

CASE NO.

7522

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

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

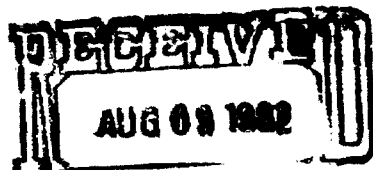
31 March 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Santa Fe Exploration  
Company for an unorthodox gas well  
location, Eddy County, New Mexico.

CASE  
7522



BEFORE: Daniel S. Nutter

OIL CONSERVATION DIVISION  
SANTA FE

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
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## A P P E A R A N C E S

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1  
2 MR. NUTTER: Call next Case Number 7522.

3 MR. PEARCE: Application of Santa Fe  
4 Exploration Company for an unorthodox gas well location,  
5 Eddy County, New Mexico.

6 MR. PADILLA: Mr. Examiner, Ernest L.  
7 Padilla, Santa Fe, New Mexico, on behalf of the applicant,  
8 Santa Fe Exploration Company, and I have possibly two wit-  
9 nesses who have been previously sworn and one has been qual-  
10 ified.

11 I would only use the one witness again  
12 on rebuttal, if necessary.

13 MR. NUTTER: All right, let the record  
14 show that those witnesses are still under oath.

15 How about your --

16 MR. CARR: Mr. Examiner, my name is  
17 William F. Carr, appearing on behalf of Chama Production  
18 Company. We have one witness who has previously been sworn.

19 MR. NUTTER: Let the record show that  
20 witness is still under oath.

21 You may proceed, Mr. Padilla.

22 MR. PADILLA: Call Mr. Barnhill.

23  
24 WILLIAM B. BARNHILL

25 being called as a witness and being previously sworn upon his

oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. PADILLA:

Q Mr. Barnhill, for the record would you please state your name and by whom you're employed?

A My name is William Barnhill. I'm a consultant geologist from Roswell, New Mexico.

Q Mr. Barnhill, what's the purpose of this case?

A The purpose of this is an unorthodox location in the north half of 14, Township 20 South, Range 25 East, Eddy County.

Q Mr. Barnhill, referring to what has been marked as Exhibit Number One, would you please identify what that is and what it contains?

A This is the same Isopach map we visited on the last session. It's proposed that a well be drilled 660 feet from the north and west lines of Section 14, and it's an Isopach map of the Morrow and I think we thoroughly discussed this a few minutes ago.

But if you'd like to have --

Q Go ahead, Mr. Barnhill. This is a different case and for the record state --

1  
2 A All right. This is a Morrow channel  
3 that runs slightly southeast through Township 20 South, 25  
4 East.

5 To the south of the proposed location  
6 there is production in what is known as Bubbling Springs  
7 Morrow and I believe that this channel will run -- run through  
8 and as depicted up into the north part of that township and  
9 to the south half of 19, 25.

10 Q Mr. Barnhill, the area colored in yellow  
11 is the proposed proration unit?

12 A Yes, it is.

13 Q And you would dedicate the well, your  
14 proposed well, to the north half of Section 14?

15 A Yes.

16 Q What is the yellow or the red line that  
17 is crossing the Isopach?

18 A The red line is an A-A' cross section,  
19 which is included in the material.

20 Q Is that Exhibit Number Two, Mr. Barnhill?

21 A Yes.

22 Q Would you please refer to that and to  
23 Exhibit Number One and explain the cross section?

24 A If you'll notice in Exhibit Number One,  
25 well, we really should start at A', which we've already visited

1  
2 with that well on another cross section, we've got the -- in  
3 Section 1 of 20, 25, the Gulf Shugart Well would be to the  
4 right of this cross section, showing very poor development  
5 of sands, no sands, actually. They're on the west bank of  
6 this proposed channel.

7 The center electric log is the Amoco  
8 Rio Siete Well, which has a very, very poor section. They  
9 also, in my interpretation, are on the -- they're on the east  
10 bank of this Boyd Channel. They did complete a well in the  
11 very basal part of the B Sand.

12 That cross section, then, is projected  
13 to the proposed location, the unorthodox location in 14, down  
14 to Section 23 with the Southern Union-Exxon Federal 2, that  
15 would be the last log on the left. There again you can see  
16 that the Morrow channel A and B Sand with a shale split in  
17 the middle is prevalent.

18 The reason for this proposed location  
19 is that we need to get away from the Amoco Rio Siete in Sec-  
20 tion 11. We need to go to the south and to the west to get  
21 into the channel proper.

22 That's essentially what this is supposed  
23 to represent.

24 Q Mr. Barnhill, referring to what has been  
25 marked as Exhibit Number Three, please tell us what that is

1  
2 and what it contains?

3 A Exhibit Three is a survey plat of a pipe-  
4 line that runs through Section 14 of Township 20 South, Range  
5 25 East. A standard location in 14, 1980 from the north and  
6 1980 from the west, would fall within -- it looks like on  
7 this plat would fall right on top of that pipeline, but I  
8 was out there with a surveyor and looked at it and it's 30  
9 feet away.

10 Q So you actually have a geographical ob-  
11 struction to the exact -- to the standard location?

12 A We wouldn't be -- well, yes. Yes, that  
13 geographical, I guess, would be the right term to use there.  
14 It's -- the pipeline runs right through the center of that  
15 1980/1980.

16 Q But your proposed location is based  
17 primarily on geology, is that correct?

18 A Yes, it is. The geological concept  
19 would be to, repeating myself, would be to get south and  
20 west of the Amoco Rio Siete, which did complete out of the  
21 basal B part, thinking that a better channel sand is found  
22 in the well like in 23 and the well in -- the wells in 26  
23 and 25, very, very similar. We have Isopach values in there  
24 which -- which would indicate that that, the best part of  
25 that channel is -- would be to the, for instance, like in

1  
2 Section 24, there is an American Quazar Well there. It's  
3 on the bank. It goes from just nothing into 50 and 60 foot  
4 sands in the Bubbling Springs area.

5 That sand bank in there would be in that  
6 channel and the Amoco Rio Siete in 11, as I said, is on the--  
7 it's on the east bank. We want to get south and west of that  
8 to try to encounter a better sand deposition in the channel.

9 Q Mr. Barnhill, you really in this case  
10 have even less well control than you had in the previous  
11 case, is that correct?

12 A That's correct. We can from Section 1,  
13 the Gulf Shugart, to 11 there and to the Amoco well, and it's  
14 a very poorly developed sand section. If that sand section  
15 in the channel is going to be present at all, it's going to  
16 be south and to the west, and we only really had one well  
17 in there that's close enough, and that would be the Rio  
18 Siete Well in 11; very poor well.

19 Q Mr. Barnhill, can you tell us something  
20 about the production of some of the wells in the area, and  
21 in this regard please refer to what has been marked as Exhibit  
22 Number Four?

23 A The Rio Siete Well in 1980 had produced  
24 93 -- 94-million cubic feet of gas. The attached November  
25 statement shows that the last producing date was October of

1  
2 '81. It's not producing at the present time.

3 A And that's the well in Section 11, is  
4 that correct?

5 A That's correct.

6 Q How about the other wells, the Southern  
7 Union Well in Section 23?

8 A The Southern Union Well in 23 is a dry  
9 hole and you'll notice on the cross section there, the sands  
10 are far superior in development as to the Amoco Well in 11.  
11 There again the sands are tight there; they did not produce.

12 The same sands, almost identical, are  
13 found in 26 and 25, and they do produce.

14 Q Mr. Barnhill, do you -- what's the lease  
15 expiration on Section 14? What's the land status?

16 A We have a critical lease in Section 14.  
17 The north half of the northwest goes out the 21st of next  
18 month.

19 Q Do you have a rig scheduled to drill a  
20 well at the proposed location?

21 A Yes, we do.

22 Q When is your rig date?

23 A The 14th.

24 Q Do you request an expeditious decision  
25 in this case by the Division?

1  
2 A Yes.

3 Q Referring to what has been marked as  
4 Exhibit Number Five, Mr. Barnhill, would you please tell us  
5 what that is and what it contains?

6 A Well, that is a certified copy of a  
7 top lease on Gulf's tract there in the north half of the  
8 northwest on which Charles Nearburg, or Chama Petroleum, have  
9 a top lease of that area.

10 Q On expiration of your lease who would  
11 own the lease on the north half of the northwest?

12 A Charles Nearburg.

13 Q Turning to what has been marked as Ex-  
14 hibit Number Six, would you tell us what that is and what  
15 it contains?

16 A Well, Six, in 14 the north half of 14  
17 is the 320-acre -- would be a 320-acre proration unit with  
18 the proposed location unorthodox from 660 from the north and  
19 west.

20 And Section 2 is Santa Fe Exploration's  
21 proration unit, which there currently is a well drilling  
22 1980 from the south and 660 from the west.

23 Q Mr. Barnhill, would drilling of this  
24 well help in developing and proving up the acreage in the  
25 area of Section 14 and possibly Section 15?



1  
2 A I think so. If this Boyd Channel, what  
3 is identified as the Boyd Channel, should come through there  
4 and in the north half of 15 and also parts of 10, it belongs  
5 to Chama.

6 Q It will certainly tell you if there is  
7 something, if you're in the middle of a channel or anywhere  
8 in the channel, wouldn't it?

9 A Yes, it would.

10 We do know that the well, the Amoco well  
11 in 11 is very poor -- the sand is very poorly developed and  
12 the production is corresponding. We feel that by going to  
13 the south and west better sands in the channel could be en-  
14 countered.

15 Q Mr. Barnhill, do you think that the pro-  
16 posed location is the optimum location to test the area be-  
17 tween the southern development of the channel and the northern  
18 development of the channel?

19 A Yes, I do. On the southern development,  
20 or Bubbling Springs, down in Sections 25 and 26, those sands  
21 are, as you can well see, they're -- there's a good pod of  
22 sand or thick sand in there, and it will continue, in my  
23 estimation, it will continue in that channel to the west,  
24 certainly wouldn't want to go east towards the American Quazar  
25 Well in Section 24, and there again, we'd like to stay away

1  
2 from the Amoco Rio Siete in 11; if it's in there, it's going  
3 to be in that direction.

4 Q What's the risk associated with drilling  
5 the well in Section 14 as you propose?

6 A The risk is fantastic. I mean it's just  
7 very risky at best.

8 Q How much will the well cost to drill?  
9 How much will it cost to drill a well in 14?

10 A \$800,000.

11 Q Do you have any dry hole contributions  
12 from anyone?

13 A No, sir.

14 Q Do you think a penalty should be assessed  
15 against the well?

16 A No, I don't.

17 Q Do you think that drilling the well there  
18 would allow you to recover, and assuming that it's a producing  
19 well, that it would allow Santa Fe Exploration to recover  
20 their equitable and fair share of production?

21 A Yes.

22 Q Do you believe that drilling the well  
23 at that location would impair correlative rights?

24 A No, I don't.

25 Q Why do you --

1  
2 A Well --

3 Q -- think that?

4 A The first thing, it is really a spooky  
5 deal from the standpoint that we don't know, we've just got  
6 one point there in 11 in the Amoco Rio Siete. Rights, we  
7 don't know, this could be very easily a dry hole, but hope-  
8 fully it would fall within the channel. If it feel within  
9 the channel as I've got it drawn, it would be to the benefit  
10 of any other leaseholder out there.

11 Q They could then drill offsets, is that  
12 the idea?

13 A They could drill offsets.

14 MR. PADILLA: Mr. Examiner, I have no-  
15 thing further, and we would tender Exhibits One through Six.

16 MR. NUTTER: Applicant's Exhibits One  
17 through Six will be admitted in evidence.

18 Are there any questions of the witness?

19 MR. CARR: Yes, sir.

20  
21 CROSS EXAMINATION

22 BY MR. CARR:

23 Q Mr. Barnhill, I direct your attention  
24 to Exhibit Number One, which is the Isopach.

25 A Right.

1  
2 Q Was this Isopach prepared for purposes  
3 of this hearing today?

4 A Yes, it was.

5 Q And had you previously prepared Isopachs  
6 for this area?

7 A Yes.

8 Q I'd like to hand you what has been marked  
9 Chama Exhibit Number Three and ask if you recognize that in-  
10 terpretation?

11 A Yes, I recognize it as my work.

12 Q And that interpretation differs somewhat  
13 from the interpretation in your Exhibit Number One?

14 A Yes, it does.

15 Q And was Exhibit Number Three prepared --  
16 an Isopach prepared by you of this area last year?

17 A This is Three?

18 Q Yes, sir.

19 A Well, I prepared an Isopach. Is that  
20 what your question is?

21 A Yes, sir. If you compared what has been  
22 marked as Exhibit Number Three and the Isopach which you of-  
23 fer, doesn't the one you've offered here today show less  
24 productive sand under Section 15 that had previously been  
25 indicated?

MR. NUTTER: Can we see the exhibit?

MR. CARR: Oh, I'm sorry, Mr. Nutter.

A Yes, it does. You see, in getting this original Chama Well drilled here in Three, which would be 1980 from the north and the east of Section 3, to be optimistic again, this is a possibility of the way it could have been. You you get back to actual facts, when you get down here to 14 you've got one well, the same well that's on this original Isopach, of 25 feet, in the Amoco well. You go from 25, I've got, of course, a 60-foot Isopach going through Sections 14, a corner of 14 there. That's just supposition. We only have one point there, 25 feet. We do know that the Bubbling Springs area to the south is thicker, but this would never be -- this Isopach here, the only way you'd ever find that out would be to drill a hole there.

Q If you were looking just at the two Isopachs, would it be fair to say that the Isopach offered today paints a less optimistic picture for the south -- for the north half of 15 than the original?

A I think it paints a more realistic picture.

Q Is it more or less optimistic?

A It's very realistic. This is very optimistic.

1  
2 Q You considered the original one opti-  
3 mistic. Would you consider the one you have offered today  
4 more pessimistic in the north half of 15?

5 A Well, this is, as I say, in all serious-  
6 ness, this is a very, very optimistic --

7 Q You're referring to Exhibit Three?

8 A To this exhibit.

9 Q Yes, sir.

10 A We have one point out there. I would  
11 like to think that this is possibly correct, but when you get  
12 down to the basic fact, we have one well in 11, a very poor  
13 well, very poor sand development, better sand development at  
14 Bubbling Springs to the south, possibly this channel will go  
15 through there and it will be good sands to the south, to the  
16 west of the Amoco well.

17 Q The new Isopach, though, doesn't look  
18 as good as the first one.

19 A No, but it's -- it's much more realistic,  
20 because we've just got one point.

21 Now, somebody else could draw this and  
22 they could put 200 feet in there, but this is actual based  
23 on, you might say, if you want to be conservative or what.

24 Q You have really very little control  
25 down here, don't you?

1  
2 A Yes, we have very little control.

3 Q And standard geological approaches to  
4 an area like this, you take the data that you have and you  
5 from that data interpret how the sands would be or the forma-  
6 tions would be, is that correct?

7 A That's right.

8 Q And so based on the data that you have  
9 different geologists could interpret this in different ways,  
10 is that a fair statement?

11 A That's a fair statement. You can get  
12 ten geologists and get ten interpretations.

13 Q And this is really very poor control  
14 data. Is that a fair statement, do you think?

15 A It is poor control data.

16 Q When you look at this it seems to me that  
17 you have a sand body developed down here in the Exxon well  
18 in Section 23. Is it possible that's a completely separate  
19 sand body?

20 A This -- this is the same Morrow Sands  
21 that continue all through the Boyd Channel going two town-  
22 ships to the north and it will continue going to the south.

23 Q Looking at this Isopach, would it not  
24 be possible for you to move the well to the -- the proposed  
25 well to the east and still be in the main portion of this

1  
2 channel?

3 A Well, theoretically; however, the most  
4 optimum area would be to get as far south and west from one  
5 control point, the Amoco Rio Siete in 11.

6 Q Would it be possible to move this in any  
7 way to the east without jeopardizing your position in terms  
8 of the sand?

9 A In my honest opinion, the 1980 there, as  
10 I said, falls right on top of a high pressure gas line. That  
11 could be altered and move to the west, but the optimum place  
12 would be to get as far away to the west and south, rather  
13 than to the east.

14 Q So if you moved to the east you feel  
15 like you are increasing the risk of having a dry hole, is  
16 that fair to say?

17 A That is fair to say.

18 Q Now I don't have any idea what Chama's  
19 plans might be in the area, but would you have an objection  
20 to their offsetting at 660 from the common lease line follow-  
21 ing completion of this well?

22 A You mean like 660 out of 15 there?

23 Q Yes, sir, out of the northeast corner  
24 of 15?

25 A I think that would depend on the -- on



1 the well. If it was a well like the Amoco Rio Siete in 11,  
2 it would be hard to get your money back. Then I wouldn't  
3 look with great favor on somebody drilling a 660 to something  
4 that is economically probably very poor.  
5

6 But, in other words, it would just be,  
7 if it was a poor economic return, a 660 out of there would  
8 just make it that much poorer. I wouldn't look with great  
9 favor upon it.

10 Q I believe you indicated the north half  
11 of the northwest quarter was under a lease that was about to  
12 expire.

13 A The 21st.

14 Q Is that a State, Federal, or fee lease?

15 A Fee.

16 Q So you won't have the problems that you  
17 would have had with the USGS on this one?

18 A Possibly. If we can get the -- we could  
19 on that by going up the west line of 14, that would be on  
20 fee lands and you could -- we could, if you'd look at this  
21 land plat here, the south half of the northwest is a Federal  
22 lease. There's a highway goes right through the center of  
23 Section 14 and kind of bends up there and goes right through  
24 the 1980 location.

25 If you go to the west line of 14 and be

1  
2 on fee land, you can come up north and get back on fee lands,  
3 660 from the north and west. The highway is essentially  
4 right there in the center of 14. To cross -- to go directly  
5 from the highway north to this proposed location you have  
6 to cross 80 acres of Federal land, which would require  
7 archaeological and BLM, et cetera.

8 Q So by virtue of having a fee lease just  
9 on the north half of the northwest, you still possibly would  
10 be dealing with BLM?

11 A That's correct.

12 Q Have you requested dry hole contribution  
13 from any offsetting operator?

14 A No, I haven't.

15 Q Now I believe you testified that you  
16 believe that a penalty would be inappropriate on a well  
17 drilled at this location. Was it your testimony that the  
18 benefit to the offsetting operators would be additional  
19 data that could be acquired from this well?

20 A Yeah, and they have substantial amounts  
21 of acreage to the -- to the west and north.

22 Q If this was a good commercial Morrow  
23 well, do you believe it would be draining reserves off of  
24 Section 15? To the west?

25 A Yeah, I think it would probably drain

1  
2 some off to the west because you can't go very far to the  
3 north and east because you run into that Amoco well, and it's  
4 just extremely poor: just very marginal.

5 Q To protect themselves from drainage by --  
6 with counter drainage, wouldn't Chama have to drill 660 out  
7 of the northeast corner of 15 to protect themselves?

8 A If the sands are developing, which I  
9 think they possibly could be, the better part of the channel  
10 may be through 15 and 10. We just don't have the control out  
11 there, but we do know that the sands at Bubbling Springs to  
12 the south is developed and it should run right in a northwest-  
13 erly direction, slightly, almost north/south, but we know it's  
14 not in the Amoco well in 11, and it -- the channel could be  
15 right out there in the -- right in the middle of Section 10  
16 and 15. There's no way I can predict that.

17 MR. CARR: Mr. Nutter, at this time I  
18 have no further questions of Mr. Barnhill, and would offer  
19 into evidence Chama Exhibit Number Three, which is a portion  
20 of the other Isopach.

21 MR. NUTTER: Chame Exhibit Three will be  
22 admitted into evidence.

23 Are there any other questions of the  
24 witness?

25 MR. PADILLA: Mr. Examiner, I have a

1  
2 couple.

3  
4 REDIRECT EXAMINATION

5 BY MR. PADILLA:

6 Q Mr. Barnhill, looking at the Chama Ex-  
7 hibit Number Three, which is the Isopach, and looking at the  
8 Exhibit Number One that you prepared for today's hearing,  
9 aren't they both still consistent in that you would have to  
10 move south and west in order to somehow get in the middle or  
11 try to hit the channel?

12 A In my interpretation, I'd say definitely  
13 And in this Exhibit Three of Chama the -- it could be as op-  
14 timistic as this one was whether the -- part of it goes right  
15 through the -- through Section 10, which would be all Chama  
16 acreage, and down into -- down into 15. We know it can't go  
17 over into 11 because of the Amoco Rio Siete.

18 And this one, our Exhibit One, is just  
19 showing that you need to get south and as far west as you can  
20 from that well in 11, and it could be as drawn here on Exhibit  
21 Three. If so, it would really put Chama in an excellent posi-  
22 tion, and the operator of this thing, Santa Fe, in a poor  
23 position, just depending how it worked out.

24 Q Well --

25 A But to go back to the facts, we only

1  
2 had one well to base it on, and that's the Amoco Rio Siete  
3 in 11, and we know that's not the way to go.

4 Q You're really dealing with the best in-  
5 formation available, even though it's very poor information.

6 A That's true.

7 Q Do you have idea what the reserves under  
8 a Morrow well in this area might be?

9 A No. They would -- they just vary tremen-  
10 dously and I couldn't come up with a realistic figure with  
11 meaning today.

12 MR. PADILLA: Mr. Nutter, I have nothing  
13 else.

14 MR. NUTTER: Are there any other ques-  
15 tions of the witness? He may be excused.

16 Mr. Carr, will you call your witness?

17 MR. CARR: I call Mr. Montgomery.

18  
19 JAMES H. MONTGOMERY

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

22  
23 DIRECT EXAMINATION

24 BY MR. CARR:

25 Q Will you state your name and place of

1  
2 residence?

3 A James H. Montgomery, Dallas, Texas.

4 Q By whom are you employed and in what  
5 capacity?

6 A I'm a consulting geologist/engineer, re-  
7 presenting Chama Petroleum.

8 Q Have you previously testified before this  
9 Commission and had your credentials accepted and made a matter  
10 of record?

11 A Yes, sir.

12 Q Are you familiar with the application of  
13 Santa Fe Exploration filed in this case?

14 A Yes, sir, I am.

15 Q Are you familiar with the subject acreage?

16 A Yes, sir.

17 MR. CARR: Are the witness' qualifica-  
18 tions acceptable?

19 MR. NUTTER: They are.

20 Q Will you briefly state the reason for  
21 Chama Production Company -- Petroleum Company appearing in this  
22 proceeding today?

23 A We're here again to oppose an unorthodox  
24 location without a penalty.

25 Q Will you please refer to what has been

1  
2 marked for identification as Chama Exhibit Number One, ident-  
3 ify this and explain what it shows?

4 A Again it's a land plat showing Chama's  
5 acreage cross hatched. It shows the 320-acre proration unit  
6 in the north half of Section 14. It shows the standard loca-  
7 tion and the proposed location.

8 Q What would be a standard location?

9 A 1980 from the west and 660 from the  
10 north.

11 Q So by how many feet is Santa Fe proposing  
12 to advance on the Chama property to the west?

13 A 1320 feet.

14 Q Will you now refer to what has been  
15 marked for identification as Exhibit Number Two and review  
16 this?

17 A Yes, I will. This is a topographic map  
18 for the area, which topographically shows no reason for the  
19 location to be other than standard. I was unaware of the  
20 pipeline being there; however, 100 foot move will take them  
21 off the pipeline.

22 Q Have you seen what has previously been  
23 admitted into evidence as Chama Exhibit Number Three, being  
24 a portion of the Isopach prepared by Mr. Barnhill?

25 A Yes, sir, I have. It was submitted to

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me for Chama Petroleum.

Q Have you also reviewed the data available to you on the Antweil well?

A Yes, sir.

Q Would you briefly review what that is?

A It is a very poor well. It's made 97-million total.

Q Have you, from your data available to you independent of the data from Mr. Barnhill, prepared an Isopach of this area?

A Yes, sir, I have.

Q And is that what has been marked for identification as Exhibit Number Four?

A Yes, sir, it is.

Q Would you please explain to the Examiner what this Isopach shows?

A Again I have picked 22 feet of sand in the Amoco Rio Siete and we do have some control on the west side in the King Resources well in Section 9. There is 8 feet of sand in it.

I agree with Mr. Barnhill that the control is very limited and we've basically got one well that could lie on either the east or the west side of the bar. At this time I think it's on the east side of the bar.



1  
2 Q In your opinion is your interpretation  
3 as valid as that prepared by Mr. Barnhill based on the data  
4 available to you?

5 A Yes, sir.

6 Q Is it possible that the Exxon well to  
7 the south of the proposed location could be in an entirely  
8 separate sand body?

9 A Yes, sir, I feel that it sure may be in  
10 a different sand body.

11 Q Now, as has been testified to here pre-  
12 viously this afternoon, what you're really looking for, is it  
13 not, is sand thickness?

14 A Yes, sir.

15 Q And the more sand you would encounter  
16 the better the chances of making a commercial well.

17 A And the better the reserves.

18 Q Now in your opinion would the well -- a  
19 well drilled at the proposed location tend to drain reserves  
20 from the offsetting property to the west?

21 A Yes, sir, it will.

22 Q Would you now refer to what has been  
23 marked for identification as Exhibit Number Five, identify  
24 this and explain what it shows?

25 A Again this is a planimeter study made

1  
2 of the net acre feet in the north half of Section 14 as com-  
3 pared with the net acre feet in the north half of Section 15.

4 Q And based on your calculations what is  
5 that comparison?

6 A 59 percent of the net acre feet is under  
7 the north half of Section 15 and 41 percent under the north  
8 half of 14.

9 Q In your opinion will a well drilled at  
10 the proposed location drain the entire north half of 15?

11 A No, sir, it probably wouldn't. It would  
12 drain probably half of three-quarters of it.

13 Q Based on your study, can you make a  
14 recommendation to the Examiner as to the penalty that should  
15 be imposed on a well drilled at the proposed location?

16 A I would recommend a 59 percent penalty.

17 Q And that penalty would be applied against  
18 what?

19 A Semi-annual deliverability test.

20 Q In your opinion could Chama Petroleum  
21 Company protect its acreage drilling a well 660 out of the  
22 northeast corner of Section 15?

23 A Again, it depends on the sand conditions.  
24 It might be possible in this case to protect it. Control is  
25 so limited, I don't know.

1  
2 Q If the entire north half of 15 were pro-  
3 ductive of gas from the Morrow, do you believe a well 660 out  
4 of the northeast quarter -- northeast corner, would drain  
5 that entire spacing unit?

6 A No, sir, I don't.

7 Q In your opinion, if that was the case,  
8 how would the other reserves have to be produced?

9 A By drilling a second well.

10 Q Would that be a necessary well?

11 A Yes, sir, it would be unnecessary and  
12 it would be waste.

13 Q In your opinion is a penalty required to  
14 protect the correlative rights of Chama?

15 A Yes, sir, it is.

16 Q Were Exhibits One through Five prepared  
17 either by you or under your direction and supervision?

18 A Yes, sir.

19 Q Can you testify of your own knowledge  
20 to their accuracy?

21 A Yes, sir.

22 MR. CARR: At this time we would offer  
23 into evidence Exhibits One, Two, Four, and Five.

24 MR. NUTTER: Exhibits One -- Chama's  
25 Exhibits One, Two, Four, and Five will be admitted in evidence.

1  
2 MR. CARR: I have nothing further on  
3 direct.

4 MR. NUTTER: Are there any questions of  
5 the witness?

6 MR. PADILLA: Yes, Mr. Nutter.

7  
8 CROSS EXAMINATION

9 BY MR. PADILLA:

10 Q Mr. Montgomery, would you drill a well  
11 at a standard location in the north half of Section 14 based  
12 upon your Isopach?

13 A No, sir, I wouldn't. I don't think it  
14 would be commercial. That's the reason, I think, Mr. Barn-  
15 hill doesn't want to drill it.

16 Q Based upon your Isopach do you think  
17 that you would recommend drilling a well in Section 15?

18 A Yes, sir, I would.

19 Q Where would you drill the well in Sec-  
20 tion 15?

21 A Probably 1980 from the east line, 660  
22 from the north.

23 Q How about in Section 10?

24 A Again, probably a standard locations  
25 and laydown 320's through the center of 10, spaced just like

1  
2 Chama-Huber Well; stay in the thick part of the channel.

3 Q This is consistent with Mr. Barnhill's  
4 geology, isn't it?

5 A Yes, sir, and mine, yes.

6 Q Wells drilled in Section 10 and 15 would  
7 still have an opportunity to drain reserves underlying Sec-  
8 tion 14, would they not?

9 A 10 and 15 if they're drilled at an  
10 ordinary pattern, a regular pattern, they probably would not.

11 Q A well drilled at a standard location  
12 660 from the -- on the laydown unit, 660 from the north line  
13 of 15 and 1980 from 15 -- or the east line wouldn't drain  
14 it?

15 A No, it would not drain 14. If it's as  
16 depicted, the sand will be so thick there it would drain all  
17 of 15, the north half of 15.

18 Q How did you compute your drainage? How  
19 did you make your drainage computation that the well at the  
20 proposed location would drain Sections 15 and 10? Into Sec-  
21 tions 15 and 10?

22 A Oh, I'm assuming they will drain 320  
23 acres, standard locations through the center of 15 and 10,  
24 if that's the thick part of the channel.

25 I really made no computation on that.

1  
2 Q In this case your testimony seems to  
3 indicate, then, that drilling a well at center locations are  
4 actually better locations than the proposed location of Santa  
5 Fe Exploration, is that correct?

6 A Yes, a Santa Fe location is an unorthodox  
7 one. If they drilled at a regular location I don't think they  
8 could make a commercial well, which is usually the reason for  
9 an unorthodox location, to drain somebody else's acreage.

10 Q And still -- well, strike that.  
11 With regard to your Exhibit Number Two,  
12 Mr. MONTgomery, you haven't made a field report, have you?  
13 You haven't been out at the location?

14 A No, sir, I have not. I wasn't aware,  
15 as I said, of the pipeline was there.

16 Q What would you estimate an average re-  
17 serve for a well in this area would be?

18 A In the thick part up to 10-million, if  
19 the sand is thick enough, 10 Bcf.

20 Q But you don't know whether that's true  
21 or not?

22 A Sure don't.

23 Q Could be a dry hole.

24 A Could be erratic, you know, could be a  
25 sorry little well.

1  
2 Q And that's a characteristic of the  
3 Morrow?

4 A Morrow channels, right.

5 MR. PADILLA: One moment, Mr. Examiner.  
6 Nothing else, Mr. Examiner.

7  
8 CROSS EXAMINATION

9 BY MR. NUTTER:

10 Q Mr. Montgomery, what your stated penalty  
11 should be imposed on this location?

12 A 59 percent.

13 Q 59 percent. I believe the last case it  
14 was 69.

15 A 69, right.

16 Q Okay, I realize that you are not Chama  
17 Petroleum Company, Mr. Montgomery.

18 A Yes, sir.

19 Q But you did mention that you weren't  
20 aware of the pipeline and that you thought that moving 100  
21 feet would get it off the pipeline. You're not in a position  
22 where you could waive Chama's objections to the well if it  
23 were moved off the pipeline in a north and west direction,  
24 are you?

25 A No, I'm not, no.

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Q It would appear by examination, Mr. Montgomery, of Mr. Barnhill's Exhibit Number One, have you got it there?

A Yes, sir.

Q Now if you would spot a location 1980 from the north and 1980 from the west.

A Yes, sir.

Q And then move that approximately 200 feet to the north and 200 feet to the west to clear the pipeline, would that change the structural position insofar as the channel, as it's depicted on this exhibit?

A Yes, sir, it would. According to Mr. Barnhill's geology that would put it at, you know, a much thicker position in the sand body.

Q I mean it wouldn't be a detrimental move, would it?

A No, not according to his information.

Q Okay.

A And if it moved, it would improve his position on my Isopach, yes, sir.

Q Would it be a position where it would severely impair the rights of the owners in Sections 10 and 15?

A No, sir, I don't think so.



1  
2 MR. NUTTER: Why don't we take a 15 minute  
3 recess and see if we could -- or a ten minute recess and see  
4 if you'd be in a position where maybe you could waive an  
5 alternate location.

6 A Yes, sir. Uh-huh.

7  
8 (Thereupon a recess was taken.)  
9

10 MR. NUTTER: The hearing will come to  
11 order.

12 Mr. Montgomery, I believe we closed the  
13 session a moment ago with an inquiry as to whether you thought  
14 that Chama Industries -- of Chama Company could waive objection  
15 to the location approximately 1730/1780.

16 A Yes, sir, I think we could do that with  
17 no penalty. We would like to --

18 Q As a possible alternative location --

19 A Yes, sir.

20 Q -- or an alternative to the proposed  
21 location with a penalty.

22 A Right.

23 Q I see.

24 A I would like to get a log on the well  
25 and certain information from it, which I think they would

1  
2 furnish us anyway.

3 MR. NUTTER: Are there any other ques-  
4 tions of Mr. Montgomery?

5 MR. PADILLA: None, Mr. Examiner.

6 MR. CARR: I have no further questions.

7 MR. NUTTER: He may be excused. Does  
8 either of you have any more witnesses to put on?

9 MR. PADILLA: No, sir.

10 MR. NUTTER: I guess we'll call for  
11 closing statements, then. Mr. Padilla, being applicant, you  
12 may go last.

13 MR. CARR: Mr. Nutter, as Mr. Montgomery  
14 stated, Chama would be agreeable to a 1780/1780 location out  
15 of the northwest corner of the section in which they propose  
16 to locate this well, and would request that the data from the  
17 well be made available to them.

18 They have money tied up in a top lease  
19 and that stands to be lost. They've also at Mr. Cooter's  
20 request, who was earlier involved with this, not delayed the  
21 hearing and intentionally come forward today because of the  
22 lease expiration. We'd be happy to work with them in this  
23 regard.

24 If, however, that isn't acceptable and  
25 something goes astray, we do think that what we have here is

1  
2 a case seeking an unorthodox location where there is very  
3 little control and two interpretations, both within the realm  
4 of possible at least. One person wants to rely on this sketchy  
5 data and move 1320 feet toward his offsetting owner, and we  
6 feel that that advantage should be penalized and we've given  
7 you an appropriate way to assess that penalty.

8 The best quality of the sand body, even  
9 by Mr. Barnhill's interpretation, is in the west of 14 and by  
10 our interpretation is 14 and 15, and they're asking for your  
11 permission to move two-thirds of the distance toward us.

12 Now if they did that, to protect ourselves  
13 from counter drainage we would have to locate a well 1660  
14 feet from that common lease line and Mr. Barnhill naturally  
15 opposes that because we would be preventing him from draining  
16 reserves from our tract and protecting our rights to produce  
17 our just and fair share of the reserves under our tract.

18 But it isn't that simple, because we would  
19 run the risk of creating an ineffective drainage situation  
20 whereby an unnecessary well, which is waste, would have to be  
21 drilled.

22 We've had a lot of testimony about the  
23 problem is in this area there's a lot of risk involved. Well,  
24 if it's too risky, don't drill the well. Risk is not a reason  
25 to steal from your offsetting operator and it has nothing to

1  
2 do with it, and they don't have to drill at an unorthodox  
3 location; they can just not drill at all.

4 And we would submit that if the applica-  
5 tion is approved at the proposed unorthodox location 660 out  
6 of the corner, that the only way you can carry out your statu-  
7 tory responsibilities of preventing waste and protecting cor-  
8 relative rights is to assess a 59 percent penalty on the semi-  
9 annual deliverability from that well.

10 MR. NUTTER: Thank you. Mr. Padilla?

11 MR. PADILLA: Mr. Nutter, I think, first  
12 of all, that this is not a place to allege stealing. That  
13 goes to the criminal courts and that would be resolved at  
14 that point. Certainly in that kind of a form.

15 We're talking about 660 from the east --  
16 or from the west line of Section 14 here; a standard location  
17 for a standup unit would be 660 from that line.

18 We're also dealing with a very, in Mr.  
19 Carr's words, sketchy area, and the testimony from both sides  
20 has been that the area is certainly very risky and certainly  
21 the applicant is not in the business of drilling dry holes  
22 and that is why they have asked for a nonstandard location.

23 This is a location to test the Morrow  
24 formation and the Morrow formation is, as you know, typical  
25 in this part of Eddy County, is very diverse and all through-

1  
2 out southeast New Mexico. Whether or not you encounter the  
3 Morrow, and once you encounter it, whether or not the reser-  
4 voir characteristics would dictate a penalty would be some-  
5 thing entirely different.

6 But at this stage of the game I certainly  
7 don't know what's down there and we certainly don't know what  
8 the extent of the reservoir are -- is.

9 I think for that reason we would ask that  
10 the application be approved.

11 MR. NUTTER: Thank you, Mr. Padilla.

12 Does anyone else have anything they wish  
13 to offer in case Number 7522?

14 We'll take the case under advisement.

15  
16 (Hearing concluded.)  
17  
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C E R T I F I C A T E

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

Sally W. Boyd CSR

I do hereby certify that the foregoing is  
a correct record of the proceedings in  
the Transcript of Hearing of Case No. 7527  
heard by me on 2/21 19 82  
[Signature], Examiner  
Oil Conservation Division

RECEIVED  
AUG 09 1982  
OIL CONSERVATION DIVISION  
SANTA FE

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 170-B  
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BRUCE KINS  
ATTORNEY  
LARRY KENNE  
ATTORNEY

STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

POST OFFICE BOX 8989  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
800 627-6666

Mr. E. L. Padilla  
Attorney at Law  
P. O. Box 2523  
Santa Fe, New Mexico 87501

Re: CASE NO. 7522  
ORDER NO. R-6933

Applicant:

Santa Fe Exploration Co.

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x  
Artesia OCD x  
Aztec OCD       

Other William F. Carr

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	CLASS	CAGE	L A I	
Sep CAB	POROUS TYPE	DATUM	FORDING TIME	DATUM
3-14-74 cum 4-23-74				
13 3/8" at 485' w/325 sx				
	TO 9600'			
			PED	

## PLUGGED & ABANDONED

CONTR Delta OFFS ELEV 3527' GL 3545' KB 9500' TYP RT

F.R. 2-25-74  
(Morrow)

3-14-74 MIRT  
3-20-74 Drlg 535'  
3-27-74 Drlg 2958' 1m  
4-3-74 Drlg 4710' 1m  
4-10-74 Drlg 7060' 1m & sh  
4-17-74 Drlg 8865' 1m & sh  
4-24-74 TD 9600' P/P & A  
— DST 9300-9410', open 1 hr,  
Rec 60" DM (Sp1 840 cc's DM + 1 CFG)  
1 hr ISIP 608#, FP 87-62#  
2 hr FSIP 1839#, HP 4808-4808#



EDDY COUNTY

NEW MEXICO

ATOKA FIELD

Well: COQUINA OIL CORP. 1 Pan Canadian (OWWO)

Result GAS

DC

Locn: 7 mi W/Lakewood, 1980' FNL 1980' FWL Sec 34-19S-25E.

Re-Spud: 4-28-77; Re-Comp: 5-5-77; Elev: 3521' grd; TD: 9640' Miss; PB: 9177'

Casing: 13 3/8" 472' / 550' ex, 8 5/8" 1320' / 600' ex, 5 1/2" 9640' / 325' ex

Prod Zone: (Atoka) T/Pay 8838', prod thru perfs 8838-8922'

IP CAOF: 1, 251, 000 CFCD, GOR 270-1, Grav (gas) .645, (cond) NR, SIWHP 3163#

Comp Info: (Orig. #1 Pan Canadian, Comp 1-17-74 thru (Morrow) perfs 9236-9318'; OTD

9640'; PB to 9177'; Perf (Atoka) 8838-41', 8866-80', 8917-22' w/2 SPF; natural;

(Atoka) Four Point Gauges: F/444 MCFCPD, 1" orifice, 120 min, TP 2811#; F/567

MCFCPD, 1" orifice, 120 min, TP 2610#; F/635 MCFCPD, 1" orifice, 120 min, TP

2444#; F/943 MCFCPD, 1" orifice, 120 min, 1P 2031#; C/NR.

Type: NR

API No.: 30-01S-20997

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Petroleum Information

A Division of A.T. Jones &amp; Co.

Date: 6-22-77

Card No.: 3 mm

EDDY

HUBER, J. M. CORP.

Undesignated

NM

1 Irami Federal "Com." Page 2  
Sec 34, T19S, R25E

4-29-74

TD 9600'; PLUGGED & ABANDONED  
LOG TOPS: Wolfcamp 6552', Clasco 7702',  
Canyon 8237'  
Strawn 8512', Atoka 8895', Morrow 9244',  
Chester 9572'

5-4-74

COMPLETION REPORTED

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CLASS		GL		SLV		S.S.	
FORMATION	DATUM	FORMATION	DATUM	FORMATION	DATUM	FORMATION	DATUM
TO 9640'							

CONTR	WEK	ORIG ELEV	3521' GL	PD	10.000'	TYPE	RT
-------	-----	-----------	----------	----	---------	------	----

F.R. 10-22-73  
(Morrow)  
10-29-73 Drlg 1050'  
11-5-73 Drlg 3421' 1m  
11-12-73 Drlg 5733' 1m  
11-19-73 Drlg 7885'  
DST 6420-6460', open 1 hr, rec 2400'  
GIDP, 1 hr ISIP 758#, FP 25-25#, 2 hr  
FSIP 343#, HP 2892-2875#, BHT 118 deg  
11-26-73 TD 8856'; On DST (8805-56')  
DST (NA), Miss Run  
DST (NA), Miss Run

12-3-73 Drlg 9110'  
DST 8805-56', open 2 hrs 15 mins, GTS  
in 13 mins @ 70 MCFGPD, incr to 282  
MCFGPD, rec 15' M, 1 hr ISIP 4455#, IFP  
313-521#, FFP 146-208#, 4 hr FSIP 4455#,  
HP 4824-4721#, BHT 140 deg

12-11-73 Drlg 9456'  
DST 8870-8908', open 1 hr 10 mins, GTS  
in 5 min @ 195 MCFGPD, incr to 458 MCFGPD,  
rec 90' SGCM, 1 hr ISIP 4853#, FP 45-87#,  
2 hr FSIP 4903#, HP 4934-4880#, BHT 133 deg  
DST 9208-9289', open 1 hr 45 mins, GTS in  
2 mins @ 15,000 MCFGPD (Max), Aver 5500

12-11-73 Continued  
MCFGPD, rec 100' F (70' Cond + 30' SGCM),  
1 hr ISIP 3840#, FP 1455-1396#, 4 hr FSIP  
3840#, HP 5129-5069#

12-17-73 TD 9640'; WOC  
DST 9289-9347', open 2 hrs 10 mins, GTS in  
1 min @ 8500 MCFGPD (Max 14,000 MCFGPD), rec  
10' Cond, 1 hr ISIP 3820#, FP 1697-1861#,  
2 hr 30 min FSIP 3820#, HP 5069-5049#, BHT  
152 deg

12-25-73 TD 9640'; WOCU

12-31-73 TD 9640'; Prep Run Tbg

1-7-74 TD 9640'; Rng Tbg

1-14-74 TD 9640'; Prep Perf

1-15-74 TD 9640'; SI WO Test Equip  
Perf 9326-9318' w/104 shots (overall)  
Flwd 7550 MCFGPD thru 24/64" chk, TP 2450#

EDDY  
COQUINA OIL CORP.

Wildcat  
1 Pan Canadian  
Sec 34, T19S, R25E

NM  
Page #3

1-22-74 TD 9640'; WO Pipeline Conn  
CAOF 28,462 MCFGPD

3-11-74 TD 9640'; COMPLETE

(Morrow) FOUR POINT GAUGES:

Flwd 1197 MCFGPD, 1.75" orifice, 1 hr, TP 3000#

Flwd 1606 MCFGPD, 1.75" orifice, 1 hr, TP 2967#

Flwd 1946 MCFGPD, 1.75" orifice, 1 hr, TP 2939#

Flwd 2526 MCFGPD, 1.75" orifice, 1 hr, TP 2889#

LOG TOPS: Grayburg 520', San Andres 812',

Glorieta 2365', Tubb 3170', Abo 3775', Third

Bone Spring Sand 6175', Wolfcamp 6422,

Canyon 7868', Strawn 8295', Atoka 8568',

Morrow 8938', Barnett 9348', Chester 9573'

---

3-16-74 COMPLETION REPORTED

EDDY WILDCAT N.M. 2223-58

Western Drig. Co. - #1 - Lakewood 3536DF

1830 PSL & 660 PSL  
Sec. 24, T. 19-S, R. 25-E

10	- 45-	Gryb.	815
5	- 617-500		

10-31-57 4-9-58

P & A

500 acid; 10,000 WP. TO 899' sd.,  
SI; P. 1 BO A 5 BXW/4 hrs. 899 sd.

EDDY WILDCAT N.M. 2223-58  
PRE-FLORIAN STRAW DISCOVERY  
Pan American Corp. - #1 - A. L. 3532 DF  
Berthlen (Italy)  
Stanolina #1 - Lakewood  
Unit, SEC. CARD 223-53  
9600 (OTD 10,486)  
Port: 66/912-9475  
Port: 24/912-46  
Port: 24/9154-58  
Port: 2/9142-46  
Port: 2/9151-58  
3000 acid; 10,000 frc  
2-28-59 6-5-59  
P. 357 MCFG/16 hrs. 11/61 ch.  
300 1110  
PB 95371; CO 9631A; Port: 66/  
912-75 A-1000  
10,486  
9537  
CONT'D. PAGE 2.

EDDY, N.M. 34-19-25  
Pan American - #1 - A. L. Werthlem.

K-2223-59

PAGE 2.

Swb. 144 bbls. LW & 24 BAW/24 hrs. w/30; reA/2000 swb.  
49 BAW & 134 BLW/53 hrs. & swb. dry w/sll. blow  
gas, TSTM; blow down well; SITr 2950# to 1500#;  
20/64" ch. 30" blow to 200# 45.64" ch. next 30"  
end of blow down had steady blow of gas.  
30,000 SWF (10,500' sd) swb. 200 BLW/14 hrs. F. & rate  
540 MCFGPD + 2 bbls. LW/1 hrs., 25/64" ch.; PTP 300  
PCP 800#; P. 390 MCF + 4 BLW/1 hrs., 30/64" ch.;  
PTP 100#; PCP 600#; SI 12 hrs., TP 2000#; CP 2300#;  
P. 47 BLW/9 hrs. 25/64" ch., gas & 750 MCF to 384  
MCFG; P. 23 BLW/12 hrs., 30/64" ch. no gas ggo.,  
PTP 150#; CP 500#.  
PB 9537'; ggo. 600 MCFG/12 hrs., 30/64" ch.; FTR 110-150#  
CP 500#; F. 19 bbls. LW/12 hrs., 30/64" ch.; TP 145#;  
CP 500#; SI 12 hrs.; CP 2200#; TP 2200#.  
Perf. 24/9442-46  
Perf. 24/9454-58; 40,000 SWF (10,000' sd.) swb. 143 bbls.  
LO & 1 bbl. LW/11 hrs.; Swb. 100 BLW/11 hrs., SI 12 hrs.,  
CP 1200#; swb. & flow load: SI/16'; SITP 1250#; SICP 1400#.

EDDY, N.M. MEXICO 34-19-25  
Stanolind #1 - Lakewood Unit.

K-2223-53  
AGE 3

DST 10373-423 op 3 hrs. Rec. 225' mud.  
PP 120 20 min SIP 180#

DST 10433-488 op 4 hrs. Rec. 270' mud / 10330 black  
brackish wtr. PP 4275 SIP 4475

K-2223-53

AGE 2

EDDY, NEW MEXICO 34-19-25  
Stanolind - #1 - Lakewood Unit

DST 810-861 op 2 hrs. rec. 105' SOGCM. PP 55 SIP-O-  
DST 2610-42 op 2 hrs. rec. 135' SOGCM,  
DST 7770-2850 op 1 hr. 45 mins rec. 108' SOCM  
DST 3310-3385 op 2 hrs. rec. 84' mud.  
DST 6605-6700 op 4 hrs. 10 mins Gas 2 hrs. 15 mins Rec.  
270' mud. 2615' IW. P° 1465 20 mins SIP 2605#  
DST 7030-8123 op 4 hrs. Gas 35 mins rec. 60' SOCM,  
PP 130 20 mins SIP 175#  
DST 7835-78 op 3 hrs. Rec. 39' mud, N.S.  
DST 9397-9500 op 5 hrs. rec. gas 35 mins 47000 CPGPD,  
Rec. 284' HECM, PP 115 80 mins SIP 2936#  
DST 9407-9540 op 3 hrs. rec. gas 55 mins 315' HECM, PP 20  
20 mins SIP 1810#  
DST 10,330-351 op 1 hr. 30 mins Rec. 20' mud.  
DST 10,350-373 op 1 hr. 22 mins rec. 15' mud.  
DST 10370-398 op 3 hrs. rec. 90' mud.  
CONT'D ON PAGE 3

EDDY

WILDCAT

STATE N.M. KROENLEIN 2223-53

Stanolind - #1 - Lakewood Unit

Elev. 3542'

(CHGD. TO: Pan American - #1 - A. D. Worthien, S.M.T)

660' FSL &amp; 1980' FSL of sec.

CARD #2223-59 for  
OWWO)

Sec. 34, T-19-S; R-25-E

ACID OR S-HCT

CASING RECORD

TOPS:

13-3/8 300 375  
9-5/8 3578 200

Gray 885  
S.A. 900  
Glor. 2450  
C'P. 3280  
Abo 4190  
W.C. 6620  
Penn 8150  
Miss 9855-2642--6323  
Dev. 10340

SPD. 9-25-52 COMP. 1-27-53

P. RMA

DR. GOR TP CP  
REMARKS CONT'D ON PAGE 2

PERMAN ASB.  
CROSS INDEX  
LOG IN FILE  
CARD STAMPED

EL  
RL

TP  
TO 10496' line.

PBD

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[illegible]

CONT#	Capitan	DRWS ELEV	3503' GL	NO	9900'	TYPE	RT
-------	---------	-----------	----------	----	-------	------	----

F.R. 12-17-73  
(Morrow)

12-31-73 AMEND OPERATOR: Formerly reported as  
Barnhill-Richardson

2-5-74 Drlg 1095' lm & anhy

2-12-74 Drlg 3015' lm & dolo

2-15-74 Drlg 3865' lm & dolo

DST 2801-3052', open 1 hr 15 mins, rec  
600' GIDP + 20' OGSSWCDF, 1 hr 15 min  
ISIP 333#, FP 166-150#, 2 hr 30 min FSIP  
416#, HP 1279-1279#, BHT 100 deg

2 19-74 Drlg 5280' lm

2-25-74 Drlg 7880' lm & sh

3-4-74 Drlg 9183'

3-11-74 TD 9633'; Prep to drill



3-11-74

Cont'd

DST 9383-9467', open 1 hr 45 mins, GTS in  
18 mins @ 95 MCFGPD, Flwd after 20 mins @  
160 MCFGPD thru 1/2" chk, rec 140' SGCM  
(Sampler rec 1.2 CFG), 1 hr 15 min ISIP  
3811#, FP 150-213#, 3 hr FSIP 3879#, HP  
4523-4523#

DST 9506-9573', open 4 hr 15 mins, GTS in  
12 mins @ 250 MCFGPD thru 1/2" chk, FTP  
24#, rec 270' GCM (Sampler rec 1.5 CFG @  
375#), 1 hr 30 min ISIP 3924#, FP 113-151#,  
6 hr FSIP 3847#, HP 4551-4551#

DST 9561-9633#, open 1 hr 15 mins, rec 500'  
GIDP + 180' GCM (Sampler rec 3.56 CFG +

3-11-74

Cont'd

200G cc's GCM @ 1650#), 1 hr 30 min ISIP  
2746#, FP 57-75#, 3 hr FSIP 3391#, HP  
4589-4570#

3-18-74

TD 9835'; MORT

3-26-74

TD 9835'; WOCU

4-15-74

TD 9635'; PBD 9705'; Tstg

Perf 9437-9563' w/15 shots (overall)  
Acid (9437-9563') 6000 gals (7 1/2% MSA)

4-29-74

TD 9835'; PBD 9705'; SI PBU

5-7-74

TD 9835'; PBD 9705'; Tstg

6-16-74

TD 9835'; PBD 9705'; WO Pot

CAOF 2639 MCFGPD

6-17-74

TD 9835'; PBD 9705'; COMPLETE

EDDY Wildcat  
HILLIARD OIL & GAS CO. 1 Gulf Federal  
Sec 35, T19S, R25E

NH  
Page #3

6-17-74

Cont'd

(Morrow) FOUR POINT GAUGES:

Flwd 472 MCFGPD, .5" Orifice, 1 hr, TP 2901#  
Flwd 799 MCFGPD, .5" Orifice, 1 hr, TP 2740#  
Flwd 1295 MCFGPD, 1.0" Orifice, 1 hr, 2423#  
Flwd 2119 MCFGPD, 1.0" Orifice, 1 hr, 1481#  
LOG TOPS: Yaso 2455', Second Bone Spring  
Sand 3285', Third Bone Spring Sand 6364',  
Wolfcamp 6635', Cisco 7879', Canyon 8139',  
Strawn 8558', Atoka 9016', Morrow 9325',  
Chester 9795'

6-22-74

COMPLETION REPORTED

COUNTY EDDY		WILDCAT		STATE NH	
OPR GULF OIL CORP.				APR 30-015-20820	
NO. 1		SEAS Shugart, Rena Com		SEPM	
Sec 1, T-20-S, R-25-E				MAP	
660' FNL, 1980' FWL of Sec				CO-ORD	
SPD 3-11-73		CMP 4-23-73		ELEV. 3426 L & S	
CSB		FORMATION		DATUM	
13 3/8" at 299' w/320 sx					
8 5/8" at 2090' w/1245 sx					
		TO 9756'		PBD	

PLUGGED & ABANDONED

CONTR McVay Drig. OPR ELEV 3411' GL, 3429' KB PD 9650' TYPE RT

~ 3-19-73  
 (Morrow)  
 3-19-73 TD 2090' lm; WOC  
 3-26-73 Drlg 4310' lm & sd  
 4-2-73 Drlg 6643' lm  
 4-9-73 Drlg 8430' lm & sh  
 DST (Cisco) 7878-7903', open 1 hr 30 mins, rec 130'  
 DM, 1 hr ISIP 1570#, FP 43-85#, 1 hr 30 min FSIP  
 2139#, HP 3815-3772#, BHT 84 deg  
 4-16-73 Drlg 9595' sd & cht  
 DST 8538-8644', open 1 hr, rec 272' mud + 1589'  
 salt wtr, 1 hr ISIP 3309#, FP 415-739#, 1 hr FSIP  
 3264#, HP 4199-4154#, BHT 160 deg  
 4-23-73 TD 9756'; P&A 4-23-73 (Hold for Tops)  
 DST (Morrow) 9565-9631', open 1 hr 30 mins, GTS  
 in 63 mins @ TSTM, rec 210' DM, 1 hr 2 min ISIP  
 1122#, FP 94-140#, 3 hr FSIP 2963#, HP 4256-4256#,  
 BHT 154 deg

EDDY  
 GULF OIL CORP.

Wildcat  
 1 Shugart, Rena Com

NM Sec 1, T20S, R25E  
 Page #2

4-23-73 Continued  
 DST 9672-9756', open 1 hr, rec 480' mud, 1 hr  
 ISIP 3489#, FP 237-237#, 1 hr FSIP 2546#, HP  
 4739-4762#, BHT 162 deg  
 SP-DST 2830-2910', open 1 hr, rec 335' DM, 1 hr  
 ISIP 836#, FP 198-209#, 2 hr FSIP 773#, HP 1349-  
 1370#  
 4-30-73 TD 9756'; PLUGGED & ABANDONED  
 LOG TOPS: San Andres 1002', Third Bone Spring  
 Sand 6535', Wolfcamp 6887', Cisco 7858', Strawn  
 8525', Atoka 9080', Morrow 9440'  
 5-5-73 COMPLETION REPORTED

1. *Chrysomelidae* (Coleoptera): 10 species

NY

... 30-015-21141

$$u_0 = 0.5$$

\*\*\*

55. 65:

## PLUGGED & ABANDONED

F.R. 4-8-74  
(Pennsylvanian)  
7-10-74 Drlg 8027'  
7-17-74 Drlg 8970'  
7-24-74 TD 9550'; Prep P&A  
DST 9245-9350', open 1 hr 15 mins, rec 160'  
Mud (Sampler rec 15 CFG + 400 cc's Mud), 1 hr  
ISIP 533#, FP 133-133#, 2 hr FSIP 1131#, HP  
4374-4374#  
7-31-74 TD 9550'; P&A (Hold)  
8-5-74 TD 9550'; PLUGGED & ABANDONED  
LOG TOPS: Wolfcamp 6330', Pennsylvanian 7542',  
Morrow 9035', Mississippian 9515'  
8-10-74 COMPLETION REPORTED

EDDY COUNTY NEW MEXICO WILDCAT  
Well: AMOCO PROD. CO. 1 Rio Siete Result: GAS WFD  
Loc'n: 5 mi SW/Lakewood, 1980' FSL 2310' FEL Sec 11-20S-25E.

Spud: 11-13-78; Comp: 1-19-79; Elev: 3366' grd; TD: 9865' (Barnett); PB: 9825'  
Casing: 13 3/8" 333'7325' ex, 8 5/8" 1500'/750' ex, 5 1/2" 9865'/250' ex  
Prod Zone: (Morrow) T/Pay 9448', prod thru perfs 9448-9660'  
PF: 750 MCF/GPD, 14/64" ch, GOR NR, Grav NR, C7 pla, TP 525#  
Comp Info: DST (Morrow) 9452-9530', op 3 hrs 45 min, GTS 30 min @ 70 MCF/GPD, 3/8" ch, TP 12#, incr to 220 MCF/GPD, 3/8" ch, TP 52#, rec 3106' slt GCDF, 1 hr 30 min, ISIP 3902#, HP 4565-4520#; well sold to Amoco Prod Co.; Perf (Morrow) 9448-68', 9510-14', 9528-32', 9636-60' w/ISPF; S/I 8W/9 hrs; A/5000 gals (7 1/2%); F/750 MCF-GPD/24 hrs, 14/64" ch, TP 525#; ran DILL, MICL & CNL logs; C/Moranco #9.  
Tops: (EL) Third Bone Sprg 6423', Wolfe 7052', Cisco 7743', Caay 8256', Atoka 8992', Morrow 9408', Barnett 9661'  
API No.: 30-015-22729

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Corporation  
A Division of A.C. Nelson Company

Date: 3-7-79

Cord No.: 16 rm

EDDY COUNTY NEW MEXICO UNDESIGNATED FIELD  
Well: SOUTHERN UNION EXPL. CO. 2 Exxon Federal Result: DGA D  
Loc'n: 6 mi SW/Lakewood, 660' FSL 1980' FEL Sec 23-20S-25E.

Spud: 6-3-78; Comp: 9-6-78; Elev: 3491' grd; TD: 10,200' Barnett;  
Casing: 13 3/8" 353'7375' ex, 8 5/8" 2223'/1450' ex, 4 1/2" 3730'/450' ex  
Comp Info: Perf (Bone Sprg) 3584-3526' w/I SPF; A/6000 gals (15% MCA); S/sulf wtr; sqd w/75 ex; Perf (Bone Sprg) 3562-76' w/I SPF; A/1000 gals (7 1/2%); S/lid w/NS; ran DILL, CNL & FDC logs; C/Big West.  
Tops: (EL) San And 750', Bone Sprg 3665', 3rd Bone Sprg 6660', Wolfe 7050', Cisco 7874', Caay 8288', Strawn 8560', Atoka 9205', Morrow Lm 9500', Morrow Clastic 9645', Morrow Sh 9840', Barnett Sh 9970'  
API No.: 30-015-22546

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Petroleum Information Corporation

Corporation  
A Division of A.C. Nelson Company

Date: 11-1-78

Cord No.: 10 rm

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. 7522  
Order No. R-6933

APPLICATION OF SANTA FE EXPLORATION  
CO. FOR AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 31, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of April, 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, Santa Fe Exploration Co., seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, to test the Permo-Penn, Strawn, Atoka and Morrow formations, Eddy County, New Mexico.

(3) That the N/2 of said Section 14 is to be dedicated to the well.

(4) That the applicant requested said unorthodox location on the grounds that it will improve its structural position with respect to the so-called "Boyd Channel," a north/south trending Morrow zone of higher than usual porosity and permeability traversing the western half of said Section 14, thereby increasing its chances of obtaining strong commercial production.

(5) That a standard location for a well in the western half of the N/2 of Section 14 would be in either the NE/4 NW/4 or the SE/4 NW/4 of said Section 14.

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Case No. 7522  
Order No. R-6933

(6) That a non-commercial well has been drilled in the S/2 of Section 11 immediately to the north, and applicant is seeking to move as far as possible away from said well, thereby making the NE/4 NW/4 of Section 14 undesirable as a location for the proposed well.

(7) That a high pressure pipe line traverses Section 14, and a portion of said line passes in a northeast/southwest direction through the middle of the SE/4 NW/4 of the section.

(8) That a standard location for the N/2 of Section 14 in the SE/4 NW/4 of the section would be in the center of said quarter-quarter section at a point 1980 feet from the North line and 1980 feet from the West line of the section.

(9) That an unorthodox location 200 feet north and 200 feet west of the aforesaid location, or 1780 feet from the North line and 1780 feet from the West line should provide adequate clearance from the aforementioned high pressure pipe line and would, according to applicant's exhibits, be as geologically attractive as the proposed unorthodox location.

(10) That an offset operator appeared at the hearing and opposed approval of the proposed unorthodox location without assessment of a penalty against production from the proposed well, but waived objection to the unorthodox location described above, i.e., 1780 feet from the North line and 1780 feet from the West line of Section 14.

(11) That the applicant should be given the choice of drilling either of the aforesaid locations, the proposed unorthodox location 660 feet from the North line and 660 feet from the West line of Section 14, or 1780 feet from the North line and 1780 feet from the West line of Section 14.

(12) That in order to protect correlative rights and to offset the advantage gained over the offsetting operators, a well drilled at the 660/660 location described above should be penalized by the imposition of a production limitation factor.

(13) That a well at said proposed location is 100 percent of the standard distance from the north boundary of the spacing and proration unit, but is only 33 percent of the standard distance from the western boundary of the unit permitted by the Division Rules and Regulations.

(14) That a well at said proposed location will have an area of drainage which extends 66.7 more acres outside its proration unit than a well at a standard location, being 21 percent of a 320 acre unit and leaving 79 percent of the area of

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Case No. 7522

Order No. R-6933

drainage within the assigned unit or the permissible drainage area outside the unit.

(15) That the production limitation factor should be based upon the variation of the location from a standard location and the 66.7-acre encroachment described in Finding No. (14) above, and should be calculated by averaging the north/south location factor (100 percent), the east/west location factor (33 percent) and the acreage encroachment factor (79 percent), which yields a production limitation factor of 0.71.

(16) That in the absence of any special rules and regulations for the prorationing of production from the subject well, the aforesaid production limitation factor should be applied against the well's ability to produce into the pipe line as determined by periodic tests.

(17) That in order to avoid premature abandonment and subsequent loss of recoverable reserves, provision should be made for a reasonable minimum allowable for the subject well, and 500,000 cubic feet of gas per day is a reasonable figure for a minimum allowable.

(18) That approval to drill the proposed well at the unorthodox location described in Finding No. (2) above, subject to the Production Limitation Factor described in Finding No. (15) above, or in the alternative, to drill at the unorthodox location described in Finding No. (9) above, will not impair but will protect correlative rights, will not cause waste, and should be given.

IT IS THEREFORE ORDERED:

(1) That the applicant, Santa Fe Exploration Co., is hereby authorized to drill a well to test the Permo-Penn, Strawn, Atoka and Morrow formations at a point 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, subject to a Production Limitation Factor of 0.71 applicable as described below, or, in the alternative, to drill said well at an unorthodox location 1780 feet from the North line and 1780 feet from the West line of said Section 14 without penalty, in either case to be dedicated to the N/2 of said Section 14.

(2) That in the absence of any Special Rules and Regulations prorating production from the subject well, the following Special Rules and Regulations for a non-prorated gas well shall apply, if the well is drilled at the location first described in Paragraph (1) above:



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Case No. 7522  
Order No. R-6933

**SPECIAL RULES AND REGULATIONS  
FOR THE  
APPLICATION OF A "PRODUCTION LIMITATION FACTOR"  
TO A NON-PRORATED GAS WELL**

**APPLICATION OF RULES**

**RULE 1.** These rules shall apply to the Santa Fe Exploration Co. Morrow formation gas well located 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, which well's Production Limitation Factor of 0.71 shall be applied to the well's deliverability (as determined by the hereinafter set forth procedure) to determine its maximum allowable rate of production.

**ALLOWABLE PERIOD**

**RULE 2.** The allowable period for the subject well shall be six months.

**RULE 3.** The year shall be divided into two allowable periods commencing at 7:00 o'clock a.m. on January 1 and July 1.

**DETERMINATION OF DELIVERY CAPACITY**

**RULE 4.** Immediately upon connection of the well the operator shall determine the open flow capacity of the well in accordance with the Division "Manual for Back-Pressure Testing of Natural Gas Wells" then current, and the well's initial deliverability shall be calculated against average pipeline pressure in the manner described in the last paragraph on Page I-6 of said test manual.

**RULE 5.** The well's "subsequent deliverability" shall be determined twice a year, and shall be equal to its highest single day's production during the months of April and May or October and November, whichever is applicable. Said subsequent deliverability, certified by the pipeline, shall be submitted to the appropriate District Office of the Division not later than June 15 and December 15 of each year.

**RULE 6.** The Division Director may authorize special deliverability tests to be conducted upon a showing that the well has been worked over or that the subsequent deliverability determined under Rule 5 above is erroneous. Any such special test shall be conducted in accordance with Rule 4 above.

**RULE 7.** The operator shall notify the appropriate district office of the Division and all offset operators of the date and

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Case No. 7522

Order No. R-6933

time of initial or special deliverability tests in order that the Division or any such operator may at their option witness such tests.

#### CALCULATION AND ASSIGNMENT OF ALLOWABLES

RULE 8. The well's allowable shall commence upon the date of connection to a pipeline and when the operator has complied with all appropriate filing requirements of the Rules and Regulations and any special rules and regulations.

RULE 9. The well's allowable during its first allowable period shall be determined by multiplying its initial deliverability by its production limitation factor.

RULE 10. The well's allowable during all ensuing allowable periods shall be determined by multiplying its latest subsequent deliverability, as determined under provisions of Rule 5, by its production limitation factor. If the well shall not have been producing for at least 60 days prior to the end of its first allowable period, the allowable for the second allowable period shall be determined in accordance with Rule 9.

RULE 11. Revision of allowable based upon special well tests shall become effective upon the date of such test provided the results of such test are filed with the Division's district office within 30 days after the date of the test; otherwise the date shall be the date the test report is received in said office.

RULE 12. Revised allowables based on special well tests shall remain effective until the beginning of the next allowable period.

RULE 13. In no event shall the well receive an allowable of less than 500,000 cubic feet of gas per day.

#### BALANCING OF PRODUCTION

RULE 14. January 1 and July 1 of each year shall be known as the balancing dates.

RULE 15. If the well has an underproduced status at the end of a six-month allowable period, it shall be allowed to carry such underproduction forward into the next period and may produce such underproduction in addition to its regularly assigned allowable. Any underproduction carried forward into any allowable period which remains unproduced at the end of the period shall be cancelled.

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Case No. 7522

Order No. R-6933

RULE 16. Production during any one month of an allowable period in excess of the monthly allowable assigned to the well shall be applied against the underproduction carried into the period in determining the amount of allowable, if any, to be cancelled.

RULE 17. If the well has an overproduced status at the end of a six-month allowable period, it shall be shut in until such overproduction is made up.

RULE 18. If, during any month, it is discovered that the well is overproduced in an amount exceeding three times its average monthly allowable, it shall be shut in during that month and during each succeeding month until it is overproduced in an amount three times or less its monthly allowable, as determined hereinabove.

RULE 19. The Director of the Division shall have authority to permit the well, if it is subject to shut-in pursuant to Rules 17 and 18 above, to produce up to 500 MCF of gas per month upon proper showing to the Director that complete shut-in would cause undue hardship, provided however, such permission shall be rescinded for the well if it has produced in excess of the monthly rate authorized by the Director.

RULE 20. The Division may allow overproduction to be made up at a lesser rate than permitted under Rules 17 or 18 above upon a showing that the same is necessary to avoid material damage to the well.

#### GENERAL

RULE 21. Failure to comply with the provisions of this order or the rules contained herein or the Rules and Regulations of the Division shall result in the cancellation of allowable assigned to the well. No further allowable shall be assigned to the well until all rules and regulations are complied with. The Division shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

#### IT IS FURTHER ORDERED:

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

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Case No. 7522  
Order No. R-6933

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY,  
Director



## PAGE 219

[illegible]

**PRODUCTION 1980**

PAGE 590

[illegible]

PAGE 50

[illegible]





## OIL &amp; GAS LEASE

This agreement made this 28 day of January 1982 between August Joseph Genecco  
Cloilde Aurelia Giovannoni and Joe F. Garibaldi

Stockton, California  
 (City or Office Address)

herein called "lessor" (hereinafter and hereinafter referred to as "Charles E. Hearburg, as his sole and separate estate")

lessor in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the covenants and conditions of the lease hereinafter set forth, hereby grants, leases and lets unto the lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas (including gas waters, other fluids and any hydrocarbon gases or vapors) and for the purpose of conducting other operations and things therein to produce, save and keep of their proceeds, mine and minerals and the things therein and in Eddy County, New Mexico, to wit:

T-20S, R-25-E, N.M.F.M.  
Section 14; N2NW

Said land is estimated to comprise 80 acres, whether it actually comprises more or less.

April 21, 1982

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of three (3) years from the date hereof, and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalty to be paid by lessee shall be three sixteenths, 3/16 of that produced and saved from said land, same to be delivered at the well or to the credit of lessor in the pipeline to which the well may be connected (for oil, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value of the well or three sixteenths 3/16 the gas used,

provided that on gas sold on or off the premises, the royalty shall be three sixteenths 3/16 the amount realized from such sale and at any time when this lease is not so covered by other provisions herein and there is a gas under condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then gas or before 90 days after said well is shut in shall be paid in cash or in kind at the option of lessor, the royalty shall be 3/16 of the net proceeds of the sale of such gas or condensate, but in no event shall the royalty be less than the royalty provided for in this lease. This lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut in royalties may be made by check or draft. Any timely payment or tender of shut in royalty which is made in a bona fide attempt to make proper payment, but which is incorrect in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made. If lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments or certified copies thereof as are necessary to enable lessor to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any or deductible price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies or denatures such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term, however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates in parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard operation unit fixed by or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of units. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be included in the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 90 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 180 days thereafter. If any drilling, additional drilling or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to drill and remove all casing, when required by lessee, to leave only well pipes or other lines on cultivated lands below ordinary plow depth, and no well shall be drilled within 100 feet (300 ft.) of any residence or other building on said land without lessee's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and other lights in the principal dwelling thereon, but of any surplus gas not needed for operations hereunder.

8. The rights of other party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of oil or rights to receive royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee, and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, release and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalties or shut in royalties due on such sales or on such time or on such other basis as provided in any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly complete or make such payments.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then until so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith, and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder, and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply together and shut in royalties payable hereunder toward satisfying same. If the payment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut in royalties, and other payments, if any, accruing from any part to which this lease covers less than such full interest, shall be paid only in proportion which the interest therein of any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its heirs, successors, assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors and assigns by delivering or mailing a notice thereof to the lessor, or by filing a release thereof of record in the County where the land is situated. Thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut in royalties payable hereunder shall be paid to the same extent as if the acreage covered hereby is reduced by one-half of the acreage so surrendered.

BEFORE EXAMINER NUTTER  
 OIL & GAS DIVISION  
Appl. No. 5  
 CASE NO. 7522

(Executed the 28th day of January, 1982)

A.J.G. August Joseph Genecco  
 C.A.G. Cloilde Aurelia Giovannoni  
 J.F.G. Joe F. Garibaldi

CERTIFIED TO BE A TRUE AND CORRECT  
 COPY OF THE ORIGINAL  
 GUARANTY TITLE COMPANY

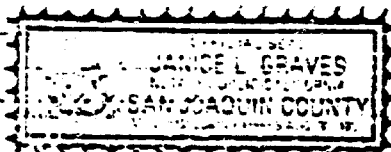
BY Betsy Wells  
Asst. Sec'y

STATE OF California  
County of San Joaquin

## INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 29th day of January  
1982 by August Joseph Genzano

My Commission expires August 30, 1985

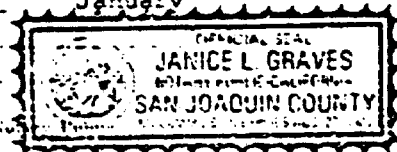


STATE OF California  
County of San Joaquin

## INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 29th day of January  
1982 by Cirotilda Aurelia Giovannoni

My Commission expires August 30, 1985

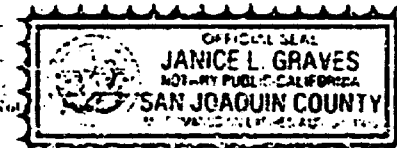


STATE OF California  
County of San Joaquin

## INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 29th day of January  
1982 by Joe F. Garibaldi

My Commission expires August 30, 1985



STATE OF \_\_\_\_\_  
County of \_\_\_\_\_

## INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_  
19\_\_\_\_ by \_\_\_\_\_

My Commission expires \_\_\_\_\_, 19\_\_\_\_ Notary Public

STATE OF NEW MEXICO COUNTY OF <u>El Paso</u> I hereby certify that this instrument was filed for record on the <u>22</u> day of <u>February</u> , A. D. 19 <u>82</u> , at <u>9:15</u> o'clock <u>A</u> m., and was duly recorded in book <u>207</u> at Page <u>63</u> of the Records of said County. <u>Theresa Marie</u> County Clerk By <u>Theresa Marie</u> Deputy		Term _____ No. of Acres _____ Section _____, Township _____, Range _____ Date _____, 19____ TO _____ FROM _____ OIL AND GAS LEASE NEW MEXICO No. _____
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STATE OF \_\_\_\_\_  
County of \_\_\_\_\_

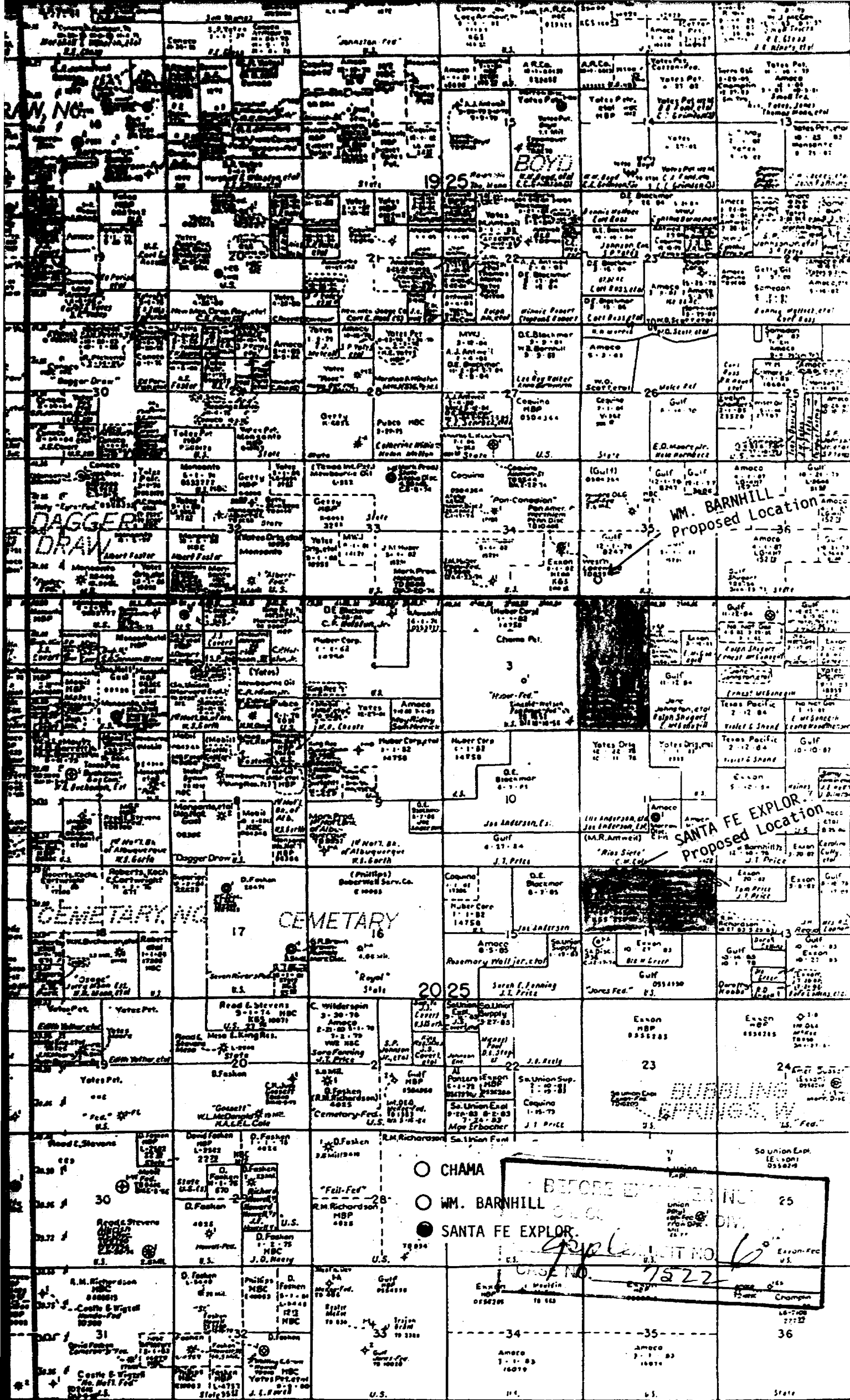
## CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_ President  
of \_\_\_\_\_ corporation  
on behalf of said corporation.  
My Commission Expires \_\_\_\_\_ Notary Public

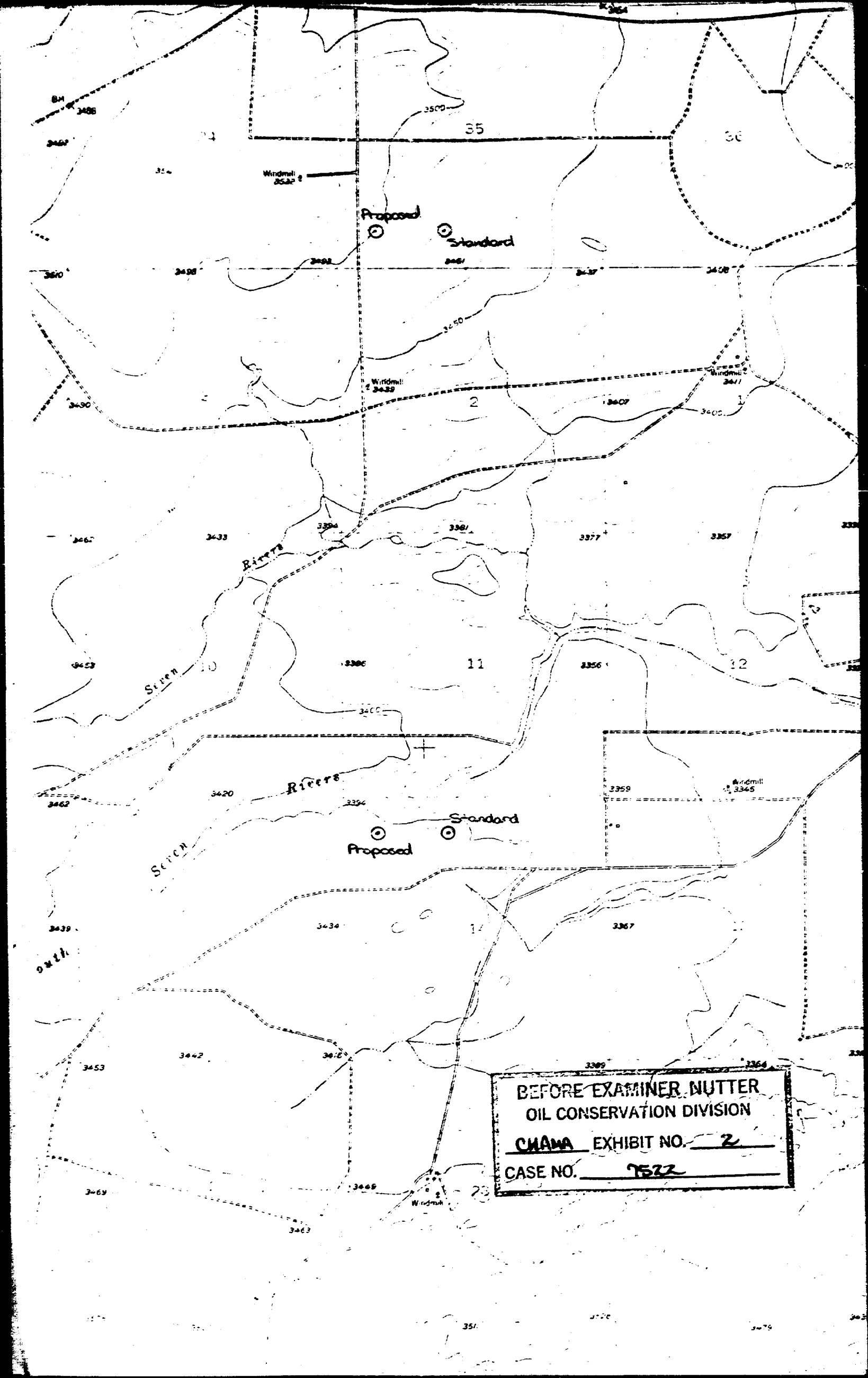
STATE OF \_\_\_\_\_  
County of \_\_\_\_\_

## CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

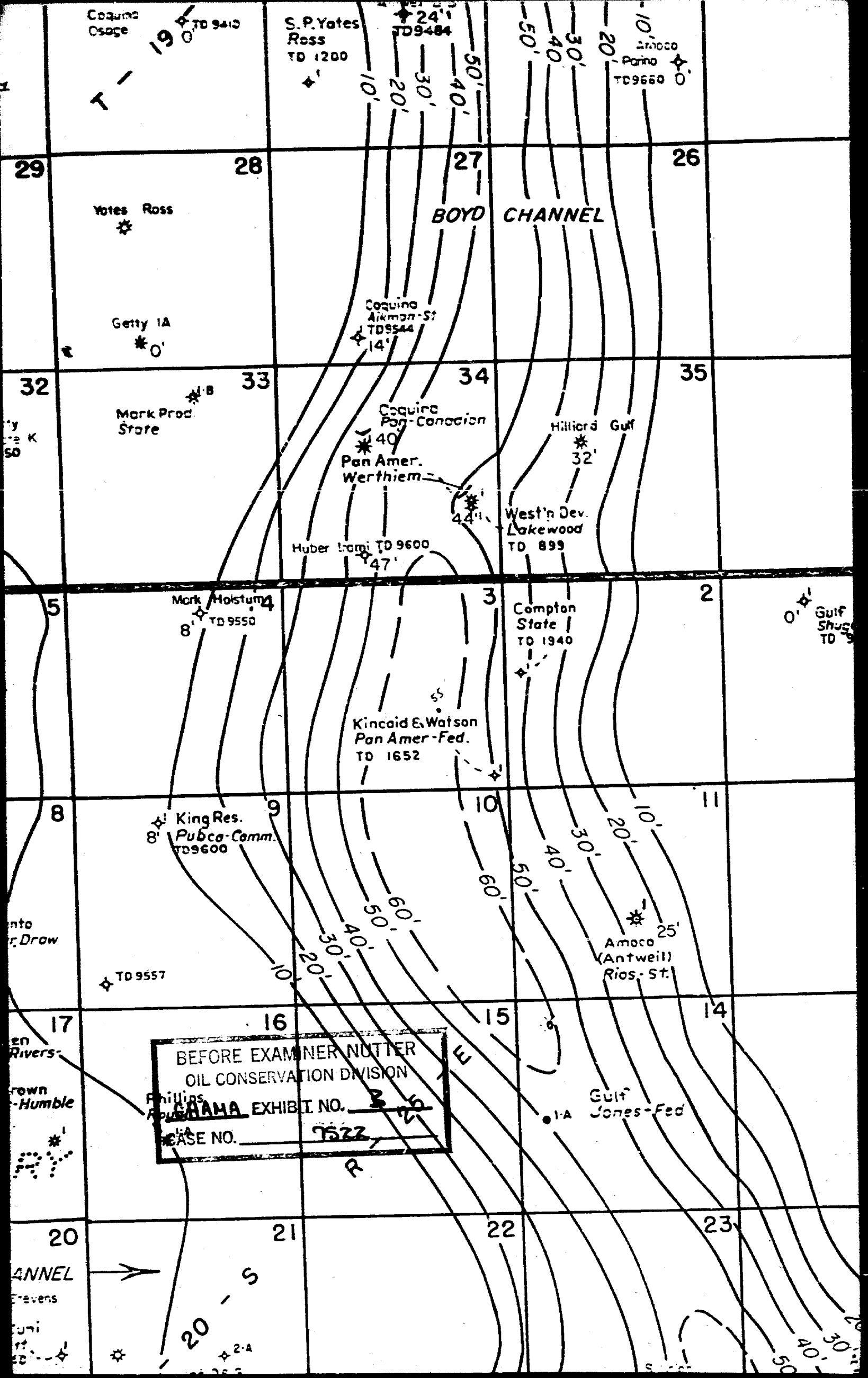
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_ President  
of \_\_\_\_\_ corporation  
on behalf of said corporation.  
My Commission Expires \_\_\_\_\_ Notary Public



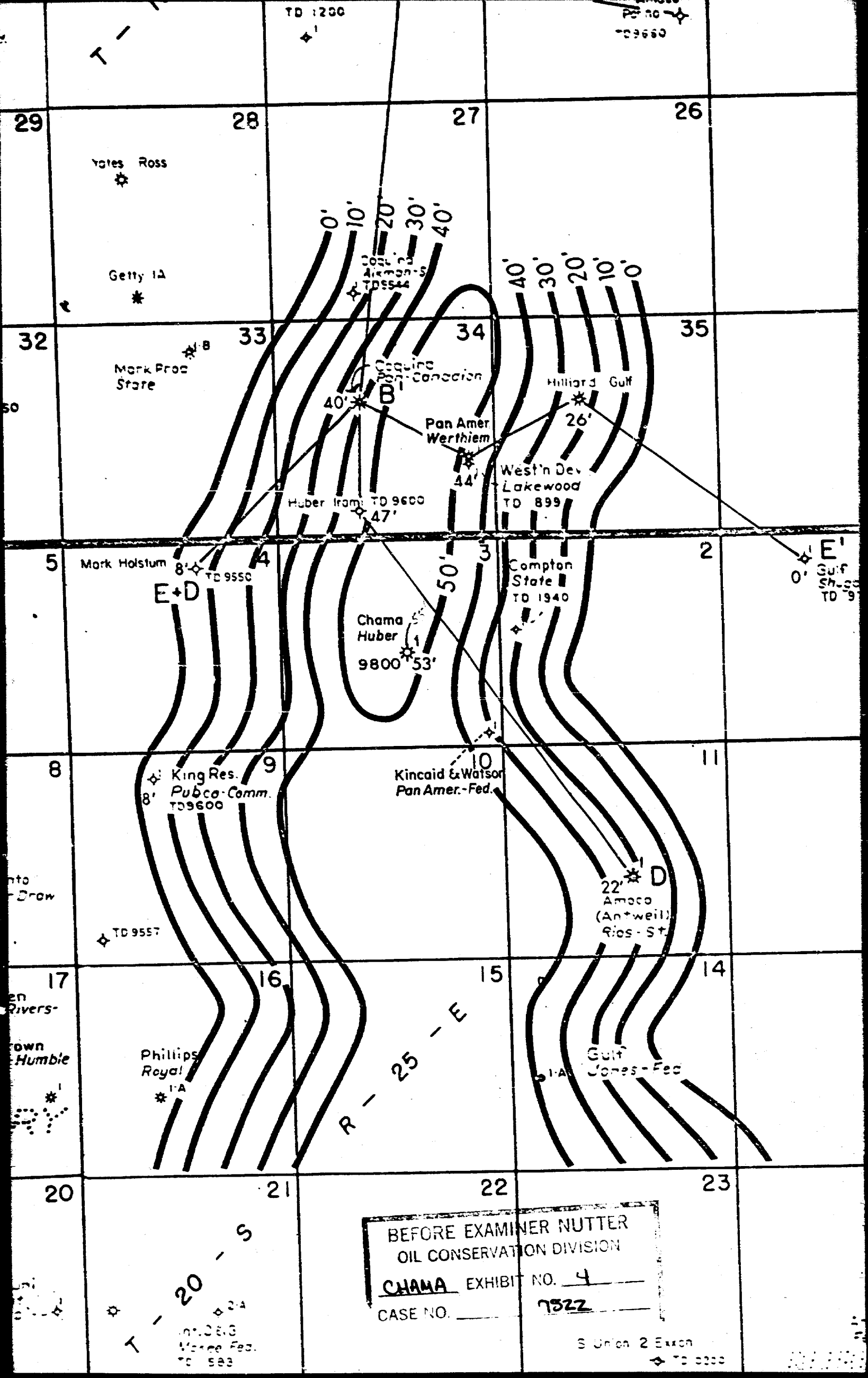
Mr. J. E. G.  
Morse Fed



BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
CHAMA EXHIBIT NO. 2  
CASE NO. 7572



Coquina Osage TD 9410  
S. P. Yates Ross TD 1200  
24' TD 9484  
10' 20' 30' 40' 50'  
Amoco Parino TD 9660  
29 28 27 26  
Yates Ross  
Getty 1A  
Mark Prod. Store  
Coquina Aikman-St TD 9544  
14'  
Coquina Pan-Canadian  
Pan Amer. Werthiem  
Huber Land TD 9600  
47'  
Hilliard Gulf  
West'n Dev. Lakewood TD 899  
32 33 34 35  
Mark Holstun TD 9550  
8'  
Compton State TD 1940  
Kincaid & Watson Pan Amer-Fed. TD 1652  
King Res. Pubco-Comm. TD 9600  
8'  
TD 9557  
Amoco (Antwell) Rios-St.  
25'  
Gulf Jones-Fed  
1-A  
20 21 22 23  
ANNELE  
Evens  
2-A



BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
CHAMA EXHIBIT NO. 4  
CASE NO. 7522

S Union 2 Exxon  
TD 8200





Field Seven Rivers - So. Boyd Prospects County Eddy State New Mexico

Lease N/2 of 15 - 20S - 25E Job No. 1305

Operator \_\_\_\_\_ Conversion Factor 2.22415

[illegible]

Planimetered By: 400 Date: 3/29/87

Computed By: AKC Date: 3/29/81

**Totals:**

12,768

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 Jalmat 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 2.1. 701-705.

**ERNEST L. PADILLA**  
ATTORNEY AND COUNSELOR AT LAW

P.O. Box 2523  
Santa Fe, New Mexico 87501  
(505) 988-7577

March 30, 1982

Mr. Joe D. Ramey  
Director  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

Re: Case Nos. 7521 and 7522

Dear Mr. Ramey:

Enclosed for filing in the above-referenced cases is our SUBSTITUTION OF COUNSEL, the purpose of which is to enter the appearance of Roger L. Copple and myself as attorneys of record in both cases and the withdrawal of the law firm of Atwood, Malone, Mann & Cooter. Thank you for your assistance.

Very truly yours,

  
Ernest L. Padilla

ELP:pfm  
Enclosures  
cc: Roger L. Copple, Esq.  
Paul Cooter, Esq.

STATE OF NEW MEXICO  
DEPARTMENT OF NATIONAL RESOURCES  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF SANTA FE EXPLORATION CO. FOR  
AN UNORTHODOX LOCATION, EDDY COUNTY,  
NEW MEXICO.

CASE NO. 7522


SUBSTITUTION OF COUNSEL

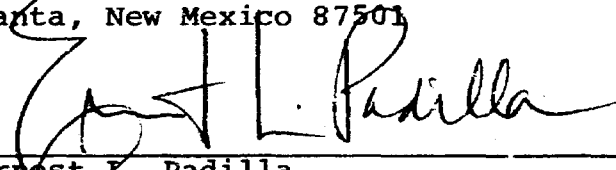
COME NOW Atwood, Malone, Mann & Cooter and withdraw  
as counsel for the Applicant Santa Fe Exploration Co., and  
Roger L. Copple and Ernest L. Padilla enter their  
appearance for it herein.

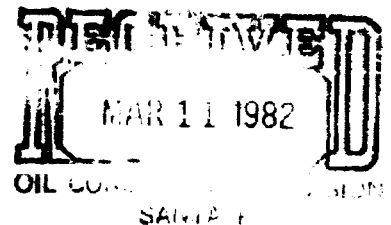
ATWOOD, MALONE, MANN & COOTER, P.A.

By 

P. O. Drawer 700  
Roswell, New Mexico 88201

  
Roger L. Copple  
P. O. Box 40  
Santa, New Mexico 87501

  
Ernest L. Padilla  
P. O. Box 2088  
Santa Fe, New Mexico 87501



STATE OF NEW MEXICO  
DEPARTMENT OF NATURAL RESOURCES  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF SANTA FE EXPLORATION CO. FOR AN  
UNORTHODOX LOCATION, EDDY COUNTY,  
NEW MEXICO.

CASE NO. 7972

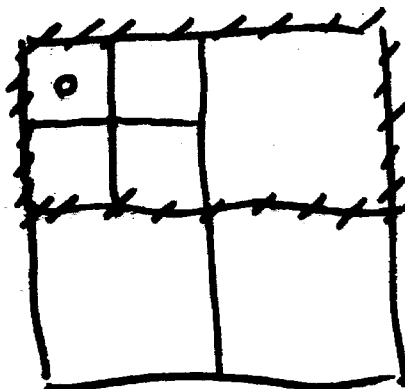
APPLICATION

COMES NOW Santa Fe Exploration Co. and hereby makes application for an unorthodox location for the drilling of a well to test the Permo-Penn, Strawn, Atoka and Morrow formations at a location 660 feet from the north and west lines of Section 14, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and as grounds therefor states:

1. The N $\frac{1}{4}$  of said Section 14 would be dedicated to that well.
2. A well at that unorthodox location will better enable Applicant to produce the gas underlying the proration unit, and afford the Applicant the opportunity to produce its just and equitable share of gas in the undesignated pool, prevent economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and otherwise prevent waste and protect correlative rights.

Respectfully submitted,

SANTA FE EXPLORATION CO.



By

for ATWOOD, MALONE, MANN & COOTER  
P. O. Drawer 700  
Roswell, New Mexico 88201

ORDERS

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7522

Order No. *R-6933*

APPLICATION OF SANTA FE EXPLORATION  
CO. FOR AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 31, 1982,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of April, 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, Santa Fe Exploration Co., seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, to test the Permo-Penn, Strawn, Atoka and Morrow formations, \_\_\_\_\_  
~~Co.~~, Eddy County, New Mexico.

(3) That the N/2 of said Section 14 is to be dedicated to the well.

- (4) That the applicant requested said mortgagor location on the grounds that it will improve its structural position with respect to the so-called "Bayd Channel," a North/South trending narrow zone of higher than usual porosity and permeability traversing the western half of said Section 14, thereby increasing its chances of obtaining strong commercial production
- (5) That a standard location for a well in the western half of the NW/4 of Section 14 would be in either the NE/4 NW/4 or the SE/4 NW/4 of said Section 14.
- (6) That a non-commercial well has been drilled in the SE/4 of Section 11 immediately to the north, and applicant is seeking to move as far as possible ~~to~~ away from said well, thereby making the NE/4 NW/4 of Section 14 undesirable as a ~~the~~ location for the proposed well.
- (7) That a high pressure pipe line traverses ~~the~~ Section 14, and a portion of said line passes in a northeast/southwest direction through the middle of the SE/4 NW/4 of ~~the~~ the section.

(8) That a standard location for the  $\frac{1}{2}$  of Section 14 in the SE  $\frac{1}{4}$  NW  $\frac{1}{4}$  of the section <sup>in the center of said quarter section</sup> would be, 1980 feet from the north line and 1980 feet from the west line of the ~~SE~~ section.

(9) That an <sup>unorthodox</sup> location 200 north and 200 feet west of the aforesaid location, or 1780 feet from the north line and 1780 feet from the west line should ~~the~~ provide adequate clearance from the aforementioned high pressure pipe line and would, according to Applicant's exhibits, be as geologically attractive as the proposed ~~unorthodox~~ location.

(10) That an affect operator appeared at the hearing and opposed approval of the <sup>proposed</sup> ~~unorthodox~~ location without assessment of a penalty against production from the proposed well, but waived objection to the ~~unorthodox~~ location described above, i.e., 1780 feet from the north line and 1780 feet from the west line of Section 14.

(11) That the applicant should be given the choice of drilling either of the aforesaid locations, the proposed ~~unorthodox~~ location 660 feet from the north line and 660 feet from

the west line of Section 14, or 1780 feet from the north line and 1780 feet from the west line of Section 14.

- (12) That in order to protect correlative rights and to offset the advantages gained <sup>by the offsetting of drainage</sup> by the drilling of a well drilled at the 660/668 location described above should be pluralized by the imposition of a production limitation factor.
- (13) That a well at said proposed location is 100 percent of the ~~at a~~ standard distance from the north boundary of the ~~proposed~~ spacing and production unit, but is <sup>only 33</sup> percent closer of ~~the standard distance from~~ the western boundary of the unit than ~~that~~ permitted by the Division Rules and Regulations.
- (14) That a well at said proposed location ~~is~~ will have an area of drainage ~~in the~~ ~~area~~ which extends 66.7 more acres outside its production unit than a well at a standard location, being 21 percent of ~~the~~ a total 320 acres unit, having 79 percent of the area of drainage within the assigned unit or the permissible drainage area outside the unit.
- (15) That the production limitation factor should be based upon the variation of the location from a standard location and the 66.7-acre encroachment described in Finding No. (14) above, and ~~may best be accomplished by assigning~~ should be calculated by averaging the north/south location factor (100 percent) the East/West location factor (33 percent) and the acreage encroachment factor (79 percent), which

yields a production limitation factor of 0.71.

(16) That in the absence of any special rules and regulations for the prorationing of production from the subject well, the aforesaid production limitation factor should be applied against the well's ability to produce into the pipe line as determined by periodic tests.

(17) That in order to avoid premature abandonment and subsequent loss of recoverable reserves, provision should be made for a reasonable minimum allowance for the subject well, and 500,000 cubic feet of gas per day is a reasonable figure for a minimum allowance.

(18) That approval to drill the proposed well at the unorthodox location described in Finding No. (2) above, subject to the Production Limitation Factor described in Finding No. (15) above, or in the alternative, to drill at the unorthodox location described in Finding No. (9) above, with not impair but will protect correlative rights, will not cause waste, and should be given.

IT IS THEREFORE ORDERED:

(1) That the applicant, Santa Fe Exploration Co., is hereby authorized to drill a well to ~~the~~ test the Permian, Strawn, Atoka and Morrow formations at a point 660 feet from the north line and 660 feet from the west line of Section 14, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, subject to a Production Limitation Factor of 0.71 applicable as described below, or, in the alternative, to drill said well at an ~~unorthodox~~ location 1780 feet from the north line and 1780 feet from the west line of said Section 14 without penalty, in either case to be dedicated to the N/2 of said Section 14.

(2) That in the absence of any Special Rules and Regulations governing production from the subject well, the following Special Rules and Regulations for a non-prorated gas well shall apply, if the well is drilled at the location first described ~~here~~ in Paragraph (1) above:

SPECIAL RULES AND REGULATIONS  
FOR THE  
APPLICATION OF A "PRODUCTION LIMITATION FACTOR"  
TO A NON-PRORATED GAS WELL

APPLICATION OF RULES

RULE 1. These rules shall apply to the ~~Viking Petroleum~~ <sup>Santa Fe Exploration</sup> Co. Morrow <sup>660</sup> Inc. ~~the~~ formation gas well located <sup>660</sup> feet from the <sup>North</sup> line and <sup>660</sup> feet from the <sup>West</sup> ~~East~~ line of Section <sup>14</sup> ~~29~~, Township <sup>20</sup> ~~5~~ South, Range <sup>25</sup> ~~24~~ East, NMPM, <sup>Eddy</sup> ~~Chaves~~ County, New Mexico, which well's Production Limitation Factor of <sup>0.71</sup> ~~0.41~~ shall be applied to the well's deliverability (as determined by the hereinafter set forth procedure) to determine its maximum allowable rate of production.

ALLOWABLE PERIOD

RULE 2. The allowable period for the subject well shall be six months.

RULE 3. The year shall be divided into two allowable periods commencing at 7:00 o'clock a.m. on January 1 and July 1.



## DETERMINATION OF DELIVERY CAPACITY

RULE 4. Immediately upon connection of the well the operator shall determine the open flow capacity of the well in accordance with the Division "Manual for Back-Pressure Testing of Natural Gas Wells" then current, and the well's initial deliverability shall be calculated against average pipeline pressure in the manner described in the last paragraph on Page I-6 of said test manual.

RULE 5. The well's "subsequent deliverability" shall be determined twice a year, and shall be equal to its highest single day's production during the months of April and May or October and November, whichever is applicable. Said subsequent deliverability, certified by the pipeline, shall be submitted to the appropriate District Office of the Division not later than June 15 and December 15 of each year.

RULE 6. The Division Director may authorize special deliverability tests to be conducted upon a showing that the well has been worked over or that the subsequent deliverability determined under Rule 5 above is erroneous. Any such special test shall be conducted in accordance with Rule 4 above.

RULE 7. The operator shall notify the appropriate district office of the Division and all offset operators of the date and time of initial or special deliverability tests in order that the Division or any such operator may at their option witness such tests.

## CALCULATION AND ASSIGNMENT OF ALLOWABLES

RULE 8. The well's allowable shall commence upon the date of connection to a pipeline and when the operator has complied with all appropriate filing requirements of the Rules and Regulations and any special rules and regulations.

RULE 9. The well's allowable during its first allowable period shall be determined by multiplying its initial deliverability by its production limitation factor.

RULE 10. The well's allowable during all ensuing allowable periods shall be determined by multiplying its latest subsequent deliverability, as determined under provisions of Rule 5, by its production limitation factor. If the well shall not have been producing for at least 60 days prior to the end of its first allowable period, the allowable for the second allowable period shall be determined in accordance with Rule 9.

RULE 11. Revision of allowable based upon special well tests shall become effective upon the date of such test provided the results of such test are filed with the Division's district office within 30 days after the date of the test; otherwise the date shall be the date the test report is received in said office.

RULE 12. Revised allowables based on special well tests shall remain effective until the beginning of the next allowable period.

RULE 13. In no event shall the well receive an allowable of less than ~~100,000~~<sup>500,000</sup> cubic feet of gas per day.

## BALANCING OF PRODUCTION

RULE 14. January 1 and July 1 of each year shall be known as the balancing dates.

RULE 15. If the well has an underproduced status at the end of a six-month allowable period, it shall be allowed to carry such underproduction forward into the next period and may produce such underproduction in addition to its regularly assigned allowable. Any underproduction carried forward into any allowable period which remains unproduced at the end of the period shall be cancelled.

RULE 16. Production during any one month of an allowable period in excess of the monthly allowable assigned to the well shall be applied against the underproduction carried into the period in determining the amount of allowable, if any, to be cancelled.

RULE 17. If the well has an overproduced status at the end of a six-month allowable period, it shall be shut in until such overproduction is made up.

RULE 18. If, during any month, it is discovered that the well is overproduced in an amount exceeding three times its average monthly allowable, it shall be shut in during that month and during each succeeding month until it is overproduced in an amount three times or less its monthly allowable, as determined hereinabove.

RULE 19. ~~Reserved.~~

*re-insert Rule 19*

RULE 19. The Director of the Division shall have authority to permit the ~~well~~, if it is subject to shut-in pursuant to Rules 17 and 18 above, to produce up to 500 MCF of gas per month upon proper showing to the Director that complete shut-in would cause undue hardship, provided however, such permission shall be rescinded for the ~~well~~ if it has produced in excess of the monthly rate authorized by the Director.

RULE 20. The Division may allow overproduction to be made up at a lesser rate than permitted under Rules 17 or 18 above upon a showing that the same is necessary to avoid material damage to the well.

**GENERAL**

RULE 21. Failure to comply with the provisions of this order or the rules contained herein or the Rules and Regulations of the Division shall result in the cancellation of allowable assigned to the well. No further allowable shall be assigned to the well until all rules and regulations are complied with. The Division shall notify the operator of the well and the purchaser, in writing, of the date of allowable cancellation and the reason therefor.

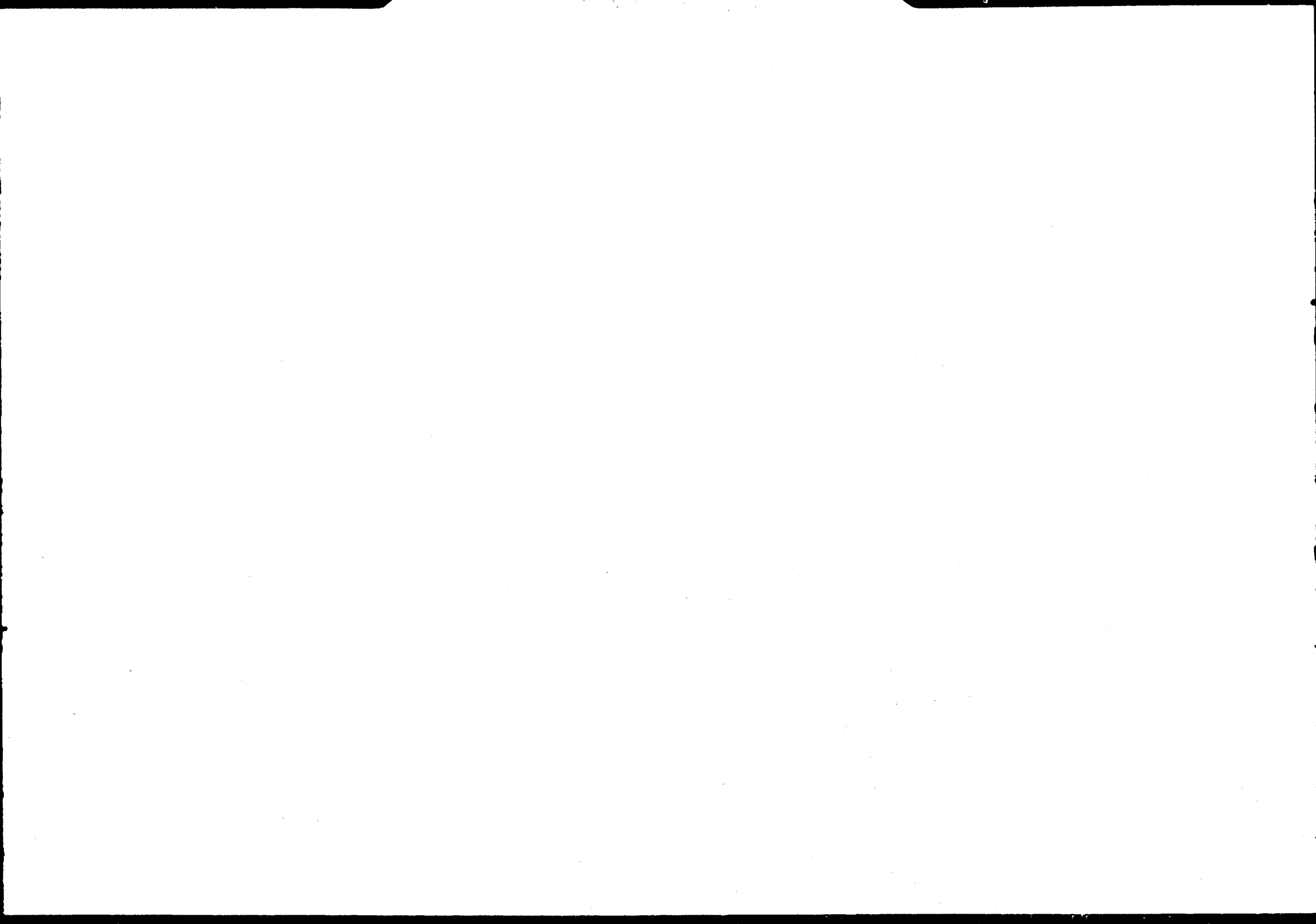
IT IS FURTHER ORDERED:

~~(1) That the Director of the Division shall rescind the application of the production limitation factor and of the special rules contained in this order upon a proper showing that the State Land Office has withdrawn objection to the unorthodox gas well location granted by this order.~~

(1) 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





CASE NO.

7522 DE NOVO

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

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

COMMISSION HEARING

IN THE MATTER OF:

Application of Santa Fe Exploration  
Co. for an unorthodox gas well loca-  
tion, Eddy County, New Mexico.

CASE  
7522

BEFORE: Commissioner Ramey  
Commissioner Arnold

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

For the Applicant:

Ernest L. Padilla, Esq.  
P. O. Box 2523  
Santa Fe, New Mexico 87501



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A P P E A R A N C E S

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

I N D E X

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JAMES H. MONTGOMERY

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WILLIAM B. BARNHILL RECALLED

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I N D E X

STATEMENT BY MR. CARR  
STATEMENT BY MR. PADILLA

E X H I B I T S

Santa Fe Exhibit One, Plat  
Santa Fe Exhibit Two, Isopach  
Santa Fe Exhibit Three, Cross Section  
Santa Fe Exhibit Four, Production Data  
Santa Fe Exhibit Five, Completion Reports  
  
Chama Exhibit One, Land Plat  
Chama Exhibit Two, Topographic Map  
Chama Exhibit Three, Isopach  
Chama Exhibit Four, Isopach  
Chama Exhibit Five, Blow-up

1  
2 MR. RAMEY: We'll call next Case 7522.

3 MR. PEARCE: That is the application of  
4 Santa Fe Exploration Company for an unorthodox gas well loca-  
5 tion, Eddy County, New Mexico.

6 MR. PADILLA: Mr. Chairman, I'm Ernest L.  
7 Padilla, Santa Fe, New Mexico, on behalf of the applicant in  
8 this case.

9 I have one witness who has been previously  
10 sworn and would request that the record reflect that he was  
11 sworn and qualified.

12 MR. RAMEY: Let the record so reflect.  
13 Mr. Carr, do you have an appearance?

14 MR. CARR: Yes, sir, Mr. Ramey. I'm  
15 William F. Carr, with the law firm Campbell, Byrd, and Black,  
16 P. A., in Santa Fe, appearing on behalf of Chama Petroleum  
17 Company.

18 I have one witness. I'd like the record  
19 to reflect that our witness has been sworn and qualified as  
20 an expert witness in petroleum engineering and petroleum  
21 geology.

22 MR. RAMEY: The record will so reflect,  
23 Mr. Carr.

24 You may proceed, Mr. Padilla.  
25

WILLIAM B. BARNHILL

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

DIRECT EXAMINATION

BY MR. PADILLA:

Q Mr. Barnhill, for the record, would you please state where you reside? Your name and where you reside, I'm sorry.

A My name is William Barnhill and I reside in Roswell, New Mexico.

Q What's the purpose of this case?

A The purpose of this case is to review an unorthodox location, located in the north half of Section 14, Township 20 South, Range 25 East, Eddy County, New Mexico.

This unorthodox location was filed by Santa Fe Exploration.

Q What's your connection with Santa Fe Exploration?

A I'm just their technical witness for today.

Q Mr. Barnhill, would you refer to what has been marked as Exhibit One and identify what it is and what

1  
2 it contains?

3 A Exhibit One is a land plat. Colored in  
4 green is the proration unit consisting of the north half of  
5 14, and the unorthodox location of 660 feet from the north and  
6 west of Section 14 applied for by Santa Fe Exploration.

7 The acreage in yellow is Chama Petroleum,  
8 who are protesting the unorthodox location.

9 Q What's the location of the unorthodox loca-  
10 tion?

11 A It's 660 feet from the north and west of  
12 Section 14.

13 Q Would you go now to what has been marked  
14 Exhibit Number Two and tell us what that is and what it con-  
15 tains?

16 A Exhibit Number Two is an Isopach map, or  
17 thickness map, of the Morrow sands in question, showing the  
18 Boyd Channel as coming through this particular area, and the  
19 Isopach values run on 10 feet.

20 Q What is the area colored in red?

21 A That is the same proration unit as colored  
22 in green on the land plat.

23 Q And what does the red line that trends  
24 or crosses --  
25

1  
2 A That red line is a cross section, which is  
3 going to be attempting to show that these wells that we do  
4 have electric logs on, and all, are along the east bank of  
5 a channel, the channel proper being to the west.

6 Q Going now to what has been marked as Exhibit  
7 Number Three-A and Three-B, would you explain their signifi-  
8 cance to this case?

9 A Three-A is a cross section. On the far  
10 left is electric log of the Hilliard Well, located in the  
11 north half of Section 35. Then this cross section comes down  
12 to a newly drilled well, the Santa Fe Exxon State, in the  
13 west half of Section 2. Then on the far right it goes through  
14 Section 11, which is the Amoco Rio Siete, originally drilled  
15 by Antweil, then southwest to the proposed location in 14.

16 If we might just because of not taking  
17 too much time, skip to the log on the far left, the Hilliard  
18 Well, I think everybody is reasonably familiar with that, but  
19 go down to the Santa Fe Well in Section 2, which we're also  
20 familiar with, and compare it to the Amoco Well in Section  
21 11.

22 You can see that the sand in question in  
23 the Amoco Well is broken up and it's one of the poorer wells  
24 as far as sand development and the sand in question as far as  
25 this Boyd Channel is concerned. We are talking about the

1  
2 same reservoir, the same sand. The Amoco took a test in the  
3 top portion of this sand in question and they have a shut-in  
4 pressure of 3902, which is only 6 pounds different than a  
5 well drilled by Chama Petroleum in Section 3. This supple-  
6 mental log here is the Chama log, located in Section 3, shut-  
7 in pressure being 6 pounds different from the Amoco Well,  
8 located in 6 and going to Section 11.

9 The Amoco Well is a very, very poor pro-  
10 ducer. If you'll notice on the log at 9510 to 14, that is  
11 the only part of the Boyd Channel sand in question that they  
12 have perforated, and maybe are producing from.

13 If we go on down to 9636 to 60, I've  
14 colored it in in red there and showing the porosity colored  
15 in red on the right and the yellow on the left being the  
16 sand, that is the sand that I think is the only thing that's  
17 probably contributing anything to production of the Amoco  
18 Well.

19 This sand is not even present in the Chama  
20 Well. If you'd lay -- put the Chama log on against the  
21 Amoco Well, on what we're calling the "C" marker there, pos-  
22 sibly a limit of it would be, in the Chama Well, would be  
23 about 9600 feet, whereas it's, in the Amoco Well, it's really  
24 you might say, kind of a stray sand; however, that sand will  
25 correlate with the most furtherest most well, the Hilliard

1  
2 Gulf up in Section 35, in the north half of 35, which is that  
3 last sand just above the "C" marker colored in green, which  
4 would be at 96 -- about 9610 to 25.

5 That sand is present in the Hilliard Well  
6 in 35 and it's the same as the Amoco, what Amoco has completed,  
7 but it's a completely different sand than what we're talking  
8 about from this Boyd Channel.

9 So we have a lot of things going on here  
10 and this is a very, very production. This lower sands are  
11 usually pretty tough to complete in and --

12 Q Which well are you talking about, Mr.  
13 Barnhill? All the wells in general or one specific well?

14 A These lower sands just don't amount to a  
15 great deal, that is -- and as I said, what I think is contri-  
16 buting to the production here of the Amoco Well is this lower  
17 section at 9636 to 60, which isn't present, or if so, it's  
18 got a remnant present in the Chama Well.

19 But it is present about three miles north  
20 in the Hilliard Well, so that's kind of a stray sand that  
21 comes and goes, but we're really talking about this upper  
22 sand, this real good upper channel sand that Chama has dis-  
23 covered in Section 3. Amoco doesn't have it. Santa Fe Ex-  
24 ploration in Section 2 doesn't have it. Hilliard Oil in  
25 Section 35, the sand, we're talking about the same reservoir



1  
2 but the -- they won't produce anything due to tightness of  
3 porosity and permeability just right there, and the Rio Siete  
4 the cumulative production through 1981 has been 131,000,000.  
5 It's producing roughly about, maybe, a million and a half  
6 per month, maybe two million a month.

7 But they're on the -- they're on the east  
8 bank of this Boyd Channel, which comes through the middle of  
9 Section 10, the middle of Section 15, and the unorthodox  
10 location of 14 is 660 from the north and west of 14, and  
11 there has been assessed a penalty on that, and I'd like to  
12 have the Commission, with the new evidence here of the sequence  
13 on the east bank of this channel, to possibly reconsider that  
14 penalty.

15 The Amoco Well in Section 11 has no way  
16 whatsoever of getting into this channel that Chama Petroleum  
17 has. It's completed out of a much lower sand, and it's very  
18 important for this unorthodox -- on this unorthodox location  
19 is to drill at this location.

20 Q Mr. Barnhill, what's the status of that  
21 Santa Fe Gulf P Well now? Is it drilling now or what is the  
22 situation?

23 A Santa Fe, no, it's, as of this week, as  
24 of yesterday, they were setting up a pulling unit and were  
25 going to go in and perforate and acidize. I don't have the

1  
2 results of that.

3 Q I'm sorry, Mr. Barnhill, I'm talking about  
4 the well in the location in Section 14.

5 A Oh, that one.

6 Q Yes. Yes.

7 A That is -- the location was built. The  
8 location in there fell off into a draw. It was in excess of  
9 \$30,000. I know, I've seen the invoices on it. A spudder  
10 has been on there constantly since it was spudded and they  
11 will set surface casing with that spudder.

12 Q And they intend to move a rotary rig on  
13 after that?

14 A Yes, right. Here again, with the assess-  
15 ment of the penalties and all, and I know Santa Fe Exploration  
16 would certainly hate to see that kind of money go down the  
17 tube, but there's no way that I can advise Santa Fe Explora-  
18 tion that I think they're going to hit the main part of the  
19 channel.

20 Q There's even less well control in this --  
21 in this proration unit than the one in the earlier case in  
22 the south half of 35, is that --

23 A Yeah.

24 Q -- your assessment?

25 A Yes.

1  
2 Q How does this, your Isopach, as depicted  
3 on Exhibit Number Two, compare with that that you presented  
4 at the March hearing?

5 A It's somewhat similar. The new control,  
6 of course, is the Santa Fe Exxon State in Section 2. The  
7 Amoco Well was there and that was essentially it. The Hilliard  
8 Well was there, and of course, the Chama Well was drilled in  
9 Section 3, and the only really additional evidence would be  
10 on the Santa Fe, showing that low on the east bank, and Amoco  
11 down here in 11 is even in a worse position for the geological  
12 standpoint. That's completed out of completely different  
13 irrelevant sand.

14 Q Have you shifted the main sand channel  
15 with respect to Section 14 to the west this time around?

16 A Yes, I had to.

17 Q Now, you've touched on the production of  
18 these wells on the east bank of the channel, and those are  
19 depicted in Exhibits Four-A and Four-B, but can you elaborate  
20 some more on the potential payout of some of those wells?

21 A The Amoco Well won't pay out in Section  
22 11. It's -- it just won't do it.

23 The Santa Fe Exxon State, located in 2,  
24 there's no way that it's going to -- can get into the -- this  
25 Boyd Channel to the west, and the Hilliard Well, although

1  
2 these pressures and all, I think are all tied into the same,  
3 possibly the same reservoir, the permeability and porosity,  
4 they just -- they have no deliverability factor, and they  
5 just don't -- don't have it.

6 Amoco, as well, all the way three miles  
7 south of Section 11, and their main completion, as I've ex-  
8 plained on this log, is in a lower sand, which is kind of  
9 incidental to the question.

10 Q Mr. Barnhill, would your testimony at this --  
11 in this case be consistent with the earlier testimony in Case  
12 7521, that permeability and porosity are going to differ with-  
13 in the channel as you move eastward outside of the main pay  
14 section?

15 A Well, definitely. Now going back to Sec-  
16 tion 11, the Amoco, they just -- they didn't even get the  
17 sands except what I've colored in and shown the perforations  
18 and everything in a 4-foot stringer there. They just -- they  
19 just missed the channel they were so far east of the channel.

20 And you can get closer to the channel but  
21 if you're still in that shaley facies from coming out of  
22 the channel onto the bank, you're going -- your effective  
23 porosity and permeability is gone; you just don't get any  
24 deliverability.

25 The Amoco well in 11 actually missed the

1  
2 channel and had to complete out of a lower sand.

3 Q Mr. Barnhill, going on to what has been  
4 marked Exhibit Number Five, tell us what that is and what it  
5 contains.

6 A Exhibit Five is completion records of the  
7 wells of the immediate area and is the well control here,  
8 just the immediate area.

9 Q Mr. Barnhill, do you have anything further  
10 to add to your testimony at this time?

11 A Not really. The bottom hole pressure data  
12 is very similar. It's -- I don't know how to explain it but  
13 only have six pounds difference in the Amoco Well from the  
14 Chama Well that had a very, very good channel sand.

15 I don't know how to explain it. We're  
16 talking about the same reservoir. The Amoco Well does not  
17 have it at all but what little stringers they got indicate  
18 the same bottom hole pressures that appeared out of a lower  
19 zone that is just a -- irrelevant to this particular conver-  
20 sation because it doesn't pertain to the main channel sand  
21 in question.

22 And we'd have to, on the Santa Fe Explora-  
23 tion's unorthodox location, I feel that they are definitely  
24 located on the -- the nearness of an east bank situation and  
25 you know, a certain amount of money has been spent. I don't

1  
2 believe it would be further recommended that that well be  
3 drilled for approximately \$800,000 with the risk factor in-  
4 volved and a large penalty being made to it.

5 So I'm asking the Commission to reconsider  
6 the situation here as far as the penalty.

7 Q As far as the well being a wildcat, how  
8 do you compare that with, say, the Santa Fe Exploration, the  
9 Santa Fe Exxon State well?

10 A Well, it's considerably more of a wildcat  
11 than the Santa Fe Exxon State. Santa Fe Exxon State was  
12 drilled after the Chama-Huber Well in Section 3 was drilled,  
13 and so -- and we saw how close it was, 660 from the line of --  
14 the west line of Section 2, and how far away it actually  
15 ended up being, irregardless of what the Chama well showed.

16 They're going to have a difficult time  
17 making a commercial producer out of it and getting their  
18 money back, as shown on this log, because it corresponds  
19 almost identically to a well a mile north in Section 35, which  
20 is the Hilliard Well, which has no capacity to produce.

21 Santa Fe's going to be in that same posi-  
22 tion. The Amoco Well is even worse, but they are actually  
23 completed in a lower sand and getting back to your question  
24 about wildcatting, this is much more of a wildcat than  
25 drilling the Exxon State in Section 2, because we did have

1  
2 the Chama Huber Well that was down.

3 MR. PADILLA: Pass the witness, Mr. Exa-  
4 miner. I mean Mr. Chairman.

5  
6 CROSS EXAMINATION

7 BY MR. RAMEY:

8 Q Mr. Barnhill, I think what you're saying  
9 is if you drilled at a standard location you might -- more  
10 apt -- you would be more apt to get a well that would ap-  
11 proach the Amoco Well to the north in Section 11.

12 A That's right.

13 Q You would lose -- you would lose channel  
14 sand and perhaps pick up your lower section, but that is  
15 indicated to be not economically productive.

16 A That's true. The upper sand has gotten  
17 so shaled out over there in the Amoco location, if you just  
18 drill a standard over there, you'd just be getting that much  
19 closer to that bank condition, and the lower sand, which is  
20 very erratic, even if you had it, it's not going to amount  
21 to a great deal.

22 Q You gave that well 16 feet of pay, I  
23 notice, on your Isopach.

24 A Yes, I counted everything I could in  
25 there.

Q And if you drill at your non-standard location you, hopefully, will -- will find a well that is more near to the channel conditions than you would at the --

A Yes, sir.

Q -- standard location.

A A standard location would put you further away from trying to get into a channel situation. This unorthodox location would be -- is far superior trying to get in a sand development, but you'll notice on the Isopach map, it's right on strike north to south.

The Santa Fe, this unorthodox location in 14 is absolutely due south of the Santa Fe Exxon State in 2, which is not going to make it, and it's right on strike with the Hilliard Gulf in 35, another mile north, it's not going to make it and never will make it. It can't, and will not due to its rough characteristics drain this sand to the west.

Santa Fe's got the same problem and the Santa Fe, unorthodox Santa Fe location in 14 is on a straight line north/south alignment.

Q Thank you, Mr. Barnhill.

MR. RAMEY: Any other questions of Mr. Barnhill at this time?



## CROSS EXAMINATION

BY MR. CARR:

Q Mr. Barnhill, what's the status of the lease in 14? Do you have any problems with it expiring at this point in time?

A No.

Q What is the --

A Not as long as operations are maintained.

Q What is the depth of the well on that lease right now?

A It's right, don't hold me to this, but it's right around 200 feet.

Q When did you move the spudder onto this location?

A Let's see. Chama leased that lease, you see, and we moved in, let me find it here, I guess that's February '82. Chama Petroleum top leased that fee lease in there. That location was drilled and spudded prior to, I guess it's February of '82. Is that a "2" on there?

MR. PADILLA: 2-21-82, it says.

A I think it's February of '82.

And that was spudded and continuous operations have gone on since then. There again, the operator of that electric (sic) clarified a point of what kind of an

1  
2 economic climate he's in drilling on this, what has been pre-  
3 sented and shown as pretty edgy stuff on the east bank.

4 Q Now if I could direct your attention to  
5 your Isopach. How would you characterize the control data  
6 that's available to you in constructing the Isopach around  
7 Section 14?

8 A 14?

9 Q Yes, sir.

10 A Well, the closest well and the only well  
11 to 14 is the Amoco Well in 11.

12 Q And would you -- how would you characterize  
13 generally the control available for constructing this?

14 A Well, going to the south we have some con-  
15 trol down in Sections 23 and 26 and then we go up north, we'd  
16 go into 3 and 34 and 35, Section 2.

17 Q Isn't it true that the control really for  
18 Section 14 is fairly poor?

19 A You bet.

20 Q And this is a -- all you can do is make  
21 your best guess at it.

22 A Well, we know that Amoco missed it, the  
23 channel, actually, the channel sands except for just a little,  
24 thin stringers completed in the lower sand, which is irrela-  
25 vant to the problem. So you know you can't go that way.

1  
2 You've got to go west and with this alignment of this -- with  
3 the additional data of the Santa Fe Well in Section 2, the  
4 Exxon State, you can -- there's a due north/south alignment,  
5 and it is very, very possible that they're going to be on the  
6 east bank, but a considerable amount of money has been spent  
7 in there. The operator needs to know about the economic  
8 climate that's going to prevail.

9 Q In your opinion would it be possible to  
10 drill and economic well in a standard location in Section 14?

11 A No, I don't. These things -- these things  
12 are so funny. You can get so close but so far away. As I  
13 was trying to point out to you, going back to Section 2, the  
14 Santa Fe Exxon State, it's a 660 from the west line. No  
15 question it's a standard location the way it was set; close  
16 as you can get to the Chama-Huber, but it's in a different  
17 world. It's a different world. There's no way you could  
18 compare it to this. It's on the bank.

19 Amoco missed it completely except for these  
20 little stringers, thin little stringers.

21 Q Now if you were at a standard location,  
22 how far would you be -- have to drill from the west line of  
23 Section 14?

24 A Standard would be, well, you could drill it  
25 1980 - 1980.

1

2

Q So you're advancing 1320 feet from the standard location. Is that correct?

3

4

A Yes, that's correct.

5

6

7

8

Q Now, if you look at your cross section and look for a moment at the Amoco, or the Rio Siete Well, was it your testimony that most of the production in that well is coming from the lower Morrow sands?

9

A I think so.

10

11

Q And is that a different sand body from the Boyd Channel?

12

A Oh, absolutely, yes.

13

14

Q Does this sand produce in any other well in the area?

15

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A I've seen it produce. Now, if you look at the cross section and go back to the Hilliard Well up, located in Section 35, you'll notice a lower drill stem test at 9561 to 9633. That did cover that sand that Amoco is completed in. It's stray. It sort of comes and goes, and that's why the production is extremely poor because it's not a continuous body. You cannot find that sand in the Chama -- Chama Well. You can not find it in the Santa Fe Well. It's just gone.

24

Q Will you --

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A Just a little lenticular something down

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there, little beds, that is not consistent.

Q Does Santa Fe propose to drill to a depth sufficient to test that zone?

A Santa Fe, and anyone out there drilling, should drill to the top of the Mississippian because of these stray sands.

Q Do you have any idea as to the extent of this sand body in the immediate area?

A It's very difficult to correlate, not to correlate, but the Amoco Well has it in 11; you go to Section 2, Santa Fe, you can look right here on this log, which is from -- it's from right to left, colored in on the Amoco Well with a yellow and a red. Coming right across on the top of the Morrow it's all shale and yet Santa Fe Exxon State. Then you go another mile north to 35, that sand is present in the Hilliard Well.

So that's how erratic it is. It would not be a primary target, but that's why most people, and I would highly recommend to any operator, to go to the Mississippian, because you can get these strays and it may not be a complete disaster.

A lot of people have not gone to the Mississippian and you don't know what's in that last 3 or 400 feet.

1  
2 MR. CARR: I have no further questions.

3 MR. RAMEY: Any other questions of Mr.  
4 Barnhill? He may be excused.

5 Anything further at this time, Mr. Padilla?

6 MR. PADILLA: Nothing further. I offer  
7 Exhibits One through Five.

8 MR. RAMEY: Exhibits One through Five, in-  
9 cluding Three-A and Three-B and Four-A and Four-B, will be  
10 admitted.

11  
12 JAMES H. MONTGOMERY

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

15  
16 DIRECT EXAMINATION

17 BY MR. CARR:

18 Q Will you state your name, please?

19 A James H. Montgomery.

20 Q Mr. Montgomery, did you testify in the pre-  
21 vious case?

22 A Yes, sir, I did.

23 Q And your qualifications as an expert wit-  
24 ness were accepted at that time?

25 A Yes, sir.

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Q Are you familiar with the application  
filed in this case on behalf of Santa Fe Exploration?

A I am.

Q And are you familiar with the subject area?

A Yes, sir, I am.

Q Would you briefly describe for the Commission your involvement in this area?

A We're here to oppose the unorthodox location of Santa Fe.

Q And when did you first start working in this area?

A This particular area, about a year and a half ago.

Q And was that at the request of Chama Petroleum Company?

A Yes, sir, it was.

Q Are you the engineer with responsibility in this area?

A Yes, sir, I am.

Q Have you prepared certain exhibits for introduction in this case?

A Yes, sir, I have.

Q Will you please refer to what has been marked for identification as Chama Exhibit One, and identify

1  
2 this and explain what it shows?

3 A Yes, sir. Again, this is a land plat  
4 showing the acreage that Chama owns in the area; it's shown  
5 cross hatched.

6 It outlines the proration unit in the north  
7 half of Section 14 and shows the standard location and the  
8 proposed unorthodox location.

9 Q How much of an advantage in terms of feet  
10 is Santa Fe seeking to obtain by approval of this unorthodox  
11 location?

12 A 1320 feet.

13 Q Now I'd like to direct your attention for  
14 a moment to the north half of Section 15.

15 A Yes, sir.

16 Q And ask you if you could advise the Com-  
17 mission as to Chama's plans for development of this property.

18 A They plan to drill wells in 15 and in 10  
19 along the line of development coming from both north and  
20 south from the Chama-Huber Well in Section 3. It will pro-  
21 bably be spread, you know, one well at a time.

22 Q How soon would you anticipate they would  
23 be developing the north half of Section 15?

24 A Oh, within a year, probably.

25 Q What acreage would be dedicated to that



1  
2 well?

3 A It would be the north half of Section 15,  
4 yes.

5 Q And that would coincide with Chama's owner-  
6 ship position, is that right?

7 A Yes, sir, uh-huh.

8 Q Do you have any idea at this time, Mr.  
9 Montgomery, as to where that well would be located in the north  
10 half of 15?

11 A Well, we'd prefer to locate it at a stand-  
12 ard location, which would be 660 from the north and 1980 from  
13 the east.

14 Q Structurally, or in terms of -- from a  
15 geologic point of view would that be a desireable place to  
16 locate the well?

17 A Yes, sir, it would be in what we think  
18 would be the thick part of the sand.

19 Q Will you now refer to what has been marked  
20 as Chama Exhibit Number Two and review this, please?

21 A Yes, sir, again this is a topographic map  
22 just showing that there is no topographic reason why the  
23 standard location couldn't have been drilled. I do under-  
24 stand that there is a pipeline that runs under the standard  
25 location, but by moving 150 feet you'd be off of it.

1  
2 Q Now I believe there's been testimony of-  
3 ferred today that structure is not significant in drilling a  
4 Morrow well.

5 A That's true, yeah.

6 Q And what are you looking for when you drill  
7 in this area?

8 A Looking for thick, productive sand, in  
9 the Morrow.

10 Q And a standard location in the north half  
11 of 15, I believe you testified, would, in your opinion, place  
12 you over the thick part of the sand?

13 A Yes, sir, I think so.

14 Q I'd like you now to refer to what's been  
15 marked Chama's Exhibit Number Three, identify this, and ident-  
16 ify this for the Commission.

17 A This is an Isopach prepared by Mr. Barn-  
18 hill last -- last year. This is his version of the sand chan-  
19 nel at that time.

20 Essentially, it's unchanged. As I say,  
21 the Chama-Huber Well has been drilled in the south half of  
22 3. We don't get any 60 foot thickness in the middle. He  
23 shows the Amoco Rio State Well to have 25 feet. The Santa  
24 Fe Well in Section 2 had not been drilled. He shows it  
25 thicker than it was, but still essentially it fits.

1  
2 The Hilliard Gulf Well, the Santa Fe Well,  
3 and the Amoco Well, all lie on the east side of the channel.

4 The King Resources Well and the Mark Olsen  
5 Well lie on the west side of the channel.

6 Q Was there any data acquired from the Santa  
7 Fe Well in Section 2 that substantially changes the interpre-  
8 tation?

9 A Not substantially; it's a little thinner,  
10 but it did not change my interpretation.

11 Q Did you review the data that was available  
12 to you from this Isopach and construct an Isopach of your own?

13 A Yes, sir, I did.

14 Q And is that what has been marked for ident-  
15 ification as Exhibit Number Four?

16 A Yes, sir.

17 Q Will you please refer to that and explain  
18 what it shows?

19 A Again, I show the Amoco Rio State with 22  
20 feet of pay. It shows the proposed location drilled at the  
21 standard location would have, let's see, it would have about  
22 28 feet of pay. The unorthodox location would have over 40  
23 feet of pay.

24 Q Now obviously, the two Isopachs that have  
25 been presented today vary.

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A Yes, sir.

Q Do you believe there is sufficient control in the area on which you can make a conclusive, fairly conclusive determination, as to the characteristics of the channel in this area?

A Oh, I think that mine is as valid as Mr. Barnhill's. There is a lack of control in the area; there's no doubt about that.

Q With further development, would -- is it possible that the -- your mapping of this channel could be changed dramatically in this area?

A Yes, it could. So far it hasn't, however.

Q In making this interpretation you took into consideration the data available from the Antweil Well, Amoco Well?

A Yes, sir.

Q In this area could you explain to the Commission how you would anticipate what the drainage pattern would be from wells drilled either at the standard location or unorthodox location?

A I think that the -- any well drilled in 14 is going to drain from Section 15, because I think that's where the thickest part of the sand is. I think it will also drain from Section 10 and it may drain from the southwest quarter

1  
2 of Section 11.

3 Q Will you now refer to your Exhibit Number  
4 Five, identify this and explain what it shows?

5 A Yes, sir. Again, this is a blown-up version  
6 of the previous exhibit.

7 Q That would be your Isopach?

8 A Yeah, of my Isopach, showing with the  
9 tracts numbers, Tract D, Tract F, Tract G, and Tract H, plani-  
10 meter studies of each tract are included with this exhibit.

11 Based on this, I took the north half of  
12 Section 14 and the north half of Section 15, the two proration  
13 units involved. The north half of Section 14 would have 29  
14 percent of the acre feet. The north half of 16 -- 15 would  
15 have 71 percent of the acre feet.

16 By changing it and taking the southwest  
17 quarter of 11, the northwest quarter of 14, the northeast  
18 quarter of 15, and the southeast of 10, 43 percent of the  
19 acre feet would lie within Section 11 and 14, and 57 percent  
20 would lie in Section 10 and 15.

21 Q Are you prepared to make a recommendation  
22 to the Commission as to a penalty which should be imposed on  
23 the proposed Santa Fe Well?

24 A We feel a 63 percent penalty should be  
25 applied.

Q And what should this penalty be applied against?

A Against their semi-annual deliverability test.

Q In your opinion will penalizing the semi-annual deliverability be an effective penalty?

A It depends on the type of well they make. If they make a very good well, then, as I say, many operators will under produce it at 50 percent of its deliverability, so the penalty isn't very much then, but we think it will be fair.

Q And what was the percentage penalty again?

A 63 percent.

Q Now, Mr. Montgomery, in your opinion could Chama protect itself by drilling a well in the north half of Section 15 offsetting the proposed unorthodox location?

A We would prefer not to. We could -- we could drill there. It probably would protect us but it would cause us to drill other wells on a different pattern to get the gas under that 320 acres.

Q Where would you have to drill in the north half of 15 if the proposed unorthodox location is approved?

A If we had to drill two wells there, we'd have to drill, to oppose them we'd have to drill 660 out of

1  
2 the corner of 15. Then we'd probably have to drill one in  
3 the northwest quarter of 15 to get the reserves over there.

4 And the same thing applies to the south  
5 half of 10, they're going to be draining out of that corner,  
6 too.

7 Q In your opinion would a well in the north-  
8 west quarter of 15 be a necessary well?

9 A No, sir, it would not be necessary at all  
10 if we could drill one at a standard location in there, we'd  
11 drain the whole 320.

12 Q In your opinion would granting this appli-  
13 cation without imposing an effective penalty on the production  
14 from the proposed well, if this is approved without the pen-  
15 alty, would that afford Chama an opportunity to produce its  
16 just and fair share of the reserves from this -- their tract  
17 without waste?

18 A No, sir, it would not.

19 Q Absent a meaningful penalty, would Chama's  
20 correlative rights be protected?

21 A With the penalty they would be protected.

22 Q Were Exhibits One through Five prepared  
23 by you or under your direction?

24 A Yes, sir, they were.

25 Q Can you testify as to their accuracy?

1  
2 MR. CARR: At this time, Mr. Ramey, we  
3 would offer into evidence Chama's Exhibits One through Five.

4 MR. RAMEY: Chama's Exhibits One through  
5 Five will be admitted.

6 MR. CARR: That concludes our direct exa-  
7 mination of this witness.

8 MR. RAMEY: Any questions of Mr. Montgomery?  
9 Mr. Padilla.

10  
11 CROSS EXAMINATION

12 BY MR. PADILLA:

13 Q Mr. Montgomery, again, your Exhibit, this  
14 time Exhibit Number Five, that assumes a homogeneous reservoir,  
15 doesn't it?

16 A Yes, sir. That's the only fair and equit-  
17 able way I could find to do it to try to draw all exhibits  
18 the same.

19 Q And again, with respect to drilling the  
20 well in Section 15, both your geology and Mr. Barnhill's  
21 geology would indicate to drill a well at a standard location.

22 A In 15? Yeah, we'd prefer to do that,  
23 right.

24 Q Assuming a standup location in Section 14  
25 for the west half, dedicating the west half to a well there,



1  
2 under the current rules a well could be drilled 660 feet from  
3 the west line, could it not?

4 A Sure.

5 MR. PADILLA: I believe that's all I have,  
6 Mr. Chairman.

7 MR. RAMEY: Any other questions, Mr. Carr?

8  
9 REDIRECT EXAMINATION

10 BY MR. CARR:

11 Q Mr. Montgomery, if a well was drilled on  
12 a standup location in the west half of Section 14, could you  
13 drill 660 out of the corner and still be at an orthodox loca-  
14 tion?

15 A Could we go 660 out of the --

16 Q Would that be -- would a well 660 out of  
17 the northwest corner be at an orthodox location?

18 A No, sir. Oh, on a standup 80 it would be.

19 Q Would it be --

20 A Not in the northwest quarter; I mean some-  
21 where in the west half, it could be drilled 660 from the line  
22 of 14.

23 Q How far would you have to -- what would be  
24 the standard setback from the north line?

25 A 1980 from the north, right.

1  
2 Q So a 660 location would be an unorthodox  
3 location also?

4 A Yes.

5 MR. CARR: I have nothing further.

6 MR. RAMEY: Any other questions of Mr.  
7 Montgomery? He may be excused.

8 Do you have anything further, Mr. Carr?

9 MR. CARR: I have a statement.

10 MR. RAMEY: You may proceed.

11 MR. PADILLA: No. Mr. -- Mr. Chairman,  
12 could I recall Mr. Barnhill just briefly?

13 MR. RAMEY: Yes.

14  
15 WILLIAM B. BARNHILL

16 being recalled, and being still under oath, testified as  
17 follows, to-wit:

18  
19 REDIRECT EXAMINATION

20 BY MR. PADILLA:

21 Q Mr. Barnhill, I show you what has been  
22 introduced as Exhibit Number Three by Chama Petroleum. Would  
23 you tell us whether that is your work and for what purpose  
24 you may have prepared that?

25 A Yes, this is my work. This was prepared

1 quite some time back, prior to the drilling of the Chama No.  
2 1 Huber in Section 3, or the Santa Fe Exxon State in Section  
3 2, as a rank geological prospect, searching out this Boyd  
4 Channel. This is the way I presented it. You have to have  
5 a little optimism on these things. You will notice a figure  
6 for the Amoco Well in Section 11 was giving an Isopach value  
7 of 25. That might have been slightly exaggerated to make it  
8 look like a better prospect, and actually what it has is 16,  
9 as I presented here today, and showing that the shales and  
10 the sands have shingled out going to the east.  
11

12 On this promotional map that I originally  
13 prepared before even the Chama Well was drilled, where the Ex-  
14 xon, Santa Fe Exxon State was drilled in Section 2, it should  
15 have encountered 40 feet of sand.

16 So this map, although it shows the -- the  
17 thickest slope coming right on down, and with the additional  
18 evidence that we have by the drilling of Section 2 that this  
19 is a sharp embankment, or a bank here, and the channel is  
20 west. You've got to disregard it type of promotional map.  
21 This was presented to get the Chama Well drilled in Section 3  
22 and it came in quite close. With additional information and  
23 reviewing all the data, the Amoco Well and the Santa Fe Well  
24 in Section 2 and the Amoco Well in 11 are definitely on the  
25 east bank. They're right on strike with a well in 35 that's

1  
2 on the east bank, and you somewhat have to disregard this  
3 promotional map and go to the factual map.

4 MR. PADILLA: That's all we have, Mr. Chair-  
5 man.

6 MR. RAMEY: Mr. Carr?

7  
8 RECROSS EXAMINATION

9 BY MR. CARR:

10 Q Mr. Barnhill, when you prepared the Exhibit  
11 Number Three, that represented your best effort at interpreting  
12 the data available to you at that time, did it not?

13 A Yes, that is true.

14 Q And when you refer to the other map as the  
15 factual map, you did testify that there's very poor control  
16 in the area around 14, did you not?

17 A That's true.

18 MR. CARR: I have no further questions.

19 MR. RAMEY: Any other questions of Mr.  
20 Barnhill? He may be excused.

21 You may give your statement, Mr. Carr.

22 MR. CARR: May it please the Commission,  
23 in this case Santa Fe Exploration is seeking to drill a well  
24 at an unorthodox location by moving 320 feet closer to the  
25 property owned and operated by Chama Petroleum Company

1  
2 than would be permitted under the Commission's rules and  
3 regulations.

4 Here again we have a situation where the  
5 Commission rules are designed to protect operators from  
6 drainage that isn't offset by counter-drainage.

7 We have a situation here today where the  
8 standard rules are probably more important than in the pre-  
9 ceding case because both witnesses admit the data is very  
10 poor. We don't know where this channel lies and we won't  
11 know exactly what the well's going to do or whether it is  
12 going to be in the best part of the channel or on the east  
13 bank until the well is actually drilled. For that reason  
14 it is extremely important that a penalty be imposed on this  
15 well to offset the advantage that is being gained by the --  
16 by virtue of the fact that it is being moved two-thirds  
17 closer to the end of its proration unit than it would be en-  
18 titled to under the Commission's rules and regulations.

19 I think it's important to note that tradi-  
20 tionally you have employed radius of drainage approach in  
21 assessing a penalty. When you employ that tool, you assume  
22 a homogeneous reservoir, and we have provided you with data  
23 based on an assumption of a homogeneous reservoir that will  
24 enable you to impose a penalty.

25 You generally operate under a straight

1  
2 acreage approach to these matters, but I think it's important  
3 to note that you are permitted to do that only when no better  
4 evidence is available, and today we have submitted to you  
5 better evidence that will enable you to make a more accurate  
6 determination.

7 We have a situation here where the proposed  
8 well may not be a very good well. The fact of the matter is  
9 just because it may not be a very good well, we submit there  
10 is no reason that the well should be paid for with reserves  
11 that are drained from offsetting properties.

12 MR. RAMEY: Thank you, Mr. Carr. You need  
13 to correct your statement. You said that they want to move  
14 320 feet and that --

15 MR. CARR: 1320, that should be 1320.

16 MR. RAMEY: -- should be 1320, should it  
17 not?

18 MR. CARR: That's right, Mr. Ramey.

19 MR. RAMEY: Mr. Padilla.

20 MR. PADILLA: Mr. Chairman, Mr. Arnold,  
21 I think we have the same situation; at least we're asking in  
22 this case to eliminate the penalty entirely because of the  
23 conditions that the operator faces in this proration more so  
24 in this case than in the previous case.

25 Because of the nature of well control, no

1  
2 well control, it's worse. We don't know that there's any  
3 kind of drainage or whether there will even be drainage to  
4 the lands lying to the west of the proposed location.

5 I think that we have presented testimony  
6 based upon what -- on the Santa Fe Exxon Well, which is on  
7 strike with the proposed location, and given that assumption,  
8 we think that based upon permeability and porosity we're not  
9 going to drain the lands lying to the west.

10 In fact, again, we're only trying to make  
11 a commercial well.

12 As far as precedent set in northeast New  
13 Mexico in the Morrow formation, we can go to the files of the  
14 Oil Conservation Division and find a great number of unortho-  
15 dox locations because of the nature of the Morrow formation,  
16 and with no penalty assessed. I think that the Commission  
17 and the Division have recognized in those instances that that  
18 is a situation with the Morrow formation.

19 The geology, as buttressed by the Santa  
20 Fe Exxon Well seems to indicate that a well drilled in Section  
21 10, the ideal location for a well drilled in Section 10 would  
22 be at a standard location. Again, the Chama lands seem to  
23 be favorably situated as far as drilling good wells are con-  
24 cerned.

25 Again, we think that only -- our major con-

1  
2 cern is making a commercial well out of this location, and  
3 I don't think, based upon the evidence that we've shown that  
4 we would be adversely impairing the correlative rights of  
5 the lands lying west and northwest of the proposed location.

6 Thank you.

7 MR. RAMEY: Thank you, Mr. Padilla. I  
8 think you need to be corrected. You said northeast New  
9 Mexico. I think that's southeast New Mexico.

10 MR. PADILLA: Correct. I've been doing a  
11 lot of work in northeast New Mexico.

12 MR. RAMEY: Does anyone have anything  
13 further to offer in Case 7522?

14 If not, we'll take the case under advise-  
15 ment and the hearing is adjourned.

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

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

Sally W. Boyd CSR

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COMMISSION HEARING

CASE 7522  
(DE NOVO)

A P P E A R A N C E S

W. Perry Pearce  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

MR. RAMEY: Call Case 7522.

MR. PEARCE: Case 7522, application of Santa Fe Exploration Co.  
for an unorthodox gas well location, Eddy County, New Mexico.  
It is requested that this case be continued to June 22, 1982.

MR. RAMEY: The case is hereby continued to June 22, 1982.

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

COMMISSION HEARING

IN THE MATTER OF:

Application of Santa Fe Exploration	CASE
Co. for an unorthodox gas well loca-	7522
tion, Eddy County, New Mexico.	

BEFORE: Commissioner Ramey  
Commissioner Arnold

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant:

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

4 We'll call first Case 7522.

5 MR. PEARCE: That is the application of  
6 Santa Fe Exploration Company for an unorthodox gas well  
7 location, Eddy County, New Mexico.

8 MR. RAMEY: This case will be continued  
9 until June 2nd at the same time, same place.

10  
11 (Hearing concluded.)  
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C E R T I F I C A T E

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

Sally W. Boyd CSR

SALL. BOYD, C.S.R.

Rt. 1 Box 195-B

Sanita Pk., New Mexico 87501

Phone (505) 455-7409

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

SALL. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Baton Rouge, Louisiana 70801  
Phone (504) 433-7409

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ERLICE KING  
Governor  
LARRY KENDE  
Secretary

STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

POST OFFICE BOX 2089  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
808 827-2434

July 2, 1982

Mr. Ernest L. Padilla  
Attorney at Law  
P. O. Box 2523  
Santa Fe, New Mexico 87502

Re: CASE NO. 7522  
ORDER NO. R-6933-A

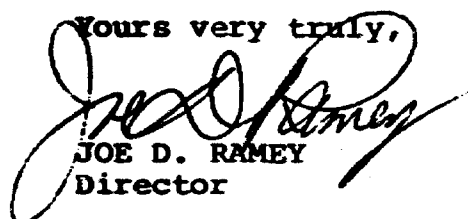
Applicant:

Santa Fe Exploration Co.

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x  
Artesia OCC x  
Aztec OCC           

Other William F. Carr



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 7522 DE NOVO  
Order No. R-6933-A

APPLICATION OF SANTA FE EXPLORATION  
CO. FOR AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 25, 1982, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30th day of June, 1982, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 the applicant, Santa Fe Exploration Co., seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, to test the Permo Penn, Strawn, Atoka and Morrow formations, Eddy County, New Mexico.

(3) That the matter came on for hearing at 9 a.m. on March 31, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter and, pursuant to this hearing, Order No. R-6933 was issued on April 5, 1982, which granted, with restrictions, Santa Fe's application.

(4) That on April 7, 1982, application for Hearing De Novo was made by Chama Petroleum Company and the matter was set for hearing before the Commission.

-2-

Case No. 7522 De Novo  
Order No. R-6933-A

(5) That the matter came on for hearing de novo on June 25, 1982.

(6) That the evidence adduced at said hearing indicates that Findings (7), (8), and (9) in Division Order No. R-6933 entered April 5, 1982, should be deleted.

(7) That Findings (10), (11), and (18) of said Order No. R-6933 should be changed to read in their entirety as follows:

"(10) That an offset operator appeared at the hearing and opposed approval of the proposed unorthodox location without assessment of a penalty against production from the proposed well.

(11) That approval of the unorthodox location will improve applicant's geological prospect for encountering the Morrow formation in a thickened section of the Boyo Channel and will better enable it to produce the gas underlying the N/2 of the aforesaid Section 14.

(18) That approval to drill the proposed well at the unorthodox location described in Finding No. (2) above, subject to the Production Limitation Factor described in Finding No. (15) above, will not impair but will protect correlative rights, will not cause waste, and should be given."

(8) That Orders (1) and (2) of said Order No. R-6933 should be changed to read in their entirety as follows:

"(1) That the applicant, Santa Fe Exploration Co., is hereby authorized to drill a well to test the Permian Penn, Strawn, Atoka and Morrow formations at a point 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, subject to a Production Limitation Factor of 0.71 applicable as described below, the N/2 of said Section 14 to be dedicated to said well.

(2) That in the absence of any Special Rules and Regulations prorating production from the subject well, the following Special Rules and Regulations for a non-prorated gas well shall apply:"

(9) That the remainder of Division Order No. R-6933 should be affirmed.

-3-  
Case No. 7522 De Novo  
Order No. R-6933-A

**IT IS THEREFORE ORDERED**

(1) That Findings (7), (8), and (9) in Division Order No. R-6933 entered April 5, 1982, are hereby deleted.

(2) That Findings (10), (11), and (18) in said Order No. R-6933 are changed to read in their entirety as follows:

"(10) That an offset operator appeared at the hearing and opposed approval of the proposed unorthodox location without assessment of a penalty against production from the proposed well.

(11) That approval of the unorthodox location will improve applicant's geological prospect for encountering the Morrow formation in a thickened section of the Boyd Channel and will better enable it to produce the gas underlying the N/2 of the aforesaid Section 14.

(18) That approval to drill the proposed well at the unorthodox location described in Finding No. (2) above, subject to the Production Limitation Factor, described in Finding No. (15) above, will not impair but will protect correlative rights, will not cause waste, and should be given."

(3) That Orders (1) and (2) in said Order No. R-6933 are changed to read in their entirety as follows:

"(1) That the applicant, Santa Fe Exploration Co., is hereby authorized to drill a well to test the Permian, Strawn, Atoka and Morrow formations at a point 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, subject to a Production Limitation Factor of 0.71 applicable as described below, the N/2 of said Section 14 to be dedicated to the well.

(2) That in the absence of any Special Rules and Regulations prorating production from the subject well, the following Special Rules and Regulations for a non-prorated gas well shall apply:"

(4) That the remainder of said Order No. R-6933 is affirmed.

-4-

Case No. 7522 De Novo  
Order No. R-6933-A

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*Emery C. Arnold*  
EMERY C. ARNOLD, Chairman

ALEX J. ARMISTEAD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

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PAGE 349

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# PRODUCTION THRU 1981

PAGE 622

WELL S. I. R.	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	YR-TOTAL	MP	ACCU.
EDDY UND CISCO (GAS) PC															
ELITE SERVICE COMPANY															
30 711524E GAS	5065	4137	4727	3941	3847	4062	3878	4281	3606	4133	2904	3711	48387	223055	642
30 711524E OIL	5	36	14					8		22			88		
30 711524E NAT	5	36	14												
EDDY UND DELANEY (GAS) DL															
C. AND S. PETROLEUM INC															
10 1242524E GAS														30050	481
10 1242524E OIL															
10 1242524E NAT															
C. K. FEDERAL															
20 824524E GAS	3278	1092	715	662	520	1147							7424	13267	642
20 824524E OIL	80	104	20	78	54	71							339		
20 824524E NAT	4448	1369	734	1638	773	1068							10450		
COMPANY TOTAL	3706	1296	735	678	574	1179							7822	13267	642
30 824524E OIL	3706	1296	735	678	574	1179							7822		
30 824524E NAT	3706	1296	735	678	574	1179							7822		
EDDY UND DEVONIAN (GAS) DV															
CHARLES T. GASKINS															
10 1019524E GAS														957	
10 1019524E OIL															
10 1019524E NAT															
EDDY UND CHATTAHOOCHEE (GAS) CH															
JOHN C. DAVIS															
10 1016524E GAS														4618	
10 1016524E OIL															
10 1016524E NAT															
GENERAL AMERICAN OIL COMPANY OF TEXAS															
20 1216524E GAS	242	218	242	234	242	234	242	242	242	242	234	242	2614	331961	
20 1216524E OIL	242	218	242	234	242	234	242	242	242	242	234	242	2614	331961	
20 1216524E NAT	484	437	484	468	484	468	484	484	484	484	468	484	5229	341342	
COMPANY TOTAL	484	437	484	468	484	468	484	484	484	484	468	484	5229	341342	
30 1216524E OIL	484	437	484	468	484	468	484	484	484	484	468	484	5229		
30 1216524E NAT	484	437	484	468	484	468	484	484	484	484	468	484	5229		
EDDY UND MCKEE (GAS) SM															
CAN. AMERICAN CORP															
10 1019524E GAS														139503	863
10 1019524E OIL															
10 1019524E NAT															
SOUTHERN UNION PRODUCTION COMPANY															
20 417524E GAS														34	
20 417524E OIL															
20 417524E NAT															
EDDY UND MISSISSIPPIAN (GAS) PI															
IMEXCO OIL COMPANY															
10 1322524E GAS														3345	3345
10 1322524E OIL														34	34
10 1322524E NAT															
YATES PETROLEUM CORPORATION															
10 1318524E GAS														43844	160
10 1318524E OIL															
10 1318524E NAT															
DAVIS MC CON															
20 1119524E GAS								9789	13495	1054	52	25	24390	24390	
20 1119524E OIL										28			59		
20 1119524E NAT															
ROSS FEDERAL OIL CO															
10 12019524E GAS	223	460	189	411	176	274	217	126	198				2272	39261	
10 12019524E OIL	223	460	189	411	176	274	217	126	198						
10 12019524E NAT	223	460	189	411	176	274	217	126	198						
COMPANY TOTAL	223	460	189	411	176	274	217	5915	13691	1054	52	25	26662	107495	
10 12019524E OIL	223	460	189	411	176	274	217	5915	13691	1054	52	25	26662		
10 12019524E NAT	223	460	189	411	176	274	217	5915	13691	1054	52	25	26662		
EDDY UND MURROW (GAS) PH															
AMOCO PRODUCTION CO															
10 12223524E GAS	15421	13804	15238	14918	14235	14207	14520	14077	12796	13169	14090	13920	170395	734267	
10 12223524E OIL	93	84	31	30	91	90	93	93	90	12	300	310	142	142	
10 12223524E NAT	93	84	31	30	91	90	93	93	90	310	300	310	142	142	
FEDERAL AI CON															
10 13424524E GAS						29832	31191	13030	3481	10			77544	77544	
10 13424524E OIL										93			93		
10 13424524E NAT															
RIO SIETE															
10 131120524E GAS	5682	4937	5461	4959	3993	3999	2888	1773	1972	1038		931	37603	131521	109
10 131120524E OIL	5682	4937	5461	4959	3993	3999	2888	1773	1972	1038		931	37603		
10 131120524E NAT	5682	4937	5461	4959	3993	3999	2888	1773	1972	1038		931	37603		
STATE IN CON															
10 124524E GAS	39288	39601	63178	66951	67679	68034	69009	61696	53769	40722		50463	618390	945882	14
10 124524E OIL			31	30	31	30	31	31	30	31		3193	3438		
10 124524E NAT			31	30	31	30	31	31	30	31		3193	3438		
STATE IN CON															
10 124524E GAS			12	12	17345	19772						12	37141	37141	
10 124524E OIL															
10 124524E NAT															
STATE IN CON															
10 124524E GAS	33639	37370	82005	839	86098	83433	89200	10276	70763	55282	56306	66106	731317	838326	2
10 124524E OIL															
10 124524E NAT															
STATE IN CON															
10 124524E GAS			13206	17267	16016	12734	11856	10133	9066	8850	8744	8716	116582	116582	
10 124524E OIL															
10 124524E NAT															
TELEPHONE CO															
10 124524E GAS														74222	
10 124524E OIL															
10 124524E NAT															
WILL FAMS GAS CON															
10 12223524E GAS	5735	4057	4067	3766	3816	3492	3459	2530	2966	2857	2559	2881	42175	295613	122
10 12223524E OIL	62	56	62	60	62	60	62	62	60	62	60	62	730		
10 12223524E NAT	62	56	62	60	62	60	62	62	60	62	60	62	730		
COMPANY TOTAL	9978	9978	10312	10878	10878	10878	10878	10878	10878	10878	10878	10878	10878	3251098	
10 12223524E OIL	9978	9978	10312	10878	10878	10878	10878	10878	10878	10878	10878	10878	10878		
10 12223524E NAT	9978	9978	10312	10878	10878	10878	10878	10878	10878	10878	10878	10878	10878		
HARRIS R. ANTHEIL															
10 12018524E GAS														7457	
10 12018524E OIL														3658	
10 12018524E NAT															
FERRY C. BASS															
10 12223524E GAS														22963	22963
10 12223524E OIL														5	5
10 12223524E NAT															
BELCO PETROLEUM CORPORATION															
10 422524E GAS														46599	203
10 422524E OIL															
10 422524E NAT															
FEDERAL RV 10															
10 101223524E GAS	5574	4076	4119	5264	4294	4794	5658	5113	3210	6722	5561	6265	62281	622461	
10 101223524E OIL	93	84	111	94	93	123	155	150	94	155	150	145	1447		
10 101223524E NAT	93	84	111	94	93	123	155	150	94	155	150	145	1447		
COMPANY TOTAL	5667	4160	4230	5358	4387	4917	5813	5263	3304	6877	5711	6410	63728	622461	
10 101223524E OIL	5667	4160	4230	5358	4387	4917	5813	5263	3304	6877	5711	6410	63728		
10 101223524E NAT	5667	4160	4230	5358	4387	4917	5813	5263	3304	6877	5711	6410	63728		
B. C. BENNETT AND J. C. RYAN															
20 22519524E GAS														5	186299
20 22519524E OIL															60168
20 22519524E NAT															
CHAMPLIN PETROLEUM COMPANY															
10 122327E GAS														176486	218
10 122327E OIL															
10 122327E NAT															

EDDY COUNTY NEW MEXICO WILDCAT  
Well: AMOCO PROD. CO. 1 Rios Siete Result: CAS WFD  
Locn: 5 mi SW/Lakewood, 1980' ESL 2310' FEL Sec 11-20S-25E.

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Spud: 11-13-78; Comp: 1-19-79; Elev: 3366' grd; TD: 9865' (Barnett); PB: 9825'  
Casing: 13 3/8" 333'/325' ss, 8 5/8" 1500'/790' ss, 5 1/2" 9865'/250' ss  
Prod Zone: (Morrow) T/Pay 9448', prod thru perf 9448-9660'  
IPF: 750 MCFGPD, 14/64" ch, OOR NR, Grav NR, CP plr, TP 525#  
Comp Infor: DST (Morrow) 2457-2530', op 3 hrs 45 min, GTS 30 min @ 70 MCFGPD, 3/8" ch, TP 12#, incr to 220 MCFGPD, 3/8" ch, TP 52#, rec 3106' sll CCDF, 1 hr 30 min, ISIP 3902#, HF 4565-4520#; well sold to Amoco Prod Co.; Perf (Morrow) 9448-68', 9510-14', 9528-32', 9636-60' w/ISPF; S/I BW/9 hrs; A/5000 gals (7 1/2%); F/750 MCFGPD/24 hrs, 14/64" ch, TP 525#; ran DILL, MICL & CNDL logs; C/Moranco #9.  
Top: (EL) Third Bone Sprg 6423', Wolfc 7052', Cisco 7743', Cany 8256', Atoka 8992', Morrow 9408', Barnett 9661'  
API No.: 30-015-22729



Petroleum Information Corporation

Corporation

A subsidiary of P.E. Petrol Corp.

Date: 3-7-79

Card No.: 16 rrm

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

Case No. \_\_\_\_\_ Exhibit No. 5

Submitted by \_\_\_\_\_

Hearing Date \_\_\_\_\_



CO EDDY

WILDCAT

N.M. 2223-58

Western Drig. Co. - #1 - Lakewood

3536DF

1830'PSL &amp; 660'FEL

Sec. 24, T.19-S, R. 25-E

950'

ACT. PA. SW.

10 - 45-

Gryb. 815

5 - 817-500

10-31-57

4-9-58

P &amp; A

DOG

899 sd.

500 acid; 10,000 WP. TD 899' sd.,  
SI; P. 1 50 A 5 BXW/4 hrs.

WILDCAT  
PRE-PERMIAN STRAW DISCOVERY  
Pan American Corp. - #1 - A. L. Werthion  
Northlon (Indy.)  
Stanolind #1 - Lakewood  
Unit, SEC. CARD 223-58  
For Orig. Unit

1830'PSL & 660'FEL  
Sec. 24, T.19-S, R. 25-E  
9500' (OTD 10' H. 60')

1555/9112-91175  
21/9112-46  
Perf. 21/9112-58  
Perf. 21/9112-46  
Perf. 21/9112-58  
3000 acid; 10,000rec  
2-28-59 6-5-59

P. 357 MCFG/16 hrs., 31/64" ch.  
300 210  
PB 9537; CO 9631; Perf. 667  
9112-75-A-1000

9112  
10,486 ft.  
9537

CONTACT PAGE 2.

K-2223-59

PAGE 2.

EDDY, N.M. 34-19-25

Pan American - #1 - A. L. Werthion.

Swb. 144 bbls. LW &amp; 24 BAW/24 hrs. w/30; reA/2000 swb.

49 BAW &amp; 134 BLW/53 hrs. &amp; swb. dry w/all. blow

gas, TSTM; blow down well; SITP 2950# to 1500#;

20/64" ch. 30" blew to 200# 45.64" ch. next 30"

end of blow down had steady blow of gas.

30,000 SWF (10,500' sd) swb. 200 BLW/14 hrs. P. &amp; ratio

540 MCFGPD + 2 bbls. LW/1 hrs., 25/64" ch.; FTP 300

FCP 800#; P. 390 MCP + 4 BLW/1 hrs., 30/64" ch.;

FTP 100#; PCP 600#; SI 12 hrs., TP 2000#; CP 2300#;

P. 47 BLW/9 hrs. 25/64" ch., gas &amp; 750 MCF to 384

MCFG; P. 23 BLW/12 hrs., 30/64" ch. no gas ggo.,

FTP 150#; CP 500#.

PB 9537; sgo. 600 MCFG/12 hrs., 30/64" ch.; FTP 110-150#

CP 500#; P. 13 bbls. LW/12 hrs., 30/64" ch.; TP 145#;

CP 500#; SI 12 hrs.; CP 2200#; TP 2200#.

Perf. 21/9112-46

Perf. 21/9112-58; 10,000 SWF (10,000' sd.) swb. 143 bbls.

10 &amp; 1 bbl. LW/11 hrs.; Swb. 100 BLW/11 hrs., SI 12 hrs.,

CP 1200#; swb. &amp; flow load; SI/16'; SITP 1250#; SICP 1400#.

K-2223-53

AGE 3

EDDY, NEW MEXICO 34-19-25  
Stanolind #1 - Lakewood Unit.

DST 10373-423 op 3 hrs. Rec. 225' mud.

PP 120 20 min SIP 180#

DST 10433-488 op 4 hrs. Rec. 270' mud / 10330 black

brackish wtr. PP 4275 SIP 4475

EDDY

WILDCAT

STATE N.M. ORDERED 2223-53

Stanolind - #1 - Lakewood Unit

3542'

(CHG TO: Pan American - #1 - A. D. Northlon, S. 2)

650' FEL & 1980' PSL of sec.

CARD #2223-59 for  
O&W)

Sec. 34, T-19-S; R-25-E

ASD IN S-CT

Case Record

Top

13-3/8 300 373  
9-5/8 3578 200

Gray 885  
S.A. 900  
Glor. 2450  
C.P. 3260  
Abo 4190  
W.C. 6620  
Pam 8150  
Miss 9865  
Dov. 10340

SPD. 9-25-52

Comp. 1-27-63

P. P. RA

GOR TP CP  
CONT'D ON PAGE 2

TP  
ID 10486' line.  
PBD

PERMAN ARB.  
CROSS INDEX  
LOG IN FILE  
CARD STAMPED

EL  
RL

K-2223-53

AGE 2

EDDY, NEW MEXICO 34-19-25  
Stanolind - #1 - Lakewood Unit

DST 810-861 op 2 hrs. rec. 105' SO&GCM. PP 55 SIP-0-  
DST 2610-42 op 2 hrs. rec. 135' SO&GCM,  
DST 7770-2850 op 1 hr. 45 mins rec. 108' SOCM  
DST 3310-3385 op 2 hrs. rec. 84' mud.  
DST 6605-6700 op 4 hrs. 10 mins Gas 2 hrs. 15 mins Rec.  
270' mud. 2615' XM. PP 1465 20 mins SIP 2605#  
DST 7030-8123 op 4 hrs. Gas 35 mins rec. 60' SOCM,  
PP 130 20 mins SIP 175#  
DST 7836-78 op 3 hrs. Rec. 39' mud, N.S.  
DST 9397-9500 op 5 hrs. rec. gas 35 mins 47000 CPGPD,  
Rec. 284' HECM, PP 115 20 mins SIP 2936#  
DST 9407-9540 op 3 hrs. rec. gas 55 mins 315' HECM, PP 20  
20 mins SIP 1810#  
DST 10,330-351 op 1 hr. 30 mins Rec. 20' mud.  
DST 10,350-373 op 1 hr. 22 mins rec. 15' mud.  
DST 10370-398 op 3 hrs. rec. 90' mud.

CONT'D ON PAGE 3

	CLASS	SURV	L & S		
NO COO	3-16-74-4-23-74	FORMER TOWN	ON PLAN	FORMER TOWN	ON PLAN
13 3/8" at 485' w/325 ex					
VS	9600'			POB	

CONTR	Delta	OPRG ELEV	3527'	GL	3545'	KB	9500'	TYPE	RT
-------	-------	-----------	-------	----	-------	----	-------	------	----

4-29-74 TD 9600'; PLUGGED & ABANDONED  
LOG TOPS: Wolfcamp 6552', Cisco 7702',  
Canyon 8237'  
Strawn 8512', Atoka 8895', Morrow 9244',  
Chester 9572'

5-4-74 COMPLETION REPORTED

F.R. 2-25-74  
(Morrow)

3-14-74 MIRT  
3-20-74 Drlg 535'  
3-27-74 Drlg 2958' 1m  
4-3-74 Drlg 4710' 1m  
4-10-74 Drlg 7060' 1m & sh  
4-17-74 Drlg 8865' 1m & sh  
4-24-74 TD 9600' P/P & A  
— DST 9300-9410', open 1 hr,  
Rec 60' DM (Spl 840 cc's DM + 1 CFG)  
1 hr ISIP 608#, FP 87-62#  
2 hr FSIP 1839#, HP 4808-4808#

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 REPRODUCTION PROHIBITED

Re-Spud: 4-28-77; Re-Comp: 5-5-77; Elev: 3521' g-d; TD: 9640' Min; PB: 9177'  
 Casing: 13 3/8" 472' w/550 sx, 8 5/8" 1320' w/600 sx, 5 1/2" 9640' w/325 sx  
 Prod Zone: (Atoka) T/Pay 8838', prod thru perfs 8838-8922'  
 IP CAOF: 1,251,000 CFCPD, GOR 270-1, Grav (gas) .645, (cond) NR, SIWHP 3163#  
 Comp Inlet: (Orig. #1 Pan Canadian, Comp 1-17-74 thru (Morrow) perfs 9236-9318'; OTD  
 9640'; PB to 9177'; Perf (Atoka) 8838-41', 8866-80', 8917-22' w/2 SPF: natural;  
 (Atoka) Four Point Gauges: F/444 MFCGPD, 1" orifice, 120 min, TP 2811#; F/567  
 MFCGPD, 1" orifice, 120 min, TP 2610#; F/636 MFCGPD, 1" orifice, 120 min, TP  
 2444#; F/943 MFCGPD, 1" orifice, 120 min, TP 2031#; C/NR.  
 Type: NR  
 API No.: 30-015-20997

**P** Petroleum Information

Date: 6-22-77

Cord No.: 3 m

**(7) Petroleum Information.**

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COUNTY	EDDY	FIELD	Wildcat	STATE	NM
OPR	COQUINA OIL CORP.	API	30-015-20997		
NO	1	LEASE	Pan Canadian	SERIAL	
	Sec 34, T-19-S, R-25-E			MAP	
	1980' FNL, 1980' FWL of Sec			CO-ORD	
SPD	10-25-73	CLASS	GL	ELEV	
CSG	1-17-74	FORMATION	DATUM	FORMATION	DATUM
	13 3/8" at 472' w/550 sx				
	8 5/8" at 1320' w/600 sx				
	5 1/2" at 9640' w/325 sx				
		TO	9640'	PRO	

IP (Morrow) Perfs 9236-9318' CAOF 28,463 MFCGPD. GOR Dry;  
 Grav (Gas) .675; SIWHP 3070#; SIBHP 3771#

CONTR	WEK	OPRS ELEV	3521' GL	TD	10,000'	TYPE	RT
-------	-----	-----------	----------	----	---------	------	----

F.R. 10-22-73  
 (Morrow)  
 10-29-73 Drlg 1050'  
 11-5-73 Drlg 3421' 1m  
 11-12-73 Drlg 5733' 1m  
 11-19-73 Drlg 7885'  
 DST 6420-6460', open 1 hr, rec 2400'  
 GIDP, 1 hr ISIP 758#, FP 25-25#, 2 hr  
 FSIP 343#, HP 2892-2875#, BHT 118 deg  
 11-26-73 TD 8856'; On DST (8805-56')  
 DST (NA), Miss Run  
 DST (NA), Miss Run  
 EDDY Wildcat NM  
 COQUINA OIL CORP. 1 Pan Canadian Page #2  
 Sec 34, T19S, R25E  
 12-3-73 Drlg 9110'  
 DST 8805-56', open 2 hrs 15 mins, GTS  
 in 13 mins @ 70 MFCGPD, incr to 282  
 MFCGPD, rec 15' M, 1 hr ISIP 4455#, IFP  
 313-521#, FFP 146-208#, 4 hr FSIP 4455#,  
 HP 4824-4721#, BHT 140 deg  
 12-11-73 Drlg 9456'  
 DST 8870-8908', open 1 hr 10 mins, GTS  
 in 5 min @ 195 MFCGPD, incr to 458 MFCGPD,  
 rec 90' SGCM, 1 hr ISIP 4853#, FP 45-87#,  
 2 hr FSIP 4903#, HP 4934-4880#, BHT 133 deg  
 DST 9208-9289', open 1 hr 45 mins, GTS in  
 2 mins @ 15,000 MFCGPD (Max), Aver 5500

12-11-73 Continued  
MCFGPD, rec 100' F (70' Cond + 30' SGCH),  
1 hr ISIP 3840#, FP 1455-1396#, 4 hr FSIP  
3840#, HP 5129-5069#

12-17-73 TD 9640'; WOC  
DST 9289-9347', open 2 hrs 10 mins, GTS in  
1 min @ 8500 MCFGPD (Max 14,000 MCFGPD), rec  
10' Cond, 1 hr ISIP 3820#, FP 1697-1861#,  
2 hr 30 min FSIP 3820#, HP 5069-5049#, BHT  
152 deg

12-25-73 TD 9640'; WOCU

12-31-73 TD 9640'; Prep Run Tbg

1-7-74 TD 9640'; Rng Tbg

1-14-74 TD 9640'; Prep Perf

1-15-74 TD 9640'; SI WO Test Equip  
Perf 9326-9318' w/104 shots (overall)  
Flwd 7550 MCFGPD thru 24/64" chk, TP 2450#

EDDY  
COQUINA OIL CORP.

Wildcat  
1 Pan Canadian  
Sec 34, T19S, R25E

NM  
Page #3

1-22-74 TD 9640'; WO Pipeline Conn  
CAOF 28,462 MCFGPD

3-11-74 TD 9640'; COMPLETE  
(Morrow) FOUR POINT GAUGES:  
Flwd 1197 MCFGPD, 1.75" orifice, 1 hr, TP 3000#  
Flwd 1606 MCFGPD, 1.75" orifice, 1 hr, TP 2957#  
Flwd 1946 MCFGPD, 1.75" orifice, 1 hr, TP 2939#  
Flwd 2526 MCFGPD, 1.75" orifice, 1 hr, TP 2889#  
LOG TOPS: Grayburg 520', San Andres 812',  
Glorieta 2365', Tubb 3170', Abo 3775', Third  
Bone Spring Sand 6175', Wolfcamp 6422',  
Canyon 7868', Strawn 8295', Atoka 8568',  
Morrow 8938', Barnett 9348', Chester 9573'

3-16-74 COMPLETION REPORTED

Count	EDDY	Wildcat	State NM
One	HILLIARD OIL & GAS CO.		30-015-2106E
No	1	Gulf Federal	SEMA
	Sec 35, T-19-S, R-25-F		MAP
	1980' FNL, 1980' FNL of Sec		CO-000

	Cross WOE	ELEV	L.S.
Sed 1-30-74 C.W. 4-11-74 P.C.A.	FORMATION	DATE	FORMATION DATE
13 3/8" at 305' w/250 sx			
8 5/8" at 1300' w/700 sx			
4 1/2" at 9810' w/500 sx			
	TO 9835' (CSTR)	PED 9705'	

IP (Morrow) Perfs 9437-9563' CAOF 2639 MCFGPD. GOR (NR);  
Grav (gas) .596; SIWHP 3020#

CONTR	Capitan	OPRS ELEV	3503' GL	PD	9900'	TYPE	RT
-------	---------	-----------	----------	----	-------	------	----

F.R. 12-17-73  
(Morrow)  
12-31-73 AMEND OPERATOR: Formerly reported as  
Barnhill-Richardson  
2-5-74 Drlg 1095' lm & anhy  
2-12-74 Drlg 3015' lm & dolo  
2-15-74 Drlg 3865' lm & dolo  
DST 2801-3052', open 1 hr 15 mins, rec  
600' GIDP + 20' OG&SWCDF, 1 hr 15 min  
ISIP 333#, FP 166-150#, 2 hr 30 min FSIP  
416#, HP 1279-1279#, BHT 100 deg  
2 19-74 Drlg 5280' lm  
2-25-74 Drlg 7880' lm & sh  
3-4-74 Drlg 9183' :  
3-11-74 TD 9633': Prep to drill

EDDY Wildcat NM  
HILLIARD OIL & GAS CO. 1 Gulf Federal Page #2  
Sec 35, T19S, R25E

3-11-74

Cont'd

DST 9383-9467', open 1 hr 45 mins, GTS in 18 mins @ 95 MCFGPD, Flwd after 30 mins @ 160 MCFGPD thru 1/2" chk, rec 140' SGCM (Sampler rec 1.2 CFG), 1 hr 15 min ISIP 3811#, FP 150-213#, 3 hr FSIP 3879#, HP 4523-4523#

DST 9506-9573', open 4 hr 15 mins, GTS in 12 mins @ 250 MCFGPD thru 1/2" chk, FTP 24#, rec 270' GCM (Sampler rec 1.5 CFG @ 375#), 1 hr 30 min ISIP 3924#, FP 113-151#, 6 hr FSIP 3847#, HP 4551-4551#

DST 9561-9633#, open 1 hr 15 mins, rec 500' GIDP + 180' GCM (Sampler rec 3.56 CFG +

3-11-74 Cont'd  
200G cc's GCM @ 1650#), 1 hr 30 min ISIP  
2746#, FP 57-75#, 3 hr FSIP 3391#, HP  
4589-4570#

3-18-74 TD 9835'; MORT

3-26-74 TD 9835'; WOCU

4-15-74 TD 9835'; PBD 9705'; Tstg  
Perf 9437-9563' w/15 shots (overall)  
Acid (9437-9563') 6000 gals (7½% MSA)

4-29-74 TD 9835'; PBD 9705'; SI PBU

5-7-74 TD 9835'; PBD 9705'; Tstg

6-16-74 TD 9835'; PBD 9705'; WO Pot  
CAOF 2639 MCFGPD

6-17-74 TD 9835'; PBD 9705'; COMPLETE

**(Morrow) FOUR POINT GAUGES:**

Flwd 472 MCFGPD, .5" Orifice, 1 hr, TP 2901#

Flwd 799 MCFGPD, .5" Orifice, 1 hr, TP 2740#

Flwd 1295 MCFGPD, 1.0" Orifice, 1 hr, 2423#

Flwd 2119 MCFGPD, 1.0" Orifice, 1 hr, 1481#

LOG TOPS: Yaso 2455', Second Bone Spring

Sand 3285', Third Bone Spring Sand 6364',

Wolfcamp 6635', Cisco 7879', Canyon 8139',

Strawn 8558', Atoka 9016', Morrow 9325',

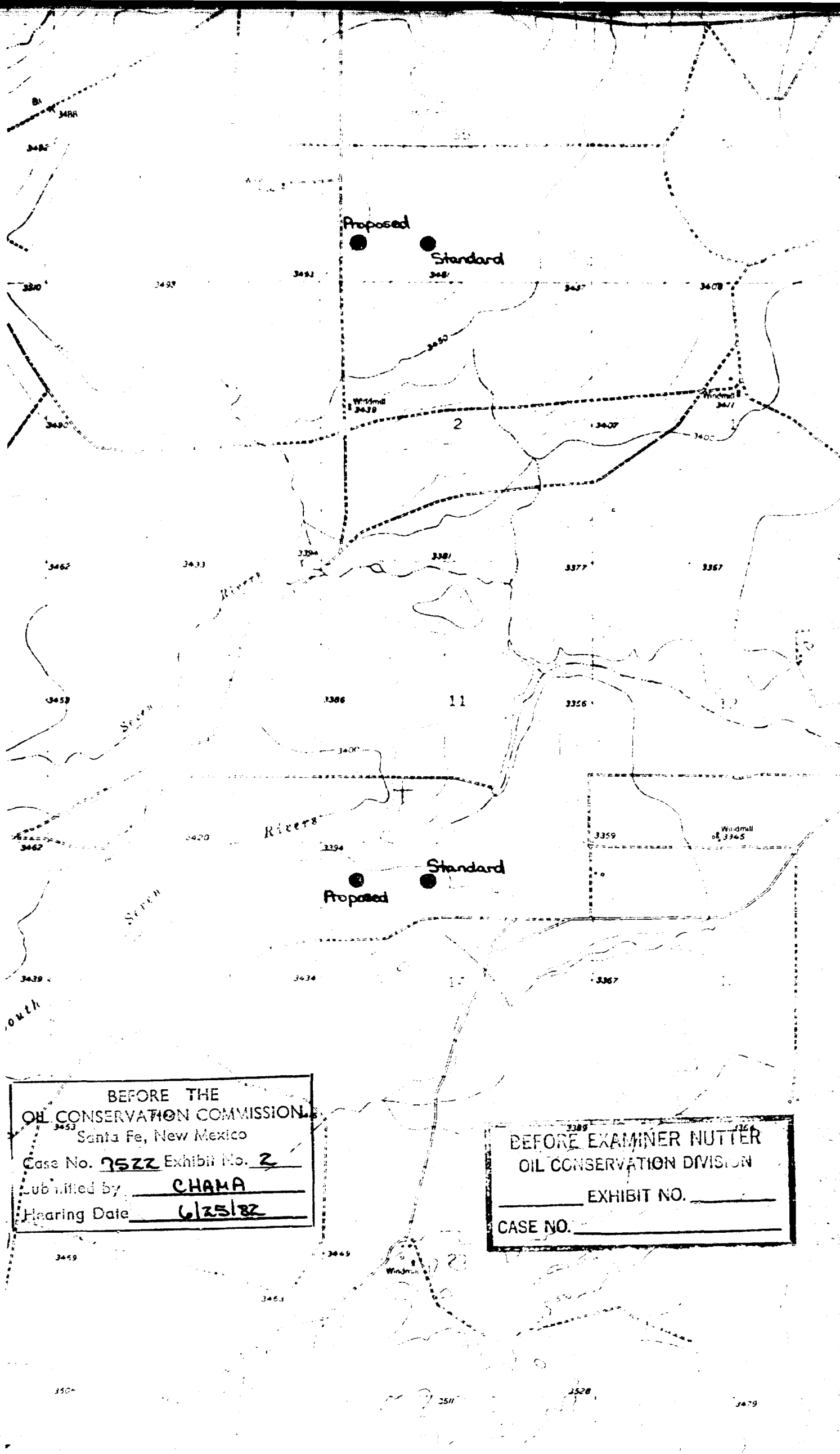
Chester 9795'

6-22-74

COMPLETION REPORTED

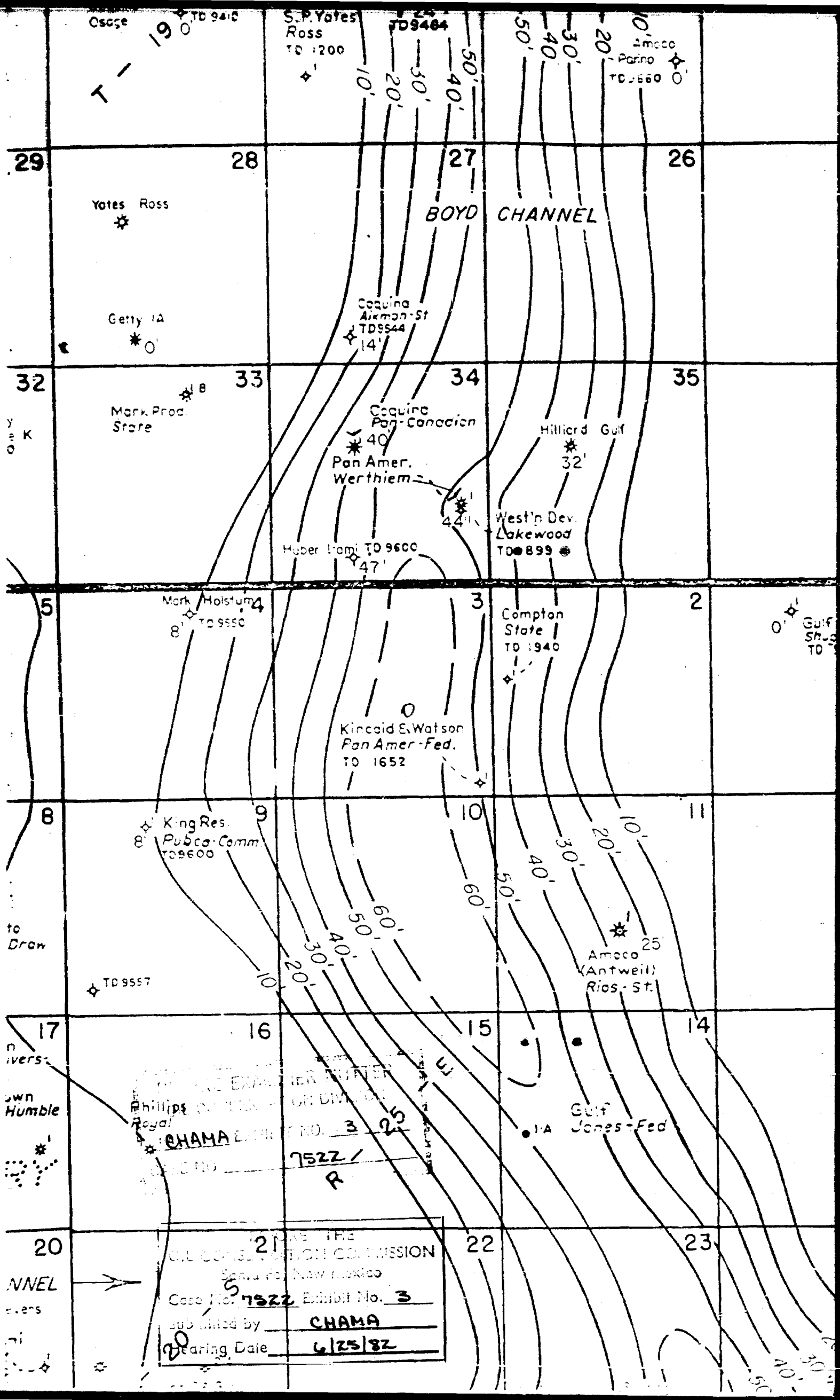
Mr. C. G. G.  
Harris, Tex.





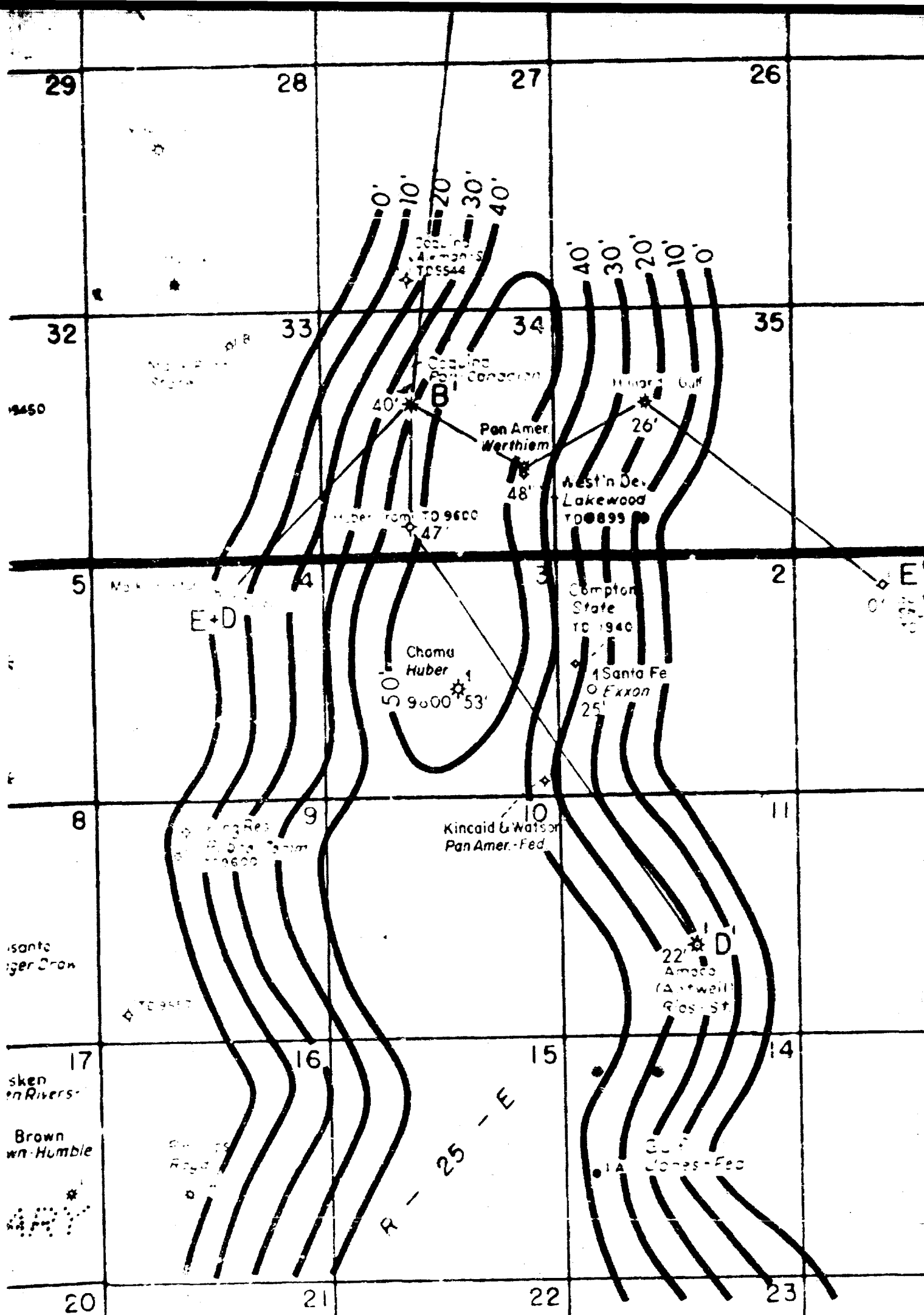
BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 7522 Exhibit No. 2  
Submitted by CHAMA  
Hearing Date 6/25/82

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
EXHIBIT NO. \_\_\_\_\_  
CASE NO. \_\_\_\_\_



THE EXAMINER GENERAL  
 PHILLIPS EX-1000 - ON DWA  
 CHAMA EXHIBIT NO. 3  
 7522 /  
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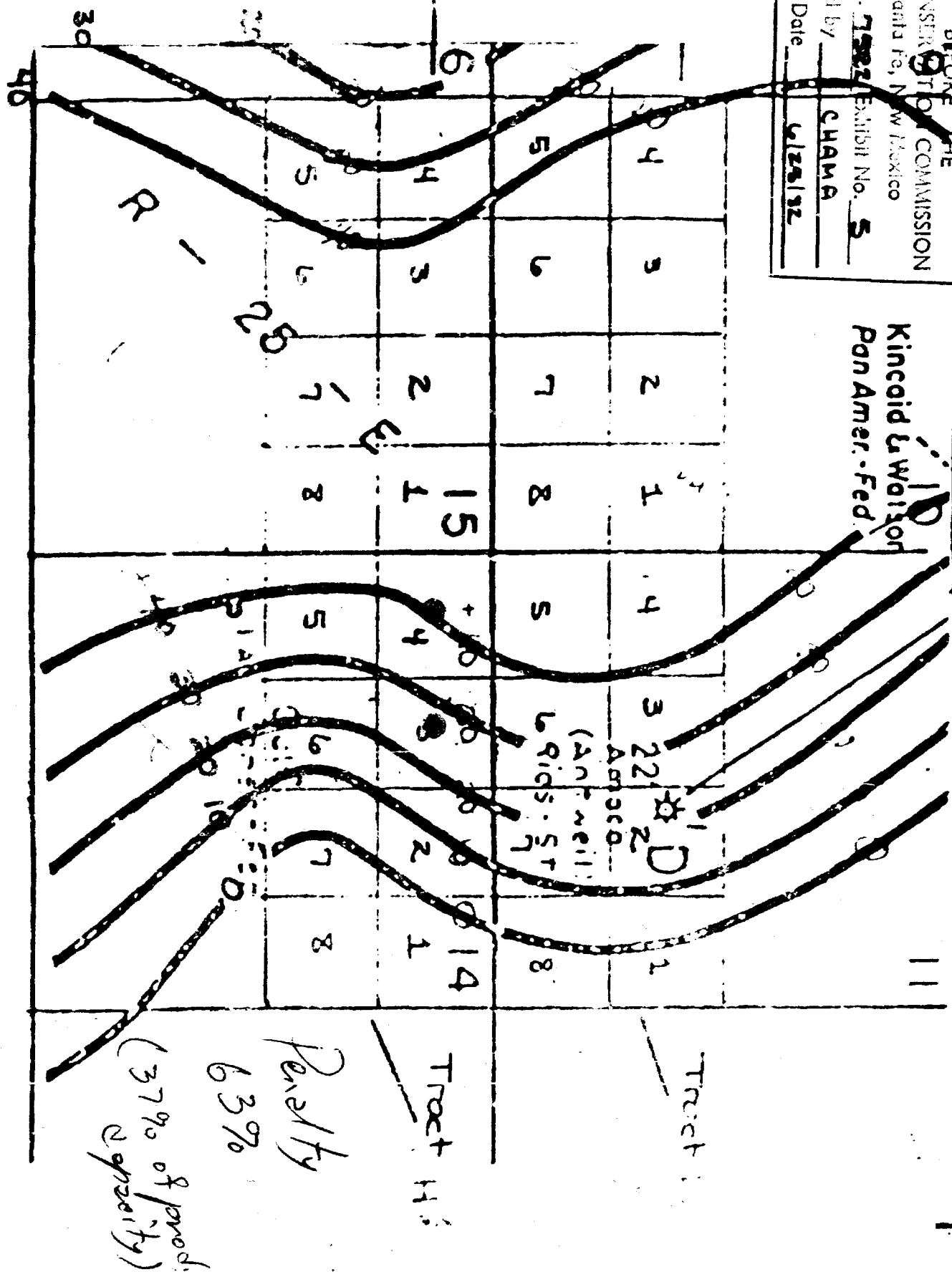
THE U.S. OIL CONSERVATION COMMISSION  
 Santa Fe, New Mexico  
 Case No. 7522 Exhibit No. 3  
 submitted by CHAMA  
 Hearing Date 6/23/82



BEFORE THE  
OIL CONVEYANCE COMMISSION  
Santa Fe, New Mexico  
Case No. 7522 Exhibit No. 4  
Submitted by CHAMA  
Hearing Date 6/25/82

BEFORE THE  
**8** OIL CONSERVATION COMMISSION  
 Santa Fe, New Mexico  
 Case No. **7582** Exhibit No. **5**  
 submitted by **CHAMA**  
 Hearing Date **6/25/72**

**Kincaid & Watson  
 Pan Amer. Fed.**



	Location	Ft	Acres	Ac Ft
1	Tract E-1	5'	1.6	80
2				
3	Tract E-2	9'	.3	27
4		15'	23	345
5		23'	14	322
6				694
7				
8	Tract E-3	27'	1.6	432
9		34'	24	816
10				1248
11				
12	Tract E-4	37'	.4	148
13		43'	3.6	1548
14				1696
15				
16	Tract E-5	43'	3.9	1677
17		29'	1	39
18				1716
19				
20	Tract E-6	25'	2.6	910
21		27'	1.4	378
22				1288
23				
24	Tract E-7	23'	1.5	345
25		15'	2.1	315
26		8'	.4	32
27				392
28				
29	Tract E-8	4'	1.9	76
30				
31				
32				<u>7190</u>
33				
34				
35				
36				
37				
38				
39				
40				

	Location	Ft	Acres	AcFt
1	Tract F-1	43	40	1720
2				
3	Tract F-2	43	40	1720
4				
5	Tract F-3	43	40	1720
6				
7	Tract F-4	43	37	1591
8		38	3	114
9				1705
10				
11	Tract F-5	38	2	56
12		35	19	665
13		42	19	798
14				1519
15				
16	Tract F-6	43	40	1720
17				
18	Tract F-7	43	40	1720
19				
20	Tract F-8	43	40	1720
21				
22				
23				13549
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

	Location	Ft	Aeres	AcFt
1	Tract F-1	43	40	1720
2				
3	Tract F-2	43	40	1720
4				
5	Tract F-3	43	40	1720
6				
7	Tract F-4	43	37	1591
8		38	3	114
9				1705
10				
11	Tract F-5	38	2	56
12		35	19	665
13		42	19	798
14				1519
15				
16	Tract F-6	43	40	1720
17				
18	Tract F-7	43	40	1720
19				
20	Tract F-8	43	40	1720
21				
22				
23				13544
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

	Location	Ft	Acres	AcFt
1	Tract G-1	43	40	1720
2				
3	Tract G-2	43	40	1720
4				
5	Tract G-3	43'	36	1548
6		38'	4	152
7				1700
8				
9	Tract G-4	41	0.76	31
10		35'	20.58	720
11		26'	18.46	485
12				1236
13				
14	Tract G-5	27'	1.70	459
15		35'	22.7	794
16		41	0.3	1
17				1254
18				
19	Tract G-6	38	4	152
20		43'	36	1548
21				1700
22				
23	Tract G-7	43	40	1720
24				
25	Tract G-8	43	40	1720
26				
27				
28				
29				12770
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				



	Location	Ft	Aeres	Ac Ft
1	Tract H-1	3'	4	12
2				
3	Tract H-2	5'	22	110
4		15'	14	210
5		21'	1	21
6				<u>341</u>
7				
8	Tract H-3	17'	7	119
9		25'	25	625
10		33'	8	264
11				<u>1008</u>
12				
13	Tract H-4	27'	18	666
14		42	22	924
15				<u>1590</u>
16				
17	Tract H-5	42	11	462
18		35'	24	840
19		28	5	140
20				<u>1442</u>
21				
22	Tract H-6	8	5	32
23		15'	19	285
24		22	16	352
25				<u>669</u>
26				
27	Tract H-7	4	21	84
28				<u>84</u>
29	Tract H-8	-	40	0
30				<u>0</u>
31				
32				<u><u>5146</u></u>
33				
34				
35				
36				
37				
38				
39				
40				

Docket No. 21-82

Dockets Nos. 23-82 and 24-82 are tentatively set for July 21 and August 4, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - FRIDAY - JUNE 25, 1982

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

The following cases were continued from the June 22, 1982, Commission Hearing:

CASE 7522: (DE NOVO)

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, Permo-Penn, Strawn, Atoka and Morrow formations, the N/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 NOVO)

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, Permo-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. 22-82

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 7, 1982

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

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

CASE 7566: (Continued from May 12, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Flag-Redfern Oil Co., Principal, National Surety Corporation, and all other interested parties to appear and show cause why four wells, being the Julander No. 1 located in Unit L, Section 34; Julander No. 2 located in Unit I, Section 33; Hargis No. 1 located in Unit G, Section 33; and Hargis No. 2 located in Unit J, Section 33, all in Township 30 North, Range 12 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7560: (Continued from May 12, 1982, Examiner Hearing)

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 7619:** Application of Merrion Oil & Gas Corp. 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 Pool to comprise Sections 3, 4, 8, 9, 10, 14, and 15, Township 23 North, Range 6 West, and the promulgation of special rules therefor including 160-acre spacing for oil and gas.

**CASE 7620:** 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 in all formations from the surface through the base of the Abo formation underlying the SW/4 of Section 8, Township 5 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

**CASE 7548:** (Continued from June 23, 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.

**CASES 7528, 7529, 7532, 7533 and 7534:** (Continued from May 12, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following 5 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 7528:** NW/4 Section 4, Township 5 South, Range 24 East

**CASE 7529:** NE/4 Section 4, Township 5 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 7621:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, 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 Wolfcamp production and designated as the Big Sinks-Wolfcamp Gas Pool. The discovery well is the Perry R. Bass, Poker Lake Unit Well No. 50 located in Unit B of Section 4, Township 25 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM  
Section 4: E/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the East Black River-Atoka Gas Pool. The discovery well is the Pogo Production Company MAW State Well No. 1 located in Unit E of Section 14, Township 24 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM  
Section 14: W/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Black River-Morrow Gas Pool. The discovery well is the HMG Oil Company Loving 1 State Well No. 1 located in Unit B of Section 1, Township 24 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM  
Section 1: E/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Dog Town Draw-Morrow Gas Pool. The discovery well is the Perry R. Bass Poker Lake Unit Well No. 49 located in Unit E of Section 17, Township 24 South, Range 30 East, NMEPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMEPM  
Section 17: W/2

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the East Edmont-Yates Pool. The discovery well is the Ike Lovelady, Inc. Linwood Well No. 1 located in Unit F of Section 30, Township 19 South, Range 38 East, NMEPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMEPM  
Section 30: NW/4

- (f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Featherstone-Bone Spring Pool. The discovery well is the Superior Oil Company Featherstone Federal Well No. 1 located in Unit G of Section 21, Township 20 South, Range 35 East, NMEPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMEPM  
Section 21: NE/4

- (g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Livingston Ridge-Atoka Gas Pool. The discovery well is the Perry R. Bass James Ranch Unit Well No. 12 located in Unit G of Section 21, Township 22 South, Range 30 East, NMEPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMEPM  
Section 21: E/2

- (h) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the West Madine-Yates Pool. The discovery well is the Ike Lovelady, Inc. McNeill Well No. 1 located in Unit M of Section 33, Township 19 South, Range 38 East, NMEPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMEPM  
Section 33: SW/4

- (i) ABOLISH the South Rock Tank-Morrow Gas Pool in Eddy County, New Mexico, heretofore classified, defined, and described as:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMEPM  
Section 2: W/2

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

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMEPM  
Section 1: W/2  
Section 2: All  
Section 14: S/2

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

TOWNSHIP 10 SOUTH, RANGE 25 EAST, NMEPM  
Section 17: NE/4 NE/4 and W/2 NE/4

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

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMEPM  
Section 21: All  
Section 22: W/2

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

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMEP  
Section 7: S/2  
Section 8: SW/4

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

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMEP  
Section 32: W/2

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

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMEP  
Section 10: W/2

- (p) EXTEND the East Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMEP  
Section 16: NW/4

- (q) EXTEND the Penjack-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMEP  
Section 31: SE/4  
Section 32: All

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

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMEP  
Section 20: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMEP  
Section 30: NW/4

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

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMEP  
Section 3: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMEP  
Section 9: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMEP  
Section 28: W/2

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DOCKET: COMMISSION HEARING - WEDNESDAY - JULY 14, 1982

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

CASE 7486: (DE NOVO)

Application of Viking Petroleum, Inc. for an unorthodox location, Chavez County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Abo gas well located 62 feet from the South line and 1984 feet from the East line of Section 29, Township 5 South, Range 24 East, the SE/4 of said Section 29 to be dedicated to the well.

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

CASE 7329: (DE NOVO)

Application of Loco Hills Water Disposal Company for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit the commercial disposal of produced brine into several unlined surface pits located in the W/2 SW/4 SE/4 of Section 16, Township 17 South, Range 30 East.

Upon application of Loco Hills Water Disposal Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 19-82

Dockets Nos. 21-82 and 22-82 are tentatively set for July 7 and 21, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - JUNE 22, 1982

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

The following cases were continued from the June 2, 1982, Commission hearing:

CASE 7522: (DE NOVO)

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, Permo-Penn, Strawn, Atoka and Morrow formations, the N/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 NOVO)

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, Permo-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. 20-82

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 23, 1982

9 A.M., MORGAN HALL, 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 7610: Application of Stevens Oil Company for salt water disposal, Chaves 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 2724 feet to 2745 feet in its O'Brien "J" Well No. 9 located in Unit A, Section 31, Township 8 South, Range 29 East, Twinlakes-San Andres Pool.

CASE 7611: Application of Texaco Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks special pool rules for the Skaggs-Drinkard Pool, including provision for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil.

CASE 7612: Application of B & F, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to install and operate a commercial facility for the disposal of salt water into the Southeast end of Laguna Tres in Section 12, Township 23 South, Range 29 East and/or into the Northeast side of Laguna Cuatro in Section 6, Township 23 South, Range 30 East.

CASE 7613: Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian test well to be located 660 feet from the South and West lines of Section 28, Township 16 South, Range 34 East, the W/2 of said Section 28 to be dedicated to the well.

CASE 7548: (Continued from June 9, 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 P of Section 21, Township 9 South, Range 37 East, West Sawyer-San Andres Pool.

CASES 7614 AND 7615: Application of Inexco Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in each of the following cases seeks an order pooling all mineral interests from the surface through the Strawn formation underlying the lands specified in each case, to form a standard 80-acre oil proration unit in the South Humble City-Strawn Pool to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said 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 7614: W/2 NE/4 Section 23, Township 17 South, Range 37 East

CASE 7615: E/2 NE/4 Section 23, Township 17 South, Range 37 East

CASES 7616 AND 7617: Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in each of the following cases seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the lands specified in each case, to form a standard 320-acre gas spacing and 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 7616: N/2 Section 21, Township 18 South, Range 29 East

CASE 7617: S/2 Section 21, Township 18 South, Range 29 East

CASE 7618: Application of Doyle Hartman for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a gas well to be drilled 1450 feet from the South line and 1980 feet from the East line of Section 20, Township 20 South, Range 37 East, Eumont Gas Pool, the SE/4 of said Section 20 to be dedicated to the well.

CASE 7605: (Continued from June 9, 1982, Examiner Hearing)

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 7458: (Continued from April 28, 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 M of Section 12, Township 9 South, Range 35 East.

CASE 7598: (This case was heard on May 26, 1982. However, due to an error in originally advertising the case in the Torrance County newspaper, it has been readvertised in Torrance County only and will be reopened June 23, 1982, with respect to Torrance County only.)

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, seeks 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.



Docket No. 16-82

Dockets Nos. 18-82 and 19-82 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  
OIL CONSERVATION COMMISSION - 9 A.M.  
MORGAN HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

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CASE 7522: (DE NOVO - 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, Permo-Penn, Strawn, Atoka and Morrow formations, the N/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 NOVO)

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, Permo-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.

Dockets Nos. 14-82 and 15-82 are tentatively set for May 26 and June 9, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 12, 1982

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

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

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

CASE 7540: (Continued and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Pauly-Anderson-Pritchard, William H. Pauly, and all other interested parties to appear and show cause why the Maloy Well No. 1, located in Unit F, Section 16, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7538: (Continued and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Francis L. Harvey and all other interested parties to appear and show cause why the Pinkstaff Estate Well No. 2, located in Unit A, Section 29, Township 29 North, Range 10 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7566: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Flag-Redfern Oil Co., Principal, National Surety Corporation, and all other interested parties to appear and show cause why four wells, being the Julander No. 1 located in Unit L, Section 34; Julander No. 2 located in Unit I, Section 33; Hargis No. 1 located in Unit G, Section 33; and Hargis No. 2 located in Unit J, Section 33, all in Township 30 North, Range 12 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7560: (Continued from April 28, 1982, Examiner Hearing)

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 7542: (Continued from April 14, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Benson-Montin-Greer Drilling Corporation, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the following wells: Dustin No. 1, located in Unit K, Section 6, and the Gallegos Canyon Unit No. 2, located in Unit K, Section 35, both in Township 29 North, Range 12 West, and the Segal No. 1, located in Unit K, Section 10, and the Price No. 1, located in Unit N, Section 15, both in Township 31 North, Range 13 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.

CASE 7567: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Richardson Unit Area, comprising 1,283.35 acres, more or less, of State and Fee lands in Townships 13 and 14 South, Range 36 East.

CASE 7565: (Continued from April 28, 1982, Examiner Hearing)

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 7568: Application of Petroleum Corp. of Delaware for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Superior Federal Well No. 6 located in Unit N of Section 6, Township 20 South, Range 29 East, East Burton Flat Field, to produce oil from the Strawn formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

Examiner Hearing - WEDNESDAY - MAY 12, 1982

- CASE 7569:** Application of Petroleum Corp. of Delaware for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbores of its Parkway West Unit Well No. 3, located in Unit K of Section 29, and Well No. 10, located in Unit G of Section 27, both in Township 19 South, Range 29 East.
- CASE 7570:** Application of J. Cleo Thompson for three unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for three unorthodox well locations, being 660 feet from the North line and 1330 feet from the West line, 660 feet from the North line and 2630 feet from the East line, and 660 feet from the North line and 1310 feet from the East line, all in Section 2, Township 17 South, Range 30 East, Square Lake Pool.
- CASE 7516:** (Continued from March 31, 1982, Examiner Hearing)
- 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 7571:** 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 NW/4 of Section 15, all in Township 6 South, Range 26 East, each to form a standard 160-acre spacing and 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 7551:** (Continued from April 14, 1982, Examiner Hearing)
- Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the E/2 of Section 21, Township 11 South, Range 31 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 7572:** Application of Anadarko Production Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Ballard GSA Waterflood Project by drilling and converting ten wells located in Unit N of Section 5, Units N and P of Section 6, Units F, H, J, and P of Section 7, Units F and N of Section 8, and Unit F of Section 17, all in Township 18 South, Range 29 East, Loco Hills Pool.
- CASE 7573:** 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 N of Section 9, D and H of Section 10, and J of Section 3, all in Township 17 South, Range 30 East.
- CASE 7574:** Application of Sun Exploration and Production Company for two non-standard gas proration units and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard Jalmat gas proration units comprising the NW/4 of Section 21, for its Boren & Greer Com Well No. 2 in Unit C and the NE/4 of Section 20, for its Boren & Greer Com Well No. 3, to be drilled at an unorthodox location 660 feet from the North line and 940 feet from the East line of said Section 20, all in Township 22 South, Range 36 East. Applicant further seeks rescission of Order No. R-5688.
- CASE 7575:** Application of Eagle Oil & Gas Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for a Wolfcamp-Penn test well to be drilled 1500 feet from the South line and 660 feet from the East line of Section 2, Township 17 South, Range 27 East, the S/2 of said Section 2 to be dedicated to the well.
- CASES 7576 and 7577:** Application of Apollo Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in each of the following cases, seeks an order pooling all mineral interests from the surface through the base of the San Andres formation underlying the lands specified in each case, each to form a standard 40-acre oil spacing and 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 7576:** NE/4 SW/4 Section 6, Township 19 South, Range 38 East
- CASE 7577:** SE/4 SW/4 Section 6, Township 19 South, Range 38 East

Examiner Hearing - WEDNESDAY - MAY 12, 1982

- CASE 7578: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the SE/4 of Section 31, Township 19 South, Range 39 East, to form a standard 160-acre gas 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 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 7579: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Seven Rivers formation underlying the N/2 NW/4 of Section 5, Township 20 South, Range 39 East, to form a non-standard 80-acre gas 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 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 7580: Application of MGF Oil 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 Seven Rivers formation underlying the SW/4 of Section 31, Township 19 South, Range 39 East, to form a standard 160-acre gas 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 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 7581: Application of Estoril Producing Corp. 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 South line and 990 feet from the East line of Section 10, Township 23 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, the S/2 of said Section 10 to be dedicated to the well.
- CASES 7582 thru 7585: Application of Jack J. Grynberg 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 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 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
- CASES 7525 thru 7534: (Continued from April 28, 1982, Examiner Hearing)
- Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following 10 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 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 7515: (Continued from April 14, 1982, Examiner Hearing)

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.

CASE 7586: 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 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 7587: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Draper Mill-Wolfcamp Gas Pool. The discovery well is the HNG Oil Company Vaca Draw 16' State Well No. 1 located in Unit E of Section 16, Township 25 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM  
Section 16: W/2

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Jabalina-Morrow Gas Pool. The discovery well is the Amoco Production Company Perro Grande Unit Well No. 1 located in Unit J of Section 6, Township 26 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM  
Section 6: E/2

- (c) ABOLISH the Diamond Mound-Morrow Gas Pool in Chaves and Eddy Counties, New Mexico, as heretofore classified, defined, and described as:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM  
Section 35: All

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM  
Section 31: E/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 3: Lots 1 through 16  
Section 4: Lots 1 through 16  
Section 5: Lots 1 through 16  
Section 6: Lots 1, 2, 7, 8, 9, 10, 15, 16, and S/2

- (d) EXTEND the vertical limits of the Diamond Mound-Atoka Gas Pool in Chaves and Eddy Counties, New Mexico, to include the Morrow formation, and redesignate said pool to Diamond Mound-Atoka-Morrow Gas Pool, and extend the horizontal limits of said pool to include acreage from abolished Diamond Mound-Morrow Gas Pool and one additional well as follows:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM  
Section 35: All

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM  
Section 31: E/2

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM  
Section 9: S/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 3: Lots 1 through 16  
Section 4: Lots 1 through 16  
Section 5: Lots 1 through 16  
Section 6: Lots 1, 2, 7, 8, 9, 10, 15, 16, and S/2

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 35: E/2  
Section 36: N/2

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 1: All  
Section 12: N/2

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 10: All  
Section 11: W/2  
Section 14: W/2  
Section 15: W/2  
Section 34: W/2

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

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

- (i) EXTEND the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM  
Section 28: All

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

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM  
Section 10: N/2

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

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM  
Section 36: S/2

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM  
Section 31: S/2

- (l) EXTEND the Little Box Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM  
Section 18: E/2

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

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM  
Section 11: E/2

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 16: N/2

- (o) EXTEND the East Millman-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 7: NE/4

- (p) EXTEND the Millman Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NNPM  
Section 8: S/2

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NNPM  
Section 5: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NNPM  
Section 11: S/2  
Section 12: S/2

- (s) EXTEND the Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 24 EAST, NNPM

Section 24: S/2  
Section 25: All  
Section 26: E/2  
Section 35: W/2 and NE/4  
Section 36: W/2

TOWNSHIP 4 SOUTH, RANGE 25 EAST, NNPM

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

TOWNSHIP 5 SOUTH, RANGE 24 EAST, NNPM

Section 2: NW/4  
Section 7: All  
Section 8: All  
Section 9: N/2 and SW/4  
Section 16: W/2  
Section 17 thru 20: All  
Section 21: W/2  
Section 28: W/2  
Section 29: All  
Section 30: All  
Section 31: N/2  
Section 32: N/2  
Section 33: NW/4

TOWNSHIP 5 SOUTH, RANGE 25 EAST, NNPM

Section 1 thru 5: All  
Section 6: E/2  
Section 7: SW/4 and E/2  
Section 8 thru 12: All  
Section 14 thru 22: All  
Section 23: N/2  
Section 27: N/2  
Section 28 thru 30: All  
Section 31: NE/4  
Section 32: N/2  
Section 33: All  
Section 34: All

TOWNSHIP 6 SOUTH, RANGE 24 EAST, NNPM

Section 2: All  
Section 11 thru 14: All  
Section 22 thru 28: All  
Section 34: E/2  
Section 35: All  
Section 36: All

Examiner Hearing - WEDNESDAY - MAY 12, 1982

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM

Section 4 thru 6: All  
Section 7 thru 8: All  
Section 9: N/2  
Section 17 thru 20: All  
Section 29 thru 32: All

TOWNSHIP 7 SOUTH, RANGE 24 EAST, NMPM

Section 1: All  
Section 2: All  
Section 3: E/2  
Section 9 thru 15: All  
Section 22 thru 27: All  
Section 34 thru 36: All

TOWNSHIP 7 SOUTH, RANGE 25 EAST, NMPM

Section 6: W/2  
Section 7: S/2  
Section 13: SW/4  
Section 14: S/2  
Section 15: S/2  
Section 18 and 19: All  
Section 20: S/2  
Section 22 thru 27: All  
Section 29 thru 32: All  
Section 34 thru 36: All

TOWNSHIP 7 SOUTH, RANGE 26 EAST, NMPM

Section 5: All  
Section 6: All  
Section 7 thru 10: All  
Section 11: W/2  
Section 15 thru 17: All  
Section 18: W/2  
Section 19 thru 22: All  
Section 28 thru 32: All

TOWNSHIP 8 SOUTH, RANGE 24 EAST, NMPM

Section 1 through 3: All  
Section 10: E/2  
Section 11: All  
Section 12: All

TOWNSHIP 8 SOUTH, RANGE 25 EAST, NMPM

Section 1 through 12: All  
Section 13 through 16: N/2

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 6: W/2

- (t) EXTEND the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 22 EAST, NMPM

Section 23: SE/4  
Section 24: S/2 and NE/4  
Section 25 through 27: All  
Section 28: E/2

TOWNSHIP 8 SOUTH, RANGE 23 EAST, NMPM

Section 3 through 5: All  
Section 6: N/2  
Section 8 through 10: N/2  
Section 17: W/2  
Section 18: SE/4  
Section 19: All  
Section 20: W/2  
Section 29: W/2  
Section 30: All  
Section 31: All  
Section 32: W/2



TOWNSHIP 9 SOUTH, RANGE 23 EAST, NMPM

Section 3: W/2  
Section 4: All  
Section 5: All  
Section 6: E/2  
Section 8: All

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

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 25: E/2 NE/4 and NE/4 SE/4

- (v) EXTEND the Sand Ranch-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM

Section 26: All

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

TOWNSHIP 10 SOUTH, RANGE 38 EAST, NMPM

Section 4: SW/4

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

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM

Section 7: All

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 2: W/2  
Section 7: N/2

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

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM

Section 18: N/2 SE/4 and SE/4 SE/4

- (aa) EXTEND the South Vacuum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 16: SE/4

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DOCKET: COMMISSION HEARING - MONDAY - MAY 17, 1982

Docket No. 14-82

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

CASE 7522: (DE NOVO)

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, Permo-Penn, Strawn, Atoka and Morrow Formations, the N/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 7476: (DE NOVO)

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 and including the Abo formation, underlying two 160-acre gas spacing units, being the NE/4 and SE/4, respectively, of Section 12, Township 5 South, Range 24 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said 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.

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

CASE 7513: (DE NOVO)

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 in the Abo formation underlying the SE/4 of Section 12, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

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

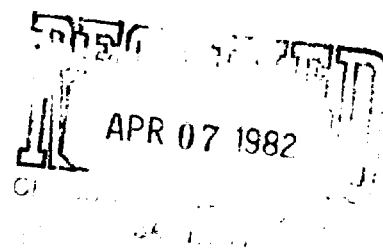
CAMPBELL, BYRD & BLACK, P.A.  
LAWYERS

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HARL D. BYRD  
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TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

April 7, 1982

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



Re: Case 7522: Application of Santa Fe Exploration Company  
for an Unorthodox Gas Well Location, Eddy County, New  
Mexico

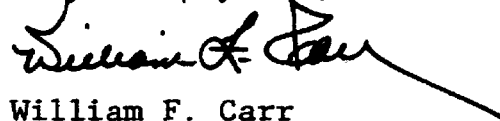
Dear Mr. Ramey:

Enclosed is the Application for Hearing De Novo of Chama  
Petroleum Company in the above referenced case.

Chama would appreciate this matter being set for Hearing De  
Novo before the full Oil Conservation Division at the earliest  
possible date.

You attention to this request is appreciated.

Very truly yours,

  
William F. Carr

WFC:jh  
w/enc.

cc: Mr. Charles E. Nearburg (w/enc.)  
Ernest L. Padilla, Esq. (w/enc.)

5-236  
APR 07 1982

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

IN THE MATTER OF THE APPLICATION  
OF SANTA FE EXPLORATION COMPANY  
FOR AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW MEXICO

CASE 7522

APPLICATION FOR HEARING DE NOVO

Comes now CHAMA PETROLEUM COMPANY, by through its undersigned attorneys, and states that it is a party adversely affected by Order No. R-6933 which was entered in the above-referenced case on April 5, 1982 and pursuant to Oil Conservation Division Rule 1220, hereby makes application for this case to be heard de novo before the Commission.

Respectfully submitted,  
CAMPBELL, BYRD & BLACK, P.A.

By William F. Carr  
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
(505) 988-4421

Certificate of Service

I hereby certify that true copies the Application for Hearing De Novo were served on all opposing counsel of record on this 7<sup>th</sup> day of April, 1982.

William F. Carr  
William F. Carr

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 7522 DE NOVO  
Order No. R-6933-A

APPLICATION OF SANTA FE  
EXPLORATION FOR AN UNORTHODOX  
GAS WELL LOCATION, EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 25, 1982, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this          day of June, 1982, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 the applicant, Santa Fe Exploration Co., seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM to test the Permian, Strawn, Alamo and Morrow formations in Eddy County, New Mexico.

(3) That the matter came on for hearing at 9 a.m. on March 3, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter and, pursuant to this hearing, Order No. R-6933 was issued on April 5, 1982, which granted application.

with restrictions, Santa Fe's

(4) That on April 7, 1982, application for Hearing De Novo was made by *Chaima Petrokian Corp.* and the matter was set for hearing before the Commission.

(5) That the matter came on for hearing de novo on June 25, 1982.

*Findings 7, 8, 9, and 10, 1982*  
(6) That the evidence adduced at said hearing indicates that Division Order No. R-6933 entered April 5, 1982, should be ~~deleted~~ deleted.

*+ 18 of said Order R-6933*  
(7) That Findings 10, 11, 12 should be changed to read in their entirety as follows:

" (10) That an offset operator appeared at the hearing and opposed approval of the proposed unorthodox location without assessment of a penalty against production from the proposed well, but waived objection to the unorthodox location described above, i.e., 1780 feet from the North line and 1780 feet from the West line of Section 14.

(11) That approval of the unorthodox location will improve applicant's geological prospect for encountering the Morrow formation in a thickened section of the Boyd Channel and will better enable it to produce the gas underlying the N/2 of the aforesaid Section 14.

*OK OK*  
(18) That approval to drill the proposed well at the unorthodox location described in Finding No. (12) above, subject to the Production Limitation Factor described in Finding No. (15) above, ~~will not impair but will protect correlative rights, will not cause waste, and should be given.~~ will not impair but will protect correlative rights, will not cause waste, and should be given.

*order R-6933*  
(8) That Orders 1 and 2 should be changed to read in their entirety as follows:

" (1) That the applicant, Santa Fe Exploration Co., is hereby authorized to drill a well to test the Permo-Penn, Strawn, Atoka and Morrow formations at a point 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, subject to a Production Limitation Factor of 0.71 applicable as described below, ~~or, in the alternative, to drill said well at an unorthodox location 1780 feet from the North line and 1780 feet from the West line of said Section 14 without penalty, in either case to be dedicated to the N/2 of said Section 14 to be dedicated to said well.~~

(2) That in the absence of any Special Rules and Regulations prorating production from the subject well, the following Special Rules and Regulations for a non-prorated gas well shall apply: ~~if the well is drilled at the location first described in Paragraph (1) above:~~

(4) That the remainder of Division Order No. R-6933 should be affirmed.

IT IS THEREFORE ORDERED:

(1) That Findings 7, 8, and 9 in Division Order No. R-6933 entered April 5, 1982, are ~~deleted~~ deleted.

(2) That Findings 10, 11, and 18 in said Order No. R-6933 are changed to read in their entirety as follows:

(10) That an offset operator appeared at the hearing and opposed approval of the proposed unorthodox location without assessment of a penalty against production from the proposed well, but waived objection to the unorthodox location described above, i.e., 1780 feet from the North line and 1780 feet from the West line of Section 14.

(11) That approval of the unorthodox location will improve applicant's geological prospect for encountering the Morrow formation in a thickened section of the Boyd Channel and will better enable it to produce the gas underlying the N/2 of the aforesaid Section 14.

(18) That approval to drill the proposed well at the unorthodox location described in Finding No. (2) above, subject to the Production Limitation Factor, described in Finding No. (15) above, will not impair but will protect correlative rights, will not cause waste, and should be given.

(3) That Orders 1 and 2 in said Order No. R-6933 are changed to read in their entirety as follows:

(1) That the applicant, Santa Fe Exploration Co., is hereby authorized to drill a well to test the Permo-Penn, Strawn, Atoka and Morrow formations at a point 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, subject to a Production Limitation Factor of 0.71 applicable as described below, the N/2 of said Section 14 to be dedicated to the well.

(2) That in the absence of any Special Rules and Regulations prorating production from the subject well, the following Special Rules and Regulations for a non-prorated gas well shall apply:

(4) That the remainder of said Order No. R-6933 is affirmed.

(5) Jurisdiction