

CASE NO.

7611

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
23 June 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco, Inc., for special
pool rules, Lea County, New Mexico.

CASE
7611

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

Ken Bateman, Esq.
WHITE, KOCH, KELLY, & McCARTHY
220 Otero Street
Santa Fe, New Mexico 87501

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I N D E X

JEFF M. WOLIVER

Direct Examination by Mr. Bateman 3

Cross Examination by Mr. Nutter 10

E X H I B I T S

Applicant Exhibit One, Map 4

Applicant Exhibit Two, Map 5

Applicant Exhibit Three, Log 7

Applicant Exhibit Four, Letter 8

1
2 MR. NUTTER: Call next Case Number 7611.

3 MR. PEARCE: That is the application of
4 Texaco, Inc., for special pool rules, Lea County, New Mexico.

5 MR. BATEMAN: Mr. Examiner, I'm Ken Bateman
6 of White, Koch, Kelly, and McCarthy.

7 I have one witness and I ask that he be
8 sworn.

9
10 (Witness sworn.)

11
12 JEFF M. WOLIVER

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

15
16 DIRECT EXAMINATION

17 BY MR. BATEMAN:

18 Q Would you please state your name, residence,
19 and place of employment, and your job description for the
20 record, please?

21 A Yes, sir. My name is Jeffrey M. Woliver
22 and I live in Midland, Texas. I work for Texaco, Incorporated,
23 as their Midland Division Operations Engineer.

24 Q In the course of your employment are you
25 familiar with the area in question in today's application?

- 1
2 A Yes, I am.
- 3 Q And have you previously testified before
4 the Commission and made your credentials a matter of record?
- 5 A Yes, I have.
- 6 MR. BATEMAN: I offer Mr. Woliver as an
7 expert, please.
- 8 MR. NUTTER: Mr. Woliver is qualified.
- 9 Q Mr. Woliver, would you first of all state
10 for the record what Texaco seeks by its application?
- 11 A Texaco is seeking an exception to state-
12 wide Rule 506 to allow a 10,000-to-1 GOR limitation for the
13 wells completed in the Skaggs-Drinkard Field of Lea County,
14 New Mexico.
- 15 Q The language in the application -- in the
16 statement of the application in Case 7611 indicates that you
17 are seeking special pool rules, including a limiting GOR of
18 10,000-to-1. Are you requesting any other --
- 19 A No, sir.
- 20 Q -- change in the pool rules?
- 21 A No, sir.
- 22 Q Then would you proceed with what's been
23 marked Exhibit One and explain what is reflected by Exhibit
24 One?
- 25 A Yes, sir. Exhibit Number One is an area

1
2 map of Township 20 South, Range 37 East, Lea County, New
3 Mexico.

4 As highlighted by the orange dots, these
5 are wells that are completed in the Skaggs-Drinkard Field.
6 Also on Exhibit Number One are wells highlighted by brown dots.
7 These are wells that are completed in the Wier-Drinkard Field.
8 I mention the Wier-Drinkard Field at this time because it is
9 a field that is about, say, a mile southwest of the Skaggs-
10 Drinkard Field that is completed in the Drinkard horizon also,
11 and it was granted an exception to Rule 506, establishing a
12 10,000-to-1 GOR in July of 1974.

13 Q All right, would you proceed then with
14 Exhibit Number Two?

15 A Yes, sir. Exhibit Number Two is a map of
16 the wells completed in the Skaggs-Drinkard Field. As shown
17 on the exhibit, there are eighteen wells in the field; fifteen
18 of these wells are operated by Texaco; the other three are
19 operated by Conoco.

20 Q Do you have any production data on the
21 field?

22 A Yes, sir. 1981 totals for the field show
23 us that the field produced an average of 106 barrels of oil
24 per day with 1,122 Mcf of gas per day.

25 MR. NUTTER: Give me those figures again.

1
2 please. The average well was 106 --

3 A. No, the average for the field, the total
4 field for 1981 was 106 barrels of oil per day.

5 It also produced 1122 Mcf of gas per day.
6 This calculates out to an average GOR for the year of 10,585
7 cubic feet per stock tank barrel.

8 In February of 1982 the field averaged
9 87 barrels of oil per day and 1297 Mcf of gas per day, for --
10 and this calculates out to an average GOR for the month, just
11 under 15,000 cubic feet per stock tank barrel.

12 Cumulative oil production from the field
13 for January 1, 1982, is 1,242,993 barrels. The top allowable
14 for the field is 142 barrels of oil per day; with the current
15 GOR limit of 2000 cubic feet per barrel, this calculates out
16 to a top casinghead allowable of 284 Mcf of gas per day, per
17 well.

18 Q. Again, for the record, the production
19 figures you've given us reflected the production from eighteen
20 wells in the field, is that right?

21 A. That is correct. I believe there are a
22 couple of those wells that are shut-in at this time, but it
23 is, those numbers I gave were for the entire Skaggs-Drinkard
24 Pool.

25 Q. Would you proceed then with Exhibit Number

1
2 Three?

3 A Yes, sir. Exhibit Number Three is a gamma
4 ray compensated neutron compensated density log taken from
5 the C. H. Wier "A" Well No. 12. This well was completed in
6 the Skaggs-Drinkard Field.

7 As shown on the exhibit, the arrows in
8 the depth column represent perforated intervals. Now, nor-
9 mally in gas, in zones that possess free gas, neutron porosity
10 reads low, while density porosity reads high. This is what is --
11 the term sometimes -- the term "gas effect" is sometimes used
12 for this phenomena.

13 What is highlighted by red on Exhibit
14 Number Three is what I have determined to be intervals in the
15 Skaggs-Drinkard Field that possess free gas. Gas can be seen
16 on the exhibit. These free gas stringers or intervals are --
17 occurred in between the oil intervals, or intervals that do
18 not possess free gas.

19 As also can be seen on the exhibit, it would
20 be highly infeasible, if not impossible, to separate out these
21 free gas stringers and produce them separate from the oil
22 stringers or zones.

23 Q So in your opinion the field is producing
24 both solution gas and free gas --

25 A Yes, sir.

1

2

Q -- at this time.

3

Do you have any reservoir data available?

4

A. Yes, sir. The average porosity for the field is on the order of 9 percent; the average permeability on the order of one millidarcy. There's an average of 163 feet of net pay. This ranges from 150 feet to 180 feet, and the original bottom hole pressure was 2382 psi.

9

Q Would you proceed with Exhibit Number Four, please?

10

11

A. Yes, sir. Exhibit Number Four is a letter from Conoco, Incorporated, to Mr. Richard L. Stamets of the Oil Conservation Division.

13

14

In this letter Conoco indicates that they have no objection to our proposals here today to extend the GOR limit to -- from 2000 to 10,000-to-1, and Conoco is, by the way, as I previously mentioned, the only other operator in the field besides Texaco.

18

19

Q I believe you testified that Conoco also operates the Wier-Drinkard --

20

21

A. Yes, sir.

22

Q -- Field.

23

A. Yes, sir, Conoco is the operator of the Wier-Drinkard Field.

24

25

Q Is there a gathering system in place in

1
2 this area?

3 A. Yes, sir.

4 Q. And is there a market for the gas?

5 A. Yes, there is. Warren Petroleum Company
6 is the gatherer and the purchaser for the gas from the Skaggs-
7 Drinkard Field. I talked to Mr. James Bruce of Warren's Tulsa
8 office on June 17th, 1982. I explained to him what we were
9 proposing at this hearing; explained that this would result
10 in an additional volume of gas. I asked him if he would have
11 any problem, his facilities would have any problem handling
12 the additional gas, and also if he would have a market for
13 the additional gas, and he indicated that he could -- that
14 Warren Petroleum can handle the additional gas and they do
15 have the market for any additional gas generated by this pro-
16 posal.

17 Q. In your opinion would the grant of this
18 application be in the best interests of conservation and would
19 it prevent waste and protect correlative rights?

20 A. Yes, sir.

21 Q. Were Exhibits One through Four prepared
22 by you or under your direction?

23 A. Yes, they were.

24 MR. BATEMAN: Mr. Examiner, I offer Ex-
25 hibits One through Four and we have no further direct testimony.

1
2 MR. NUTTER: Exhibits One through Four
3 will be admitted in evidence.
4

5 CROSS EXAMINATION

6 BY MR. NUTTER:

7 Q Mr. Woliver, now when you gave us that
8 average field production of 106 barrels of oil per day and
9 1122 Mcf, what period was that for?

10 A Okay, that was -- that was for the -- for
11 1981 total.

12 Q For the whole year?

13 A Right. We take the whole production and
14 divide it by 365 is how I came up with that number.

15 Q And then the figure of 87 barrels of oil
16 and 1297 Mcf of gas was for what?

17 A For the month of February, 1982, which is
18 the -- the most up-to-date book that we have here to get this
19 type of information from.

20 Q So it appears that for some reason or an-
21 other the GORs in February were higher than the GORs were in
22 1981.

23 A Yes, sir. That can be explained by the
24 fact that I think towards the end of 1981, if not the beginning
25 of this year, Texaco recompleted a well into the Skaggs-Drinkard

1
2 Field that completed for around -- well, it tested for about
3 a half a million -- half a million Mcf -- half a million cubic
4 feet of gas per day and very little oil. Okay, of course we
5 could not produce the well at a half a million a day. We pro-
6 duced it at the top allowable and still it produces very little
7 oil, like 10 to 15 barrels, so this one well does affect the --
8 does have a tendency to increase the GOR for the entire field.

9 Q When you were discussing EXhibit Number
10 Three, you indicated that there was a good possibility that
11 the high GORs that you have in here result from oil-free gas
12 stringers producing. Now, have any of the individual wells
13 during their lives shown a positive change or a marked change
14 in the GOR, the producing GOR?

15 A I'm sorry, Mr. Nutter, I haven't -- I haven't
16 researched that.

17 Q Well, it it's coming from -- if you've
18 got oil coming from some stringers and gas coming from other
19 stringers and production is steady and neither one is changing,
20 it would appear that the GOR should remain rather constant,
21 be it high or low.

22 A Let's see here. I have not looked into
23 this in any great detail, but I could -- I could speculate or
24 talk to the fact that I would -- I would feel pretty confident
25 saying that some of these gas stringers that are completed in

1
2 this well, that the -- that Exhibit Number Three was taken
3 from, were not completed in some of the previous or some of
4 the older wells, because some of it looks a little bit ratty
5 or a little dirty or doesn't possess a whole lot of porosity
6 in some cases.

7 That -- that may be the reason why older
8 wells in the field were not -- did not have a problem with
9 this high GOR, because they were not completed in these free
10 gas stringers.

11 As can be seen by -- by Exhibit Number
12 Three, on this -- in this well if it did possess porosity and
13 a semi-clean gamma ray, it was perforated in this well, so --
14 and I don't think that this was the -- the standard procedure
15 of maybe fifteen years ago when a lot of these wells were
16 being completed.

17 Q That maybe they were just drilled in --
18 or perforated into the oil section.

19 A Yes, sir. If you can -- if you look here,
20 the, a lot of the zones that possess high porosity are the --
21 are shown -- are the old zones, the zones that are not high-
22 lighted by the red. So I would -- I don't want to say that
23 some of these free gas zones that I've highlighted here were
24 not perforated in some of the wells, but that could be an ex-
25 planation of why we see higher GORs in wells completed in the

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2 field now than we did in the past.

3

4

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Q Well now, these GORs you gave us are field averages. There is a rather wide range of individual well GORs, is there not?

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A

Yes, I would -- yes, yes, sir. They -- well, wide range, I don't know if I'd say wide range. I have a copy of the production report from -- for the field. I don't know how I can do this, but looking down this -- this production report for February, 1982, relative -- looking at the oil column versus the gas production column, I don't see where there's a substantial difference in any well, except for this well that I previously mentioned, this MB Wier "B" Well No. 9, which was the well that Texaco recompleted into the Drinkard, it produced in the month of February, 76 barrels of oil and 17,345 Mcf of gas, so that is -- that well there does have a very high GOR.

Q

Now you say you don't see a marked difference in the production from the other ones, though.

A

No, sir.

Q

What would be the average GOR it looks like there?

A

Well, the average GOR would be this -- would be this 15,000 that I previously mentioned.

Q

Well, without that one well, though.

1
2 A. Okay. Let's see, I can do that. It
3 would be on the order of 8000 for the month of February.

4 Q. For the field as a whole.

5 A. For the field excluding that -- that high.

6 Q. Okay. Now, on your Exhibit One there's
7 one little red dot way down here in Section 19. Is that ac-
8 tually part of the pool as defined by the Division?

9 A. As defined by the Division? Just looking
10 at the map I would say no, but it is a well that according to
11 the proration schedule is in the Skaggs-Drinkard Field. It
12 is Conoco's well. It's not our well, so I don't know why it's
13 put in that field instead of --

14 Q. Is it listed on this production report
15 that you have there?

16 A. Yes, sir. That well is the SEMU Berger
17 Well No. 21.

18 Q. Right.

19 A. And it produced 149 barrels of oil and
20 726 Mcf of gas for the month of February.

21 Q. Okay.

22 MR. NUTTER: Are there any further ques-
23 tions of Mr. Woliver? He may be excused.

24 Does anyone have anything they wish to
25 offer in Case Number 7611? We'll take the case under advisement.

C E R T I F I C A T E

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

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7611.
heard by me on June 23 1982.

[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

1 Box 1173-B

Santa Fe, New Mexico 87301

Phone (505) 433-7409

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. 7611
Order No. R-7020

APPLICATION OF TEXACO INC.
FOR SPECIAL POOL RULES, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 23, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd July, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Texaco Inc., seeks the promulgation of special rules for the Skaggs-Drinkard Pool, Lea County, New Mexico, including a special gas-oil limitation of 10,000 cubic feet of gas per barrel of oil.

(3) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of liquid hydrocarbons.

(4) That in order to afford the owner of each property in the Skaggs-Drinkard Pool the opportunity to produce his just and equitable share of the oil and gas in the subject pool and for this purpose to use his just and equitable share of the reservoir energy, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the subject pool.

-2-

Case No. 7611
Order No. R-7020

IT IS THEREFORE ORDERED:

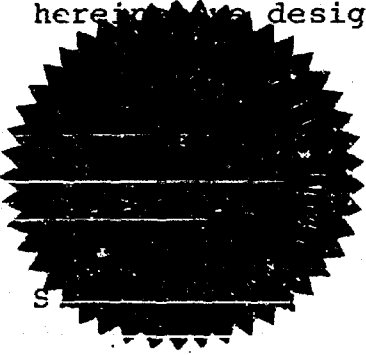
(1) That, effective July 1, 1982, Special Rules and Regulations for the Skaggs-Drinkard Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE-SKAGGS DRINKARD POOL

RULE 1. That the limiting gas-oil ratio for said Skaggs Drinkard Pool shall be 10,000 cubic feet of gas for each barrel of oil produced.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

10,000/1 GOR since July 74

Texaco Inc.
Docket No. 20-32
Case No. 7611
Exhibit No. 1
U.S.
b6
b7C
b7D

currently
 109 BOPD
 142 BOPD
 2000/1 GOR for
 284 MCF allow

DRINKARD COMPLETION

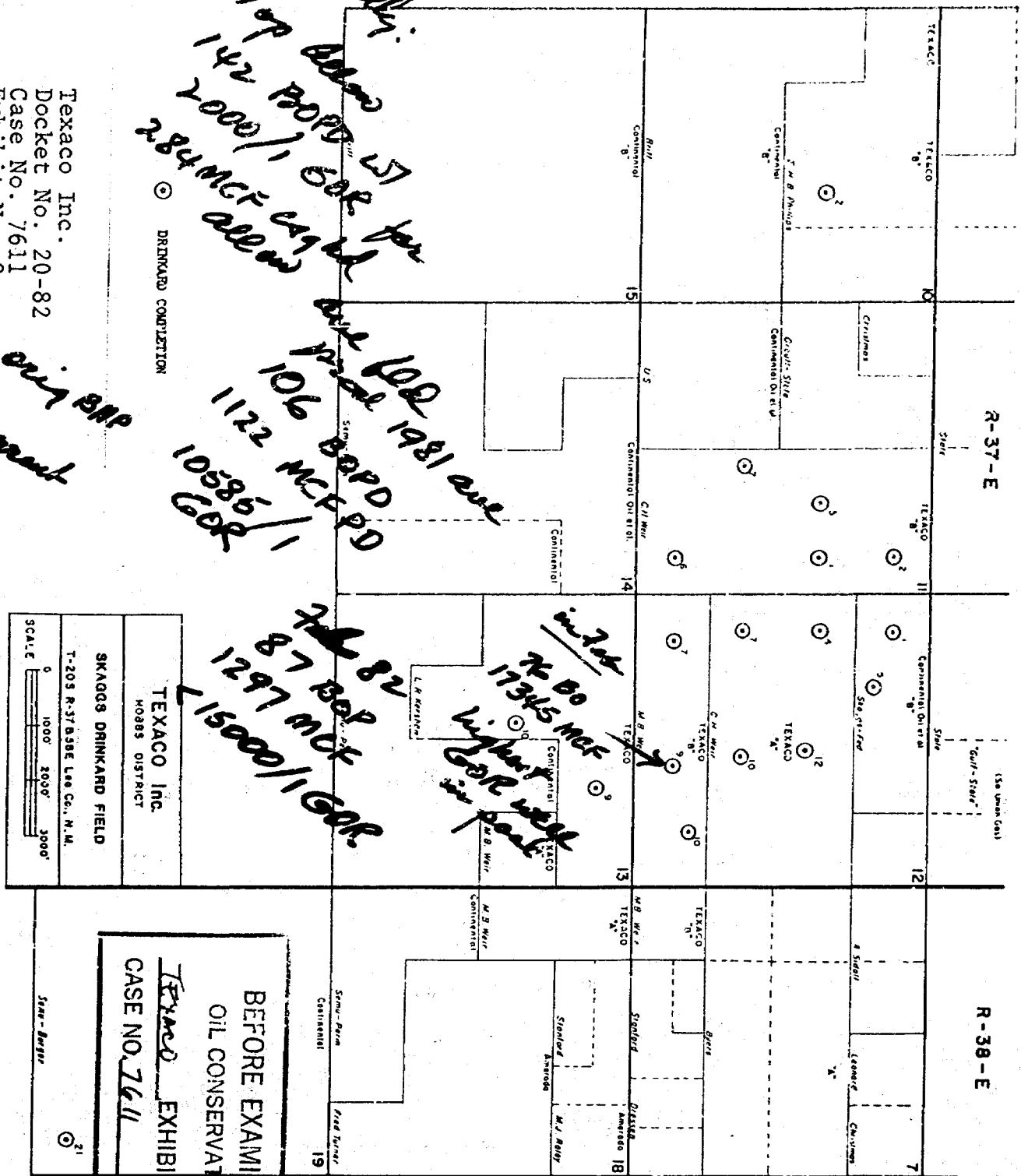
Texaco Inc.
 Docket No. 20-82
 Case No. 7611
 Exhibit No. 2

*being BOP
 current*

*106 BOPD
 1122 MCF
 10585/1
 60R*

*1297 MCF
 15000/1 GOR*

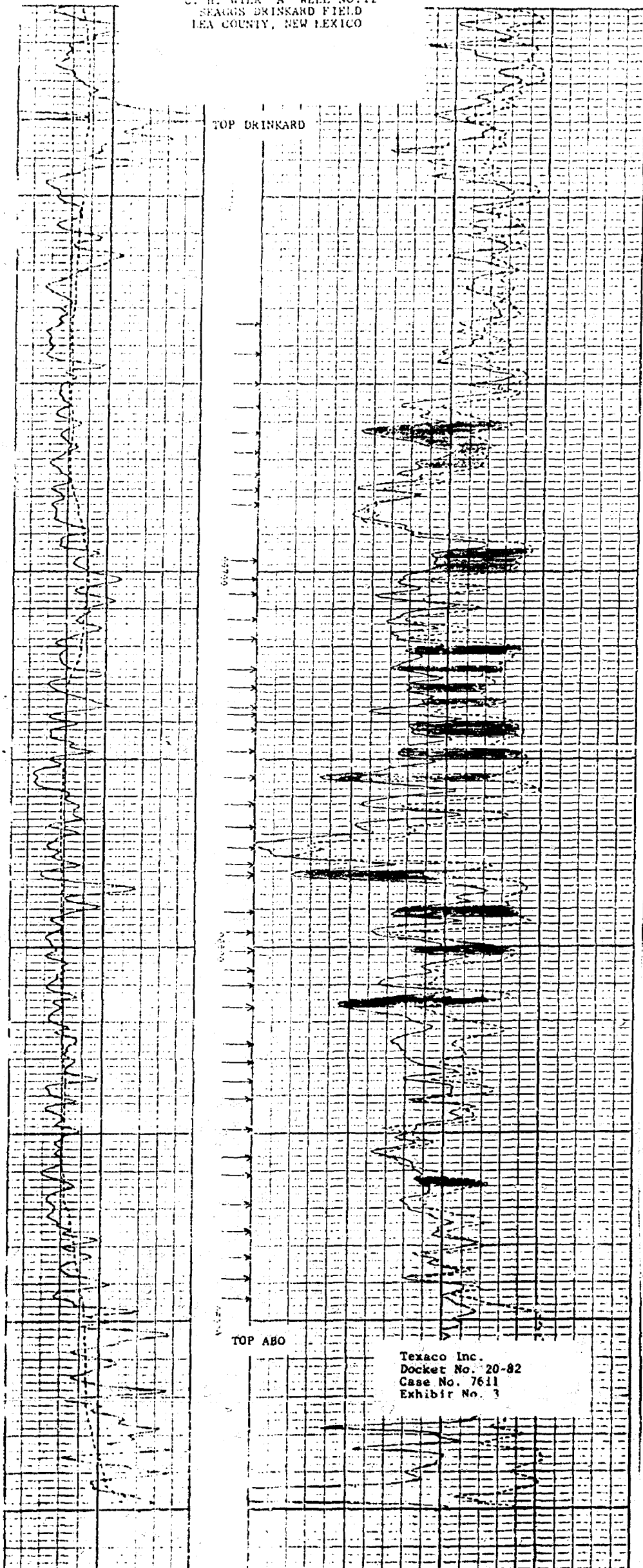
*17345 MCF
 higher GOR
 1000/1 GOR*

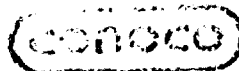


BEFORE EXAMINER NUTTER
 OIL CONSERVATION DIVISION
 TEXACO EXHIBIT NO. 2
 CASE NO. 7611

TEXACO INC.
 HOBBBS DISTRICT
 SKAGGS DRINKARD FIELD
 T-205 R-37 B-58E Lee Co., N.M.
 SCALE 0 1000' 2000' 3000'

GALFA KAY-NEUTRON-DENSITY LOG
C. H. WICK "A" WELL NO. 12
SPAGGS DRINKARD FIELD
LEA COUNTY, NEW MEXICO





REC'D. - MGB
JUN 2 1982
Midland Division
1982

Mark K. Mosley
District Manager
Production Department
Hobbs Division
North American Production

Conoco Inc.
P.O. Box 460
726 E. Michigan
Hobbs, NM 88240
(505) 393 4141

The State of New Mexico
Dept. of Energy & Minerals
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention Mr. R. L. Stamets

Gentlemen:

Request for Hearing, Texaco Inc., Rule 506, Skaggs Drinkard Pool, Lea
County, New Mexico

Please refer to the request of Texaco for an increase in the GOR
limitation for the Skaggs Drinkard Pool. Conoco Inc. has no objection to
Texaco's request for the 10,000 to 1 rate.

Yours very truly,

Mark K. Mosley

HAI:mhe

MIDLAND DIVISION P.E. DEPT.
RSC ☒ JWC ☐
4/2 6/2

JUN 2 1982

DTI	SEL	BLE
HWS	BAJ	WHC
EJM	JDR	RDM
TKY	SES	DM
JMW	KAR	SR
MWS	CAG	PW
RES	APR	FILE

NOTE X HANDLE

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

TEXACO EXHIBIT NO. 4
CASE NO. 7611

Texaco Inc.
Docket No. 20-82
Case No. 7611
Exhibit No. 4

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: 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. Nutter, 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 & E, 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)

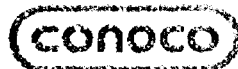
Application of Marks & Garner Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Bough C formation in the perforated interval from 9596 feet to 9616 feet in its Batembough Well No. 2, located in Unit 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 ANR 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.



Mark K. Mosley
Division Manager
Production Department
Hobbs Division
North American Production

Conoco Inc.
P.O. Box 460
726 E. Michigan
Hobbs, NM 88240
(505) 393-4141

JUN 02 1982

May 28, 1982

The State of New Mexico
Dept. of Energy & Minerals
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention Mr. R. L. Stamets

Gentlemen:

Request for Hearing, Texaco Inc., Rule 506, Skaggs Drinkard Pool, Lea
County, New Mexico

Please refer to the request of Texaco for an increase in the GOR
limitation for the Skaggs Drinkard Pool. Conoco Inc. has no objection to
Texaco's request for the 10,000 to 1 rate.

Yours very truly,

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RLS
Case 7611



PETROLEUM PRODUCTS

MAY 20 1982

PRODUCING DEPARTMENT

May 17, 1982

SANTA FE

TEXACO
A DIVISION OF TEXACO INC.
P. O. BOX 3100
MIDLAND, TEXAS 79702

REQUEST FOR HEARING
TEXACO INC.
RULE 506 EXCEPTION
SKAGGS DRINKARD FIELD
LEA COUNTY, NEW MEXICO

The State of New Mexico
Dept. of Energy & Minerals
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 7611

Attention: Mr. Richard L. Staments

Dear Mr. Staments:

Texaco Inc. respectfully request that a hearing be scheduled for the Docket of June 23, 1982, to consider our application for exception to Statewide Rule 506 to establish a limiting gas-oil ratio of 10,000 cubic feet per barrel in the Skaggs Drinkard Field of Lea County, New Mexico.

A copy of this letter is being sent by certified mail to the only other operator in the field, Conoco Inc, and we are hereby requesting their waiver of objection.

Yours very truly,

Alan R. McDaniel
Division Vice President

By: *R. G. Brown*
R. G. Brown
Assistant To Division Manager

JMW/r/sr

cc: Conoco Inc.
Mr. Mark Mosley
Box 460
Hobbs, New Mexico 88240

DAN

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. 7611

Order No. R- 7070

APPLICATION OF TEXACO INC.
FOR SPECIAL POOL RULES, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 23, 1982,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ July, 1982, the Division Director,
having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

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

(2) That the applicant, Texaco Inc., seeks the promulgation of special rules for the Skaggs-Drinkard Pool, Lea County, New Mexico, including a special gas-oil limitation of 10,000 cubic feet of gas per barrel of oil.

(3) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of liquid hydrocarbons.

(4) That in order to afford the owner of each property in the Skaggs-Drinkard Pool the opportunity to produce his just and equitable share of the oil and gas in the subject pool and for this purpose to use his just and equitable share of the reservoir energy, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the subject pool.

IT IS THEREFORE ORDERED:

(1) That, effective July 1, 1982, Special Rules and Regulations for the Skaggs-Drinkard Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE-SKAGGS DRINKARD POOL

RULE 1. That the limiting gas-oil ratio for said Skaggs Drinkard Pool shall be 10,000 cubic feet of gas for each barrel of oil produced.

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

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

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

JOE D. RAMEY,

Director

S E A L

DOCKET MAILED

Date 6/11/82