

3.1

3.1

Can't do
~~Apr 28~~
~~May 26~~
June 9

CASE NO.

7519

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
7- June 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of S & J Oil Company for
special pool rules, McKinley County,
New Mexico.

CASE
7519

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:

William F. Carr, Esq.
CAMPBELL, BYRD, & BLACK P.A.
Jefferson Place
Santa Fe, New Mexico 87501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

ROBERT M. DUTCHER

Direct Examination by Mr. Carr 3

E X H I B I T S

Applicant Exhibit One, Map	5
Applicant Exhibit Two, Report	7
Applicant Exhibit Three, Application	10
Applicant Exhibit Four, Log	10
Applicant Exhibit Five, Ruling	15
Applicant Exhibit Six, Xeroxed Map	12

1
2 MR. STAMETS: We will call at this time Case
3 7519.

4 MR. PEARCE: That is the application of
5 S & J Oil Company for special pool rules, McKinley County,
6 New Mexico.

7 MR. CARR: Mr. Examiner, my name is William
8 F. Carr, with the law firm Campbell, Byrd, and Black, P. A.,
9 Santa Fe, appearing on behalf of the applicant, S & J Oil
10 Company.

11 I have one witness who needs to be sworn.

12
13 (Witness sworn.)

14
15 ROBERT M. DUTCHER

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

18
19 DIRECT EXAMINATION

20 BY MR. CARR:

21 Q Will you state your full name and place
22 of residence?

23 A My name is Robert M. Dutcher. I reside at
24 904 Washington Avenue in Grants, New Mexico.

25 Q Mr. Dutcher, by whom are you employed and

1
2 in what capacity?

3 A I'm employed by S & J Oil Company as
4 General Manager, and that also includes the duties of a geol-
5 ogist.

6 Q Have you previously testified before this
7 Commission or one of its examiners and had your credentials
8 as a geologist accepted and made a matter of record?

9 A No, I have not.

10 Q Would you briefly summarize for Mr. Stamets
11 your educational background and your work experience?

12 A I received a Bachelor of Science degree in
13 geology in 1969 from Fort Hayes, Kansas State University in
14 Hayes, Kansas.

15 After graduation I moved to the Grants, New
16 Mexico area to work for six years with Kerr McGee Corporation.

17 At the end of that period of time I got to
18 the drilling industry, working with Salazar Drilling Company,
19 drilling exploration holes for uranium; also oil and gas, in
20 the Osage County, Oklahoma, and then also in south central
21 Kansas, until 1980.

22 Since that period in time I've been working
23 for S & J Oil Company trying to get some oil production in
24 the New Mexico, McKinley County area.

25 Q Are you familiar with the application of

1
2 S & J in this case?

3 A Yes, I am.

4 Q And are you familiar with the Seven Lakes-
5 Menefee Field?

6 A Yes.

7 MR. CARR: Are the witness' qualifications
8 acceptable?

9 MR. STAMETS: They are.

10 Q Mr. Dutcher, will you briefly state what
11 S & J Oil Company seeks with this case?

12 A We'd like to get special pool rules allowing
13 us to drill on non-standard locations; specifically speaking,
14 the holes would be on very close centers, similar to the
15 Shiprock Gallup Field, which I think has already been ap-
16 proved back in 1969, so that we can study the small area
17 that we have in the Seven Lakes-Menefee Field.

18 Q Have you prepared certain exhibits for in-
19 troduction in this case?

20 A Yes, I have.

21 Q Will you please refer to what has been
22 marked for identification as Exhibit Number One, identify
23 this, and explain what it shows?

24 A Okay. Exhibit Number One is a map showing
25 the Seven Lakes-Menefee Field. Specifically it's the -- in

1
2 Township 18 North, Range 10 West, Section 18, the southeast
3 one quarter; Section 17, the southwest one quarter; Section
4 19, the north half; and in Section 20, the northwest one
5 quarter.

6 Also shown on this map are some drill holes
7 concentrated in the southern half of the southeast quarter
8 of Section 18. Three of these at the present time are active
9 oil wells, the rest of them are not.

10 Q Mr. Dutcher, are the pool boundaries as
11 depicted on Exhibit One consistent with the pool boundaries
12 as defined by the Oil Conservation Division?

13 A Yes, they are.

14 Q Would you briefly review what plans S & J
15 has for acquiring other acreage in the area?

16 A Well, at the present time S & J Oil Com-
17 pany is negotiating with companies or individuals who own
18 the other half, the south half of Section 19, the remaining
19 three quarters of Section 20, the remaining three quarters
20 of Section 17, and also the remaining three quarters of Sec-
21 tion 18, and Section 24, along with the south -- excuse me,
22 along with the southeast quarter of Section 13.

23 Now Section 24 and Section 13 are in Range
24 11 West, rather than 10 West, or the next township over,
25 range over, and we're trying to acquire drilling permits

1
2 Township 18 North, Range 10 West, Section 18, the southeast
3 one quarter; Section 17, the southwest one quarter; Section
4 19, the north half; and in Section 20, the northwest one
5 quarter.

6 Also shown on this map are some drill holes
7 concentrated in the southern half of the southeast quarter
8 of Section 18. Three of these at the present time are active
9 oil wells, the rest of them are not.

10 Q Mr. Dutcher, are the pool boundaries as
11 depicted on Exhibit One consistent with the pool boundaries
12 as defined by the Oil Conservation Division?

13 A Yes, they are.

14 Q Would you briefly review what plans S & J
15 has for acquiring other acreage in the area?

16 A Well, at the present time S & J Oil Com-
17 pany is negotiating with companies or individuals who own
18 the other half, the south half of Section 19, the remaining
19 three quarters of Section 20, the remaining three quarters
20 of Section 17, and also the remaining three quarters of Sec-
21 tion 18, and Section 24, along with the south -- excuse me,
22 along with the southeast quarter of Section 13.

23 Now Section 24 and Section 13 are in Range
24 11 West, rather than 10 West, or the next township over,
25 range over, and we're trying to acquire drilling permits

1
2 in all this area that I mentioned.

3 Q Where is the discovery well in this field?

4 A I can't pinpoint it exactly but it's re-
5 corded as being in the southeast one quarter of the southeast
6 quarter of Section 18.

7 Q And when was that well drilled?

8 A In 1911.

9 Q Do you know who drilled the well?

10 A A gentleman by the name of Henry F. Brock
11 drilled the well. He was attempting to make a water well on
12 what was at the time a homestead. This quarter section is
13 still a homestead area, and instead of getting water, he
14 got water polluted with oil and some gas.

15 Q And what records are available concerning
16 the Brock well?

17 A There are no records at all.

18 Q And what is the current status of that well?

19 A Abandoned.

20 Q Will you please refer to what has been
21 marked as Exhibit Number Two and review this for the Examiner?

22 A Exhibit Number Two is a report compiled by
23 Bruce Black for the Colorado Plateau Geological Services,
24 Incorporated, and basically he goes over the geology of the
25 area, sets it in the Menefee formation, gives you some -- or

1
2 gives you a whole bunch of non-information, basically what
3 it amounts to, and the discovery well and completion practices,
4 estimates reservoir data, and gives you a history of the --
5 of the Seven Lakes-Menefee Field as of -- up to the present
6 time, various attempts of people to produce or promote the
7 field, all of which have been less than successful, and on
8 the second page is a map showing his interpretation of the
9 Isopached area of what he calls the 300-foot sand. It's a
10 pay sand 300 feet below the surface, and also a log of -- a
11 structure map, excuse me, a log of a well drilled by World-
12 wide Petroleum Corporation, which in Section 19.

13 And this is the total amount of information
14 that S & J Oil Company was able to gather on this field un-
15 til we moved in and tried to do some work of our own.

16 Q You cannot verify the accuracy of this
17 data, is that correct?

18 A No, I can't.

19 Q You're only offering it as the only data
20 that was available on the field.

21 A That's true.

22 Q Have you attempted to confirm any of the
23 information presented in this --

24 A Yes.

25 Q -- paper?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A We're attempting to do so now.

Q And how successful have you been in that effort?

A Not very. Some of the holes that were supposedly drilled to some depth, we tried to find the bottom on those and they were either shorter than was published or they were plugged to the point we couldn't get in them any more, and then we couldn't correlate any of the logs, so actually, we're going to have to basically start from scratch.

Q And that is the reason you've requesting temporary rules to enable you to collect some reliable data, is that correct?

A Yes. S & J Oil Company feels that probably within a period of 24 months we can get some information and perhaps make a more profitable field in this area.

Q Would you summarize for Mr. Stamets the recent activity of S & J in this area?

A Mr. Stamets, what we've done in this area basically is gone back into some of the old holes that were there. There are some holes that are cased in the area that were supposed to be water injection wells. We tried to get some information on these wells by logging through the casing to see if we could make some correlation with some of the other information that we have.

1
2 We also applied for and received a permit
3 to drill two holes in this quarter section, and we did drill
4 one of them to 500 feet and logged it, and we were going to
5 core that hole but for economic reasons we did not, and the
6 log that we have of these water injection wells and the well
7 that we drilled so far is all the information we're acquired.

8 Q And Exhibit Number Three is a copy of your
9 Application for Permit to Drill?

10 A Yes, this is an Application for Permit to
11 Drill the hole we called S & J No. 2, and that's the one I
12 just discussed with Mr. Stamets.

13 Q And then Exhibit Number Four is a copy of
14 the log on that well?

15 A Exhibit Number Four is a copy of -- a par-
16 tial copy of the log, showing the area where we did hit an
17 oil sand that I feel we can make a producing well out of,
18 although it's going to be two barrels a day or less, and at
19 the price of oil today, we feel that we can economically
20 operate this and other wells in the area similar to this. we
21 could make a paying deal.

22 Q Do you operate other wells in this field?

23 A Yes, sir, we do. We operate three other
24 wells in the field, the Ferris No. 1, the Ferris No. 1-A,
25 and the Ferris No. 2, and I have these wells plotted on a

1
2 Mylar, sir, if you care to look at them. These wells were
3 not drilled by us and they had pumpjacks on them already when
4 we took over the lease.

5 The Ferris No. 1-A was drilled in 1974.
6 I'm going to give this to you, if you want it.

7 MR. STAMETS: Let me just walk down there.

8 A Okay. These are -- this is the southeast
9 quarter of Section 18, right here, scale of one inch equal
10 to 400 feet.

11 This well right here, the Ferris 1-A was
12 drilled in 1974, and I did manage to find some logs and a
13 drilling record on it.

14 The well, the Ferris No. 1 and the Ferris
15 No. 2 were drilled in the middle 1960's, approximately 400
16 feet deep. This well was perforated at 326 feet, I believe.

17 And these are the only three wells right
18 now that are producing any oil at all. Total production of
19 these wells, I'm guessing, is probably 4 barrels to 6 barrels
20 a day, maybe less, and these other wells here were just put
21 in for a reference point.

22 MR. STAMETS: I wish you would make a Xeroxed
23 copy --

24 A Okay, sure.

25 MR. STAMETS: -- of this and submit it sub-

1
2 sequent to the hearing.

3 A All right, sir, certainly will.

4 MR. STAMETS: Just simply a Xerox of that
5 portion of that plat will be sufficient.

6 A Okay.

7 MR. STAMETS: 8-1/2 by 11.

8 A All right, whatever is handy, I'll do that
9 for you, sir.

10 MR. CARR: Mr. Stamets, we'd like to mark
11 that as S & J Exhibit Number Six and we'll offer it at the
12 time we offer these exhibits and then bring it to you later
13 today, if that's all right.

14 MR. STAMETS: That will be fine.

15 Q Mr. Dutcher, were any problems encountered
16 in the completion of the S & J No. 2 Well?

17 A The S & J No. 2 Well is not yet completed.
18 It's drilled and right at the present time -- during the
19 drilling we encountered no unusual downhole pressures, no
20 difficulties. At the present time we're waiting on equipment
21 so we can set pipe on that hole.

22 Q And how do you propose to complete the well?

23 A We'll set 5-1/2 OD casing to a point of
24 about 370 feet, which we'll plug back to that point. We did
25 drill it to 500 feet, plug back to that point, set the pipe,

1
2 perforate in the zones that I have on Exhibit -- what is that
3 Exhibit number -- Exhibit Number Four, which is about 300 or
4 276 feet. The red area is where we'll perforate that, and
5 then set 2-3/8ths pipe inside of that outer casing, set a
6 pumpjack, and just a typical working barrel well -- or working
7 barrel pump inside, and produce the oil.

8 Q How would you characterize the production
9 rates obtained from the Menefee in this area?

10 A Well, probably we get very small production
11 out of an individual well.

12 Q And to what do you attribute that?

13 A The fact that, number one, we have very
14 lenticular type of sand. The saturation of the sand is less
15 than desirable, and also the fact that there's no -- no type
16 of drive at all in this field other than just gravity itself.
17 There's no gas drive or hydraulic drive at all.

18 Q And is that the reason that you're seeking
19 permission to drill these wells on very dense spacing?

20 A Yes, it is.

21 Q Now, how much water do you produce with the
22 oil and gas?

23 A The production of water compared to oil is
24 20 percent; for every five barrels of oil we produce, we
25 produce one barrel of water.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q Is that fresh water?

A The water hasn't been analyzed but it doesn't have any salty taste and there is a -- there is a windmill on the -- on this particular homestead that receives its water from the same zone that was used as drinking water, yes.

Q And what are you doing with the water that you produce?

A The water we produce is separated out in a separator and then just run off into an open pit.

Q Can you make an estimate for Mr. Stamets as to the number of acres that will be drained by each well in the Seven Lakes-Menefee Field?

A 2-1/2 to 3 acres.

Q How do you propose to lift the oil that's being produced?

A Well, at the present time we're just going to use a standard lifting procedure, the pumpjacks, and some mechanical pumps; however, we are contemplating at the present time putting -- actually putting submersible well-type pumps in. We'd eliminate the pumpjacks running on electrical power.

Q Would S & J be agreeable to the assignment of a 40-acre allowable to each 40-acre tract and the authorization to produce that allowable through any or all of the wells on that 40-acre tract?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

A Yes, we would.

Q How much did the No. 2 Well cost?

A At the present time the estimated cost of completion on the No. 2 Well would be \$17,500. We have approximately \$8500 invested in the hole at this time, and as I mentioned earlier, at the price of oil today, a 2-1/2 or 3 barrel a day production from this well will pay off, pay the well off in a year, which is one thing that we'd like to do.

Q You believe the economics would justify development of this field as you're proposing?

A Yes, if we can -- if we can drill these holes on a close enough centers in order to make it feasible.

Q Will you please refer to what's been marked as Exhibit Number Five and identify this for Mr. Stamets?

A Exhibit Number Five is a ruling made by the Oil Conservation Commission concerning the Shiprock-Gallup Pool, and I'd like to draw -- this was done in 1959, Order No. R-1438. I'd like to call your attention to Rule one, that the wells shall be located no nearer than 25 feet to the outer boundary of the quarter quarter section on which it was located, provided that in no event shall said well or wells be completed or recompleted nearer than 165 feet to the boundary of acreage owned by an offset operator, and that

1
2 nothing contained herein shall be construed as prohibiting
3 the location of a well because of its nearness to a previously
4 drilled well.

5 We are hoping to get a similar ruling on
6 this field.

7 Q If you develop this field, drilling wells
8 in a fashion consistent with proposed Rule one, in your opin-
9 ion would this impair the correlative rights of any other
10 operator in the area?

11 A No, it would not.

12 Q If this application is approved, will it
13 result in the production of hydrocarbons that otherwise would
14 not be produced?

15 A Yes, it will.

16 Q And that would prevent waste?

17 A Most assuredly.

18 Q Were Exhibits One through Five, presented
19 here today, and Exhibit Six, which we'll tender later, pre-
20 pared by you or compiled under your direction and supervision?

21 A Yes, they were.

22 MR. CARR: At this time, Mr. Stamets, we
23 would offer S & J Oil Company Exhibits One through Six into
24 evidence.

25 MR. STAMETS: These exhibits will be admitted.

1
2 MR. CARR: I have nothing further. That
3 concludes our direct examination.

4 MR. STAMETS: Mr. Dutcher, how many differ-
5 ent leases are represented in the pink shaded area on Exhibit
6 One?

7 A One.

8 MR. STAMETS: That's one basic lease?

9 A That's correct, sir.

10 MR. STAMETS: Okay, and I presume then that
11 the other acreage you intend to acquire will then be different
12 leases?

13 A Well, not exactly, sir, because all of --
14 all of this area, except for Section 24, is controlled by
15 Santa Fe Minerals, I believe, out of Amarillo; it's a subsi-
16 diary of the railroad, but the only problem we would have in
17 these areas would be different surface rights. Section 20
18 and Section 18, the remaining three quarters of that, are
19 controlled by the Navajo Tribe. Section 24 -- Section 24 is
20 also, I'm sorry.

21 Section 17 and the south half of Section 19
22 are controlled in their entirety by Santa Fe Mining.

23 MR. STAMETS: What sort of surface activities
24 are going on out there? Is it irrigated farmland, or grazing?

25 A No, sir. As a matter of fact, this whole

1
2 area is referred to as the Seven Lakes Ranch, and is presently
3 being leased by a gentleman who lives in Grants, New Mexico,
4 and he's running 1500 head of cattle on this area.

5 MR. STAMETS: And this is being leased from
6 the railroad?

7 A Yes.

8 MR. STAMETS: Okay. What distance, minimum
9 distance do you plan on drilling the wells?

10 A Minimum distance probably would be 25 feet.

11 MR. STAMETS: You may drill any number of
12 wells on a 40-acre tract but no closer than 25 feet to each
13 other?

14 A As long as we don't exceed the 40-acre
15 allotment.

16 MR. STAMETS: Okay. What -- what's the
17 biggest potential you've seen for any well out there?

18 A I don't understand what you mean, sir.

19 MR. STAMETS: How many barrels a day of
20 fluids?

21 A Probably the biggest potential at the pre-
22 sent time is the Ferris 1-A, which is -- it would run, pro-
23 bably, would probably make 4 barrels a day.

24 MR. STAMETS: That's total fluids.

25 A That's true, and this particular well is

1
2 making about four percent water, so this one is mostly crude
3 oil.

4 Now the other two wells were completed in
5 a barefoot manner, so they get a lot more water. Of course
6 we're not going to complete any of our wells in that way.

7 MR. STOGNER: Does that Ferris 1-A, 4 bar-
8 rels, does that produce any gas or do you expect it to pro-
9 duce any gas?

10 A No, none of these wells are producing any
11 gas at all.

12 MR. STAMETS: Would you characterize this
13 as a salvage operation more than as a standard oil and gas
14 production operation?

15 A Well, when pressed to make an answer to that
16 question, sir, I'd like to refer to all these wells as
17 stripper wells, so I would have to say yes.

18 MR. STAMETS: Okay. Any other questions of
19 the witness? He may be excused.

20 Anything further in this case?

21 MR. CARR: Nothing further.

22 MR. STAMETS: The case will be taken under
23 advisement.

24
25 (Hearing concluded.)

C E R T I F I C A T E

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

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7519 heard by me on 8-9 1952.

Richard H. Plam Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

1 Dec 1952

Bureau No. New Mexico 87591

Phone (505) 655-7427

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

26 May 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of S&J Oil Company for
special pool rules, McKinley County,
New Mexico.

CASE
7519

BEFORE: Daniel S. Nutter

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:

William F. Carr, Esq.
CAMPBELL, BYRD, & BLACK P.A.
Jefferson Place
Santa Fe, New Mexico 87501

1
2 MR. NUTTER: Call next Case Number 7519.

3 MR. PEARCE: That is the application of
4 S&J Oil Company for special pool rules, McKinley County, New
5 Mexico.

6 MR. CARR: May it please the Examiner, my
7 name is William F. Carr, with the law firm Campbell, Byrd, and
8 Black, P. A., of Santa Fe, appearing on behalf of S&J.

9 The applicant requests that this case be
10 continued to the June 9 Examiner Hearing.

11 MR. NUTTER: Case Number 7519 will be con-
12 tinued to the Examiner Hearing scheduled to be held at this
13 same place at 9:00 o'clock a. m. June 9th, 1982.

14
15 (Hearing concluded.)
16
17
18
19
20
21
22
23
24
25

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the examiner hearing of Case No. 7519
heard by me on 5/26 19 87.
[Signature] Examiner
Oil Conservation Division

SA L. L. BOYD, C.S.R.

No. 1 Box 103-B

Marine Pk., New Mexico 87201

Phone (505) 433-7400

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

EXAMINER HEARING

IN THE MATTER OF:

Application of S & J Oil Company for
special pool rules, McKinley County,
New Mexico.

CASE
7519

BEFORE: Daniel S. Nutter

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:

1
2 MR. NUTTER: The hearing will come to order,
3 please.

4 We'll call next Case 7519.

5 MR. PEARCE: That is the application of
6 S & J Oil Company for special pool rules, McKinley County,
7 New Mexico.

8 MR. NUTTER: Is there anyone here for
9 S & J Oil Company?

10 We'll continue this case to the Examiner
11 Hearing scheduled to be held at this same place at 9:00 o'clock
12 a. m. May 26, 1982.

13
14 (Hearing concluded.)
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

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

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2512 heard by me on 4/28 1982.

[Signature] Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 192-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1
2 STATE OF NEW MEXICO
3 ENERGY AND MINERALS DEPARTMENT
4 OIL CONSERVATION DIVISION
5 STATE LAND OFFICE BLDG.
6 SANTA FE, NEW MEXICO
7 31 March 1982

8 EXAMINER HEARING

9 IN THE MATTER OF:

10 Application of S & J Oil Company
11 for special pool rules, McKinley
12 County, New Mexico.

CASE
7519

13 BEFORE: Daniel S. Nutter

14
15 TRANSCRIPT OF HEARING

16
17 A P P E A R A N C E S

18
19 For the Oil Conservation
20 Division:

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

21
22
23 For the Applicant:
24
25

1
2 MR. NUTTER: Call Case Number 7519.

3 MR. PEARCE: The application of S & J
4 Oil Company for special pool rules, McKinley County, New
5 Mexico.

6 MR. DUTCHER: I'm Robert Dutcher with
7 S & J Oil Company. Robert Dutcher, D-U-T-C-H-E-R.

8 And I have here about the total informa-
9 tion I can get on that Seven Lakes-Menefee Oil Field. It's
10 a very old field, and very small.

11 MR. NUTTER: Now, first of all, Mr.
12 Dutcher, let's clear up just who you are and what interest
13 you have in this application --

14 MR. DUTCHER: Okay.

15 MR. NUTTER: -- of S & J Oil Company.

16 MR. DUTCHER: I'm the General Manager
17 for S & J Oil Company.

18 MR. NUTTER: Are you an owner of S & J?

19 MR. DUTCHER: No, sir, I'm not. I'm
20 an employee of S & J Oil Company, General Manager, representing
21 the applicant.

22 MR. NUTTER: I'm afraid, Mr. Dutcher,
23 that if you're not an owner of the company, you're not speaking
24 for yourself.

25 MR. DUTCHER: Okay.

1
2 MR. NUTTER: And under the rules of the
3 Attorney General's Office you cannot appear as a representa-
4 tive of the company unless you have an attorney.

5 MR. DUTCHER: Okay.

6 MR. NUTTER: So you will have to obtain
7 an attorney.

8 MR. DUTCHER: Either an attorney or an
9 owner, is that correct?

10 MR. NUTTER: That's correct.

11 MR. DUTCHER: I wish I'd of known that
12 before. I appreciate it very much and can I possibly --

13 MR. NUTTER: You might be able to find
14 an attorney and come back later this morning.

15 MR. DUTCHER: Okay, I'll see what I can
16 do.

17 MR. NUTTER: Fine, sir.

18 MR. DUTCHER: I appreciate your time.

19 MR. NUTTER: I'm sorry. So for the
20 time being we'll pass over Case Number 7519 and call Case
21 Number 7510.

22 (Case Number 7519 continued
23 until later in the day.)
24
25

1
2 MR. NUTTER: We'll call next Case Number
3 7519.

4 MR. PEARCE: Case 7519 is application
5 of S & J Oil Company for special pool rules, McKinley County,
6 New Mexico.

7 MR. EZZELL: Mr. Examiner, I'm Calder
8 Ezzell, with the Hinkle Law Firm in Roswell.

9 I'd like to enter an appearance on be-
10 half of the applicant, S & J Oil Company, and request that
11 this be continued to the April 28th meeting.

12 MR. NUTTER: Case Number 7519 will be
13 continued to the Examiner Hearing scheduled to be held at
14 this same place at 9:00 o'clock a. m. April 28, 1982.

15 MR. EZZELL: Thank you.

16
17 (Hearing concluded.)
18
19
20
21
22
23
24
25

CERTIFICATE

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

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Al. 1 Box 175-B

Galveston, Texas 77551

Phone (505) 455-7829

I do hereby certify that the foregoing is
a true and correct copy of the transcript in
the hearing held on the date of _____
heard in _____ on _____ 2/31 19 2519
_____, Examiner
Oil Conservation Division



BRUCE KING
GOVERNOR
LARRY LEMKE
COMMISSIONER

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2208
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
PHONE 827-2424

July 16, 1982

Mr. William F. Carr
Campbell, Byrd & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 7519
ORDER NO. R-7022

Applicant:

S & J 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 x
Artesia OCD x
Aztec OCD x

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. 7519
Order No. R-7022**

**APPLICATION OF S & J OIL COMPANY
FOR SPECIAL POOL RULES, McKinley
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 16th day of July, 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, S & J Oil Company, seeks the promulgation of special pool rules for the Seven Lakes-Menefee Oil Pool to provide for wells to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.
- (3) That said Seven Lakes-Menefee Oil Pool was discovered in 1911 at a depth of approximately 300 to 350 feet.
- (4) That wells in said pool have extremely low rates of production and expected ultimate recoveries.
- (5) That the proposed special rules and regulations may permit the production of oil from said pool which may be otherwise unrecoverable thereby preventing waste.
- (6) That approval of the application will not result in violation of correlative rights.

-2-

Case No. 7519
Order No. R-7022

(7) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That Special Rules and Regulations for the Seven Lakes-Menefee Oil Pool, McKinley County, New Mexico, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
SEVEN LAKES-MENEFEE OIL POOL**

RULE 1. Each well completed or recompleted in the Seven Lakes-Menefee Oil Pool or in the Menefee formation within one mile thereof, and not nearer to or within the limits of another designated Menefee oil pool, shall be located no nearer than 25 feet to the outer boundary of the quarter-quarter section on which it is located; provided, however, that in no event shall said well or wells be completed or recompleted nearer than 165 feet to the boundary of acreage owned by an offset operator.

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

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

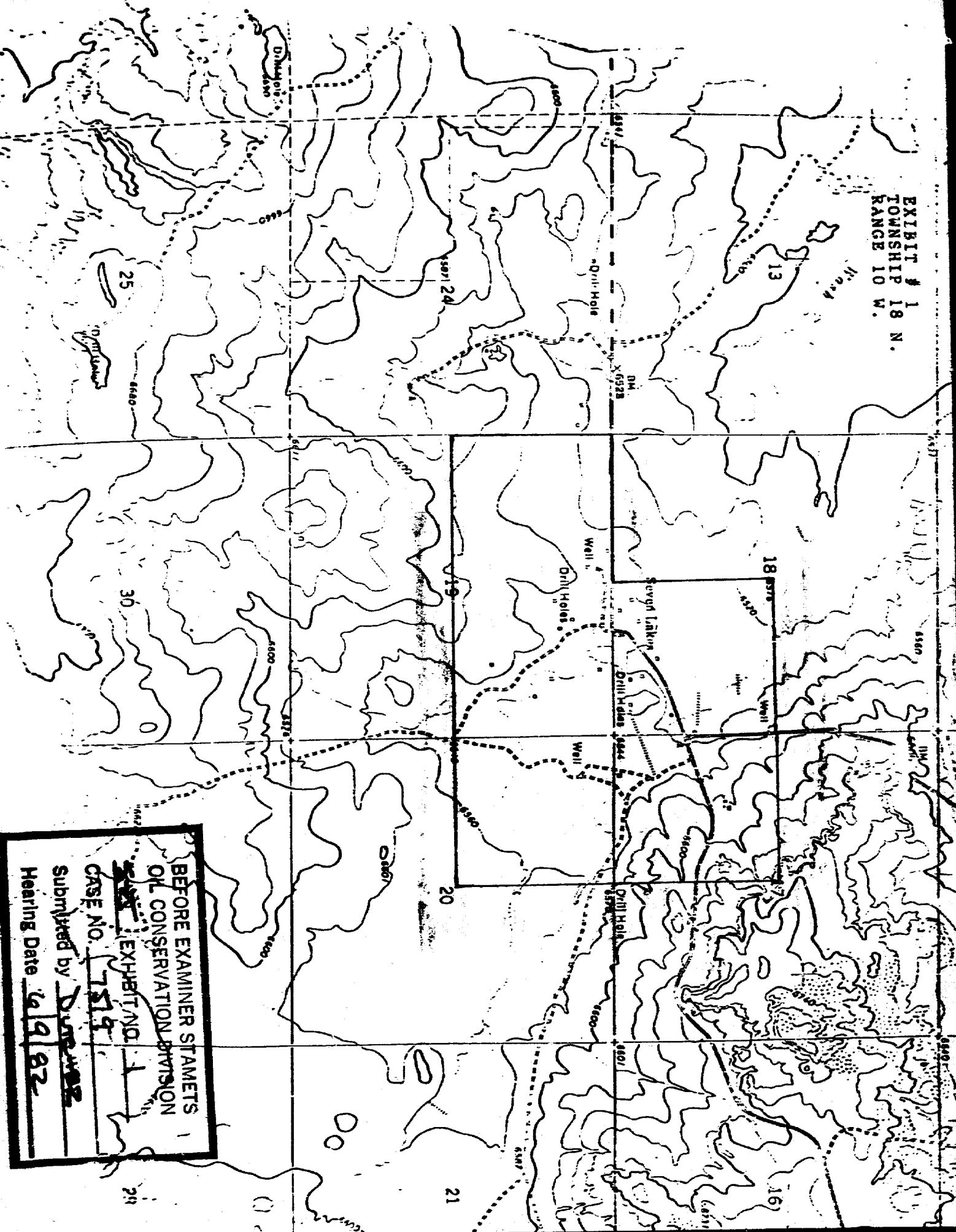
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

94/

EXHIBIT # 1
TOWNSHIP 18 N.
RANGE 10 W.



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
CASE NO. 7514
EXHIBIT NO. 1
Submitted by D. J. H. H. H.
Hearing Date 6/9/82

SEVEN LAKES MENEFFEE

SEVEN LAKES MENEFFEE

(Oil)

T. 18 N., R. 10 W., NMPM
McKinley County, New Mexico

By: Bruce A. Black

Colorado Plateau Geological Services, Inc.

GEOLOGY

Regional Setting: South flank of the San Juan Basin
Surface Formations: Cretaceous, Menefee Formation
Exploration Method Leading to Discovery: Accidental while drilling for water
Type of Trap: Stratigraphic
Producing Formation: Cretaceous, Menefee Formation
Gross Thickness and Lithology of Reservoir Rocks: 15 feet of nonmarine channel sandstone
Geometry of Reservoir Rock: Lenticular fluvial channel sandstones
Other Significant Shows: Minor shows in Menefee Formation both above and below pay section
Oldest Stratigraphic Horizon Penetrated: Jurassic, Morrison Formation

DISCOVERY WELL

Name: Water well drilled by Henry F. Brock
Location: SE¼ sec. 18, T. 18 N., R. 10 W., McKinley Co., New Mexico
Depth (KB): 6,550 feet (±)
Date of Completion: 1911 (day and month unknown)
Total Depth: Unknown, but probably not more than 350 feet
Production Casing: None
Perforations: None
Stimulation: None, well was drilled with cable tools and flowed gas and bailed unknown amount of oil and water
Initial Potential: Unknown (. . . "considerable amounts of . . . some oil. . . ")
Bottom Hole Pressure: Unknown

DRILLING AND COMPLETION PRACTICES

In the past, wells were completed by drilling through the pay and running casing to the top of the pay. Wells were completed "barefoot" using a cement basket on top of the pay zone. In the 1960's, the last completions were made by drilling through the pay and cementing 2½" tubing from total depth to surface and the wells were perforated in the pay zone and completed.

RESERVOIR DATA

Productive Area:
Proved (as determined geologically): 180 acres
Unproved: Unknown
Approved Spacing: 10 acres or less
No. of Producing Wells: 4
No. of Abandoned Wells: In excess of 50
No. of Dry Holes: Unknown

Average Net Pay: Unknown

Porosity: 29.1 percent (average)

Permeability: 229 millidarcies (average)

Water Saturation: 60 percent

Initial Field Pressure: Unknown

Type of Drive: Solution gas drive

Gas Characteristics and Analysis: Unknown, however, some gas is present

Oil Characteristics and Analysis: 29.7° API gravity; sulfur content is 0.82 percent, initial boiling point is 478°F

Associated Water Characteristics and Analysis: Total solids 2,054 mg/l, pH 8.75, resistivity 3,606 ohms at 76°F

Original Gas, Oil, and Water Contact Datums: Undetermined

Estimated Primary Recovery: Records indicate less than 1,300 BO, however, early records do not exist; probably less than 2,000 BO total

Type of Secondary Recovery: A pilot water flood was commenced in 1961 but abandoned in the same year after 30,000 barrels of water were injected with no appreciable results

Estimated Ultimate Recovery: Less than 4,000 BO

Present Daily Average Production: Less than 20 BO per month based on production from October 1972 to October 1978

Market Outlets: Crude oil is trucked to Farmington refineries, Plateau, Inc.

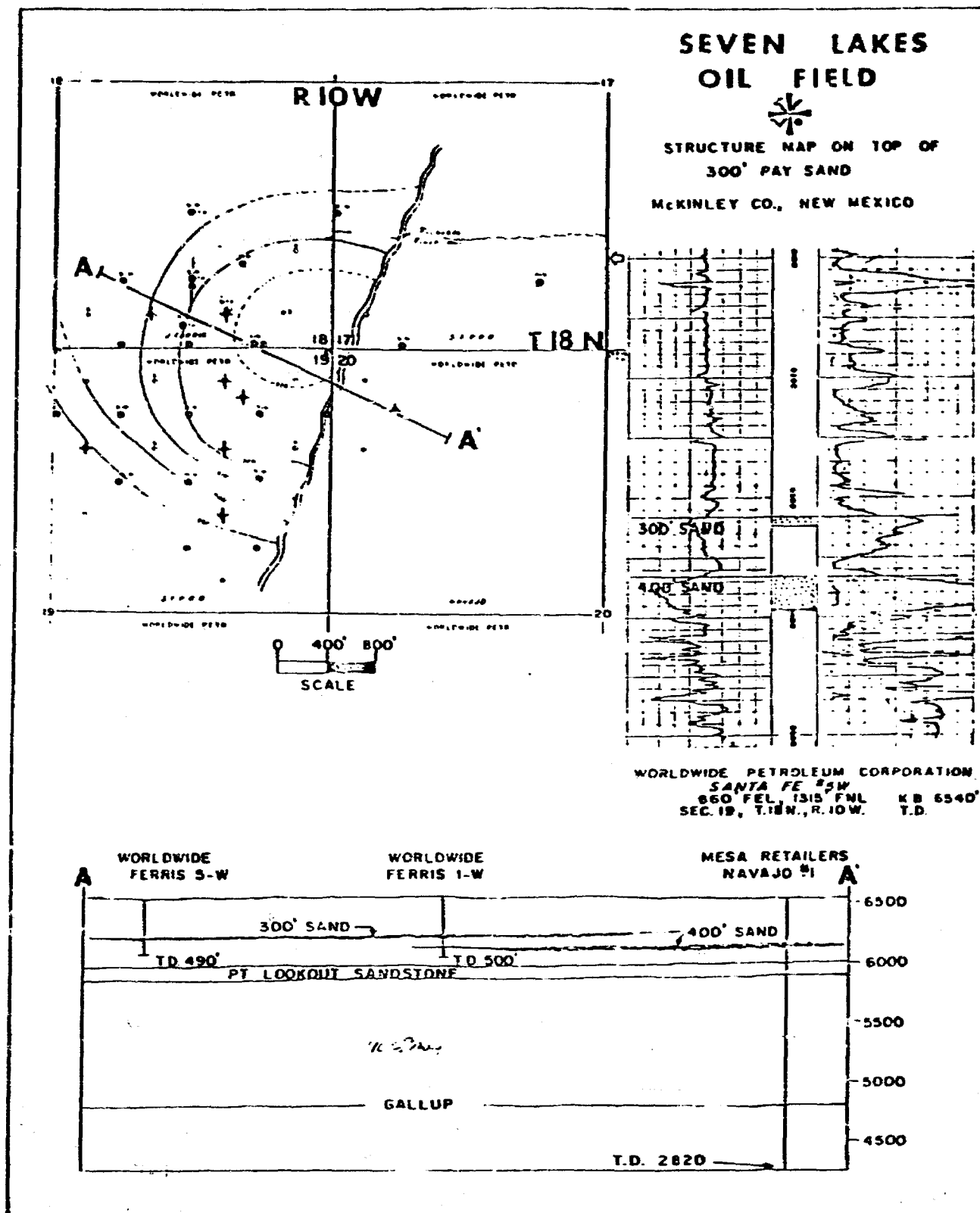
FIELD COMMENTARY

Seven Lakes was the first oil producing area in New Mexico. Oil was originally discovered accidentally in 1911 by Mr. Henry F. Brock while drilling a well for water in sec. 18, T. 18 N., R. 10 W. Following the accidental discovery, thousands of claims were located, and by the end of 1912 several wells were producing both oil and gas. Significant production was never established and the field was all but abandoned several times in the following years. By the early 1940's, over 30 shallow wells had been drilled within the area, but none had significant productive capacity. In 1961, a pilot water flood was commenced utilizing a five-spot pattern in the southeast quarter of section 18. The flood was abandoned after injection of 30,000 barrels of water yielded no significant increase in production. Several wells in the area have been drilled to the Jurassic, Morrison Formation in an attempt to find deeper pay sandstones, however, none of these deeper tests have been successful.

In the mid 1960's, a series of new wells was drilled to a depth of 500 feet and completed with 2½" tubing cemented from total depth to surface. At least two pay zones were established. One at approximately 300 feet and one at approximately 400 feet. Only one well, drilled in 1974, has been drilled since the mid 1960's. At the present time, only four wells are producing a small amount of oil. The total lease is averaging less than two barrels per day.

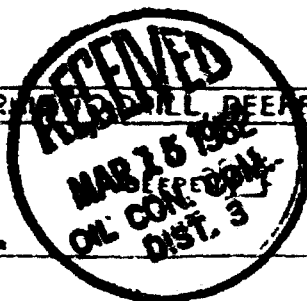
To date, over 50 wells, mostly old and without adequate records, have been drilled in the area. However, enough data is available to document the extreme lenticularity of the pay sandstones. The core data to date has shown oil saturation to

be less than desirable. Possible small scale flooding operations are tentatively planned in the near future by the present operators.



P. O. BOX 2088

SANTA FE, NEW MEXICO 87501



30-031-20778

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. Type of Well a. Type of Well b. Type of Well		2. Name of Operator S & J OIL COMPANY		3. Address of Operator P.O. BOX 310 GRANTS, NEW MEXICO 87020		4. Location of Well LAT. LETTER <u>N</u> LOCATED <u>330</u> FEET FROM THE <u>SOUTH</u> LINE AND <u>1320</u> FEET FROM THE <u>EAST</u> LINE OF SEC. <u>18</u> TWP. <u>NORTH</u> 10 WEST		5. State Oil & Gas Lease No. N/A		6. Unit Agreement No. N/A		7. Form of Lease Name FARRIS HOMESTEAD		8. Well No. S & J # 2		9. Field and Pool, or Wildcat SEVEN LAKES MENAFEE		10. County McKINLEY	
11. Proposed Depth 500'		12. Formation MENAFEE		13. Rotary or C.T. ROTARY		14. Estimated Cost (See Section 1, etc.) 6536.52 GL		15. Statewide Blanket USF & G-0130-945-77-5		16. Drilling Contractor JOE I SALAZAR DRILG INC		17. Approx. Date Work will start 03-23-82							

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
9 7/8"	7"	23 #	40'	CIRCULATE TO	SURFACE
6 1/2"	4 1/2"	11.7 #	500'	CIRCULATE TO	SURFACE

DRILL TO 40' AND SET NEW 7' CASING, CEMENTING WITH PORTLAND CEMENT CONTAINING NOT MORE THAN 2% CALCIUM CHLORIDE TO SPEED SETTING. CORE FROM 40' TO T.D. AT 500', USING A BENTONITE BASE MUD WITH SOME LIGNITE OR GILSONITE ADDITIVES. EXPECT TO ENCOUNTER WATER BEARING SANDS BETWEEN THE DEPTHS OF 45' and 75', AND THE SEVEN LAKES MEMBER AT 320' WHICH MAY PRODUCE OIL. IF CORE ANALYSIS INDICATES PROFITABLE PRODUCTION, THE HOLE WILL BE REAMED TO 6 1/2" and NEW 4 1/2" CASING WILL BE SET TO T.D. AND CEMENTED WITH PORTLAND CEMENT CONTAINING NOT MORE THAN 2% CALCIUM CHLORIDE.

DURING THE DRILLING ACTIVITIES, NO ABNORMAL PRESSURES OR TEMPERATURES ARE EXPECTED, WITH THIS WELL, SINCE NONE HAVE BEEN ENCOUNTERED IN THE PAST.

APPROVAL VALID
FOR 60 DAYS UNLESS
DRILLING COMMENCED
Oct. 1, 1982

1. GIVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTION AND PROPOSED PROGRAM. GIVE FLOWOUT PREVENTER PROGRAM, IF ANY.

2. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

By Robert M. D. L. Title Area Manager Date 03-12-82

(This space for State Use)

APPROVED BY Chad Johnson TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE APR 1 1982

3. SIGNATURE OF APPROVAL, IF ANY:

4-13 C104 L-1-5L

All distances must be from the outer boundaries of the Section.

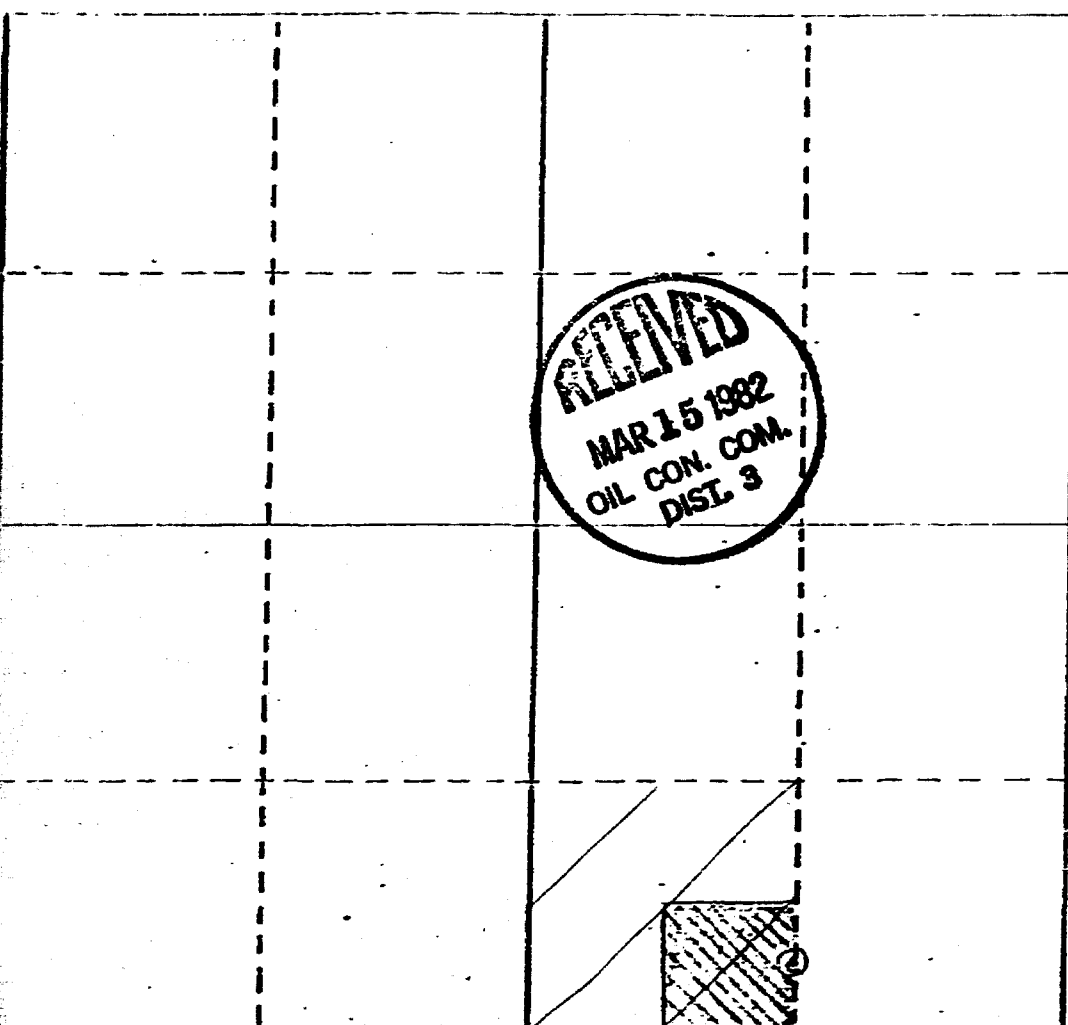
Company S & J OIL COMPANY			Lease FARRIS HOMESTEAD		Well No. S & J # 2
Unit Letter 0	Section 18	Township 18 N.	Range 10 W.	County McKINLEY	
Actual Footage Location of Wells 330 feet from the SOUTH line and 1320 feet from the EAST line					
Ground Level Elev. 6536.52	Producing Formation MENAFEE		Pool SEVEN LAKES MENAFEE		Dedicated Acres 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation HOMESTEAD - ONE OWNER

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

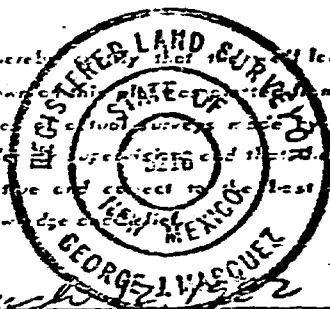


CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

R. L. M. D. L.
Name
General Manager
Position
S & J Oil Co
Company
03-12-82
Date

I hereby certify that the location shown on this plat is from field notes of a duly surveyed section or under a duly surveyed section and is true and correct to the best of my knowledge and belief.



March 15 1982
Date Surveyed
George J. Masquez
Registered Professional Engineer
and/or Land Surveyor

5216

Certificate No.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

S+5 EXHIBIT NO. 3

CASE NO. 7519

Submitted by DUTCHER

Hearing Date 6/9/82

EXHIBIT
4

250

PERFORATION
ZONE

OIL SAND

300

350

400

S & J OIL CO.

WELL # 2

250 - 270	SHALE & SAND STRINGERS
270 - 276	SANDY MUDSTONE AND COAL
276 - 300	OIL SAND 276' - 300' HAS GOOD FLUORESCENT PROPERTIES & ODOR
300 - 310	FLUORESCES SLIGHTLY, NO ODOR
310 - 330	SANDY SHALE, MUDSTONE & SANDSTONE STRINGERS
330 - 360	WATER SAND 360' SAMPLE FLUORESCES SLIGHTLY
360 - 390	SANDY SHALE
390 - 500	SANDY SHALE STRINGERS WITH GOOD WATERSANDS AT THE 400 AND 450 FOOT LEVELS

RECOMMENDATIONS: PLUG BACK WELL TO 370'.

SET 5 ½" OD 8 ROUND CASING TO BOTTOM & CEMENT, TO SURFACE
WITH LIGHT SLURRY.

PERFORATE PAY ZONE FROM 376' TO 283' USING 4½" GUN, 4 HOLES
PER FOOT.

GENERAL MANAGER

Robert M. Dutcher

ROBERT M. DUTCHER

SHIPROCK-GALLUP POOL
San Juan County, New Mexico

Order No. R-1438, Adopting Rules for the Shiprock-Gallup Oil Pool, San Juan County, New Mexico, July 15, 1959, as Amended by Order No. R-3284, July 27, 1967.

Application of Universal Oil Corporation for the creation of a new oil pool for Gallup Production in Sections 16 and 17, Township 29 North, Range 18 West, San Juan County, New Mexico, and for certain exceptions to Rules 104 and 107 for wells in said pool.

CASE NO. 1697
Order No. R-1438

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 8:00 o'clock a.m. on June 24, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 15th day of July, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

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

(2) That on the basis of a discovery well drilled 1980 feet from the North line and 2310 feet from the East line of Section 17, Township 29 North, Range 18 West, NMPM, San Juan County, New Mexico, to a depth of less than 100 feet, the applicant, Universal Oil Corporation, seeks an order creating a new pool for Gallup production to be known as the Shiprock-Gallup Oil Pool and to comprise the N/2 and the N/2 S/2 of Section 16 and the N/2 and N/2 S/2 of Section 17, Township 29 North, Range 18 West, NMPM, San Juan County, New Mexico.

(3) That only the SE/4 NW/4 and the SW/4 NE/4 of said Section 17 have been proven productive of oil from the Gallup formation and the Shiprock-Gallup Oil Pool should encompass this acreage only.

(4) That the applicant seeks an exception to Rule 104 of the Commission Rules and Regulations to provide that wells drilled in said Shiprock-Gallup Oil Pool may be located 165 feet from the outer boundary line of the quarter-quarter section on which they are located and to provide that they may be located 300 feet from the nearest well producing from the same common source of supply.

(5) That the applicant further seeks an exception to Rule 107 of the Commission Rules and Regulations to authorize stim-hole completions in said Shiprock-Gallup Oil Pool.

(6) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production be and the same is hereby created and designated as the Shiprock-Gallup Oil Pool, consisting of the following-described acreage:

TOWNSHIP 29 NORTH, RANGE 18 WEST, NMPM
Section 17: SE/4 NW/4 and SW/4 NE/4

(2) That for allowable purposes, the 40-acre proportional factor for pools from 0 to 5000 feet shall apply to said Shiprock-Gallup Oil Pool.

(3) That special rules and regulations for said Shiprock-Gallup Oil Pool be and the same are hereby promulgated as hereinafter set forth.

**SPECIAL RULES AND REGULATIONS
FOR THE
SHIPROCK-GALLUP OIL POOL**

RULE 1. (As Amended by Order No. R-3284, July 27, 1967.) Each well completed or recompleted in the Shiprock-Gallup Oil Pool or in the Gallup formation within one mile thereof, and not nearer to or within the limits of another designated Gallup oil pool, shall be located no nearer than 25 feet to the outer boundary of the quarter-quarter section on which it is located; provided, however, that in no event shall said well or wells be completed or recompleted nearer than 165 feet to the boundary of acreage owned by an offset operator.

That nothing contained herein shall be construed as prohibiting the location of a well because of its nearness to a previously drilled well.

RULE 2. The Secretary-Director shall have authority to grant exceptions to Rule 1 without notice and hearing where an application therefor has been filed in due form and the necessity for the exception is based on topographical conditions.

(SHIPROCK-GALLUP POOL - Cont'd.)

Applicants shall furnish all operators owning acreage within 330 feet of the proposed location a copy of the application to the Commission and shall stipulate to the Commission that proper notice has been furnished to all such operators. The Secretary-Director may approve the application if, after a period of twenty (20) days, no such operator has objected. The Secretary-Director may grant immediate approval upon receipt of waivers of objection from all such operators.

RULE 3. The slim-hole method of completion may be utilized in the Shiprock-Gallup Oil Pool, provided, however, that the tubing used as a substitute for casing shall be no smaller than 2-3/8 inch OD and no larger than 2-7/8 inch OD and shall be set at least to the top of the productive interval in the well; provided, further, that cement shall be circulated to the surface.

RULE 4. No 40-acre proration unit shall produce in excess of the 40-acre top unit allowable for wells in the 0-5000 foot depth range in Northwest New Mexico.

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

FOUR LAKES-DEVONIAN GAS POOL
(Field Reclassified)
Lea County, New Mexico

Order No. R-1371, Reclassifying from Oil to Gas the Four Lakes-Devonian Pool, Lea County, New Mexico, April 17, 1959.

Application of Humble Oil & Refining Company for an order reclassifying the Four Lakes-Devonian (Oil) Pool in Lea County, New Mexico, as a Gas Pool.

CASE NO. 1621
Order No. R-1371

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. March 25, 1959, at Santa Fe, New Mexico, before

Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 17th Day of April, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

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

(2) That Humble Oil & Refining Company, the operator of certain wells in the Four Lakes-Devonian (oil) Pool in Lea County, New Mexico, seeks the reclassification of said pool from an oil pool to a gas pool.

(3) That while in certain respects the Four Lakes-Devonian (oil) Pool does not possess the characteristics generally attributable to a gas pool, the preponderance of the evidence presented indicates that said pool is a gas pool.

(4) That the said Four Lakes-Devonian (oil) Pool should be reclassified as a gas pool and should be produced in such a manner as to prevent reaching the dew point prematurely.

IT IS THEREFORE ORDERED:

(1) That the Four Lakes-Devonian (oil) Pool in Lea County, New Mexico, be and the same is hereby reclassified as a gas pool.

(2) That gas production from the Four Lakes-Devonian Gas Pool in any calendar month shall not exceed five million standard cubic feet of gas times the number of days in the month.

(3) That as of the effective date of this order all gas produced from the said Four Lakes-Devonian Gas Pool shall be put to beneficial use as required by Rule 404 of the Commission Rules and Regulations.

(4) That bottomhole pressure shall be measured after a 48-hour shut-in period during the months of April and October of each year until further order of the Commission and the results of such tests furnished to the Commission.

(5) That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or the protection of correlative rights.

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

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

345 EXHIBIT NO. 5

CASE NO. 7519

Submitted by DURMER

Hearing Date 6/9/82

2

18	17	19
	6544	20

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
S+J EXHIBIT NO. 6
CASE NO. 7519
Submitted by DURHAM
Hearing Date 6/9/82

Dockets Nos. 19-82 and 20-82 are tentatively set for June 23 and July 7, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JUNE 2, 1982
OT. CONSERVATION COMMISSION - 9 A.M.
MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

CASE 7522: (DE MOVO - Continued from May 17, 1982, Commission Hearing)

Application of Santa Fe Exploration Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the North and West lines of Section 14, Township 20 South, Range 25 East, Permian-Penn, Strawn, Atoka and Morrow formations, the W/2 of said Section 14 to be dedicated to the well.

Upon application of Chama Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7521: (DE MOVO)

Application of William B. Barnhill for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the South and West lines of Section 35, Township 19 South, Range 25 East, Permian-Penn, Strawn, Atoka and Morrow formations, the S/2 of said Section 35 to be dedicated to the well.

Upon application of Chama Petroleum Company and William B. Barnhill, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 17-82

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 9, 1982
9 A.M. MORGAN HALL, STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

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

CASE 7599: Application of Barber Oil Inc. for an Exception to Rule 705-A Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Rule 705-A of the Division Rules and Regulations to permit 37 temporarily abandoned injection wells in its Russell Pool waterflood project to remain inactive for a period of up to three years without the required cement or bridge plugs being installed therein to isolate the injection zone.

CASE 7600: Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers and Queen formations in the perforated interval from 3338 feet to 3448 feet in its Arnott-Ramsay (NCT-B) Well No. 4 located in Unit D of Section 32, Township 25 South, Range 37 East, Langlie Mattix Pool.

CASE 7548: (Continued from April 14, 1982, Examiner Hearing)

Application of Tahoe Oil & Cattle Co. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4932 feet to 4992 feet in its Schwalbe Well No. 1, located in Unit F of Section 21, Township 9 South, Range 37 East, West Sawyer-San Andres Pool.

CASE 7601: Application of Claude Walker for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the NE/4 NE/4 of Section 11, Township 10 South, Range 35 East.

CASE 7602: Application of Riqueza, Inc. for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil in the NE/4 of Section 26, Township 22 South, Range 29 East.

CASE 7603: Application of Riqueza, Inc. for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit the commercial disposal of produced brine into an unlined surface pit located near its proposed oil treating plant in the NE/4 of Section 26, Township 22 South, Range 29 East.

CASE 7519: (Continued from May 26, 1982, Examiner Hearing)

Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Manafee Oil Pool to provide for wells to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7604: Application of Rio Pecos Corporation 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 Pennsylvanian formation underlying the W/2 of Section 2, Township 19 South, Range 32 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 7605: 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 from the top of the Wolfcamp formation through the uppermost 100 feet of the Mississippian Chester Limestone underlying the W/2 of Section 35, Township 19 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 7606: Application of MTS Limited Partnership Company 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 base of the Abo formation underlying the NW/4 of Section 5, Township 7 South, Range 26 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 7592: (Continued from May 26, 1982, Examiner Hearing)

Application of OROCO for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Mesa Verde formation underlying the E/2 of Section 20, Township 32 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7586: (Continued and Readvertised)

Application of Standard Resources Corp. for designation of a tight formation, Chaves and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Abo-Wolfcamp formation underlying all or portions of Township 15 South, Ranges 23 through 25 East, Township 19 South, Range 20 East, and Township 20 South, Range 20 East, all in Chaves County; in Eddy County: Township 16 South, Ranges 23 through 26 East, Township 17 South, Ranges 21, 23, 24, and 25 East, and Township 18 South, Ranges 21, 23, 24 and 25 East, Township 19 South, Ranges 21, 23 and 24 East, and Township 20 South, Ranges 21, 23 and 24 East, containing 460,800 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CASE 7607: Application of El Paso Natural Gas Company for the abolishment of the Blanco-Pictured Cliffs Pool and the expansion of the South Blanco-Pictured Cliffs Pool in Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks the abolishment of the Blanco-Pictured Cliffs Pool and the expansion of the horizontal limits of the South Blanco-Pictured Cliffs Pool to include the abolished acreage.

Also to be considered will be the appropriate method for institution of gas prorationing for wells effected by the change in pool designation.

CASE 7608: Application of Tenneco Oil Company for designation of a tight formation, San Juan County, New Mexico. Pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 CFR Section 271. 701-705, applicant, in the above-styled cause, seeks the designation as a tight formation of the Dakota Producing Interval underlying the following described lands:

All of:

Sections 1 thru 6, Township 29 North, Range 8 West;

Sections 1 and 2, Township 29 North, Range 9 West;

Sections 1 thru 18 and Section 24, Township 30 North, Range 10 West;

Sections 7 thru 9, 16 thru 21 and 25 thru 36, Township 32 North, Range 7 West;

All sections, Township 32 North, Range 8 West; and

All sections, Township 32 North, Range 9 West;

Also:

All of Township 30 North, Range 8 West except Sections 3 thru 5 and Section 35;

All of Township 30 North, Range 9 West except Sections 31 thru 34;

All of Township 31 North, Range 8 West except Section 32; and

All of Township 31 North, Range 9 West except Sections 27 and 28

containing 149,760 acres, more or less.

CASE 7609: 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 Eddy County, New Mexico, classified as a gas pool for Middle Bell Canyon production and designated as the Brushy Draw-Middle Bell Canyon Gas Pool. The discovery well is the J. C. Williamson EP-USA Well No. 2 located in Unit O of Section 26, Township 26 South, Range 29 East, NMPM. Said Pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 26: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Leggy-Bone Spring Pool. The discovery well is the Amoco Production Company State LT Well No. 1 located in Unit X of Section 32, Township 21 South, Range 33 East, NMPM. Said Pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM
Section 32: SW/4

- (c) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the White Ranch-Atoka Gas Pool. The discovery well is the Depco, Inc. White Ranch Unit Well No. 1 located in Unit-F of Section 8, Township 13 South, Range 30 East, NMPM. Said Pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 30 EAST, NMPM
Section 8: W/2

- (d) EXTEND the Austin-Mississippian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 5: N/2 and SW/4

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

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NNPM
Section 18: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NNPM
Section 8: S/2

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NNPM
Section 6: S/2

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NNPM
Section 34: N/2
Section 35: N/2

- (i) EXTEND the Crooked Creek-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NNPM
Section 3: S/2
Section 10: N/2

- (j) EXTEND the EK Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NNPM
Section 9: SW/4

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

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NNPM
Section 22: S/2 NW/4

- (l) EXTEND the Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

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

- (m) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NNPM
Section 31: S/2

- (n) EXTEND the Hoag Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NNPM
Section 34: N/2

- (o) EXTEND the House-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NNPM
Section 35: SE/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NNPM
Section 2: NE/4

EXAMINER HEARING - WEDNESDAY - JUNE 9, 1982

EXAMINER HEARING - WEDNESDAY - JUNE 9

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

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NEPM
Section 19: S/2

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

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NEPM
Section 35: S/2

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NEPM
Section 5: All

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NEPM
Section 6: S/2

- (t) EXTEND the Maljamar-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NEPM
Section 28: E/2

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

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NEPM
Section 6: Lots 1, 2, 3, 4, 5, 6, 7, and 8

- (v) EXTEND the Sand Hills Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NEPM
Section 31: SE/4

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

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NEPM
Section 4: N/2

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

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NEPM
Section 35: NE/4

- (y) EXTEND the Travis-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NEPM
Section 13: N/2 NW/4

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NEPM
Section 27: E/2

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

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMEP
Section 13: All

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMEP
Section 4: SE/4
Section 11: W/2

Docket No. 18-82

DOCKET: EXAMINER HEARING - THURSDAY- JUNE 17, 1962

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1962, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for July, 1962, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Docket No. 15-82
Dockets Nos. 16-82 and 17-82 are tentatively set for June 9 and June 23, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

LOCKET: EXAMINER HEARING - WEDNESDAY - MAY 26, 1982

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

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

CASE 7588: Application of Caulkins Oil Company for a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit for Blanco Mesaverte production, comprising the NW/4, N/2 NE/4, and N/2 SW/4 of Section 16, Township 26 North, Range 6 West.

CASE 7589: Application of STA Oil Producers for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 80-acre non-standard oil proration unit, Northeast Lovington Penn Pool, comprising the SE/4 NE/4 and the NE/4 SE/4 of Section 11, Township 16 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon.

CASES 7554 and 7555: (Continued and Readvertised)

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 Drinkard formation underlying the lands specified in each case to form a standard 40-acre oil proration unit, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7554: NW/4 SW/4 Section 5, Township 20 South, Range 38 East

CASE 7555: SW/4 NW/4 Section 5, Township 20 South, Range 38 East

CASE 7590: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin Dakota and Florio Vista-Gallup production in the wellbore of its Payne 1-S, located in Unit P, Section 35, Township 31 North, Range 13 West.

CASE 7519: (Continued from April 28, 1982, Examiner Hearing)

Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Manafee Oil Pool to provide for well to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7573: (Continued from May 12, 1982, Examiner Hearing)

Application of Anadarko Production Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its West Square Lake Waterflood Project by the conversion to water injection of five wells located in Units J and M of Section 9, D and E of Section 10, and J of Section 3, all in Township 17 South, Range 30 East.

CASE 7591: Application of Texaco, Inc. for a tertiary oil recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Vacuum Grayburg-San Andres Pressure Maintenance Project to a polymer-augmented waterflood and, pursuant to Section 212.78 of the U. S. Dept. of Energy Regulations and Section 4993 of the Internal Revenue Code, seeks certification of said project as a qualified tertiary oil recovery project.

CASE 7592: Application of OMOCO for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Mesa Verde formation underlying the E/2 of Section 20, Township 32 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7593: Application of Western Reserves Oil Company 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 NW/4 of Section 30, Township 6 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 7562: (Continued from April 28, 1982, Examiner Hearing)

Application of Northwest Exploration Company for pool creation and special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup-Dakota oil pool for its Cavilan Well No. 1 located in Unit A of Section 26, Township 25 North, Range 2 West, with special rules therefor, including provisions for 160-acre spacing.

CASE 7564: (Continued from April 28, 1982, Examiner Hearing)

Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NW/4 of Section 30, Township 6 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 7582 thru 7585: (Continued from May 12, 1982, Examiner Hearing)

Application of Jack J. Grynborg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and protection unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7582: NW/4 Section 13, Township 6 South, Range 24 East

CASE 7583: NE/4 Section 13, Township 6 South, Range 24 East

CASE 7584: SW/4 Section 13, Township 6 South, Range 24 East

CASE 7585: NW/4 Section 24, Township 6 South, Range 24 East

CASE 7594: Application of Harvey E. Yates Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in that portion of the Bone Spring formation described as the Carbonate unit between the first and second Bone Spring Sands underlying the Young Deep Unit, encompassing 560 acres, more or less, of Federal lands underlying portions of Sections 3, 4, 9 and 10, Township 18 South, Range 32 East.

CASE 7595: Application of Harvey E. Yates Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project in the North Young-Bone Spring Pool by the injection of water into the perforated interval from 8444 feet to 8498 feet in its Young Deep Unit Well No. 2, located in Unit C of Section 10, Township 18 South, Range 32 East.

CASE 7445: (Continued from April 28, 1982, Examiner Hearing)

Application of Harvey E. Yates Company for an NGPA 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 7596: Application of Yates Drilling Company for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in the interval described below underlying the Loco Hills (Grayburg) Unit, encompassing 1060 acres, more or less, of Federal lands underlying portions of Sections 19, 20, 29 and 30, Township 18 South, Range 29 East.

The unitized interval would be from the top of the Grayburg formation to a point 30 feet below the base of the Loco Hills Sand formation, being the interval from 2,272 feet to 2,429 feet in the Yates Alcott Federal Well No. 1 located in Unit A of said Section 30.

CASE 7597: Application of Yates Drilling Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project on its South Loco Hills (Grayburg) Unit Area by the injection of water into the Grayburg formation through eight wells located in Sections 19, 20, 29, and 30, Township 18 South, Range 29 East.

CASE 7571: (Continued from May 12, 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 from the surface through the Abo formation underlying the SE/4 of Section 9, the SW/4 of Section 10, the SW/4 of Section 15, all in Township 6 South, Range 26 East, each to form a standard 160-acre spacing and production unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 7588: Application of AMR Production Company and Yates Petroleum Corporation for designation of a tight formation in San Miguel, Torrance, Guadalupe, De Baca, Lincoln and Chaves Counties, New Mexico.

Pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 CFR Section 271. 701-705, applicants, in the above-styled cause, seek the designation as a tight formation of the Abo formation underlying the following described lands in the above-named counties.

All of:

Townships 1 thru 4 North, Ranges 14 thru 27 East;

Townships 5 thru 11 North, Ranges 14 thru 26 East;

Township 1 South, Ranges 14 thru 27 East;

Townships 2 thru 5 South, Ranges 14 thru 21 East;

Townships 6 thru 11 South, Ranges 15 thru 21 East;

Township 12 South, Ranges 17 thru 21 1/2 East; and

Townships 13 and 14 South, Ranges 17 thru 21 East;

containing 5,168,563 acres, more or less, but excluding the not yet defined Capitan Wilderness Area.

EXAMINER HEARING - WEDNESDAY - APRIL 28, 1982

CASE 7458: (Continued from March 3, 1982, Examiner Hearing)

Application of Marks & Garner Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Bough C formation in the perforated interval from 9596 feet to 9616 feet in its Batenbough Well No. 2, located in Unit N of Section 12, Township 9 South, Range 35 East.

CASE 7561: Application of Franks Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North line and 1980 feet from the West line of Section 9, Township 21 South, Range 32 East, Mat Mesa-Morrow Gas Pool, the W/2 of said Section 9 to be dedicated to the well.CASE 7565: Application of Delta Drilling Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Mescalero Unit Area, comprising 719.77 acres, more or less, of State, Fee and Federal lands in Townships 9 and 10 South, Range 32 East.CASE 7544: (Continued and Readvertised)

Application of Dinero Operating 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 Morrow-Ellenberger well to be drilled 660 feet from the North and East lines of Section 20, Township 22 South, Range 28 East, the W/2 of said Section 20 to be dedicated to the well.

CASE 7562: Application of Northwest Exploration Company for pool creation and special pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Gallup-Dakota oil pool for its Gavilan Well No. 1 located in Unit A of Section 26, Township 25 North, Range 2 West, with special rules therefor, including provisions for 160-acre spacing.CASE 7519: (Continued from March 31, 1982, Examiner Hearing)

Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Manafee Oil Pool to provide for well to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7563: Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all Permian formations underlying the NE/4 NW/4 of Section 26, Township 16 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 7457: (Continued from March 16, 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 7564: Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NW/4 of Section 30, Township 6 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 7445: (Continued from March 16, 1982, Examiner Hearing - This Case will be continued to May 26, 1982)

Application of Harvey E. Yates Company for an MGPA 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.

Dockets Nos. 13-82 and 14-82 are tentatively set for May 12 and May 26, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - APRIL 22, 1982

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

CASE 7509: (Continued and Readvertised)

Application of Supron Energy Corporation for a non-standard proration unit or compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit for the Dakota and Mesaverde formations comprising the SW/4 of Section 2, Township 31 North, Range 8 West, or in the alternative, an order pooling all mineral interests from the surface down through the Dakota formation underlying the S/2 of said Section 2, 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 7535: (Continued and Readvertised)

Application of Jack J. Grynberg 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 SW/4 of Section 17, Township 6 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 7553: (Continued from April 14, 1982, Examiner Hearing)

Application of Fred Pool Drilling Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the SW/4 of Section 17, Township 6 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.

Docket No. 12-82

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 28, 1982

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

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

CASE 7560: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Charles H. Heisen, Fidelity and Deposit Company of Maryland, Surety, and all other interested parties to appear and show cause why the Crownpoint Well No. 1, located in Unit F, Section 18, Township 18 North, Range 13 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7469: (Continued from March 31, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H. M. Bailey & Associates, Commercial Union Insurance Company, and all other interested parties to appear and show cause why the following wells on the H. M. Bailey Lease, Township 21 South, Range 1 West, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program: In Section 10: Nos. 9 in Unit A, 9, 11, 12, and 13 in Unit B, 10 and 14 in Unit C; and No. 15 in Unit C of Section 9.

CASES 7524 THRU 7534: (Continued from March 31, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following 11 cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7524: SE/4 Section 2, Township 5 South, Range 24 East

CASE 7525: SW/4 Section 3, Township 5 South, Range 24 East

CASE 7526: NW/4 Section 3, Township 5 South, Range 24 East

CASE 7527: SE/4 Section 3, Township 5 South, Range 24 East

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7530: NW/4 Section 11, Township 6 South, Range 24 East

CASE 7531: SW/4 Section 11, Township 6 South, Range 24 East

CASE 7532: SE/4 Section 27, Township 6 South, Range 24 East

CASE 7533: SW/4 Section 27, Township 6 South, Range 24 East

CASE 7534: NW/4 Section 34, Township 6 South, Range 24 East

Dockets Nos. 10-82 and 11-82 are tentatively set for April 14 and April 28, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 31, 1982
9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

CASE 7469: (Continued from March 3, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H. M. Bailey & Associates, Commercial Union Insurance Company, and all other interested parties to appear and show cause why the following wells on the H. M. Bailey Lease, Township 21 South, Range 1 West, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program: In Section 10: Nos. 9 in Unit A, 9, 11, 12, and 13 in Unit B, 10 and 14 in Unit C; and No. 15 in Unit C of Section 9.

CASE 7497: (Continued and Readvertised)

Application of Parabo, Inc. for an oil treatment plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at its salt water disposal site in the SW/4 of Section 29, Township 21 South, Range 38 East.

CASE 7516: Application of Benson-Montin-Greer for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Canada Ojitos Unit Area, comprising 12,361 acres, more or less, of Jicarilla Apache Indian lands in Township 27 North, Range 1 West.

CASE 7517: Application of Anadarko Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 1450 feet from the South line and 1400 feet from the West line of Section 15, Township 22 South, Range 37 East, Penrose Skelly Pool, the NE/4 SW/4 of said Section 15 to be dedicated to the well.

CASE 7518: Application of Consolidated Oil & Gas Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the perforated interval from 8688 feet to 8856 feet in its Midway State Well No. 1, located in Section 8, Township 17 South, Range 37 East, Midway-Abo Pool.

CASE 7519: Application of S & J Oil Company for special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Seven Lakes-Menafee Oil Pool to provide for wells to be located not nearer than 25 feet to the quarter-quarter section line nor nearer than 165 feet to lands owned by an offset operator.

CASE 7510: (Continued from March 16, 1982, Examiner Hearing)

Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Penn formations underlying the W/2 of Section 10, Township 22 South, Range 32 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 7511: (Continued from March 16, 1982, Examiner Hearing)

Application of Buffton Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Devonian formations underlying the W/2 of Section 35, Township 16 South, Range 35 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 7520: Application of Lewis B. Burleson Inc. for compulsory pooling and a non-standard proration and spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalsat Pool underlying a 160-acre non-standard proration unit comprising the NW/4 of Section 15, Township 24 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 7521: Application of William S. Barnhill for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the South and West lines of Section 35, Township 19 South, Range 25 East, Permian-Penn., Strawn, Atoka and Morrow formations, the S/2 of said Section 35 to be dedicated to the well.
- CASE 7522: Application of Santa Fe Exploration Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the North and West lines of Section 14, Township 20 South, Range 25 East, Permian-Penn., Strawn, Atoka and Morrow formations, the W/2 of said Section 14 to be dedicated to the well.
- CASE 7523: Application of Robert W. Enfield for compulsory pooling and an unorthodox gas well location, 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 18, Township 19 South, Range 27 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North and East lines of said Section 18. 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 7524 THRU 7535: Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following 12 cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:
- CASE 7524: SE/4 Section 2, Township 5 South, Range 24 East
- CASE 7525: SW/4 Section 3, Township 5 South, Range 24 East
- CASE 7526: NW/4 Section 3, Township 5 South, Range 24 East
- CASE 7527: SE/4 Section 3, Township 5 South, Range 24 East
- CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East
- CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East
- CASE 7530: NW/4 Section 11, Township 6 South, Range 24 East
- CASE 7531: SW/4 Section 11, Township 6 South, Range 24 East
- CASE 7532: SE/4 Section 27, Township 6 South, Range 24 East
- CASE 7533: SW/4 Section 27, Township 6 South, Range 24 East
- CASE 7534: NW/4 Section 34, Township 6 South, Range 24 East
- CASE 7535: SW/4 Section 17, Township 6 South, Range 25 East
- CASE 7515: (Continued and Readvertised)
- Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Ranges 12 and 13 West, Township 28 North, Range 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL S. CAMPBELL
WILLIAM F. CARR
BRADFORD C. SERGE
WILLIAM G. WARDLE

MAY 19 1982

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

May 19, 1982

Mr. Joe D. Ramey
Director Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Case 7519: Application of S & J Oil Company for Special
Pool Rules, McKinley County, New Mexico

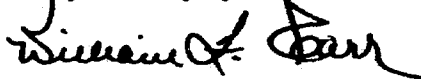
Dear Mr. Ramey:

Enclosed for filing in the above-referenced case is our Entry
of Appearance on behalf of S & J Oil Company.

S & J Oil Company requests that this case scheduled for
hearing on May 26, 1982 be continued to the examiner hearing
scheduled for June 9, 1982.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC:jh
w/enc.

cc: Mr. Bob Dutcher

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

IN THE MATTER OF THE APPLICATION
OF S & J OIL COMPANY FOR SPECIAL
POOL RULES, MCKINLEY COUNTY, NEW
MEXICO

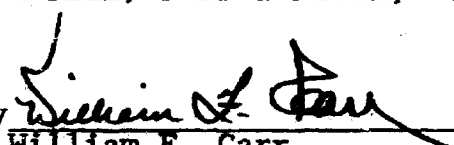
CASE 7581

ENTRY OF APPEARANCE

Comes now Campbell, Byrd & Black, P.A. and hereby enters
its appearance in the above-styled cause for S & J Oil Company.

CAMPBELL, BYRD & BLACK, P.A.

By


William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for S & J Oil Company

50756
MAY 19 1982

JOE I. SALAZAR DRILLING, INC.

P.O. Box 916
Grants, New Mexico 87020
(505) 237-2183



MR. DAN NETTER
OIL CONSERVATION COMMISSION
P.O. BOX 2088
SANTA FE NEW MEXICO, 87501

*Hearing
of Case 7519*

Dear Mr. Netter:

Concerning our phone conversation of March 4th, this letter is presented as a request to place on the docket of the commission a hearing for special pool rules in the Seven Lakes Menafee pool.

The description of the Seven Lakes pool is the SW $\frac{1}{4}$ of section 17, the SE $\frac{1}{2}$ of section 18, the North $\frac{1}{2}$ of section 19, and the NW $\frac{1}{4}$ of section 20, Township 18 North, range 10 West in McKinley County, New Mexico.

S & J Oil Company would like this variance to equal that of the Shiprock pool, also mentioned in our conversation of March 4th.

Very Truly Yours,

Robert M. Dutcher

Robert M. Dutcher
General Manager
S & J OIL COMPANY

RMD/rc

*to provide for wells to
be located not more
than 20 feet to the quarter
quarter section line
nor nearer than 100 feet
to acreage owned by oil
operator*

ROUGH

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. 7519

Order No. B-7022

Application of S & J Oil Company for special pool rules, McKinley County, New Mexico.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 9
19 82, at Santa Fe, New Mexico, before Examiner RLS
NOW, on this _____ day of _____, 19____, 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, S & J Oil Company,

seeks the promulgation of special pool rules for the Sever
Lake-Monafes Oil Pool to provide for wells to be located not nearer than 25 feet to the quarter-quarter
section line nor nearer than 165 feet to lands owned by an offset operator.

(3) That said Seven Lakes - Menefee Oil Pool was discovered in 1911 at a depth of approximately 300 to 350 feet.

(4) That wells in said pool have ~~very~~ extremely low rates of production and expected ultimate recoveries.

(5) That the proposed special rules and regulations may permit the ^{production} recovery of oil from said pool which may be otherwise unrecoverable thereby preventing waste.

(6) That approval of the application will not result in violation of correlative rights.

(7) That the application should be approved.

IT IS THEREFORE ORDERED

(1) That Special Rules and Regulations for the Seven Lakes - Menefee Oil Pool ~~in~~, McKinley County, New Mexico are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SEVEN LAKES - MENEFEE OIL POOL

Green Lake - member
Member RULE 1. Each well completed or recompleting in the Shiprock-Gallup Oil Pool or in the _____ formation within one mile thereof, and not nearer to or within the limits of another designated _____ oil pool, shall be located no nearer than 25 feet to the outer boundary of the quarter-section on which it is located; provided, however, that in no event shall said well or wells be completed or recompleted nearer than 165 feet to the boundary of acreage owned by an offset operator.

(2) Jurisdiction

3/31

Heard testimony on 3/31

14

and Court to Cape

read over used

oil well

the N 1/2 of

a 30-acre tract of 60 acres

comprising

the Easternmost of

the NW 1/4 of

sec. 15

Dismiss complaint

of this

pooling portion of

case