

CASE NO.

7439

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

DECEMBER 16, 1981

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Jeff A. Edmister James A. Edmister John D. Rodgers	NM O & D Hindle Law Firm Bass Enterprises P.L.C.	Aztec Midland TX Midland, TX
Paul H. Burchell	El Paso Natural Gas	El Paso, TX
William A. Pau	Campbell, Eyden and Jack	Santa Fe
Steve Paulson	BASS ENTERPRISES	Midland, TX
Lucien Trujillo Jr.	BASS ENTERPRISES	MIDLAND
Bob Hulen	Program	Santa Fe
T. Calder Ezzeil, Jr.	HINDLE LAW FIRM (ENERGY RESERVES)	Roswell
E. RICHARD NEFF	ENERGY RESERVES GROUP	MIDLAND
PAUL KAUTZ	NM O & D	HOBBS
JIM LAW	NEW MEXICO STATE LAW OFFICE	S.F.
Sue Vinsker	U.S.O.S.	Albuquerque
Marion Michowski	U.S.O.S.	Albuquerque
RM Williams	Antwoil	HOBBS

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BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

IN THE MATTER OF CASES NUMBERS
7439, 7440, 7441, 7442, 7443,
7444, 7445, 7410, 7356, 7423,
7448, 7449, 7446 as requested
by the Applicants.

TRANSCRIPT OF PROCEEDINGS

December 16, 1981

BE IT REMEMBERED, that on to-wit, the sixteenth
day of December, 1981, these matters came on for hearing
before THE NEW MEXICO OIL CONSERVATION DIVISION, Hearing
Officer Richard L. Stamets presiding; before Alex J. Padilla,
a Registered Professional Court Reporter in and for the
County of Santa Fe, State of New Mexico, at the offices of
the Oil Conservation Division, State of New Mexico Energy
and Minerals Department, commencing at the hour of 9:00
a.m.

* * * *

A P P E A R A N C E S

FOR THE STATE OF NEW MEXICO OIL CONSERVATION DIVISION:

Richard L. Stamets, Hearing Officer

W. Perry Pearce, Counsel

FOR THE APPLICANTS:

HINKLE LAW FIRM

Attorneys at Law

First National Bank Tower

Midland, Texas

By: Mr. Conrad Coffield
and Mr. Calder Ezzell

CAMPBELL, BYRD and BLACK, P.A.

Attorneys at Law

San Francisco and N. Guadalupe

Santa Fe, New Mexico 87501

By: William F. Carr

KELLAHIN & KELLAHIN

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500 Don Gaspar

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By: Tom Kellahin

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P R O C E E D I N G S

December 16, 1981

HEARING OFFICER: The hearing will please come to order. We will call first this morning for consideration of the allowable production of gas for January, 1982 from the prorated pools of southeast and northwest New Mexico.

MR. PEARCE: Mr. Examiner, my name is W. Perry Pearce, appearing on behalf of the New Mexico Oil Conservation Division, and I have one witness that needs to be sworn.

(WHEREUPON, the witness was duly sworn upon his oath.)

HAROLD GARCIA

the witness herein, after having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. PEARCE:

Q Thank you, sir, would you please state your name, by whom you are employed, and in what capacity?

A Harold Garcia, employed by New Mexico Oil Conservation Division as a programmer analyst.

Q Mr. Garcia, have you received and tabulated purchasers nominations for gas from the prorated gas pools in the State of New Mexico for the month of January, 1982?

A Yes, I have.

1 Q Is that information prepared in the form of an
2 exhibit?

3 A Yes, it is prepared in the form of Exhibit A,
4 Gas Allowable Hearing, dated December the 16th, 1981.

5 Q Mr. Garcia, at this time, would you please
6 summarize for the Examiner the information contained in
7 that Exhibit A?

8 A Total nominations for the purchase of gas
9 from the fifteen prorated gas pools in southeast New Mexico
10 during January, 1982, are 16,962,336 MCF. This represents
11 an increase of 319,348 MCF, one point nine percent over
12 December, 1981. Total nominations for the purchase of
13 gas in the four prorated gas pools in northwestern New
14 Mexico during January, 1982 are 14,388,700 MCF. This repre-
15 sents a decrease of 153,300 MCF, four tenths of a percent
16 under December of 1981. Total nominations for both areas
17 are 59,351,036 MCF. This represents an increase of 166,048
18 MCF, three tenths of a percent over December, 1981.

19 Q Mr. Garcia, in your opinion, are the potential
20 producing capacities of gas wells in each of the prorated
21 pools in excess of the nominations of the gas from each of
22 those pools?

23 A Yes.

24 Q Mr. Garcia, do you recommend that proration be
25 continued in each of the pools listed on Exhibit A during

1 the month of January, 1982?

2 A Yes, I do, in accordance with the rules and
3 regulations of the Division.

4 MR. PEARCE: Mr. Examiner, we have nothing fur-
5 ther at this time, I would move the admission of Exhibit A.

6 HEARING OFFICER: Exhibit A will be admitted,
7 are there any questions for the witness?

8 You may be excused. Case will be taken under
9 advisement.

10 (WHEREUPON, Case No. 7429 was taken
11 under advisement by the Hearing
12 Officer.)

13 CASE 7444

14 HEARING OFFICER: I call the next case, 7484,
15 application of Yates Petroleum Corporation for compulsory
16 pooling in Eddy County, New Mexico. At the request of the
17 applicant Case 7444 will be dismissed.

18 CASE 7445

19 HEARING OFFICER: We will call the next case,
20 7445, application of Harvey E. Yates Company for an NGPA
21 determination, Eddy County, New Mexico. At the request of
22 the applicant, this case will be continued until the second
23 Examiner hearing in February.

24 (WHEREUPON, case continued.)
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CASE 7410

HEARING OFFICER: We will call our next case, 7410, the application of B.O.A. Oil and Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. At the request of the applicant this case will be continued until January 6, 1982 Examiner Hearing.

CASE 7449

HEARING OFFICER: We will call our next case, 7449, the application of E. T. Ross for nine nonstandard proration units, Harding County, New Mexico. At the request of the applicant, this case will be dismissed.

CASE 7439

HEARING OFFICER: We will call our next case, 7439, the application of Bass Enterprises Productions Company for an amendment of Division Order Number R-6776, Eddy County, New Mexico.

MR. COFFIELD: Mr. Examiner, I am Conrad Coffield with the Hinkle Law Firm from Midland, Texas, and I have one witness to be sworn.

HEARING OFFICER: Are there any other appearances?

(WHEREUPON, the witness was duly sworn upon his oath.)

HEARING OFFICER: Thank you, sir, please be seated.

JOHN D. RODGERS

the witness herein, after having been first duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Rodgers, for the record, will you please state your name, address, occupation and employer?

A Yes, my name is John D. Rodgers, I am a senior production engineer with Bass Enterprises Production Company, whose address is Box 2760 Midland, Texas 79702.

Q Are you familiar with Bass' application in this case, Mr. Rodgers?

A Yes, I am.

Q Are you likewise familiar with the property, with the directionally drilled well involved here?

A Yes.

Q Have you previously testified before the Division as a petroleum engineer and if so, were your qualifications made a matter of record and accepted by the Division?

A Yes, I have, and my qualifications were accepted.

Q Before we actually get into the case, Mr. Rodgers, would you please explain the relationship between Bass Enterprises Production Company, the applicant here, and the operator of record, relative to this particular well location.

A Okay, Perry R. Bass is the designated operator

1 of the James Ranch Unit in this area. Bass does the actual
2 operation of the James Ranch Unit for Perry R. Bass, that is
3 Bass Enterprises.

4 Q Mr. Rodgers, what is it that Bass Enterprises
5 seeks by this particular application?

6 A Bass Enterprises seeks the amendment of Division
7 Order R-6776, which authorized the directional drilling of
8 James Ranch Unit, Well Number 13 in Section 36, Township
9 22 south, Ranch 30 east to provide for the amended surface
10 location, 1,440 feet from the north line, and 860 feet from
11 the west line of Section 6, Township 23 south, Ranch 31 east.

12 MR. COFFIELD: Mr. Examiner, I would like to dir-
13 ect your attention to the fact that the original case from
14 which this order R 6776 resulted as mentioned by Mr. Rodgers,
15 came from the OCD Case Number 7332 heard on August 26, 1981,
16 and we would respectfully request the incorporation of that
17 record in this case.

18 HEARING OFFICER: It shall be.

19 Q (Mr. Coffield continuing) Mr. Rodgers, you heard
20 me mention Case Number 7332 originally heard in August, were
21 you the witness in that case?

22 A No, sir, I did not testify at that case; however,
23 I have studied Case Number 7332 and the transcript of that
24 case, and I am familiar with that testimony.

25 Q All right, refer to what we have marked as

1 Exhibit 1 in this case, and describe that exhibit to the
2 Examiner, please?

3 A Okay, Exhibit Number 1 is the identical map as
4 presented as Exhibit Number 1 in Case Number 7332. The only
5 difference in this exhibit, as compared to the prior exhibit
6 in a previous case, shows the amended surface locations being
7 1,440 feet from the north line and 260 feet from the west
8 line, and that is located in Section 6, Township 23 south,
9 range 31 east. This location does not lie within the whip
10 area, nor does it lie within the R 111 area, as amended.

11 (WHEREUPON, Exhibit 1 was marked
12 for identification.)

13 Q All right, go to Exhibit 2 now, please, Mr.
14 Rodgers and explain that exhibit.

15 A Exhibit 2 shows how Bass Enterprises intends to
16 directionally drill the James Ranch Unit, Well Number 13.
17 The new plan differs only slightly from the plan presented
18 as Exhibit Number 2 in the original Case Number 7332.

19 Q What difference would you say there is in this
20 respect?

21 A Our kick off point for the amended location
22 remains the same. The only difference primarily, is we will
23 have to build approximately one half of one degree less
24 angle to meet our targeted bottom hole location, as compared
25 to the well location in Section 36, as presented in Case
7332.

(WHEREUPON, Exhibit 2 was
marked for identification.)

Q All right, go to Exhibit 3, please, Mr. Rodgers,
and explain that exhibit.

A Exhibit Number 3 is again similar to Exhibit
Number 3 in Case 7332 and shows the anticipated top of the
Atocha formation and the proposed total depth of the well,
with the respective locations of each formation in the
cross hatched area. Now, the crossed hatched area is the
target area that was received in the previous Division
Order Number R-7776.

Q Okay, Mr. Rodgers, in summary form, would you
please just narratively state why it is that Bass seeks this
change in surface location?

A Okay, first of all, from the original location
in Section 36 to a bottom hole location in Section 31, at the
time of the first hearing, we strived to stop in Atocha and
Mora Sands as the most advantageous points. However, after
studying the area in more detail and discussing it with out
partners, it was decided an S curve would be needed in the
well plan to top these sands at a more advantageous point.
We then wanted to top these sands near the southwest corner
of the target area. This would require an S curve, and this
target area is again, shown as Exhibit Number 3.

Also, from the study of a similar directional

1 well in the area, and from our experience of other wells in
2 the southeast New Mexico area, we found when you drop angle,
3 the hole tends to walk to the right. This tendency to walk
4 to the right could cause several corrections runs to stay
5 within the target area and mean higher well costs.

6 At the revised location which we are presenting
7 to you today, we could directionally drill this well from
8 Section 6 to the best part of the Atocha structure, and also
9 top the Morrow Sands at a good structure further north with-
10 out the S curve. By doing away with this S curve in the
11 well plan, well costs will be reduced substantially. Also,
12 the walk to the right of the bit can be better controlled,
13 and with a fewer number of correction runs.

14 Secondly, with this ease of control of the
15 deviated hole when drilled from Section 6, well costs will
16 be reduced by approximately \$100,000. This is a minimum
17 figure. This \$100,000 savings is determined from fewer
18 correction runs and the associated rig time. If all goes
19 well, and we have no problems, the savings will be greater
20 than \$100,000.

21 Q Mr. Rodgers, relative to this new surface loca-
22 tion which you propose, who is the owner of the lease on
23 this particular tract?

24 A Belco Petroleum is the owner of the lease.

25 Q Have you contacted Belco about this proposal?

1 A Yes, sir, we have.

2 Q And do they have any objection to this?

3 A They have no objection.

4 Q In fact, is Belco a participant in this project
5 with you?

6 A Belco is one of our partners.

7 Q Mr. Rodgers, were these exhibits one through
8 three prepared by you or under your supervision?

9 A Yes, they were.

10 Q And in your opinion, will the approval of this
11 application be in the interest of conservation prevention
12 of waste and protection of correlative rights?

13 A Yes, they will.

14 MR. COFFIELD: Mr. Examiner, I move the admission
15 of Exhibits 1 through 3.

16 HEARING OFFICER: These exhibits will be admitted.

17 MR. COFFIELD: I have no other questions of Mr.
18 Rodgers.

19 HEARING OFFICER: I am not sure if my only ques-
20 tion should be directed to you or Mr. Rodgers, and either one
21 can answer.

22 In reviewing the original order in this case,
23 R-6776, it would appear to me that the only change that
24 needs to be made is in the surface location.

25 Q Yes, sir.

1 THE WITNESS: That is correct, everything
2 remains the same.

3 MR. COFFIELD: It would be identical, yes, sir.

4 THE WITNESS: We will follow the order as set
5 out.

6 HEARING OFFICER: Any other questions of the
7 witness?

8 He may be excused. Anything further in this case?
9 The case will be taken under advisement.

10
11 CASE 7440 and 7441

12 HEARING OFFICER: We will call next case, 7440,
13 application of Morris R. Antweil for compulsory pooling, Lea
14 County, New Mexico.

15 MR. CARR: May it please the Examiner, my name
16 is William F. Carr of the law firm Campbell, Burton, Black
17 P. A. of Santa Fe, New Mexico, appearing on behalf of the
18 applicant. At this time, Mr. Examiner, I would request that
19 you also call Case 7441. Both cases are pooling applications
20 for adjoining 40 acre tracts. The ownership involved in
21 each of the cases is identical. The only difference in the
22 testimony of both cases that will be presented separately
23 would relate to well location. We therefore request that
24 the cases be consolidated for purposes of hearing.

25 HEARING OFFICER: If there is no objection, we
will now call Case 7441 and consolidate them for purposes of

1 testimony. Application of Morris R. Antweil for compulsory
2 pooling, Lea County, New Mexico.

3 MR. CARR: I have one witness that needs to be
4 sworn in.

5 R. M. WILLIAMS

6 the witness herein, after having been first duly
7 sworn upon his oath, was examined and testified as follows:

8 DIRECT EXAMINATION

9 BY MR. CARR:

10 Q Will you state your name and place of residence?

11 A R. M. Williams, Hobbs, New Mexico.

12 Q By whom are you employed and in what capacity?

13 A Employed by Morris R. Antweil as an engineer.

14 Q Have you previously testified before this Commis-
15 sion or one of its Examiners, and had your credentials as an
16 engineer accepted and made a matter of record?

17 A Yes, I have.

18 Q Are you familiar with the application filed in
19 each of these cons-lidated cases on behalf of Mr. Antweil?

20 A Yes, I am.

21 Q And are you familiar with the subject area and
22 the subject wells?

23 A Yes, I am.

24 Q Are the witness's qualifications acceptable?

25 A They are.

1 Q Mr. Williams, will you briefly state what Morris
2 R. Antweil seeks in these cases?

3 A In Case 7440, we seek to compulsory pool all
4 mineral interests from the surface to--actually, to the top
5 of the Abo, we have decided not to drill the Abo in the
6 southwest quarter, the northeast quarter of Section 5, Town-
7 ship 20 south, Range 38 East, Lea County, New Mexico. And
8 in Case 7441, we seek the compulsory pooling of the south-
9 east quarter, northwest quarter, Section 5, Township 20 south,
10 Range 38 East, Lea County, New Mexico.

11 Also considered are the cost of drilling and
12 completing the well, the allocation of costs thereof, the
13 operating costs and charges for supervision, designation of
14 the applicant as operators of the well, and a charge for
15 the risk involved in drilling of the wells.

16 Q Mr. Williams, is the top of the Abo the target
17 in both cases now?

18 A Yes, we'll test--we have decided we'll test the
19 Blinbury and Brinker and we'll build both wells to 7100, which
20 is the top of the Abo.

21 Q Mr. Williams, will you now refer to what has been
22 marked Antweil Exhibit Number 1, identify this, and explain
23 what it shows.

24 (WHEREUPON, Antweil Exhibit 1
25 was marked for identification.)

1 A Exhibit Number 1 is a land map of the vicinity
2 of our application, the proposed location is noted with a
3 red dot, the proration unit being the southwest quarter north-
4 east quarter of Section 5 is colored in yellow, and the other
5 wells completed or drilling in the immediate vicinity are
6 shown on the map.

7 Q Is this a standard location for the well in the
8 southwest of the northeast quarter?

9 A Yes, it will be a standard location.

10 Q Will you now refer to what has been marked
11 Exhibit Number 2?

12 A Exhibit Number 2 is the same type of map, showing
13 the proposed location and proration unit in the southeast
14 quarter of the northwest quarter of Section 5.

15 Q Again, this is a standard location?

16 A Yes, it will be.

17 Q Will you now refer to Antweil Exhibit Number 3?

18 A Exhibit Number 3 is a tabulation of the unleased
19 mineral owners in the 40 acres being the southwest quarter,
20 northeast quarter of Section 5, five unleased mineral interest
21 owners, the total acreage that is unleased is .288926 acres,
22 or approximately seven tenths of a percent of the proposed
23 forty acre proration unit.

24 Q Are these figures identical to the figures for
25 the southeast quarter of the northwest quarter of Section 5?

1 A Yes, a tabulation for the other proration unit,
2 the southeast quarter of the northwest quarter of Section 5
3 would be identical. They have the same interest and would
4 have the same acreage in that forty acre proration unit.

5 Q Mr. Williams, will you now refer to Antweil
6 Exhibit Number 4 and review this?

7 A Exhibit Number 4 is an FAE cost estimate for our
8 number one Lewie well in the southwest quarter of northeast
9 quarter, Section 5, details the anticipated cost to drill
10 7,150 tests and the completion costs, total estimated cost
11 is \$560,000. This would be the first of two wells that were
12 drilled. The second well on the other proration unit, we
13 had the same estimated cost.

14 Q Mr. Williams, are these costs in line with what
15 is being charged by other operators in the area?

16 A Yes, they are.

17 Q Will you now refer to Antweil Exhibit Number 5
18 and identify this for Mr. Stamets?

19 A Exhibit Number 5 is our letter of December 2nd,
20 mailed by certified mail to the unleased mineral interest
21 owners, giving them notice of this hearing on this date for
22 the two cases we are considering, reviewing our leasing
23 efforts with them. They have previously been compulsory pools
24 in two previous wells, our Number one Dewey, and Number one
25 Huey well, both in--also in Section 5. They were--

1 HEARING OFFICER: Dewey and Huey?

2 A They were given all the notices in conjunction
3 with those hearings and the subsequent notices of the forced
4 pooling order. We have had no response from these people
5 whatsoever. Dick Pollard was our land man in an effort to
6 lease these interests from the people, we have invited them
7 again in this letter to lease their interests, or pointed
8 out their option that they can join us in this drilling.

9 The second page of this exhibit is the mailing
10 list and the receipts for our certified mailing, and the
11 third page are three receipts from three of the people that
12 have signed or received them. We have not received a return
13 receipt from the fourth member, but the letter has not been
14 returned either, and our previous mailings to that person
15 have all eventually been received. They are getting their
16 mail and not answering.

17 Q Mr. Williams, are you prepared to make a recom-
18 mendation to the Examiner as to the risk factor that should
19 be assessed against those who do not participate in the
20 drilling of this well?

21 A Yes, we would request a two hundred percent risk
22 penalty be imposed.

23 Q Upon what do you base this recommendation?

24 A The risk, while the majority of the wells that
25 have been drilled in the area have been completed, there has

1 been completed, there has been a risk involved in the quality
2 of the wells that have been able to be completed and, you know,
3 there is an edge to this reservoir somewhere, and as we keep
4 stepping out we are going to find it someday, hopefully not
5 in these two wells.

6 Q Have you made an estimate of the overhead admin-
7 istrative costs while drilling and producing each of those
8 wells?

9 A Yes, our operating agreements at this time are
10 reflecting an overhead charge of \$2,500 per month while
11 drilling, and \$250 per month for producing the well.

12 Q Are these costs in line with what is being
13 charged by other operators in the area?

14 A Yes, this is in line with the operating agree-
15 ments of Tamarack, who is the other operator in this immed-
16 iate area, and we have joint interest with them where they
17 operate.

18 Q Do you recommend that these figures be incorpor-
19 ated into any order which may result from this hearing?

20 A Yes, I do.

21 Q And does Mr. Antweil request to be designated
22 operator of each of those wells?

23 A Yes, we do, we have 99 percent of the acreage
24 under lease.

25 Q When do you plan to spud the Louie Well?

1 A In the immediate future.

2 Q And then how soon will you be going to the other
3 well?

4 A Probably in about--after about a 30 day delay,
5 by mid January.

6 Q Have you selected a name for the other well?

7 A No, that is open to suggestion.

8 Q In your opinion, will granting this application
9 be in the best interests of conservation and prevention of
10 waste, and the protection of--

11 A Yes, it will.

12 Q Were Exhibits 1 through 5 prepared by you or
13 under your supervision?

14 A Yes, they were.

15 MR. CARR: At this time, Mr. Stamets, we would
16 offer Antweil Exhibits one through five into evidence.

17 HEARING OFFICER: These exhibits will be admitted.

18 MR. CARR: I have nothing further on direct.

19 HEARING OFFICER: Any questions of the witness?
20 You may be excused. Anything further in this case?

21 These cases will be taken under advisement.

22 CASE 7442

23 HEARING OFFICER: We'll call next case, 7442,
24 application of Depco Inc., for compulsory pooling, Chaves
25 County, New Mexico. Request of the applicant, the Case

1 7442 will be dismissed. We will call our next case 7443.

2 CASE 7443

3 HEARING OFFICER: Application of Dalton H. Cobb
4 for compulsory pooling, Guadalupe County, New Mexico.

5 VOICE: Mr. Stamets, Mr. Cobb has obtained a
6 farmout from the one outstanding interest owner and there-
7 fore requests that the case be dismissed.

8 HEARING OFFICER: Case 7443 will be dismissed.

9
10 CASE 7356

11 HEARING OFFICER: We will call next case, 7356,
12 application of S & I Oil Company for compulsory pooling,
13 San Juan County, New Mexico. I wonder if this has been
14 heard, one of those heard last time.

15 MR. PEARCE: This says 'continued' on mine.

16 HEARING OFFICER: We will temporarily hold 7356
17 and go ahead then with Case 7446.

18 CASE 7446

19 HEARING OFFICER: In the matter of the hearing
20 called by the Oil Conservation Division on its own motion
21 for an order creating, abolishing, contracting and extending
22 vertical and horizontal pools in San Juan, Rio Arriba,
23 McKinley, and Sandoval Counties, New Mexico.

24 MR. PEARCE: May it please the Examiner, my name
25 is W. Perry Pearce, appearing on behalf of the New Mexico
Oil Conservation Division, and I have one witness that needs

1 to be sworn.

2 JEFF EDMISTER

3 the witness herein, after having been first duly
4 sworn upon his oath, was examined and testified as follows:

5 DIRECT EXAMINATION

6 BY MR. PEARCE:

7 Q For the record, sir, would you please state
8 your name, by whom you are employed, and in what position?

9 A My name is Jeff Edmister, and I work for the Oil
10 Conservation Division as a geologist and field representative.

11 Q Mr. Edmister, have you testified before this Exam-
12 iner or in other proceedings before the Oil Conservation
13 Division previously?

14 A No, I haven't.

15 Q Would you very briefly for the record summarize
16 your education and work experience background?

17 A I received a B. S. Degree in geology from Ohio
18 State University in 1975, and then I worked for Dalwel Oil
19 Service Company for three years, junior engineer and service
20 representative, and then I worked for National Oil as an
21 engineer in the sale department in the sales department, and
22 I worked for Materials Technician in a testing lab, and then
23 I acquired a position here with the State.

24 MR. PEARCE: Mr. Examiner, are the witness's
25 qualifications acceptable?

1 HEARING OFFICER: They are,

2 Q (Mr. Pearce continuing) Are you prepared at
3 this time to make recommendation to the Commission concerning
4 the nonclature of certain pools in San Juan, Rio Arriba
5 and Sandoval Counties, New Mexico?

6 A Yes, I am.

7 Q And are your recommendations prepared in the
8 form of an exhibit?

9 A Yes, they are, Exhibit Number 1.

10 Q Mr. Edmister, at this time, I would ask you to
11 please refer to Exhibit Number 1 and to the docket of this
12 hearing that has been prepared and distributed and point
13 out any substantial differences between the two.

14 A The only difference that I saw is on paragraph
15 JJ, in the advertisement, and that is for the Otero-Chaco
16 gas pool, the first one has Township 26, north range five
17 west, that should be 25 north, five west. And you skip two
18 more, and it shows Township 25, north range 6 west, that should
19 be 26 north, 6 west.

20 Q That is in the first and third paragraphs of the
21 description?

22 A Right. That is the only discrepancies that I
23 saw.

24 Q Mr. Edmister, at this time, do you have anything
25 further to add to your testimony?

1 A No, I don't.

2 MR. PEARCE: Mr. Examiner, we have nothing
3 further at this time, I would move the admission of Exhibit
4 Number 1.

5 HEARING OFFICER: Exhibit 1 will be admitted.
6 Are there any questions of this witness?

7 You may be excused, and we will take a short
8 recess, fifteen minutes.

9 (WHEREUPON, a 15 minute recess
10 was taken at 9:30 a.m.)

11 CASE 7356

12 HEARING OFFICER: Hearing will please come to
13 order. We will call next case, 73--oh, we have already called
14 7356, and during the break I received a request from the
15 applicant that the case be dismissed, and it shall be.

16 (WHEREUPON, Case Number 7356
17 was dismissed.)

18 CASE 7423

19 HEARING OFFICER: We will also at this time,
20 call Case 7423, application of Conoco Inc. for a water flood
21 project, Lea County, New Mexico, and as noted in the docket,
22 request of the applicant, this case will be dismissed.

23 CASE 7447

24 HEARING OFFICER: Call next case 7447, being the
25

1 matter of the hearing called by the Oil Conservation Division
2 on its own motion for an order creating, assigning a discovery
3 allowable, contracting and extending certain pools in Chaves,
4 Eddy, Lea and Roosevelt Counties.

5 MR. PEARCE: May it please the Examiner, my
6 name is W. Perry Pearce, appearing on behalf of the New
7 Mexico Oil Conservation Division in this matter. I have one
8 witness who needs to be sworn.

9 ROY JOHNSON

10 the witness herein, after having been first duly
11 sworn upon his oath, was examined and testified as follows:

12 DIRECT EXAMINATION

13 BY MR. PEARCE:

14 Q For the record, would you please state your
15 name, by whom you are employed, and in what position?

16 A Roy Johnson, I work with New Mexico Oil Conser-
17 vation Division as a petroleum geologist.

18 Q Mr. Johnson, are you prepared at this time to
19 make recommendations to the Commission concerning the nomen-
20 clature of certain pools in Chaves, Eddy, Lea and Roosevelt
21 Counties, New Mexico?

22 A I am.

23 Q Have you caused those recommendations to be
24 prepared in the form of an exhibit?

25 A Yes, one exhibit.

1 Q Will you please at this time, Mr. Johnson, refer
2 to the exhibit to the docket of this matter, and point out
3 any substantial differences between the two?

4 A There are no substantial differences between the
5 docket and the exhibit, they are the same.

6 Q Mr. Johnson, do you have anything further to add
7 to your testimony at this time?

8 A I do not.

9 MR. PEARCE: Mr. Examiner, the Division has
10 nothing further in this matter at this time. We move the
11 admission of Exhibit 1 to this proceeding.

12 HEARING OFFICER: Exhibit 1 will be admitted.
13 Are there any questions for this witness?

14 You may be excused.

15 CASE 7448

16 HEARING OFFICER: I will call next case, 7448
17 being application of Energy Reserve Group Inc. for creation
18 of a new gas pool in an unorthodox location, Roosevelt County,
19 New Mexico. And before we get appearances in this case, I
20 would like to note that because of this case not being
21 advertised, through error, in the Santa Fe newspapers, it
22 is being readvertised for the January 6th hearing. We will
23 go ahead today and take testimony in this case, call it again
24 on the 6th and then proceed with some sort of an order after
25 that date. We call for appearances in this case.

1 MR. EZZELL: Mr. Examiner, my name is Calder
2 Ezzell of the Hinkle Law Firm in Roswell, representing Energy
3 Reserve Group.

4 MR. PEARCE: Mr. Hearing Examiner, my name is
5 W. Perry Pearce, appearing on behalf of New Mexico Oil
6 Conservation Division, and I have one witness who needs to
7 be sworn.

8 HEARING OFFICER: Any other appearances?

9 MR. KELLAHIN: I am Tom Kellahin of Santa Fe,
10 New Mexico, appearing on behalf of H. L. Brown.

11 HEARING OFFICER: Any witnesses?

12 MR. KELLAHIN: No.

13 HEARING OFFICER: I would like to have all
14 witnesses stand to be sworn at this time, please.

15 (WHEREUPON, the witnesses were
16 sworn upon their oaths.)

17 HEARING OFFICER: Mr. Ezzell, you may proceed.

18 MR. EZZELL: Before proceeding, I would like to
19 point out that evidently through a typographical error the
20 docket indicates this is also for an unorthodox location,
21 which was covered in another hearing, and there is the
22 Commission's order granting that unorthodox location.

23 HEARING OFFICER: Okay.

24 MR. EZZELL: I think that it just got--these
25 have been on and off of the dockets so much, they comingled.

1 HEARING OFFICER: All right, we will amend the
2 application, or we will just simply dismiss that portion of
3 the application dealing with unorthodox location, okay.

4 RICHARD NEFF

5 the witness herein, after having been duly sworn
6 upon his oath, was examined and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. EZZELL:

9 Q Would you state your name, please?

10 A Richard Neff.

11 Q Mr. Neff, what is your occupation?

12 A I am a petroleum consulting geologist.

13 Q Have you testified before this Commission before?

14 A I have.

15 Q Have your qualifications as an expert geologist
16 been accepted by this Commission?

17 A That is correct.

18 MR. EZZELL: We would move at this time that Mr.
19 Neff's qualifications be accepted as an expert geologist.

20 HEARING OFFICER: He is accepted. What is your
21 residence, Mr. Neff?

22 A My office is in Midland, Texas.

23 HEARING OFFICER: Okay, that's fine. Thank you.

24 Q (Mr. Ezzell continuing) What is your relationship
25 with Energy Reserve Group, with respect to these wells in

1 6 south 33 east in Roosevelt County?

2 A I have a consultant for Energy Reserve Group in
3 many aspects of this, the development work in this pool in
4 Roosevelt County since 1978.

5 Q Were you involved in this area prior to your
6 employment as a consultant for Energy Reserve?

7 A Yes, I was.

8 Q What was the nature of that involvement?

9 A In acreage acquisitions in the area, and basic
10 geological work in Peterson and Tan Hill areas.

11 Q Okay, as you know, the application seeks the
12 creation of a new pool for two wells, the Miller and Krume
13 in Sections 12 and 13 of 6 south, 33 east, do you have any
14 evidence to establish that these wells are producing from a
15 separate source of supply from other wells in the area?

16 A Yes, sir, I would like to present one exhibit
17 with the geological evidence that will show separate pool.

18 Q Was this exhibit prepared by you or at your
19 direction?

20 A It was prepared by me, that is correct.

21 Q Do you have more than one copy?

22 A I gave one to the Oil Commission, I have got one
23 to talk from and one for the Commissioner.

24 MR. EZZELL: We would like to offer at this
25 time, Applicant's only Exhibit Number 1.

1 A This is a generally north-south trending cross
2 section that I prepared, hung on sea level for instructional
3 datum, minus 3,400 feet. The logs are vertically scaled at
4 one inch equals fifty feet. There is no horizontal scale,
5 the wells are fairly closely spaced. I have drawn into the
6 line of the section. It is my opinion that in correlating
7 the Pennsylvania limestone and the Peterson and Tan Hill,
8 general area, that there is distinct separate zonation in an
9 upper and a lower Pen-Cisco zone. I colored them on the
10 cross section. The upper Pennsylvania is a more of a dark
11 blue tint while the lower Cisco is a blue-green tint, and
12 appears to be a wedge moving up to the area of the Miller
13 and Crume wells, which are the two wells on the right side
14 of your cross section, structurally highest, from the Bledso
15 wells, the Energy Reserve Group Bledso wells, which are
16 second from the left, and the Phillips 1(B) Lamburg, which
17 is the furthest north on the left of your cross-section.

18 To repeat, the Bledso Number 2, second well from
19 the left of your cross section was completed in south Peterson
20 10 field. The main pay and the Besco, by far is colored--I
21 should repeat, to the right side of the depth tract in all
22 of these wells is colored in black indication of the poor
23 infirmable reservoir rock. The left side of the depth tract,
24 the perforations are indicated. All right, the main Peterson
25 pay zone is in the Bledso Number 2 well from 7670 to 7680.

1 It is a highly porous, continuous zone over that area, and
2 by correlation it can be carried to the Bledso Number 1,
3 which is actually completed as a granite oil well below the
4 Cisco, and the Energy Reserve Group's Miller A Number 1
5 which the casing collapsed and the hole was closed prior to
6 completion.

7 As you move further updeath and to the right,
8 you encounter Miller Number 1 and the Crume Number 1, which
9 are extremely high deliverability dry gas wells with excellent
10 calculated and deliverability potentials. The zone in the
11 Miller and the Crume geologically appears to be quite distinct
12 again called by us, upper Pen-Cisco, when comparing to the
13 structurally down dip, stratigraphically down dip, south
14 Peterson well. These zones are generally, from looking at
15 one core in the area, I have determined that these zones
16 are generally also limestone deposits where porosity comes
17 from leeching of various fossils in that particular section
18 and very very flat line beds, shortly after they were deposited.

19 Immediately after the deposition of these flat
20 line beds, porous infirmiable, either shales or imperiable
21 limestones were deposited which separate the various Pen-
22 Cisco zones, and I feel like in asking for the separate pool
23 designations that we have that case between the Miller and
24 Crume, which have distinct different character reservoir
25 actions, and distinctly different character geologically

1 from the South Peterson wells to the north.

2 Q What are the differences in the production from
3 the two wells that you feel are a separate source of supply,
4 compared to the other wells for which you have controls there.

5 A The Miller and Crume well both have extremely
6 high deliverability, high potential calculations, whereas--

7 Q What are those potentials?

8 A Potential on Energy Reserve Group Number 1
9 Crume is 27 million cubic feet of gas per day. On Energy
10 Reserve Group's Miller 1(Y), correct name for the Miller,
11 12.7 million cubic feet of gas per day.

12 Q How does that compare to other wells in the area?

13 A The wells currently, the five wells currently
14 in south Peterson pool are averaging, by the August schedule,
15 fifteen barrels a day of oil. The Tannie Hill Cisco Hill
16 to the southwest of the Miller and Crume, approximately 8
17 million cubic feet of gas for the month of August. The
18 Tannie Hill, Cisco Field and the South Peterson Pen Field
19 seem to be fairly well depleted at this point, whereas we
20 have essentially virgin pressures in the Miller and Krume.

21 Q In your experience, and to your specific know-
22 ledge, did any of the wells in the Tannie Hill or South
23 Peterson Fields, did they have initial production rates or
24 potential that can compare at all with the potentials of
25 the Miller and the Crume?

1 A The one well in Tan Hill potential 3.2 million,
2 and went on fairly rapid depletion. The wells in Peterson
3 Field were--south Peterson Field, were oil wells and I don't
4 recall the potentials, but no spectacular potential that I
5 can recall.

6 Q So in addition to the geological evidence that
7 you have presented, from an engineering standpoint, just the
8 production rates would indicate to you that this is a separate
9 source of supply?

10 A That is correct.

11 Q You have delineated these two zones as the upper
12 and the lower. In your well controls on the other wells in
13 the area, is this zone that you have denominated the upper
14 Cisco, is it present at all?

15 A Not as to the specific high per area thick pay
16 zone that is in the Miller Number 1 and Crume Number 1.

17 Q But the section is there?

18 A The section is there, and as a core demonstrated
19 in the Bledso 2, the zone was present in the six inch zone
20 in the core, and went ahead and perforated, although it was
21 doubtful that it contributed anything significant, and it
22 appeared that way in several of the--not all of the other
23 wells but several of them have thin zone, not directly correla-
24 table, but in the gross upper unit.

25 Q The upper Cisco zone, as you have called it,
 does exist and can be correlated through all of these wells?

1 A That is correct.

2 Q And it is only productive in the Miller and the
3 Crume?

4 A In the main correlatable high permeability, high
5 porosity zone, that is correct.

6 Q Down to the lower Cisco zone as you call it, is
7 it present at all in the two wells that you seek to have
8 placed in a separate pool, the Crume and Miller?

9 A It is absent by nondeposition in the Miller and
10 Crume Wells.

11 Q So there is nothing on the logs of the Miller
12 and the Crume that will correlate to this lower Cisco zone
13 which is the productive zone, and which is present in all
14 of the other wells that you have--for which you have controls?

15 A That is correct.

16 Q In your opinion, will the granting of this appli-
17 cation for a separate pool for these two wells prevent waste
18 and be in the--avoid the drilling of unnecessary wells, and
19 protect the correlative rights of the parties involved?

20 A That is correct.

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

23 EXAMINATION

24 BY HEARING OFFICER:

25 Q Mr. Neff, you have mentioned pressure. Do you

1 A That is correct.

2 Q And it is only productive in the Miller and the
3 Crume?

4 A In the main correlatable high permeability, high
5 porosity zone, that is correct.

6 Q Down to the lower Cisco zone as you call it, is
7 it present at all in the two wells that you seek to have
8 placed in a separate pool, the Crume and Miller?

9 A It is absent by nondeposition in the Miller and
10 Crume Wells.

11 Q So there is nothing on the logs of the Miller
12 and the Crume that will correlate to this lower Cisco zone
13 which is the productive zone, and which is present in all
14 of the other wells that you have--for which you have controls?

15 A That is correct.

16 Q In your opinion, will the granting of this appli-
17 cation for a separate pool for these two wells prevent waste
18 and be in the--avoid the drilling of unnecessary wells, and
19 protect the correlative rights of the parties involved?

20 A That is correct.

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

23 EXAMINATION

24 BY HEARING OFFICER:

25 Q Mr. Neff, you have mentioned pressure. Do you

1 have any pressure data with you today that you can present
2 relative to the oil zones and these new gas zones, other
3 wells in the area?

4 A All I have today with me, sir, is the--I have
5 the calculated absolute open potentials, and all test runs
6 on the Miller and Crume wells. I have no other evidence at
7 this time.

8 Q Okay. Do you have any--do the Miller and Crume
9 wells make any liquids?

10 A One has a 70,000 G.O., and the other has 46,000
11 G.O.; there is a minor amount of liquids, that is correct.

12 Q Have you made any analysis or observations of
13 these liquids compared with liquids in the oil pools to the
14 north?

15 A I haven't done that.

16 Q How about the gas, any gas analysis to see if
17 the gas is different or identical?

18 A No, sir, I only have the gas analysis on the
19 two subject wells.

20 Q I am not certain where we are going to wind up
21 today after we hear the other side of this case. It may
22 be that we will have to reopen this case on the sixth for
23 some additional information, but let that decision go until
24 later.

25 In looking at the zone, which I believe you

1 indicated is the productive zone in the lower Cisco, and
2 that would be for example in the Miller A well?

3 A Yes, sir.

4 Q It is just immediately below what you have iden-
5 tified as the top of the lower Cisco, that is distinguished
6 by a little bit of porosity shown on the right hand side of
7 the log, is that correct?

8 A Yes, sir.

9 Q Now, if I move toward a prime on the exhibit, it
10 appears to me that there is again a porosity zone immediately
11 above what has been identified as the granite watch. Is it
12 possible that the top of the lower Cisco should be at the
13 top of that porosity zone there, as opposed to petering out
14 between the two wells?

15 A I can see your obvious correlation. I believe
16 the nature of these rocks, as they were deposited in a flat
17 lying state, that the correlation would have to be layer
18 cake here rather than say the Miller A be correlated back
19 to the porous zone in the Bledso 1 to the left of the Miller
20 A immediately, and the absence by nondeposition in the Miller
21 1. I do see your correlation, but I believe the nature of
22 this particular deems that you should go with the flat line
23 correlation from top coming from the three brothers, Wolfgang
24 marker at the top to the Bough A and then upper Cisco and
25 lower Cisco.

1 Q I believe you recognize the porosity zone I'm
2 looking at--

3 A Yes, sir.

4 Q That apparently crosses the entire cross section?

5 A I see your correlation, sir. I have a couple
6 of extra logs which are copies of these from this cross
7 section if you wish to do some hand correlating up there
8 to see what I am talking about, coming from the top down,
9 which is--you are coming from the bottom up, more or less.

10 Q Yes, that's true. The alternative to layer cake
11 would be to provide for some thinning across the crest of
12 whatever this may be here. It would appear as though we do
13 see some thickening of the formation as we move from right
14 to left, going from the Bledso 1 to the Bledso 2, but it
15 appears as though there is some thickening of the lower
16 Cisco zone above the porosity stream.

17 A Yes, that is correct.

18 Q And so it would appear that this area is not
19 without some thickening and thinning of the zone between
20 wells, is that correct?

21 A Yes, sir, appears on the bottom.

22 HEARING OFFICER: Are there other questions of
23 Mr. Neff at this time?

24 MR. PEARCE: Yes, Mr. Examiner, if I may.
25

CROSS EXAMINATION

BY MR. PEARCE:

Q Mr. Neff, would you clarify for the record, other perforations found on your cross section into what you have denominated the upper Pen Cisco?

A You want to go across the section from right to left?

Q If you would, please,

A There is a thin zone in the Crume Number 1, which is approximately a foot, maybe a foot and a half thick, and at 7541, say 43, the perforation interval, a similar zone that has been perforated. It is fairly low porosity, but it indicated from log analysis to be highly carbon bearing, so it is perforated. A similar zone which may or may not correlate exactly with that in the Miller Number 1 found a 7546 to 48 or thereabouts, and it has been perforated. A shale facing was accounted in the Miller A Number 1, impermeable, Bledso Number 1, this interval was not perforated, but two type thin bed zones were found in that interval, one at 7591 and 19 to 93, and 7610 to 12 still in the upper Cisco. Perforations in the Bledso Number 2 from 76, about 42 to 44, there is a thin bed zone, which is likely hydrocarbon bearing, and in Phillips 1(B0 Lymbrith, there are numerous scattered zone four, four in the upper Cisco. And one perforated in the lower Cisco, and we were just look-

1 ing at upper Cisco. Those thin beds, I have no idea what
2 the lateral continuity of them is, but I expect it is not
3 much.

4 Q Do you have some indication, other than what you
5 just referred to, as you imagine there not being some disruption
6 between, for instance, in the Lambyith B-1 and the subject
7 wells. Is there some impereable barrier in that upper Pen-
8 Cisco?

9 A I would suspect that there is. I would probably
10 have a hard time proving it. See, one of the little zones
11 appears to correlate quite nicely and carries from the
12 Phillips 1-B up to the Bledso Number 2, but generally, through
13 July, the correlation does not look like it carries through,
14 and there probably is a permeability of some significance
15 there.

16 MR. PEARCE: Nothing further at this time, Mr.
17 Examiner.

18 HEARING OFFICER: Anything further?

19 MR. KELLAHIN: Mr. Stamets, I have a couple of
20 questions.

21 HEARING OFFICER: Go ahead.

22 CROSS-EXAMINATION

23 BY MR. KELLAHIN:

24 Q Mr. Neff, the two proration units that you
25 propose to include in the new Cisco pool, south half of 12

1 and the north half of 13?

2 A That is correct.

3 Q Could you tell me something about the well in
4 14, in the north half, is that also producing from this new
5 Cisco pool?

6 A All the maps that I have show the well to have
7 been abandoned. However, I have not been able to confirm
8 it, but I understand it did produce some gas from the lower
9 Cisco on a test, although the log shows absolutely no net
10 pay on it at all. It was completed as a granite wash gas
11 well sometime back and did produce gas.

12 Q There is a well symbol in the south half of
13 Section 11, what is that?

14 A This is the Miller A Number 1, Energy Reserve
15 Group, casing collapsed prior to completion of this well on
16 the section.

17 Q So you haven't tested the Cisco?

18 A No, just getting ready to try and test it when
19 the casing collapsed.

20 Q Do you have an opinion as to the horizontal extent
21 of the proposed Cisco pool?

22 A I think it could have considerable development
23 to the east and to the south. As far as the number of wells
24 in the actual area will extend, I can't say at this time.
25 There is a dry hole in Section 8 to the east, and a dry hole

1 in the southwest Section 13, and I see nothing else out
2 there limiting the extent of this pool.

3 Q At what point, in your opinion, does the proposed
4 new pool separate itself from those pools existing to the
5 north?

6 A In my opinion, it is possible to draw a straight
7 line in a northeast-southwest direction separating the Tannie
8 Hill and South Peterson pool from our proposed new pool by
9 laying a ruler in a northeast, southwest direction there.

10 Q Across what section, Mr. Neff? I have trouble
11 following you.

12 A From the center of Section 1 of 633 down to the
13 center of the south line of Section 14 on that approximate
14 line. I believe the wells to the northwest are in separate
15 pools.

16 Q At some point between, on the cross section
17 wells, at some point between the second well starting north
18 from A, there is a red dot from the well on the south half
19 of 12. Are you with me?

20 A Yes, sir.

21 Q At some point between that well, and then the
22 green well circled in the northeast quarter of Section 11,
23 that line is going to cut across those two wells somewhere.

24 A That is correct.

25 MR. KELLAHIN: Thank you.

1 HEARING OFFICER: Any other questions of this
2 witness? He may be excused for the time being.

3 Mr. Pearce, you may proceed.

4 PAUL KAUTZ

5 the witness herein, after having been first duly
6 sworn upon his oath, was examined and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. PEARCE:

9 Q Mr. Kautz, have you previously testified before
10 the Oil Conservation Division?

11 A No, I haven't.

12 Q Would you give a brief summary for the Examiner
13 of your educational background and work experience?

14 A I received a Bachelor of Science Degree in 1974
15 from the University of New Mexico. I have completed three
16 years of work towards my Master's Degree at UNM, and I have
17 worked six months for New Mexico Oil Conservation Division.

18 Q In your responsibilities with the Division 1
19 Office of the Oil Conservation Division, have you acquainted
20 yourself with the matters before the Examiner in this case?

21 A Yes, I have.

22 Q And have you reviewed the Exhibits submitted
23 by Mr. Neff previous to your taking the witness stand?

24 A Yes, I have.

25 MR. PEARCE: Mr. Examiner, are the witness's

1 qualifications acceptable?

2 HEARING OFFICER: They are.

3 Q (Mr. Pearce continuing) Mr. Kautz, have you
4 prepared certain exhibits in relation to this matter?

5 A Yes, I have. I have prepared two exhibits; one
6 a structural contour map.

7 Q Mr. Kautz, would you please review for the
8 examiner what has been marked as OCD Exhibit 1 to this matter?

9 (WHEREUPON, OCD Exhibit 1 was
10 marked for identification.)

11 A Exhibit Number 1 is a structural contour map
12 on top of the Pen, contour intervals are 20 feet, and also
13 marked on this exhibit are the present wells producing from
14 the Pen, Fossman and granite wash. Also marked on it are
15 the present day existing oil pools and gas pools in the
16 area that are producing from the Pen. I also have marked
17 on here the line of cross section I made for Exhibit Number
18 2, which extends from Section 14, Well Number--I haven't
19 marked it, ten; northward to Section 2 in Range 33, Township
20 33 south.

21 Q Mr. Kautz, have you compared your structure map
22 with that shown as part of I believe Exhibit Number 1 to
23 Mr. Neff's testimony?

24 A Yes, I have.

25 Q Could you describe for the record the differences

1 in those two structural maps and why you believe those
2 differences might be evident?

3 A Okay, the differences that I have marked the top
4 of the Pen and the Cisco C. Okay, the Cisco C corresponds
5 to the top of the lower Cisco, top of the lower Cisco and
6 the Energy Reserves, Bledso Number 2 well. However, when we
7 move north, my pick for the top of the Cisco C corresponds
8 to the permeable zone and where this top of the lower Cisco
9 pinches out.

10 Q Referring back to your Exhibit 1 for a moment,
11 on the cross section introduced by Mr. Neff, there is in the
12 bottom center a structure top of the Cisco contour interval
13 of 100 feet. It appears from my looking at that structure
14 top of the Cisco, that he shows the Cisco as being closed,
15 whereas your structure on top of the Pen shows an opening
16 through the southwest?

17 A Yes.

18 Q Do you have an opinion as to whether or not you
19 agree with the structure on top of the Cisco shown on
20 Applicant's Exhibit Number 1?

21 A Could you ask that question again, please.

22 Q He has a structure on top of the Cisco, you
23 have contours on top of Pen at 20 foot intervals?

24 A right.

25 Q There appears to be a difference in those two

1 geological structures with your Pen showing continuing to
2 the Southwest portion on your Exhibit 1?

3 A I believe that our contour maps are basically
4 the same. Mine I did from well logs that we have on file
5 down at Hobbs, and his is based on size mix from what I
6 understand, and contours I would say at the 3,200 foot
7 contours are basically the same as what I have.

8 Q Mr. Kautz, would you summarize for the Examiner
9 at this time the purpose of the Oil Conservation Division
10 appearing in this matter?

11 A We wish to protest the creation of a new gas
12 pool, and due to the presence of both oil and gas producing
13 from the same interval, and we would be in favor of the
14 creation of an associated pool.

15 Q And you believe that the support for your objection
16 in this matter is demonstrated by your Exhibits 1 and 2?

17 A Yes.

18 Q Do you have an alternative to this suggestion
19 to recommend to the Commission?

20 A Not at this time.

21 Q Do you have anything further to add at this
22 time, Mr. Kautz?

23 A No.

24 MR. PEARCE: That is all I have at this time,
25 Mr. Examiner.

1 Q Are there questions of this witness?

2 MR. EZZELL: Yes, Mr. Examiner.

3 HEARING OFFICER: Mr. Ezzell.

4 CROSS-EXAMINATION

5 BY MR. EZZELL:

6 Q Just to clarify for the record, Mr. Kautz, you
7 have stated that both the contour map on Applicant's Exhibit
8 1, prepared by Mr. Neff, and the one on the Division's Exhibit
9 1 prepared by you are basically in agreement?

10 A Yes, for the structure.

11 Q As to the structure, yes. So the disparity in
12 the opinion comes as to the existence of what Mr. Neff's
13 exhibit terms as the lower Cisco as it appears or does not
14 appear in the two subject wells?

15 A Yes, sir.

16 Q So the disagreement is that where the applicant's
17 exhibit shows a pinch out of that zone, you have it continuing?

18 A That's right.

19 Q Do you have it continuing in both wells, in
20 both the Miller Well in Section 12 and the Crume Well in
21 Section 13, your number six and seven respectively?

22 A I am not sure about the Crume well.

23 Q I know it is not represented on your Exhibit 2?

24 A No.

25 Q For what reason is it not there?

1 A I wish to show--on my cross-section I wish to
2 show the continuity between the wells in the Tannie Hill, Pen
3 Gas, at least one of the wells in the new proposed field,
4 and the South Peterson, Pen Pool.

5 Q Okay, so the wells that you have stated as being
6 in the Tannie Hill, Pen, are those number nine and ten
7 respectively?

8 A That is number 10,

9 Q Just ten?

10 A Yes.

11 Q And from your Exhibit Number 2, do you have it?
12 What are your black blocks on your exhibit?

13 A The black blocks, I show the zones of perforation.

14 Q The zones of perforation?

15 A Yes.

16 Q What is your delineation between Pen and
17 Cisco C?

18 A Excuse me.

19 Q You have a lot of delineation.

20 A That is the top of the Cisco C.

21 Q What is the difference between the Cisco C and
22 the Pen? This top line represents the top of the Pen?

23 A Yes.

24 Q What is the difference?

25 A The difference is you have the Cisco A and B

1 and Cisco C,

2 HEARING OFFICER: Mr. Ezzell, I think to answer
3 your question, I think that I am answering it, I believe
4 the witness testified that his Cisco C is the same as the
5 top of your witness's lower Cisco except--

6 MR. EZZELL: As to its extent.

7 HEARING OFFICER: --in the area under considera-
8 tion here today where his top went to the top of the porosity
9 zone as in say the Miller Number 1?

10 A Right, the junk well.

11 Q No, the Miller 1 in Section 12.

12 Q So with your delineation between the Pen and the
13 Cisco C, you are in basic agreement with the applicant's
14 Exhibit of the difference between what he has called the
15 lower Cisco and the upper Cisco, and the only difference
16 between, in your opinion and his opinion, is the extent of
17 that lower Cisco?

18 A Yes.

19 MR. EZZELL: Thank you, I have no further
20 questions.

21 HEARING OFFICER: Mr. Kellahin.

22 CROSS-EXAMINATION

23 BY MR. KAUTZ:

24 Q Mr. Kautz, perhaps I didn't understand you
25 correctly, but is it your opinion that the proposed area

1 that the applicant suggests as a new gas pool is in fact not
2 a separate source of supply from those pools to the north?

3 A I believe that they produce from the same inter-
4 val within the Pen.

5 Q Mr. Neff testified that there was a substantial
6 difference in the production--productive characteristics of
7 the two different areas, wells to the south produced large
8 volumes of gas in comparison to those areas to the north.
9 Have you made any study of the productive characteristics
10 of these wells?

11 A No, I haven't.

12 Q Have you made any comparison of the different
13 liquids produced from these two different areas?

14 A No, I haven't.

15 Q Have you made any comparison of the gas produced
16 from each of those areas?

17 A No, I haven't.

18 Q Would those matters be important for your consi-
19 deration to determine whether or not this is in fact a
20 separate source of supply?

21 A I am not that familiar with it, but they probably
22 would.

23 MR. KELLAHIN: Nothing further, thank you.

24 HEARING OFFICER: Any other questions of this
25 witness?

1 He may be excused. Have you offered your exhibits?

2 MR. PEARCE: No, sir, I would move the admission
3 of OCD Exhibits 1 and 2 in this matter.

4 HEARING OFFICER: These exhibits will be admitted.
5 Let's go off the record.

6 (WHEREUPON, discussion was
7 held off the record.)

8 HEARING OFFICER: Go back on the record. Mr.
9 Ezzell, I am going to ask that your witness, the applicant,
10 prepare some additional data in this case, specifically
11 enough pressure data, or as much pressure data as he is able
12 to determine for the wells in this area, and a liquid analysis
13 and gas analysis that he may be able to come up with which
14 may assist us in making a proper decision in this case.

15 Is there anything further in this case today?
16 Being nothing, the case will be continued to January 6th
17 Examiner hearing.

18 Anything further in this whole thing today?
19 There being nothing further, the hearing is adjourned.

20 (WHEREUPON, the proceedings stood
21 in recess at 10:38 a.m.)

22
23 * * * *
24
25

1 STATE OF NEW MEXICO
2 COUNTY OF SANTA FE
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5

REPORTER'S CERTIFICATE

6 I, the undersigned Court Reporter and Notary
7 Public HEREBY CERTIFY that I reported the foregoing proceed-
8 ings and that I later caused my notes to be transcribed under
9 my supervision, and that the foregoing is a true and accurate
10 record of the proceedings in the before entitled cause at said
11 time and place.

12 I FURTHER CERTIFY that I am not a relative or
13 employee of any of the parties or attorneys involved in this
14 matter, and that I have no personal interest in the final
15 disposition of this matter.

16 DATED this 4th day of January, 1982.

17 I do hereby certify that the foregoing is
18 a complete record of the proceedings in
19 the examiner hearing of Case No. 7439,
heard by me on 12-16-1981.
20 Richard L. Turner, Examiner
Oil Conservation Division

7440, 7441, 7442, 7443, 7444, 7445, 7446, 7447, 7448, 7449, 7450, 7356, 7423, 7448
21
22 My commission expires: December 27, 1983
23
24
25

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Bass Enterprises
Productions Company for an amendment
of Division Order Number R-6776, CASE
Eddy County, New Mexico. 7439

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. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501
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For the Applicant:	Conrad Coffield, Esq. HINKLE LAW FIRM Midland, Texas
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I N D E X

The Witness - JOHN D. RODGERS

Direct Examination by Mr. Coffield 8

Exhibit 1 (Map) marked - 10

Exhibit 2, (Map) marked - 10

Exhibit 3 marked - 11

1
2 HEARING OFFICER: We will call our next
3 case, 7439, the application of Bass Enterprises Productions
4 Company for an amendment of Division Order Number R-6776, Eddy
5 County, New Mexico.

6 MR. COFFIELD: Mr. Examiner, I am
7 Conrad Coffield with the Hinkle Law Firm from Midland, Texas,
8 and I have one witness to be sworn.

9
10 (WHEREUPON, the witness was duly
11 sworn upon his oath.)

12
13 HEARING OFFICER: Thank you, sir, please
14 be seated.

15
16 JOHN D. RODGERS
17 the witness herein, after having been first duly sworn upon
18 his oath, was examined and testified as follows:

19
20 DIRECT EXAMINATION

21 BY MR. COFFIELD:

22 Q Mr. Rodgers, for the record, will you
23 please state your name, address, occupation and employer?

24 A Yes, my name is John D. Rodgers, I am
25 a senior production engeineer with Bass Enterprises Production

Company, whose address is Box 2760 Midland, Texas 79702.

Q Are you familiar with Bass' application in this case, Mr. Rodgers?

A Yes, I am.

Q Are you likewise familiar with the property, with the directionally drilled well involved here?

A Yes.

Q Have you previously testified before the Division as a petroleum engineer and if so, were your qualifications made a matter of record and accepted by the Division?

A Yes, I have, and my qualifications were accepted.

Q Before we actually get into the case, Mr. Rodgers, would you please explain the relationship between Bass Enterprises Production Company, the applicant here, and the operator of record, relative to this particular well location.

A Okay, Perry R. Bass is the designated operator of the James Ranch Unit in this area. Bass does the actual operation of the James Ranch Unit for Perry R. Bass, that is Bass Enterprises.

Q Mr. Rodgers, what is it that Bass Enterprises seeks by this particular application?

1
2 A Bass Enterprises seeks the amendment of
3 Division Order R-6776, which authorized the directional
4 drilling of James Ranch Unit, Well Number 13 in Section 36,
5 Township 22 South, Ranch 30 east to provide for the amended
6 surface location, 1,440 feet from the north line, and 860 feet
7 from the west line of Section 6, Township 23 South, Ranch 31
8 East.

9 MR. COFFIELD: Mr. Examiner, I would
10 like to direct your attention to the fact that the original
11 case from which this order R 6776 resulted as mentioned by
12 Mr. Rodgers, came from the OCD Case Number 7332 heard on
13 August 26, 1981, and we would respectfully request the in-
14 corporation of that record in this case.

15 HEARING OFFICER: It shall be.

16 Q (Mr. Coffield continuing) Mr. Rodgers,
17 you heard me mention Case Number 7332 originally heard in
18 August, were you the witness in that case?

19 A No, sir, I did not testify at that case;
20 however, I have studied Case Number 7332 and the transcript
21 of that case, and I am familiar with that testimony.

22 Q All right, refer to what we have marked
23 as Exhibit 1 in this case, and describe that exhibit to the
24 Examiner, please?

25 A Okay, Exhibit Number 1 is the identical

1
2 map as presented as Exhibit Number 1 in Case Number 7332.

3 The only difference in this exhibit, as compared to the prior
4 exhibit in a previous case, shows the amended surface loca-
5 tions being 1,440 feet from the north line and 860 feet from
6 the west line, and that is located in Section 6, Township 23
7 South, range 31 east. This location does not lie within the
8 whip area, nor does it lie within the R 111 area, as amended.

9 (WHEREUPON, Exhibit 1 was marked
10 for identification.)

11 Q All right, go to Exhibit 2 now, please,
12 Mr. Rodgers and explain that exhibit.

13 A Exhibit 2 shows how Bass Enterprises
14 intends to directionally drill the James Ranch Unit, Well
15 Number 13. The new plan differs only slightly from the plan
16 presented as Exhibit Number 2 in the original Case Number
17 7332.

18 Q What difference would you say there is
19 in this respect?

20 A Our kick off point for the amended
21 location remains the same. The only difference primarily,
22 is we will have to build approximately one half of one de-
23 gree less angle to meet our targeted bottom hole location,
24 as compared to the well location in Section 36, as presented
25 in Case 7332.

(WHEREUPON, Exhibit 2 was
marked for identification.)

Q All right, go to Exhibit 3, please, Mr.
Rodgers, and explain that exhibit.

A Exhibit Number 3 is again similar to
Exhibit Number 3 in Case 7332 and shows the anticipated top
of the Atocha formation and the proposed total depth of the
well, with the respective locations of each formation in the
cross hatched area. Now, the crossed hatched area is the
target area that was received in the previous Division Order
Number R-7776.

Q Okay, Mr. Rodgers, in summary form,
would you please just narratively state why it is that Bass
seeks this change in surface location?

A Okay, first of all, from the original
location in Section 36 to a bottom hole location in Section
31, at the time of the first hearing, we strived to stop
in Atocha and Mora Sands as the most advantageous points.
However, after studying the area in more detail and discussing
it with out partners, it was decided an S curve would be
needed in the well plan to top these sands at a more advan-
tageous point. We then wanted to top these sands near the
southwest corner of the target area. This would require an
S curve, and this target area is again, shown as Exhibit

1
2 Number 3.

3 Also, from the study of a similar
4 directional well in the area, and from our experience of
5 other wells in the southeast New Mexico area, we found when
6 you drop angle, the hole tends to walk to the right. This
7 tendency to walk to the right could cause several corrections
8 runs to stay within the target area and mean higher well
9 costs.

10 At the revised location which we are
11 presenting to you today, we could directionally drill this
12 well from Section 6 to the best part of the Atocha structure,
13 and also top the Morrow Sands at a good structure further
14 north without the S curve. By doing away with this S curve
15 in the well plan, well costs will be reduced substantially.
16 Also, the walk to the right of the bit can be better con-
17 trolled, and with a fewer number of correction runs.

18 Secondly, with this ease of control of
19 the deviated hole when drilled from Section 6, well costs
20 will be reduced by approximately \$100,000. This is a mini-
21 mum figure. This \$100,000 savings is determined from fewer
22 correction runs and the associated rig time. If all goes
23 well, and we have no problems, the savings will be greater
24 than \$100,000.

25 Q. Mr. Rodgers, relative to this new sur-

1
2 face location which you propose, who is the owner of the
3 lease on this particular tract?

4 A. Belco Petroleum is the owner of the
5 lease.

6 Q. Have you contacted Belco about this
7 proposal?

8 A. Yes, sir, we have.

9 Q. And do they have any objection to this?

10 A. They have no objection.

11 Q. In fact, is Belco a participant in this
12 project with you?

13 A. Belco is one of our partners.

14 Q. Mr. Rodgers, were these exhibits one
15 through three prepared by you or under your supervision?

16 A. Yes, they were.

17 Q. And in your opinion, will the approval
18 of this application be in the interest of conservation pre-
19 vention of waste and protection of correlative rights?

20 A. Yes, they will.

21 MR. COFFIELD: Mr. Examiner, I move the
22 admission of Exhibits 1 through 3.

23 HEARING OFFICER: These exhibits will
24 be admitted.

25 MR. COFFIELD: I have no other questions

1
2 of Mr. Rodgers.

3 HEARING OFFICER: I am not sure if my
4 only question should be directed to you or Mr. Rodgers, and
5 either one can answer.

6 In reviewing the original order in this
7 case, R-6776, it would appear to me that the only change that
8 needs to be made is in the surface location.

9 Q Yes, sir.

10 THE WITNESS: That is correct, every-
11 thing remains the same.

12 MR. COFFIELD: It would be identical,
13 yes, sir.

14 THE WITNESS: We will follow the
15 order as set out.

16 HEARING OFFICER: Any other questions
17 of the witness?

18 He may be excused. Anything further
19 in this case?

20 The case will be taken under advisement
21
22
23
24
25

THIS IS A VERBATIM COPY OF MR. ALEX PADILLA'S TRANSCRIPT
SUBMITTED HEREWITH.

SWB

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7439
heard by me on 12-7-6 1981
Richard L. Ham, Examiner
Oil Conservation Division



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
DSN 627-2434

December 29, 1981

Mr. Conrad E. Coffield
Hinkle, Cox, Eaton, Coffield
& Mensley
Attorneys at Law
P. O. Box 3580
Midland, Texas 79702

Re: CASE NO. 7439
ORDER NO. R-6778-A

Applicant:

Bass Enterprises Production 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. 7439
Order No. R-6776-A

APPLICATION OF BASS ENTERPRISES
PRODUCTION COMPANY FOR AN AMENDMENT
OF DIVISION ORDER NO. R-6776, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 16, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 29th day of December, 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, Bass Enterprises Production Company, seeks the amendment of Division Order No. R-6776 which authorized the directional drilling of its James Ranch Well No. 13 in Section 36, Township 22 South, Range 30 East, to provide for an amended surface location 1440 feet from the North line and 860 feet from the West line of Section 6, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That the proposed amendment will permit the well to encounter the formations to be penetrated at the most advantageous locations geologically and would reduce well costs.

(4) That no offset operator objected to the proposed amendment to Order No. R-6776.

(5) That the application should be approved.

-2-

Case No. 7439

Order No. R-6776-A

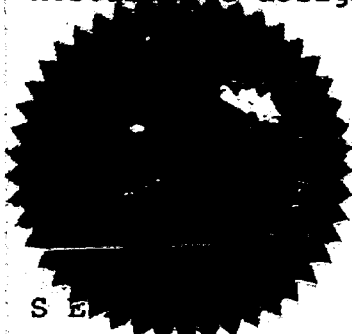
IT IS THEREFORE ORDERED:

(1) That the first paragraph of Order (1) of Division Order No. R-6776 is hereby amended to read in its entirety as follows:

"(1) That the applicant, Bass Enterprises Production Company, is hereby authorized to directionally drill its James Ranch Well No. 13 from a surface location 1440 feet from the North line and 660 feet from the West line of Section 6, Township 23 South, Range 31 East, NMPM, in such a manner as to penetrate and produce any of the various pays in the Pennsylvanian formation at various distances from the outer boundary of the proposed proration unit, being the S/2 of Section 31, Township 22 South, Range 31 East, but in no event closer than an unorthodox location 660 feet from the outer boundary of said unit."

(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
JOE D. RAMEY,
Director

S E

PERRY R. BASS INC.
JAMES RANCH UNIT NO.13
EDDY COUNTY, N. MEXICO
TRUE $10^{\circ}16'$ EAST

VERTICAL PROJECTION
SCALE $1"=1000'$

DUE NORTH

WELL NO. 2
7439
Bass
Spud Date 12/16/81

7000

8000

9000

10000

11000

12000

13000

14000

7500' KOP

UP AT $1^{\circ}50'$

9272.67'

436'

9343' $27^{\circ}39'$

14600' TVD 3227' F. SUR

1787' F.S.L.
860' F.W.L.

12830' TVD 2300' F. SUR

860' F.S.L. 860' F.W.L.

SEC.31-T22S-R31E

SEC.6-T22S-R31E

SURFACE LOCATION 1440' F.N.L.
860' F.W.L.

HORIZONTAL PROJECTION

SCALE $1"=1000'$

12830'

2300'

13359' $27^{\circ}39'$

14600' TVD

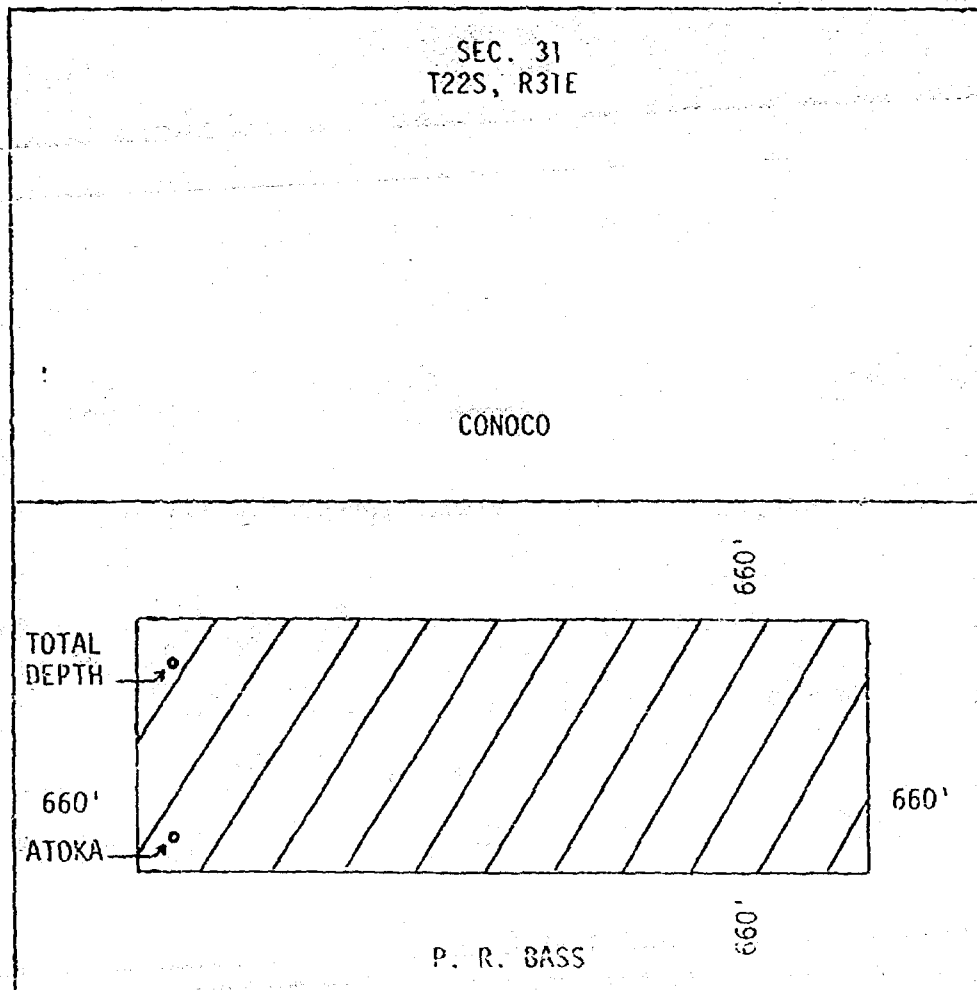
3227.33'

15358' $27^{\circ}39'$
TMD



EXHIBIT NO. 3
JAMES RANCH UNIT NO. 13
SECTION 31, T22S, R31E
EDDY COUNTY, NEW MEXICO
BASS ENTERPRISES PRODUCTION COMPANY
DESIGNATED OPERATOR FOR P. R. BASS

1" = 1000'



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 3

CASE NO. 7439

Submitted by Bass

Hearing Date 12/16/81

Dockets Nos. 1-82 and 2-82 are tentatively set for January 6, and January 20, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 16, 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. Mutter, Alternate Examiner:

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for January, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for January, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

- CASE 7439:** Application of Bass Enterprises Production Company for an amendment of Division Order No. R-6776, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6776 which authorized the directional drilling of its James Ranch Well No. 13 in Section 36, Township 22 South, Range 30 East, to provide for an amended surface location 1440 feet from the North line and 860 feet from the West line of Section 6, Township 23 South, Range 31 East.
- CASE 7440:** Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SW/4 NE/4 of Section 5, Township 20 South, Range 38 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 7441:** Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 NW/4 of Section 5, Township 20 South, Range 38 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 7442:** Application of Depco, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Abo formation underlying the SE/4 of Section 23, 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 7443:** Application of Dalton H. Cobb for compulsory pooling, Guadalupe County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 of Section 20, Township 8 North, Range 22 East, to be dedicated to a well drilled at a standard location thereon. Also to be considered will be the cost of re-entering 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 re-entering said well.
- CASE 7444:** Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the E/2 of Section 30, Township 18 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 7445:** Application of Harvey E. Yates Company for an NPGA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the San Andres formation for its Fulton Collier Well No. 1 in Unit G of Section 1, Township 18 South, Range 28 East.

CASE 7410: (Continued from November 19, 1981, Examiner Hearing)

Application of B.C.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

CASE 7356: (Continued from November 19, 1981, Examiner Hearing)

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 7423: (Continued from November 19, 1981, Examiner Hearing - This Case will be dismissed)

Application of Conoco, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for three companies to institute a cooperative waterflood project in the Blinebry oil and gas pool by the injection of water into the Blinebry formation through 13 injection wells located on leases operated by Conoco, Shell Oil Company, and Southland Royalty Company, in Sections 33 and 34, Township 20 South, Range 38 East, and Sections 2 and 3, Township 21 South, Range 37 East.

CASE 7448: Application of Energy Reserves Group, Inc. for creation of a new gas pool and an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Cisco production comprising the S/2 of Section 12 and the N/2 of Section 13, Township 6 South, Range 33 East; applicant further seeks approval of the unorthodox location of its Miller Com Well No. -Y located 660 feet from the South and West lines of said Section 12.

CASE 7449: Application of E. T. Ross for nine non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas proration units in the Bravo Dome Carbon Dioxide Area. In Township 19 North, Range 30 East: Section 12, the NW/4 NW/4 and NE/4 NW/4; Section 14, the NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 11, the NE/4 SW/4, SW/4 SE/4, SE/4 SW/4, and NW/4 SE/4.

CASE 7446: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, contracting, and extending vertical and horizontal limits of certain pools in San Juan, Rio Arriba, McKinley, and Sandoval Counties, New Mexico:

(a) That the South Gallegos Pictured Cliffs Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby abolished.

(b) That the South Gallegos Fruitland Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby contracted by deleting:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 24: SE/4
Section 25: E/2

(c) That the Otero Gallup Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby contracted by deleting:

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM
Section 31: NW/4

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 36: W/2 SW/4

(d) That the South Gallegos-Fruitland Gas Pool in San Juan County, New Mexico, as heretofore classified defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 2: S/2
 Section 3: SE/4
 Section 10: NE/4
 Section 13: W/2

and the vertical limits of said pool are hereby extended to include the Pictured Cliff formation and said pool is redefined as the South Gallegos-Fruitland -Pictured Cliffs Gas Pool.

(e) That a new pool in Rio Arriba County, New Mexico, classified as a gas pool for Macimiento production, is hereby created and designated as the Gavilan Macimiento Pool, comprising the following described area:

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM

Section 6: SW/4

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM

Section 1: SE/4
 Section 12: N/2

(f) That the Artec Fruitland Gas Pool in San Juan County, New Mexico, as heretofore classified, described and defined, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM

Section 30: SE/4
 Section 31: NE/4

(g) That the Actec Pictured Cliffs Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM

Section 12: NE/4

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 7: SE/4
 Section 21: NW/4 and SE/4
 Section 28: E/2

(h) That the BS Mesa Gallup Gas Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM

Section 1: NW/4
 Section 2: All
 Section 6: SW/4

(i) That the Beautiful Mountain Mississippian Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby redesignated the Beautiful Mountain Mississippian Gas Pool and is extended to include:

TOWNSHIP 27 NORTH, RANGE 19 WEST, NMPM

Section 32: N/2 S/2 and SW/4 SW/4 and SE/4 SE/4

(j) That the Ballard Pictured Cliffs Gas Pool in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM

Section 24: NE/4

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM

Section 15: SW/4

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM

Section 35: S/2

TOWNSHIP 26 NORTH, RANGE 8 WEST, NMPM

Section 9: NE/4
 Section 14: NW/4 and SE/4

(k) That the Bisti Lower Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM
Section 6: N/2 NE/4

TOWNSHIP 25 NORTH, RANGE 10 WEST, NMPM
Section 31: SE/4

(l) That the Blanco Fruitland Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM
Section 3: SE/4
Section 10: NE/4

(m) That the Blanco Mesa Verde Gas Pool in Rio Arriba and San Juan Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Section 4: S/2
Section 5: S/2

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 10: W/2

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM
Section 14: S/2
Section 25: All
Section 26: All
Section 35: All
Section 36: All

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Section 2: S/2
Sections 7 to 16: All
Section 22: All

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM
Section 22: N/2

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
Section 13: W/2
Section 14: All
Section 23: N/2
Section 24: All

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Section 23: N/2

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM
Section 30: W/2

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM
Section 14: All
Section 15: E/2
Section 23: All

(n) That the Blanco Pictured Cliffs Gas Pool in Rio Arriba, San Juan and Sandoval Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM
Section 17: NW/4
Section 18: SE/4

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TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

Section 3: W/2
Section 4: E/2
Section 9: N/2
Section 10: NW/4
Section 33: E/2
Section 34: W/2 and SE/4
Section 35: SW/4

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

Section 11: SW/4

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 6: NW/4

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM

Section 28: SE/4

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM

Section 12: NE/4

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM

Section 10: E/2

(0) That the South Blanco Pictured Cliffs Gas Pool in Rio Arriba, San Juan and Sandoval Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM

Section 19: SW/4
Section 30: W/2
Section 31: NW/4

TOWNSHIP 23 NORTH, RANGE 2 WEST, NMPM

Section 24: S/2

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

Section 2: N/2
Section 3: N/2
Section 4: NE/4

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM

Section 14: W/2
Sections 15, 16, & 17: All
Section 21: N/2
Section 22: N/2

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

Section 3: SE/4
Section 26: S/2 and NW/4
Section 27: All
Section 28: E/2
Section 33: E/2
Sections 34 & 35: All
Section 36: SW/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM

Section 14: NW/4
Section 24: All

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM

Section 34: NW/4

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM

Section 8: SE/4

TOWNSHIP 28 NORTH, RANGE 6 WEST, NMPM

Section 25: SE/4

Section 36: E/2

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM

Section 19: W/2

Section 30: NW/4

TOWNSHIP 28 NORTH, RANGE 8 WEST, NMPM

Section 11: E/2

Section 12: All

Section 13: All

Section 14: NE/4

Section 24: NE/4

(p) That the Bloomfield Chacra Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM

Sections 15 & 16: All

Section 17: SE/4

Section 22: NW/4

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

Section 14: W/2

Section 15: E/2

Section 22: E/2

Section 23: W/2

Section 25: N/2

Section 26: W/2

Section 27: NE/4 and S/2

Section 34: All

Section 35: W/2 and SE/4

(q) That the Cha Cha Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 15 WEST, NMPM

Section 11: E/2

Section 12: S/2 and NW/4

Section 14: N/2

(r) That the Chacon Dakota Associated Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 22 NORTH, RANGE 3 WEST, NMPM

Section 1: W/2

Section 2: E/2

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

Section 3: NE/4

Section 11: NW/4

Section 23: SE/4

Section 35: SE/4

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

Section 16: SW/4

Section 17: SE/4

Section 21: All

Section 22: SW/4

Section 27: W/2 and SE/4

Section 28: E/2

Section 34: E/2

(s) That the Escrito Gallup Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
 Section 28: S/2 NE/4
 Section 35: W/2 NW/4

(t) That the Flora Vista Fruitland Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM
 Section 3: W/2

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM
 Section 34: W/2

(u) That the Flora Vista Gallup Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM
 Section 1: SW/4
 Section 2: SE/4

(v) That the Fulcher Kutz Pictured Cliffs Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
 Section 16: W/2

(w) That the Gallegos Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 12, WEST, NMPM
 Section 23: E/2 NE/4

(x) That the Gavilan-Pictured Cliffs Gas Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM
 Section 6: SW/4

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM
 Section 9: NW/4

(y) That the Gobernador Pictured Cliffs Gas Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 30 NORTH, RANGE 5 WEST, NMPM
 Section 31: SE/4

(z) That the Gonzales Mesa Verde Gas Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM
 Section 30: SE/4
 Section 31: NE/4

(aa) That the West Kutz Fruitland Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM
 Section 19: S/2

(bb) That the Kutz Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include:

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM
 Section 4: NW/4 NE/4

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(cc) That the West Rutz Pictured Cliffs Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM
Section 32: NE/4

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM
Section 9: W/2
Section 16: NW/4

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM
Section 20: SE/4

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
Section 18: SW/4
Section 19: N/2

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM
Section 13: All
Section 24: N/2

(dd) That the South Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Section 27: N/2 S/2

(ee) That the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 7: N/2
Section 8: W/2
Section 17: NE/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Section 4: All
Section 8: S/2
Section 10: NW/4 and SE/4
Section 14: NW/4
Section 15: NE/4
Section 25: SE/4

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM
Section 13: SW/4
Section 21: NW/4
Section 23: E/2
Section 24: N/2
Section 26: E/2
Section 31: W/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM
Section 35: SE/4
Section 36: S/2

(ff) That the South Los Pinos Fruitland-Pictured Cliffs Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 32 NORTH, RANGE 7 WEST, NMPM
Section 25: S/2
Section 32: SE/4
Section 33: NE/4

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(gg) That the Lybrook Gallup Oil Pool in Sandoval, San Juan, and Rio Arriba Counties, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM

Section 6: E/2 SW/4
Section 7: NE/4 NW/4

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM

Section 1: W/2 SW/4 and SW/4 NW/4
Section 6: NW/4 and W/2 NE/4 and SE/4 NE/4
Section 8: NE/4 and N/2 SE/4
Section 12: NW/4 NW/4
Section 14: W/2
Section 15: N/2 NE/4

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM

Section 29: SW/4 SE/4
Section 30: S/2 S/2
Section 31: All
Section 32: W/2 E/2

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Section 23: S/2 S/2
Section 25: W/2 NW/4 and SW/4 and S/2 SE/4
Section 26: E/2 NE/4
Section 36: All

(hh) That the Miguel Creek Gallup Oil Pool in McKinley County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 16 NORTH, RANGE 6 WEST, NMPM

Section 20: E/2 SE/4
Section 28: NW/4 NW/4
Section 29: E/2 NE/4 and NW/4 NE/4

(ii) That the Nageezi Gallup Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 23 NORTH, RANGE 8 WEST, NMPM

Section 5: W/2
Section 6: N/2
Section 8: NE/4
Section 9: W/2 and NE/4
Section 16: NW/4

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Section 32: All

(jj) That the Otero Chacra Gas Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM

Section 4: N/2

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM

Section 28: W/2
Sections 29 & 30: All
Section 32: NW/4 and E/2
Section 33: W/2 and SE/4

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM

Section 22: NE/4

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

Section 5: NE/4
Section 9: All
Section 10: SW/4

(kk) That the Otero Gallup Oil Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM
 Section 1: W/2 NW/4 and SE/4 NW/4
 Section 2: W/2 NE/4

(ll) That the Pajarito Pennsylvanian D Oil Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 17 WEST, NMPM
 Section 31: NW/4 NE/4

(mm) That the Pinon Fruitland Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
 Section 16: W/2
 Section 17: E/2

(nn) That the North Pinon Fruitland Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM
 Section 33: W/2

(oo) That the Rusty Chacra Gas Pool in Sandoval County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 21 NORTH, RANGE 6 WEST, NMPM
 Section 4: SW/4
 Section 5: S/2 and NW/4
 Section 6: All
 Section 7: NW/4
 Section 9: W/2

TOWNSHIP 22 NORTH, RANGE 6 WEST, NMPM
 Section 17: SW/4
 Section 18: NW/4 and SE/4
 Section 20: NW/4 and SE/4
 Section 27: SW/4
 Section 28: S/2
 Section 29: S/2
 Section 30: NW/4 and SE/4
 Section 31: E/2
 Section 32: W/2 and NE/4
 Section 34: N/2
 Section 35: N/2 and SE/4
 Section 36: SW/4

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM
 Section 10: N/2
 Section 11: NW/4
 Section 12: SW/4
 Section 17: S/2
 Section 27: S/2 and NW/4
 Section 28: E/2
 Section 34: NE/4

(pp) That the Tapacito Pictured Cliffs Gas Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM
 Section 5: SW/4
 Section 6: SE/4
 Section 9: SW/4
 Section 16: N/2 and SE/4

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM

Section 3: All
 Section 4: E/2 and NW/4
 Section 5: NE/4
 Section 9: NE/4
 Section 10: N/2

TOWNSHIP 28 NORTH, RANGE 5 WEST, NMPM

Section 31: NW/4
 Section 32: S/2

(gg) That the Uta Dome Dakota Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Section 26: SE/4
 Section 34: NE/4

(xx) That the New England Pictured Cliffs Gas Pool in San Juan County, New Mexico, as heretofore classified, defined and described, is hereby extended to include:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 25: S/2
 Section 26: SE/4

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM

Section 4: SE/4
 Section 10: S/2

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM

Section 30: NW/4

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM

Section 4: SW/4
 Section 5: S/2
 Section 7: NE/4
 Section 8: All
 Section 9: W/2 and SE/4
 Section 16: N/2
 Section 17: NE/4

CASE 7447: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, contracting, and extending 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 Upper Pennsylvanian production and designated as the Draper Mill-Upper Pennsylvanian Gas Pool with vertical limits defined as from the top of the Pennsylvanian formation at 14,128 feet to the top of the Morrow formation at 15,003 feet as found on log of discovery well the HNG Oil Company Vaca Draw 16 State Well No. 1 located in Unit E of Section 16, Township 25 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM

Section 16: W/2

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

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM

Section 6: SE/4

(c) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Montoya production and designated as the Lightcap Montoya Gas Pool. The discovery well is Aikman Petroleum, Inc. Sanders Well No. 1 located in Unit E of Section 8, Township 8 South, Range 30 East, NNPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 30 EAST, NNPM

Section 8: W/2

(d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Cherry Canyon production and designated as the Loving-Cherry Canyon Pool. Further, to assign approximately 18,240 barrels of discovery allowable to the discovery well, the Pogo Production Company MRL Well No. 2 located in Unit I of Section 9, Township 23 South, Range 28 East, NNPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NNPM

Section 9: SE/4

(e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the Highway-Strawn Pool. The discovery well is David Fackan Consolidated State Well No. 2 located in Unit A of Section 8, Township 17 South, Range 37 East, NNPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NNPM

Section 8: NE/4

(f) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Abo production and designated as the Pecos Slope-Abo Gas Pool. The discovery well is Yates Petroleum Corporation Federal HY Well No. 2 located in Unit O of Section 33, Township 7 South, Range 25 East, NNPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 24 EAST, NNPM

Section 35: SE/4

Section 36: S/2

TOWNSHIP 4 SOUTH, RANGE 25 EAST, NNPM

Section 31: SW/4

TOWNSHIP 5 SOUTH, RANGE 24 EAST, NNPM

Section 1: All

Section 2: E/2 and SW/4

Section 9: SE/4

Section 10: All

Section 11: All

Section 12: All

Section 13: All

Section 14: All

Section 15: All

Section 16: E/2

Section 21: E/2

Section 22: All

Section 23: All

Section 24: All

Section 25: All

Section 26: All

Section 27: All

Section 28: E/2

Section 31: S/2

Section 32: S/2

Section 33: E/2 and SW/4

Section 34: All

Section 35: All

Section 36: All

TOWNSHIP 5 SOUTH, RANGE 25 EAST, NNPM

Section 6: W/2

Section 7: NW/4

Section 31: W/2 and SE/4

Section 32: S/2

TOWNSHIP 6 SOUTH, RANGE 24 EAST, NMPM
 Section 1: All

TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM
 Section 1 thru Section 36: All

TOWNSHIP 7 SOUTH, RANGE 25 EAST, NMPM
 Section 1: All
 Section 2: All
 Section 3: All
 Section 4: All
 Section 5: All
 Section 6: E/2
 Section 7: N/2
 Section 8: All
 Section 9: All
 Section 10: All
 Section 11: All
 Section 12: All
 Section 13: N/2 and SE/4
 Section 14: N/2
 Section 15: N/2
 Section 16: All
 Section 17: All
 Section 20: N/2
 Section 21: All
 Section 28: All
 Section 33: All

TOWNSHIP 7 SOUTH, RANGE 26 EAST, NMPM
 Section 18: S/2

(g) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Abo production and designated as the West Pecos Slope-Abo Gas Pool. The discovery well is Mesa Petroleum Company Rock Federal Well No. 1 located in Unit J of Section 7, Township 8 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 22 EAST, NMPM
 Section 12: NW/4 and E/2
 Section 13: E/2

TOWNSHIP 8 SOUTH, RANGE 23 EAST, NMPM
 Section 6: S/2
 Section 7: All
 Section 8: S/2
 Section 18: N/2 and SW/4

(h) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring Oil production and designated as the Red Bluff-Bone Spring Pool. The discovery well is RCW Exploration, Inc. Dorstate Well No. 1 located in Unit H of Section 27, Township 25 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM
 Section 27: NE/4

(i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Willow Lake-Bone Spring Pool. The discovery well is Maddox Energy Corporation Union Federal Well No. 1 located in Unit H of Section 33, Township 24 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
 Section 33: NE/4

(i) CONTRACT the vertical limits of the North Shosbar Pennsylvanian Pool in Lea County, New Mexico, to the Strawn formation only and redesignate pool to the Northwest Shosbar-Strawn Pool. Said pool described as:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
 Section 15: SE/4

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

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
 Section 28: S/2
 Section 29: E/2
 Section 32: E/2

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
 Section 2: Lots 9, 10, 15, 16, and
 SE/4

(l) EXTEND the South Bell Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
 Section 13: E/2

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
 Section 17: All

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

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
 Section 30: S/2
 Section 31: N/2

(n) EXTEND the West Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

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

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
 Section 25: N/2 SW/4 and NW/4
 Section 26: NE/4 and S/2
 Section 27: S/2 SE/4

(p) EXTEND the Diamond Mound-Morrow Gas Pool in Chaves County, New Mexico to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
 Section 35: N/2

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
 Section 36: E/2

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
 Section 31: NW/4

(r) EXTEND the Inbe-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
Section 14: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 30: E/2

(t) EXTEND the South Millman-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 30: N/2

(u) EXTEND the West Madine-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM
Section 8: SE/4
Section 9: SW/4

(v) EXTEND the Madine-Drinkard-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 22: NE/4

(w) EXTEND the Oil Center-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 11: E/2 SW/4

(x) EXTEND the Oil Center-Glorieta Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 11: NE/4

(y) EXTEND the Panasco Draw-San Andres-yeso Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 35: S/2 NE/4 and SE/4
Section 36: S/2

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

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 6: E/2
Section 7: E/2

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

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

Examiner Hearing - Wednesday - December 16, 1981

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

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 15: SE/4

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

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 36: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 23: N/2

(ee) EXTEND the Turkey Track-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 22: S/2
Section 27: All
Section 34: E/2
Section 35: W/2

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 2: N/2
Section 3: All

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

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 7: NE/4

RECEIVED
DEC 01 1981

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November 23, 1981

Case 7439

Mr. Dick Stamets
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Bass Enterprises Production
Company - Application for
Directional Drilling and
Possible Unorthodox Location
Eddy County, New Mexico

Dear Dick:

I am transmitting herewith, executed in triplicate, a new Application by Bass Enterprises Production Company for directional drilling and possible unorthodox location regarding its James Ranch Unit No. 13 Well. This will also confirm our conversation of this date wherein this Application has been set on the December 16, 1981 docket.

If anything in addition to this application needs to be furnished, please advise.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:rh

Enclosures

xc: Mr. Steve Rowland

xc: Mr. John Rodgers

BEFORE THE OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

APPLICATION BY BASS ENTERPRISES)
PRODUCTION COMPANY FOR)
DIRECTIONAL DRILLING AND)
POSSIBLE UNORTHODOX LOCATION,)
EDDY COUNTY, NEW MEXICO)

DEC 01 1981
OIL CONSERVATION DIVISION
SANTA FE

Case 7439

APPLICATION FOR HEARING

COMES NOW the undersigned as attorneys on behalf of Bass Enterprises Production Company and files this written Application for Hearing to be set on the docket for December 16, 1981. In connection therewith, the undersigned, on behalf of Bass Enterprises Production Company, submits the following data:

1. Applicant seeks approval for the directional drilling of its James Ranch Unit No. 13 Well, the surface location of which would be 1,440 feet from North line and 860 feet from the West line of Section 6, Township 23 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. Said well is to be drilled in a northerly direction to a bottom hole location no closer than 660 feet from any outer boundary of the proration unit dedicated to said well; said bottomhole location will be under the WIPP Area of Eddy County, New Mexico and may be at an unorthodox location within the area specified above.

2. Applicant further seeks authority to produce any Pennsylvanian zones encountered by Applicant within the boundary of the proration unit dedicated to said well so long as such Pennsylvanian production is taken from a point which is no closer than 660 feet from the outer boundary of the proration unit dedicated to said well. Such point from which production is taken may be at an unorthodox location within the area specified.

3. The proration unit which Applicant proposes to dedicate to said well is S $\frac{1}{2}$ Section 31, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

4. Approval of the directional drilling and possible

unorthodox location will be in the interest of conservation, prevention of waste and protection of correlative rights.

5. Applicant respectfully requests that this application be set on the December 16, 1981 Docket.

Dated this 23rd day of November, 1981.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: 

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorney for Bass Enterprises
Production Company

HERBIE
DOG

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. 7439

Order No. R-6776-A

APPLICATION OF BASS ENTERPRISES
PRODUCTION COMPANY FOR AN AMENDMENT
OF DIVISION ORDER NO. R-6776, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 16, 1981, at Santa Fe, New Mexico, before Examiner Richard I. Stamets.

NOW, on this _____ day of December, 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 the applicant, Bass Enterprises Production Company, is hereby authorized to directionally drill its James Ranch Well No. 13 from a surface location ²²⁵ feet from the ^{line} ~~South~~ line and ~~1340~~ feet ^{860 feet} from the ~~East~~ line of Section ~~26~~ ²³, Township ~~22~~ ²³ South, Range ~~30~~ ³¹ East, ^{Ans. 6}

in such a manner as to penetrate and produce any of the various pays in the Pennsylvanian formation at various distances from the outer boundary of the proposed proration unit, being the S/2 of Section 31, Township 22 South, Range 31 East, but in no event closer than an unorthodox location 660 feet from the outer boundary of said unit. ')

(2) (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.

(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, Bass Enterprises Production Company, seeks the amendment of Division Order No. R-6776 which authorized the directional drilling of its James Ranch Well No. 13 in Section 36, Township 22 South, Range 30 East, to provide for an amended surface location 1440 feet from the North line and 860 feet from the West line of Section 6, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That the proposed amendment will permit the well to encounter the formations ~~as~~ to be penetrated at the most advantageous locations geologically and would reduce well costs.

(4) That no offset operator objected to the proposed amendment to Order R-6776.

(5) That the application should be approved

IT IS THEREFORE ORDERED:

(1) That the first paragraph of Order (1) of Division Order No R-6776 is hereby amended to read in its entirety as follows:

NEW YORK COUNTY
POLICE DEPARTMENT
MEXICO

need addresses
of families
(same list as other
Antwerp case)

6-21-10 11:00
Done 11:30