

CASE 5707: HARRINGTON TRANS. INC. *Inc.*  
FOR AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW MEXICO

CASE NO.

5707

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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

STATE GEOLOGIST  
EMERY C. ARNOLD

July 16, 1976

Mr. Clarence Hinkle  
P. O. Box 10  
Roswell, New Mexico

Re: CASE NO. 5707  
ORDER NO. R-5238

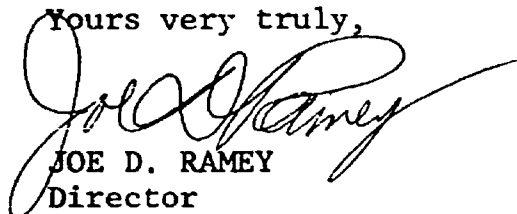
Applicant:

Harrington Transportation Inc.

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 Mr. Jason Kellahin

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. 5707  
Order No. R-5238

APPLICATION OF HARRINGTON TRANSPORTATION  
INC. 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 July 7, 1976,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th 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, Harrington Transportation Inc.,  
seeks approval of an unorthodox gas well location for its  
Llano Inc. Terry Well No. 1 to be drilled 1650 feet from the  
North line and 1880 feet from the East line of Section 14,  
Township 18 South, Range 26 East, NMPM, to test the Pennsylvanian  
formation, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

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

(4) That all parties to the hearing agreed to the amendment of  
the application to provide for the location of the well to be  
1650 feet from the North line and 1880 feet from the East line  
of said Section 14 rather than 1650 feet from the North line  
and 1980 feet from the East line as originally proposed, in  
order to minimize surface damage in a cultivated field.

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

(6) That it is reasonable to assume that certain acreage in the S/2 of said proration unit is not productive of gas from the Atoka-Pennsylvanian Gas Pool.

(7) That in order to offset any advantage that applicant may gain over other operators in the Atoka-Pennsylvanian Gas Pool by reason of the proposed unorthodox well location, and to protect correlative rights and prevent waste, a reasonable penalty should be imposed upon any well drilled at the proposed location.

(8) That an acreage factor of 0.64 for allowable purposes would provide such a reasonable penalty and should be imposed.

(9) That approval of the subject application subject to the above acreage factor 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 Harrington Transportation Inc. is hereby authorized an unorthodox gas well location for the Pennsylvanian formation for its Llano Inc. Terry Well No. 1 to be drilled at a point 1650 feet from the North line and 1880 feet from the East line of Section 14, Township 18 South, Range 26 East, NMPM, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

(2) That the E/2 of said Section 14 shall be dedicated to the above-described well.

(3) That an acreage factor of 0.64 for allowable purposes in the Atoka-Pennsylvanian Gas Pool shall be assigned to said well upon completion in said pool.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

S E

dr/





# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501



DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO  
July 12, 1976

STATE GEOLOGIST  
EMERY C. ARNOLD

Mr. Clarence Hinkle  
Hinkle, Bondurant, Cox & Eaton  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico 88201

Re: CASE NO. 5707  
ORDER NO. R-5238

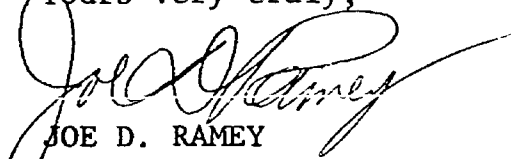
Applicant:

Harrington Transportation Inc.

Dear Sir:

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Yours very truly,

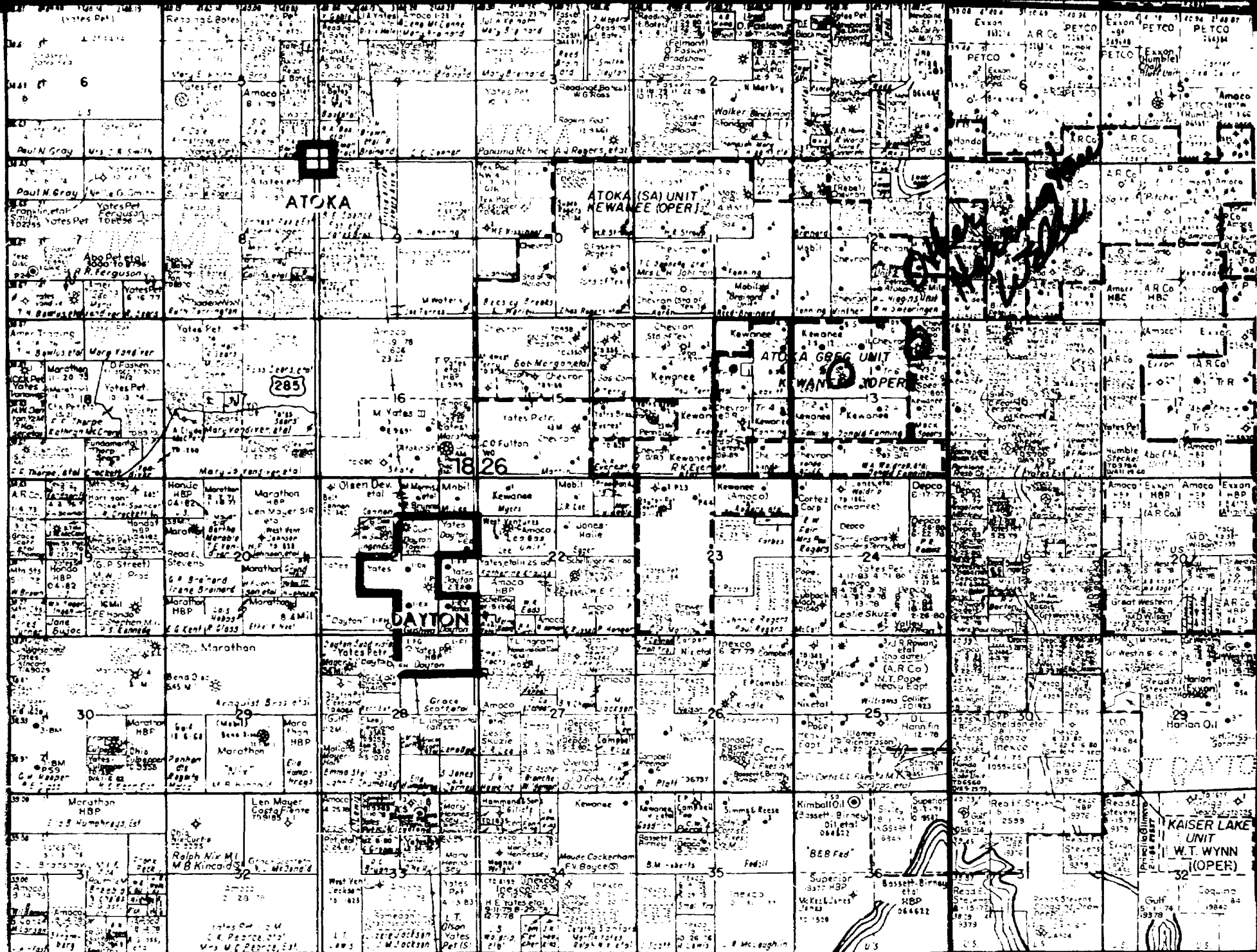
  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x  
Artesia OCC x  
Aztec OCC \_\_\_\_\_

Other Jason Kellahin  
\_\_\_\_\_





BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 7, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Harrington Transportation) CASE  
Inc. for an unorthodox gas well ) 5707  
location, Eddy County, New Mexico. )

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: Clarence E. Hinkle, Esq.  
HINKLE, BONDURANT, COX & EATON  
Attorneys at Law  
Hinkle Building  
Roswell, New Mexico

For Vega Petroleum Corp.: Jason W. Kellahin, Esq.  
KELLAHIN & FOX  
Attorneys at Law  
500 Don Gaspar  
Santa Fe, New Mexico

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Phone (505) 982-9212

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1 MR. NUTTER: We will call Case Number 5707.

2 MR. CARR: Case 5707, application of Harrington  
3 Transportation, Inc. for an unorthodox gas well location,  
4 Eddy County, New Mexico.

5 MR. HINKLE: Mr. Examiner, Clarence Hinkle, Hinkle,  
6 Bondurant, Cox and Eaton appearing on behalf of Harrington  
7 Transportation, Inc. We have one witness we would like to have  
8 sworn.

9 (THEREUPON, the witness was duly sworn.)

10  
11 RALPH JOHNSON

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

14  
15 DIRECT EXAMINATION

16 BY MR. HINKLE:

17 Q State your name and your residence?

18 A I'm Ralph Johnson from Midland, Texas.

19 Q Are you a consulting geologist?

20 A I am.

21 Q Employed by Harrington Transportation in this case?

22 A Yes.

23 Q Have you previously testified before the Commission?

24 A Yes, I have.

25 Q Are your qualifications as a petroleum geologist a

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1 matter of record with the Commission?

2 A. Yes.

3 MR. HINKLE: Are his qualifications acceptable?

4 MR. NUTTER: Yes, they are.

5 I think at this time we will call for appearances in  
6 this case.

7 MR. KELLAHIN: If the Examiner please, Jason Kellahin,  
8 Kellahin and Fox, Santa Fe, appearing for Vega Petroleum  
9 Corporation.

10 MR. NUTTER: Before we proceed any further in this  
11 case, Mr. Kellahin, is Vega Petroleum Corporation the owner  
12 of acreage in the area?

13 MR. KELLAHIN: Yes, it is. We have offsetting  
14 acreage.

15 MR. NUTTER: In what direction, please?

16 MR. KELLAHIN: To the east.

17 MR. NUTTER: In Section 13?

18 MR. KELLAHIN: Section 14. I see it is to the west.

19 MR. NUTTER: To the west. I think at this point,  
20 Mr. Hinkle, I think we ought to get this matter of the location  
21 of the well resolved.

22 MR. HINKLE: Okay. Mr. Examiner, the application  
23 and the notice, advertisement, in this case provides for the  
24 location to be sixteen hundred and fifty feet from the north  
25 line, nineteen hundred and eighty feet from the east line of

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1 Section 14, Township 18 South, Range 26 East.

2 Now, Mr. Welch is the owner of the surface. This  
3 particular location falls, as I understand it, in an irrigated  
4 area and he requested that on account of his sprinkling system  
5 that the location be moved a hundred feet east and we have  
6 waivers and consents to the location. I think all of the offset  
7 owners except Vega and the Mobil waiver stated specifically they  
8 had no objection to the location provided it was drilled at  
9 this particular location. So, we told Mr. Welch that we had  
10 no objection to moving it a hundred feet east if he could get  
11 a waiver from Mobil and Mobil has wired this morning, as I  
12 understand it, to the Commission stating that they have no  
13 objection to moving the location a hundred feet east and we  
14 have no objection to that location.

15 MR. NUTTER: Is Mr. Welch here?

16 MR. WELCH: Yes, sir.

17 MR. NUTTER: Mr. Welch, this proposed location  
18 being sixteen, fifty from the north line and nineteen, eighty  
19 from the east line, where does that fall with respect to  
20 your cultivated fields?

21 MR. WELCH: It is two hundred and fifty feet in the  
22 field, my field. If we could move it a hundred feet east, it  
23 would put it a hundred and fifty feet in my field and eliminate  
24 a strip of land a hundred feet wide that would be very difficult  
25 for me to farm. If we could move it east and not have that

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1 strip I could farm the land on the other side of the location.

2 MR. NUTTER: In other words, this proposed location  
 3 would make not only the land that is lost to the location but  
 4 also some additional land unavailable to farm?

5 MR. WELCH: That is correct.

6 MR. NUTTER: And by moving the location a hundred  
 7 feet to the east you minimize this amount of surface loss or  
 8 damage?

9 MR. WELCH: That is right.

10 MR. NUTTER: And, Mr. Hinkle, you have no objection  
 11 to the proposal to move the location?

12 MR. HINKLE: No, we will agree to it.

13 MR. NUTTER: Mr. Kellahin, does this affect Vega's  
 14 position in any manner?

15 MR. KELLAHIN: I wanted to ask because that would  
 16 make it seven-hundred-and-sixty feet from the half section  
 17 line, is that correct?

18 MR. HINKLE: It would be eighteen, eighty instead  
 19 of nineteen, eighty.

20 MR. NUTTER: It would be eighteen, eighty from the  
 21 east line or seven hundred and sixty from the west line of  
 22 that unit.

23 MR. KELLAHIN: We have no objection to going ahead  
 24 with the hearing. We would point out, however, that our  
 25 exhibits and our testimony has been prepared on the assumption

1 that we are talking about the advertised location and it might  
2 affect us on that score.

3 MR. NUTTER: Actually the proposed amendment of the  
4 application doesn't make the location any more adverse to you.

5 MR. KELLAHIN: It makes it less adverse.

6 MR. NUTTER: So, would you have an objection to the  
7 amendment of the application at this time and proceeding on  
8 that basis?

9 MR. KELLAHIN: On the assumption that we can  
10 supplement our exhibits at some future date because we have  
11 prepared them based on the proposed location. We have no  
12 objection to proceeding with the hearing on this basis.

13 MR. NUTTER: The reason why this has become a rather  
14 critical matter is I understand that there is a farmout on  
15 this acreage which has a rather near expiration date and to  
16 delay proceeding with the hearing might result in passing  
17 this farmout termination date if we found it necessary to  
18 delay the hearing and readvertise it.

19 MR. KELLAHIN: We would not want to delay the  
20 hearing.

21 MR. NUTTER: So, if there is no objection to hearing  
22 the case at this time, based on an amended location, being  
23 sixteen hundred and fifty feet from the north line and eighteen  
24 hundred and eighty feet from the east line of Section 14,  
25 Township 18 South, Range 26 East, we will consider the

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1 application amended and we will consider that we have  
2 jurisdiction to hear the case and proceed on that basis.

3 Would you go ahead, Mr. Hinkle?

4 MR. HINKLE: Thank you. I think the purpose of  
5 the application is already in the record and I won't ask  
6 any questions about that.

7 Q (Mr. Hinkle continuing.) Have you prepared or has  
8 there been prepared under your direction certain exhibits  
9 for introduction in this case?

10 A Yes, we have.

11 Q And those exhibits are marked One, Two and Three?

12 A Yes.

13 (THEREUPON, a discussion was held  
14 off the record.)

15 Q (Mr. Hinkle continuing.) Now, refer to Exhibit  
16 Number One and explain what it is and what it shows?

17 A This is a land plat showing the lease ownership  
18 there and the proposed location with a red dot there with the  
19 east half of Section 14 dedicated to the well. This, of  
20 course, is the previous location, not the amended one. Of  
21 course, it would have to be moved a hundred feet to the east  
22 and showing the leases there and, of course, we have already  
23 stated that there is a farmout and so forth.

24 Q Harrington Transportation has a farmout on the  
25 west half of 14?

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1 A. Yeah, or the east half of it.

2 Q. And they have an obligation to drill a well within  
3 a certain time which is limited?

4 A. Yes, that's right.

5 Q. This is as I understand it, fee land?

6 A. Yes, that's right.

7 Q. This shows all of the offset owners and the wells  
8 that have been drilled in the area to the Morrow?

9 A. Yes, the gas wells would be the Morrow in there.

10 Q. Does Harrington have any other wells in the  
11 area?

12 A. Yes, he drilled both of the Llano, Incorporated  
13 wells in Section 13 which are his, in the northwest quarter, the  
14 Llano No. 1 Levitt and in the northeast the Llano No. 1 Higgins.

15 Q. You have the two producing wells in the north half  
16 of 13?

17 A. Yes.

18 Q. And those have been drilled rather recently?

19 A. Yes.

20 Q. Now, refer to Exhibit Two and explain what this  
21 shows?

22 A. It has here a Morrow Sand Net Porosity Map where the  
23 porosity from these well logs are five percent or better  
24 there. Of course, we show here where the proposed location,  
25 which is nineteen, eighty from the east, now would, of course,

1 be amended a hundred feet to the east and the east half of  
2 the section dedicated with the red outline there.

3 This shows here based on my study of the porosity  
4 there, that we are drilling in an area of decreasing amounts  
5 of porosity and we certainly wouldn't want to go much farther  
6 to the east to protect our correlative rights here. However,  
7 we are agreeable to the one-hundred foot movement here.

8 Q What is the reason you located the well where it is  
9 shown on Exhibit Two there?

10 A We did not want to go any farther south because of  
11 the old deep dry hole here and the other exhibit that we have  
12 will show further reasons for not going any further east here.

13 Q In your opinion is this a strategic location in  
14 order to obtain the best production?

15 A Yes.

16 Q When do you plan to start the well?

17 A Around August the first. We have already made  
18 arrangements here.

19 Q And have you made arrangements with the drilling  
20 contractor?

21 A Yes.

22 Q Do you have any further comments on that exhibit?

23 A Not at the moment, no.

24 Q Refer to Exhibit Three and explain what this shows?

25 A Exhibit Number Three here refers, of course, is an

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1 expanded scale here of one inch to a thousand, showing the  
2 various topographic hazards in the northeast quarter of  
3 Section 14. You will note there various farmhouses, corrals  
4 and barns, artesian wells and so forth here. The occupants of  
5 the farmhouses have made it quite clear to us that they do not  
6 want us to drill within two hundred feet of them, which I  
7 understand is an Eddy County regulation and showing the property  
8 line there which, I believe, is already the well spoken of  
9 there, the paved road there and so forth. It also shows  
10 the location lines here to help designate the location here.  
11 Of course, now, with the amended location it will move there  
12 one hundred feet closer to the corral which is located there  
13 which I understand is separate to the surface operator there.

14 Q Do you have any further comments with respect to  
15 this exhibit?

16 A Not right now, no.

17 Q In your opinion will the approval of this application  
18 be in the interests of conservation, prevention of waste and  
19 protect correlative rights?

20 A Yes.

21 MR. HINKLE: We would like to offer Exhibits One,  
22 Two and Three.

23 MR. NUTTER: Exhibits One through Three will be  
24 admitted into evidence.  
25

1 (THEREUPON, Applicant's Exhibits One  
2 through Three were admitted into evidence.)

3 MR. HINKLE: That's all we have on direct.

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

6  
7 CROSS EXAMINATION

8 BY MR. KELLAHIN:

9 Q Mr. Johnson, you referred to the Standard of Texas  
10 Everetts No. 2 Well, the dry hole in the south part of the  
11 section?

12 A Yes.

13 Q That didn't test any oil or gas at all, did it?

14 A Not that I know of, it was very tight, they  
15 attempted to test it and got no recovery.

16 Q And you say the porosity pinches out going towards  
17 the northeast?

18 A Yes, you will notice that in Exhibit Number Two I  
19 gave that well ten feet of porosity but I called it partly  
20 shaley. Apparently the shale clogs the pores there and  
21 prevents them from producing there.

22 Q Now, if you go toward the east would the same thing  
23 occur on your proposed location?

24 A I certainly would expect it would if you would look  
25 up toward the old Mobil Brainard up in Section 11 which has

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1 twelve feet of porosity and then you go a little bit to the  
2 northeast in Section 12 in which the Felmont-Atoka communitized  
3 No. 1 which I give ten feet. Apparently we have a slightly  
4 northeast trending trend of decreasing porosity and I'm afraid  
5 if we went much farther east we would certainly be hurting  
6 ourselves.

7 Q What percentage of the acreage of this unit would you  
8 say is productive there?

9 A I would say just as a rough estimate this morning,  
10 we can't expect much more than the northeast quarter is going  
11 to contribute much here on this, even though the east half  
12 is dedicated there.

13 MR. KELLAHIN: That's all I have.

14  
15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q Mr. Johnson, what are the pool rules as far as well  
18 locations are concerned in that area?

19 A As I understand, we can't get any closer than, I  
20 believe it is three hundred and thirty feet to the quarter-  
21 quarter line and no closer than nine hundred and ninety feet  
22 to the outside line there. So that you start moving to the  
23 east side of the road there with the surface topographic  
24 hazards and the pool rules we are pretty much out of business  
25 there.

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1 Q Is there a requirement that the wells must be  
2 located in some specific quarter section?

3 A Yes, the regular field rules would be in the north-  
4 west quarter or the southeast.

5 Q I see. So, this being in the northeast quarter is  
6 off-pattern with respect to the field location rules?

7 A Yes. Of course, the old, deep dry hole in the south-  
8 east quarter made us rather hesitant about putting anything  
9 down there.

10 Q Is that Brainard well to the north of your proposed  
11 location a producing well?

12 A Yes. Not what I would consider a real good one but  
13 it is producing, yes. The production figures are on Exhibit  
14 Number Two there, if you notice the legend down at the bottom.  
15 This is as of the last day of April or the first of May there.  
16 You see that potentialized for not quite a half a million and it  
17 was averaging three hundred and thirty-six thousand a day, as  
18 of May the first there.

19 Q And that is cumulative production to the right?

20 A Yes.

21 Q And it has made two-and-a-half million?

22 A Yes, since January of '63. That would be sixteen  
23 years there to get that much, so it would be extremely slow  
24 pay off.

25 Q Thirteen years?

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1 A Thirteen years, right.

2 Q Now, was any drill stem test or anything made of  
3 this Chevron Everetts Well down here in the south?

4 A I don't have it with me but as I recall they attempted  
5 to test the Morrow zone there and got a very little bit of  
6 drilling mud.

7 Q On the DST?

8 A Yes. At that time they called it Atoka but it has  
9 since been found to be in the Morrow "A".

10 Q Well, actually what we call the Atoka-Pennsylvanian  
11 pool is producing from the Morrow formation, what we are  
12 calling Morrow these days?

13 A Yes, that's right, it was not called Morrow back  
14 then in '63.

15 MR. NUTTER: Are there any further questions of  
16 Mr. Johnson? He may be excused.

17 (THEREUPON, the witness was excused.)

18 MR. HINKLE: I would like to ask him one more  
19 question.

20

21

REDIRECT EXAMINATION

22 BY MR. HINKLE:

23 Q The Morrow zone is rather hazardous, isn't it?

24 A Yes.

25 Q As far as knowing where you are going to sustain



1 production?

2 A. Yes.

3 Q Or how close you can go to a dry hole and obtain  
4 production and so forth?

5 A. Yes.

6 Q This dry hole doesn't necessarily mean that all of  
7 that whole half section is non-productive, does it?

8 A That's right. If you go -- as a matter of fact, I  
9 would like to mention, if you look in Section 13 where Llano  
10 has drilled the two wells, twenty-six feet of porosity in  
11 the Higgins and twenty-five feet in the Levitt and yet in the  
12 Higgins the potential, the calculated absolute open flow,  
13 eighteen point four million and the Levitt, one point three.  
14 You never know with the Morrow, it's a high-risk thing as to  
15 what you are going to get or whether if you get a large amount  
16 of sand whether it's going to have permeability here.

17 MR. HINKLE: That's all.

18 MR. NUTTER: Are there any further questions of  
19 this witness? He may be excused.

20 (THEREUPON, the witness was excused.)

21 MR. NUTTER: Do you have anything further at this  
22 time, Mr. Hinkle?

23 MR. HINKLE: That's all.

24 (THEREUPON, the witness was duly sworn.)  
25

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ROY C. WILLIAMSON, JR.

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Roy C. Williamson, Junior.

Q What business are you engaged in, Mr. Williamson?

A I'm a petroleum consultant and a partner in the  
firm of Sipes, Williamson and Aycock from Midland, Texas.

Q Mr. Williamson, have you been employed by Vega  
Petroleum Corporation in connection with Case 5707?

A Yes, I have.

Q In that connection have you made a study of the  
area involved in this application?

A I have.

Q Have you ever testified before the Oil Conservation  
Commission or its Examiners and made your qualifications a  
matter of record?

A Yes, sir, I have.

MR. KELLAHIN: Are the witness's qualifications  
acceptable?

MR. NUTTER: Yes, they are.

Q (Mr. Kellahin continuing.) Mr. Williamson, in

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1 connection with your study have you prepared a series of  
2 exhibits to be offered at this time?

3 A. Yes, sir, I have.

4 Q. Now, referring to what has been marked as Vega's  
5 Exhibit Number One, would you identify that exhibit, please?

6 A. Exhibit Number One is merely a location plat showing  
7 the wells in the sections adjoining the application location  
8 in Section 14 of 18 South, 26 East.

9 Q. Now, that reflects the existing wells and dry holes,  
10 is that correct?

11 A. This map reflects the holes to the Atoka-Penn. There  
12 are some other wells that are not of concern at this moment.

13 Q. But it doesn't show the proposed location?

14 A. No, it does not.

15 Q. Would you refer to what has been marked as Exhibit  
16 Number Two and identify that exhibit?

17 A. Exhibit Number Two is termed a depiction of the  
18 spacing limitations and shows by virtue of the dotted lines  
19 in the center of each quarter section the location that is  
20 called for by the rules, that is, no nearer than nine, ninety  
21 to the quarter-quarter section or no nearer than three, thirty  
22 to the forty-acre subdivisions. Therefore, the dashed line  
23 would show the position in which a standard location would  
24 appear and that is further modified, of course, by the rule  
25 that states that the normal location is in the northwest and

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1 southeast quarter of the section and on this we have shown  
2 the Vega Petroleum Well, Jerry Nelson No. 1 in the northwest  
3 quarter which shows that it does conform to the spacing  
4 limitations called for by the field rules and in the northwest  
5 quarter, shown by the small circle there, was the proposed  
6 Harrington Transportation well as we understood it to be and  
7 which we now understand is moved a hundred feet to the east,  
8 showing that it is not, even though it is in a different quarter  
9 section, it is not even standard as far as the current field  
10 rules call for.

11 Q It's not a standard location if a well in the north-  
12 east were permitted?

13 A Right. Any well in the northeast, of course, is  
14 nonstandard.

15 Q Now, referring to what has been marked as Exhibit  
16 Number Three, would you identify that exhibit, please?

17 A Exhibit Number Three is a summary of Atoka-Penn  
18 gas well parameters for wells in and near the Section 14, 18  
19 South, 26 East and in the left column we have the operator and  
20 lease, the second column is the well number, followed by the  
21 location, completion information showing interval, formation  
22 and date of completion, the initial absolute open flow and a  
23 column that calculates the product of the porosity, times  
24 the gas saturation, times the net pay thickness from log  
25 analyses.

1 The next column shows the original gas in place as  
2 calculated volumetrically, assuming three-hundred-and-twenty-  
3 acre drainage. The column to the right of the volumetric  
4 calculation is an extrapolation of expected recovery from  
5 BHP or bottom-hole pressure, over the compressibility factor  
6 versus cumulative gas production and the last column on the  
7 right shows cumulative production in MMCF's as of 1-1-76.

8 The main purpose of this is to show that generally  
9 the wells in this field are capable of draining three-hundred-  
10 and-twenty acres. It also shows generally that the volumetric  
11 calculations and the pressure cumulative extrapolation is  
12 correlatable. Two exceptions, one to point out is the  
13 Chevron Oil Company C. R. Martin No. 1-J Well in Section 16,  
14 18 South, 26 East. The volumetric calculation shows an excess  
15 of sixteen billion, the P over Z shows that the well will  
16 make approximately twelve billion and it has a cumulative to  
17 date of approximately ten billion.

18 Another exception is the Felmont Oil Corporation,  
19 Felmont-Atoka Common No. 1-D in Section 12, 18 South, 26 East.  
20 Volumetrically this well would have recovered about four point  
21 seven billion. Pressure information indicates that it will  
22 recover about one point eight and it is a relatively new well  
23 with a low cumulative of four hundred and ninety-four MMCF.

24 Q So with those two exceptions, this exhibit does  
25 indicate that one well will drain in excess of three-hundred-

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1 and-twenty acres?

2 A Well, it will drain approximately three-hundred-and-  
3 twenty acres, yes, sir. Some appear to be draining a little  
4 more, some a little less and this could be a function of  
5 competitive drainage or other rock characteristics that we  
6 are not able to identify at this time.

7 Q Now, assuming radial-type drainage, it indicates  
8 that one well is draining something in excess of two thousand  
9 feet per well?

10 A Yes, sir, that is correct.

11 Q Now, referring to what has been marked as Exhibit  
12 Number Four would you identify that exhibit, please?

13 A Okay, Exhibit Number Four is primarily a back-up  
14 for Exhibit Number Three and again shows the operator, lease,  
15 well locations and a calculation of net pay, the porosity for  
16 those net pay, the average water saturation and a calculation  
17 of the porosity times gas saturation, times pay thickness  
18 number and then in the right-hand column is just top of the  
19 pay.

20 Q That is merely the basis of the calculations used  
21 in Exhibit Number Three?

22 A Yes, sir, that is correct.

23 Q Now, referring to what has been marked as Exhibit  
24 Number Five would you identify that exhibit?

25 A Okay, Exhibit Number Five is a net hydrocarbon

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1 porosity structure map which is merely a contoured map  
2 utilizing the data taken from Exhibit Three under the porosity  
3 gas saturation, thickness column and this shows then, not the  
4 net pay but the net productive pay that is evidenced by the  
5 producing wells in the area of Section 14 of 18 South, 26  
6 East.

7 A couple of wells that I think we need to talk about  
8 at this point are, one, the Pan American Martin Well which is  
9 a "D" location in Section 23 of 18 South, 26 East. This  
10 well from the log had roughly fifteen to twenty feet of net  
11 pay but the log calculation indicated that this pay was a  
12 hundred percent saturated with water essentially and the  
13 production from this well has borne this out as shown on our  
14 Exhibit Three. The well produced a hundred and fifty-three  
15 MMCF which is a rather small amount of gas.

16 Another well of location is the Standard of Texas  
17 Everetts No. 1 Well which is an "L" location in Section 14,  
18 of 18 South, 26 East and was a south producer to the Vega  
19 Petroleum Jerry Nelson No. 1. This well is now abandoned but  
20 while it was producing it showed the BHP over 2 gas recovery  
21 extrapolated to around fourteen billion cubic feet of gas.  
22 However, the well only produced about five point five billion  
23 due to an excessive amount of water production. I called the  
24 Standard of Texas engineers in Midland and discussed this well  
25 with them and the well started out making a very modest amount

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1 of water as do most of the wells in this field. After a number  
2 of years of production the water began to increase rather  
3 rapidly and was producing around five to six thousand barrels  
4 of water per month. They attempted to work over this well  
5 and they had some problems that he was not fully able to  
6 explain. Apparently they did have some casing problems in  
7 their reentry, they may have even gotten outside of their  
8 casing. Anyway the work over was generally termed pretty much  
9 of a mess and they shut the well in.

10 I do not believe that the performance of that well  
11 condemns the southwest quarter of Section 14 as having  
12 productive gas in it. I think that the problem with the  
13 Everetts No. 1 is a localized wellbore problem because  
14 structurally and the way the other wells have produced we do  
15 not see anything in the amounts of water volume that this  
16 well did produce.

17 The zero line as we have depicted here is going  
18 through the Pan American Martin No. 3 Well in Section 23 and  
19 because of lack of further being able to pin it down, we've also  
20 got the zero line going through the Standard of Texas Everetts  
21 No. 2 Well in the southeast quarter of Section 14.

22 Now, that zero line could indeed be pulled toward  
23 the northwest but we have no other data and other than the  
24 contouring that we have here we are just estimating that that  
25 is a zero productive line.



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1 Q Have you got the drill stem test information on  
2 the Standard of Texas Everetts No. 2?

3 A Yes, sir, I do. The Standard of Texas Everetts No.  
4 2 Well was drill stem tested from the interval of nine  
5 thousand, twenty-four to ninety-one, ninety-eight. It was  
6 open two hours and recovered a thousand feet of gas-cut water  
7 blanket and sixty feet of oil-cut mud. The flowing pressure  
8 was six hundred pounds, the shut-in pressure was seventeen  
9 hundred and seventy-five pounds in thirty minutes. It was  
10 DST'd further over the interval, nine thousand and thirty  
11 feet to nine thousand, a hundred and eighteen feet, was  
12 opened two hours and recovered a thousand feet of water  
13 blanket and four hundred and sixty-five feet of gas-cut mud.

14 It was further drill stem tested over the interval  
15 of nine thousand and twenty-four feet to nine thousand, a  
16 hundred and ninety-eight feet. It was open one-and-one-half  
17 hours and recovered a thousand feet of water blanket and  
18 sixty feet of gas-cut mud.

19 Q Now, you heard Mr. Johnson's testimony to the  
20 effect that the porosity pinches out toward the east, would  
21 you agree with that?

22 A Yes, sir, I would have to say that it does.

23 Q Would you say that it pinches out within the east  
24 half of the section?

25 A No, sir, from the information that we have here as

1 shown by the contour on Exhibit Number Five, we have  
2 productive acreage that in our opinion actually goes to the  
3 east of Section 14, on into Section 13.

4 Q How about the southeast quarter?

5 A The southeast quarter I would say is non-productive  
6 below our zero contour line.

7 Q Would you consider it then a net pay above that  
8 contour line to any extent?

9 A What was the question?

10 Q Would there be very much net pay above the zero  
11 line in the southeast quarter?

12 A No, sir, not very much. I have estimated roughly  
13 about forty-five acres would be productive by our porosity  
14 gas saturation thickness map.

15 Q Now, in your opinion would a well located as  
16 proposed by the applicant in this case recover gas from the  
17 west half of the section that would not be recovered from  
18 a standard location and by standard location I mean in the  
19 southwest quarter?

20 A Yes, sir, in my opinion to protect correlative  
21 rights the Harrington well should be restricted to a standard  
22 location because in our opinion it will be productive.

23 Q You say a standard location, I'm referring at  
24 this moment to the southeast quarter.

25 A The southeast quarter, no, sir, I do not think a

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1 well in the southeast quarter at a standard location would  
2 be an economic well or would recover any gas.

3 Q In the northeast quarter of the section at a nineteen,  
4 ninety location would such a well produce gas from the west  
5 half that would not be recovered by a standard location?

6 A Yes, sir, in other words, if the well was drilled  
7 as depicted or as requested.

8 Q Even if it was drilled at a nine, ninety location  
9 it would recover gas from the west half of the section?

10 A Yes, sir, I would say from the drainage character-  
11 istics that we have seen in the field that it would drain  
12 outside of its hundred-and-sixty acres. We have shown that  
13 a well can drain three-hundred-and-twenty acres so, it would  
14 be competing with the other wells for gas.

15 Q So, if it produced at a three-hundred-and-twenty  
16 acre allowable, the substantial part of that allowable would  
17 have to come from the northwest quarter of the section?

18 A Yes, sir, that's right.

19 Q Now, at the proposed location does that give it an  
20 additional advantage?

21 A Yes, sir, it does. It is producing closer to the  
22 northwest quarter which is where obviously a good portion of  
23 the gas would have to come from.

24 Q Would it, in your opinion, encounter a greater net  
25 porosity than at the nine, ninety location?

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1 A. Yes, sir, it would have a somewhat favorable  
2 location there.

3 Q. In your opinion, should the well if it is approved  
4 be penalized?

5 A. Yes, sir, it think it should.

6 Q. This is a prorated pool?

7 A. Yes, sir, prorated on acreage as I understand.

8 Q. What kind of a penalty factor would you propose?

9 A. Well, I have calculated just looking at what the  
10 productive acreage would be from our porosity gas saturation  
11 thickness map and it would appear that a factor of about point  
12 six, four would be an appropriate factor.

13 Q. That would be in excess of the acreage testified to  
14 by Mr. Johnson?

15 A. Yes, that is correct.

16 Q. You are being more generous than the applicant  
17 is?

18 A. That is correct.

19 Q. Now, referring to what has been marked as Exhibit  
20 Number Six would you identify that exhibit?

21 A. Exhibit Number Six is merely a type of log, it is of  
22 the Vega Petroleum Jerry Nelson No. 1 Well and covers the  
23 productive interval which is perforated and producing in that  
24 well. We have depicted in the right-hand side of the log the  
25 density porosity and the neutron porosity and the perforations

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1 are shown by small circles in the middle of the log.

2 Q Were Exhibits One through Six prepared by you or  
 3 under your supervision?

4 A Yes, sir, they were.

5 MR. KELLAHIN: At this time we would like to offer  
 6 into evidence Vega's Exhibits One through Six.

7 MR. NUTTER: Vega's Exhibits One through Six will  
 8 be admitted into evidence.

9 (THEREUPON, Vega's Exhibits One through  
 10 Six were admitted into evidence.)

11 Q (Mr. Kellahin continuing.) Do you have anything to  
 12 add to your testimony, Mr. Williamson?

13 A No, I do not.

14 MR. KELLAHIN: That concludes our examination.

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

16 MR. HINKLE: I have just one here, I think.

17

18 CROSS EXAMINATION

19 BY MR. HINKLE:

20 Q Mr. Williamson, I take it from your testimony that  
 21 on account of the dry hole of Standard of Texas Everetts No. 1  
 22 and Standard of Texas Everetts No. 2, that the south half of  
 23 14 is pretty hazardous, isn't it?

24 A No, sir, let me qualify that. The Standard of  
 25 Texas Everetts No. 2 was a dry hole, the Everetts No. 1 was

1 not a dry hole and produced nearly five billion cubic feet of  
2 gas before some kind of a mechanical problem allowed an  
3 abnormal amount of water to flood the well out. I think I  
4 testified earlier that I did not feel that the faults of that  
5 well condemned the southwest quarter as being productive of  
6 gas.

7 MR. HINKLE: I see. That's all. We would like to  
8 put Mr. Johnson on.

9  
10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Williamson, your Exhibit Number Five here shows  
13 your zero porosity feet line coming through the Pan Am Martin  
14 Well?

15 A Yes, sir.

16 Q And through the Standard of Texas Everetts No. 2,  
17 then swinging across through Section 13 there?

18 A Yes, sir.

19 Q Now, if you refer to the Harrington Transportation's  
20 Exhibit Number One and if you will recall that Mr. Johnson on  
21 his testimony stated that Harrington had two wells in  
22 Section 13. Now, if you will look on their Exhibit Number  
23 One, you will see their Levitt Well which looks like it is  
24 in the southeast of the northwest of Section 13?

25 A Yes.

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1 Q And if you look up there in the northeast-northeast  
2 of 13 their Higgins Well is located there. It looks like  
3 about nine, ninety from the north and nine, ninety from the  
4 east line. Now, wouldn't both of those wells be very close  
5 to the location of your zero hydrocarbon porosity line?

6 A Yes, sir, probably we should have taken -- we were  
7 really trying to confine our study right to Section 14, so,  
8 really we did not study those wells in the location that  
9 zero line is probably improper as pertains to Section 13.

10 Q Well, wouldn't it possibly affect the contour of  
11 the line as it proceeds from Standard of Texas Everetts No. 2  
12 then, it may bring the line a little farther south so that  
13 more productive acreage would be there in the southeast quarter  
14 of Section 14, maybe?

15 A Well, it's possible except for the fact that the  
16 Everetts No. 2 Well did not produce and I think it would have  
17 to be a fairly sharp contour around the Everetts No. 2 Well.

18 Q We know that the porosity is very minimal there at  
19 the Everetts No. 2?

20 A And it is certainly interpretive as to where that  
21 line lays.

22 Q And what is your proposed factor of point six four  
23 actually based on, Mr. Williamson?

24 A It is based on the surface acres that lie above the  
25 zero contour line in the east half of Section 14. In other

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1 words, it takes in a hundred-and-sixty acres which would be  
 2 the northeast quarter and then I'm estimating that forty-five  
 3 acres lie above the zero line in the southeast quarter.

4 Q In other words, it is about two-hundred-and-five  
 5 productive acres?

6 A Yes, sir.

7 MR. NUTTER: I see. Are there any further questions  
 8 of Mr. Williamson? He may be excused.

9 (THEREUPON, the witness was excused.)

10 MR. NUTTER: Are you going to recall your witness,  
 11 Mr. Hinkle?

12 MR. HINKLE: Yes, I would like to recall Mr.  
 13 Johnson.

14  
 15 RALPH JOHNSON

16 recalled as a witness, having been previously sworn, was  
 17 examined and testified as follows:

18  
 19 REDIRECT EXAMINATION

20 BY MR. HINKLE:

21 Q Mr. Johnson, you have heard the testimony of Mr.  
 22 Roy Williamson concerning his six exhibits?

23 A Yes, sir.

24 Q I hand you the six exhibits and do you have any  
 25 comments to make with respect to these exhibits?



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1 A. Well, yes, I do, one at least. It would appear that  
2 the due concern on whether or not the Harrington Well will be  
3 draining some of the northwest quarter of 14. By the same  
4 token, the Vega Well will be draining some of the northeast  
5 quarter of 14, using the same reasoning.

6 Q Now, if you moved the location, referring to Vega's  
7 Exhibit Number Three or your Exhibit Number Three?

8 A. Okay.

9 Q If you move the location to a standard, that is a  
10 nine, ninety location in the northeast of 14?

11 A. Yes.

12 Q What would you be up against as far as corrals,  
13 barns, farmhouses and so forth?

14 A. We already tried that and determined that it cannot  
15 be done with the land owners. We have tried to negotiate  
16 with them and we cannot drill there.

17 Q You get too close to there?

18 A. Yes.

19 Q Do you have any further comments with respect to  
20 any of their exhibits?

21 A. Not at the moment, no, unless you had questions  
22 you wanted to ask.

23 MR. HINKLE: That's all.

24 MR. NUTTER: Are there any other questions of  
25 Mr. Johnson? Mr. Kellahin?

CROSS EXAMINATION

BY MR. KELLAHIN:

Q. Mr. Johnson, you said you couldn't find a location at nine, ninety on this acreage. In the first place, you could directionally drill, could you not?

A. I could what?

Q. You could directionally drill the well and bottom it at a standard location or a nine, ninety location?

A. Insofar as I know that would be possible.

Q. Now, in addition to that you have -- if you would refer to Vega's Exhibit Number Two for a moment.

A. Yes, sir.

Q. You have at least four locations in there which would qualify, assuming that we forget about the southeast location. You say all of those locations are foreclosed as far as the applicant is concerned?

A. Are you talking about now in the corner of nine, ninety? Yes, we feel with the drainage that if we move nine, ninety from the north and nine, ninety from the east that we are not, with the porosity patterns in there, we are not taking our correlative rights as they come to the south.

Q. Well, houses and corrals don't have anything to do with it, it is simply porosity and a better location and you would gain some advantage on drainage, isn't that correct?

A. Yes. We would have liked to drilled as close to

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1 that northerly corral and barns but we ran into a tremendous  
 2 amount -- as a matter of fact, we got a flat, "No."

3 Q How about up to the north up there?

4 A Then if you want to move farther north from that, we  
 5 are not fulfilling our obligation to the mineral owners to the  
 6 south there is my opinion.

7 Q In other words, you say you won't drain the acreage  
 8 to the south? Well, you have already testified this will  
 9 contribute very little to this one?

10 A That's right. Of course, we would like to get what  
 11 little bit there is there.

12 Q Well, how about moving it to the east to a standard  
 13 location, you don't want to do that because of the porosity, is  
 14 that correct?

15 A We have no objections in here, say, for instance,  
 16 thirteen, twenty from the north and nine, ninety from the  
 17 east but the corrals and barns prevented us from that.

18 MR. KELLAHIN: I believe that's all.

19 MR. HINKLE: I have one more question here.

20

21 REDIRECT EXAMINATION

22 BY MR. HINKLE:

23 Q Refer to your Exhibit Number Three and this shows the  
 24 Chevron No. 2 Well?

25 A Yes.

1 Q In your opinion, does that condemn all of the  
2 southwest quarter?

3 A Well, I couldn't say for sure that it condemns all  
4 of it because you might drill a well, say, in the very south-  
5 east corner of that section and find something. The high  
6 risk of the Morrow and the pattern, who knows for sure, but  
7 you certainly have to get down in the corner, the strike of  
8 land on the east side or the southeast corner might contribute  
9 something, nobody knows for sure but certainly around the old  
10 No. 2 fairly close, I think that has been pretty well  
11 established there.

12 Q As you previously testified, the object of your  
13 present location is to get in the most strategic location to  
14 get the best well under the circumstances?

15 A Under the circumstances, consistent with the  
16 topographic --

17 Q You would have a better chance of paying out than  
18 if you go farther east?

19 A Yes. Well, I say, we could have gone a little bit  
20 farther east, we couldn't because of the topographical  
21 situation, the paved road and so forth there.

22  
23 CROSS EXAMINATION

24 BY MR. NUTTER:

25 Q Mr. Johnson, what is your opinion of Mr. Williamson's

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1 proposed penalty factor of point six four for the location  
2 that we are talking about here today?

3 A. You are talking about the amended?

4 MR. NUTTER: I presume that the point six four  
5 penalty would apply to the proposed amended location also,  
6 Mr. Williamson?

7 MR. WILLIAMSON: Yes, sir.

8 Q (Mr. Nutter continuing.) Yes, sir, what is your  
9 opinion as to the amended location sixteen, fifty from the  
10 north and eighteen, eighty from the east?

11 A. That would be point six four of the calculated  
12 absolute open flow?

13 Q No, that would be point six four of the calculated  
14 top allowable for the pool if the well were a top allowable  
15 well, a non-marginal well.

16 A. Well, what is the top allowable out there?

17 Q It varies, I don't know what it is at the present.  
18 It varies in proportion to the pipeline demands and so forth.

19 A. I think that is too severe a penalty.

20 Q Well, now, he based that on his calculation of two  
21 hundred and five productive acres, do you think you've got  
22 more than two hundred and five productive acres, Mr. Johnson?

23 A. In the east half of the section?

24 Q In the east half of the section.

25 A. Yes.

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1 Q Well, how many productive acres do you calculate  
 2 that you do have?

3 A Well, I would say all of the northeast quarter.

4 Q Well, that's a hundred and sixty?

5 A Oh, I see, you said how many --

6 Q He gave you a hundred-and-sixty acres in the northeast  
 7 quarter and forty-five productive acres in the southeast  
 8 quarter. I believe that was the way Mr. Williamson calculated.

9 A That's pretty near correct, probably, based on what  
 10 data we do have at the moment here.

11 Q Then you don't think the point six four factor  
 12 would be an unreasonable factor to assign to the well?

13 A I could not answer that right now.

14 MR. NUTTER: I see. Are there any further questions  
 15 of Mr. Johnson?

16 MR. HINKLE: May I ask, is this a prorated pool?

17 MR. JOHNSON: Yes, it is my understanding it is, yes.

18 MR. NUTTER: Are there any further questions? The  
 19 witness may be excused.

20 (THEREUPON, the witness was excused.)

21 MR. NUTTER: Do you have anything further, Mr.  
 22 Kellahin?

23 MR. KELLAHIN: I would like to make a brief  
 24 statement.

25 MR. NUTTER: All right.

1 MR. KELLAHIN: If the Examiner please, this question  
2 here is really based on the protection of correlative rights.  
3 Now, under the pool rules I found in the rules the well  
4 location, the same well location in the northwest or southeast  
5 quarter, automatically the applicant here would gain an  
6 advantage by moving up into the northeast quarter of this  
7 section, thereby permitting them to more nearly drain the  
8 northwest quarter.

9 Now, as he pointed out, the fact that that well  
10 would drain the northwest quarter is countered by the fact  
11 that our well will drain the northeast quarter. Actually  
12 that was the purpose of the pool rules to have some kind of  
13 balance of pattern within the pool and admittedly there are  
14 exceptions, numerous exceptions in the pool and for that  
15 reason we haven't made any big issue of the well location in  
16 the northeast quarter. We do feel, however, that based on  
17 the evidence that has been offered here, one well in the  
18 northeast quarter will be seriously draining the northwest  
19 quarter and certainly will not be draining gas from the south-  
20 east quarter because there just isn't any gas down there by  
21 the testimony of both witnesses. If there is any gas there  
22 we have no way to show it. The only evidence that has been  
23 offered here is the fact that the southwest quarter has very,  
24 very little, if any, gas to the west.

25 MR. NUTTER: Southeast?

1 MR. KELLAHIN: To the southeast. For that reason  
2 we do in the first place urge that the unorthodox well location  
3 be denied as violating the correlative rights of Vega  
4 Petroleum Corporation.

5 All the applicant would have to do is move in  
6 closer to the production and admittedly find a better  
7 structural position with greater development of porosity.  
8 That's the whole tenor of his testimony. If this be the  
9 case I think it clearly shows he will be violating Vega's  
10 correlative rights.

11 If he is permitted to do this, however, the well  
12 should be penalized, this being a prorated pool. Now, the  
13 Commission knows that penalizing wells very frequently  
14 accomplishes very little if anything. If the well is a  
15 marginal well in the first place the penalty means nothing  
16 but yet the drainage still occurs and the life of these wells  
17 from the exhibits that have been offered is rather lengthy  
18 and over a period of time the applicant here will gain an  
19 undue advantage even if the well is penalized and  
20 turns out to be marginal then the penalty means nothing. It's  
21 still going to produce far in excess of its fair and just  
22 share of the gas underlying the half section dedicated to the  
23 well.

24 For that reason and in the first place we urge  
25 that the application be denied and in the second place we

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Phone (505) 982-9212



1 urge that if it is granted that they be penalized at least  
2 to the extent of six point four.

3 MR. NUTTER: Mr. Hinkle?

4 MR. HINKLE: Mr. Examiner, the applicant in this  
5 case has been up against a hard proposition of getting a  
6 location on account of the fact that the surface of the  
7 northeast quarter has been under cultivation and is right in  
8 the heart of a farm and ranch operation there and we have to  
9 take that into consideration. They have tried to cooperate  
10 with the owners of the surface in every way possible and to  
11 find a location that would be acceptable to all concerned.

12 Furthermore, the geological information that  
13 Harrington has presented shows clearly that they have the  
14 best chance to get a well that would pay out at the present  
15 location or the agreed location one hundred feet farther  
16 east and, furthermore, if this application is denied Harrington  
17 would not be able to meet their obligations on their farmout  
18 to commence this well within the time required. It would  
19 probably lose this acreage.

20 If the Commission feels that a reasonable penalty  
21 should be invoked in this case then that is up to the Commission  
22 but I don't really believe that the penalty should be invoked  
23 under the circumstances because after all the proposed location  
24 is quite a distance from the Vega well and as the Commission  
25 well knows, in the Morrow formation is very hazardous and

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

1 anything can happen. This proposed well could even be a dry  
2 hole as far as that goes, with the information that is  
3 available.

4 So, we submit that the application should be  
5 approved with the agreed moving of the location one hundred  
6 feet east.

7 MR. NUTTER: Thank you. Does anyone else have  
8 anything to offer in Case Number 5707?

9 MR. CARR: Mr. Examiner, we have received a letter  
10 from Kewanee Oil Company signed by Mr. R. S. Allison, Assistant  
11 Joint-Interest Manager. (Reading.) Kewanee Oil Company believes  
12 that the proposed test at the unorthodox location will drain  
13 the Jerry Nelson No. 1 Well and therefore requests that the  
14 application be denied. (End of reading.)

15 MR. NUTTER: We have also received a letter from  
16 Mobil Oil Corporation dated June 23, 1976 in which Mobil states  
17 that they have no objection to the advertised location being  
18 sixteen fifty from the north and nineteen, eighty from the  
19 east of Section 14. This letter was signed by Mr. J. A.  
20 Morris, Regulatory Engineering Supervisor.

21 And then this morning at eight, thirty-four A. M.,  
22 we received a telephone call from Mr. Joel Morris with Mobil  
23 in Midland stating he has no objection to the amended  
24 Harrington location of sixteen, fifty from the north and  
25 eighteen, eighty from the east in Case Number 5707, confirming

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

1 letter to follow.


2 If there is nothing further in Case 5707 we will  
3 take the case under advisement and take a fifteen minute  
4 recess.

5 (THEREUPON, the hearing was in recess.)  
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**sid morrish reporting service**  
*General Court Reporting Service*  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

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  
the Examiner hearing of Case No. ....,  
heard by me on ....., 19.....

....., Examiner  
New Mexico Oil Conservation Commission

**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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# KEWANEE OIL COMPANY

POST OFFICE BOX 2239

TULSA, OKLAHOMA 74101

June 28, 1976

Application of Harrington Transportation, Inc. for an Unorthodox Gas Well Location, Llano, Inc. No. 1 Terry, 1650' FNL and 1980' FEL, Section 14, T-18-S, R-26-E Eddy County, New Mexico

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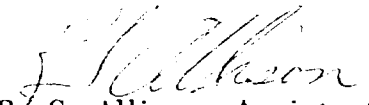
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

Gentlemen:

Kewanee Oil Company is a part owner of the Jerry Nelson No. 1 well which located 1650' FWL and 990' FNL of Section 14, Township 18 South, Range 26 East, Eddy County, New Mexico.

Kewanee Oil Company believes the proposed test in the unorthodox location will drain the Jerry Nelson No. 1 well; therefore, Kewanee states its opposition to the captioned application of Harrington Transportation, Inc. and respectfully requests that the application be denied.

Yours very truly,

  
R. S. Allison, Assistant  
Joint Interest Manager

RSA:JP

R. L. STAMETS

7-7-76

8:34 AM

Dan

Joel Morris  
Mobil Midland

Has no objection  
to amended Harrington  
location

1650 N - 1880 E  
in Case 5707.

Confirming letter  
to follow.

# Mobil Oil Corporation

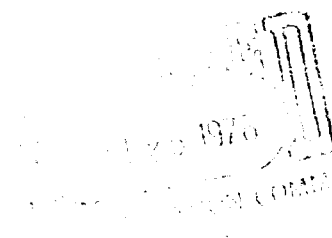
P. O. BOX 633  
MIDLAND, TEXAS 79701

June 23, 1976

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Attention: Mr. Joe Ramey

*File  
Case 5707*



APPLICATION OF HARRINGTON  
TRANSPORTATION, INC., FOR  
UNORTHODOX GAS WELL LOCATION  
TO BE KNOWN AS THE LLANO,  
INC. NO. 1 TERRY, ATOKA-  
PENNSYLVANIAN GAS POOL,  
EDDY COUNTY, NEW MEXICO

Gentlemen:

Mobil Oil Corporation has been notified by Harrington Transportation, Inc., of their application for an exception to the Atoka-Pennsylvanian Gas Pool rules to drill the subject well at an unorthodox location. Please be informed that Mobil Oil Corporation has no objection to the Commission approving Harrington's request as outlined in their application furnished to us under cover letter dated June 10, 1976. It is our understanding that this well will be spaced as follows:

1650' from the north line and  
1980' from the east line of  
Sec. 14, T18S, R26E  
Eddy County, New Mexico

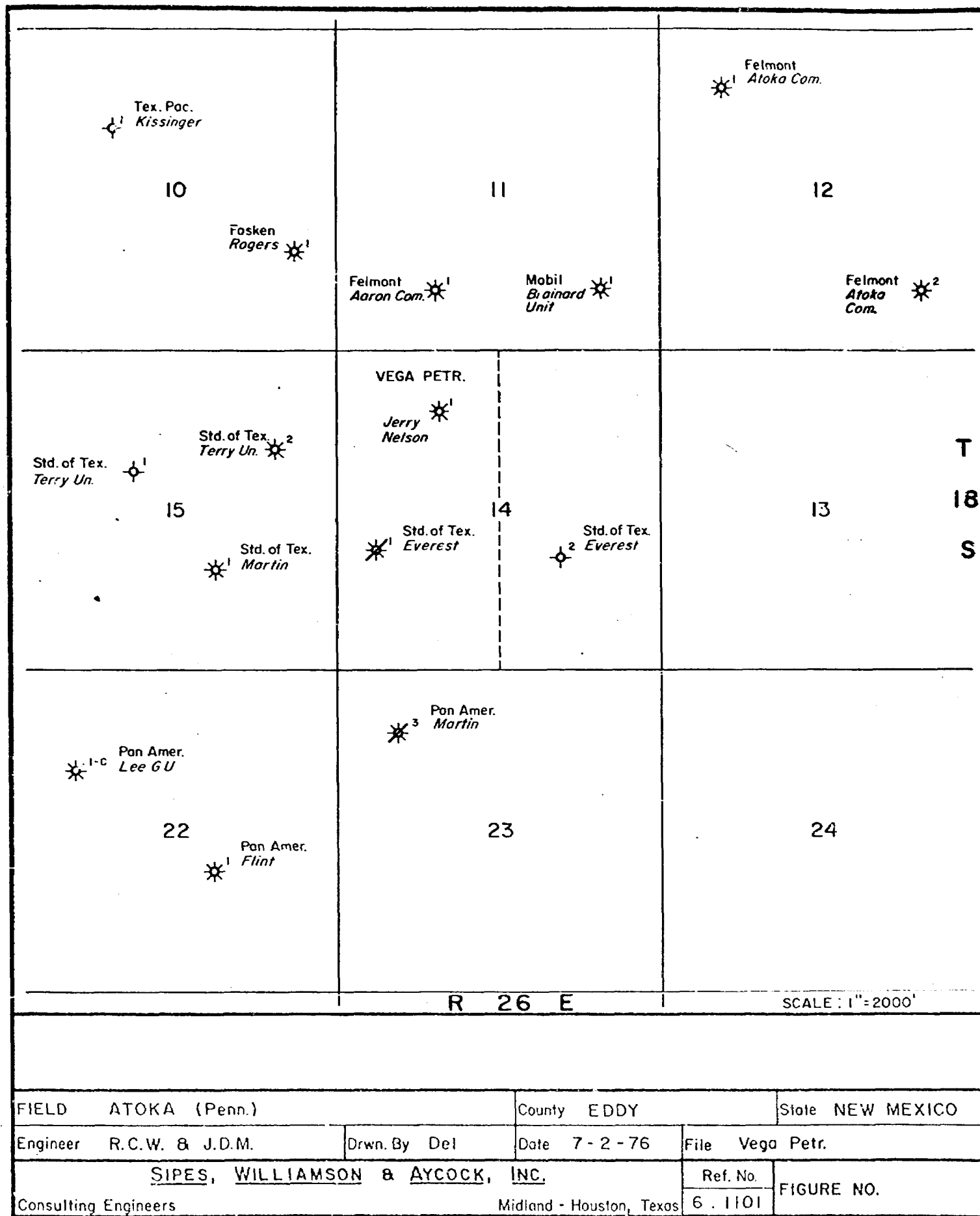
Yours very truly,

*J. A. Morris*

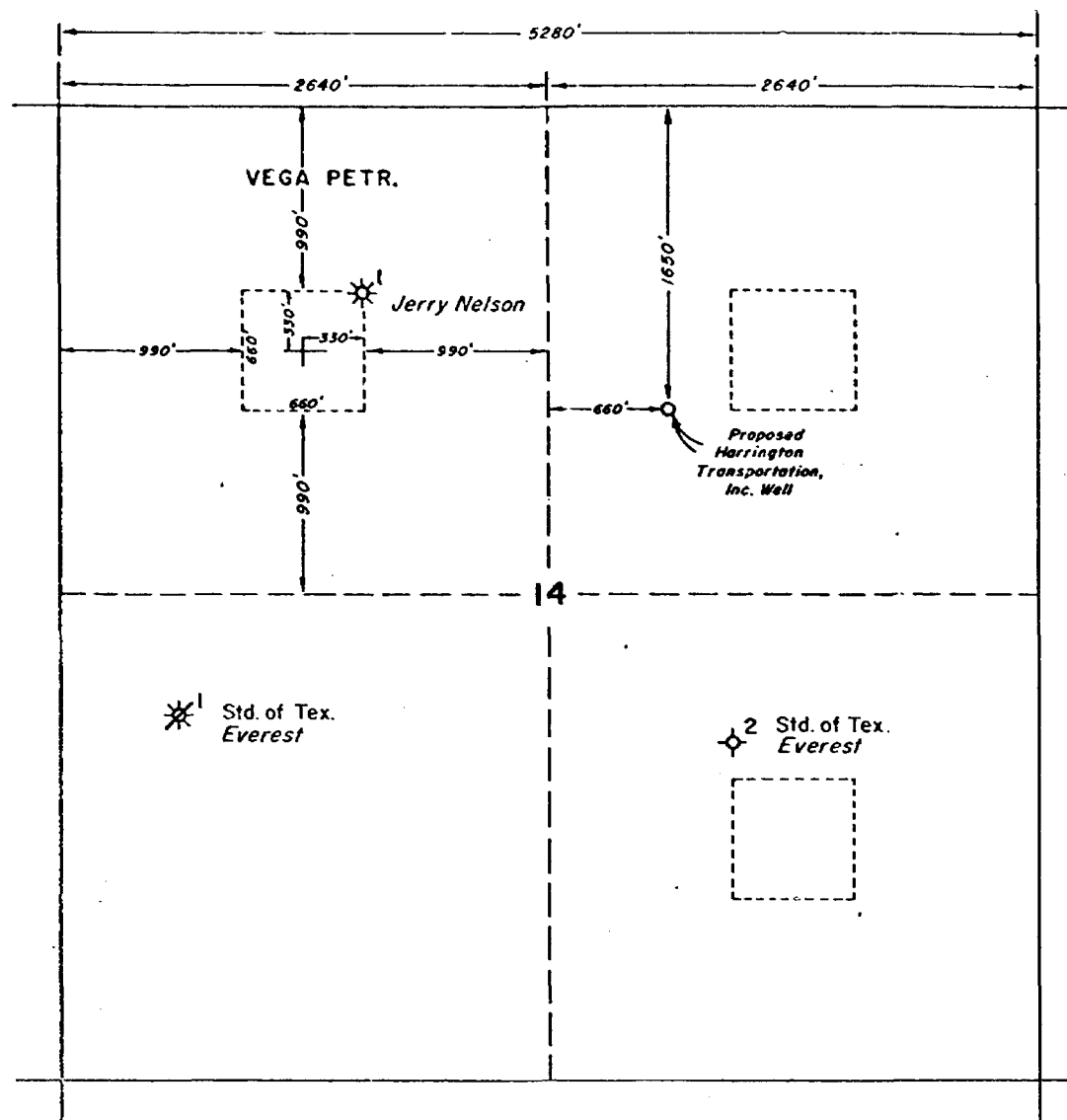
J. A. Morris  
Regulatory Engineering Supervisor

ADBond/amb

cc: Hinkle, Bondurant, Cox & Eaton







# DEPICTION OF SPACING LIMITATIONS

FIELD	ATOKA (Penn.)	County	EDDY	State	NEW MEXICO
Engineer	R. C. W. & J. D. M.	Drwn. By	DeI	Date	7 - 2 - 76
SIPES, WILLIAMSON & AYCOCK, INC.				File	Vega Petr.
Consulting Engineers				Ref. No.	6.1101
Midland - Houston, Texas				FIGURE NO.	

SUMMARY OF ATOKA PENN GAS WELL PARAMETERS  
FOR WELLS IN AND NEARBY SECTION 14, T-18-S, R-26-E  
ATOKA PENN FIELD  
EDDY COUNTY, NEW MEXICO

OPERATOR LEASE	WELL NO	LOCATION			COMPLETION			INITIAL POTENTIAL CAOF MCPD	Ø(1-Sw)h from VOLUMETRIC LOG ANALYSES	ORIGINAL GAS-IN-PLACE		CUMULATIVE PRODUCTION 1-1-76 MMCF
		SEC	TWP	RNG	INTERVAL	FORMATION	DATE			(320 Ac) MMCF	BHP/z MMCF	
AMOCO PRODUCTION COMPANY Lee C. Gas Com	1E	22	18S	26E	9003-925	Atoka-Morrow	5-61	60,000	2.0475	6,922	8,200	7,105
	1J	22	18S	26E	9094-9116	Atoka-Morrow	1-59	21,500	2.2568	7,634	11,200	5,600
	3D	23	18S	26E	9094-9108	Atoka-Morrow	5-60	3,720	*	0	N. A.	153
CHEVRON OIL COMPANY J. H. Everest	1L	14	18S	26E	9078-9116	Atoka-Morrow	9-57	23,000	**	N. A.	14,000	5,493
	1J	15	18S	26E	8966-9018	Atoka-Morrow	7-58	43,060	4.76476	16,238	11,850	9,899
	2H	15	18S	26E	8958-8982	Atoka-Morrow	10-66	1,250	1.9825	6,704	6,580	3,714
DAVID FASKEN Rogers 10 Com	1I	10	18S	26E	8851-8922	Atoka-Morrow	8-74	10,000	1.0863	2,844	N. A.	210
FELMONT OIL CORPORATION Aaron Com	1N	11	18S	26E	8968-78	Atoka-Morrow	11-72	11,330	0.962	3,245	3,870	2,623
	2P	12	18S	26E	8926-8932	Atoka-Morrow	12-74	4,864	0.57876	1,825	N. A.	1,843
	1D	12	18S	26E	8926-9032	Atoka-Morrow	12-73	1,946	1.3860	4,675	1,830	494
MOBIL OIL CORPORATION Brainard Gas Com	1P	11	18S	26E	9046-9102	Atoka-Morrow	11-62	300	0.8250	2,768	4,500	2,562
	2B	11	18S	26E	8853-88	Atoka-Morrow	9-75	4,808	N. A.	N. A.	N. A.	0
VEGA PETROLEUM CORPORATION Jerry Nelson	1C	14	18S	26E	9032-9053	Atoka-Morrow	3-76	3,020	1.53252	4,922	N. A.	0
STANDARD OF TEXAS J. H. Everest	2F	14	18S	26E	9040-64	Atoka-Morrow	2-60	D&A	0	---	---	0

\* Log analyses calculated wet  
\*\* Logs inadequate for quantitative analyses

SIPES, WILLIAMSON & AYCOCK, INC.  
1100 GIRLS TOWER WEST MIDLAND, TEXAS 79701  
ROY C. WILLIAMSON, JR., P. E.  
J. D. MCCLAIN, P. E./cjb JULY 6, 1976

EXHIBIT NO.

SUMMARY OF WELL PARAMETER DATA  
FOR WELLS IN AND NEARBY SECTION 14, T-18-S, R-26-E  
ATOKA PENN FIELD  
EDDY COUNTY, NEW MEXICO

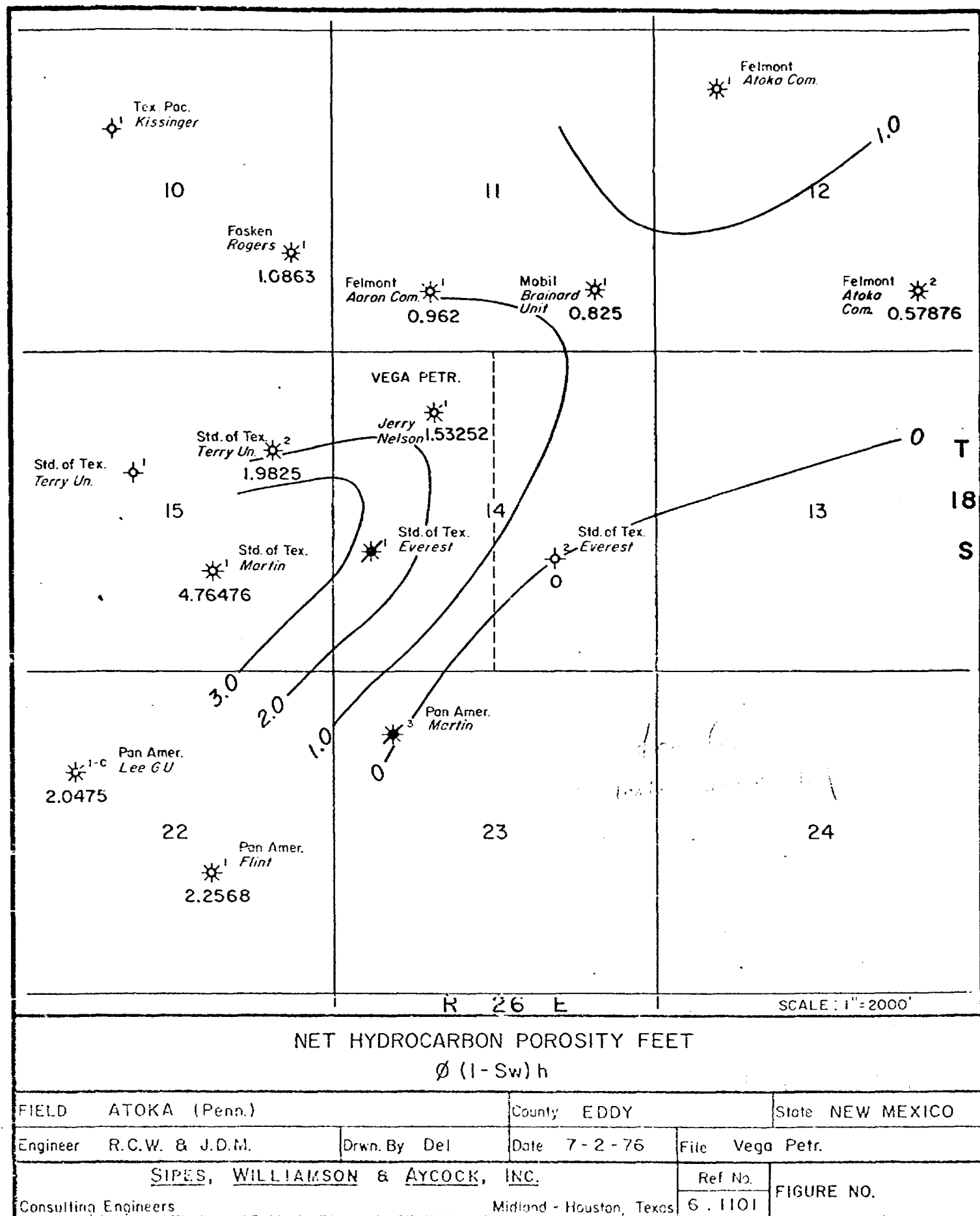
OPERATOR LEASE	WELL NO.	SEC.	TWP.	RGE.	NET PAY	AVE. Ø	AVE. Sw	Ø (1-Sw)h	TOP OF PAY
AMOCO PRODUCTION COMPANY									
Lee C Gas Com.	1E	22	18-S	26-E	21	.13	.25 (est.)	2.0475	-5643
Flint Gas Com.	1J	22	18-S	26-E	28	.13	.38	2.2568	-5761
C. R. Martin	3D	23	18-S	26-E	15	.08	1.0	-0-	-5751
CHEVRON OIL COMPANY									
J. H. Everest	1L	14	18-S	26-E	31	-	-	-	-5736
C. R. Martin	1J	15	18-S	26-E	68	.091	.23	4.76476	-5619
Paul Terry, et al	2H	15	18-S	26-E	25	.13	.39	1.9825	-5614
DAVID FASKEN									
Rogers 10 Com.	1I	10	18-S	26-E	18	.085	.29	1.0863	-5507
FELMONT OIL CORPORATION									
Aaron Com.	1N	11	18-S	26-E	10	.13	.26	0.962	-5639
Atoka Com.	2P	12	18-S	26-E	7	.106	.22	0.57876	-5630
Felmont Atoka Com.	1D	12	18-S	26-E	22	.09	.30 (est.)	1.386	-5625
MOBIL OIL CORPORATION									
Brainard Gas Com.	1P	11	18-S	26-E	25	.06	.45	0.825	-5726
Brainard Gas Com.	2B	11	18-S	26-E					
VEGA PETROLEUM CORPORATION									
Jerry Nelson	1C	14	18-S	26-E	22	.086	.19	1.53252	-5704

SIPES, WILLIAMSON & AYCOCK, INC.  
1100 GIHLS TOWER WEST MIDLAND, TEXAS 79701  
ROY C. WILLIAMSON, JR., P. E.  
J. D. McCLAIN, P. E./st

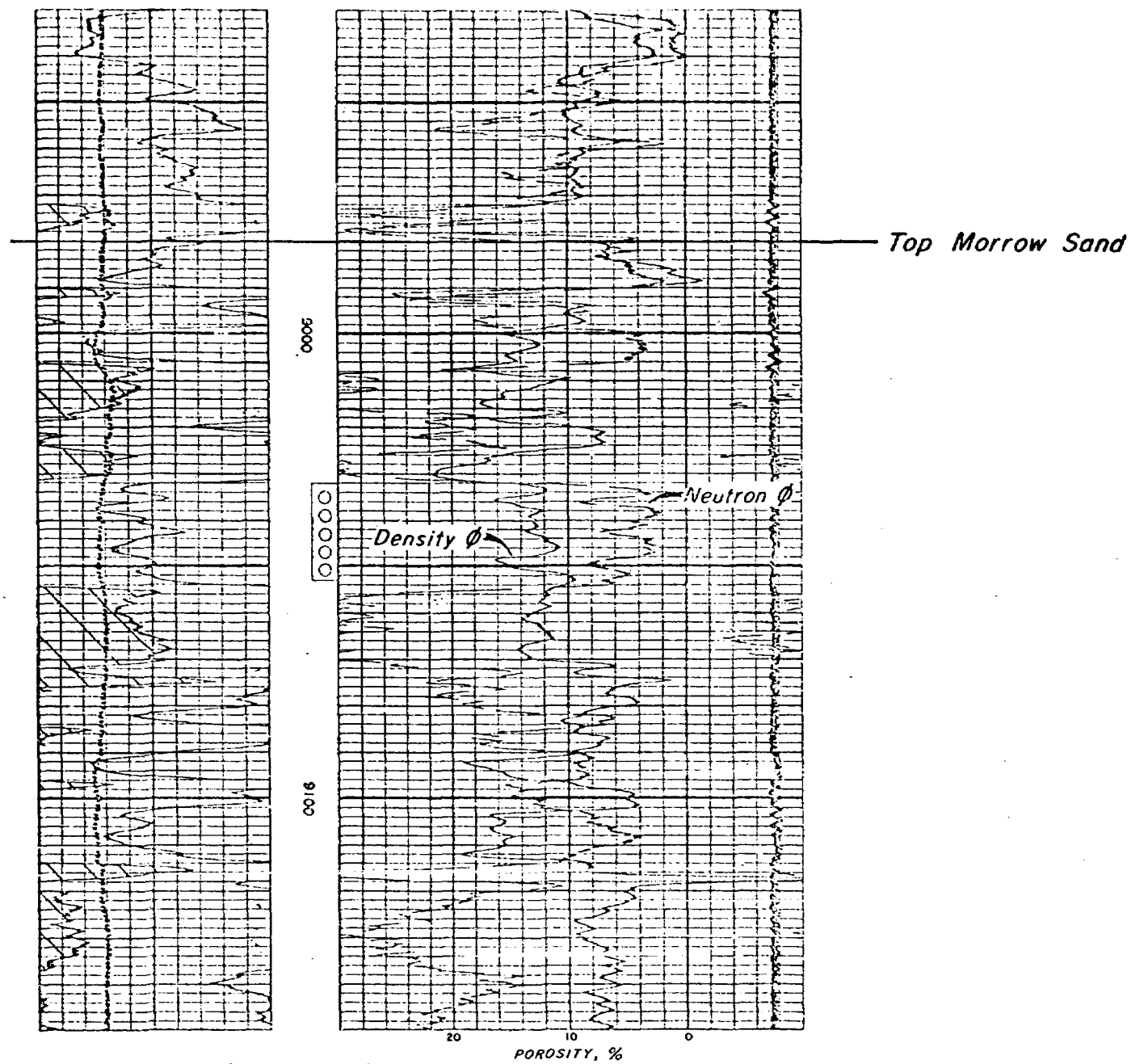
July 6, 1976

EXHIBIT NO.

EXHIBIT



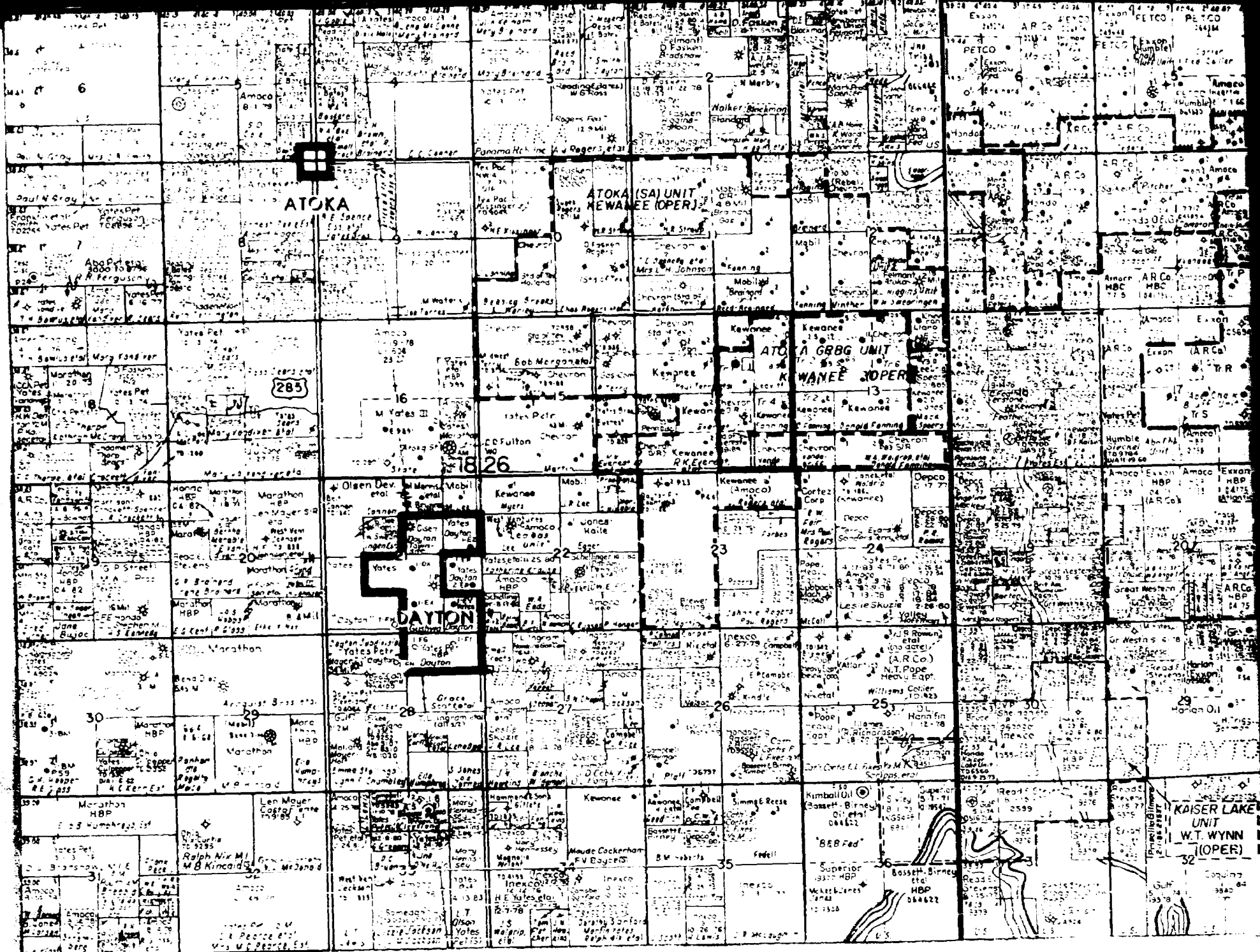
VEGA PETROLEUM CORPORATION  
JERRY NELSON - NO. 1

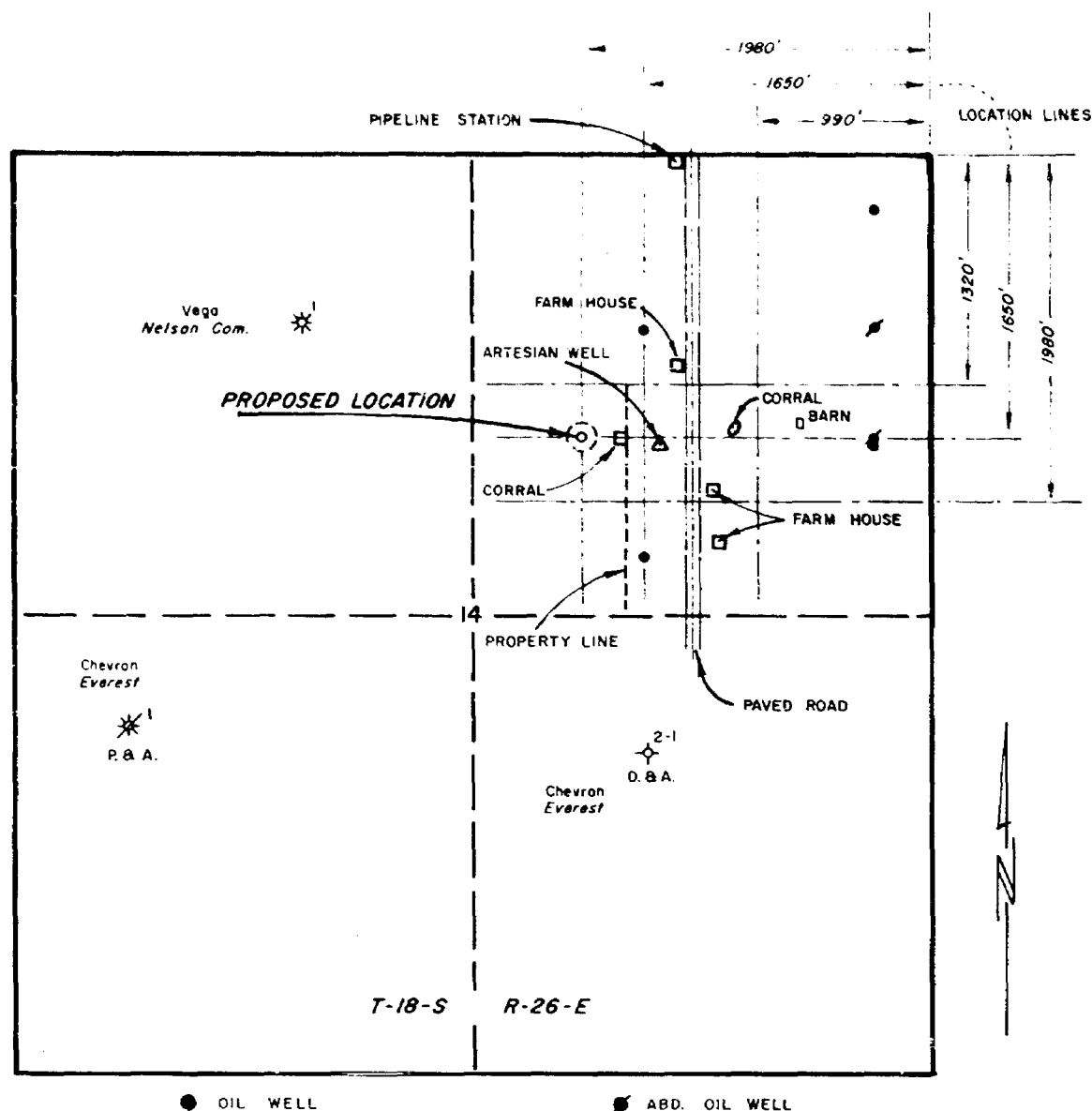


990' FNL & 1650' FWL  
SEC. 14 TWP 18-S RGE 26-E

TYPE LOG

FIELD	ATOKA (Penn.)	County	EDDY	State	NEW MEXICO
Engineer	R. C. W. & J. D. M.	Drwn. By	DeI	Date	7-2-76
				File	Vega Petr.
SIPES, WILLIAMSON & AYCOCK, INC.				Ref. No.	FIGURE NO.
Consulting Engineers				6,1101	
Midland - Houston, Texas					





PLAT OF PROPOSED WELL LOCATION

LLANO, INC.

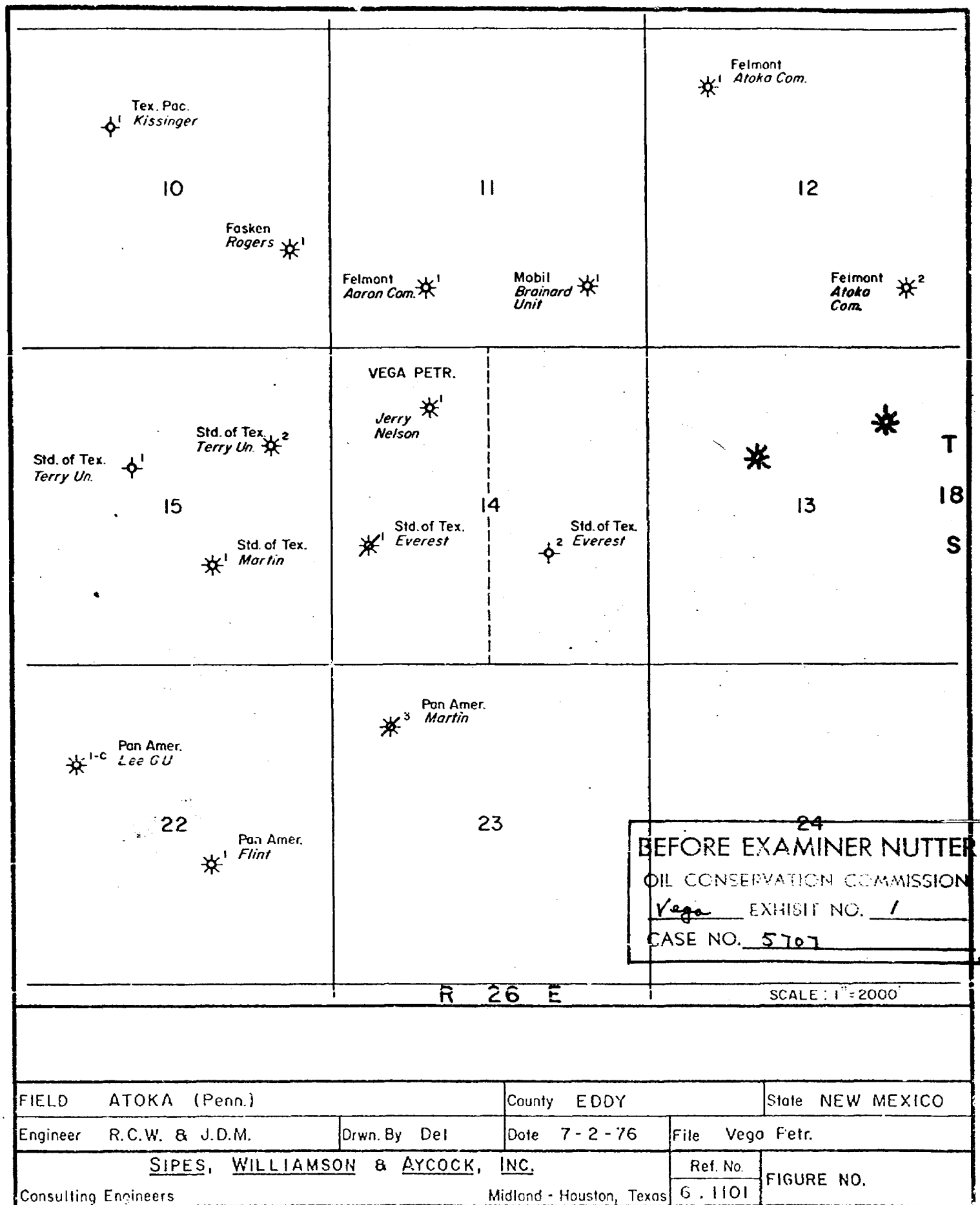
TERRY COM. No. 1

1650' FNL & 1980' FEL SEC. 14, T18S, R26E

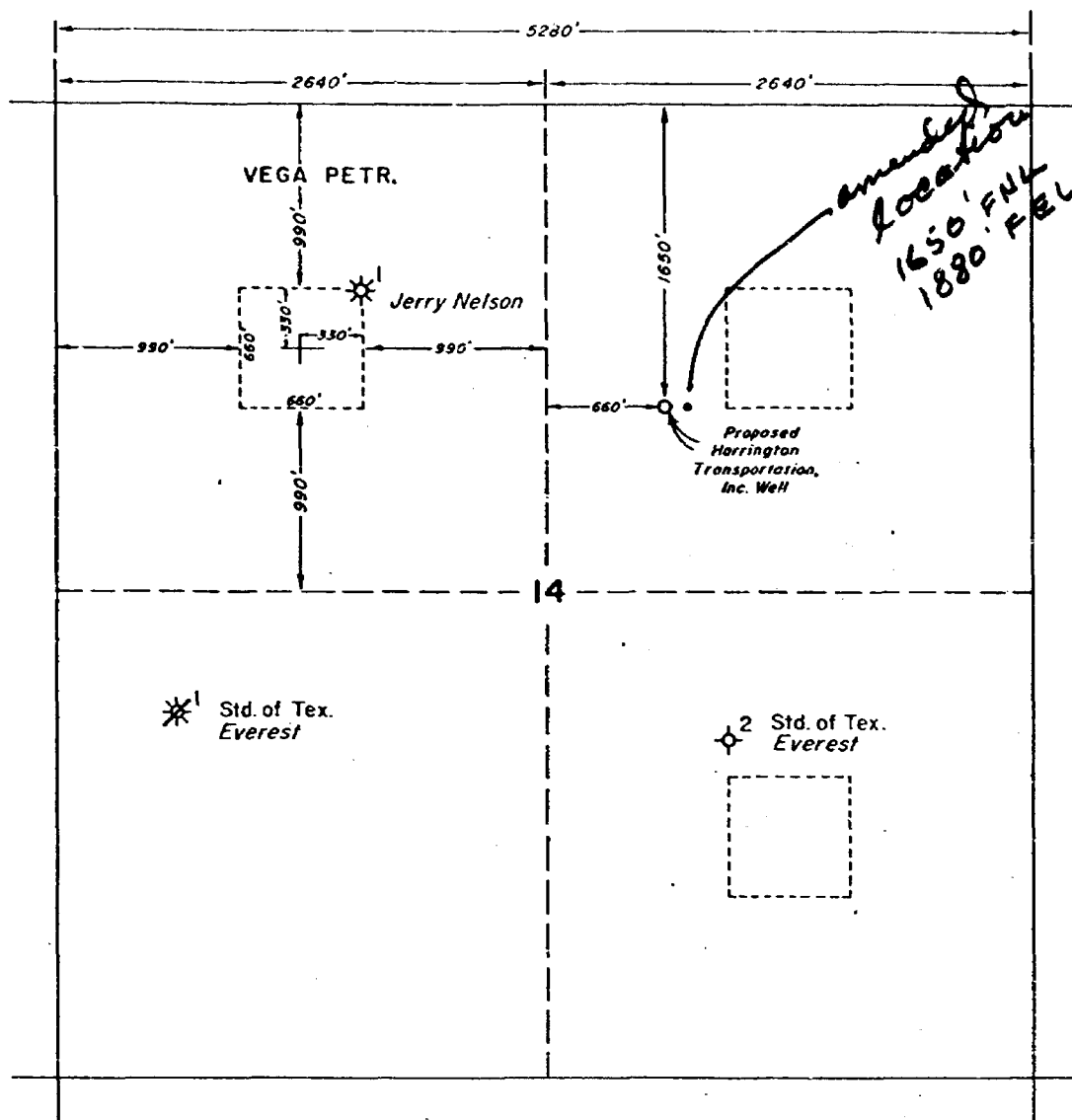
SCALE 1"=1000'

COMPILED BY S.L. COLLINS 6-7-76

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
C-111 EXHIBIT NO. 3  
CASE NO. 5707







BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
Vega EXHIBIT NO. 2  
CASE NO. 5707

# DEPICTION OF SPACING LIMITATIONS

FIELD	ATOKA (Penn.)	County	EDDY	State	NEW MEXICO
Engineer	R. C. W. & J. D. M.	Drwn. By	Del	Date	7 - 2 - 76
				File	Vega Petr.
SIPES, WILLIAMSON & AYCOCK, INC.				Ref. No.	FIGURE NO.
Consulting Engineers				Midland - Houston, Texas	G. 1101

SUMMARY OF ATOKA PENN GAS WELL PARAMETERS  
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ATOKA PENN FIELD  
EDDY COUNTY, NEW MEXICO

OPERATOR LEASE	WELL NO	LOCATION			COMPLETION			INITIAL POTENTIAL CAOF MCF/D	$\phi(1-S_w)h$ from VOLUMETRIC LOG ANALYSES	ORIGINAL GAS-IN-PLACE		CUMULATIVE PRODUCTION 1-1-76 MCF
		SEC	TWP	RNG	INTERVAL	FORMATION	DATE			(320 Ac) MCF	BHP/z MCF	
AMOCO PRODUCTION COMPANY												
Lee C. Gas Com	1E	22	18S	26E	9003-925	Atoka-Morrow	5-61	60,000	2.0475	6,922	8,200	7,105
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Paul Terry et al	2H	15	18S	26E	8958-8982	Atoka-Morrow	10-66	1,250	1.9825	6,704	6,580	3,714
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Brainard Gas Com	2B	11	18S	26E	8853-88	Atoka-Morrow	9-75	4,808	N. A.	N. A.	N. A.	0
VEGA PETROLEUM CORPORATION												
Jerry Nelson	1C	14	18S	26E	9032-9053	Atoka-Morrow	3-76	3,020	1.53252	4,922	N. A.	0
STANDARD OF TEXAS												
J. H. Everest	2F	14	18S	26E	9049-64	Atoka-Morrow	2-60	D&A	0	---	---	0

\* Log analyses calculated wet

\*\* Logs inadequate for quantitative analyses

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
Vega EXHIBIT NO. 3  
CASE NO. 8707

SIPES, WILLIAMSON & AYCOCK, INC.  
1100 GIMLS TOWER WEST MIDLAND, TEXAS 79701  
ROY C. WILLIAMSON, JR., P. E.  
J. D. McCLAIN, P. E./cjs JULY 6, 1976

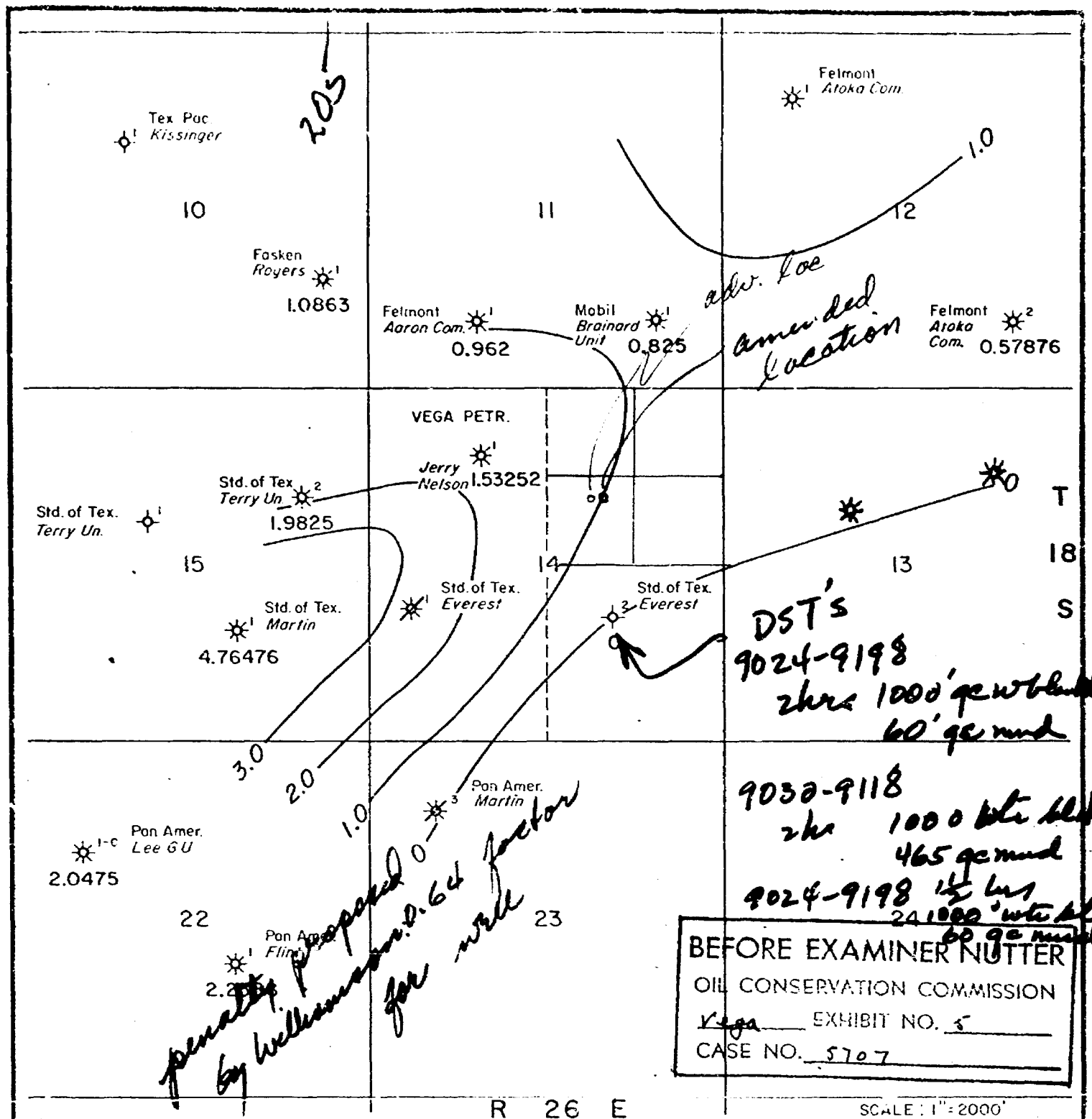
EXHIBIT NO.

SUMMARY OF WELL PARAMETER DATA  
FOR WELLS IN AND NEARBY SECTION 14, T-18-S, R-26-E  
ATOKA PENN FIELD  
EDDY COUNTY, NEW MEXICO

OPERATOR LEASE	WELL NO.	SEC.	TWP.	RGE.	NET PAY	AVE. Ø	AVE. Sw	Ø (1-Sw)h	TOP OF PAY
<b>AMOCO PRODUCTION COMPANY</b>									
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C. R. Martin	3D	23	18-S	26-E	15	.08	1.0	-0-	-5751
<b>CHEVRON OIL COMPANY</b>									
J. H. Everest	1L	14	18-S	26-E	31	-	-	-	-5736
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<b>DAVID FASKEN</b>									
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<b>MOBIL OIL CORPORATION</b>									
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Brainard Gas Com.	2B	11	18-S	26-E					
<b>VEGA PETROLEUM CORPORATION</b>									
Jerry Nelson	1C	14	18-S	26-E	22	.086	.19	1.53252	-5704

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
Vega EXHIBIT NO. 4  
CASE NO. 5727

SIPES, WILLIAMSON & AYCOCK, INC.  
1100 GHLS TOWER WEST MIDLAND, TEXAS 79701  
ROY C. WILLIAMSON, JR., P. E.  
J. D. McCLAIN, P. E./st July 6, 1976  
EXHIBIT NO.

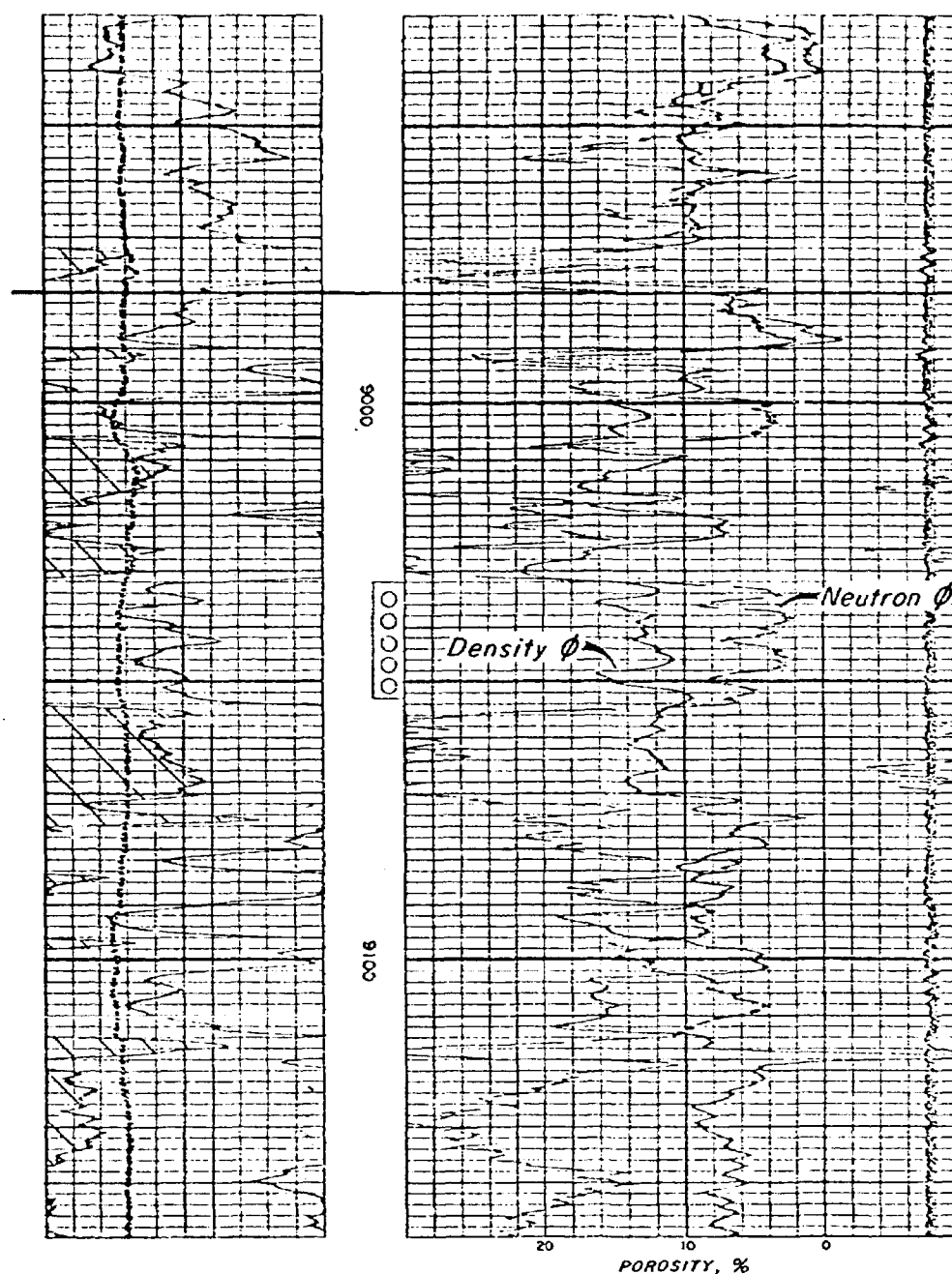


# NET HYDROCARBON POROSITY FEET

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FIELD	ATOKA (Penn.)	County	EDDY	State	NEW MEXICO
Engineer	R.C.W. & J.D.M.	Drwn. By	Del	Date	7-2-76
				File	Vega Petr.
SIPES, WILLIAMSON & AYCOCK, INC.				Ref. No.	FIGURE NO.
Consulting Engineers				6.1101	
Midland - Houston, Texas					

VEGA PETROLEUM CORPORATION  
JERRY NELSON - NO. 1



990' FNL & 1650' FWL  
SEC. 14 TWP 18-S RGE 26-E

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
Vega EXHIBIT NO. 6  
CASE NO. 5707

TYPE LOG

FIELD	ATOKA (Penn.)	County	EDDY	State	NEW MEXICO
Engineer	R. C. W. & J. D. M.	Drwn. By	De!	Date	7-2-76
SIPES, WILLIAMSON & AYCOCK, INC.				File	Vega Petr.
Consulting Engineers				Ref. No.	6.1101
Midland - Houston, Texas				FIGURE NO.	

Dockets Nos. 21-76 and 22-76 are tentatively set for hearing on August 4 and August 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 7, 1976  
9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

- CASE 5704: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard and Blinebry production in the wellbore of its H. T. Mattern (NCT-B) Well No. 16 located in Unit D of Section 31, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further seeks an administrative procedure for approval of additional commingling authority on this lease.
- CASE 5705: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard and Blinebry production in the wellbore of its H. T. Mattern (NCT-C) Wells Nos. 5 and 8, located, respectively, in Units I and A of Section 18, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further seeks an administrative procedure for approval of additional commingling authority on this lease.
- CASE 5706: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard and Blinebry production in the wellbore of its William A. Ramsay (NCT-B) Well No. 6 in Unit H of Section 25, Township 21 South, Range 36 East, Lea County, New Mexico. Applicant further seeks an administrative procedure for approval of additional commingling authority on this lease.
- CASE 5707: Application of Harrington Transportation Inc. 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 its Llano Inc. Terry Well No. 1, to be drilled at a point 1650 feet from the North line and 1980 feet from the East line of Section 14, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.
- CASE 5708: Application of Roger C. Hanks for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the approximate interval from 10,300 feet to 10,550 feet in his King Disposal Well No. 1 located in Unit C of Section 9, Township 20 South, Range 25 East, Eddy County, New Mexico.
- CASE 5709: Application of Tahoe Oil and Cattle Company for an exception to the provisions of Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to construct and operate an earthen salt water disposal pit in the NW/4 SW/4 of Section 2, Township 20 South, Range 30 East, Eddy County, New Mexico.
- CASE 5710: Application of Benson-Montin-Greer Drilling Corporation for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the two following described non-standard gas proration units in Township 32 North, Range 13 West, Ute Dome-Dakota Gas Pool, San Juan County, New Mexico:
- a 250.64-acre unit comprising the N/2 of Section 30 to be dedicated to applicant's La Plata F-30 Well No. 2, located 900 feet from the North line and 827 feet from the West line of said Section 30;
- a 250.80-acre unit comprising the S/2 of Section 30 to be dedicated to applicant's La Plata K-30 Well No. 1 located 1503 feet from the South line and 825 feet from the West line of said Section 30.
- CASE 5691: (Readvertised and Reopened)
- Application of Hanson Oil Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 990 feet from the North line and 2600 feet from the West line of Section 25, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.
- CASE 5702: Application of Cities Service Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Tubb Gas Pool and Drinkard Oil Pool production in the wellbore of its Brunson "B" Well No. 7 located in Unit N of Section 3, Township 22 South, Range 37 East, Lea County, New Mexico.

Case 5707

LAW OFFICES

HINKLE, BONDURANT, COX & EATON

TELEPHONE (505) 622-6510

CLARENCE E. HINKLE  
W. E. BONDURANT, JR. (9-4-1973)  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART D. SHANOR  
C. G. MARTIN  
PAUL J. KELLY, JR.

600 HINKLE BUILDING  
POST OFFICE BOX 10

ROSWELL, NEW MEXICO 86201

MR. ISBELL LICENSED  
IN TEXAS ONLY

MIDLAND, TEXAS OFFICE  
521 MIDLAND TOWER  
(915) 683-4891

June 10, 1976

JAMES H. BOZARTH  
RONALD G. HARRIS  
JAMES H. ISBELL  
DOUGLAS L. LUNSFORD

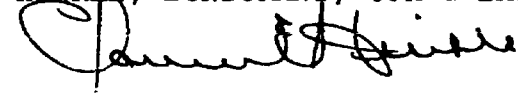
Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith, in triplicate, application of Harrington Transportation, Inc. for an unorthodox gas well location in Section 14, Township 18 South, Range 26 East, Eddy County. I have previously discussed this matter with Dan Nutter and he advised that the same would be placed on the examiner's hearing docket for July 7.

Yours very truly,

HINKLE, BONDURANT, COX & EATON



CEH:cs  
Enc.

cc: Mobil Oil Corporation  
cc: Amoco Production Company  
cc: Vega Petroleum Corp.  
cc: Kewanee Oil Company  
cc: Harrington Transportation, Inc.  
c/o Ralph D. Johnson

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF HARRINGTON TRANSPORTATION, INC. FOR AN UNORTHODOX GAS WELL LOCATION EDDY COUNTY, NEW MEXICO. APPLICANT SEEKS AN EXCEPTION TO THE ATOKA-PENNSYLVANIAN GAS POOL RULES FOR THE DRILLING OF A GAS WELL PROJECTED TO TEST THE PENNSYLVANIAN FORMATION TO BE KNOWN AS THE LLANO, INC. NO. 1 TERRY TO BE LOCATED 1650 FEET FROM THE NORTH LINE AND 1980 FEET FROM THE EAST LINE OF SECTION 14, TOWNSHIP 18 SOUTH, RANGE 26 EAST AND THE DEDICATION TO SAID WELL OF THE E½ OF SAID SECTION 14.

---

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

Comes Harrington Transportation, Inc., acting by and through the undersigned attorneys, and hereby makes application for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an exception to the Atoka-Pennsylvanian Gas Pool rules for the drilling of a gas well projected to test the Pennsylvanian formation to be known as the Llano, Inc. No. 1 Terry to be located 1650 feet from the north line and 1980 feet from the east line of Section 14, Township 18 South, Range 26 East and the dedication to said well of the E½ of said Section 14, and in support thereof respectfully shows:

1. There is attached hereto as Exhibit "A" a plat showing the proposed well location in the E½ Section 14, Township 18 South, Range 26 East, Eddy County, to be dedicated thereto. The plat also shows the ownership of all leasehold interests within an area of 2 miles from the well and drilling unit. The test well will be projected to test all formations down to and including the Morrow formation of Pennsylvanian age.

2. Special pool rules adopted for the Atoka-Pennsylvanian Pool provide that each well shall be located in either the NW¼ or the SE¼ of the section and shall not be located nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter quarter section line.



3. Because of the available geological information, applicant believes that the proposed location will stand a better chance of obtaining production, with a higher potential, than if located at a standard location provided by said pool rules.

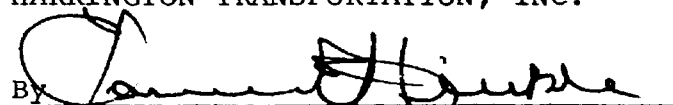
4. There is attached hereto as Exhibit "B" copy of the names and addresses of all the owners of offset oil and gas leases to whom copies of this application are being mailed.

5. Applicant believes that the approval of this application will be in the interest of conservation, the prevention of waste and the protection of correlative rights.

6. Applicant requests that this matter be included on the examiner's docket for July 7, 1976.

Respectfully submitted,

HARRINGTON TRANSPORTATION, INC.

BY 

HINKLE, BONDURANT, COX & EATON  
P.O. Box 10  
Roswell, New Mexico 88201  
Attorneys for Applicant



EXHIBIT "B"

Mobil Oil Corporation  
Box 633  
Midland, Texas 79701

Attention: Production Manager

Amoco Production Company  
Box 3092  
Houston, Texas 77001

Attention: Production Manager

Vega Petroleum Corp.  
502 W. Ohio  
Midland, Texas 79701

Attention: Production Manager

Kewanee Oil Company  
Box 3786  
Odessa, Texas 79760

Attention: Mr. E. F. Strickland

Case 5707

## BEFORE THE OIL CONSERVATION COMMISSION

## STATE OF NEW MEXICO

APPLICATION OF HARRINGTON TRANSPORTATION, INC. FOR AN UNORTHODOX GAS WELL LOCATION EDDY COUNTY, NEW MEXICO. APPLICANT SEEKS AN EXCEPTION TO THE ATOKA-PENNSYLVANIAN GAS POOL RULES FOR THE DRILLING OF A GAS WELL PROJECTED TO TEST THE PENNSYLVANIAN FORMATION TO BE KNOWN AS THE LLANO, INC. NO. 1 TERRY TO BE LOCATED 1650 FEET FROM THE NORTH LINE AND 1980 FEET FROM THE EAST LINE OF SECTION 14, TOWNSHIP 18 SOUTH, RANGE 26 EAST AND THE DEDICATION TO SAID WELL OF THE E $\frac{1}{2}$  OF SAID SECTION 14.

---

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

Comes Harrington Transportation, Inc., acting by and through the undersigned attorneys, and hereby makes application for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an exception to the Atoka-Pennsylvanian Gas Pool rules for the drilling of a gas well projected to test the Pennsylvanian formation to be known as the Llano, Inc. No. 1 Terry to be located 1650 feet from the north line and 1980 feet from the east line of Section 14, Township 18 South, Range 26 East and the dedication to said well of the E $\frac{1}{2}$  of said Section 14, and in support thereof respectfully shows:

1. There is attached hereto as Exhibit "A" a plat showing the proposed well location in the E $\frac{1}{2}$  Section 14, Township 18 South, Range 26 East, Eddy County, to be dedicated thereto. The plat also shows the ownership of all leasehold interests within an area of 2 miles from the well and drilling unit. The test well will be projected to test all formations down to and including the Morrow formation of Pennsylvanian age.

2. Special pool rules adopted for the Atoka-Pennsylvanian Pool provide that each well shall be located in either the NW $\frac{1}{4}$  or the SE $\frac{1}{4}$  of the section and shall not be located nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter quarter section line.

3. Because of the available geological information, applicant believes that the proposed location will stand a better chance of obtaining production, with a higher potential, than if located at a standard location provided by said pool rules.

4. There is attached hereto as Exhibit "B" copy of the names and addresses of all the owners of offset oil and gas leases to whom copies of this application are being mailed.

5. Applicant believes that the approval of this application will be in the interest of conservation, the prevention of waste and the protection of correlative rights.

6. Applicant requests that this matter be included on the examiner's docket for July 7, 1976.

Respectfully submitted,

HARRINGTON TRANSPORTATION, INC.

By 

HINKLE, BONDURANT, COX & EATON

P.O. Box 10

Roswell, New Mexico 88201

Attorneys for Applicant

[illegible]

EXHIBIT "B"

Mobil Oil Corporation  
Box 633  
Midland, Texas 79701

Attention: Production Manager

Amoco Production Company  
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Houston, Texas 77001

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Case 5707

## BEFORE THE OIL CONSERVATION COMMISSION

## STATE OF NEW MEXICO

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---

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

Comes Harrington Transportation, Inc., acting by and through the undersigned attorneys, and hereby makes application for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an exception to the Atoka-Pennsylvanian Gas Pool rules for the drilling of a gas well projected to test the Pennsylvanian formation to be known as the Llano, Inc. No. 1 Terry to be located 1650 feet from the north line and 1980 feet from the east line of Section 14, Township 18 South, Range 26 East and the dedication to said well of the E $\frac{1}{2}$  of said Section 14, and in support thereof respectfully shows:

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6. Applicant requests that this matter be included on the examiner's docket for July 7, 1976.

Respectfully submitted,

HARRINGTON TRANSPORTATION, INC.

By 

HINKLE, BONDURANT, COX & EATON  
P.O. Box 10  
Roswell, New Mexico 88201  
Attorneys for Applicant

This is a detailed land ownership map of the Dayton, Ohio area. The map is divided into a grid of small parcels, each labeled with the owner's name, the acreage of the parcel, and other relevant information. The map includes major roads such as US-28 and US-42, and is surrounded by other maps of the region. The map is oriented with North at the top.

**Map Labels and Details:**

- Parcel Labels:** Many parcels are labeled with owner names and acreage. Examples include:
  - Parcel 1: 1.00 Acre, Owner: J. H. Smith
  - Parcel 2: 0.50 Acre, Owner: J. H. Smith
  - Parcel 3: 0.25 Acre, Owner: J. H. Smith
  - Parcel 4: 0.125 Acre, Owner: J. H. Smith
  - Parcel 5: 0.0625 Acre, Owner: J. H. Smith
  - Parcel 6: 0.03125 Acre, Owner: J. H. Smith
  - Parcel 7: 0.015625 Acre, Owner: J. H. Smith
  - Parcel 8: 0.0078125 Acre, Owner: J. H. Smith
  - Parcel 9: 0.00390625 Acre, Owner: J. H. Smith
  - Parcel 10: 0.001953125 Acre, Owner: J. H. Smith
  - Parcel 11: 0.0009765625 Acre, Owner: J. H. Smith
  - Parcel 12: 0.00048828125 Acre, Owner: J. H. Smith
  - Parcel 13: 0.000244140625 Acre, Owner: J. H. Smith
  - Parcel 14: 0.0001220703125 Acre, Owner: J. H. Smith
  - Parcel 15: 0.00006103515625 Acre, Owner: J. H. Smith
  - Parcel 16: 0.000030517578125 Acre, Owner: J. H. Smith
  - Parcel 17: 0.0000152587890625 Acre, Owner: J. H. Smith
  - Parcel 18: 0.00000762939453125 Acre, Owner: J. H. Smith
  - Parcel 19: 0.000003814697265625 Acre, Owner: J. H. Smith
  - Parcel 20: 0.0000019073486328125 Acre, Owner: J. H. Smith
  - Parcel 21: 0.00000095367431640625 Acre, Owner: J. H. Smith
  - Parcel 22: 0.000000476837158203125 Acre, Owner: J. H. Smith
  - Parcel 23: 0.0000002384185791015625 Acre, Owner: J. H. Smith
  - Parcel 24: 0.00000011920928955078125 Acre, Owner: J. H. Smith
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  - Parcel 26: 0.0000000298023223876953125 Acre, Owner: J. H. Smith
  - Parcel 27: 0.00000001490116119384765625 Acre, Owner: J. H. Smith
  - Parcel 28: 0.000000007450580596923828125 Acre, Owner: J. H. Smith
  - Parcel 29: 0.0000000037252902984619140625 Acre, Owner: J. H. Smith
  - Parcel 30: 0.00000000186264514923095703125 Acre, Owner: J. H. Smith
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  - Parcel 32: 0.0000000004656612873077392578125 Acre, Owner: J. H. Smith
  - Parcel 33: 0.00000000023283064365386962890625 Acre, Owner: J. H. Smith
  - Parcel 34: 0.000000000116415321826934814453125 Acre, Owner: J. H. Smith
  - Parcel 35: 0.0000000000582076609134674072265625 Acre, Owner: J. H. Smith
  - Parcel 36: 0.00000000002910383045673370361328125 Acre, Owner: J. H. Smith
  - Parcel 37: 0.000000000014551915228366851806640625 Acre, Owner: J. H. Smith
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  - Parcel 39: 0.00000000000363797880709171295166015625 Acre, Owner: J. H. Smith
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  - Parcel 41: 0.0000000000009094947017729282379150390625 Acre, Owner: J. H. Smith
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  - Parcel 62: 0.0000000000000000004336808689941521824409440111089375 Acre, Owner: J. H. Smith
  - Parcel 63: 0.00000000000000000021684043449707609122047200555446875 Acre, Owner: J. H. Smith
  - Parcel 64: 0.000000000000000000108420217248538045610236002777234375 Acre, Owner: J. H. Smith
  - Parcel 65: 0.0000000000000000000542101086242690228051180013886171875 Acre, Owner: J. H. Smith
  - Parcel 66: 0.0000000000000000000271050543121345114025590006943089375 Acre, Owner: J. H. Smith
  - Parcel 67: 0.00000000000000000001355252715606725570127950034715446875 Acre, Owner: J. H. Smith
  - Parcel 68: 0.000000000000000000006776263578033627850639750173577234375 Acre, Owner: J. H. Smith
  - Parcel 69: 0.0000000000000000000033881317890168139253198750086886171875 Acre, Owner: J. H. Smith
  - Parcel 70: 0.0000000000000000000016940658945084069626

EXHIBIT "B"

Mobil Oil Corporation  
Box 633  
Midland, Texas 79701

Attention: Production Manager

Amoco Production Company  
Box 3092  
Houston, Texas 77001

Attention: Production Manager

Vega Petroleum Corp.  
502 W. Ohio  
Midland, Texas 79701

Attention: Production Manager

Kewanee Oil Company  
Box 3786  
Odessa, Texas 79760

Attention: Mr. E. F. Strickland

Case 5707

Clarence Hinkle Rowell 622-6510

Appl of Harrington Transportation  
Inc. for an unorthodox gas well  
location, Eddy County, New Mexico.

Applicant, in the above-styled cause,  
seeks approval for the unorthodox  
gas well ~~of~~ location of its Leno Inc.  
Terry Well No. 1, to be drilled at  
a point 1650 feet from the North line  
and 1980 feet from the East line  
of Section 14, Township 18 South,  
Range 26 East, Atoka-Pennsylvanian  
Gas Pool, Eddy County, New Mexico.

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. 5707

Order No. R- 5238

APPLICATION OF HARRINGTON TRANSPORTATION INC.  
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 July 7, 1976,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 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, Harrington Transportation Inc., seeks  
for its Llano Inc. Terry Well No. 1 to be drilled  
approval of an unorthodox gas well location/ 1650 feet from the North  
line and 1230 feet from the East line of Section 14, Township  
18 South, Range 26 East, NMPM, to test the  
Pennsylvanian formation, Atoka-Pennsylvanian Gas Pool,  
Eddy County, New Mexico.

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

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

(6) ~~That no offset operator objected to the proposed unorthodox~~  
~~location.~~ That it is reasonable to assume that certain  
acreage in the  $5/2$  of said proration unit is not  
productive of gas from the Atoka-Pennsylvanian  
Gas Pool.

(7) That in order to offset any advantage  
that applicant may gain over other operators in  
the Atoka-Pennsylvanian Gas Pool by reason of  
the proposed unorthodox well location, and to  
protect correlative rights and prevent waste, a  
reasonable penalty should be imposed upon any well  
drilled at the proposed location.

(4) That all parties to the hearing agreed to the amendment of the application  
to provide for the location of the well to be 1650 feet from the North line  
and 1880 feet from the East line of said Section 14 rather than 1650 feet  
from the North line and 1980 feet from the East line as originally proposed, in  
order to minimize surface damage in a cultivated field.

(8) That an acreage factor of 0.64 for allowable purposes would provide such a reasonable penalty and should be imposed.

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Case No. \_\_\_\_\_

Order No. R- \_\_\_\_\_

*subject to the above acreage factor*

(9) 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:

*authorized an* unorthodox gas well location for the Pennsylvanian formation for its Llano Inc. Terry Well No. 1 to be drilled ~~a well to be located~~ at a point 1650 feet from the North line and 1880 feet from the East line of Section 14, Township 18 South, Range 26 East NMPM, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

(2) That the E/2 of said Section 14 shall be dedicated to the above-described well.

(4) 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.

(1) That *Harrington Transportation Inc. is hereby*

(3) That an acreage factor of 0.64 for allowable purposes in the Atoka-Pennsylvanian Gas Pool shall be assigned to said well upon completion in said pool.

# Mobil Oil Corporation

July 7, 1976

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

Attn: Mr. Dan Nutter

APPLICATION OF HARRINGTON  
TRANSPORTATION, INC., FOR  
UNORTHODOX GAS WELL LOCATION  
TO BE KNOWN AS THE LLANO,  
INC. NO. 1 TERRY, ATOKA-  
PENNSYLVANIAN GAS POOL,  
EDDY COUNTY, NEW MEXICO

*File  
Case No. 5707*

Gentlemen:

Mobil Oil Corporation was called by Mr. Wendal Welch, landowner of the subject surface this date. Mr. Welch was anxious to have the location moved 100 feet east of the site applied for and docketed for hearing this date.

This is to confirm our conversation with Mr. Stamets that Mobil Oil Corporation has no objection to the Commission approving a location which we understand to be spaced as follows:

1650' from the north line and  
1880' from the east line of  
Sec. 14, T18S, R26E  
Eddy County, New Mexico

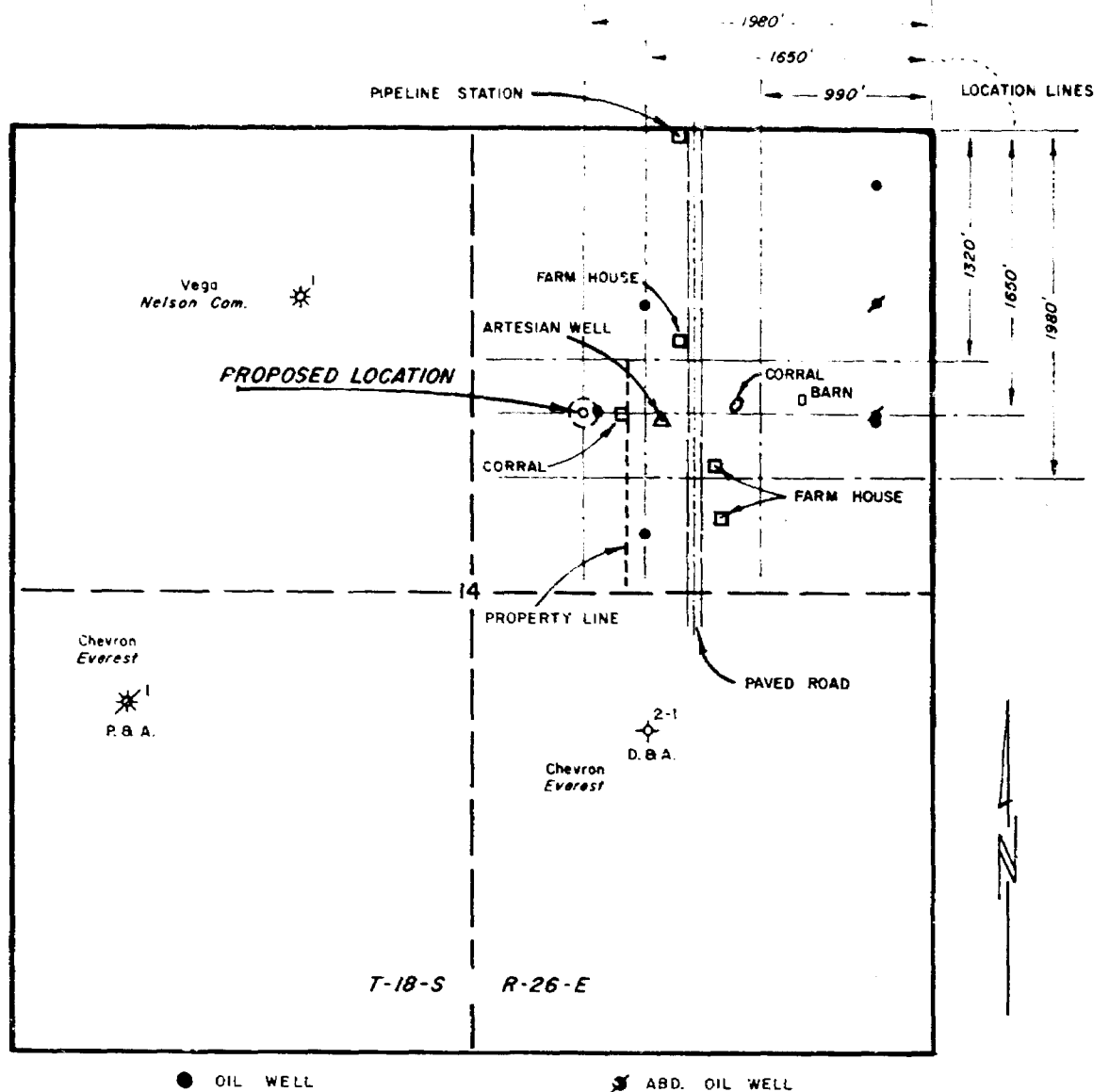
Yours very truly,



J. A. Morris  
Regulatory Engineering Supervisor

JAMorris/amb

cc: Hinkle, Bondurant, Cox & Eaton



PLAT OF PROPOSED WELL LOCATION

LLANO, INC.

TERRY COM. No. 1

1650' FNL & 1980' FEL SEC. 14, T18 S, R26 E

SCALE 1"=1000'

COMPILED BY S.L. COLLINS 6-7-76

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
CHS	EXHIBIT NO. 3
CASE NO. 5707	