

Case No.

7284

Application

Transcripts

Small Exhibits

ETC



August 27, 1981

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Re: CASE NO. 7284
ORDER NO. R-6759

Mr. T. Calder Ezzell, Jr.
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Applicant:

Energy Reserves Group, Inc.

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	X
Artesia OCD	X
Aztec OCD	

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7284
Order No. R-6759

APPLICATION OF ENERGY RESERVES
GROUP, INC. FOR AN UNORTHODOX
GAS WELL LOCATION, ROOSEVELT
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 12, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of August, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Energy Reserves Group, Inc., seeks approval of an unorthodox gas well location for its Miller Well No. 1 located 660 feet from the South line and 660 feet from the West line of Section 12, Township 6 South, Range 33 East, NMPM, to test the Cisco formation, Roosevelt County, New Mexico.
- (3) That the S/2 of said Section 12 is to be dedicated to the well.
- (4) That said well was projected as an oil well and drilled at an orthodox oil well location but encountered gas in the Cisco and was plugged back to said formation.
- (5) That no offset operator objected to the proposed unorthodox location.

-2-
Case No. 7284
Order No. R-6759

(6) 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 gas well location for the Cisco formation is hereby approved for the Energy Reserves Group, Inc. Miller Well No. 1 located at a point 660 feet from the South line and 660 feet from the West line of Section 12, Township 6 South, Range 33 East, NMPM, Roosevelt County, New Mexico.

(2) That the S/2 of said Section 12 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 Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


SEAL

sd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
12 August 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Energy Reserves Group,
Inc., for an unorthodox gas well CASE
location, Roosevelt County, New Mexico. 7284

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

T. Calder Ezzell, Jr., Esq.
HINKLE, COX, EATON, COFFIELD,
& HENSLEY
600 Hinkle Bldg.
Roswell, New Mexico 88201

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INDEX

WILLARD R. GREEN

Direct Examination by Mr. Ezzell

Cross Examination by Mr. Nutter

EXHIBITS

Applicant Exhibit A, Cross Section and Map

1

1
2 MR. NUTTER: Call next Case 7284.

3 MR. PADILLA: Application of Energy Re-
4 serves Group, Inc., for an unorthodox gas well location,
5 Roosevelt County, New Mexico.

6 MR. EZZELL: Mr. Examiner, I'm Calder
7 Ezzell, with the law firm of Hinkle, Cox, Eaton, Coffield,
8 and Hensley, Roswell, New Mexico, representing applicant,
9 Energy Reserves.

10 I have one witness, who needs to be
11 sworn.

12
13 (Witness sworn.)
14

15 WILLARD R. GREEN

16 being called as a witness and being duly sworn upon his oath,
17 testified as follows, to-wit:
18

19 DIRECT EXAMINATION

20 BY MR. EZZELL:

21 Q Would you state your name and residence
22 for the record, please?

23 A Willard R. Green, Midland, Texas.

24 Q And what is your occupation and who is
25 your employer?

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A I'm a geologist, employed by Energy Reserves Group, Inc., as Division Exploration Manager, West Texas Division.

Q Have you appeared before and testified before the Oil Conservation Division of the State of New Mexico before?

A No, I have not.

Q Would you briefly state your educational background and field experience?

A I have a BS degree in geological engineering, a BS degree in petroleum engineering, both from Texas A&M; a Master of Arts degree in geology from the University of Texas at Austin.

I have 26 years experience in petroleum exploration geology; some three years experience in the Roosevelt County area, the most recent three years, and approximately 21 years in West Texas/New Mexico.

Q In your course of employment with Energy Reserves Group have you been working in the Roosevelt County, New Mexico area?

A Yes, I have.

MR. EZZELL: Mr. Examiner, we would offer Mr. Green as an expert witness in the field of geology and petroleum engineering.

MR. NUTTER: Mr. Green is qualified.

Q Mr. Green, what does Energy Reserves seek by its application here?

A We seek permission to produce a Cisco gas well at an unorthodox location.

Q What is the unorthodox location?

A 660 feet from the south and 660 feet from the west line of Section 12, Township 6 South, Range 33 East.

Q And that is in Roosevelt County?

A Roosevelt County, New Mexico.

Q Why was the well drilled at that location?

A At the time the location was staked we thought we had a viable oil prospect and this seemed to be the best location to drill the well.

Q Is 660 feet from the south and the west a standard location for an oil prospect in Roosevelt County, New Mexico?

A Yes, it is.

Q Do you have any geological or engineering data on which the prospect was categorized as an oil prospect?

A Yes, I have a geologic structure map and cross section.

This is a structure contour map contoured

on the top of the Granite Wash formation and this is Township 6 South, Range 33 East. The arrow points to the well in question, the Miller No. 1.

As you can see, it's a structure we call in geologic lingo as a granite knob, where we have a thin Pennsylvanian section resting on top of a Granite Wash granite.

The cross section is shown by a red line and the north is on the left side. The well in question, the Miller No. 1, is the well on the righthand.

The first well that Energy Reserves drilled in the area was our Bledsoe No. 1 at this point, and that is approximately 3/4 of a mile to the northwest, and that well was completed in October, 1980, from the Granite section. The Granite is the red shading on the cross section. The pink above is a Granite Wash section immediately above, and above that is a tremendous unconformity with a Cisco carbonate section, which thins as you go up higher on the structure.

On the flank of the structure to the north more sedimentary section is present and we -- we have 100 feet or so of Fusselman dolomite, and this Phillips well, which is lower, but in our Bledsoe No. 1 we encountered a Cisco on top of the Granite Wash and then only granite, and we completed from the Granite section from the perforations

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2 that are shown over an interval of approximately 150 feet.
3 It was not a very good well. It potentialized 12 barrels of
4 oil and 18 barrels of water per day.

5 And then the second well we drilled was
6 a north offset, Bledsoe No. 2, and we were actually hoping
7 to pick up a wedge of Fusselman, but did not encounter any
8 Fusselman.

9 We attempted completion from the Granite
10 Wash -- I mean from the Granite in this well, and we had
11 previously cored from the Cisco, through the unconformity,
12 into the Granite, so we wanted to see exactly what kind of
13 rock we were encountering.

14 MR. NUTTER: Now, was that well drilled
15 prior to the time the other well there?

16 A This well drilled first --

17 MR. NUTTER: Okay.

18 A -- in October of '80. This one was
19 drilled in early '81, completed in February, '81 and --

20 Q Now identify for the record which wells
21 you're referring to.

22 A The Bledsoe No. 1.

23 Q That was drilled in '80.

24 A Completed in October of '80.

25 The Bledsoe No. 2 was completed in

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3 Q '81.

4 A Yeah, '81, excuse me.

5 MR. NUTTER: The Granite wasn't pro-
6 ductive there.

7 A It was, but we elected to produce it
8 from the Cisco first because the productivity was higher.

9 And when we cored the Granite here, be-
10 cause we realized we had a very unusual accumulation of oil
11 in the Bledsoe No. 1, it's the only Granite reservoir to my
12 knowledge in southeast New Mexico, with the possible excep-
13 tion of some around the Hobbs area, but certainly none there
14 in Roosevelt County.

15 And we found the Granite to be highly
16 fractured and -- in this well from the core; several frac-
17 tures filled with shale, but we speculated then that that
18 was the nature in that well.

19 And we did test 18 barrels of oil a
20 day, during testing, but we went back and made a more pro-
21 ductive well from the Cisco. We set a retrievable bridge
22 plug between the two so that we can produce from the Granite
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5 So with that idea in mind, we located
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8 When we drilled it, though, when we
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10 We found a quartzite rather than a granite and we had no
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12 the lower part of the Cisco section right above the Granite
13 Wash and we completed from the Cisco and it potentialled for
14 12.7 million cubic feet per day on an open flow test.

15 Q So you have testified that in seeking
16 the high for the Granite Wash you located at a legal oil
17 location that might encounter the Precambrian Granite and it
18 did encounter the Cisco well that you testified potentialled
19 for 12.7 million a day?

20 A Right.

21 Q Who are the offset operators in this
22 area? Specifically we are talking a well in the southwest
23 quarter of the southwest quarter of 12 in 11, 14, and 13.
24 Who are the offset operators?

25 A Energy Reserve has leases on all of that

land.

Q So there were no other offset operators to contact and question about any objections for the approval of this unorthodox location?

A At the time there was another operator which we did contact.

Q And who was that?

A It was Threshold Development.

Q And what is their current status?

A They do not own a lease on that at this time.

Q All right. By virtue of expiration?

A Right.

Q Did you prepare the cross section and map that we've marked as Exhibit A?

A Yes, I did.

MR. EZZELL: May it please the Examiner, we'd like to enter Exhibit A.

MR. NUTTER: Exhibit A will be admitted in evidence.

Q All right. In your opinion will the approval of this unorthodox location be in the interest of conservation and the prevention of waste and protection of

correlative rights?

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A Yes, it will.

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MR. EZZELL: I have no further questions
at this time.

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CROSS EXAMINATION

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BY MR. NUTTER:

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Q

Mr. Green, is the southwest quarter of
the southwest quarter of Section 12 a common lease with the
remainder of the south half of Section 12?

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A

No, it's not.

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Q

So when you projected the well you had
40 acres dedicated to it and that was on one lease. And then
there is a difference of ownership in the south half. Has it
been communitized to form a 320-acre unit, then?

16

A

Yes, it has.

17

Q

And you propose to dedicate the south
half to the well as a gas well?

19

A

Yes.

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MR. EZZELL: We should probably indicate
that the name of the well is now the Miller Com --

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MR. NUTTER: Miller Com.

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MR. EZZELL: -- No. 1, since they exe-
cuted the communitization agreement.

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MR. NUTTER: Fine.

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Q This is kind of interesting, Mr. Green, this production in the Granite. Do you have any theories as to how that oil got in there? Is it a bleedoff from the Fusselman or --

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A I think so. The South Peterson Fusselman Field is just to the north here in Section, primarily Section 1, and --

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Q And structurally lower, is it?

A Structurally lower, and it is, of course, a combination trap, but primarily stratigraphic truncation trap, as this has shown.

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This particular well was too low and water-bearing for the Fusselman. That is this one. The other wells operated by Enserch and Phillips are higher and more oil productive and it's my opinion that the oil in the Fusselman reservoir probably migrated across the unconformity through fracture porosity into the Granite.

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There is another possibility, too, that I think could contribute some oil, in that the -- the shale in the fractures in this pool is a very rich oil source rock, and we had it analyzed and could well have produced the oil in place in the Granite.

24

25

Q From the --

A From that shale that's in the fractures.

Now, those are two theories. They may be both right or maybe only one.

Q Okay. Well now, does the Granite Wash form an impermeable barrier on the top of the Granite there, or the fractures in the Granite?

A It would --

Q Or is it a vertical fracture --

A -- unless -- you know in our core, which covered from the Cisco down into the Granite, the Granite Wash did not appear to be fractured, and it was about 8 feet thick and consisted primarily of red shale with fragments of quartz and feldspar to make it a conglomerate in some places.

Q Now I'm speculating in my mind on the possibility of this Cisco gas well being a gas cap to the Granite oil production. Is there any possibility of that?

A I really don't think so. I think they are separate reservoirs.

Q With the Granite Wash being impermeable?

A Uh-huh.

Q Vertically would separate the Granite oil field from the Cisco gas field.

A Right.

Q Now, are these other wells that -- now I see dark areas marked on the two middle wells on your cross

1
2 section. Are those perforated areas, those black spots up
3 there?

4 A That's porosity from logs on the right
5 side of the well column. Just log porosity.

6 Q Those black spots are?

7 A Right. The actual perforations are
8 shown on the other side and you may not be able to see them,
9 but they are open boxes and where it's just 1 foot perforated
10 it's shown as a straight line. It's all on the left side
11 of the column.

12 Q And there's no perforations in the Cisco
13 there.

14 A Right.

15 Q It's all in the Granite.

16 A Yes.

17 Q Okay.

18 MR. NUTTER: Are there any further
19 questions of Mr. Green? He may be excused.

20 Do you have anything further, Mr. Ezzell?

21 MR. EZZELL: No, sir.

22 MR. NUTTER: Does anyone have anything
23 they wish to offer in Case Number 7284?

24 We'll take the case under advisement.

25 (Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSE

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7284 heard by me on 8/12 1981.

 , Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

12 August 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Energy Reserves Group,
Inc., for an unorthodox gas well
location, Roosevelt County, New Mexico.

CASE
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BEFORE: Daniel S. Nutter

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For the Applicant:

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I N D E X

WILLARD R. GREEN

Direct Examination by Mr. Essell

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Cross Examination by Mr. Nutter

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E X H I B I T S

Applicant Exhibit A, Cross Section and Map

5

MR. NUTTER: Call next Case 7284.

MR. PADILLA: Application of Energy Reserves Group, Inc., for an unorthodox gas well location, Roosevelt County, New Mexico.

MR. EZZELL: Mr. Examiner, I'm Calder Ezzell, with the law firm of Hinkle, Cox, Eaton, Coffield, and Hensley, Roswell, New Mexico, representing applicant, Energy Reserves.

I have one witness, who needs to be sworn.

(Witness sworn.)

WILLARD R. GREEN

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. EZZELL:

Q Would you state your name and residence for the record, please?

A Willard R. Green, Midland, Texas.

Q And what is your occupation and who is your employer?

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2 A I'm a geologist, employed by Energy
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5 Q Have you appeared before and testified
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8 A No, I have not.

9 Q Would you briefly state your educational
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11 A I have a BS degree in geological en-
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13 Texas A&M; a Master of Arts degree in geology from the Uni-
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15 I have 26 years experience in petroleum
16 exploration geology; some three years experience in the
17 Roosevelt County area, the most recent three years, and ap-
18 proximately 21 years in West Texas/New Mexico.

19 Q In your course of employment with Energy
20 Reserves Group have you been working in the Roosevelt County,
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22 A Yes, I have.

23 MR. EZZELL: Mr. Examiner, we would
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25 and petroleum engineering.

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Q What is the unorthodox location?

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Q And that is in Roosevelt County?

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Q Why was the well drilled at that location?

A At the time the location was staked we thought we had a viable oil prospect and this seemed to be the best location to drill the well.

Q Is 660 feet from the south and the west a standard location for an oil prospect in Roosevelt County, New Mexico?

A Yes, it is.

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And we did test 18 barrels of oil a day, during testing, but we went back and made a more productive well from the Cisco. We set a retrievable bridge plug between the two so that we can produce from the Granite sometime at a future date.

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Q All right. In your opinion will the approval of this unorthodox location be in the interest of conservation and the prevention of waste and protection of correlative rights?

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2 A Yes, it will.

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6 CROSS EXAMINATION

7 BY MR. NUTTER:

8 Q Mr. Green, is the southwest quarter of
9 the southwest quarter of Section 12 a common lease with the
10 remainder of the south half of Section 12?

11 A No, it's not.

12 Q So when you projected the well you had
13 40 acres dedicated to it and that was on one lease. And then
14 there is a difference of ownership in the south half. Has it
15 been communitized to form a 320-acre unit, then?

16 A Yes, it has.

17 Q And you propose to dedicate the south
18 half to the well as a gas well?

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21 that the name of the well is now the Miller Com --

22 MR. NUTTER: Miller Com.

23 MR. EZZELL: -- No. 1, since they exe-
24 cuted the communitization agreement.

25 MR. NUTTER: Fine.

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3 this production in the Granite. Do you have any theories as
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6 A I think so. The South Peterson Fusselman
7 Field is just to the north here in Section, primarily Section
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9 Q And structurally lower, is it?

10 A Structurally lower, and it is, of course,
11 a combination trap, but primarily stratigraphic truncation
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25 A From that shale that's in the fractures.

Now, those are two theories. They may be both right or maybe only one.

Q Okay. Well now, does the Granite Wash form an impermeable barrier on the top of the Granite there, or the fractures in the Granite?

A It would --

Q Or is it a vertical fracture --

A -- unless -- you know in our core, which covered from the Cisco down into the Granite, the Granite Wash did not appear to be fractured, and it was about 8 feet thick and consisted primarily of red shale with fragments of quartz and feldspar to make it a conglomerate in some places.

Q Now I'm speculating in my mind on the possibility of this Cisco gas well being a gas cap to the Granite oil production. Is there any possibility of that?

A I really don't think so. I think they are separate reservoirs.

Q With the Granite Wash being impermeable?

A Uh-huh.

Q Vertically would separate the Granite oil field from the Cisco gas field.

A Right.

Q Now, are these other wells that -- now I see dark areas marked on the two middle wells on your cross

1
2 section. Are those perforated areas, those black spots up
3 there?

4 A That's porosity from logs on the right
5 side of the well column. Just log porosity.

6 Q Those black spots are?

7 A Right. The actual perforations are
8 shown on the other side and you may not be able to see them,
9 but they are open boxes and where it's just 1 foot perforated
10 it's shown as a straight line. It's all on the left side
11 of the column.

12 Q And there's no perforations in the Cisco
13 there.

14 A Right.

15 Q It's all in the Granite.

16 A Yes.

17 Q Okay.

18 MR. NUTTER: Are there any further
19 questions of Mr. Green? He may be excused.

20 Do you have anything further, Mr. Ezzell?

21 MR. EZZELL: No, sir.

22 MR. NUTTER: Does anyone have anything
23 they wish to offer in Case Number 7284?

24 We'll take the case under advisement.

25 (Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7284, heard by me on 8/12 1981.

[Signature], Examiner
Oil Conservation Division

Dockets Nos. 26-81 and 27-81 are tentatively set for August 26 and September 9, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 12, 1981

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE:** (1) Consideration of the allowable production of gas for September, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for September, 1981, for four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7319:** Application of Consolidated Oil & Gas, Inc. for six 160-acre Mesaverde proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of six non-standard gas proration units in the Blanco Mesaverde Pool, said units to comprise the NW/4 and SW/4 of Section 18, and the SW/4 and SE/4 of Section 7, both in Township 31 North, Range 12 West, and the NE/4 and SE/4 of Section 3, Township 31 North, Range 13 West, each unit to be dedicated to an existent well already drilled thereon.
- CASE 7320:** Application of Harvey E. Yates Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Cisco-Canyon formation thru one well located in the NW/4 NE/4 of Section 13, Township 18 South, Range 28 East, Travis-Upper Pennsylvanian Pool.
- CASE 7129:** (Readvertised)
- Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7169:** (Readvertised)
- Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 22, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7321:** Application of Enserch Exploration, Inc. for special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Peterson-Mississippian Pool including provisions for 80-acre spacing units and special well location requirements.
- CASE 7322:** Application of Colman Oil & Gas, Inc. for downhole commingling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallegos-Callup, Greenhorn, and Dakota production in the wellbore of its Navajo-Smith Well No. 1 located in Unit G of Section 24, Township 26 North, Range 12 West. Applicant further seeks approval of a 160-acre non-standard Basin Dakota proration unit comprising the NE/4 of said Section 24.
- CASE 7323:** Application of Clements Energy Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 of Section 32, Township 15 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7284: (Continued from July 2, 1981, Examiner Hearing)

Application of Energy Reserves Group, Inc. for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Cisco location of its Miller Well No. 1 located 660 feet from the South and West lines of Section 12, Township 6 South, Range 33 East, the S/2 of said Section 12 to be dedicated to the well.

CASE 7324: Application of Benson-Montin-Greer Drilling Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 240.01-acre non-standard proration unit comprising the N/2 of Section 31, Township 32 North, Range 13 West, Ute Dome-Dakota Pool, to be dedicated to a well drilled at a standard location thereon.

CASE 7325: Application of Benson-Montin-Greer Drilling Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying Section 32, Township 26 North, Range 1 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well. Applicant further seeks provision for the re-allocation of all costs and charges, and revenues, to the Canada Ojitos Unit in accordance with the unit agreement, should the aforesaid pooled lands be committed to said unit.

CASE 7326: Application of Tenneco Oil Company for the amendment of Division Order No. R-4157-C, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-4157-C by re-establishing 640-acre spacing and proration units in the Catclaw Draw-Morrow Gas Pool with a provision for infill drilling of a second well on each 640-acre spacing unit.

CASE 7327: Application of John E. Schalk for designation of a tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Mesaverde formation underlying Township 25 North, Range 3 West, containing 23,040 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7328: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the North Burton Flat-Strawn Gas Pool. The discovery well is Southland Royalty Company Cifgo 5 Federal Com Well No. 1 located in Unit B of Section 5, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 5: N/2

(b) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the Elkins-San Andres Pool. The discovery well is Tom L. Ingram Pogo State Well No. 1 located in Unit P of Section 16, Township 7 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM
Section 16: SE/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Indian Flats-Bone Spring Pool. The discovery well is Gulf Oil Corporation Eddy C State Well No. 1 located in Unit F of Section 2, Township 22 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 2: SE/4 NW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the West Indian Flats-Strawn Gas Pool. The discovery well is Perry R. Bass Big Eddy Unit Well No. 64 located in Unit N of Section 33, Township 21 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 33: S/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the East Lake McMillan-Wolfcamp Gas Pool. The discovery well is Gulf Oil Corporation Lake McMillan Federal Unit Well No. 1 located in Unit I of Section 30, Township 19 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 30: E/2

(f) EXTEND the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 27: N/2

(g) EXTEND the Baldridge Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM
Section 6: E/2

(h) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 8: SW/4
Section 17: NW/4

(i) EXTEND the North Berry-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 5: Lots 11, 12, 13, 14, and
SW/4

(j) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 14: SE/4 SE/4
Section 24: NW/4 NW/4

(k) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 29: E/2
Section 32: E/2

(l) EXTEND the North Burton Flat-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 29: S/2
Section 30: E/2

(m) EXTEND the East Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 31: All

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 6: N/2

(n) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 10: NW/4

(o) EXTEND the Foster-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 39 EAST, NMPM
Section 6: NE/4

- (p) EXTEND the Jenkins-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
Section 17: S/2 SE/4

- (q) EXTEND the Kemnitz-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 9: S/2

- (r) EXTEND the East LaRica-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 1: N/2

- (s) EXTEND the Los Medanos-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 36: N/2 and S/4

- (t) EXTEND the North Lusk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 32: SE/4
Section 33: SW/4

- (u) EXTEND the West Osado-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 22: E/2

- (v) EXTEND the North Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 21: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 18: W/2 NW/4

- (x) EXTEND the Sand Point-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 10: N/2

- (y) EXTEND the Sawyer-San Andres Associated Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
Section 36: SE/4

TOWNSHIP 9 SOUTH, RANGE 38 EAST, NMPM
Section 31: W/2

- (z) EXTEND the Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 36: S/2

- (aa) EXTEND the Springer Basin-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM
Section 23: W/2

(bb) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 4: All

(cc) EXTEND the Twin Lake-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 24: SE/4

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 18: N/2 SW/4
Section 19: E/2 E/2
Section 30: E/2
Section 32: W/2 NW/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 5: W/2 W/2
Section 6: S/2 N/2 and S/2
Section 7: NW/4

(dd) EXTEND the Vaca Draw-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 2: E/2

(ee) EXTEND the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 36: E/2

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 31: N/2

(ff) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 3: S/2

CASE 7304: (Readvertised)

Application of ARCO Oil and Gas Company for directional drilling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Custer Well No. 1, the surface location of which is 1810 feet from the North line and 2164 feet from the West line of Section 6, Township 25 South, Range 37 East, Custer Field, in such a manner as to penetrate the Devonian formation at an unorthodox location within 100 feet of a point approximately 1800 feet from the North line and 1480 feet from the West line of said Section 6, and to bottom said well in the Ellenburger formation within 100 feet of a point approximately 1650 feet from the North line and 760 feet from the West line of said Section 6, but in no event closer than 660 feet to said line. The N/2 of said Section 6 would be dedicated to each of said formations.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

2 July 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Energy Reserves
Group, Inc., for an unorthodox gas
well location, Roosevelt County,
New Mexico.

CASE
7284

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

1
2 MR. STAMETS: We'll call first Case
3 7284.

4 MR. PEARCE: Application of Energy
5 Reserves Group, Inc., for an unorthodox gas well location,
6 Roosevelt County, New Mexico.

7 MR. STAMETS: At the request of the
8 applicant this case will be continued to the August 12th
9 Examiner Hearing.

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11 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7284
heard by me on 7/27 1987.

Richard V. Thomas, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

2 July 1981

EXAMINER HEARING

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Application of Energy Reserves
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TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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2 MR. STAMETS: We'll call first Case
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4 MR. PEARCE: Application of Energy
5 Reserves Group, Inc., for an unorthodox gas well location,
6 Roosevelt County, New Mexico.

7 MR. STAMETS: At the request of the
8 applicant this case will be continued to the August 12th
9 Examiner Hearing.

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11 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

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

_____, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

Memo

From

To Florence -

Bob Elliott called
Energy Reserves

Wants Case 7284
Continued to July 15th

Oil Conservation

Santa Fe, New Mexico

Dockets Nos. 22-81 and 23-81 are tentatively set for July 15 and 29, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 2, 1981

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 7283:** Application of Harvey E. Yates Company for amendment of Division Order No. R-6382, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6382 to provide that said order authorizing the McDonald Unit Agreement shall have an effective date of June 1, 1981.
- CASE 7284:** Application of Energy Reserves Group, Inc. for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Cisc. location of its Miller Well No. 1 located 660 feet from the South and West lines of Section 12, Township 6 South, Range 33 East, the S/2 of said Section 12 to be dedicated to the well.
- CASE 7285:** Application of J. C. Williamson for two non-standard gas proration units and two unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard 320-acre Wolfcamp gas proration units in Section 10, Township 23 South, Range 34 East, the first comprising the NW/4, W/2 NE/4, and N/2 SW/4, and the second comprising the E/2 NE/4, S/2 SW/4, and SE/4. Applicant further seeks approval for two unorthodox locations, the first for a well drilled 1560 feet from the North line and 1830 feet from the West line of said Section 10, and the second for a well to be drilled 1980 feet from the South and East lines of the section.
- CASE 7286:** Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Blanco Mesaverde production in the wellbore of its Jicarilla F Well No. 6 located in the SW/4 of Section 34, Township 26 North, Range 4 West.
- CASE 7287:** Application of Benson-Montin-Creer Drilling Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying a previously approved 640-acre non-standard proration unit comprising the W/2 of Section 17 and the W/2 of Section 20, Township 26 North, Range 1 West, to be dedicated to a well to be drilled thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7288:** Application of Southern Union Exploration Company of Texas for contraction of the West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the West Puerto Chiquito-Mancos Oil Pool by the deletion of Section 36, Township 24 North, Range 1 West, therefrom.
- CASE 7251:** (Continued from June 3, 1981, Examiner Hearing)
Application of Southern Union Exploration Company of Texas for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Puerto Chiquito-Mancos Oil Pool underlying all of Section 36, Township 24 North, Range 1 West, to be dedicated to its Mobil Federal Well No. 1 drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7289:** Application of Exxon Corporation for a salt water disposal well, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation at a depth of 2638 feet to 2774 feet in its Strange Federal Well No. 3 in Unit J of Section 25, Township 7 South, Range 31 East, Tomahawk-San Andres Pool.
- CASE 7290:** Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 26, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

- CASE 7291:** Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Silurian and Fusselman formations underlying the N/2 of Section 6, Township 25 South, Range 37 East, Custer Field, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7292:** Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian thru Ellenburger formations underlying the S/2 of Section 6, Township 25 South, Range 37 East, Custer Field, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7293:** Application of ARCO Oil and Gas Company for an amendment to Order No. R-6649, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-6649 which authorized compulsory pooling in Section 33, Township 22 South, Range 36 East, Langlie Field, to extend to February 1, 1982, the commencement of drilling required in said order.
- CASE 7294:** Application of ARCO Oil and Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers-Queen formation at a depth of 2996 feet to 3186 feet in its R. S. Crosby Well No. A-2 located in Unit L of Section 28, Township 25 South, Range 37 East, Langlie Mattix Pool.
- CASE 7248:** (Continued from June 3, 1981, Examiner Hearing)
Application of Inesco Oil Company for pool creation, special pool rules, and an oil discovery allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp oil pool for its Federal 10 State Com. Well No. 1 located in Unit L of Section 10, Township 21 South, Range 26 East, and the promulgation of special rules therefor, including provisions for 160-acre spacing. Applicant further seeks the assignment of approximately 42,290 barrels of discovery allowable to the aforesaid well.
- CASE 7280:** (Continued from June 17, 1981, Examiner Hearing)
Application of Northwest Pipeline Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Rosa Unit Well No. 77 located in Unit L of Section 33, Township 31 North, Range 5 West, to produce gas from the Mesaverde formation and commingled Gallup and Dakota production through separate strings of tubing.
- CASE 7295:** Application of Gulf Oil Corporation for rescission of Division Order No. R-2429-C, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Division Order No. R-2429-C which authorized 320-acre spacing units in the White City-Pennsylvanian Gas Pool. Applicant seeks the reinstatement of 640-acre spacing units in said pool with provision for 320-acre infill drilling and appropriate findings relative thereto.
- CASE 7296:** Application of J. Gregory Merriam and Robert L. Bayless for amendment of pool rules, contraction of the Otero-Gallup Pool, and extension of the Devils Fork-Gallup Associated Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the Devils Fork-Gallup Associated Pool Rules to provide for 160-acre spacing rather than 80 acres. Applicant further seeks the contraction of the Otero-Gallup Pool by the deletion of the following acreage: E/2 and NE/4 SW/4 of Section 2, Township 24 North, Range 6 West, and the E/2 of Section 35, Township 25 North, Range 6 West. Applicant seeks the extension of the Devils Fork-Gallup Associated Pool to include the following acreage: In Township 24 North, Range 6 West: All of Sections 2 and 3; S/2 and NE/4 of Section 4; S/2 of Section 5; S/2 of Section 6; and N/2 of Section 11. In Township 25 North, Range 6 West: SE/4 of Section 33; S/2 of Section 34; and all of Section 35.
- CASE 7297:** (This case will be dismissed.)
Application of Amoco Production Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Alley Unit Well No. 1 in Unit E of Section 1, Township 19 South, Range 25 East.

CASE 7298: (This case will be dismissed.)

Application of Amoco Production Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Lancaster Springs Com Well No. 1 in Unit I of Section 1, Township 22 South, Range 26 East.

CASE 7299: (This case will be dismissed.)

Application of Amoco Production Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State IL Com Well No. 1 in Unit G of Section 3, Township 19 South, Range 24 East.

CASE 7300: Application of Dome Petroleum Corporation for designation of a tight formation, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Chacra formation underlying portions of Townships 21 and 22 North, Ranges 5, 6, and 7 West, containing 73,016 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7301: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, redesignating, and extending vertical and horizontal limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the East Lusk-Morrow Gas Pool. The discovery well is Grace Petroleum Corporation West Tonto Federal Com Well No. 1 located in Unit L of Section 24, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 24: W/2

(b) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Mississippian production and designated as the Peterson-Mississippian Pool. The discovery well is Enseich Exploration, Inc. Finley Well No. 1 located in Unit A of Section 6, Township 5 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 28: SW/4
Section 29: S/2
Section 32: W/2

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 5: NW/4
Section 6: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Salado Draw-Wolfcamp Gas Pool. The discovery well is Amoco Production Company State CR Well No. 1 located in Unit C of Section 17, Township 26 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM
Section 17: E/2

(d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the Talco-Strawn Gas Pool. The discovery well is American Trading and Producing Corporation Talco Unit Well No. 1 located in Unit H of Section 11, Township 26 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM
Section 11: E/2

(e) REDESIGNATE the Lusk-Seven Rivers Pool in Lea County, New Mexico, to the North Lusk-Seven Rivers Pool described as:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 3: All

(f) EXTEND the vertical limits of the Lusk-Yates Pool in Eddy and Lea Counties, New Mexico, to include the Seven Rivers formation and redesignate pool as the Lusk Yates-Seven Rivers Pool described as:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 24: All

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 19: W/2 and W/2 NE/4

(g) EXTEND the Angell Ranch Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 11: S/2
Section 14: All

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 32: S/2

(h) EXTEND the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 2: W/2 and NE/4
Section 11: W/2

(i) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 26: NW/4 SW/4
Section 33: S/2 SE/4

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM
Section 4: NW/4 NE/4

(j) EXTEND the Boyd-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 34: S/2

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 34: E/2

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 3: All
Section 10: N/2
Section 11: W/2

(k) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 12: N/2 SE/4

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 7: N/2 SW/4

(l) EXTEND the South Culebra Bluff-Bone Springs Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 27: N/2 NE/4

(m) EXTEND the Dublin Ranch-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 33: N/2

(n) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 30: N/2

- (o) EXTEND the Southwest Eunice-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 17: NE/4

- (p) EXTEND the Cam-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 31: E/2

- (q) EXTEND the Gladiola-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM
Section 20: NE/4
Section 21: N/2

- (r) EXTEND the Grayburg Jackson Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 1: W/2 SW/4

- (s) EXTEND the North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 16: E/2

- (t) EXTEND the Langlie Mattix Seven Rivers-Queen-Grayburg Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 31: SW/4

- (u) EXTEND the North Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2

- (v) EXTEND the West Nadine-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 5: E/2
Section 8: NE/4

- (w) EXTEND the East Red Lake Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 25: W/2 NE/4 and NW/4 SE/4

- (x) EXTEND the Richard Knob Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 9: N/2

- (y) EXTEND the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
Section 16: S/2

- (z) EXTEND the Scharb-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 5: E/2

(aa) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, N1PM
Section 19: NW/4

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

TOWNSHIP 22 SOUTH, RANGE 37 EAST, N1PM
Section 11: SW/4
Section 14: NW/4

Docket No. 21-81

DOCKET: COMMISSION HEARING - WEDNESDAY - JULY 8, 1981

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 7226: (DE NOVO)

Application of Enserch Exploration, Inc. for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Montoya formation in the interval from 7902 feet to 7930 feet in its Rader Well No. 2 in Unit E of Section 32, Township 5 South, Range 33 East.

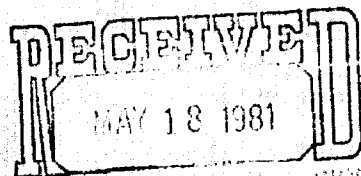
Upon application of Enserch Exploration, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7275: (Continued from June 17, 1981, Examiner Hearing)

Application of S. P. Yates for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7270: (Continued from June 17, 1981, Examiner Hearing)

Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 21, Township 19 South, Range 27 East, to be dedicated to its Pecos River Federal 21-A Com Well No. 1 drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.



Energy Reserves Group, Inc.
P.O. Drawer 2437, Zip 79702
1509 West Wall Street
Midland, Texas
Phone 915 682 2591

OIL CONSERVATION DIVISION
SANTA FE



Case 7284

May 14, 1981

New Mexico Energy and Minerals Department
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Dan Nutter

Re: Unorthodox Location
Miller No. 1 Well
660' FS&WL Section 12
T6S, R33E
Roosevelt County, New Mexico

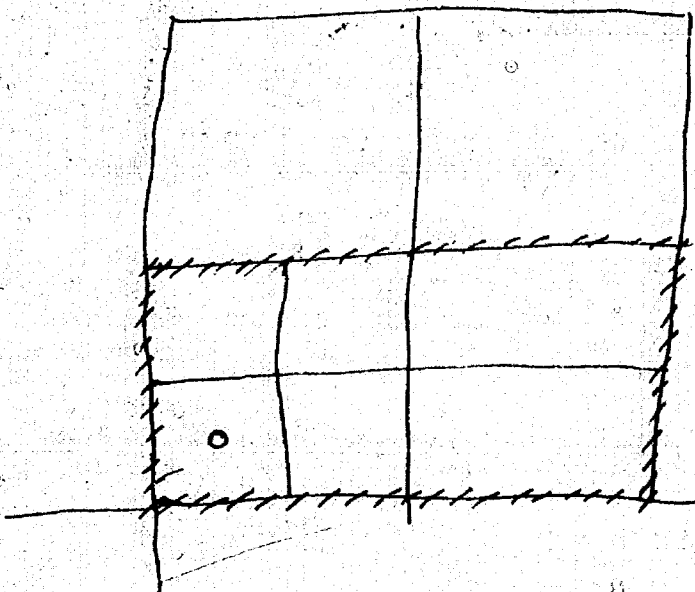
Gentlemen:

Energy Reserves Group, Inc. drilled its Miller No. 1 well at the captioned location in anticipation of making an oil well. The well was completed as a gas well and, therefore, ERG requests a hearing in order to set an allowable for its gas well at this location.

Very truly yours,

Robert G. Elliott
Division Landman
West Texas Division

RGE/ja



June 3.

Robt B. Elliott (915) 682-2591

Energy Reserves Group, Inc.

P.O. Drawer 2837 Midland 79702

Miller #1

660' FSL & FWL 12-65-33E

Roosevelt Co.

Cisco formation

5/2

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7284

ORDER NO. R- 6759

APPLICATION OF ENERGY RESERVES GROUP, INC.

**FOR AN UNORTHODOX GAS WELL LOCATION,
ROOSEVELT COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 12,
1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.
NOW, on this day of August, 1981, the Division
Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Energy Reserves Group, Inc.,
for its Miller Well No. 1 located
seeks approval of an unorthodox gas well location/ 660
feet from the South line and 660 feet from the
West line of Section 12, Township 6 South
Range 33 East, NMPM, to test the Cisco
formation, Pool, Roosevelt
County, New Mexico.

(3) That the S/2 of said Section 12 is to be dedicated to the well.

(4) That, ^{said} ~~a well at said unorthodox location will better~~ ^{was projected as an oil well and drilled at an} ~~but encountered gas in the Cisco formation and was plugged back~~ ^{enable applicant to produce the gas underlying the protection unit.} ~~to said formation.~~

(5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. _____
Order No. R- _____

(6) 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 gas well location for the Cisco
the Energy Reserves Group, Inc. Miller Well No. 1 located
formation is hereby approved for ~~a well to be located~~ at a point 660
feet from the South line and 660 feet from the West
line of Section 12, Township 6 South, Range 33 East
NMPM, Pool, Roosevelt County,
New Mexico.

(2) That the S/2 of said Section 12 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 Division may deem necessary.

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



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

July 29, 1981

Mr. Robert H. Strand, Attorney
Harvey E. Yates Company
P. O. Box 1933
Roswell, New Mexico 88201

Re: CASE NO. 7283
ORDER NO. R-6382-A

Applicant:

Harvey E. Yates Company

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	x
Artesia OCD	x
Aztec OCD	

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7283
Order No. R-6382-A

APPLICATION OF HARVEY E. YATES
COMPANY FOR AMENDMENT OF DIVISION
ORDER NO. R-6382, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 2, 1981,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of July, 1981, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Harvey E. Yates Company, seeks the
amendment of Division Order No. R-6382 to provide that said order
authorizing the McDonald Unit Agreement shall have an effective
date of June 1, 1981.

(3) That Order (5) of said Order No. R-6382 provided that
the McDonald Unit Agreement should become effective upon the
ratification of said unit agreement by 75 percent of the working
interest ownership and 75 percent of the royalty ownership in
the unitized lands.

(4) That on or before June 1, 1981, the ratifications by
interested parties representing at least 75 percent of the
working interest and royalty ownership had been made.

-2-
Case No. 7283
Order No. R-6382-A

(5) That for administrative purposes the effective date of the McDonald Unit Agreement should be made June 1, 1981.

IT IS THEREFORE ORDERED:

(1) That Order (5) of Division Order No. R-6382 is hereby amended to read in its entirety as follows:

"(5) That the McDonald Unit Agreement shall be effective as of June 1, 1981; that this order shall terminate ipso facto upon the termination of said unit agreement; and that the last unit operator shall notify the Division immediately in writing of such termination."

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

rd/