I don't have any completion data. I have the DST data  
19 that we had from that. We have tried to establish a  
20 gas-water content. They ran a DST and this, being  
21 over the basal sand in the Morrow, the more productive  
22 sand of the both in Rock Tank area as Mr. Rowe testified  
23 to.

24 They had a DST from 10,674 to 10,716 feet. They  
25 had a 3,000 foot water blanket. They had gas to the

1 surface in two minutes, gas at a rate of 10.5 MCF through  
 2 a one-eighth inch choke. Recovery was water blanket  
 3 plus 1650 feet of salt water plus 375 feet of slightly  
 4 gas-cut mud and utilizing a point near the top of  
 5 that lower sand, a basing that is near the gas-water  
 6 contact. This did recover the gas and water on the  
 7 DST.

8 Well, then we figured that the gas-water contact  
 9 was to be in the neighborhood of minus 6775 feet.

10 Q Well, now, Mr. Hutcheson, if you had a contour drawn  
 11 with the dotted line of the 6775 feet, would that  
 12 materially alter Mr. Rowe's Exhibit Number 1?

13 A It would move the productive acres, according to his  
 14 map, to the east and have more draining acreage than  
 15 included in the blue.

16 Q I see. So substantially then, you would make a  
 17 conclusion from that study and that finding that there  
 18 is more acreage in the Rock Tank Unit productive  
 19 section or proration area, that is productive that Mr.  
 20 Rowe has testified to?

21 A Yes, sir, I believe so.

22 Q Would you state that basically the full 640 acres is  
 23 productive in Section 6, 7, and 13?

24 A This map of his is on the basis of sand, the sand is  
 25 roughly about a gross 40 feet in this particular Rock

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1 Tank well, so if you take that into consideration and  
2 move that up to a datum here on the basis of a 6725 on  
3 the map, you would figure that everything that would  
4 be productive from about 6725 on up, so it would  
5 increase your acreage, productive acreage on his, down  
6 a minus 6725.

7 Q I see. Now, then, using that refinement, I ask you  
8 again if most or all of Sections 6, 7, and 13, which  
9 are dedicated to the 640 acres standard proration unit,  
10 would be productive?

11 A Yes, most of it essentially would be productive.

12 Q Very well. Now, Mr. Hutcheson, I'd like to ask you  
13 if you took the datum on this unknown fault and you  
14 drew it's axis from this nonproductive point being  
15 the Smith Federal Number 1 on the southwest and the  
16 Rock Tank Unit Number 4 on the northeast, what would  
17 be your conclusions as to how many acres in Section 7,  
18 23 South, 24 East, are productive?

19 A Section what did you say?

20 Q Section 11, I meant to say.

21 A On the same token as the question was stated by taking  
22 a line right from the Gulf North Caverns Unit Number 1  
23 and a line immediately east of the dry hole Cities  
24 Service straight in Section 36, and say it could be  
25 productive from that point and that you could also by

1 the same token, you could take the wells, the most  
2 westerly wells, producing wells, and draw a line  
3 immediately west of them and take this fault and it  
4 could possibly be immediately west of those.

5 Then, I think if you did that, the productive  
6 acreage in the proposed unit would be cut severely from  
7 what's shown on the structure map.

8 Q Would you venture to say about how many productive  
9 acres you would find?

10 A Well, I don't really have a straight edge here.

11 MR. STAMETS: You are connecting what?

12 THE WITNESS: The most westerly well, which would  
13 be the Adobe Smith Federal in Section 14 and the Monsanto  
14 Number 4 in Section 1, and saying that if we go on the same  
15 straight line, geologically, as that and say the fault is  
16 immediately west of those, then how much productive acreage  
17 would be in Section 14.

18 Well, the way my straight line would go from, it  
19 would be right through his proposed location and I don't  
20 know, it would be considerably less acreage than what is  
21 shown by the fault.

22 A I agree with Mr. Rowe that I think that that lies  
23 within, between those two limits, but where, well, now,  
24 I couldn't say that, the same as he.

25 Q (By Mr. Kastler) Well, would you be speculating if you



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1 said that he would get a dry hole or Adobe Oil Company  
2 would get a dry hole by drilling at a standard  
3 location?

4 A Well, yes, you would speculate because the farther you  
5 move from the productive wells the more you would be  
6 increasing your risks. I think that if the fault is  
7 farther west, that it possibly could be productive, but  
8 it would be much more risky.

9 Q Mr. Hutcheson, in your opinion, is there any way of  
10 compensating for a drainage situation in an unprorated  
11 pool such as this?

12 A Well, no, I don't know of any way. Actually, if it's  
13 a nonprorated pool, to comment, unless it's just an  
14 agreement between the parties, would be the only thing  
15 that I could think of.

16 Q All right. Do you have anything you wish to add to  
17 your testimony?

18 A No, sir, I can't think of anything.

19 MR. KASTLER: Well, this concludes my Direct  
20 Examination of Mr. Hutcheson.

21 MR. STAMETS: Are there any questions of the  
22 witness?

23 MR. KELLAHIN: I don't have any questions.  
24  
25

CROSS-EXAMINATION

BY MR. STAMETS

Q Mr. Hutcheson, I take it you agreed that this fault is hard to find in here?

A Yes, sir, I do.

Q You heard my straight-lined geology?

A Between those two lines, yes, sir.

Q You also would agree, I'm sure, that everything else west of the line I spoke of a while ago is definitely not productive?

A Yes, and in the line I drew, I don't know whether you drew it on your map or not, I'd say anything west of that line could be nonproductive.

Q Do you have a percentage of penalty that Gulf would propose for this well?

A Well, really, I hadn't considered it since it being a nonprorated pool. I mean, the only thing I could say, if a person can't delineate the fault and it lies somewhere between those two streams, you could divide the acreage between those streams.

I couldn't think of anything that would be any more appropriate, if you don't know, that would be a 50-50 basis.

MR. STAMETS: Are there any other questions of the witness?

MR. KELLAHIN: As a matter of fact, I do.

CROSS-EXAMINATION

BY MR. KELLAHIN

Q Mr. Hutcheson, there is no way you could determine how many productive acres there are in the proposed unit, is there?

A Not definitely, no, sir.

Q Well, I mean even as a speculative matter?

A Except between the two lines, I think that would be a reasonable assumption.

Q And there is no scientific way to determine the location of that fault other than by drilling?

A That is probably correct, yes, sir. I've seen several interpretations and I've seen them changed, seismic interpretations I'm speaking of.

Q You would agree that the seismic interpretation is apparently not accurate in this area?

A From what I've seen, I'd have to agree.

MR. KELLAHIN: Thank you, sir.

MR. STAMETS: The witness may be excused.

Do you have anything further to offer, Mr. Kastler?

MR. KASTLER: No.

MR. STAMETS: Would you state your name for the

record, please, and by whom you are employed?

MR. SCHOLL: My name is Scholl with Monsanto Company.

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1 Monsanto Company is the operator of the Rock Tank  
2 Unit. We would like to make a statement objecting to  
3 Adobe's Application in Case Number 4862.

4 Heretofore, the development of the Rock Tank field  
5 has been in an orderly manner and in accordance with  
6 Commission field rules which established prescribed  
7 locations 1650 feet from section lines. Adobe now wishes  
8 to drill a well 330 feet from the west line and 660 feet  
9 from the south line of Section 11, Township 23 South, Range  
10 24 East.

11 Such distances from lease lines is unprecedented  
12 and contrary to the 640-acre Rock Tank field rule.  
13 Particularly the prescribed location is available from both  
14 topographic and geological standpoints. The risk of the  
15 prescribed location is no more than was asked of all the  
16 other operators.

17 Adobe has indicated that 520 acres would be  
18 dedicated to the proposed well. This dedication indicates  
19 that the majority of the section is productive, therefore a  
20 well could be obtained at the prescribed location.

21 Monsanto Company respectfully suggests that  
22 Adobe's Application be denied insomuch as a regular location  
23 1650 feet from the section line is indicated productive.  
24 Thank you.

25 MR. STAMETS: We have a telegram from Whitaker and

dearnley, meier & mc cormick reporting service, inc.

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1 Brooks, attorneys for David Fasken, in reference to Dockett  
2 28-72, Case 4862, Application of Adobe Oil Company for a  
3 non-standard gas proration unit and unorthodox location,  
4 Eddy County, New Mexico.  
5 David Fasken, offset working interest owner,  
6 protests the said application and asks that same be denied.  
7 We will take the case under advisement.  
8 (Whereupon, the hearing of Case 4862 was concluded.)  
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STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, JOHN DE LA ROSA, a Notary Public 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.

*John De La Rosa*  
COURT REPORTER

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 4862,  
heard by me on Nov 29, 19 77.  
*Richard L. Stant*, Examiner  
New Mexico Oil Conservation Commission

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DEAN ROWE

Direct Examination by Mr. Kellahin 3

Cross-Examination by Mr. Kastler 16

Cross-Examination by Mr. Stamets 22

J. L. HUTCHESON

Direct Examination by Mr. Kastler 24

Cross-Examination by Mr. Stamets 33

Cross-Examination by Mr. Kellahin 34

E X H I B I T SADMITTED OFFERED

Applicant's Exhibit Number 1 15 5

Applicant's Exhibit Number 2 15 8

Applicant's Exhibit Number 3 15 8

Applicant's Exhibit Number 4 15 9

Applicant's Exhibit Number 5 15 9

Gulf Exhibit Number 1 28 27

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
Tuesday, November 14, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Adobe Oil Company for a  
non-standard gas proration unit and an  
unorthodox location, Eddy County, New  
Mexico.

Case No. 4862

BEFORE: Daniel S. Nutter,  
Examiner

TRANSCRIPT OF HEARING



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1 MR. NUTTER: We will call the next case, Case Number  
2 4862, application of Adobe Oil Company for a non-standard gas  
3 proration unit and an unorthodox location, Eddy County, New  
4 Mexico.

5 At the request of applicant, this case will be  
6 continued and readvertised in a different manner and will be  
7 heard at the Examiner Hearing scheduled to be heard at this  
8 same place, 9:00 A.M., November 29, 1972.

9  
10  
11  
12  
13  
14 STATE OF NEW MEXICO )  
15 ) ss  
16 COUNTY OF BERNALILLO )

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

23 do hereby certify that the foregoing is  
24 complete record of the proceedings in  
25 the Examiner hearing of Case No. 4862  
heard by me on 11/14, 1972  
John De La Rosa  
COURT REPORTER  
Examiner  
New Mexico Oil Conservation Commission



## OIL CONSERVATION COMMISSION

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

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BRUCE KING  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMJO  
MEMBER

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

January 4, 1973

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

Re: Case No. 4862

Order No. R-4456

Applicant:

Adobe Oil 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 x

Aztec OCC           

Other Mr. Bill Kastler

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. 4862  
Order No. R-4456

APPLICATION OF ADOBE OIL COMPANY  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND 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 November 29, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of January, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Adobe Oil Company, seeks authority to drill a well at an unorthodox gas well location 650 feet from the South line and 330 feet from the East line of Section 11, Township 23 South, Range 24 East, NMPM, Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas pools, Eddy County, New Mexico.

(3) That a standard location for the subject well would be no closer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

(4) That a well completed at the proposed unorthodox location would enjoy an undue advantage over some offset operators if unrestricted production of the well is permitted.

(5) That the applicant further seeks approval of a 520-acre non-standard gas proration unit in the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools comprising the NE/4, SE/4, E/2 SW/4, N/2 NW/4, and SE/4 NW/4 of said Section 11 to be dedicated to the subject well.

--2--

Case No. 4862  
Order No. R-4456

(6) That the evidence indicates the presence of a NE-SW trending fault in said Section 11, North and West of which the Morrow formation is non-productive from the Rock Tank Pools.

(7) That though the exact location of the fault cannot be accurately determined, no more than 430 acres of the applicant's lease in said Section 11 may reasonably be presumed to be productive of gas from said pools.

(8) That an additional 60 acres of unleased land in the W/2 SW/4 of said Section 11 may be presumed to be productive.

(9) That a standard unit in the aforesaid pools consist of 640 acres.

(10) That the application for said 520-acre non-standard gas proration unit should be denied and that a 430-acre non-standard gas proration unit consisting of the E/2, E/2 SW/4, S/2 SE/4 NW/4 and NE/4 SE/4 NW/4 of said Section 11 should be established, to be dedicated to the proposed well, with the option to add the SW/4 SW/4 and S/2 NW/4 SW/4 of said Section 11 to the non-standard unit upon its communitization with the 430-acre unit described above.

(11) That to compensate for the fact that only 430 acres of applicant's lease in said Section 11 can reasonably be presumed productive of gas from the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools, an acreage factor of 430/640, or 0.672, should be applied to the proposed well.

(12) That to compensate for the advantage gained over offset operators due to the non-standard location of the proposed well, a penalty of 30 percent should be applied to the proposed well.

(13) That the composite ratable-take factor for the proposed well should be 70 percent of 0.672, or 0.470.

(14) That upon drilling of the proposed well at a standard location upon the proposed non-standard proration unit, the penalty factor described in Finding No. (12) above should not be applicable, but the acreage factor described in Finding No. (11) above should be applicable.

(15) That upon communitization of the 430-acre non-standard proration unit described in Finding No. (10) above with the 60 acres described in Finding No. (8) above, the acreage factor assigned to the proposed well should be 490/640, or 0.766.

(16) That approval of the proposed unorthodox location will not violate correlative rights and will afford the applicant the opportunity to produce its just and equitable share of the gas

in the above-described pools, will prevent the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste, provided that the appropriate above-described ratable-take factor is assigned to the subject well.

IT IS THEREFORE ORDERED:

(1) That an unorthodox location in the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools is hereby approved for the Adobe Oil Company well to be located 660 feet from the South line and 330 feet from the East line of Section 11, Township 23 South, Range 24 East, NMPM, Eddy County, New Mexico.

(2) That the application for a 520-acre non-standard gas proration unit in the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools comprising the NE/4, SE/4, E/2 SW/4, N/2 NW/4, and SE/4 NW/4 of said Section 11, to be dedicated to said well is hereby denied.

(3) That a 430-acre non-standard gas proration unit in said Rock Tank gas pools comprising the E/2, E/2 SW/4, S/2 SE/4 NW/4 and NE/4 SE/4 NW/4 of said Section 11 is hereby established and dedicated to the subject well.

(4) That the SW/4 SW/4 and S/2 NW/4 SW/4 of said Section 11 may be added to the 430-acre non-standard unit upon communitization, and the entire 490-acre non-standard gas proration unit be dedicated to the subject well.

(5) That a ratable-take factor of 0.470 in each of said pools is hereby assigned to said well so long as the aforesaid 430-acre non-standard unit is dedicated to the well; that said ratable-take factor shall be adjusted to 0.536 upon dedication of the aforesaid 490-acre non-standard gas proration unit to the subject well.

IT IS FURTHER ORDERED:

(1) That should applicant drill its proposed well at a standard location for the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools, at a point not closer than 1650 feet to the outer boundary of the proration unit, the ratable-take factor for the aforesaid 430-non-standard unit shall be 0.672 and the ratable-take factor for the aforesaid 490-acre non-standard unit shall be 0.766.

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

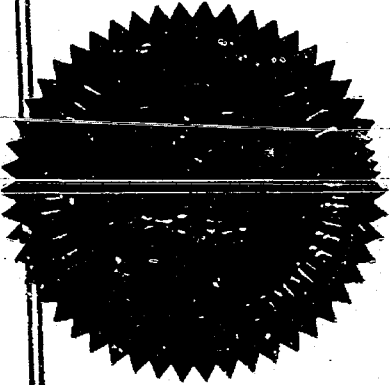
-4-

Case No. 4862

Order No. R-4456

DONE at Santa Fe, New Mexico, on the day and year herein-  
above 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/

Telegram

western union

IPMFEKA SANA

1-019237A318 11/13/72

ICS IPMFEKA SANA

01019 MIDLAND TEX 11-13 1136A CST

PMS NEW MEXICO OIL CONS

SANTA FE NMEX

IN RE DOCKET #26-72 CASE #4862 APPLICATION OF DOBE OIL CORP FOR  
ABNORMAL LOCATION IN ROCK TANK MORROW FIELD, TOWNSHIP  
23 SOUTH, RANGE 24 EAST, SECTION 11, EDDY COUNTY NEW  
MEXICO. DAVID FASKEN, AN OFFSET WORKING INTEREST  
OWNER PROTESTS SAID APPLICATION AND ASKS THAT SAME BE  
DENIED

WHITAKER AND BROOKS ATTYS FOR DAVID FASKEN

1303 EST

IPMFEKA SANA

*don*

RECEIVED  
NOV 13 1972  
OIL CONSERVATION COMM.  
Santa Fe

1972 NOV 13 AM 11 01

DOCKET MAILED

11-17-72

Do David Fasken

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 29, 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 4854: (Continued from the November 1, 1972 Examiner Hearing)

Application of Dugan Production Corporation to commingle gas production prior to metering, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle gas produced from wells located in Sections 25, 26, 35, and 36, Township 28 North, Range 15 West, undesignated Pictured Cliffs gas pool, San Juan County, New Mexico, prior to metering said gas, as an exception to Rule 403 of the Commission Rules and Regulations.

CASE 4860: (Continued from the November 14, 1972 Examiner Hearing)

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

CASE 4857: (Continued to November 29, 1972 Examiner Hearing)

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

CASE 4866: Application of Roger C. Hanks for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Devonian formation through perforations between 13,000 to 13,300 feet in his Graham Well No. 1 located in Unit F of Section 29, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 4867: Application of Superior Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 7, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a



(Case 4867 continued from page 1)

well to be drilled 810 feet from the South line and 1980 feet from the West line of said Section 7. 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 4868: Application of The Wiser 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 Drinkard formation through its Downes "D" Well No. 1 located in Unit K of Section 32, Township 21 South, Range 37 East, Drinkard Pool, Lea County, New Mexico.

CASE 4869: Application of Claude C. Kennedy for the amendment of Order No. R-4263 and for the revocation of Commission Order NSL-586, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4263 to require that all wells drilled within the Lone Pine Dakota "D" Unit be drilled on locations no closer than 330 feet from the boundary of the quarter-quarter section in which any such well is located, and to prohibit the transfer of allowable to any well located closer than 1320 feet from the outer boundary of the unit area. Applicant further requests the revocation of Commission Order No. NSL-586 dated November 1, 1972, which order authorized Tenneco Oil Company to drill its proposed Lone Pine Dakota "D" Unit No. 29 well at a location 2300 feet from the South line and 1450 feet from the West line of Section 8, Township 17 North, Range 8 West, Lone Pine-Dakota "D" Oil Pool, McKinley County, New Mexico.

CASE 4835: (Continued and readvertised)

Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Pennsylvanian formation underlying the S/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field area, Eddy County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South line and 1980 feet from the East line of said Section 13. 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 4870: Application of Sun Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed U. D. Sawyer Well No. 10 at an unorthodox location 986 feet from the South line and 1000.5 feet from the East line of Section 27, Township 9 South, Range 36 East, Crossroads-Devonian Pool, Lea County, New Mexico.

CASE 4871: Application of Samedan Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Langlie-Mattix "B-4" Penrose (Queen) Unit Area, comprising 240 acres, more or less, of Federal lands in Sections 17 and 18, Township 23 South, Range 37 East, Lea County, New Mexico.

CASE 4872: Application of Samedan Oil Corporation 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 Queen formation through two wells in its Langlie-Mattix "B-4" Unit Area, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 4862: (Continued and readvertised)

Application of Adobe Oil Company for a non-standard gas proration unit and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 520-acre non-standard gas proration unit comprising the NE/4, SE/4, E/2 SW/4, N/2 NW/4, and SE/4 NW/4 of Section 11, Township 23 South, Range 24 East, Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 330 feet from the East line of said Section 11.

CASE 4863: (Continued and readvertised)

Application of C & K Petroleum Inc. for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 660 feet from the South and West lines, or in the alternative, 990 feet from the South line and 660 feet from the West line of Section 18, Township 18 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a standard proration unit comprising the S/2 of said Section 18.

CASE 4873: Application of Mountain States Petroleum Corporation for gas prorationing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the institution of gas prorationing in the West Atoka-Morrow Gas Pool, Eddy County, New Mexico.

| DOMESTIC SERVICE   |                                     |
|--|-------------------------------------|
| Check the class of service desired; otherwise this message will be sent as a fast telegram |                                     |
| TELEGRAM   | <input checked="" type="checkbox"/> |
| DAY LETTER   | <input type="checkbox"/>            |
| NIGHT LETTER   | <input type="checkbox"/>            |

# WESTERN UNION TELEGRAM

1206 (4-55)

W. P. MARSHALL, PRESIDENT

| INTERNATIONAL SERVICE   |                          |
|---|--------------------------|
| Check the class of service desired; otherwise the message will be sent at the full rate |                          |
| FULL RATE   | <input type="checkbox"/> |
| LETTER TELEGRAM   | <input type="checkbox"/> |
| SHORE-SHIP  | <input type="checkbox"/> |

| NO. WDS.-CL. OF SVC. | PD. OR COLL. | CASH NO. | CHARGE TO THE ACCOUNT OF | TIME FILED |
|----------------------|--------------|----------|--------------------------|------------|
|                      |              |          | Whitaker & Brooks        | 11:30 A.M. |

Send the following message, subject to the terms on back hereof, which are hereby agreed to

*Confirmation Copy*

November 13, 1972

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

In re: Docket No. 26-72, Case No. 4862, Application of  
Adobe Oil Corporation for abnormal location in Rock Tank Morrow Field,  
T-23-S, R-24-E, Section 11, Eddy County, New Mexico.

David Fasken, an offset working interest owner, protests said  
application and asks that same be denied.

WHITAKER & BROOKS  
Attorneys for David Fasken

Copies to: NMOCC - mail  
Adobe Oil Corporation  
Monsanto Company  
Gulf Oil Corporation

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 14, 1972

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Case 4862 continued from Page 2)

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

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

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

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

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

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

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

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

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

(Case 4864 continued from Page 3)

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

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM

Section 8: E/2

Section 17: N/2

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

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM

Section 8: SE/4

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

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 4: N/2

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 35: S/2

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

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

Section 25: SW/4

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



(Case 4864 continued from Page 5)

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

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

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

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

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

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

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

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

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

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

*Isu*

**Monsanto**

MONSANTO POLYMERS & PETROCHEMICALS CO.  
317 First Savings & Loan Building  
101 North Marienfeld  
Midland, Texas 79701  
Phone: (915) 683-3308

November 8, 1972

New Mexico Oil Conservation Commission  
P.O. Box 2088  
Santa Fe, New Mexico 87501

RE: Docket No. 26-72  
Case 4862  
November 14, 1972

Attn: Mr. Daniel S. Nutter

Gentlemen:

Monsanto Company as operator of Rock Tank Unit objects to Adobe Oil  
Company's application in Case No. 4862.

Rule 4 of the Field Rules provide that each well shall be located no nearer than 1650' from the outer boundary of the Section. Heretofore operators have been developing this reservoir in accordance with the Commission's Order No. R-3428. Adobe Oil Co. now wishes to locate a well 320' from both the South and East lines of Section 11, Township 23 South, Range 24 East, which is contrary to an orderly development of this reservoir.

In our opinion, there is no reason to locate the well at any other location than provided for by the Commission's Order No. R-3428.

Monsanto Company respectfully requests that the Commission disapprove the Adobe application.

Yours very truly,

MONSANTO COMPANY

*A. W. Wood*  
A. W. Wood  
District Production Manager

AWW:EMS:mm

a unit of Monsanto Company

DOCKET MAILED

Date 11-17-72

Case 4862

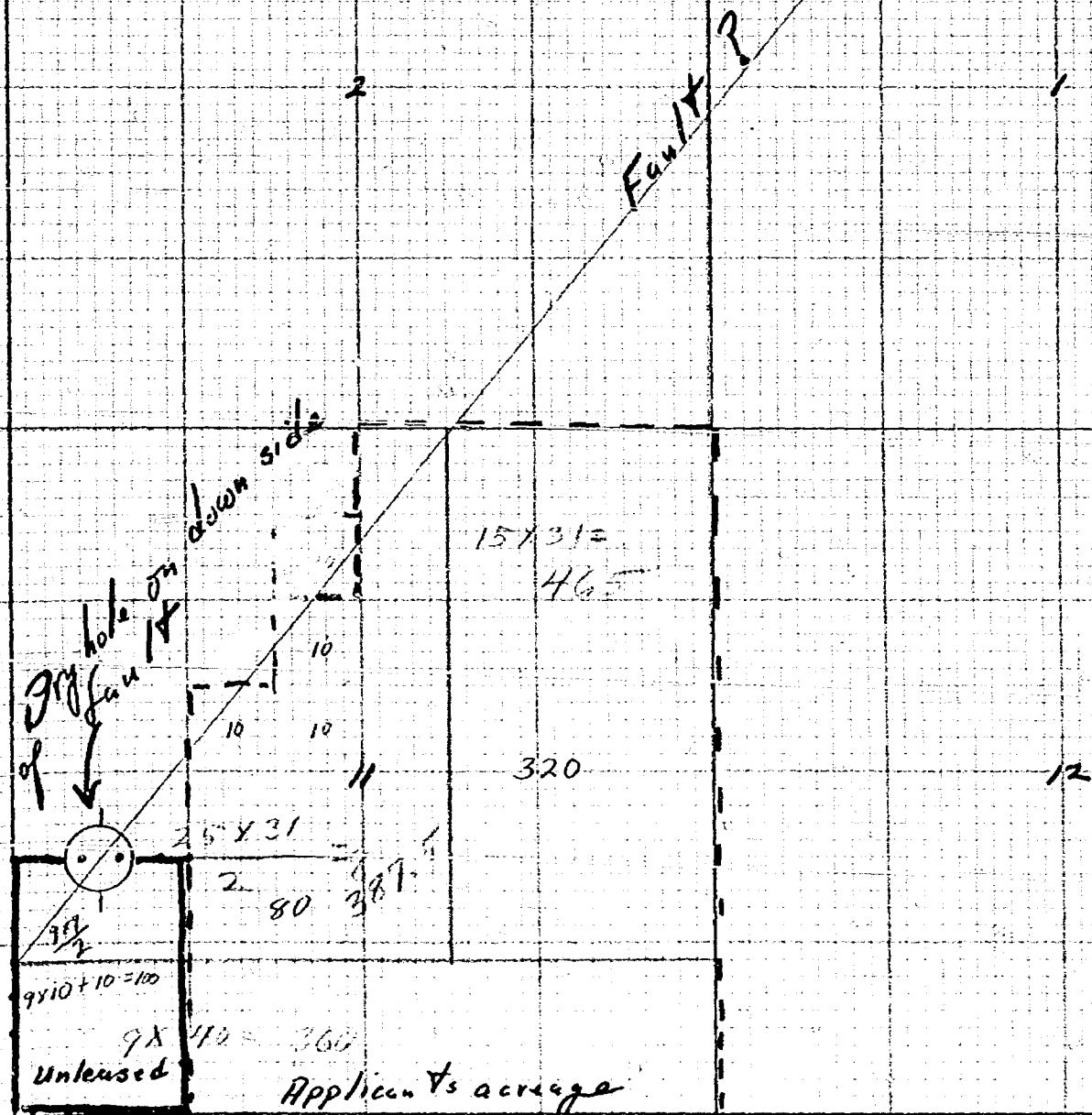
Calculation of productive and dedicatable acreage

430 Acres productive being

<sup>35</sup>  
E/2 - E/2 SW/4 - S/2 SE/4 NW/4  
& NE/4 SE/4 NW/4 Sec 11

May add 60 acres being  
SW/4 SW/4 - S/2 NW/4 SW/4 Sec 11

dry hole  
down side  
of fault



1212.5

757.5

1620

428.8 acres net 67%

8.7% unleased 55.64 Acres

8.7% unleased  
55.64 Acres

428.8 acres net 67%





Case 4862 (adsh -  
Cont to 11/29 -  
and change loc.  
to 660' FSL and  
330' FEL

BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

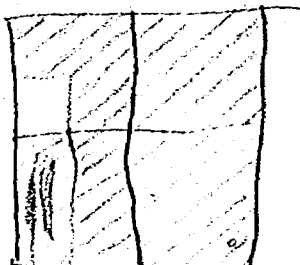
IN THE MATTER OF THE APPLICATION  
OF ADOBE OIL COMPANY FOR A  
NON STANDARD GAS PRORATION UNIT,  
AN UNORTHODOX LOCATION, AND A DUAL  
COMPLETION IN THE ROCK TANK-UPPER  
MORROW GAS POOL AND THE ROCK TANK-  
LOWER MORROW GAS POOL, EDDY COUNTY,  
NEW MEXICO

*Case 4862*

A P P L I C A T I O N

Comes now ADOBE OIL COMPANY and applies to the  
Oil Conservation Commission of New Mexico for appro-  
val of a non-standard gas proration unit in the Rock  
Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools  
consisting of NE/4, SE/4, ~~W/2~~<sup>E/2</sup> of SW/4, N/2 of NW/4 and  
SE/4 of NW/4 all in Section 11, Township 23 South,  
Range 24 East, Eddy County, New Mexico and totalling  
520 acres. Applicant further seeks approval of an  
unorthodox well location and a dual completion in the  
Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas  
Pools, Eddy County, New Mexico, and in support thereof  
would show the Commission:

1. Applicant is the owner of the right to drill  
and develop the oil and gas minerals in the area invol-  
ved in this application.
2. Applicant proposes to drill a well to test the  
Lower Morrow formation at a depth of approximately 10,300  
feet, at an unorthodox location of 330 feet from the  
South line and 330 feet from the East line of Section 11,  
Township 23 South, Range 24 East, N.M.P.M., Eddy County,  
New Mexico.



DOCKET MAILED

Date *11-17-72*

3. Applicant proposes to dually complete in conventional manner for the production of gas from the Rock Tank-Upper Morrow Gas Pool and from the Rock Tank-Lower Morrow GAS Pool.

4. Applicant further seeks approval of a non-standard gas proration unit in the Rock Tank-Upper Morrow and the Rock Tank-Lower Morrow Gas Pools consisting of the NE/4, SE/4, ~~W/2~~ of SW/4, N/2 of NW/4 and SE/4 of NW/4 all in Section 11, Township 23 South, Range 24 East, N.M.P.M., Eddy County, New Mexico, and totalling 520 acres. Applicant requests approval of this non-standard gas proration unit because the remaining 120 acres in Section 11 consisting of the W/2 of SW/4 and the SW/4 of NW/4 of said Section are non-productive federal acreage for which the federal lease has expired and has not been offered for sale.

5. Applicant believes that a well located as proposed and dually completed will recover oil and gas that would not otherwise be recovered, is in the interests of conservation, would not damage the producing formations if completed as proposed and the correlative rights of no offset operator will be impaired.

HEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the application as prayed for.

Respectfully submitted:

ADOBE OIL COMPANY

By

*W. F. Kellahin*

KELLAHIN & FOX

P. O. Box 1769

Santa Fe, New Mexico 87501



DRAFT

RLS/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. 4862

Order No. R-4456

APPLICATION OF ADOBE OIL COMPANY  
FOR A NON-STANDARD GAS PRORATION  
UNIT AND 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 November 29, 1972,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of December, 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, Adobe Oil Company, seeks authority  
to drill a well at an unorthodox gas well location 660 feet  
from the South line and 330 feet from the East line of Section 11,  
Township 23 South, Range 24 East, NMPM, Rock Tank-Upper Morrow  
and Rock Tank-Lower Morrow Gas pools, Eddy County, New Mexico.

(3) That a standard location for the subject well would be no closer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

(4) That a well completed at the proposed unorthodox location would enjoy an undue advantage over some offset operators if unrestricted production of the well is permitted.

(5) That the applicant further seeks approval of a 520-acre non-standard gas proration unit in the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools comprising the NE/4, SE/4, E/2 SW/4, N/2 NW/4, and SE/4 NW/4 of said Section 11 to be dedicated to the subject well.

(6) That the evidence indicates the presence of a NE-SW trending fault in said Section 11, North and West of which the Morrow formation is non-productive from the Rock Tank Pools.

(7) That though the exact location of the fault cannot be accurately determined, no more than 430 acres of the applicant's lease in said Section 11 may reasonably be presumed to be productive of gas from said pools.

(8) That an additional 60 acres of unleased land in the W/2 of the SW/4 of said Section 11 may be presumed to be productive.

(9) That a standard unit in the aforesaid pools consists of 640 acres.

(10) That the application for said 520-acre non-standard gas proration unit should be denied and that a 430-acre non-standard gas proration unit consisting of the E/2, E/2 SW/4, S/2 SE/4 NW/4 and NE/4 SE/4 NW/4 of said Section 11 should be established, *to be dedicated to the proposed well,* with the option to add the SW/4 SW/4 and S/2 NW/4 SW/4 of said Section 11 to <sup>the</sup> non-standard unit upon its communitization with <sup>430-acre unit</sup> the acreage described above.

- (11) That to compensate for the fact that only 430 acres of applicant's lease in said Section 11 can reasonably be presumed productive of gas from the Rock Tank-Upper Marrow and Rock Tank-Lower Marrow Gas Pools, an acreage factor of  $430/640$ , or  $0.672$ , should be applied to the proposed well.
- (12) That to compensate for the advantage gained over offset operators due to the non-standard location of the proposed well, a penalty of 30 percent should be applied to the proposed well.
- (13) That the Composite ratable-take factor for the proposed well should be 70 percent of  $0.672$ , or  $0.470$ .
- (14) That upon drilling of the proposed well at a standard location upon the proposed non-standard proration unit, the penalty factor described in Finding No. (12) above should not be applicable, but the acreage factor described in Finding No. 11 above should be applicable.
- (15) That upon communitization of the 430-acre non-standard proration unit described in Finding No. (10) above with the 60 acres described in Finding No. (8) above, the acreage factor assigned to the proposed well should be  $490/640$ , or  $0.766$ . (see under)

is hereby denied.

(3) That a 430-acre non-standard gas proration unit in said Rock Tank gas pools comprising the E/2, E/2 SW/4, S/2 SE/4 NW/4 and NE/4 SE/4 NW/4 of said Section 11 is hereby established and dedicated to the subject well.

(4) That the SW/4 SW/4 and S/2 NW/4 SW/4 of said Section 11 may be added to the 430-acre non-standard unit upon communitization, and the entire 490-acre non-standard gas proration unit be dedicated to the subject well.

(5) That a ratable-take factor of 0.470 in each of said pools is hereby assigned to said well so long as ~~the~~ the aforesaid ~~above-described~~ 430-acre non-standard unit is dedicated to the well; That said ratable-take factor shall be adjusted to 0.536 upon ~~dedication~~ dedication of the aforesaid 490-acre non-standard gas proration unit to the subject well.

IT IS FURTHER ORDERED

(1) That should applicant drill its proposed well at a standard location for the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools, at a point not closer than 1650 feet to the outer boundary of the proration unit, the ratable-take factor for the aforesaid 430-non standard unit shall be 0.672 and the ratable-take factor for the aforesaid 490-acre non-standard unit shall be 0.766.

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

DONE at SF etc.