

CASE NO.

7465

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
20 January 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Superior Oil Com-
pany for an unorthodox gas well
location, Eddy County, New
Mexico.

CASE
7465

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

For the Applicant:

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Midland, Texas 79701

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I N D E X

MANDEL SELBER

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GEORGE M. KOSS

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1
2 MR. STAMETS: We will call next Case
3 7465.

4 MR. PEARCE: Application of Superior Oil
5 Company for an unorthodox gas well location, Eddy County,
6 New Mexico.

7 MR. COFFIELD: Mr. Examiner, I'm Conrad
8 Coffield, appearing on behalf of the applicant, and I have
9 two witnesses to be sworn.

10
11 (Witnesses sworn.)

12
13 MANDEL SELBER

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

16
17 DIRECT EXAMINATION

18 BY MR. COFFIELD:

19 Q Mr. Selber, would you please state your
20 name, address, occupation, and employer?

21 A Mandel Selber, Midland, Texas. I'm a
22 petroleum landman with the Superior Oil Company.

23 Q Mr. Selber, have you previously testified
24 before the Division as a landman?

25 A No, sir.

1
2 Q Would you please briefly state your
3 educational background and work experience as a landman?

4 A I received a Bachelor of Science degree
5 from Babson College, majoring in finance, in Boston, Massa-
6 chusetts, and then matriculated in the University of Texas
7 at Austin and received a FLM degree, and I've been employed
8 by Superior Oil Company for twenty-three months.

9 Q Are you familiar with Superior's appli-
10 cation in this case?

11 A Yes, I am.

12 Q Are you familiar with the property in-
13 volved and the land ownership and other features and details
14 of the drilling of the proposed well, which normally fall
15 within the responsibility of the Land Department?

16 A Yes, sir.

17 MR. COFFIELD: We tender Mr. Selber as
18 an expert in this matter.

19 MR. STAMETS: He is considered an ex-
20 pert landman.

21 Q Mr. Selber, would you please state what
22 it is Superior seeks in this application?

23 A Superior is seeking approval to an un-
24 orthodox well location for a south half proration unit with
25 a well located 660 feet from the east line and 1980 feet from

1
2 the south line of Section 26, Township 24 South, Range 29
3 East, Eddy County, New Mexico, to be drilled to the Wolfcamp
4 and Pennsylvanian formations.

5 Q Mr. Selber, would you please just give
6 a thumbnail sketch, if you will, of the factors which have
7 caused Superior to make the application for this particular
8 unorthodox location?

9 A The Superior Oil Company is operator of
10 a three-section working interest unit that initially con-
11 tained Sections 25 and 36, and the east halves of Section
12 26 and 35.

13 As operator of this unit, Superior ap-
14 plied to the USGS for a drilling permit for an east half
15 proration unit for a 14,175-foot Morrow test at a legal
16 location. The permit was approved by the GS; however, we
17 were advised that the section of the GS that approves com-
18 munitization agreements probably wouldn't approve an east
19 half unit, inasmuch as the drillsite lease contained enough
20 acreage to dedicate to this well for a full allowable, the
21 drillsite lease being the southeast quarter and that lease
22 containing all of the south half of Section 26.

23 Upon consultation with the Director
24 of the Agreement Section, I was advised that communitization
25 agreements are approved only for geological consideration.

1
2 We didn't feel that geology dictated
3 that an east half proration unit was superior to a south
4 half proration unit for geological reasons.

5 Because of our Federal lease having ex-
6 piration unless drilling operations were commenced on or
7 before January 1st, 1982, we didn't have enough time to re-
8 permit this well at a legal location for the south half.

9 We approached the USGS on December 22nd
10 for the permit.

11 We had considered moving the location
12 to a topographically approved location in the southeast
13 quarter of Section 26; however, the two legal locations were
14 on ravines or cliffs and there wasn't enough time to have
15 an archaeological study prepared and accepted by the USGS
16 before the lease expiration with a legal location, inasmuch
17 as the section of the GS would be closed until after the
18 first of the year.

19 Q Okay, with all of that in mind, Mr.
20 Selber, will you please then go ahead and discuss what we've
21 marked as Exhibits One and Two?

22 A Exhibit One is a outline of the original
23 working interest unit. On that outline you'll note that
24 there is a red and blue dot, the red dot representing the
25 first well, the Oscar State, and the blue dot representing

1
2 the proposed -- the current well, the Mayer Federal.

3 When we realized that we were going to
4 have to drill this well in an unorthodox location, since we
5 did desire to drill on this lease, we contacted our working
6 interest partners and recommended that this well be drilled
7 on an unorthodox location; furthermore, that the working in-
8 terest unit be revised to cover the south half of Section 26,
9 should the USGS dictate that a south half proration unit be
10 dedicated to the Mayer Federal Well.

11 Our partners agreed to this and Exhibit
12 Two reflects the revised working interest unit. Please note
13 when comparing Exhibit One and Exhibit Two the acreage
14 colored in brown represents that acreage on Exhibit One
15 which has been added and on Exhibit Two which has been de-
16 leted. In other words, the northeast quarter has been de-
17 leted and the southwest quarter of Section 26 has been added.

18 Q Okay, we're now at Exhibit Three, Mr.
19 Selber, would you please explain that exhibit?

20 A Recognizing that El Paso Natural Gas
21 is the present lessee of record under all of Section 26, and
22 they're also a working interest partner in this unit, we
23 realized that the impact on El Paso as an offset operator
24 was greater than any of our other working interest partners.
25 Therefor we requested from El Paso, and received their con-

1
2 sent to our unorthodox well location and that is Exhibit
3 Three.

4 Q Mr. Selber, do you know what -- what
5 the current status of the well is, and if so, would you
6 please describe the current status of the well?

7 A As of the morning of January 19th, 1982,
8 the well was drilling at 103 feet. The well was spudded
9 December 30th, 1981, with Abbott Brothers spudder. The in-
10 formation as early as November, 1981, Superior recognized
11 that all of our rotary tools would be utilized on leases
12 with more pressing or earlier expiration dates. We antici-
13 pate moving a rotary rig on the location in mid-February.

14 Q Were these exhibits One through Three
15 prepared by you or under your supervision?

16 A Yes, sir.

17 Q In your opinion will the approval of the
18 application by Superior be in the interest of conservation,
19 prevention of waste, and protection of correlative rights?

20 A Yes, it will.

21 MR. COFFIELD: Move the admission of
22 Exhibits One, Two, and Three, Mr. Examiner.

23 MR. STAMETS: These exhibits will be
24 admitted.

25 MR. COFFIELD: I have nothing further on

1
2 direct for Mr. Selber.

3
4 CROSS EXAMINATION

5 BY MR. STAMETS:

6 Q Mr. Selber, I presume from what you've
7 indicated that this is an El Paso Natural Gas Company lease.

8 A Yes, sir.

9 Q Okay, and Superior has a lease only on
10 Section 36 at this time.

11 A That's correct.

12 Q Now when was the working interest unit
13 established?

14 A Let me give you an exact date. It was
15 in 1979; September 14th, 1979.

16 Q Two years ago, then.

17 A Yes, sir.

18 Q And when did Superior decide to drill
19 this well?

20 A I believe it was in the fall of this
21 year. Mr. Koss has more exact information on that.

22 Q But it would be fair to say that Super-
23 ior had at least two years warning that there was an expiring
24 lease that needed to be drilled.

25 A Yes, sir.

1
2 Q And Superior had at least two years in
3 which to determine what acreage could be dedicated to that
4 well and what the requirements of the Geological Survey were
5 going to be.

6 A That would appear to be true, yes.

7 Q Superior had at least two years in
8 which to determine the requirements of the Oil Conservation
9 Division relative to well locations.

10 A Yes, sir.

11 Q What happens if this application is
12 denied?

13 A That's a question I can't answer at
14 this time. I would -- that's subject to our management's
15 decision.

16 Q Is the El Paso lease lost?

17 A No, sir, not at the present time.

18 Q If you have to abandon the drilling of
19 the initial well, will that cause the lease to be lost?

20 A Under Federal statute it -- if drilling
21 operations are not commenced prior to the expiration date,
22 the lease would expire.

23 Q You have commenced drilling operations.

24 A That is correct.

25 Q Often, it seems as though the drilling

1
2 must be continuous or you are subject to loss of a lease;
3 continuous on that well.

4 A Yes, sir.

5 Q And so if you are denied here and don't
6 have a chance to complete that well, does that mean that the
7 lease will be lost?

8 A Yes, sir.

9 Q Okay.

10 MR. STAMETS: Any other questions of
11 this witness? He may be excused.

12
13 GEORGE M. KOSS

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

16
17 DIRECT EXAMINATION

18 BY MR. COFFIELD:

19 Q Mr. Koss, would you please state your
20 name, address, occupation, and employer?

21 A My name is George Michael Koss. My
22 address is 1610 Ventura Drive in Midland. I'm an exploration
23 geologist with Superior Oil.

24 Q Have you previously testified before
25 the Division as a geologist?

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2

A. No, sir.

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4

5

Q. Well, would you please give a brief resume of your educational background and work experience, Mr. Koss?

6

7

8

A. Okay. I received my Bachelor's in geology at the University of Southern California in Los Angeles in 1969.

9

10

I received my MS in geology from the University of Wisconsin in Madison in May in 1973.

11

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13

14

I commenced permanent employment with Mobil Oil, September of 1972. I finished up my Master's thesis and received approval while I was employed as an exploration geologist at Mobil.

15

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19

I worked two years with Mobil, Paradox Basin, and the Reagan Uplift. I was transferred to Midland, Texas, in June of '74. I was essentially reassigned as a production geologist. I worked the Vacuum Field production in southeast New Mexico, the Eunice-Monument for one year.

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I then went with Enserch Gas, Lone Star Natural Gas at that time and they changed to Enserch. I worked essentially Tatum Basin, Carlsbad Shelf, for Enserch for one year. June of '75 I went to work for Southland Royalty in Midland, Texas, and I worked for their Aztec oil leases that they acquired in southeastern New Mexico from

1
2 June of '75 through September of '76.

3 October 1st of -- let's see -- somewhere
4 I've gotten off here. I went to work for Lone Star June of
5 '75. I went to work for Southland June of '76. I went to
6 work for Superior October 1, 1977, and have been with Superior
7 now a little over four years. Two of those years I worked
8 Reagan Uplift, Crockett County. For the last two and a half
9 years I've worked essentially the north -- well, the Delaware
10 Basin into West Texas and Lea and Eddy Counties.

11 Q Mr. Koss, are you familiar with Superior's
12 application here?

13 A Yes, I am.

14 Q And are you familiar with the property
15 involved and the geological features pertinent to the pro-
16 posed well location?

17 A Yes, I am.

18 MR. COFFIELD: We tender Mr. Koss as an
19 expert geologist.

20 MR. STAMETS: Mr. Koss is considered
21 qualified.

22 Q Would you refer to what we've marked as
23 Exhibit Four and describe that very briefly to the Examiner?

24 A Okay. Exhibit Four is a topographic
25 map. The scale is one inch to 2000. The sections are marked

1
2 with red. The Superior Federal Mayer No. 1 is indicated by
3 the blue dot. Superior Oscar State No. 1 is indicated by
4 the red dot.

5 The Oscar State is a Morrow discovery.
6 We spudded it October 19th of 1979; completed the well Jan-
7 uary of '80. We issued our completion October of 1980 for
8 a flow rate of 1.1-million a day, plus 487 barrels of water
9 per day from six feet of pay in the Upper Morrow. We put the
10 well on production in April of 1981. The well has been pro-
11 ducing from that date, and as of November 15 of 1981, we
12 are flowing 1.3-million cubic feet per day from the well,
13 plus 378 barrels of water per day.

14 Early in the production history of the
15 well the flowing tubing pressure dropped markedly from --
16 and steadily from 2100 psi to 800 psi. We thought the well
17 was about to deplete. In June of 1981 the well, flowing
18 tubing pressure without stimulation suddenly jumped up to
19 22 to 2300 pounds and the flowing tubing pressure has been
20 stable since late June at 2000 or 2200 psi with no drawdown.

21 And for the life of me, I can't explain
22 why we had that -- that rapid decline in flowing tubing
23 pressure the first two months on production, but we thought
24 at that time the well was going to deplete and we were in
25 trouble. But now we feel with the stabilized flowing tubing

1
2 pressure that we have a viable discovery and worthy of an
3 offset.

4 The topographic map illustrates that the
5 location of the Mayer Federal is a legitimate location.
6 It's -- it's up on a caprock in a flat area.

7 The four orthodox locations in the south
8 half of Section 26 are illustrated by the small black circles.
9 You can see all four of the orthodox locations have problems
10 due to sitting in a ravine, on a cliff, et cetera, et cetera.

11 The original unit is outlined in green.
12 The revised unit is outlined in red.

13 Q Okay, let's go on now to what we've
14 marked as Exhibit Five, please, Mr. Koss, and discuss that
15 exhibit.

16 A Okay. Exhibit Five is a structure map
17 on top of the Lower Morrow. The map is field integrated with
18 our seismic. I've utilized all well control in the area
19 that we have logs to.

20 Okay, the Mayer Federal location is
21 indicated with the blue dot. The contour interval is 100
22 feet. The scale is one inch to 2000. We show the original
23 unit in green. The red unit is the revised unit in red.
24 All the control I utilized is indicated by the green dots.
25 I put together a stratigraphic cross section, A-A', that is

1
2 so indicated by the orange line. The well to the left is
3 the Gulf Rustler Bluff No. 1. The well to the north on the
4 cross section is the Skelly Cedar Canyon 10 No. 1. The
5 third well on the cross section is the Oscar State, Superior
6 Oscar State. And the A' well is the Mobil Corral Draw No. 1.

7 My subsea elevations are indicated. The
8 significant feature here is that the Mayer Federal is loca-
9 ted on a gently east to southeast dipping nose and it is
10 essentially 175 feet high to the Oscar State. We need to get
11 high to the Oscar State, hopefully, to reduce our water cut.

12 The Lower Morrow is roughly 500 feet
13 below our pay sand in the Oscar State and my cross section
14 will -- will illustrate that.

15 Q If you're ready for the cross section,
16 let's go to what we've marked as Exhibit Six, and will you
17 explain that.

18 A The sands are colored yellow. The
19 carbonates, blue. The scale is five inches to 100 feet.
20 The logs of the four wells I've just mentioned, the logs are
21 hung on the top of the Upper Morrow. The shale marker, there
22 is a shale bed indicated. The perforations are indicated by
23 the red blocks. The depth track, the critical thing here is
24 to notice continuity of my pay sand zone, the Upper Morrow
25 Sand, which is the productive sand in the Oscar State. We

1
2 have six feet of pay in the Oscar State. The Mobil Corral
3 Draw Unit well, the A' log at the far right, has produced
4 from six feet of pay sand pay and also commingled four feet
5 of a stray sand up the hole.

6 The Skelly Cedar Canyon 10 has 26 feet
7 of the pay sandstone, a little tighter than I like to be
8 but it is -- it is a sand.

9 The Gulf Rustler Bluff No. 1 has nine
10 feet of pay sandstone.

11 So we -- this sand is unusual. We do
12 have continuity from well to well in this sand. You can see
13 the other sands are broken up and very erratic.

14 The porosity of the sand in the Oscar
15 State of 7 to 10-1/2 percent. They acidized the sand and
16 got absolutely nothing back. Engineers wanted to plug and
17 abandon the well. We did have a 50 to 60 foot to flare when
18 we -- when we entered that sand. We're quite a bit under-
19 balanced, and we said no, go ahead and give it a good acid
20 job. They did give it a good acid job and we had 500 barrels
21 of water per day and 1.75-million cubic feet of gas per day.

22 So it's been an anomalous well. The
23 K Sand was our third stage. We attempted our completion in
24 a Middle Morrow Sand at the 13,985, roughly. That didn't
25 give up anything. Essentially we went up the hole to 13,670

1
2 to 680, attempted stage two, recovered very -- very little
3 gas, and the Oscar, the K Sand was our third stage, and this
4 is a sand that has contributed our -- our gas and water, and
5 as of December 31st, 1981, we've produced .35 BCF out of that
6 sand.

7 Q Okay, Mr. Koss, I believe our next ex-
8 hibit is an Isopach. Exhibit Seven. Would you please de-
9 scribe the features of Exhibit Seven to the Examiner?

10 A Okay, this exhibit is an Isopach map of
11 the Upper Morrow K Sandstone. It also has information pre-
12 sented for all the wells of -- of importance. I've got spud
13 date; I have perforated intervals; I have the initial poten-
14 tial; the cumulatives; and the latest flow rates on all the
15 critical wells.

16 I also have the pay thickness or the
17 sand thickness, I should say. I have the porosities, and
18 also in some cases I have water saturations.

19 The -- the control wells are indicated
20 by the green dots. Again, the A-A' cross section is indicated
21 by the orange, and you can see that the cross section lines
22 all fall within my sand trend. This is an unusually broad
23 sand trend. I believe it's a shelf apron sand with good con-
24 tinuity southwest to northeast and good breadth to it, and
25 my cross section shows that this -- this sand is continuous

1
2 along the line of section. The thickest sand is the Skelly
3 Cedar Canyon 10 No. 1, 26 feet, porosity is only 5 to 7 per-
4 cent. The well did make 1.87 BCF of gas plus 2079 barrels
5 of condensate. The well, I don't know if it's been plugged
6 yet. The last recorded production was some time in mid-'79,
7 but this is the thickest sand, the most porous sand.

8 K Sand is found in our Oscar State and
9 the Mobil Corral Draw. The Mobil Corral Draw made a little
10 over 2 B's, 2.09 BCF gas plus 331 barrels of condensate and
11 a small amount of water as of December, 1980, it is flowing
12 at a rate of 183 Mcf a day, no condensate, no water, it's
13 near depletion.

14 The Mayer Federal location, I believe,
15 moves in the direction of sand thickening. We hope to have
16 20+ feet of K Sand and we hope the porosities and permeabili-
17 ties are -- are consistent with the Oscar, and the Corral
18 Draw, and are better developed than what we see in the Cedar
19 Canyon 10.

20 Q Mr. Koss, your last exhibit is Exhibit
21 Eight. Would you please discuss that exhibit?

22 A Okay. This is a wide scale log on the
23 Superior Oscar State No. 1, our Morrow discovery. I essen-
24 tially display the Upper Morrow and the Middle -- most of
25 the Middle Morrow. I show our perforations, stage one, two,

1
2 and three, and I wanted you to get a close up look at the
3 K Sand. This is the sand that could have been very easily
4 overlooked and walked away from. It's -- engineers tell me
5 it's 5 feet thick; I call it 6 feet. You see the variability
6 in the porosity, and we don't -- our offset location to a
7 6-foot sand has got to -- has got to show finesse. 6-foot
8 can go to zero in -- in no time. So we needed a good Iso-
9 pach map. We need to move in the direction of sand thicken-
10 ing to hope to encounter reservoir at least the quality of
11 the Oscar State.

12 Q Were these Exhibits Four through Eight
13 prepared by you or under your supervision, Mr. Koss?

14 A Yes, they were.

15 Q In your opinion will the approval of
16 this application by Superior be in the interest of conserva-
17 tion, the prevention of waste, and protection of correlative
18 rights?

19 A Yes, it will.

20 MR. COFFIELD: Mr. Examiner, I move the
21 admission of Exhibits Four through Eight.

22 MR. STAMETS: These exhibits will be
23 admitted.

24 MR. COFFIELD: I have no other questions
25 of Mr. Koss on direct.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Koss, going back to Exhibit Number Four, which is the topographic map of the area, you have the legal locations, or you have some legal locations shown,

however, for example, in the southeast quarter of the section a legal location 990 feet from the south line and 2310 from the east line would appear to be on a relatively flat area, and wouldn't appear to offer any impediment to drilling.

Is that correct?

A We really don't want to crowd the south line of that section. It puts us off the nose. The two locations that I desired were the 1980/1980, which would be the northwest quarter of the southeast quarter, and the Mayer Federal location northeast quarter of the southeast quarter.

We felt if we crowded the south line of -- or drilled units O and P of 26, that we would be -- we would not be on the crest of that little flexure.

But yes, to answer your question, yes, it would be a viable --

Q Okay, but you answered my next question, as well, as to trying to determine whether or not this is a

1
2 geologically superior location.

3 MR. STAMETS: Are there other questions
4 of this witness?

5 MR. COFFIELD: I have one other question
6 I want to ask Mr. Koss, Mr. Examiner.

7
8 REDIRECT EXAMINATION

9 BY MR. COFFIELD:

10 Q On the matter of drilling this well at
11 this particular location, Mr. Koss, is it also Superior's
12 desire to drill this well for purposes of obtaining important
13 well control information relative to the overall prospect in
14 the area?

15 A Yes. I'll speak from the topo map.
16 We do have a large Amoco lease, all of Section 25. My intent
17 in crowding Section 25 was -- was, well, essentially to give
18 ourselves a point of control that may shed some light as to
19 the recoverable reserves potential we had on the west half
20 of 25; trying to set up a logical development program, and
21 my -- my feeling was our next location, if the Mayer Federal
22 was good, we'd move into the west half of Section 25, and
23 I figured that a confirmation well to the Oscar should be
24 centrally located, or centrally enough that it would shed
25 light on the west half of 25.

1
2 Point two, I did not want to crowd the
3 west edge of our -- of our original unit. The wells are --
4 are 1.87 to 2.09 Bcf wells, they're marginal. I wanted to
5 maximize our drainage area. I didn't want an outside oper-
6 ator drilling a 1320 offset to us in the northeast of the
7 southwest of -- of 26, and competing with us for drainage
8 area. So our 1980 east from the end line and I hope by
9 doing so it would maximize our drainage area to 320, and it
10 would also give us a good -- a good point of control for
11 evaluating the west half of 25.

12 I was asked to submit a location the
13 first of -- early in September of '81. You made the comment
14 earlier to Mandy that we had two years to -- to consider the
15 expiration of this lease.

16 I was not involved in the selection of
17 the Oscar State location. That was done before I was moved
18 into New Mexico. I took over the Oscar State one month
19 after it was spudded.

20 But the Mayer Federal location, the
21 offset, we had to wait on -- on getting a gas company to
22 contract the gas. They were afraid of the water. We could
23 not get anyone to run a pipeline in so we had to delay, delay,
24 delay, waiting on pipeline, and then the drawdown, the en-
25 gineers were ready to plug it, so suddenly the flowing tubing

1
2 pressure jumped in and in mid-August the engineer said we've
3 got to offset this thing.

4 So August, '81, when we were told by
5 our engineering staff that -- that we needed another well
6 in this lease.

7 So from my vantage point, I had four
8 and a half months to leap into action and to recommend an
9 offset, and the Mayer Federal, at that time we had this --
10 this original unit, and I based my -- my site, the selection
11 on this original unit.

12 MR. STAMETS: Any other questions of
13 the witness? He may be excused.

14 Anything else in this case?

15 The case will be taken under advisement.

16
17 (Hearing concluded.)
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C E R T I F I C A T E

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

Sally W. Boyd CSR

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

I do hereby certify that the foregoing is
a complete record of the hearing in
the Examiner's office on case 7465,
heard by me on 5-20, 19 81.

Richard H. Starn, Examiner
Oil Conservation Division



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February 15, 1932

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

Re: CASE NO. 7465
ORDER NO. R-6894

Applicant:

The Superior Oil 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	<u>x</u>
Artesia OCD	<u>x</u>
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. 7465
Order No. R-6894

APPLICATION OF SUPERIOR OIL COMPANY FOR
AN UNORTHODOX GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 20, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of February, 1982, 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, Superior Oil Company, seeks approval of an unorthodox gas well location of a well to be drilled 1980 feet from the South line and 660 feet from the East line of Section 26, Township 4 South, Range 29 East, NMPM, to test the Wolfcamp and Pennsylvanian formations, Eddy County, New Mexico.
- (3) That the S/2 of said Section 26 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. 7465
Order No. R-6894

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

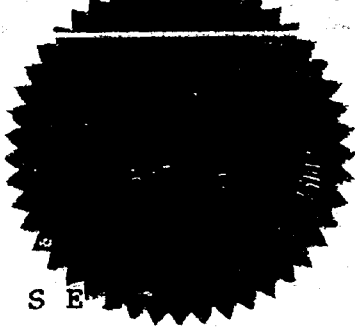
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Wolfcamp and Pennsylvanian formations is hereby approved for a well to be located at a point 1980 feet from the South line and 660 feet from the East line of Section 26, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 26 shall be dedicated to the above-described well.

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

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



S E

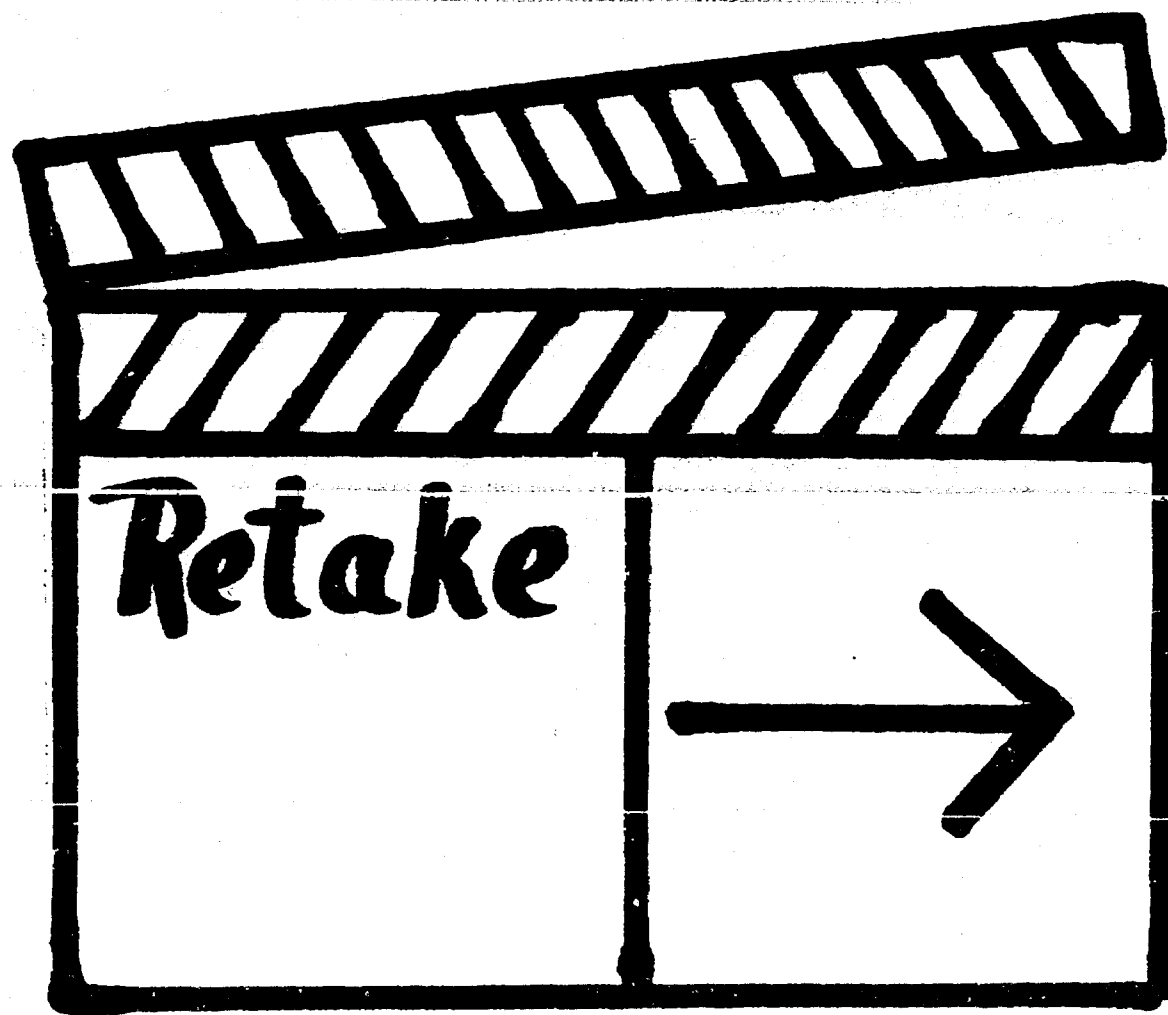
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

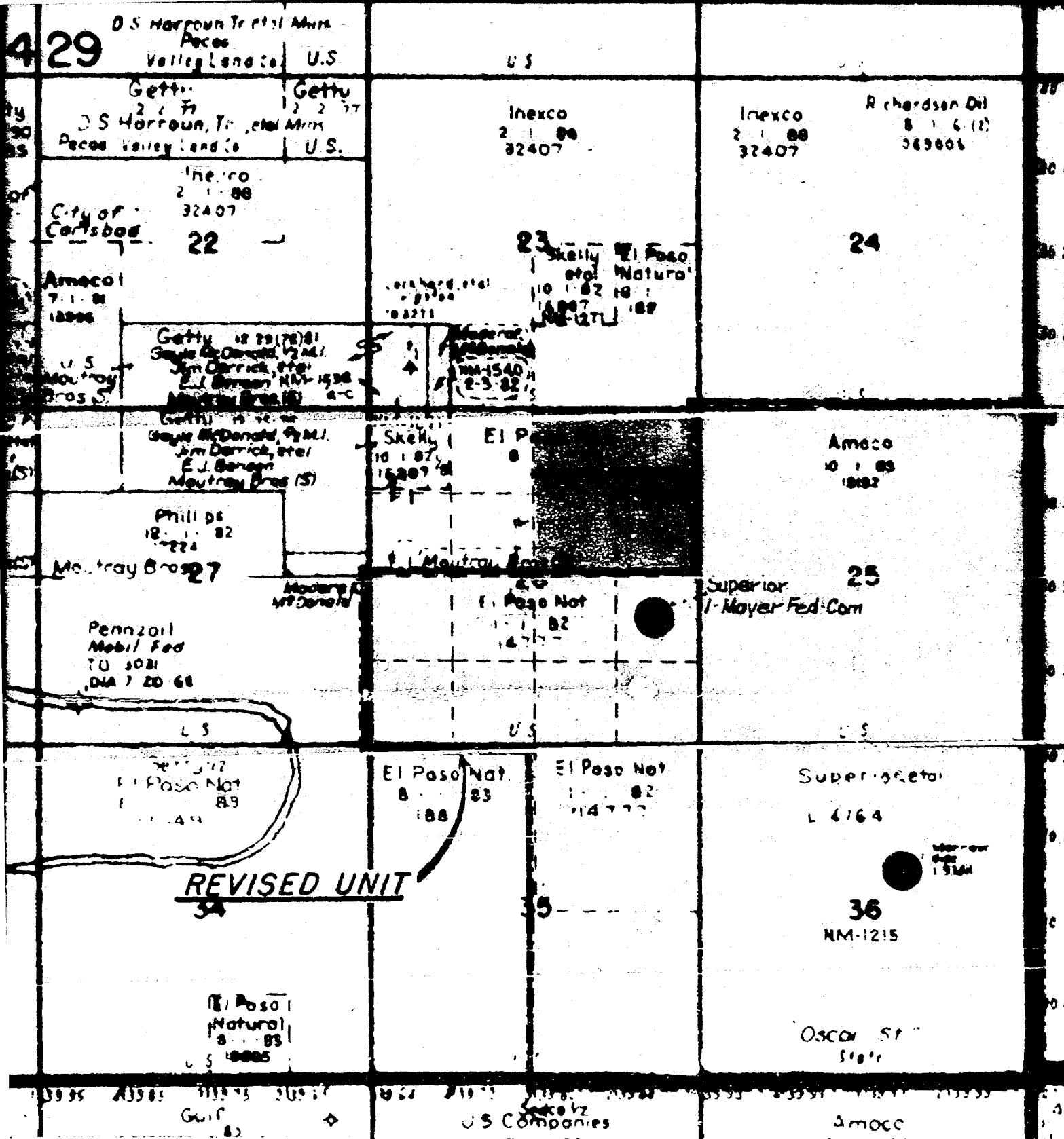
Joe D. Ramey
JOE D. RAMEY,
Director

[illegible]

SEE YOUR LOCAL BOOKSTORE FOR THE LATEST BOOKS TO:

RECAPTURE YOUR CHILDHOOD





THE SUPERIOR OIL COMPANY
MIDLAND DIVISION
Midland, Texas

WEINER
PROSPECT 715
Eddy County, New Mexico

EXHIBIT 2

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 7465

Submitted by Superior

Hearing Date 1/20/82

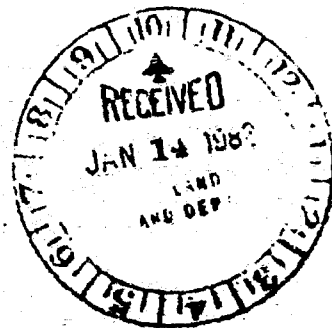
Handy Letter
SUPERIOR OIL

January 13, 1982

El Paso Natural Gas Company
1800 Wilco Building
Midland, Texas 79701

ATTENTION: R. D. Janssen

Re: Operating Agreement dated
September 14, 1979
30-0-2-148 - Oscar Unit
Weiner Area
Elly County, New Mexico



RECEIVED
JAN 15 1982

EL PASO NATURAL GAS CO.
MIDLAND LAND DEPT

Gentlemen:

As you are aware, The Superior Oil Company, as operator under the captioned Operating Agreement, is applying to The New Mexico Oil Conservation Division (OCD) for approval to our unorthodox gas well location in connection with the drilling of the Mayer-Federal well, located 1980' FSL & 660' FEL of Section 26, T-24-S, R-29-E.

In order that we may satisfy the OCD that there is no objection to our application from offset operators, we hereby request that your company indicate its consent to said unorthodox location by signing in the space provided below.

Due to the imminent date of our hearing, we would appreciate receiving a telecopy of your consent.

Very truly yours,

THE SUPERIOR OIL COMPANY

DCW:MCS:cj

<i>Don Walker</i> Don C. Walker	BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION
	EXHIBIT NO. <u>3</u>
	CASE NO. <u>7465</u>
	Submitted by <u>Superior</u>
Hearing Date <u>1/20/82</u>	

We have no objection to Superior's unorthodox well location.

Signed this 15th day of January, 1982.

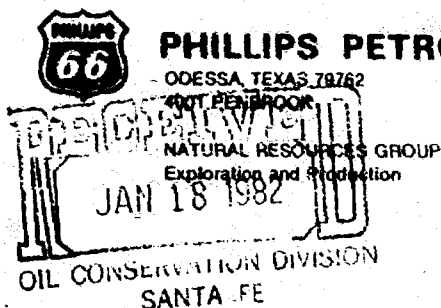
EXHIBIT 3

EL PASO NATURAL GAS COMPANY

By: *R. D. Janssen*

The Superior Oil Company

Midland Exploration Division
P.O. Box 1900, Midland, TX 79702, (915) 683-5251



PHILLIPS PETROLEUM COMPANY

ODESSA, TEXAS 79762

4001 PENNSYLVANIA

NATURAL RESOURCES GROUP
Exploration and Production

JAN 18 1982

OIL CONSERVATION DIVISION
SANTA FE

January 13, 1982

Docket: Case No. 7465,
Waiver of Objections
Examiner Hearing,
January 20, 1982

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

Attention: Hearing Examiner

Gentlemen:

Phillips Petroleum Company, as operator of an offset proration unit, hereby waives any and all objections to captioned case and application.

It is understood that Superior Oil Company seeks approval of an unorthodox location for a well to be located 1980 feet from south and 660 feet from east lines, Section 26, T-24-S, R-29-E, Eddy County, New Mexico, with the south half of Section 26 designated as the proration unit. It is further understood that the well is projected to test the Wolfcamp and Pennsylvanian formations.

It is requested that this waiver be entered into, and made a part of, the hearing records of subject application.

Very truly yours,

G. R. Smith
Director, Reservoir Engineering
Permian Basin Region

THM

cc: Superior Oil Company
Western Division Production
P. O. Box 4500,
THE WOODLANDS, TEXAS 77380

Superior Oil Company
204 West Illinois,
Midland, Texas 79701

Dockets Nos. 4-82 and 5-82 are tentatively set for February 3 and February 17, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 20, 1982

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 February, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for February, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7462: Application of Marathon Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinbry production in the wellbore of its C. J. Saunders Well No. 3, located in Unit C of Section 1, Township 22 South, Range 36 East.

CASE 7463: Application of Texaco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its C. H. Weir "A" Well No. 12 located in Unit G of Section 12, Township 20 South, Range 37 East, to produce oil from the Skaggs-Drinkard and an undesignated Abo pool.

CASE 7464: Application of Exxon Corporation for two unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two unorthodox oil well locations in Section 4, Township 19 South, Range 35 East, Scharb-Bone Spring Pool, as follows: State DD Well No. 1 to be drilled in the center of the SE/4 SW/4 and State DD Well No. 3 to be drilled in the center of the NW/4 NE/4. Pool rules require wells to be drilled in the NE/4 or SW/4 of a quarter section.

CASE 7465: Application of Superior Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1980 feet from the South line and 660 feet from the East line of Section 26, Township 24 South, Range 29 East, Wolfcamp-Pennsylvanian formations, the S/2 of said Section 26 to be dedicated to the well.

CASE 7466: Application of Conoco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for it and Southland Royalty Company to each institute a cooperative waterflood project in the Blinbry Oil and Gas Pool by the injection of water into the Blinbry formation through nine injection wells located on Conoco's Warren Unit and Hawk B-3 Leases and Southland's State Lease in Sections 33 and 34 of Township 20 South, Range 38 East, and Sections 2 and 3 of Township 21 South, Range 37 East.

CASE 7072: In the matter of Case No. 7072 being reopened on the motion of the Oil Conservation Division and pursuant to the provisions of Order No. R-6554 which order promulgated temporary special rules and regulations for the North Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 7460: (Continued from January 6, 1982, Examiner Hearing)

Application of Northwest Pipeline Corporation for 13 non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for 13 non-standard Pictured Cliffs gas proration units ranging in size from 142.39 acres to 176.77 acres and each comprised of various contiguous lots or tracts in Sections 4, 5, 6, 7, and 18 of Township 31 North, Range 7 West. Said proration units result from corrections in the survey lines on the North and West sides of Township 31 North, Range 7 West and overlap seven non-standard Mesaverde proration units previously approved by Order No. R-1066.

EXAMINER HEARING - WEDNESDAY - JANUARY 20, 1982

CASE 7467: Application of Inerco Oil Company for pool creation, special pool rules, and a discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks creation of a new Strawn oil pool for its Lottie York Well No. 1 located in Unit P of Section 14, Township 17 South, Range 37 East, and the promulgation of special rules therefor, including a provision for 80-acre spacing. Applicant further seeks the assignment of 57,150 barrels of oil discovery allowable to said well.

CASE 7459: (Continued from January 6, 1982, Examiner Hearing)

Application of Red Mountain Associates for the Amendment of Order No. R-6538, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6538, which authorized applicant to conduct waterflood operations in the Chaco Wash-Mesa Verde Oil Pool. Applicant seeks approval for the injection of water through various other wells than those originally approved, seeks deletion of the requirement for packers in injection wells, and seeks an increase in the previously authorized 68-pound limitation on injection pressure.

CASE 7410: (Continued from January 6, 1982, Examiner Hearing)

Application of B.O.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 7451: (Continued from January 6, 1982, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Abo formation underlying the SE/4 of Section 11, Township 5 South, Range 25 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 7453: (Continued from January 6, 1982, Examiner Hearing)

Application of T. O. Skelton for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Mississippian formations underlying the NE/4 NW/4 of Section 7, Township 12 South, Range 38 East, to be dedicated to the re-entry of an old well 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-entry of said well.

CASE 7457: (Continued from January 6, 1982, Examiner Hearing)

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 7468: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves, Eddy, and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Paddock production and designated as the East Monument-Paddock Pool. The discovery well is Morris R. Antweil State SX Well No. 1 located in Unit J of Section 36, Township 19 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM
Section 36: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Ross Draw-Morrow Gas Pool. The discovery well is Florida Exploration Company Ross Draw Unit Well No. 10 located in Unit E of Section 27, Township 26 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 27: N/2

EXAMINER HEARING - WEDNESDAY - JANUARY 20, 1982

(c) CREATE a new Pool in Lea County, New Mexico, classified as an oil pool for Morrow production and designated as the Sowell-Morrow Pool. The discovery well is Santa Fe Energy Company State NM2 Well No. 1 located in Unit M of Section 2, Township 15 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 2: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 12: All
Section 13: N/2

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

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 27: N/2
Section 28: E/2

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 23: E/2 E/2
Section 26: W/2 NW/4

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

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

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

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 25: W/2
Section 26: S/2

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 17: N/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 14: S/2
Section 23: W/2

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

TOWNSHIP 24 SOUTH, RANGE 35 EAST, NMPM
Section 8: All

(j) EXTEND the South Culebra Bluff-Atoka Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 36: W/2

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 7: S/2

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

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 30: E/2
Section 32: S/2

PAGE 4

EXAMINER HEARING - WEDNESDAY - JANUARY 20, 1982

- (m) EXTEND the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 12: E/2

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM
Section 7: W/2

- (n) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 29: E/2 SE/4

- (o) EXTEND the Southwest Indian Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 10: E/2

- (p) EXTEND the Leo-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 23: N/2 RE/4

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 32: N/2
Section 33: NW/4

- (r) EXTEND the North San Simon-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 33: E/2 NW/4

- (s) EXTEND the South Saunders-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 25: N/2

- (t) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 9: NW/4

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

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 8: S/2 NW/4 and SW/4

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 3: W/2

RECEIVED
JAN 07 1982
OIL CONSERVATION DIVISION
SANTA FE

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

1000 FIRST NATIONAL BANK TOWER

POST OFFICE BOX 3580

MIDLAND, TEXAS 79702

(915) 683-4691

W. E. BONDURANT, JR.
(914-1971)

OF COUNSEL

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CONRAD E. COFFIELD
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JAMES H. BOZARTH
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J. DOUGLAS FOSTER

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T. CALGER EZZELL, JR.*
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JOHN S. NELSON*
RICHARD F. OLSON*
ANDERSON CARTER, II
STEVEN D. ARNOLD
JEFFREY L. SOWMAN
JOHN C. HARRISON*

ROSWell, NEW MEXICO OFFICE

600 HINKLE BUILDING

(505) 622-6510

AMARILLO, TEXAS OFFICE

1701 AMERICAN NATIONAL BANK BUILDING

(806) 372-5569

*NOT LICENSED IN
TEXAS

January 4, 1982

Call 1965

Mr. Dan Nutter
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: The Superior Oil Company
Unorthodox Location,
Eddy County, New Mexico

Dear Dan:

I am transmitting herewith, executed in triplicate, an Application by The Superior Oil Company for an unorthodox gas well location in Eddy County, New Mexico. As you will recall, I have previously advised you that we would like this case set on the docket for January 20, 1982.

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

Very truly yours,

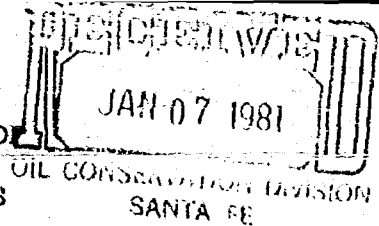
HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:rh
Enclosures

xc: Mr. Ron Wilson
The Superior Oil Company
xc: Mr. Bob Warnbrodt
The Superior Oil Company

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO



APPLICATION OF THE SUPERIOR)
OIL COMPANY FOR AN UNORTHODOX)
WELL LOCATION, EDDY COUNTY,)
NEW MEXICO)

Case 7465

APPLICATION

The Superior Oil and Gas Company hereby makes application for approval of an unorthodox gas well location and states:

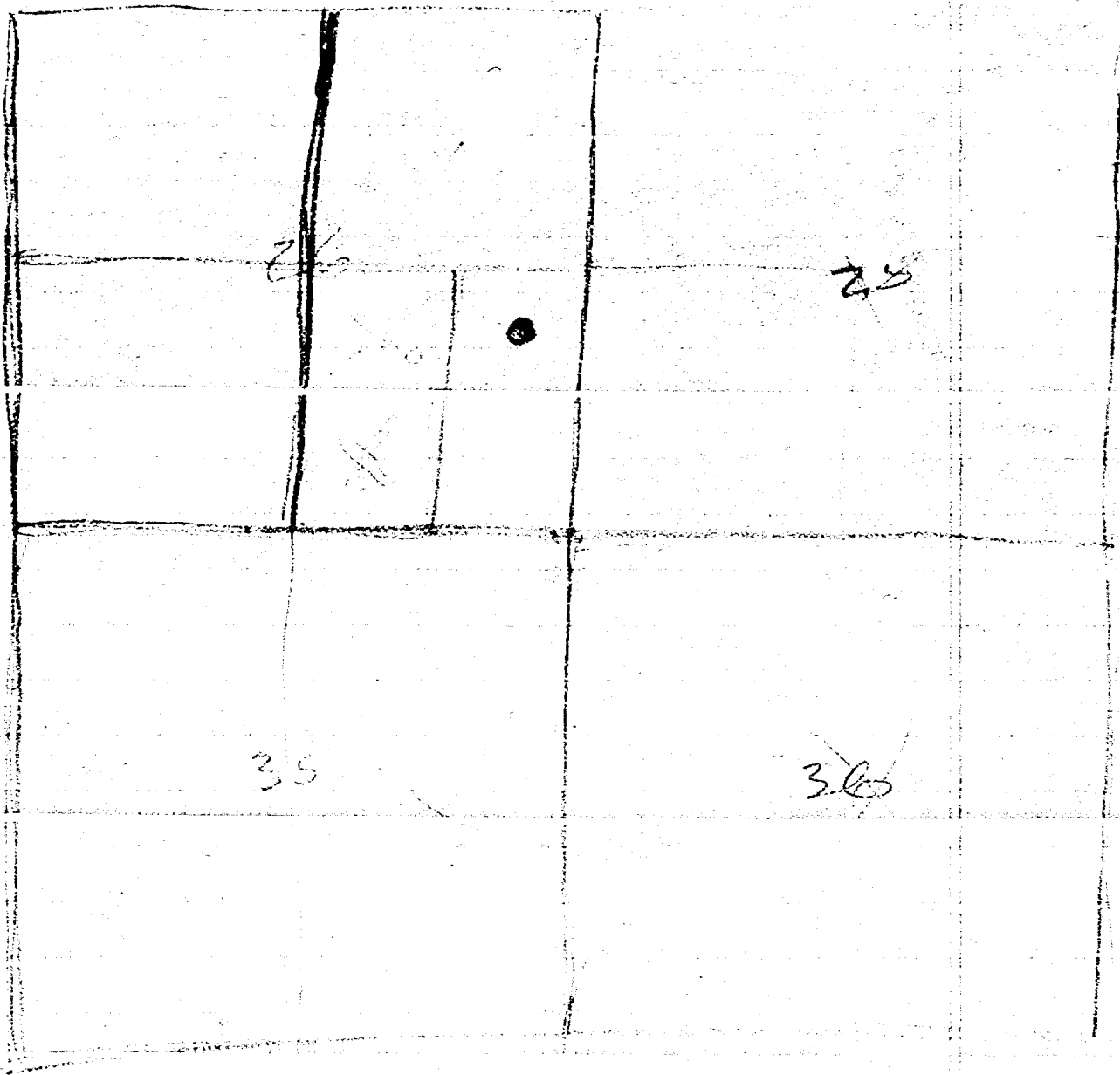
1. Applicant seeks approval of an unorthodox gas well location for its well to be drilled at a point 1980 feet from the South line and 660 feet from the East line of Section 26, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations.
2. That the S $\frac{1}{2}$ of Section 26 is to be dedicated to the well.
3. As to all tracts offsetting said S $\frac{1}{2}$ Section 26, The Superior Oil Company is either the leasehold owner or otherwise controls the offsetting acreage, and accordingly there are no other parties to be notified.
4. Approval of the unorthodox location will be in the interest of conservation, prevention of waste and protection of correlative rights.
5. Applicant requests that this matter be heard at the January 20, 1982 Examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By:

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for The Superior
Oil Company

26



The Superior Oil Co
unorthodox gas well loc

1980 FSL 660 FFB 26-24-2915
3/2 Eddy Co

W.C. & Ramsey

Conrad Coffield called in 12/29

HERBIE
ORDERS

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:

[Handwritten signature]

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CASE NO. 7465

Order No. R-6894

APPLICATION OF SUPERIOR OIL COMPANY FOR
AN UNORTHODOX GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 20,
1982, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets.

NOW, on this _____ day of January, 1982, 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, Superior Oil Company, seeks approval of an unorthodox gas well location of a well to be drilled 1980 feet from the South line and 660 feet from the East line of Section 26, Township 4 South, Range 29 East, NMPM, to test the Wolfcamp Pennsylvanian formations, Eddy County, New Mexico.

(3) That the S/2 of said Section 26 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

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

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the

Wolfcamp^{and} Pennsylvanian formations is hereby approved for a well to be located at a point 1980 feet from the South line and 660 feet from the East line of Section 26, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 26 shall be dedicated to the above-described well.

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

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

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

JOE D. RAMEY,
Director

S E A L

CASE 74801 CONRAD INC. FILL A WATER
FLOOD PROJECT, LEA COUNTY, NEW MEXICO

(4)

SECRET

SECRET 15.10.52

Date 1/5/52