

Case No.

7357

Application

Transcripts.

Small Exhibits

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Union Oil Company  
of California for compulsory  
pooling, Lea County, New Mexico.

CASE  
7357

BEFORE: Richard L. Stamets

BEFORE:

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

For the Applicant:

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MR. STAMETS: Call next Case 7357.

MR. PEARCE: Application of Union Oil  
Company of California for compulsory pooling, Lea County,  
New Mexico.

MR. STAMETS: At the request of the  
applicant this case will be dismissed.

(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

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7357 heard by me on 9-23 19 81.  
Richard L. Stant, Examiner  
Oil Conservation Division

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

23 September 1981

EXAMINER HEARING

IN THE MATTER OF:

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For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
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MR. STAMETS: Call next Case 7357.

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MR. STAMETS: At the request of the  
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(Hearing concluded.)

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Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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



October 14, 1981

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

Re: CASE NO. 7357  
ORDER NO. R-6797

**Applicant:**  
**Union Oil Company of California**

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

JOE D. RAMEY  
Director

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. 7357

Order No. R-6797

APPLICATION OF UNION OIL COMPANY  
OF CALIFORNIA FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 23, 1981, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 13th day of October, 1981, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

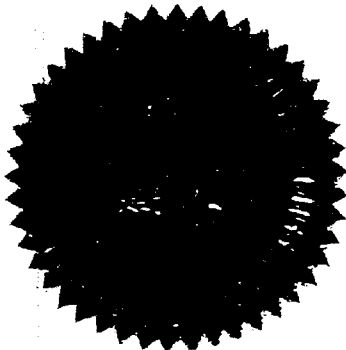
FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 7357 is hereby dismissed.

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



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
DIRECTOR

Dockets Nos. 31-81 and 32-81 are tentatively set for October 7, and October 21, 1981. Applications for hearing must be filed at least 10 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 23, 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 7353: Application of Texaco, Inc., for the amendment of Division Order No. R-5530, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5530, which authorized its Central Vacuum Unit Area Pressure Maintenance Project, to increase the total project area allowable, or as an alternative, to reclassify the project as a waterflood project.
- CASE 7354: Application of Corona Oil Company, for a pilot steam-enhanced oil recovery project, Guadalupe County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot steam-enhanced oil recovery project in the Santa Rosa formation by using two existing wells and three additional wells to be drilled to complete a five spot pattern located in the NE/4 NW/4 of Section 17, Township 11 North, Range 26 East.
- CASE 7355: Application of Doyle Hartman for directional drilling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill his Bates Well No. 3, the surface location of which is 1635 feet from the South line and 1210 feet from the West line of Section 20, Township 25 South, Range 37 East, in such a manner as to bottom it at a depth of 3500 feet in the Jalmat Gas Pool at an unorthodox location 2310 feet from the South line and 1650 feet from the West line of Section 20. The SW/4 of said Section 20 would be dedicated to the well.
- CASE 7356: Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the W/2 SW/4 of Section 12, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, 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 7357: Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Atoka and Morrow formations underlying the W/2 of Section 16, Township 22 South, Range 33 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 7343: (Continued from September 9, 1981, Examiner Hearing)
- Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cha Cha Gallup Oil Pool underlying the E/2 NW/4 of Section 18, Township 29 North, Range 14 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 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 7358: Application of John Yuronka for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley Mattix Pool underlying the SW/4 of Section 6, Township 23 South, Range 37 East, to form four 40-acre tracts, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 7359: Application of Energy Reserves Group for creation of a new gas pool and an unorthodox location, Roosevelt County, New Mexico.

Applicant, in the above-styled cause, seeks creation of a new Cisco gas pool for its Miller Com Well No. 1, located in Unit M of Section 11, Township 6 South, Range 33 East.

Applicant further seeks approval of an unorthodox location for its Miller "A" Well No. 1-Y, to be drilled 1800 feet from the South line and 1700 feet from the East line of Section 11 of the same township. The S/2 of said Section 11 to be dedicated to the well.

CASE 7345: (Continued from September 9, 1981, Examiner Hearing)

Application of Bass Enterprises Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Lovington Penn Pool underlying the N/2 NE/4 of Section 13, Township 16 South, Range 36 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 7360: Application of L. J. Duck 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 formation in the interval from 3221 feet to 3250 feet in his Monco Well No. 2 in Unit M of Section 25, Township 25 South, Range 36 East.

CASE 7352: (Continued from September 9, 1981 Examiner Hearing)

Application of Yates Petroleum Corporation for designation of a tight formation, Eddy County, New Mexico. Applicant, in the above-styled cause, pursuant to Section 107 of the Natural Gas Policy Act 18-CFR Section 271.701-705, seeks the designation as a tight formation of the Permo-Penn and formation underlying all of the following townships:

Township 17 South, Ranges 24 thru  
26 East;

18 South, 24 and 25 East;

19 South, 23 thru 25 East;

20 South, 21 thru 24 East;

20 1/2 South, 21 and 22 East;

21 South, 21 and 22 East;

Also Sections 1 thru 12 in  
22 South, 21 and 22 East.

All of the above containing a total of 315,000 acres more or less.

CASE 7329: (Readvertised)

Application of Loco Hills Water Disposal Company for an exception to Order No. R-3221, Eddy County, New Mexico

Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit the commercial disposal of produced brine into several unlined surface pits located in the N/2 SW/4 SW/4 of Section 16, Township 17 South, Range 30 East.

Dockets Nos. 31-81 and 32-81 are tentatively set for October 7, and October 21, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - SEPTEMBER 29, 1981

9 A.M. - OIL CONSERVATION DIVISION - MORGAN HALL  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 7116: (DE NOVO)

Application of Southland Royalty Company for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying portions of Township 31 and 32 North, Ranges 10, 11, 12, and 13 west, containing 93,860 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.

Upon application of Consolidated Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

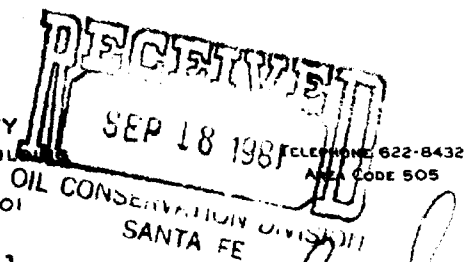
CASE 7361: Application of Southland Royalty Company for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Township 31 North, Ranges 10 and 11 West, and Township 32 North, Ranges 10, 11, 12, and 13 West, containing 92,871 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 7362: Application of R. A. Mendenhall Associates, Ltd., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Delaware Mountain Group formation underlying the NW/4 SE/4 of Section 10, Township 22 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.

JAMES T. JENNINGS  
SIM B. CHRISTY IX  
DEAN G. CONSTANTINE

LAW OFFICES OF  
JENNINGS & CHRISTY  
1012 SECURITY NATIONAL BANK BUILDING  
P. O. BOX 1180  
ROSWELL, NEW MEXICO 88201

September 16, 1981



Dan Nutter, Examiner  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Union Oil  
Company of California for  
Compulsory Pooling, Lea  
County, New Mexico  
Case No. 7357

Dear Mr. Nutter:

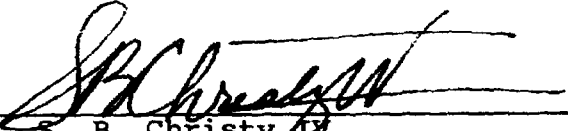
For the Division's consideration, we enclose herewith  
in triplicate Motion for Dismissal of Application under  
Case No. 7357.

The proposed well will now not be drilled.

Respectfully,

JENNINGS & CHRISTY

By

  
S. B. Christy IX

SBC:pv

Enclosure

cc: Mr. Robert V. Lockhart

SEP 18 1981  
OIL CONSERVATION DIVISION  
SANTA FE

STATE OF NEW MEXICO  
DEPARTMENT OF NATURAL RESOURCES  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF UNION OIL COMPANY OF CALIFORNIA  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

No. 7357

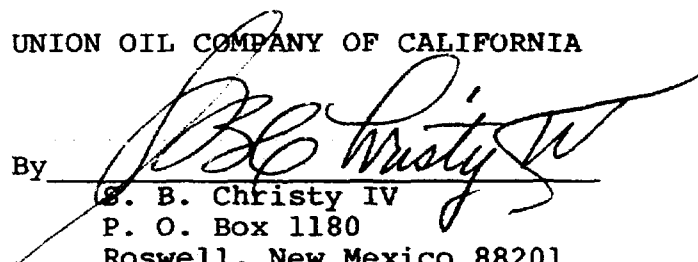
MOTION FOR DISMISSAL

COMES NOW Union Oil Company of California, and moves  
the Division for dismissal of its Application set for  
Examiner Hearing on September 23, 1981.

Respectfully,

UNION OIL COMPANY OF CALIFORNIA

By

  
S. B. Christy IV  
P. O. Box 1180  
Roswell, New Mexico 88201  
(505) 622-8432  
Attorneys for Applicant

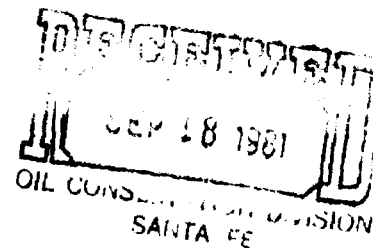
cc: Certified Mail

Getty Oil Company - Ret. Rec. No. P23 3201346  
P. O. Box 1231  
Midland, Texas 79702  
Attention: Mr. Ted Meade

Phillips Petroleum Company - Ret. Rec. No. P23 3201347  
4001 Penbrook  
Odessa, Texas 79762  
Attention: Mr. Robert L. Ivey

cc: Uncertified mail

Union Oil Company of California  
P. O. Box 671  
Midland, Texas 79702  
Attention: Mr. Robert V. Lockhart



STATE OF NEW MEXICO  
DEPARTMENT OF NATURAL RESOURCES  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF UNION OIL COMPANY OF CALIFORNIA  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

No. 7357

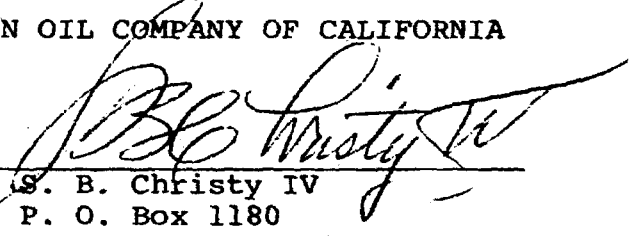
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P. O. Box 671  
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Attention: Mr. Robert V. Lockhart

SEP 18 1981  
OIL CONSERVATION DIVISION

STATE OF NEW MEXICO  
DEPARTMENT OF NATURAL RESOURCES  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF UNION OIL COMPANY OF CALIFORNIA  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.

No. 7357

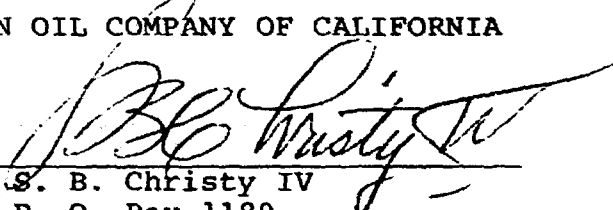
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UNION OIL COMPANY OF CALIFORNIA

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(505) 622-8432  
Attorneys for Applicant

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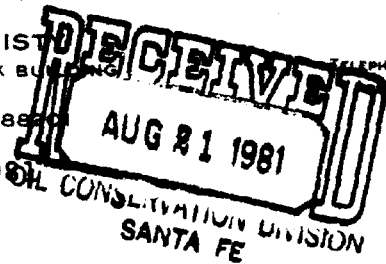
Union Oil Company of California  
P. O. Box 671  
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JAMES T. JENNINGS  
SIM B. CHRISTY IV  
DEAN G. CONSTANTINE

LAW OFFICES OF  
JENNINGS & CHRISTY  
1012 SECURITY NATIONAL BANK BUILDING  
P. O. BOX 1180  
ROSWELL, NEW MEXICO 88777

August 18, 1981



TELEPHONE 622-8432  
CODE 505

Mr. Dan S. Nutter  
Chief Engineer  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Union Oil Company  
of California for compulsory  
pooling, Lea County, New Mexico

Dear Mr. Nutter:

*Case 7357*

For the Division's consideration we enclose herewith in triplicate:

1. Motion for Dismissal of Application under Case 7330.
2. Application of Union Oil Company of California for compulsory pooling in the W $\frac{1}{2}$  Section 16, Township 22 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

We would appreciate it if the new Application might be placed on the docket for the earliest Examiner Hearing.

Respectfully,

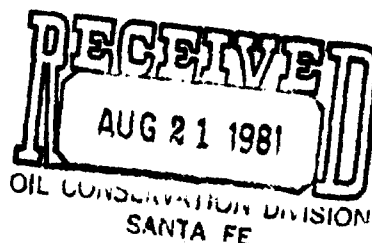
JENNINGS & CHRISTY

By

*S. B. Christy IV*  
S. B. Christy IV

SBC/jy  
Encls.

cc: Union Oil Company of California  
(Mr. Robert V. Lockhart)



STATE OF NEW MEXICO  
DEPARTMENT OF NATURAL RESOURCES  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF UNION OIL COMPANY OF  
CALIFORNIA FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

Case No. 7357

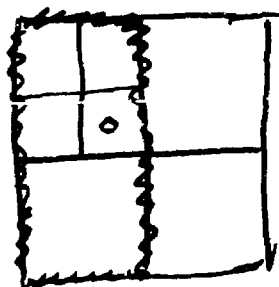
APPLICATION

COMES NOW Union Oil Company of California, and hereby makes application for compulsory pooling of all mineral interest in the Atoka and Morrow formations underlying the W $\frac{1}{2}$  Section 16, Township 22 South, Range 33 East, N.M.P.M., Lea County, New Mexico, containing 320 acres, more or less, and for grounds thereof states:

1. Applicant has been diligent in its efforts to form a proration unit for the drilling of a well, to be located 1,980 feet from the North line and 1,980 feet from the West line of said Section 16, but there remains non-consenting interest owners in the subject proration unit who have not agreed to the pooling of their interest.

2. That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas and associated hydrocarbons producible from the Atoka and Morrow formations, this regulatory body should approve the pooling of all mineral interest, whatever they may be, within said unit.

3. Applicant proposes to dedicate the subject proration unit to the well to be located as aforesaid.



4. Applicant seeks permission to withhold the proceeds from production attributable to each non-consenting working interest until such time as each interest's share of the cost of said well has been recovered plus 200% thereof as a charge for the risk involved in the drilling of the well.

5. That after due public notice, this regulatory body should enter its order granting compulsory pooling in accordance with this Application, fixing a charge for risk, fixing a per month cost for operating the well, and granting to each non-consenting working interest owner the privilege to join in the payment of drilling the well in accordance with law. That such order should further provide that Applicant be appointed as Operator of the well.

Respectfully,

UNION OIL COMPANY OF CALIFORNIA

By

  
S. B. Christy IV

Attorney at Law

P. O. Box 1180

Roswell, New Mexico 88201

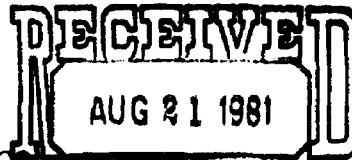
cc via certified mail to:

Getty Oil Company  
P. O. Box 1231  
Midland, Texas 79702  
Attention Mr. Ted Meade

Phillips Petroleum Company  
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uncertified copy to:

Union Oil Company of California  
P. O. Box 671  
Midland, Texas 79702  
Attention Mr. Robert V. Lockhart



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION  
DEPARTMENT OF NATURAL RESOURCES  
SANTA FE

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF UNION OIL COMPANY OF  
CALIFORNIA FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

Case No. 7357

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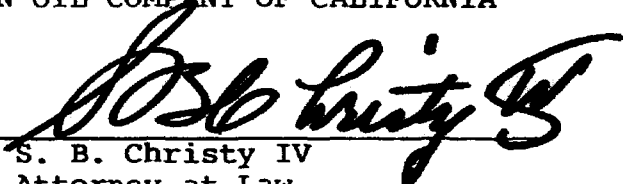
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Respectfully,

UNION OIL COMPANY OF CALIFORNIA

By

  
S. B. Christy IV  
Attorney at Law  
P. O. Box 1180  
Roswell, New Mexico 88201

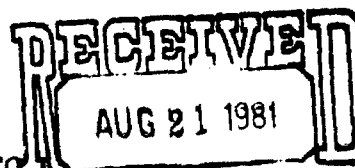
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STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION  
DEPARTMENT OF NATURAL RESOURCES SANTA FE

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF UNION OIL COMPANY OF  
CALIFORNIA FOR COMPULSORY  
POOLING, LEA COUNTY, NEW MEXICO.

Case No. 7357

APPLICATION

COMES NOW Union Oil Company of California, and hereby makes application for compulsory pooling of all mineral interest in the Atoka and Morrow formations underlying the W $\frac{1}{2}$  Section 16, Township 22 South, Range 33 East, N.M.P.M., Lea County, New Mexico, containing 320 acres, more or less, and for grounds thereof states:

1. Applicant has been diligent in its efforts to form a proration unit for the drilling of a well, to be located 1,980 feet from the North line and 1,980 feet from the West line of said Section 16, but there remains non-consenting interest owners in the subject proration unit who have not agreed to the pooling of their interest.

2. That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford the owner of each interest in said proration unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas and associated hydrocarbons producible from the Atoka and Morrow formations, this regulatory body should approve the pooling of all mineral interest, whatever they may be, within said unit.

3. Applicant proposes to dedicate the subject proration unit to the well to be located as aforesaid.

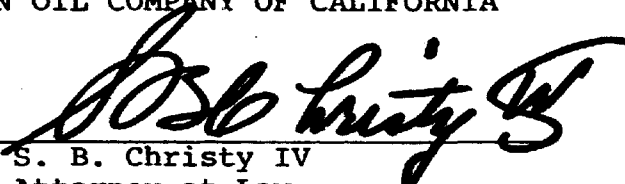
4. Applicant seeks permission to withhold the proceeds from production attributable to each non-consenting working interest until such time as each interest's share of the cost of said well has been recovered plus 200% thereof as a charge for the risk involved in the drilling of the well.

5. That after due public notice, this regulatory body should enter its order granting compulsory pooling in accordance with this Application, fixing a charge for risk, fixing a per month cost for operating the well, and granting to each non-consenting working interest owner the privilege to join in the payment of drilling the well in accordance with law. That such order should further provide that Applicant be appointed as Operator of the well.

Respectfully,

UNION OIL COMPANY OF CALIFORNIA

By

  
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cc via certified mail to:

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Attention Mr. Robert L. Ivey

uncertified copy to:

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P. O. Box 671  
Midland, Texas 79702  
Attention Mr. Robert V. Lockhart

DRAFT

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

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

CASE NO. 7357

Order No. R- 6797

APPLICATION OF UNION OIL COMPANY OF CALIFORNIA  
FOR COMPULSORY POOLING, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 23,  
19 81, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 19 81, the Division  
Director, having considered the record and the recommendations of  
the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 7357 is hereby dismissed.

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

*[Handwritten signature]*  
*MS*