

CASE 5657: INEXCO OIL COMPANY FOR
AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO

CASE NO.

5657

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 31, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Inexco Oil Company for) CASE
an unorthodox gas well location,) 5657
Eddy County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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1 MR. STAMETS: The hearing will come to order,
2 please. We will take next, Case 5657.

3 MR. CARR: Case 5657, application of Inexco Oil
4 Company for an unorthodox gas well location, Eddy County,
5 New Mexico.

6 MR. KELLAHIN: Tom Kellahin, Kellahin and Fox,
7 Santa Fe, New Mexico and I have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

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10 REILLY FLUELLEN

11 called as a witness, having been first duly sworn, was
12 examined and testified as follows:

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14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q. Would you please state your name, by whom you are
17 employed and in what capacity?

18 A. My name is Reilly Fluellen, I'm with Inexco Oil
19 Company as an Exploitation Geologist in Houston, Texas.

20 Q. Mr. Fluellen, are you familiar with the facts
21 surrounding this particular application of Inexco?

22 A. Yes.

23 Q. Have you previously testified before this Commission
24 and had your qualifications as an expert witness accepted and
25 made a matter of record?

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1 A. Yes, I have.

2 MR. KELLAHIN: If the Examiner please, are the
3 witness's qualifications acceptable?

4 MR. STAMETS: They are.

5 Q (Mr. Kellahin continuing.) Mr. Fluellen, will you
6 refer to what has been marked as Exhibit Number One, identify
7 it and tell us what Inexco is seeking?

8 A. This is a plat of the area around our proposed un-
9 orthodox location in Section 1 of 21 South, 26 East of Eddy
10 County, New Mexico and this is an extension of the Burton Flats-
11 Morrow Field.

12 Q What is the specifically designated unorthodox
13 location?

14 A. The location is eight hundred and three feet from
15 the south line, three hundred and fifty feet from the east
16 line of Section 1 and we propose to dedicate the south half
17 of Section 1 to that well.

18 Q Now, Section 1 is an over-sized section so it will
19 be the south three hundred and twenty acres of that section
20 that will be dedicated to that well?

21 A. That's right, but our lease states the south half.
22 That is correct, it is three hundred and twenty acres.

23 Q What is the reason for seeking the unorthodox
24 location?

25 A. The reason is that we are attempting to meet the

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1 restrictions set out by the BLM. Those restrictions are to
2 remain a stated distance from the dam and the most restrictive
3 requirement is to stay above a particular elevation. Also we
4 are trying to stay out of the water of the Avalon reservoir.

5 Q Would you refer to Exhibit Two? Would you locate on
6 Exhibit Two the Section 1?

7 A Exhibit Two is a copy of the topographic sheets in
8 the area of our proposed location. Section 1 lies near the
9 top center of this page, just to the east of the blank area
10 shown on this page. Our location falls in the extreme south-
11 east corner of this section. The topo sheet shows the finger
12 of Lake Avalon which extends to the northeast and it also shows
13 that most of the eastern part of our three hundred and twenty
14 acre lease in this section is covered by Lake Avalon. Further-
15 more, there is a railroad right-of-way which crosses this
16 lease.

17 Q Are there any other locations, standard or nonstandard,
18 in the south half of Section 1 on which you could drill?

19 A No, not without being in the water.

20 Q Please refer to Exhibit Number Three, if you please,
21 and identify it?

22 A Exhibit Number Three is a land map of the same area
23 showing our three hundred and twenty acres in the south half
24 of Section 1 with the proposed location highlighted by an
25 arrow and showing that most of this three hundred and twenty

1 acres is covered by water from the Avalon Lake.

2 Q And Exhibit Number Four?

3 A Exhibit Number Four is a list of the restrictions
4 set out by the BLM which specify the distance from the dam.
5 One half mile of the dam we can meet easily but the one that
6 we are having trouble with is this elevation requirement which
7 states three hundred feet beyond the high water line of the
8 Avalon reservoir and said high water line being defined as
9 the contour two feet above the crest of spillway number one.

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11 that requirement?

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13 could be found. We put a survey crew in the field with these
14 restrictions in mind and they found the one that most closely
15 meets these restrictions. There is a small pimple of a hill
16 farther to the southeast but it is so narrow that a drilling
17 rig can't be put on there without building up the entire south-
18 east corner of the section.

19 Q In your opinion, Mr. Fluellen, is this the only
20 location from which you can economically and efficiently drain
21 the proration unit?

22 A Yes.

23 Q In your opinion will approval of this application be
24 in the best interests of conservation, prevention of waste and
25 the protection of correlative rights?

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1 A. Yes, it will.

2 Q. And have you notified all offsetting operators of
3 your proposed unorthodox location and have you received any
4 objections?

5 A. We notified them but we have not received a
6 response.

7 Q. Were Exhibits One through Four either prepared by
8 you directly or compiled under your direction and supervision?

9 A. Yes.

10 MR. KELLAHIN: We move the introduction of Exhibits
11 One through Four.

12 MR. STAMETS: These exhibits will be admitted.

13 (THEREUPON, Applicant's Exhibits One through
14 Four were admitted into evidence.)

15 MR. KELLAHIN: That concludes our direct examination.

16

17 CROSS EXAMINATION

18 BY MR. STAMETS:

19 Q. Mr. Fluellen, has Inexco given any consideration to
20 dedicating, well, what would be the east half of the normal
21 section in here?

22 A. Our lease in this proposed unit, we have a one
23 hundred percent working interest and that is our preferred
24 unit.

25 Q. In the south half of this section?

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1 A. Yes. In the other one we would be limited to
2 approximately a half. In fact, it would be a half because
3 we have nothing immediately north of this proposed location.

4 Q Do you know who owns that lease?

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6 interest unit that has been formed with David Fasken as the
7 operator, so it is a unitized area.

8 MR. STAMETS: Any other questions of the witness?

9 He may be excused.

10 (THEREUPON, the witness was excused.)

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12 MR. KELLAHIN: No, sir.


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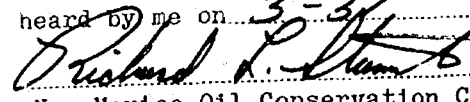
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
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, Examiner
New Mexico Oil Conservation Commission

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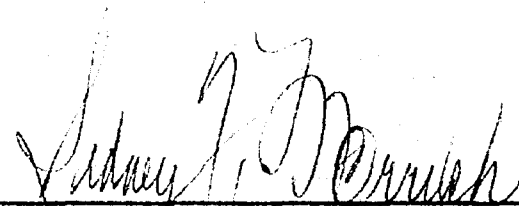
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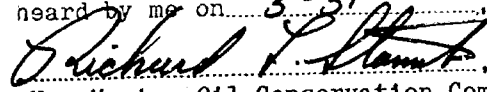
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Richard L. Stant, Examiner
New Mexico Oil Conservation Commission

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Other

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5657
Order No. R-5198

APPLICATION OF INEXCO OIL COMPANY
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 March 31, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of April, 1976, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Inexco Oil Company, seeks approval of an unorthodox gas well location 803 feet from the South line and 350 feet from the East line of Section 1, Township 21 South, Range 26 East, NMPM, to test the Pennsylvanian formation, Burton Flat Field, Eddy County, New Mexico.

(3) That the S/2 of said Section 1 is to be dedicated to the well.

(4) That the proposed unorthodox location is necessitated by reason of topography.

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

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

-2-
Case No. 5657
Order No. R-5198

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Pennsylvanian formation is hereby approved for a well to be located at a point 303 feet from the South line and 350 feet from the East line of Section 1, Township 21 South, Range 26 East, NMPM, Burton Flat Field, Eddy County, New Mexico.

(2) That the S/2 of said Section 1 shall be dedicated to the above-described well.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Phil R. Lucero
PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

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

S E A L

dr/

Dockets Nos. 12-76 and 13-76 are tentatively set for hearing on April 14 and 28, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 31, 1976

9 A.M. - OIL CONSERVATION COMMISSION 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:

CASE 5641: (Continued from March 17, 1976 Examiner Hearing)

Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection to the Queen formation through the open-hole interval from approximately 3800 to 3875 feet in his State JC "T" Well No. 1 located in Unit B of Section 16, Township 23 South, Range 36 East, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 5651: (Continued & Readvertised)

Application of Burmah Oil & Gas Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 1780 feet from the South line and 660 feet from the West line of Section 11, Township 24 South, Range 28 East, Eddy County, New Mexico, the W/2 of said Section 11 to be dedicated to the well.

CASE 5655: Application of Apollo Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the lower Yates-Seven Rivers formation through the open-hole interval from 3289 to 3363 feet in its Brown Well No. 5, located in Unit E of Section 25, Township 25 South, Range 36 East, Jalnat Pool, Lea County, New Mexico.

CASE 5656: Application of David Fasken for an unorthodox location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Avalon Federal Com Well No. 2, to be drilled 660 feet from the South and West lines of Section 1, Township 21 South, Range 25 East, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, with all of said Section 1, a previously approved 854-acre non-standard gas proration unit, to be simultaneously dedicated to said well and to applicant's Avalon Federal Com Well No. 1, located in Unit P of said Section 1.

CASE 5657: Application of Inexco Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of a well to be drilled 350 feet from the East line and 803 feet from the South line of Section 1, Township 21 South, Range 26 East, Burton Flat Field, Eddy County, New Mexico, the S/2 of said Section 1 to be dedicated to the well.

CASE 5658: Application of Inexco Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 10, Township 21 South, Range 26 East, Avalon Field, Eddy County, New Mexico, to be dedicated to applicant's Inexco Federal-State Com Well No. 1-10, to be drilled at an orthodox location. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5659: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Penrose Skelly Grayburg and Drinkard production in the wellbore of its Mittie Weatherly Well No. 1, located in Unit F of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 5660: Application of Exxon Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Fairview Mills Unit Area comprising 3840 acres, more or less, of Federal and Fee lands in Township 25 South, Range 34 East, Lea County, New Mexico.

CASE 5661: Application of Randolph M. Richardson for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the CC Tank Unit Area comprising 10,550 acres, more or less, of Federal, State, and fee lands in Townships 19 and 20 South, Ranges 23 and 24 East, Eddy County, New Mexico.

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF INEXCO OIL COMPANY FOR
APPROVAL OF AN UNORTHODOX WELL
LOCATION, EDDY COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Inexco Oil Company and applies to the Oil Conservation Commission of New Mexico for approval of an unorthodox well location for a Morrow well in an undesignated Morrow Gas Pool, Eddy County, New Mexico, and in support thereof would show the Commission:

1. Applicant proposes to drill a well, to be located 350 feet from the East line and 803 feet from the South line of Section 1, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, projected to the Morrow formation.
2. The South half of Section 1 will be dedicated to the well.
3. The unorthodox well location is necessary to comply with lease stipulations in Inexco's Federal Lease, required by the Bureau of Reclamation, in connection with operation of the Avalon Dam irrigation project, Eddy County, New Mexico.
4. Choice of a well location is further complicated by the existing railroad right of way across the tract, and the proposed location is the only available location for development of the subject acreage.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly

appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the unorthodox well location as requested.

Respectfully submitted,

INEXCO OIL COMPANY

By Jason W. Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF INEXCO OIL COMPANY FOR
APPROVAL OF AN UNORTHODOX WELL
LOCATION, EDDY COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Inexco Oil Company and applies to the Oil Conservation Commission of New Mexico for approval of an unorthodox well location for a Morrow well in an undesignated Morrow Gas Pool, Eddy County, New Mexico, and in support thereof would show the Commission:

1. Applicant proposes to drill a well, to be located 350 feet from the East line and 803 feet from the South line of Section 1, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, projected to the Morrow formation.
2. The South half of Section 1 will be dedicated to the well.
3. The unorthodox well location is necessary to comply with lease stipulations in Inexco's Federal Lease, required by the Bureau of Reclamation, in connection with operation of the Avalon Dam irrigation project, Eddy County, New Mexico.
4. Choice of a well location is further complicated by the existing railroad right of way across the tract, and the proposed location is the only available location for development of the subject acreage.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly

appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the unorthodox well location as requested.

Respectfully submitted,
INEXCO OIL COMPANY

By Jason W. Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF INEXCO OIL COMPANY FOR
APPROVAL OF AN UNORTHODOX WELL
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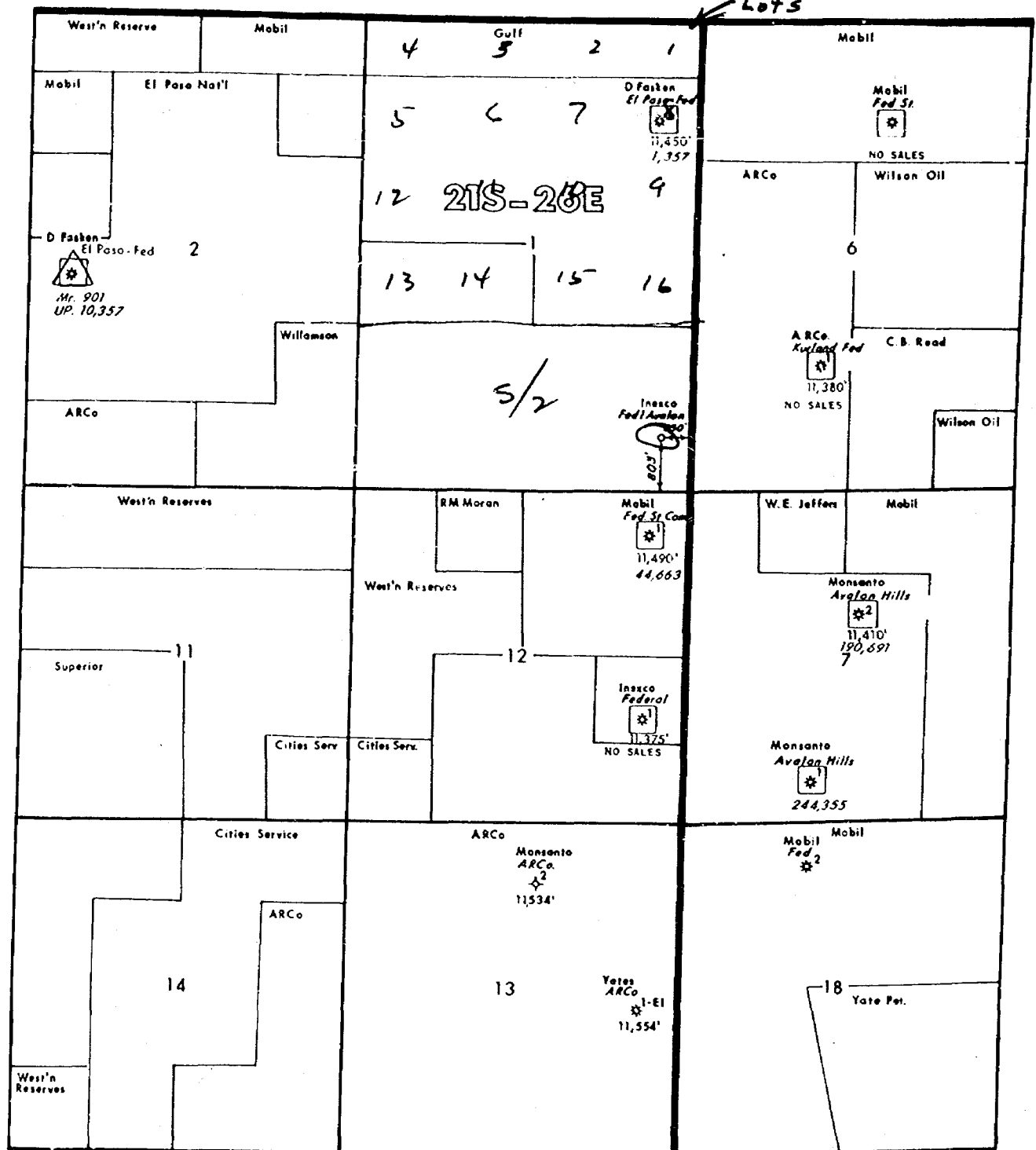
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ATTORNEYS FOR APPLICANT



LEGEND
PRODUCING ZONE

- Morrow
△ Upper Penn.

BURTON FLAT MORROW FLD. EXTENSION
EDDY CO., NEW MEXICO
INEXCO #1 FEDERAL AVALON

Scale in Miles
0 1/2 1

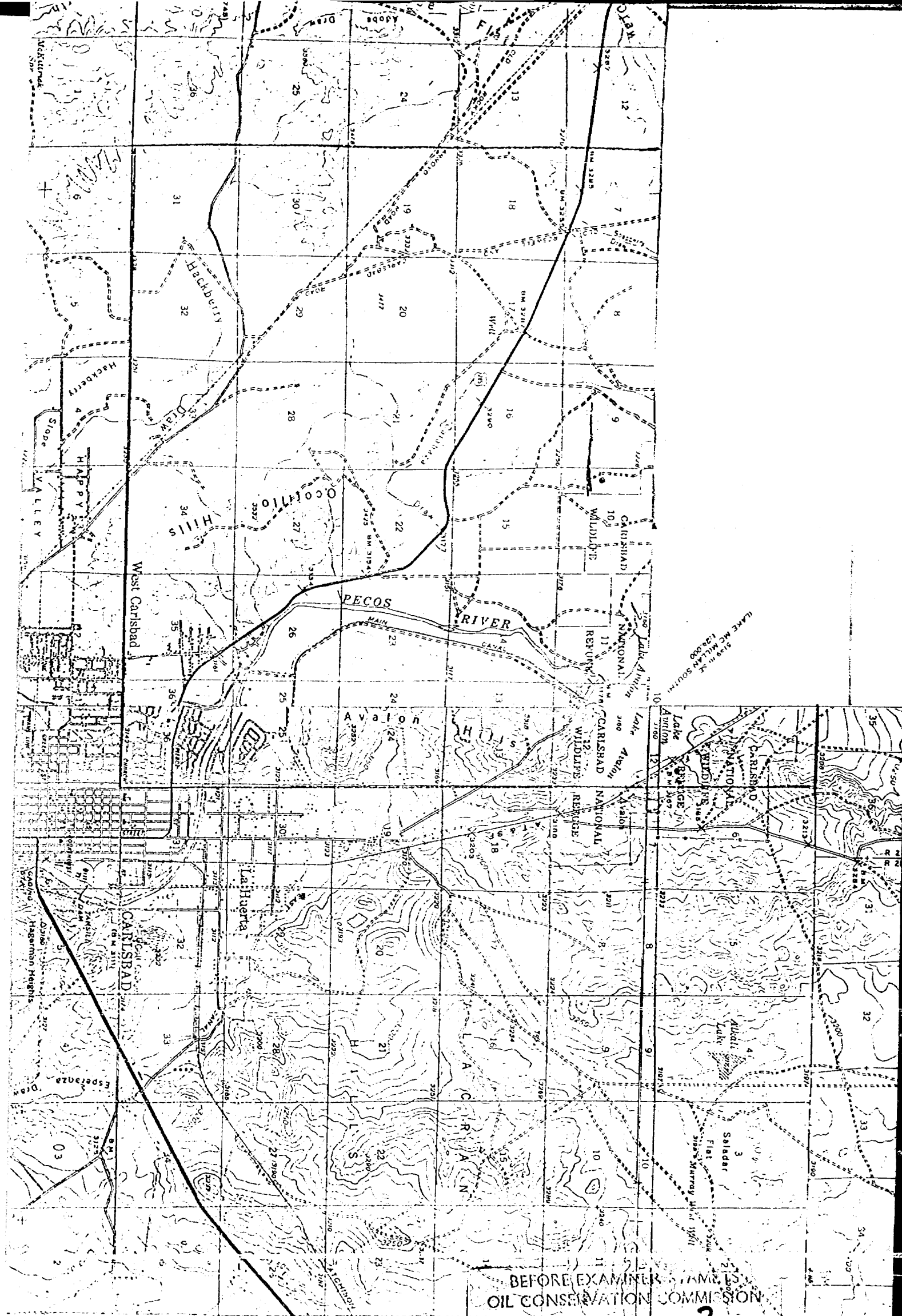
3-25-76



1100 Milam Bldg. - Houston, Texas 77002
713-237-3300

INEXCO OIL COMPANY

PRODUCTION IN JANUARY 1976, MCF



BEFORE EXAMINER
OIL CONSERVATION COMMISSION
DIXIE EXHIBIT NO. 2
CASE NO. 5657
Submitted by
Hearing Date 31 MAR 76

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM 13624
Oil and Gas

LEASE STIPULATIONS
BUREAU OF RECLAMATION

ATTENDED STIPULATIONS

The lessee agrees to maintain, if required by the lessor during the period of this lease, including any extension thereof, an additional bond with qualified sureties in such sum as the lessor, if it considers that the bond required under Section 2(a) is insufficient, may at any time require:

(a) to pay for damages sustained by any reclamation homestead entryman to his crops or improvements caused by drilling or other operations of the lessee, such damages to include the reimbursement of the entryman by the lessee, when he uses or occupies the land of any homestead entryman, for all construction and operation and maintenance charges becoming due during such use or occupation upon any portion of the land so used and occupied;

(b) to pay any damage caused to any reclamation project or water supply thereof by the lessee's failure to comply fully with the requirements of this lease; and

(c) to recompense any nonmineral applicant, entryman, purchaser under the Act of May 16, 1930 (46 Stat. 367), or patentee for all damages to crops or to tangible improvements caused by drilling or other prospecting operations, where any of the lands covered by this lease are embraced in any non-mineral application, entry, or patent under rights initiated prior to the date of this lease, with a reservation of the oil deposits, to the United States pursuant to the Act of July 17, 1914 (38 Stat. 509).

As to any lands covered by this lease within the area of any Government reclamation project, or in proximity thereto, the lessee shall take such precautions as required by the Secretary to prevent any injury to the lands susceptible to irrigation under such project or to the water supply thereof; *provided* that drilling is prohibited on any constructed works or right-of-way of the Bureau of Reclamation, and *provided, further*, that there is reserved to the lessor, its successors and assigns, the superior and prior right at all times to construct, operate, and maintain dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures, and reclamation works, in which construction, operation, and maintenance, the lessor, its successors and assigns, shall have the right to use any or all of the lands herein described without making compensation therefor, and shall not be responsible for any damage from the presence of water thereon or on account of ordinary, extraordinary, unexpected, or unprecedented floods. That nothing shall be done under this lease to increase the cost of, or interfere in any manner with, the construction, operation, and maintenance of such works. It is agreed by the lessee that, if the construction of any or all of said dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone or telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures or reclamation works across, over, or upon said lands should be made more expensive by reason of the existence of the improvements and workings of the lessee thereon, said additional expense is to be estimated by the

Secretary of the Interior, whose estimate is to be final and binding upon the parties hereto, and that within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States, or its successors, constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures, or reclamation works, across, over, or upon said lands; *provided, however*, that subject to advance written approval by the United States, the location and course of any improvements or works and appurtenances may be changed by the lessee; *provided, further*, that the reservations, agreements, and conditions contained in the within lease shall be and remain applicable notwithstanding any change in the location or course of said improvements or works of lessee. The lessee further agrees that the United States, its officers, agents, and employees, and its successors and assigns shall not be held liable for any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works hereinabove enumerated. Nothing in this paragraph shall be construed as in any manner limiting other reservations in favor of the United States contained in this lease.

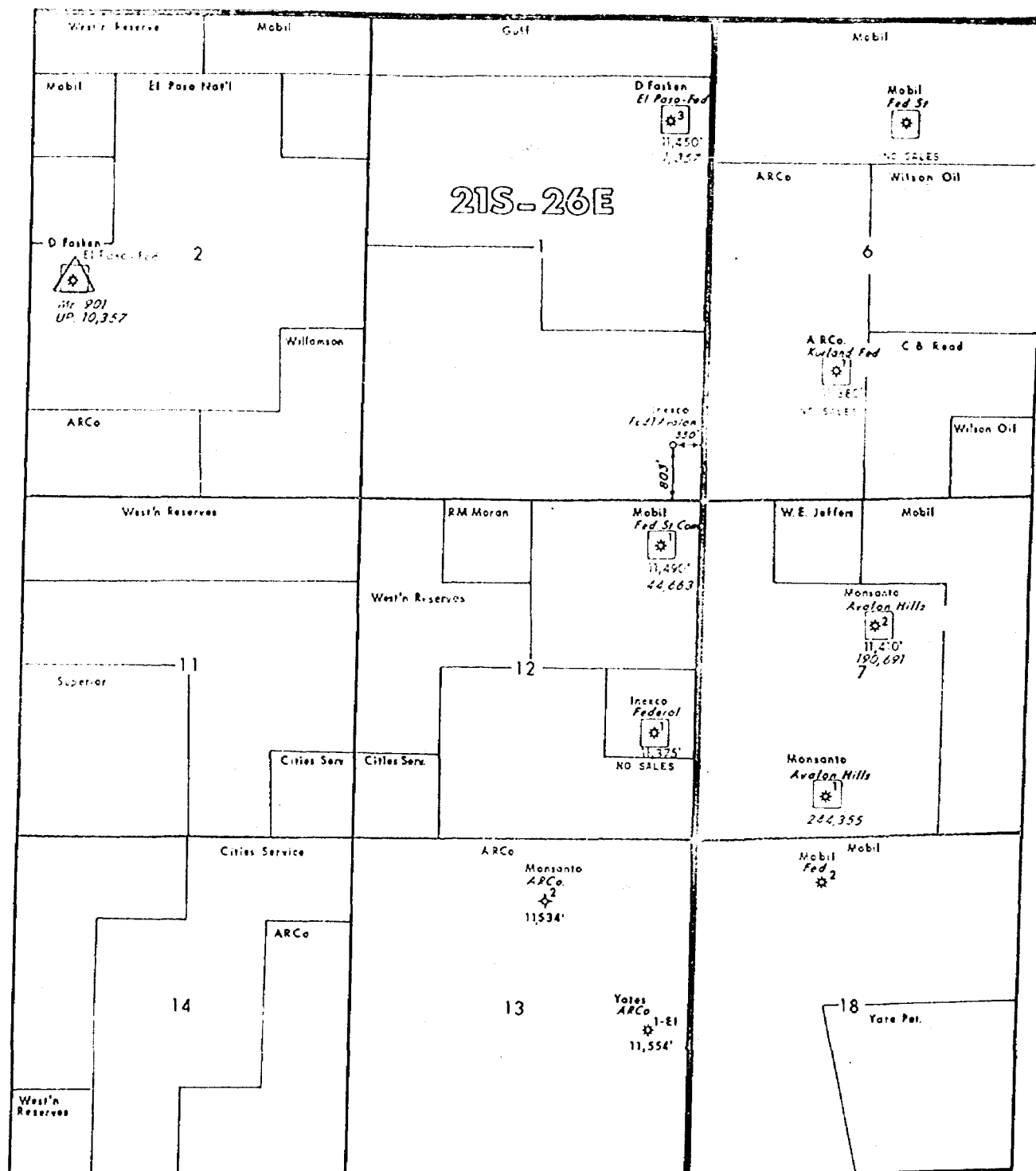
THE LESSEE FURTHER AGREES That there is reserved to the lessor, its successors and assigns, the prior right to use any of the lands herein leased, to construct, operate, and maintain dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures, and also the right to remove construction materials therefrom, without any payment made by the lessor or its successors for such right, with the agreement on the part of the lessee that if the construction of any or all of such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures across, over, or upon said lands or the removal of construction materials therefrom, should be made expensive by reason of the existence of improvements or workings of the lessee thereon, such additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and binding upon the parties hereto, and that within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States or its successors constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures across, over, or upon said lands or removing construction materials therefrom. The lessee further agrees that the lessor, its officers, agents, and employees and its successors and assigns shall not be held liable for any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works hereinabove enumerated. Nothing contained in this paragraph shall be construed as in any manner limiting other reservations in favor of the lessor contained in this lease.

Drilling is prohibited within one-half mile of any dam, dike, or other major structure.
Drilling is prohibited within an area established by a line 300 feet beyond the high water line of Avalon Reservoir, said high water line being defined as Contour 152.0 feet above the crest of Spillway No. 1 (See page 322 U.S.G.S. Water Supply Paper 898).

(Signature of Lessee)

(over)

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
DOVCO	EXHIBIT NO. 4
CASE NO.	5657
Submitted by	
Hearing Date	31 MAR 76



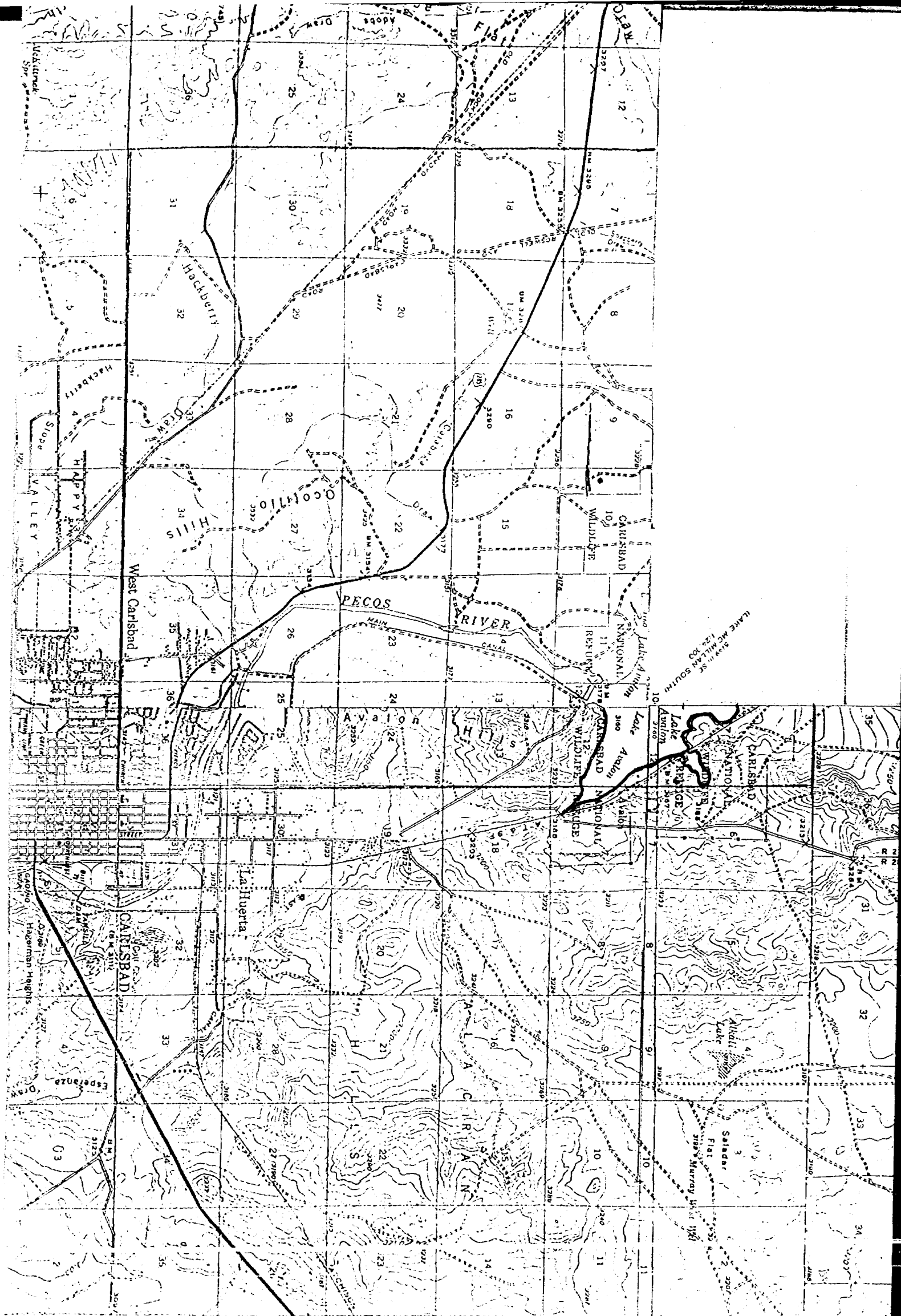
LEGEND
 PRODUCING ZONE
 □ Morrow
 △ Upper Penn.

BURTON FLAT MORROW FLD. EXTENSION
 EDDY CO., NEW MEXICO
 INEXCO #1 FEDERAL AVALON
 Scale in Miles
 0 1/2 1
 3-25-76

PRODUCTION IN JANUARY 1976, MCF

1100 Milam Bldg. - Houston, Texas 77002
 713-237-3300
 INEXCO OIL COMPANY

Case 5657
 Exhibit 1



Case 5657
Exhibit 2

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM 13624
Oil and Gas

LEASE STIPULATIONS
BUREAU OF RECLAMATION

AMENDED STIPULATIONS

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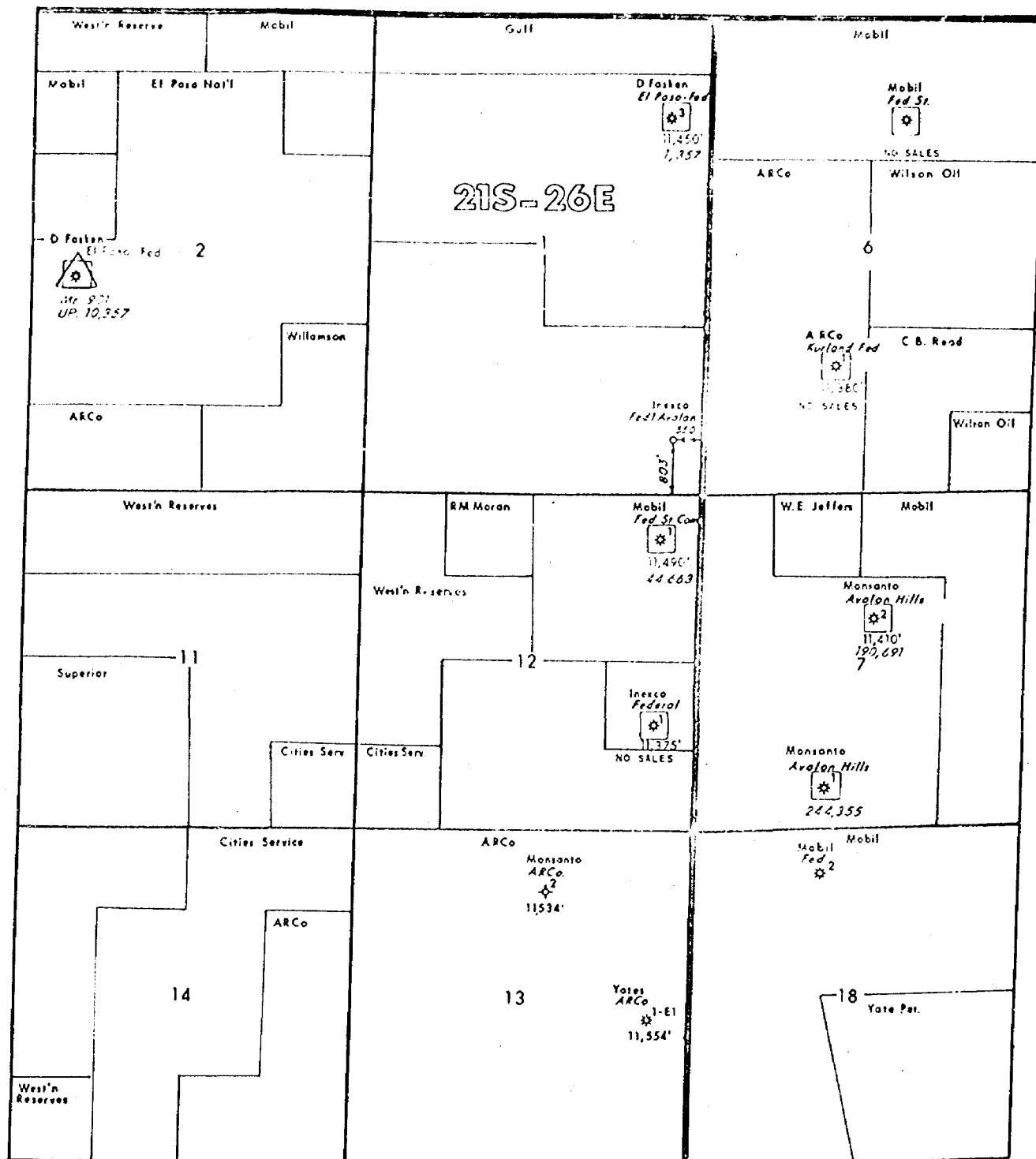
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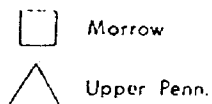
(Signature of Lessee)

(over)

Case 5657
Exhibit 4

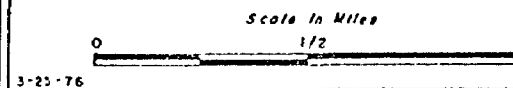


LEGEND
PRODUCING ZONE



PRODUCTION IN JANUARY 1976, MCF

BURTON FLAT MORROW FLD. EXTENSION
EDDY CO., NEW MEXICO
INEXCO #1 FEDERAL AVALON

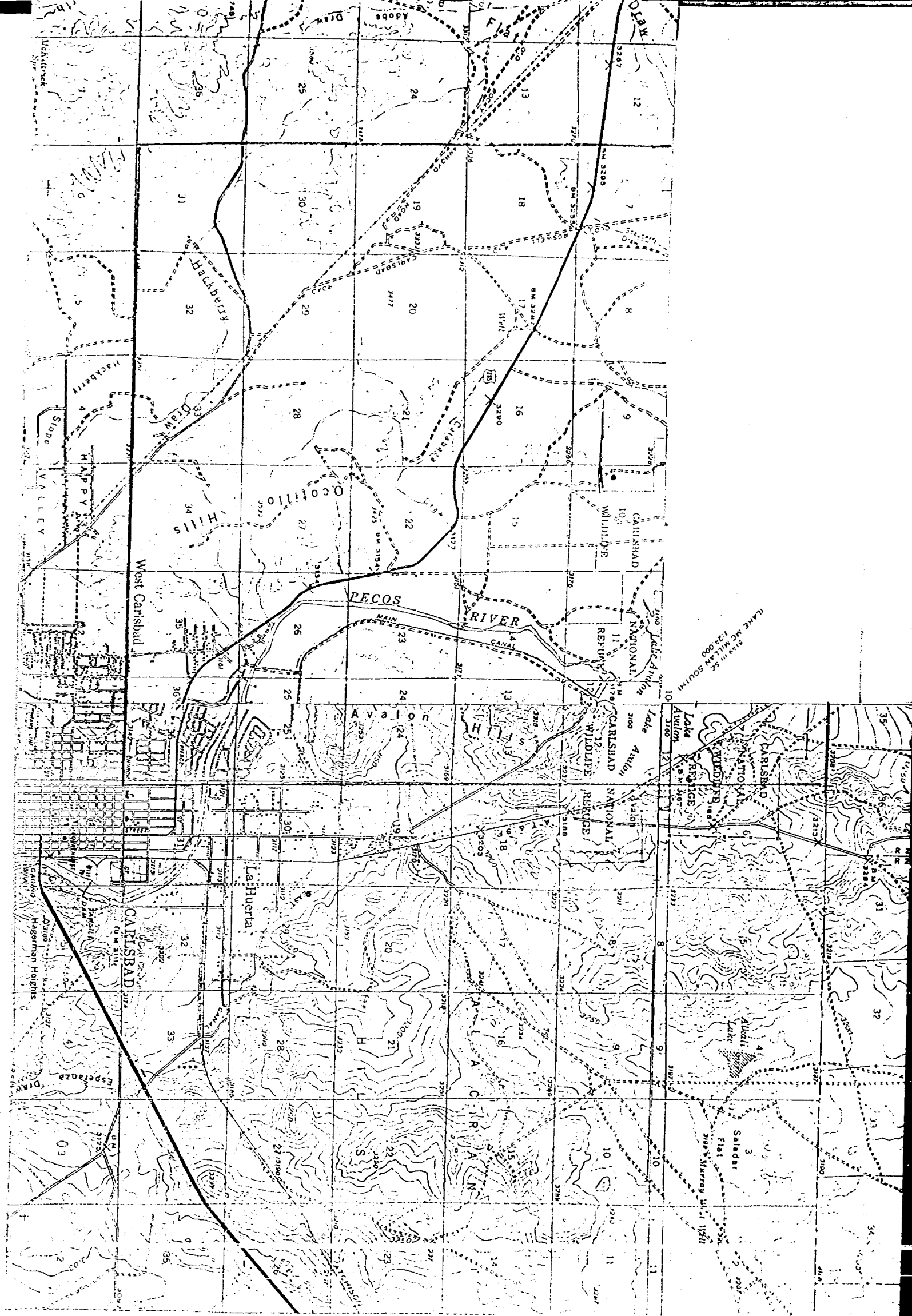


INEXCO OIL COMPANY

1100 Milam Bldg. - Houston, Texas 77002
713-237-3300

Case 5657

Exhibit 1



Case 5657
Exhibit 2

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NM 13624
Oil and Gas

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BUREAU OF RECLAMATION

ATTENDED STIPULATIONS

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(Signature of Lessee)

(over)

Case 5457
Exhibit 4

dr/

in

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5657

Order No. R- 5198

APPLICATION OF INEXCO OIL COMPANY
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 March 31, 1976,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of April, 1976, the Commission,
a quorum being present, 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
Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Inexco Oil Company, seeks
approval of an unorthodox gas well location 803 feet from the South
line and 350 feet from the East line of Section 1, Township
21 South, Range 26 East, NMPM, to test the
Pennsylvanian formation, Burton Flat Field Eddy
Eddy County, New Mexico.

(3) That the S/2 of said Section 1 is to be dedicated to the
well.

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

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

*(4) That the proposed unorthodox location
is necessitated by reason of topography.*

-2-

Case No. _____
Order No. R- _____

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Pennsylvanian formation is hereby approved for a well to be located at a point 803 feet from the South line and 350 feet from the East line of Section 1, Township 21 South, Range 26 East NMPM, Burton Flat Field Reed, Eddy County, New Mexico.

(2) That the S/2 of said Section 1 shall be dedicated to the above-described well.

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

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