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( CASE 5682: CHAMPLIN PET. CO.  
FOR THREE NON-STANDARD GAS  
PRORATION UNITS, EDDY COUNTY, NM

*pany*

CASE NO.

5682

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO  
July 6, 1976



STATE GEOLOGIST  
EMERY C. ARNOLD

Mr. Tom Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 5682  
ORDER NO. R-5229

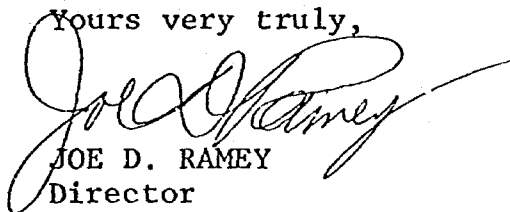
Applicant:

Champlin Petroleum Company

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 Paul Eaton

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. 5682  
Order No. R-5229

APPLICATION OF CHAMPLIN PETROLEUM  
COMPANY FOR THREE NON-STANDARD GAS  
PRORATION UNITS, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 12, 1976,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of July, 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, Champlin Petroleum Company, seeks  
approval of the following three 160-acre non-standard gas  
proration units in Township 22 South, Range 27 East, NMPM,  
East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico:

the NW/4 of Section 1 to be dedicated to applicant's  
Pecos-Federal Well No. 1, located in Unit C of said  
Section 1;

the NE/4 of Section 1 to be dedicated to applicant's  
Wilson Gas Com Well No. 1, located in Unit G of said  
Section 1; and

the NE/4 of Section 2 to be dedicated to applicant's  
Nix-Yates Well No. 1, located in Unit G of said  
Section 2.

(3) That each of the aforesaid three wells was completed  
in the Wolfcamp formation pursuant to the statewide rules in  
effect at the time and therefore had dedicated to it 160 acres,  
being the lands presently sought as a non-standard unit for  
the well.

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Case No. 5682  
Order No. R-5229

(4) That subsequent to the completion of the aforesaid three wells, the general rules for Southeast New Mexico were amended to provide for 320-acre units for Wolfcamp gas wells, and 320-acre spacing was approved for the East Carlsbad-Wolfcamp Gas Pool within which said wells are located.

(5) That the applicant seeks to continue to dedicate only the 160 acres which was originally dedicated to each of the subject wells.

(6) That each of the subject wells is capable of but a low rate of production, and has probably very limited reserves in the Wolfcamp formation available to it.

(7) That the three non-standard proration units may reasonably be presumed productive of gas from the East Carlsbad-Wolfcamp Gas Pool.

(8) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the East Carlsbad-Wolfcamp Gas Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the following three 160-acre non-standard gas proration units in the East Carlsbad-Wolfcamp Gas Pool in Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, are hereby established:

the NW/4 of Section 1 to be dedicated to applicant's Pecos-Federal Well No. 1, located in Unit C of said Section 1;

the NE/4 of Section 1 to be dedicated to applicant's Wilson Gas Com Well No. 1, located in Unit G of said Section 1; and

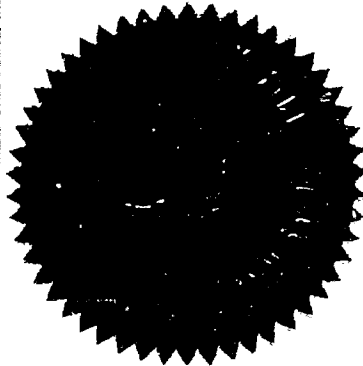
the NE/4 of Section 2 to be dedicated to applicant's Nix-Yates Well No. 1, located in Unit G of said Section 2.

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

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Case No. 5682  
Order No. R-5229

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

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

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

S E A L

dr/

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
May 12, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Champlin Petroleum )  
Company for three non-standard gas ) CASE  
proration units, Eddy County, New Mexico) 5682

BEFORE: Daniel S. Nutter, 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

For Bass Enterprises Production Company: Paul Eaton, Esq.  
HINKLE, BONDURANT COX & EATON  
Attorneys at Law  
Hinkle Building  
Roswell, New Mexico

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25



1 MR. NUTTER: We will call Case Number 5682.

2 MR. CARR: Case 5682, application of Champlin  
3 Petroleum Company for three non-standard gas proration units,  
4 Eddy County, New Mexico.

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

7 MR. NUTTER: I'll call for other appearances in  
8 this case.

9 MR. EATON: Paul Eaton of the firm of Bondurant,  
10 Cox and Eaton appearing on behalf of Bass Enterprises  
11 Production Company. We may have two witnesses.

12 MR. NUTTER: Would you have your potential witnesses  
13 please stand and Mr. Kellahin your witness, please.

14 (THEREUPON, the witnesses were duly sworn.)

15  
16 W. B. JOHNSTON

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

19  
20 DIRECT EXAMINATION

21 BY MR. KELLAHIN:

22 Q Please state your name, by whom you are employed  
23 and in what capacity?

24 A My name is W. B. Johnston with Champlin Petroleum  
25 Company as the District Operations Manager in Midland, Texas.

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1 Q Mr. Johnston, have you previously testified before  
 2 this Commission?

3 A No, I have not.

4 Q Would you explain for the benefit of the Examiner  
 5 your educational background, when and where did you obtain your  
 6 degree?

7 A I graduated from Oklahoma State in 1959 with a  
 8 degree in Mechanical Engineering with a petroleum option.

9 Q Subsequent to your graduation from Oklahoma State  
 10 where were you employed?

11 A I have been with Champlin all of that time in West  
 12 Texas, Oklahoma, Kansas, Rocky Mountain area.

13 MR. NUTTER: I missed your name, sir.

14 A Johnston, W. B.

15 MR. NUTTER: Thank you.

16 Q (Mr. Kellahin continuing.) And you are presently  
 17 employed in what capacity with Champlin?

18 A Operations Manager in Midland, Texas.

19 Q Have you made a study of and are you familiar with  
 20 the facts surrounding this particular application?

21 A Yes.

22 MR. KELLAHIN: If the Examiner please, are the  
 23 witness' qualifications acceptable?

24 MR. NUTTER: Yes, they are.

25 Q (Mr. Kellahin continuing.) Mr. Johnston, would you

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1 refer to what has been marked as Applicant's Exhibit Number  
2 One, identify it and state briefly what Champlin is seeking?

3 A. This is a land plat and it has basically outlined  
4 three quarter sections in which we wish to get non-standard  
5 spacing on the Wolfcamp formation.

6 Q. The non-standard proration unit would be composed of  
7 how many acres?

8 A. One hundred and sixty.

9 Q. What is the current spacing for that pool?

10 A. Three, twenty.

11 Q. And this is in what pool?

12 A. The East Carlsbad.

13 Q. At the time that these three wells were drilled  
14 what was the spacing for this pool?

15 A. I believe it was one sixty.

16 Q. That was a state-wide one-hundred-and-sixty-acre  
17 spacing for Wolfcamp production?

18 A. Yes, sir, that's right.

19 Q. All right. Subsequent to the drilling of these  
20 wells, was the spacing changed?

21 A. Yes, it was, back in 1976, I believe it was in  
22 January.

23 Q. All right, with regard to that change in spacing  
24 would you please refer to what has been marked as Exhibit  
25 Number Two and identify it?

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1 A. Yes, that is the Commission Order R-5144 where the  
2 pool was spaced for three-hundred-and-twenty-acres, and also  
3 requires that non-standard units be applied for within sixty  
4 days from the date of that Order.

5 Q. In regards to the requirement for applications  
6 within sixty days of the effective date of the order for non-  
7 standard proration units, what did Champlin do?

8 A. We did apply for the non-standard spacing units on  
9 these three wells.

10 Q. Would you please refer to what has been marked  
11 as Exhibits Three, Four and Five?

12 A. Yes.

13 Q. What is Exhibit Number Three?

14 A. That is our application of the Nix-Yates No. 1 in  
15 Section 2, in the northeast quarter where we are applying for  
16 one-sixty spacing, and for non-standand.

17 Q. And Exhibit Number Four?

18 A. That is on the Wilson No. 1 in the northeast quarter  
19 of Section 1. Also we are applying for one-sixty spacing on  
20 it.

21 Q. And Exhibit Number Five?

22 A. It is the application on the Pecos-Federal No. 1 in  
23 the northwest quarter of Section 1 for one-sixty.

24 Q. And as a result of these applications dated the  
25 twenty-third of March, 1976, this matter was set before this

1 Examiner for hearing?

2 A. Yes.

3 Q. All right, sir, will you give us some of the history  
4 of these particular wells and if you will turn back to Exhibit  
5 Number One now and begin by identifying the Nix-Yates Well?

6 A. The Nix-Yates Well is in the southwest of the north-  
7 east quarter of Section 2. It was drilled in 1974 and  
8 completed in the middle of the year as a dual Wolfcamp-Morrow  
9 completion.

10 Q. That was in approximately August of '74 that it  
11 was completed for Wolfcamp production?

12 A. Yes, that's right.

13 Q. At the time of its completion what was its potential  
14 for Wolfcamp production?

15 A. Well, approximately half a million feet a day of  
16 gas.

17 Q. And what is the current status of its production?

18 A. Roughly a hundred and forty MCF a day.

19 Q. And for that particular well for the Wolfcamp  
20 production, what has been the total cumulative production  
21 to date?

22 A. A hundred and twenty-eight thousand MCF, approximately.

23 Q. Now, turn your attention to the Pecos-Federal No. 1  
24 Well and identify it?

25 A. All right, it's in the northeast corner of the north-

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1 west quarter of Section 1.

2 Q Okay, and when was that completed for Wolfcamp  
3 production?

4 A It was worked over and completed as a Wolfcamp well  
5 in January of 1975. The initial open-flow potential was  
6 eighteen hundred and ninety MCF a day. It is currently  
7 producing approximately five hundred MCF a day.

8 Q What is the total cumulative production for that  
9 well?

10 A Three hundred and ninety-six million cubic feet.

11 Q All right, sir, for the Wilson Gas Com Well No. 1,  
12 when was that completed for Wolfcamp production?

13 A It was completed in June of 1975. Its calculated  
14 open flow was five hundred and thirty-five MCF a day and it  
15 has not been produced to date.

16 Q Why has it not been produced?

17 A We have not had a gas contract on it yet and also it  
18 will not flow into the gathering line there. We do have a  
19 compressor set and we do have a contract and we are about  
20 ready to turn it on.

21 Q All right, directing your attention back to the  
22 Nix-Yates No. 1 Well, what was the initial cost of drilling  
23 that well?

24 A Drilling, completing and putting a tank battery on  
25 there was six hundred and seven thousand dollars.

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1 MR. NUTTER: Which one was that?

2 A. This is the Nix-Yates in Section 2.

3 Q (Mr. Kellahin continuing.) Was there any additional  
4 work done to that well?

5 A. Yes, there was a workover later on in April of  
6 1975, another hundred and fifty-six thousand dollars was spent  
7 on it.

8 Q And the total cost of it?

9 A. Seven hundred and sixty-three thousand dollars was  
10 spent on it.

11 Q For the Pecos-Federal No. 1 Well, what is the  
12 initial cost of that well?

13 A. Six hundred and sixty-nine thousand on the original  
14 completion and then we reworked it into the Wolfcamp for  
15 another fifty-two thousand for a total of seven hundred and  
16 twenty-one thousand dollars.

17 Q And for the Wilson Gas Com No. 1 Well?

18 A. Four hundred and thirty-seven thousand dollars on  
19 the completion of it and we just set a seventy-eight thousand  
20 dollar compressor to pick up that gas, total five hundred  
21 and fifteen thousand.

22 Q Do you know the working interest ownership as to  
23 the Wilson Well?

24 A. No, I don't. I don't have those numbers in front  
25 of me.

1 Q Do you know what companies or entities participate?

2 A Champlin is the major interest owner in it. Pecos  
3 Irrigation and I believe Gulf has a small interest in it as  
4 well. I believe Bass normally would be in that unit but  
5 they went non-consent on that particular well.

6 Q For the Pecos-Federal Well what is the working  
7 interest in that well?

8 A Well, it is approximately the same except there are  
9 four owners in it, Gulf, Bass, Pecos Irrigation and Champlin.  
10 Champlin has approximately sixty-eight percent of it.

11 Q And for the Nix-Yates Well?

12 A The same would apply for it.

13 Q Okay. Why are you seeking an exception to the rules  
14 to allow you to continue to space these wells on a hundred-and-  
15 sixty-acres?

16 Q Well, these wells when they were originally completed  
17 in the Wolfcamp were assigned a hundred-and-sixty-acres on that  
18 formation alone and, of course, the Wilson well was drilled  
19 entirely because of that rule. The Nix-Yates, of course, has  
20 been producing from the Wolfcamp the longest and that has been  
21 the way it has been broken down since it was turned on the line.  
22 They all are or have been to this date one-sixty spacing until  
23 the date of the hearing in January.

24 Q Who are the major operators in this East Carlsbad  
25 Wolfcamp Pool?

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1 A. Well, Champlin is the major operator.

2 Q. There are no other wells in this pool then?

3 A. Yes, we have other wells in the Pool.

4 Q. I see, all right. Does Champlin propose to drill

5 or seek permission to drill any further wells based on the

6 one-hundred-and-sixty-acre spacing?

7 A. No, we do not.

8 Q. Any future wells would be drilled on the basis of

9 three-hundred-and-twenty-acre spacing?

10 A. I believe that is correct.

11 Q. In your opinion, Mr. Johnsston, will approval of

12 this application be in the best interests of conservation,

13 prevention of waste and the protection of correlative rights?

14 A. I believe so.

15 MR. KELLAHIN: If the Examiner please, we move the

16 introduction of Exhibits One through Five.

17 MR. NUTTER: Champlin's Exhibits One through Five will

18 be admitted into evidence.

19 (THEREUPON, Champlin's Exhibits One through

20 Five were admitted into evidence.)

21 MR. KELLAHIN: That concludes our direct examination

22 of Mr. Johnston.

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

24 MR. EATON: Yes, sir.

25 MR. NUTTER: Mr. Eaton.

CROSS EXAMINATION

BY MR. EATON:

Q Mr. Johnston, your last statement was, I believe, that you don't propose to drill any other wells on the basis of hundred-and-sixty-acre spacing and that all future wells would be drilled on the basis of three-hundred-and-twenty-acre spacing, is that correct?

A. That's right.

Q Why would you drill all future wells on the basis of three-hundred-and-twenty-acre spacing?

A. We have no intention of drilling any more wells in this area.

Q Well, that may be your present intention but you did say, you did testify that all future wells would be drilled, if drilled, would be drilled on the basis of three-hundred-and-twenty-acre spacing?

A. Right.

Q Now, I'm asking you, why would you drill on three-hundred-and-twenty-acre spacing?

A. That would be the acreage size, that is the Commission rule. These wells were drilled prior to that three-hundred-and-twenty-acre spacing. The current spacing in the field is three-hundred-and-twenty acres.

Q And that spacing, I believe, was ordered by the Commission on the basis of Champlin's application in Case

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1 5600, the order which is Exhibit Two, is that right?

2 A. Right. We did not apply for the field spacing, we  
3 applied for two individual units is all in that case. The  
4 Commission did space the entire field.

5 Q I believe the order, if you will acknowledge that  
6 the Commission spaced the entire field on the basis of the  
7 findings that one well would efficiently and economically  
8 drain and develop three hundred and twenty acres?

9 A. I was not in the area when this came about so I  
10 can't really talk too much about that previous order and what  
11 it says.

12 Q I was just reading from that which is your exhibit.

13 A. Right.

14 Q And I presume that if you drill future wells on the  
15 basis of three-hundred-and-twenty-acre spacing as you  
16 testified that you would, it is because you feel that a future  
17 well would efficiently and economically drain three hundred  
18 and twenty acres, is that correct?

19 A. Right.

20 Q Now, in seeking the non-standard exceptions for  
21 these three wells in Sections 1 and 2, do I understand that  
22 the reason for seeking the exception is that they were drilled  
23 on a hundred-and-sixty-acre spacing?

24 A. The Wolfcamp completion was made on the one-hundred-  
25 and-sixty-acre spacing basis, yes, that is correct.

1 Q And because the Wolfcamp rules at the time provided  
2 for a hundred-and-sixty-acre spacing that is what you want  
3 now?

4 A Just for those three wells.

5 Q Regardless of the fact that the three wells may  
6 drain three hundred and twenty acres?

7 A I cannot say how much they will drain myself.

8 Q Well, now, assuming that they do drain three hundred  
9 and twenty acres, that's entirely immaterial as I understand  
10 Champlin's position?

11 A Yes.

12 Q Let me follow up that last question and answer. You  
13 are not suggesting to the Commission in this hearing that  
14 these three wells in question will not drain three hundred and  
15 twenty acres?

16 A No, we are not suggesting that. This was, as far  
17 as we are concerned, purely administrative.

18 Q Mr. Johnston, referring to Champlin's exhibits,  
19 I believe number eight and nine which were filed in Case  
20 Number 5600, which exhibits reflected a comparison of  
21 economics for the Toothman and Reeves Wells and the comparison  
22 was between three-hundred-and-twenty-acre spacing and one-  
23 hundred-and-sixty-acre spacing, do you have those exhibits  
24 in front of you?

25 A Yes, I believe that is what these are.

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1 Q With respect to the Toothman the exhibit reflects  
2 that the present work discounted at eight percent after  
3 Federal income taxes on three-hundred-and-twenty-acre  
4 spacing is a hundred and twenty-three thousand plus dollars  
5 and a minus sixty-two thousand on one-hundred-and-sixty-acre  
6 spacing?

7 A Apparently that is right.

8 Q Turning to the Reeves exhibit, likewise is the  
9 present worth on three-hundred-and-twenty-acre spacing, after  
10 Federal income taxes, one hundred and forty-two thousand plus  
11 dollars and on one-hundred-and-sixty-acre spacing a minus,  
12 negative, fifty-five thousand dollars?

13 A Apparently so at that time.

14 Q Is it a fair conclusion to draw that Champlin in its  
15 presentation to the Commission at that time took the position  
16 that wells drilled on one-hundred-and-sixty-acre spacing in  
17 the Wolfcamp Gas Pool would not be economical wells?

18 MR. KELLAHIN: I would object to the question. I think  
19 the testimony at that date was that these particular wells to  
20 the north in the opinion of Champlin's witnesses at that  
21 time could drain a three-hundred-and-twenty-acre spacing unit.  
22 There was no testimony at that other hearing related to these  
23 subject wells to the south.

24 MR. NUTTER: It was brought up by the witness a  
25 moment ago that the application was for two wells. The

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1 application that was filed in Case Number 5600 was for special  
2 rules for wells completed in the East Carlsbad Wolfcamp Gas  
3 Pool and the applicant stated in that application that they  
4 were the operator of two gas well in this one mile of the East  
5 Carlsbad Wolfcamp Gas Pool, to wit, the Toothman and Reeves.

6 I don't know what the boundaries of the East Carlsbad  
7 Wolfcamp were back in January of 1976.

8 According to the transcript in this case, it was  
9 heard on January 7th, which I think since there is so much  
10 reference to it, it should be incorporated in the record of  
11 this case. Is there any objection to the incorporation of  
12 the record of Case Number 5600 in the record of Case Number  
13 5682 today?

14 MR. KELLAHIN: I have no objection to it.

15 MR. EATON: No, in fact, we were going to ask the  
16 Examiner to add the record.

17 MR. NUTTER: We will incorporate the record of 5600  
18 into this record today then.

19 Okay, now that we've got it incorporated, the  
20 testimony on page five of this transcript of January 7th says:  
21 The East Carlsbad field is operated by Champlin Petroleum  
22 Company. Now, this is the testimony of --

23 MR. EATON: Of Mr. Donald Condie.

24 MR. NUTTER: Of Mr. Condie who was an employee of  
25 Champlin. He states that the East Carlsbad field is operated

1 by Champlin and is located in Section 25, that's where the  
2 Toothman well is, Section 26, I don't see any well in there,  
3 35, where the Reeves well is, 36, that's where a well operated  
4 by Champlin, I believe it must be the State 36 and Sections  
5 1 and 2 of Township 22, 27, which is where these three wells  
6 are.

7 So, all of these wells were in the pool at the  
8 time and the application was for the pool.

9 THE WITNESS: I was under the impression that they  
10 had applied only for the spacing of the two wells, now, I  
11 may be mistaken on it.

12 MR. NUTTER: Well, the application was for the  
13 spacing of the pool.

14 THE WITNESS: Well, I'll retract that and apologize.

15 MR. NUTTER: Was any effort made in this transcript,  
16 which I haven't reviewed, to exclude these three wells from  
17 the rules of the Commission for the pool, if such pool rules  
18 were adopted?

19 MR. KELLAHIN: If the Examiner please, Mr. Condie is  
20 no longer employed with Champlin and so we could not bring  
21 him today to testify as to what his recollections were at  
22 that point. It may have been an oversight on Champlin's part  
23 but to my recollection there is nothing in that transcript to  
24 exclude these three wells on the south from that particular  
25 order and that is what we are seeking to cure today.

1 MR. NUTTER: Of course, the order when it came out--

2 MR. KELLAHIN: Well, certainly the order that came  
3 out is going to mention the whole pool and not specific wells.

4 MR. NUTTER: But the order also says, within sixty  
5 days after the adoption of these pool rules that the applicant  
6 shall file a new plat dedicating three hundred and twenty acres  
7 or obtain a non-standard unit from the Commission within sixty  
8 days after the effective date of the order. The effective  
9 date of the order was February 1, so within sixty days after  
10 February 1 the applicant either had to dedicate three-twenty  
11 or seek non-standard proration units, which they did.

12 MR. KELLAHIN: That's right. They discovered the  
13 oversight apparently and they wanted to correct the error.

14 MR. NUTTER: They requested the non-standard  
15 proration units?

16 MR. KELLAHIN: That's right.

17 MR. NUTTER: So, it is in compliance with the rule  
18 adopted by the Commission for the pool?

19 MR. KELLAHIN: Yes, sir.

20 MR. NUTTER: Insofar as procedure in seeking the  
21 units.

22 I'm sorry, Mr. Eaton, go ahead.

23 MR. EATON: I would also call to the Examiner's  
24 attention that on the same page five, to which reference was  
25 made, the Champlin witness had also testified that the discovery

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1 well for the pool was the Pecos Federal No. 1 located in the  
2 northeast-northwest of Section 1, which is one of the wells  
3 that is in controversy today.

4 Q (Mr. Eaton continuing.) Mr. Johnston, have you made  
5 any effort to make an economics comparison or a reserves  
6 comparison of the three wells that are the subject of today's  
7 application?

8 A. No, I have not.

9 Q And the other wells that are operated by Champlin?

10 A. No, I have none today.

11 Q I believe at the outset you may have testified and  
12 I'm not sure about this, that the Nix-Yates and the Pecos  
13 Federal had been drilled at a time when there was one-hundred-  
14 and-sixty-acre spacing?

15 A. That is correct, on the Wolfcamp.

16 Q Yeah, now, those wells actually were drilled weren't  
17 they, as Morrow wells?

18 A. That is correct.

19 Q At which time --

20 A. The Nix-Yates still is a Morrow well.

21 Q And for Morrow wells the spacing is three-hundred-  
22 and-twenty-acres?

23 A. That is correct. There is no longer any Morrow in  
24 Section 1. The Pecos Federal for all practical purposes is a  
25 dry hole after about four month's production.

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1 Q So the point I'm making is that those wells were  
2 not drilled as one-hundred-and-sixty-acre Wolfcamp wells but  
3 were drilled as three-hundred-and-twenty-acre Morrow wells?

4 A With the exception of the Wilson well.

5 Q With the exception of the Wilson well, yes, sir. And  
6 the Wilson well as I understand your testimony was drilled  
7 as a Wolfcamp well?

8 A It was drilled as a Wolfcamp well under the existing  
9 spacings in existence at that time.

10 Q Yes, sir, and that is the one well of the three  
11 wells on which, I believe, you testified that Bass went non-  
12 consent?

13 A One of the operators did and I think it was Bass.

14 Q You're correct. And as to that well I believe you  
15 stated that in order to get it on line you are going to have  
16 to conduct the gas and also you are going to have to put  
17 compression on it?

18 A That's right, both have been accomplished.

19 MR. EATON: No further questions.

20

21

CROSS EXAMINATION

22

BY MR. NUTTER:

23

Q Mr. Johnston, in your opinion, based on the cost that  
24 you have given and the current producing capability, plus the  
25 cumulative production on each of these wells, is it your opinion

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 Phone (505) 982-9212

1 that any of these wells is going to pay out in the Wolfcamp  
 2 formation?

3 A. Possibly the Pecos Federal.

4 Q. But it would be the only one you would give a chance  
 5 to pay out?

6 A. I really think that is the only one that will.

7 MR. NUTTER: I don't believe I have any further  
 8 questions. Are there any further questions of Mr. Johnston?

9 MR. EATON: Yes, sir.

10 MR. NUTTER: Mr. Eaton.

11  
 12 RECROSS EXAMINATION

13 BY MR. EATON:

14 Q. I have a note here, Mr. Johnston, that with respect  
 15 to the Pecos Federal, you testified that the total production  
 16 to date was three hundred and ninety-six million cubic feet?

17 A. Yes, and that's not entirely from the Wolfcamp. I  
 18 realized that after I gave you that number.

19 MR. KELLAHIN: Why don't you correct that, if you  
 20 please, because we did leave the impression that that was  
 21 all Wolfcamp production.

22 A. Basically it is Wolfcamp production.

23 MR. KELLAHIN: Do you have figures to show what  
 24 that is?

25 MR. EATON: I understand, sir, that it may be a

1 hundred and ninety-six million, does that sound to be in the  
2 ball park?

3 A. If somebody has got an adding machine we can figure  
4 it right quick. Well, it's roughly two hundred million from  
5 the Wolfcamp.

6 MR. KELLAHIN: Well, it's important, let's take a  
7 minute and add it up.

8 MR. NUTTER: We will take a five minute recess.

9 (THEREUPON, the hearing was in recess.)

10

11 MR. NUTTER: The hearing will come to order, please.  
12 What's the last question on the record there, Reporter?

13 (THEREUPON, the last question was read  
14 back by the Reporter.)

15 A. And I replied, I think, that that included Morrow  
16 gas. The Wolfcamp gas alone is two hundred and eleven million  
17 approximately, and that is through April of this year.

18 MR. NUTTER: Now, we are talking about the Pecos  
19 Federal, is that correct?

20 A. That's correct.

21 MR. NUTTER: Now, since the cumulative production  
22 changed somewhat, Mr. Johnston, would your answer still be the  
23 same, that this may be one well that would pay out in the  
24 Wolfcamp?

25 A. Yes, that's right.

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1 MR. EATON: We have no further questions.

2 MR. NUTTER: Are there any further questions of  
3 Mr. Johnston? He may be excused.

4 (THEREUPON, the witness was excused.)

5 MR. NUTTER: Do you have anything further at this  
6 time, Mr. Kellahin?

7 MR. KELLAHIN: No, sir.

8 MR. NUTTER: Mr. Eaton, did you care to call your  
9 witness?

10 MR. EATON: No, sir.

11 MR. NUTTER: I might ask you a question, Mr. Eaton,  
12 if you are not going to have a witness on the stand, Perry R.  
13 Bass is opposed to the application here, what would the  
14 alternative be, as far as your company is concerned, the  
15 creation of two three-hundred-and-twenty-acre units in Section 1  
16 dedicating the east half to the Wilson well and the west half  
17 to the Pecos Federal?

18 MR. EATON: That certainly would be a logical  
19 alternative.

20 MR. NUTTER: Are there any other questions or do you  
21 have anything further, Mr. Kellahin, you said not. Mr. Eaton,  
22 do you have anything further? Do you want to make a statement?

23 MR. EATON: Nothing other than, Mr. Examiner,  
24 we feel that the applicant has not, as evidenced in this  
25 hearing, presented any reason or basis for the Commission

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1 granting non-standard exceptions to the previous pool rules.

2 MR. NUTTER: Do you have any statement, Mr. Kellahin?

3 MR. KELLAHIN: No, sir.

4 MR. NUTTER: Does anyone have anything further to  
5 offer in Case Number 5682?

6 MR. HEINSCH: Yes, Rupert Heinsch of Pecos Irriga-  
7 tion. We support Champlin's position and furthermore, we are  
8 a large acreage holder in the area and we would be the ones  
9 hurt if anybody was. That's all I have to say.

10 MR. NUTTER: Thank you, sir.

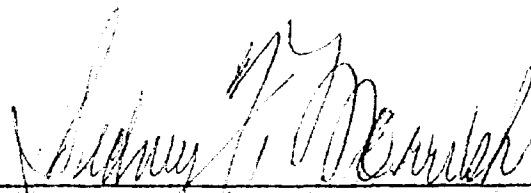
11 If there is nothing further in Case 5682 we will  
12 take the case under advisement.

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General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
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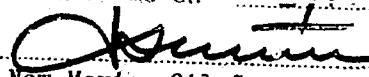
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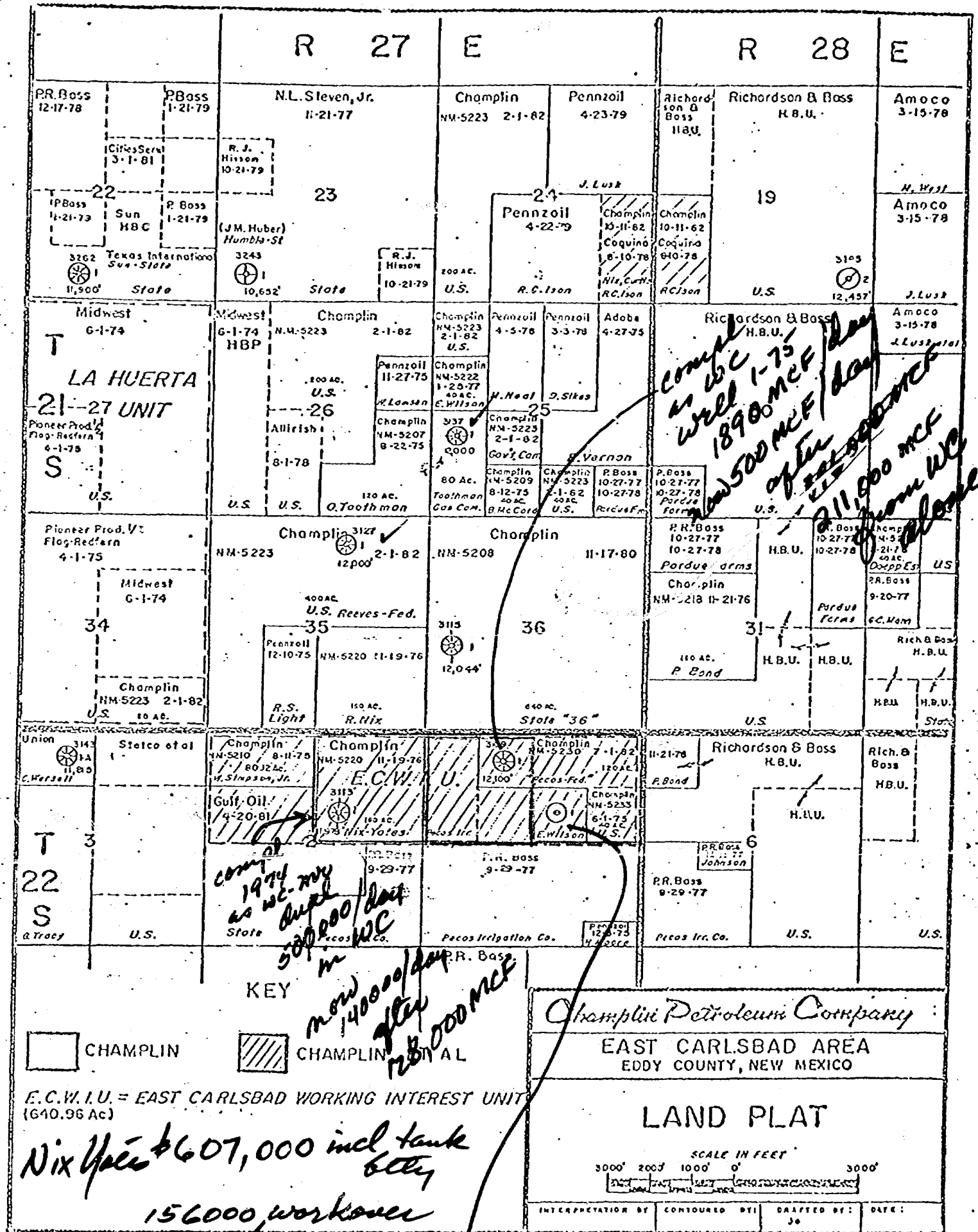
REPORTER'S CERTIFICATE

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.

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

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5282  
heard by me on 4/12, 1976.  
, Examiner  
New Mexico Oil Conservation Commission



BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
Champlin EXHIBIT NO. 1  
CASE NO. 5682

Pecos Fed  
669,000  
workover into  
wellcamp #52,000  
721,000  
Wilson  
437000  
+ 78000  
compressor  
52000

comple 6/75  
CAOF 535/day from  
wt  
has not been prod.  
now has contract  
and compressor  
will prod  
soon.



EAST CARLSBAD-WOLFCAMP GAS POOL  
Eddy County, New Mexico

Order No. R-5144, Adopting Operating Rules for the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, February 1, 1976.

Application of Champlin Petroleum Company  
for the Adoption of Pool Rules, Eddy County,  
New Mexico.

CASE NO. 5600  
Order No. R-5144

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on January 7, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of January, 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, Champlin Petroleum Company, is an owner and operator in the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico.

(3) That said East Carlsbad-Wolfcamp Gas Pool was created and designated by the Commission by Order No. R-5015 effective June 1, 1975.

(4) That by Commission Order No. R-5113, dated October 28, 1975, Rule 104 of the Commission Rules and Regulations was amended to provide that all gas pools for Wolfcamp gas production in Southeast New Mexico which were created and defined November 1, 1975, or later shall have 320-acre spacing and proration units, inasmuch as it was found that in Southeast New Mexico, "...a gas well completed in the Wolfcamp or deeper formations will efficiently and economically drain and develop a 320-acre tract."

(5) That the applicant in the instant case seeks the promulgation of rules including a provision for 320-acre spacing for the East Carlsbad-Wolfcamp Gas Pool, in Eddy County, New Mexico, inasmuch as that pool was excluded from the provisions of Order No. R-5113, because it was created and defined prior to the cut-off date of November 1, 1975.

(6) That no appearances were made in opposition to the application at the hearing of the instant case and no objection was received to the inclusion of the East Carlsbad-Wolfcamp Gas Pool under the provisions of Rule 104 of the Commission Rules and Regulations for gas pools of the Wolfcamp or older formations.

(7) That one well in the East Carlsbad-Wolfcamp Gas Pool in Eddy County, New Mexico, will efficiently and economically drain and develop 320 acres, and the inclusion of said pool under the 320-acre provisions of Rule 104 for pools of Wolfcamp or older formations will not cause waste nor violate correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That effective February 1, 1976, each well completed or recompleted in the East Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof shall be subject to the provisions of Rule 104 of the Commission Rules and Regulations notwithstanding the fact said pool was created and defined prior to November 1, 1975.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the East Carlsbad-Wolfcamp Gas Pool or in the Wolfcamp formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well by February 15, 1976.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, all existing wells in the East Carlsbad-Wolfcamp Gas Pool shall have dedicated thereto 320 acres in accordance with Rule 104 of the Commission Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

(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.

TABLE MESA-DAKOTA POOL  
San Juan County, New Mexico

Order No. R-5147, Adopting Operating Rules for the Table Mesa-Dakota Pool, San Juan County, New Mexico, January 14, 1976.

Application of Saguaro Oil Company for Special  
Pool Rules, San Juan County, New Mexico.

CASE NO. 5605  
Order No. R-5147

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 a.m. on January 7, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of January, 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.

BEFORE EXAMINER MUSTER	
OIL CONSERVATION COMMISSION	
Champlin	EXHIBIT NO. 3
CASE NO. 5682	

champlin 

RECEIVED

23 March, 1976

MAR 25 1976

New Mexico Oil Conservation Commission  
P. O. Drawer DD  
Artesia, New Mexico 88210

O. C. C.  
ARTESIA, OFFICE

Re: Nix-Yates No. 1  
East Carlsbad-Wolfcamp Gas Pool  
Eddy County, New Mexico

Gentlemen:

Champlin Petroleum Company requests that a 160 acre non-standard unit be approved for the Nix-Yates #1, located in C SW/4 NE/4 Sec. 2, T-22-S, R-27-E, Eddy County, New Mexico. Attached is the C-102 application for the well. The C-101 & C-103 forms have been submitted previously and approved by your office.

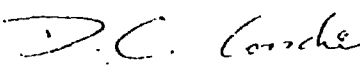
On January 7, 1976 Champlin asked for 320 acre spacing on the Toothman Gas Com. #1 and Reeves-Federal #1 located in the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico. The Commission, by Order R-5144 on January 14, 1976, granted 320 acre spacing for all wells in the East-Carlsbad-Wolfcamp Gas Pool.

Champlin requests that the subject well be granted non-standard spacing status with a 160 acre tract dedicated as per the attached plat. A 160 acre tract consisting of the NE/4 Sec. 2 was originally dedicated to the Nix-Yates #1 in a C-102 dated August 15, 1974 and later communitized and recently re-submitted on a C-102 dated February 5, 1976, herewith attached. The C-102 application was returned to Champlin with your letter dated February 10, 1976 requesting that Champlin apply for non-standard unit status.

Currently, there are no wells on tracts offsetting the subject tract which are not operated by Champlin, however, copies of this application are being sent to working interest owners of Section 2, T-22-S, R-27-E, for their information.

Yours very truly,

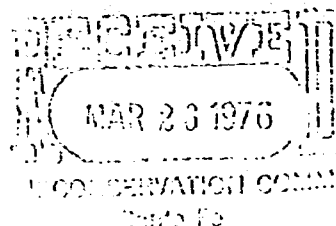
CHAMPLIN PETROLEUM COMPANY

  
D. C. Condie

District Engineer

DCC: bg  
Attachments

Champlin Petroleum Company  
RZC:SD:XXXXX  
701 Wilco Building  
Midland, Texas 79701  
915/682-3775



BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
Champlin	EXHIBIT NO. 3
CASE NO.	5782

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MAR 25 1976

23 March, 1976

New Mexico Oil Conservation Commission  
P. O. Drawer DD  
Artesia, New Mexico 88210

O. C. C.  
ARTESIA OFFICE

Re: Wilson Gas Com. No. 1  
East Carlsbad-Wolfcamp Gas Pool  
Eddy County, New Mexico

Gentlemen:

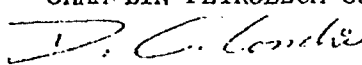
Champlin Petroleum Company requests that a 160 acre non-standard unit be approved for the Pecos-Federal #1, located in NE/4 NW/4 Sec. 1, and Wilson Gas Com. #1, located in SW/4 NE/4 Sec. 1, T-22-S, R-27-E, Eddy County, New Mexico. Attached are the respective C-102 applications for each well. The C-101 & C-103 forms have been submitted previously and approved by your office.

On January 7, 1976 Champlin asked for 320 acre spacing on the Toothman Gas Com. #1 and Reeves-Federal #1 located in the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico. The Commission, by Order No. R-5144 on January 14, 1976, granted 320 acre spacing for all wells in the East Carlsbad-Wolfcamp Gas Pool.

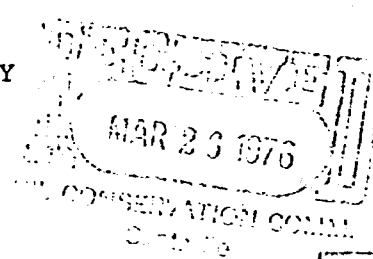
Champlin currently has two wells completed in the Wolfcamp zone in the 320 acre tract which consists of the N/2 of Sec. 1, T-22-S, R-27-E. Champlin requests that these two wells be granted non-standard spacing status with a 160 acre tract dedicated to each well as per the attached plats. A 160 acre tract consisting of the NW/4 Sec. 1 was originally dedicated to the Pecos-Federal #1 in a C-102 dated January 3, 1975 and later communitized and recently re-submitted on a C-102 dated February 5, 1976, herewith attached. The Wilson Gas Com. #1 originally dedicated the 160 acre tract consisting of the NE/4 Sec. 1 on a C-102 dated April 14, 1975 and re-submitted on a C-102 dated February 5, 1976. The two C-102 applications were returned to Champlin with your letter dated February 10, 1976 requesting that Champlin apply for non-standard unit status.

Currently, there are no wells on tracts offsetting the subject tracts which are not operated by Champlin, however, copies of this application are being sent to working interest owners of Section 1, T-22-S, R-27-E, for their information.

Yours very truly,  
CHAMPLIN PETROLEUM COMPANY

  
D. C. Condle  
District Engineer

DCC:bg  
Attachments  
Champlin Petroleum Company  
8000000000  
701 Wilco Building  
Midland, Texas 79701  
915/682-3775



BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
Champlin	EXHIBIT NO. 7
CASE NO.	5682

champlin

RECEIVED

23 March, 1976

MAR 25 1976

New Mexico Oil Conservation Commission  
P. O. Drawer DD  
Artesia, New Mexico 88210

O. C. C.  
ARTESIA, OFFICE

Re: Pecos-Federal No. 1  
East Carlsbad-Wolfcamp Gas Pool  
Eddy County, New Mexico

Gentlemen:

Champlin Petroleum Company requests that a 160 acre non-standard unit be approved for the Pecos-Federal #1, located in NE/4 NW/4 Sec. 1, and Wilson Gas Com. #1, located in SW/4 NE/4 Sec. 1, T-22-S, R-27-E, Eddy County, New Mexico. Attached are the respective C-102 applications for each well. The C-101 & C-103 forms have been submitted previously and approved by your office.

On January 7, 1976 Champlin asked for 320 acre spacing on the Toothman Gas Com. #1 and Reeves-Federal #1 located in the East Carlsbad-Wolfcamp Gas Pool Eddy County, New Mexico. The Commission, by Order No. R-5144 on January 14, 1976, granted 320 acre spacing for all wells in the East Carlsbad-Wolfcamp Gas Pool.

Champlin currently has two wells completed in the Wolfcamp zone in the 320 acre tract which consists of the N/2 of Sec. 1, T-22-S, R-27-E. Champlin requests that these two wells be granted non-standard spacing status with a 160 acre tract dedicated to each well as per the attached plats. A 160 acre tract consisting of the NW/4 Sec. 1 was originally dedicated to the Pecos-Federal #1 in a C-102 dated January 3, 1975 and later communitized and recently re-submitted on a C-102 dated February 5, 1976, herewith attached. The Wilson Gas Com. #1 originally dedicated the 160 acre tract consisting of the NE/4 Sec. 1 on a C-102 dated April 14, 1975 and re-submitted on a C-102 dated February 5, 1976. The two C-102 applications were returned to Champlin with your letter dated February 10, 1976 requesting that Champlin apply for non-standard unit status.

Currently, there are no wells on tracts offsetting the subject tracts which are not operated by Champlin, however, copies of this application are being sent to working interest owners of Section 1, T-22-S, R-27-E, for their information.

Yours very truly,  
CHAMPLIN PETROLEUM COMPANY

*D. C. Condie*  
D. C. Condie  
District Engineer

DCC:bg  
Attachments  
Champlin Petroleum Company  
P.O. Box 222  
701 Wilco Building  
Midland, Texas 79701  
915/682-3775

MAR 23 1976  
OIL CONSERVATION COMMISSION  
BEFORE EXAMINER NUTTER  
Champlin EXHIBIT NO. 5  
CASE NO. 5182

CASE 5682: Application of Champlin Petroleum Company for three non-standard gas proration units, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the three following described 160-acre non-standard gas proration units in Township 22 South, Range 27 East, East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico:

the NW/4 of Section 1 to be dedicated to applicant's Pecos-Federal Well No. 1, located in Unit C of said Section 1;

the NE/4 of Section 1 to be dedicated to applicant's Wilson Gas Com Well No. 1, located in Unit G of said Section 1; and

the NE/4 of Section 2 to be dedicated to applicant's Nix-Yates Well No. 1, located in Unit G of said Section 2.

CASE 5122: (Reopened)

In the matter of Case 5122 being reopened pursuant to the provisions of Order No. 8-4693-A, which order extended the special pool rules for the East Lusk-Wolfcamp Oil Pool, Lea County, New Mexico, including a provision for 160-acre proration units and a limiting oil-gas ratio of 4000 to 1. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre spacing and why the special oil-gas ratio should remain in effect.

CASE 5670: (Continued from the April 28, 1976 Examiner Hearing)

Application of Read & Stevens, Inc. for an unorthodox location and directional drilling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to deviate its Harris-Federal Well No. 3, the surface location of which is 660 feet from the South line and 1980 feet from the East line of Section 27, Township 15 South, Range 28 East, Chaves County, New Mexico, by directionally drilling said well from a kick-off point at approximately 6000 feet and bottoming it at an unorthodox location in the Pennsylvanian formation within 250 feet of a point 990 feet from the South line and 1650 feet from the East line of said Section 27, the S/2 of the Section to be dedicated to the well.

CASE 5683: Southeastern Nomenclature case calling for the creation and extension of certain pools in Lea and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the West Jal-Wolfcamp Pool. The discovery well is the Skelly Oil Company West Jal "B" Well No. 1 located in Unit J of Section 17, Township 25 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM  
Section 17: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Lusk Morrow Gas Pool. The discovery well is the Petroleum Development Corporation McKay West Federal Well No. 1 located in Unit F of Section 34, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 34: All

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 3: W/2

- (c) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Fusselman production and designated as the Peterson-Fusselman Pool, and assign 39,205 barrels of discovery allowable to the discovery well, Amoco Production Company Swearingen "C" Well No. 1 located in Unit N of Section 18, Township 5 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM  
Section 18: SW/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Queen production and designated as the East Shugart-Queen Pool. The discovery well is the Martindale Petroleum Corporation W. H. Peckham Well No. 1 located in Unit G of Section 6, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 6: NE/4

Case 5682

KELLAHIN AND FOX  
ATTORNEYS AT LAW  
500 DON GASPAR AVENUE  
POST OFFICE BOX 1769  
SANTA FE, NEW MEXICO 87501

JASON W. KELLAHIN  
ROBERT E. FOX  
W. THOMAS KELLAHIN

TELEPHONE 982-4315  
AREA CODE 505

April 20, 1976

*WTK*  
*4-21-76*

Mr. Bill Carr  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Champlin Petroleum Company

Dear Mr. Carr:

Please find enclosed our application for three non-standard proration units in behalf of Champlin Petroleum Company which we would appreciate being set for hearing on May 14, 1976.

Very truly yours,

*W. Thomas Kellahin* (X7)

W. Thomas Kellahin

CC: Mr. E. H. Balch  
Mr. W. B. Johnston

WTK:kj:f

Enclosure

Case 5682

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

April 13, 1976

Champlin Petroleum Company  
701 Wilco Building  
Midland, Texas 79701

Attention: Mr. D. C. Condie

Re: Nix-Yates No. 1; Pecos-Federal  
No. 1; Wilson Gas Com No. 1, East  
Carlsbad-Wolfcamp Gas Pool  
Eddy County, New Mexico

Gentlemen:

Please be advised that the Oil Conservation Commission has received an objection from Perry R. Bass, Inc., to your proposed three non-standard units for Wolfcamp gas production in Sections 1 and 2, Township 22 South, Range 27 East, Eddy County, New Mexico. It will therefore be necessary to have a hearing if we are to consider these units further.

Please let us know if you wish to have a hearing on this matter. The earliest date the units could be considered will be May 14, and we will be closing that docket on April 21 so would appreciate your reply by then.

Very truly yours,

DANIEL S. NUTTER  
Chief Engineer

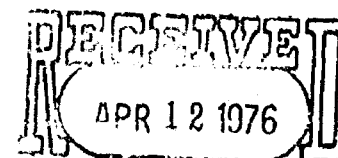
DSN/dr

cc: Perry R. Bass, Inc.  
Midland, Texas  
Attention: J. E. Pullig

Pennzoil Company  
Midland, Texas  
Attention: J. C. Rainey

PERRY R. BASS, INC.  
Vaughn Building  
P. O. Box 2760  
Midland, Texas 79701

April 6, 1976



OIL CONSERVATION COMM.

Santa Fe

RECEIVED

APR - 7 1976

New Mexico Oil Conservation Commission  
P. O. Drawer DD  
Artesia, New Mexico 88210

O. C. C.  
ARTESIA, OFFICE

Re: Nix-Yates No. 1; Pecos-Federal No. 1; Wilson Gas Com No. 1  
East Carlsbad - Wolfcamp Gas Pool  
Eddy County, New Mexico


Gentlemen:

Champlin Petroleum Company has requested 160 acre spacing for all three of the above Wolfcamp wells by letters on March 22 and 23, 1976. Perry R. Bass as lease holder of acreage in S  $\frac{1}{2}$  of Sec 1, T-22-S, R-27-E; SE  $\frac{1}{4}$  of Sec 2, T-22-S, R-27-E and all of Sec 6, T-22-S, R-28-E wishes to file a protest of the 160 acre spacing requested by Champlin. Production rates from these wells do not support economics for drilling a well to the Wolfcamp and is considered by us as a salvage zone only. We do not believe that spacing smaller than 320 acres should be approved unless positive proof of economics and reserves justify this small spacing.

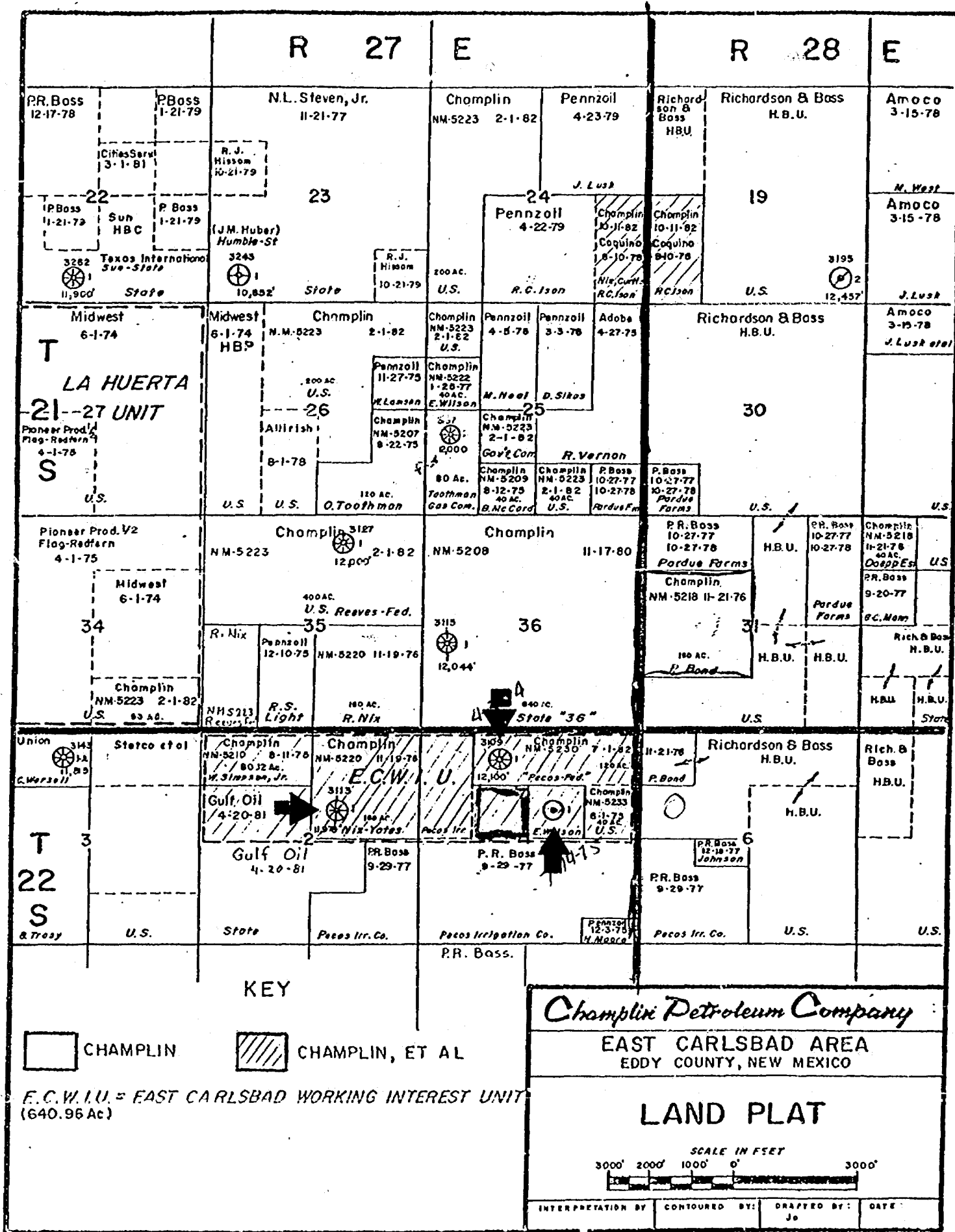
Very truly yours,

  
J. E. Pullig  
Division Manager

CAR/dh

Attachment - Copy of Champlin's map w/red  to each of the 3 wells in question.





BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF CHAMPLIN PETROLEUM COMPANY  
FOR THREE NONSTANDARD PRORATION  
UNITS, EAST CARLSBAD-WOLFCAMP GAS  
POOL, EDDY COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now Champlin Petroleum Company and applies to the Oil Conservation Commission of New Mexico for approval of three non-standard proration units in the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop the oil and gas minerals in the area involved in this application.

2. Applicant seeks approval of three non-standard gas proration units in the East Carlsbad-Wolfcamp Gas Pool as follows:

(a) Nix-Yates Well No. 1, located in Unit G, Section 2, T22S, R27E, N.M.P.M., Eddy County, New Mexico with the NE/4 of said seciton to be dedicated to the well consisting of 160 acres.

(b) Pecos-Federal Well No. 1, located in Unit C, Section 1, T22S, R27E, N.M.P.M., Eddy County, New Mexico with the NW/4 of said seciton to be dedicated at the well consisting of 160 acres.

(c) Wilson - Gas Com. Well No. 1, located in Unit G, Section 1, T22S, R27E, N.M.P.M., Eddy County, New Mexico

with the NE/4 of said section to be dedicated to the well consisting of 160 acres.


3. The East Carlsbad-Wolfcamp Gas Pool is currently spaced of 320 acre spacing.

4. Applicant believes that approval of the application will be in the best interest of conservation, protection of correlation rights and the prevention of waste.

Respectfully submitted,

CHAMPLIN PETROLEUM COMPANY

By

  
KELLAHIN & FOX

P. O. Box 1769

Santa Fe, New Mexico 87501

Attorneys for Applicant

Case 5682

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

April 13, 1976

Champlin Petroleum Company  
701 Wilco Building  
Midland, Texas 79701

Attention: Mr. D. C. Condie

Re: Hix-Yates No. 1; Pecos-Federal  
No. 1; Wilson Gas Com No. 1, East  
Carlsbad-Wolfcamp Gas Pool  
Eddy County, New Mexico

Gentlemen:

Please be advised that the Oil Conservation Commission has received an objection from Perry R. Bass, Inc., to your proposed three non-standard units for Wolfcamp gas production in Sections 1 and 2, Township 22 South, Range 27 East, Eddy County, New Mexico. It will therefore be necessary to have a hearing if we are to consider these units further.

Please let us know if you wish to have a hearing on this matter. The earliest date the units could be considered will be May 14, and we will be closing that docket on April 21 so would appreciate your reply by then.

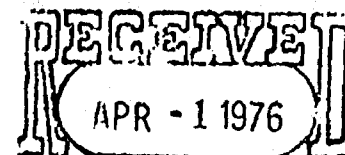
Very truly yours,

DANIEL S. RUTTER  
Chief Engineer

DSN/dr

cc: Perry R. Bass, Inc.  
Midland, Texas  
Attention: J. E. Pullig

Pennzoil Company  
Midland, Texas  
Attention: J. C. Rainey

**champlin** OIL CONSERVATION COMM.  
Santa Fe

30 March, 1976

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention: J. E. Capelina

Re: Non-Standard Unit Applications  
Nix-Yates No. 1  
Pecos-Federal No. 1  
Wilson Gas Com. No. 1  
East Carlsbad-Wolfcamp Gas Pool  
Eddy County, New Mexico

Dear Sir:

On March 23, 1976, Don Condie of this office submitted for your approval requests for 160 acre non-standard units on the subject wells.

A copy of each application was mailed to offset operators on the same date. Operator notification was as follows:

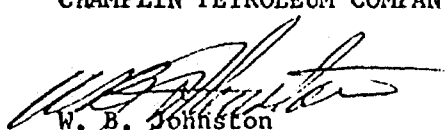
Nix-Yates No. 1

Copies to: Gulf Oil Co.  
Perry R. Bass  
Pennzoil Co.Pecos-Federal No. 1 &  
Wilson Gas Com. No. 1Copies to: Gulf Oil Co.  
Perry R. Bass  
Pecos Irrigation Co.

If you need further information, please advise.

Yours very truly,

CHAMPLIN PETROLEUM COMPANY

  
W. B. Johnston  
District Operations Manager

WBJ:bg

Champlin Petroleum Company  
701 Wilco Building  
Midland, Texas 79701  
915/682-3775

~~NEP-1021~~**champlin** 

23 March, 1976

New Mexico Oil Conservation Commission  
P. O. Drawer DD  
Artesia, New Mexico 88210

RECEIVED

MAR 25 1976

O. E. C.  
ARTESIA, OFFICE

1000 104 DT

Re: Wilson Gas Com. No. 1  
East Carlsbad-Wolfcamp Gas Pool  
Eddy County, New Mexico

Gentlemen:

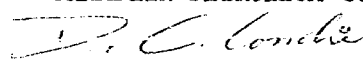
Champlin Petroleum Company requests that a 160 acre non-standard unit be *NE/4* approved for the Pecos-Federal #1, located in NE/4 NW/4 Sec. 1, and Wilson Gas Com. #1, located in SW/4 NE/4 Sec. 1, T-22-S, R-27-E, Eddy County, New Mexico. Attached are the respective C-102 applications for each well. The C-101 & C-103 forms have been submitted previously and approved by your office.

On January 7, 1976 Champlin asked for 320 acre spacing on the Toothman Gas Com. #1 and Reeves-Federal #1 located in the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico. The Commission, by Order No. R-5144 on January 14, 1976, granted 320 acre spacing for all wells in the East Carlsbad-Wolfcamp Gas Pool.

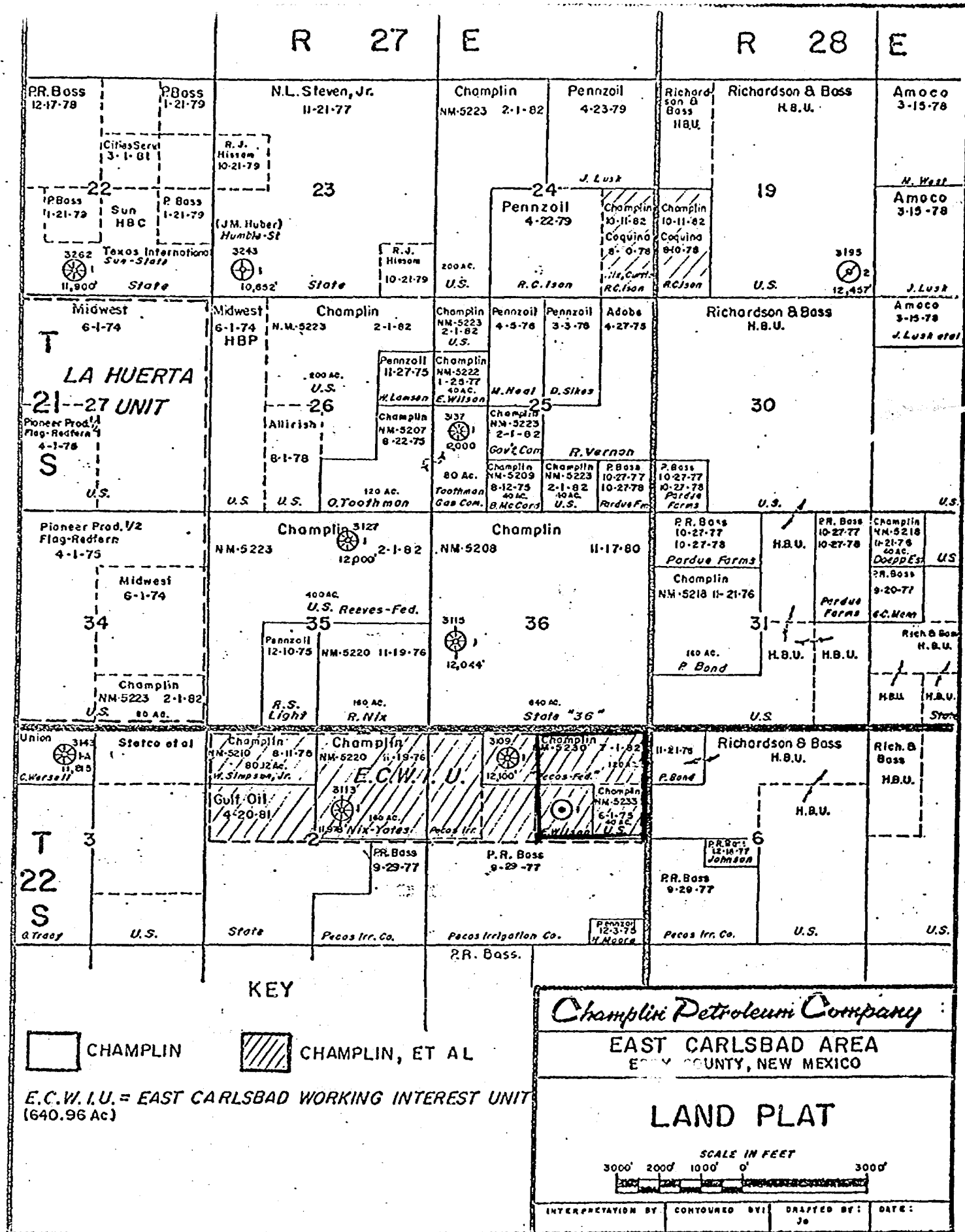
Champlin currently has two wells completed in the Wolfcamp zone in the 320 acre tract which consists of the N/2 of Sec. 1, T-22-S, R-27-E. Champlin requests that these two wells be granted non-standard spacing status with a 160 acre tract dedicated to each well as per the attached plats. A 160 acre tract consisting of the NW/4 Sec. 1 was originally dedicated to the Pecos-Federal #1 in a C-102 dated January 3, 1975 and later communitized and recently re-submitted on a C-102 dated February 5, 1976, herewith attached. The Wilson Gas Com. #1 originally dedicated the 160 acre tract consisting of the NE/4 Sec. 1 on a C-102 dated April 14, 1975 and re-submitted on a C-102 dated February 5, 1976. The two C-102 applications were returned to Champlin with your letter dated February 10, 1976 requesting that Champlin apply for non-standard unit status.

Currently, there are no wells on tracts offsetting the subject tracts which are not operated by Champlin, however, copies of this application are being sent to working interest owners of Section 1, T-22-S, R-27-E, for their information.

Yours very truly,  
CHAMPLIN PETROLEUM COMPANY

  
D. C. Condie  
District Engineer

DCC:bg  
Attachments  
Champlin Petroleum Company  
~~Box 1000~~  
701 Wilco Building  
Midland, Texas 79701  
915/682-3775



NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-65

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

Operator Champlin Petroleum Company			Lease Wilson-Gas Com.		Well No. 1
Unit Letter G	Section 1	Township 22-S	Range 27-E	County Eddy	
Actual Footage Location of Well:					
1980 feet from the North line and		1980 feet from the East line			
Ground Level Elev. 3112	Producing Formation Wolfcamp	Pool East Carlsbad-Wolfcamp	Dedicated Acreage: 160 Acres		

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

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization O. C. C.

ARTESIA, OFFICE

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

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

Champlin Petroleum Company	
1980'	U. S.
Champlin	Champlin
0 0	1980'
E. H. Wilson	U. S.

CERTIFICATION

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

Name Walter W. Padgett  
Position District Clerk

Company Champlin Petroleum Company

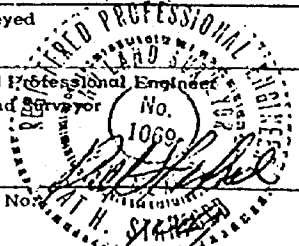
Date February 5, 1976

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0



**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Case 5682

Form C-102  
Supersedes C-128  
Effective 1-1-65

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

Operator <b>Champlin Petroleum Company</b>			Lease <b>Wilson-Gas Com.</b>		Well No. <b>1</b>
Unit Letter <b>G</b>	Section <b>1</b>	Township <b>22-S</b>	Range <b>27-E</b>	County <b>Eddy</b>	
Actual Footage Location of Well:					
1980 feet from the North line and		1980 feet from the East line			
Ground Level Elev: <b>3112</b>	Producing Formation <b>Wolfcamp</b>	Pool <b>East Carlsbad-Wolfcamp</b>	Dedicated Acreage: <b>160</b> Acres		

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

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization D.C.C.

ARTESIA, OFFICE

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

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Champlin Petroleum Company	
1980'	
Champlin	U. S. Champlin
0 0	1980'
E.H. Wilson	U. S.

**CERTIFICATION**

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

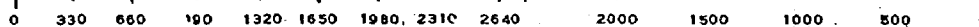
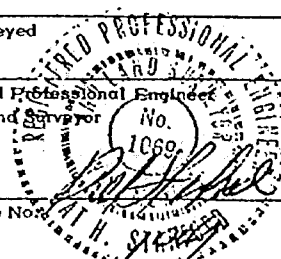
Name Walter W. K. Logg  
Position District Clerk  
Company Champlin Petroleum Company  
Date February 5, 1976

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.



**champlin** 

RECEIVED

23 March, 1976

MAR 25 1976

New Mexico Oil Conservation Commission  
P. O. Drawer DD  
Artesia, New Mexico 88210

J. C. C.  
ARTESIA, OFFICE

Re: Pecos-Federal No. 1  
East Carlsbad-Wolfcamp Gas Pool  
Eddy County, New Mexico

Gentlemen:


Champlin Petroleum Company requests that a 160 acre non-standard unit be approved for the Pecos-Federal #1, located in NE/4 NW/4 Sec. 1, and Wilson Gas Com. #1, located in SW/4 NE/4 Sec. 1, T-22-S, R-27-E, Eddy County, New Mexico. Attached are the respective C-102 applications for each well. The C-101 & C-103 forms have been submitted previously and approved by your office.

On January 7, 1976 Champlin asked for 320 acre spacing on the Toothman Gas Com. #1 and Reeves-Federal #1 located in the East Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico. The Commission, by Order No. R-5144 on January 14, 1976, granted 320 acre spacing for all wells in the East Carlsbad-Wolfcamp Gas Pool.

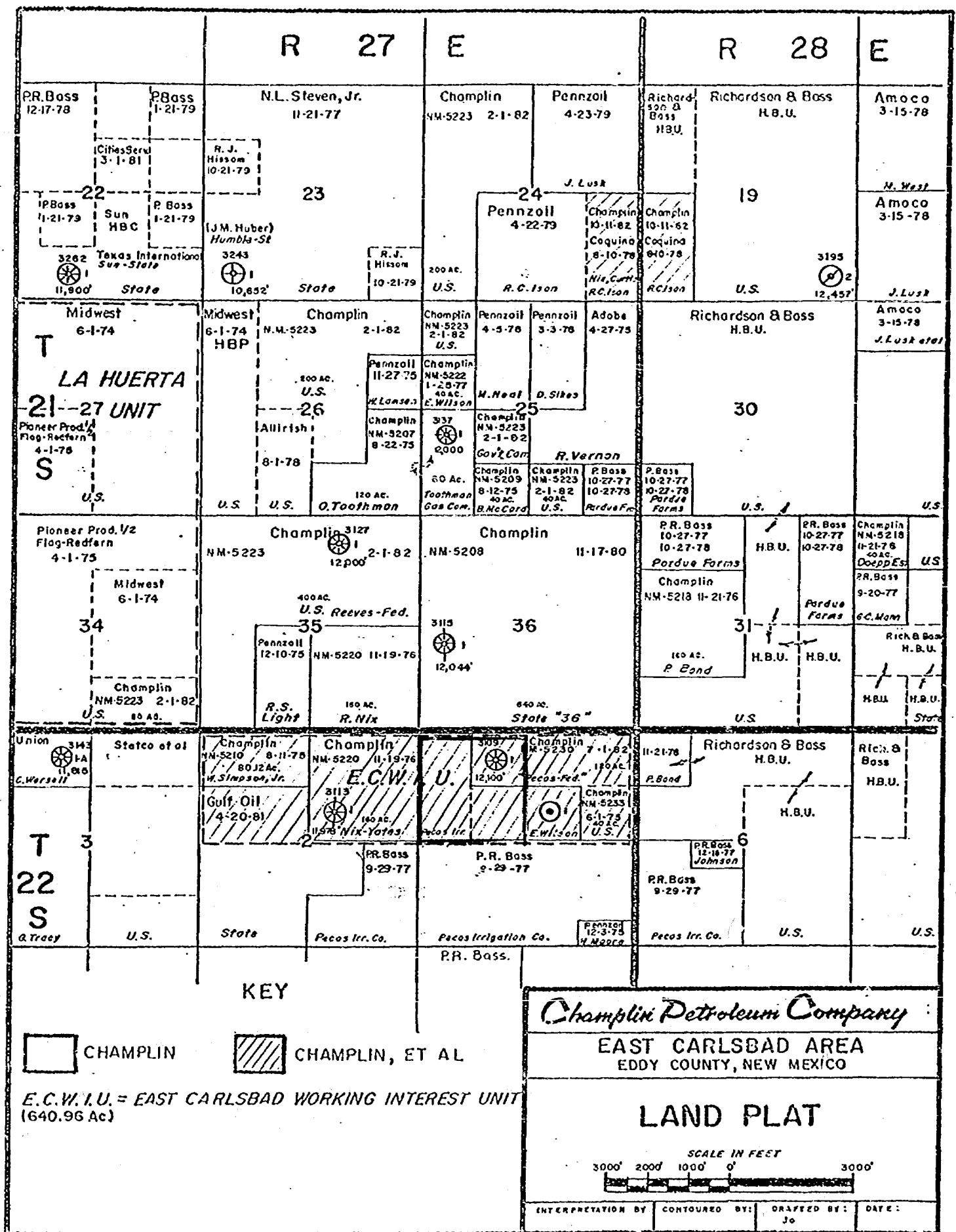
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Currently, there are no wells on tracts offsetting the subject tracts which are not operated by Champlin, however, copies of this application are being sent to working interest owners of Section 1, T-22-S, R-27-E, for their information.

Yours very truly,  
CHAMPLIN PETROLEUM COMPANY

  
D. C. Condie  
District Engineer

DCC:bg  
Attachments  
Champlin Petroleum Company  
P.O. Box 1787  
701 Wilco Building  
Midland, Texas 79701  
915/682-3775



NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-192  
Supersedes C-128  
Effective 1-1-65

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

Operator <b>Champlin Petroleum Company</b>			Lease <b>Pecos-Federal Com.</b>		Well No. <b>1</b>
Unit Letter <b>C</b>	Section <b>1</b>	Township <b>22-S</b>	Range <b>27-E</b>	County <b>Eddy</b>	
Actual Footage Location of Wells: <b>660</b> feet from the <b>North</b> line and <b>1980</b> feet from the <b>West</b> line					
Ground Level Elev. <b>3095</b>	Producing Formation <b>Wolfcamp</b>		Pool <b>East Carlsbad-Wolfcamp</b>	Dedicated Acreage: <b>160</b> Acres	

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

RECEIVED

FEB 6 1976

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization

O. C. C.

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

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

Pecos Irrigation	Champlin Pet. Company		
1980'	660'		
	U. S.		
	Perry R. Bass		
Pecos Irrigation			

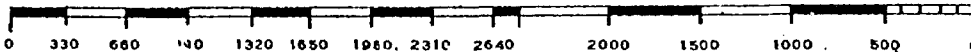
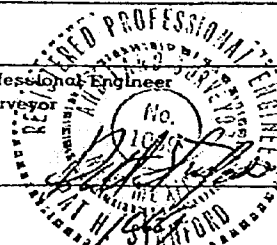
CERTIFICATION

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

Name Walter R. Bass  
Position District Clerk  
Company Champlin Petroleum Company  
Date February 5, 1976

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed \_\_\_\_\_  
Registered Professional Engineer and/or Land Surveyor  
Certificate No. \_\_\_\_\_



DRAFT

dr/

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. 5682

Order No. R- 5229

APPLICATION OF CHAMPLIN PETROLEUM  
COMPANY FOR THREE NON-STANDARD GAS  
PRORATION UNITS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 12,  
1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of May, 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, Champlin Petroleum Company, seeks  
approval of the following three 160-acre non-standard gas proration  
units in Township 22 South, Range 27 East, NMPM, East Carlsbad-  
Wolfcamp Gas Pool, Eddy County, New Mexico:

the NW/4 of Section 1 to be dedicated to applicant's  
Pecos-Federal Well No. 1, located in Unit C of said  
Section 1;

the NE/4 of Section 1 to be dedicated to applicant's  
Wilson Gas Com Well No. 1, located in Unit G of said  
Section 1; and

the NE/4 of Section 2 to be dedicated to applicant's  
Nix-Yates Well No. 1, located in Unit G of said  
Section 2.

*each of*  
(3) That the aforesaid three wells were ~~projected to~~  
~~and~~ completed in the Wolfcamp formation pursuant  
to the statewide rules in effect at the time and  
therefore had dedicated to it 160 acres, being the  
lands presently sought as a non-standard  
unit for the well

(4) That subsequent to the completion of the afore-  
said three wells, the general rules for

(5) That the applicant seeks to continue to dedicate only the 160 acres which was originally dedicated to each of the subject wells.

(6) That each of the subject wells is capable of but a low rate of production, and has probably very limited reserves in the Wolfcamp formation available to it.

Northwest New Mexico were amended to provide for 320-acre units for Wolfcamp gas wells, and 320-acre spacing was approved for the East Carlsbad Wolfcamp Gas Pool within which said wells are located.

(5)  
(6)(7) That the three non-standard proration units may reasonably be presumed productive of gas from the East Carlsbad-Wolfcamp Gas Pool, and that the three non-standard gas proration units can be efficiently and economically drained and developed by the aforesaid wells.

(8) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the East Carlsbad-Wolfcamp Gas 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 the following three 160-acre non-standard gas proration units in the East Carlsbad-Wolfcamp Gas Pool in Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, are hereby established:

the NW/4 of Section 1 to be dedicated to applicant's Pecos-Federal Well No. 1, located in Unit C of said Section 1;

the NE/4 of Section 1 to be dedicated to applicant's Wilson Gas Com Well No. 1, located in Unit G of said Section 1; and

the NE/4 of Section 2 to be dedicated to applicant's Nix-Yates Well No. 1, located in Unit G of said Section 2.

(2) 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.