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- asc number

4076

Application  
Transcripts.

Small Exhibits

ETC.



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. 4076  
Order No. R-3710  
NOMENCLATURE

APPLICATION OF AMERICAN TRADING AND  
PRODUCTION CORPORATION FOR THE CREATION  
OF A NEW POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 5, 1969,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of March, 1969, 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, American Trading and Production  
Corporation, seeks the creation of a new gas pool for Morrow  
production in Lea County, New Mexico.

(3) That the American Trading and Production Corporation  
Southeast Lea Unit Well No. 2, located in Unit L of Section 25,  
Township 20 South, Range 35 East, NMPM, Lea County, New Mexico,  
having its top Morrow perforations at 12,856 feet, has discovered  
a separate common source of supply which should be designated the  
West Osudo-Morrow Gas Pool; that the vertical limits of said  
pool should be the Morrow formation as found in the interval from  
12,827 feet to 13,680 feet on the log of the aforesaid Southeast

-2-

CASE No. 4076  
Order No. R-3710

Lea Unit Well No. 2; and that the horizontal limits of said pool should comprise the following-described area:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 25: W/2

Section 26: E/2

(4) That the aforesaid discovery well was drilled as a Devonian test at a standard location for said formation but has subsequently been dually completed as a Wolfcamp gas well and as a Morrow gas well.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated the West Osudo-Morrow Gas Pool, with vertical limits comprising the Morrow formation as found in the interval from 12,827 feet to 13,680 feet on the log of the discovery well, American Trading and Production Corporation's Southeast Lea Unit Well No. 2, located in Unit L of Section 25, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the following-described area:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 25: W/2

Section 26: E/2

(2) That the locations of all wells presently drilling to or completed in the West Osudo-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to nor within the limits of another Morrow pool, are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1969.

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

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CASE No. 4076

Order No. R-3710

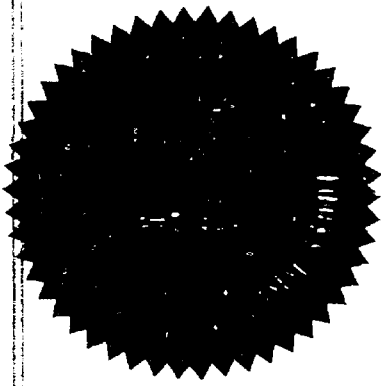
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
DAVID F. CARGO, Chairman

  
ALEX J. ARMIJO, Member

  
A. L. PORTER, Jr., Member & Secretary



esr/

Hold from

Top

by

Measured from

John

Top 12,827'

Btm 13,680'

(from John

on 3/17/69)

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 5, 1969

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or  
Elvis A. Utz, Alternate Examiner:

- CASE 4071: Application of T. J. Sivley for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete his Federal Silver Well No. 4 located in the SW/4 SE/4 of Section 28, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool, in such a manner as to permit production of oil from the Yates-Seven Rivers formations and the disposal of produced salt water into the Lower Seven Rivers formation.
- CASE 4072: Application of Pennzoil United, Inc., for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Mobil "12" Federal Well No. 1 located in Unit B of Section 12, Township 23 South, Range 26 East, Eddy County, New Mexico, in such a manner as to permit the production of gas from an undesignated Atoka gas pool and gas from an undesignated Morrow gas pool through parallel strings of tubing.
- CASE 4073: Application of Standard Oil Company of Texas for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Continental State Well No. 1 located in Unit B of Section 5, Township 24 South, Range 38 East, Stateline-Ellenburger Pool, Lea County, New Mexico, in such a manner as to permit production of oil from the Ellenburger formation through tubing and the disposal of produced salt water into the Queen, San Andres, Glorieta, Tubk, Drinkard, and Mississippian formation through the casing-casing annulus in the open-hole interval from 4105 feet to 8980 feet.
- CASE 4067: (Continued from the February 26, 1969 Examiner Hearing)
- Application of Benson-Montin-Greer Drilling Corporation for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the La Plata-Gallup Pool, San Juan County, New Mexico, including a provision for 160-acre spacing and proration units. Applicant further requests that said special rules provide that the unit allowable for a 160-acre unit in said pool be allocated on the basis of four times the normal unit allowable for Northwest New Mexico, and that no credit be given for depth factors. Applicant further requests that said special rules be limited in their application to the exterior boundaries of the La Plata-Mancos Unit Area.



- CASE 4074: Application of Benson-Montin-Greer Drilling Corporation for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Gallup formation in its La Plata Mancos Unit Well No. 1 located in Unit P of Section 31, Township 32 North, Range 13 West, and by the injection of gas into said Gallup formation in its La Plata Mancos Unit Well No. 4 located in Unit N of said Section 31, La Plata-Gallup Pool, San Juan County, New Mexico. Applicant, further seeks the promulgation of special rules governing the operation of said project.
- CASE 4075: Application of Benson-Montin-Greer Drilling Corporation for amendment of the La Plata Mancos Unit Agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend the form of the La Plata Mancos Unit Agreement, San Juan County, New Mexico, with respect to Sections 11 and 12 of said unit agreement, to permit inclusion in the participating area of any and all lands necessary for unit operations.
- CASE 4076: Application of American Trading and Production Corporation for the creation of a new pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Morrow gas pool for its Southeast Lea Unit Well No. 2 located in Unit L of Section 25, Township 20 South, Range 35 East, Lea County, New Mexico.
- CASE 4065: Application of Humble Oil & Refining Company for the creation of a new oil pool, assignment of discovery allowable, and the promulgation of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to have its New Mexico State "S" Water Source Well No. 4 (CF-427), located at an unorthodox oil well location 650 feet from the West line and 175 feet from the South line of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico, reclassified as an oil well for the production of oil from the San Andres formation. Applicant further seeks the creation of a new San Andres oil pool for said well and the assignment of an oil discovery allowable of approximately 21,190 barrels to said well. Applicant further seeks the promulgation of special rules for said pool, including a provision for 80-acre proration units.

660 F.W. ✓  
1830 F.W. ✓

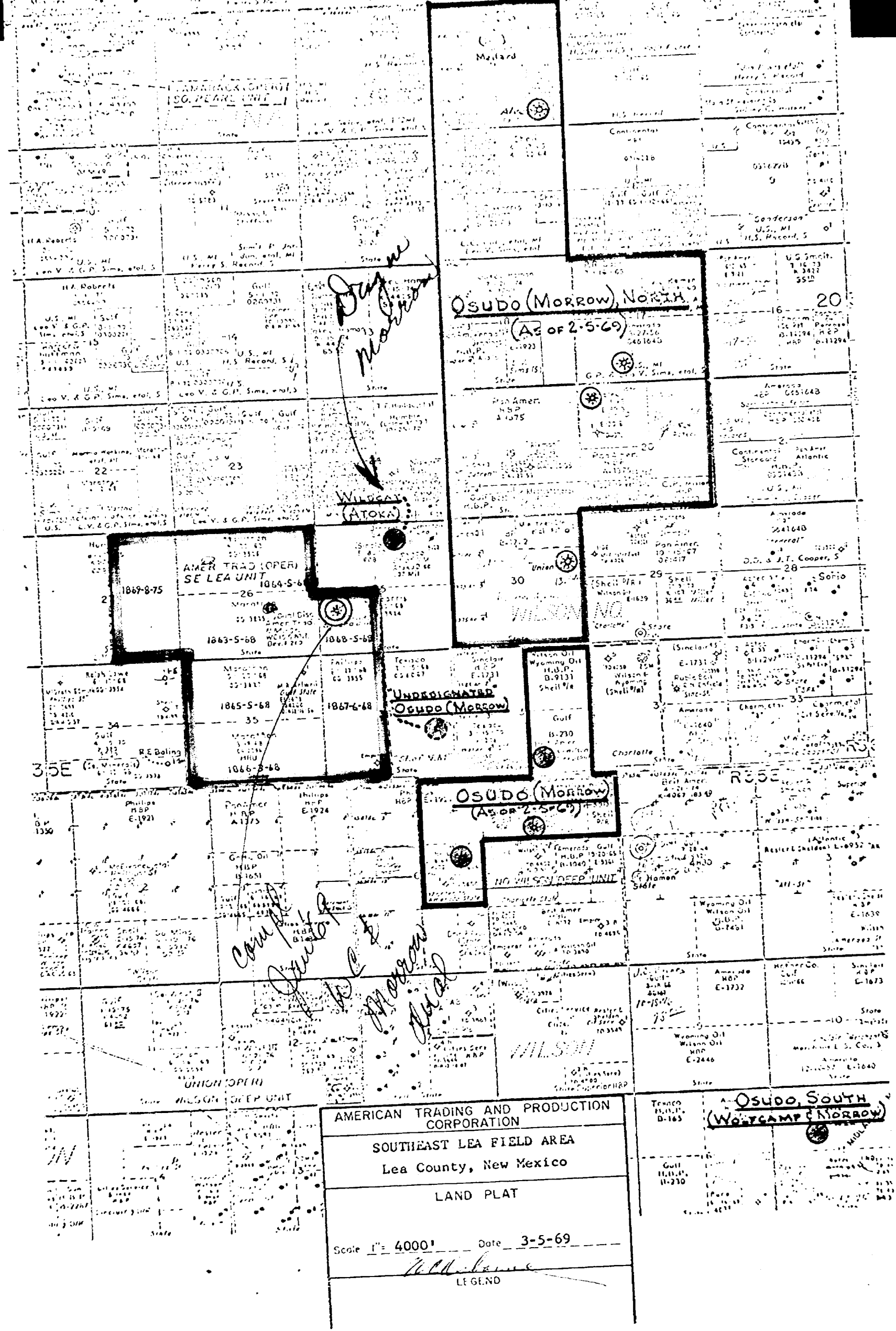
Examiner Hearing - March 5, 1969

Docket No. 7-69

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CASE 4066: (Continued from the February 26, 1969 Examiner Hearing)

Application of Humble Oil & Refining Company for the consolidation of two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of two existing non-standard 320-acre gas proration units into one standard 640-acre unit comprising all of Section 26, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its New Mexico State "G" Wells Nos. 2 and 4 located in Units P and G, respectively, of said Section 26. Applicant further seeks authority to produce the allowable assigned to said unit from either of said wells in proportion.



dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 5, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of American Trading  
and Production Corporation for  
the creation of a new pool, Lea  
County, New Mexico.

Case No. 4076

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: We will call next Case 4076.

MR. HATCH: Case 4076. Application of American Trading and Production Corporation for the creation of a new pool, Lea County, New Mexico.

(Witness sworn.)

(Whereupon, Applicant's Exhibits 1 through 3 were marked for identification.)

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant and Christy, appearing on behalf of American Trading and Production Company.

W. C. OSBORNE

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence and by whom you are employed.

A W. C. Osborne. I live in Midland, Texas. I am employed by American Trading and Production Corporation.

Q What is your position with the company?

A Exploration Manager.

Q Have you previously testified before the Oil Conservation Commission.

A Yes, I have.

Q Are your qualifications as a petroleum geologist a matter of record with the Commission?

A Yes, sir.

Q Are you familiar with the application of American Trading in this case?

A Yes, I am.

Q What is American Trading seeking to accomplish?

A The creation of a new pool for our Morrow gas discovery in the Southeast Lea Unit.

Q Have you prepared, or has there been prepared under your direction, certain exhibits for introduction in this case?

A Yes, sir.

Q Refer to Exhibit 1 and explain to the Examiner what this is and what it shows.

A Exhibit 1 is a land plat of the area around the Southeast Lea Unit showing the various Morrow gas producers and the fields that they are situated in. To the northeast is the Osudo-Morrow North Field in which there are four gas wells, to the south of that, that's shown by orange lines, to the south of that in green is the Osudo-Morrow Field, three gas wells on 320-acre spacing, and farther on to the south

there's one well in the Osudo-South Wolfcamp and Morrow Field. Then situated between the Osudo-Morrow North Field and the Southeast Lea Unit there is a wildcat that was dry in the Morrow and completed as a gas well from the Atoka.

South of that particular well, in blue, is an undesignated Osudo-Morrow gas well. The Southeast Lea Unit lies to the west of these areas.

Q The boundaries of the Southeast Lea Unit are in yellow?

A Yes, sir.

Q The boundaries of the Osudo-Morrow North Field are indicated in orange?

A Yes, sir.

Q And the Osudo South in green?

A Correct.

Q Is American Trading the unit operator of the Southeast Lea Unit?

A Yes, sir, we are.

Q Where is your Number 2 well located?

A The Number 2 well is in the Northwest of the Southwest Quarter of Section 25.

Q That is shown by the double circle on the plat?

A Yes, sir, it is.

Q When was this well completed?

A It was completed in January of 1969.

Q Is it a dual completion?

A Yes, sir, it is completed from the Wolfcamp and the Morrow.

Q Has the dual completion heretofore been approved by the Commission?

A It has, yes, sir.

Q Does the Exhibit Number 1 show all of the wells which have been drilled to the Morrow formation in this area?

A Yes, sir. All wells are shown.

Q Now, refer to Exhibit Number 2 and explain what this is and what it shows.

A Exhibit 2 is a subsurface structure map of the area contoured on the top of the Morrow sand. It shows all the wells completed from the Morrow there as well as other wells producing in the area there from the Wolfcamp and down. The Wolfcamp wells, two of them, the Number 1 and 2 in the Southeast Lea Unit, are shown by blue; the Atoka by green in Section 25; all of the Morrow wells in yellow; and the lone Devonian well in purple. It shows the wells east of the Lea Unit as being situated on the central basin platform and all of them are from 1500 to 1600 feet higher structurally than the



Number 2 Southeast Lea Unit Morrow well.

Q From what information was this structure map prepared?

A From electrical logs.

Q And it's all contoured on top of the Morrow?

A Yes, sir.

Q Do you have any further comments with respect to Exhibit Number 2?

A I might point out that the well in the Northwest of the Northeast of Section 25, shown colored in green, is the lone Atoka producer, the Texaco Number 1 "DB" State. This well was drilled to the Morrow, cut three cores in the Morrow and found it non-productive, plugged back to the Atoka and cemented as a gas well from the Atoka, so that it serves as a dry hole between the North Osudo-Morrow Field and the Southeast Lea Unit Number 2.

Q What is the red line connecting the various wells?

A The red line is a line of cross section which we prepared starting in the Northeast with the Hamon Amerada Federal and continuing through the Hamon State E-8913, the Hamon Union State No. 1, the Texaco No. 1 "DB", the American Trading No. 2, No. 1, and finally the Pennzoil No. 1 Lowe State.

Q Is this portrayed on the cross section which is the

next exhibit?

A Yes, sir, it is.

Q Refer to Exhibit 3 and explain it to the Examiner.

A We are going to need about four tables for this one.

This cross section illustrates the subsurface structure of the area as shown by the red line on Exhibit 2, beginning at the Northeast with the Hamon No. 1 Amerada Federal, continuing to the Southwest to the Pennzoil Lowe State off of the central basin platform immediately west of the Texaco No. 1 "DB" State through the Southeast Lea Field and off to the west side where the Pennzoil No. 1 State Lowe dry hole is situated.

It shows quite dramatically how much higher the producers are to the east of us, the fifteen to sixteen hundred feet higher structural elevation of the Morrow wells east of our well, the dry hole separating them, and then our other area of Morrow production in the Southeast Field.

Q Does this show pretty conclusively that the North Osudo-Morrow and the Southeast Lea are separate pools and should be treated as separate pools?

A Yes, sir. I think it does. It quite clearly demonstrates the separation between the two pools.

Q And your opinion would be, in the interest of conservation, to treat them as separate pools?

A Yes, sir.

Q The North Osudo-Morrow is on 640-acre spacing, is it not?

A That is correct.

Q Do you have any further comments with respect to Exhibit 3?

A No, sir, I do not. I think it's pretty self-explanatory.

MR. HINKLE: We would like to offer in evidence Exhibits 1 through 3.

MR. NUTTER: Exhibits 1 through 3 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 through 3 were offered and admitted in evidence.)

MR. HINKLE: That's all of the direct examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Osborne, do you have any pressure information on these wells?

A Yes, sir, I do have.

(Whereupon, Applicant's Exhibit No. 4 was marked for identification.)

A This pressure data was accumulated along with some

other production data, Mr. Examiner, on all of the wells shown on Exhibit 1. There isn't any marked dissimilarity between the Morrow pressures that we were able to obtain there. All these pressures were taken from drill stem tests while the wells were being drilled and there is really no great differential between any of them.

Following up this we made a much broader search for Morrow pressures and found that in a much larger area the Morrow bottom hole pressures are essentially the same over a much more extensive area. I have this data shown on this tabulation.

(Whereupon, Applicant's  
Exhibit No. 5 was marked  
for identification.)

A So that we were not able to find in any of our searches, which covered pretty well the Morrow production in Southeast Lea County, we were not able to find any great evidence of pressure differential over any of the fields.

Q On your cross section you indicate to the immediate left of the Texaco well, which was dry in the Morrow, that there may be a fault there, particularly in the lower three strata shown?

A Yes, sir.

Q Do you have any evidence of this fault other than

this extremely sharp drop in the elevation?

A Well, we have seismic evidence as well as subsurface, no wells that to my knowledge have ever cut such a fault. What that is there is you are going off the central basin platform where it is faulted and drops down abruptly to the west and your shallower formations overlying the Mississippian have slumped conformably to this fault. The Southeast Lea Unit is considerably lower structurally than the central basin platform since it is off of the platform.

Q Do you recall when the Southeast Lea Unit was formed that the basis for the eastern boundary of it was a fault?

A Yes, sir.

Q It was?

A Yes, sir, it was.

Q So you apparently, then, have a little high here, a little closure at about minus 9200 feet in the Southeast Lea Unit, and you feel that this is the structure that you have tapped here and that these other wells belong to another structure entirely?

A That is correct. That Southeast Lea structure produces from the Devonian, the Morrow and the Wolfcamp and we have obtained good evidences of possible oil accumulation in the Bone Springs.

Q The first well in the Southeast Lea Unit was completed in the Wolfcamp and the Devonian. What did the Morrow look like in that well?

A It looked very good. It flowed --

Q It says here on this -- You have a drill stem test shown on your cross section?

A Yes, sir, we do. We had gas to the surface in twenty minutes. It flowed at the rate of 1,530,000 cubic feet per day plus 315 barrels of condensate through a quarter-inch choke. Gravity, 60 degrees; ratio 4900 to 1.

Q That's without any treatment of the formation?

A Right, that's a natural drill stem test.

Q So I presume some day that well will probably be completed to produce from the Morrow?

A Yes. There's talk of possibly either drilling a twin to this one or recompleting the No. 1 from the Morrow.

Q Did your second well go to the Devonian?

A It went to the Devonian. Found the Devonian just about flat with the No. 1, but it was limestone at the top and by the time we drilled through our limestone cap into the dolomite where the porosity was, we were too low.

Q And into water?

A And into water, so we plugged back and dualled it

from the Morrow and the Wolfcamp.

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

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Hinkle?

MR. HINKLE: That's all.

MR. NUTTER: You have two more exhibits that you wish to offer?

MR. HINKLE: Yes, I will offer Exhibits 4 and 5.

MR. NUTTER: Applicant's Exhibits 4 and 5 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 4 and 5 were offered and admitted in evidence.)

MR. NUTTER: Does anyone have anything they wish to offer in Case 4076? We will take the case under advisement.

I N D E X

<u>WITNESS</u>		<u>PAGE</u>
W. C. OSBORNE		
Direct Examination by Mr. Hinkle		2
Cross Examination by Mr. Nutter		8

<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Applicant's 1 through 3	2	8
Applicant's 4	8	12
Applicant's 5	9	12



STATE OF NEW MEXICO )  
 : SS  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal  
this 10th day of March, 1969.

Notary Public-Court Reporter

My commission expires:

June 19, 1971.

I do hereby certify that the foregoing is  
a true and correct copy of the original  
as the same appears in the files of the  
New Mexico Oil Conservation Commission

3/5 4076 69

*[Signature]*

CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
S. B. CHRISTY IV  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
MICHAEL R. WALLER  
STUART D. SHANOR

LAW OFFICES  
HINKLE, BONDURANT & CHRISTY  
600 HINKLE BUILDING  
ROSWELL, NEW MEXICO 88201

February 13, 1969

MIDLAND, TEXAS OFFICE  
521 MIDLAND TOWER  
(915) MU 3-4691  
OF COUNSEL: HIRAM M. DOW

TELEPHONE (505) 622-6510  
POST OFFICE BOX 10

*Case 4076*

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

*HWA*

Gentlemen:

We enclose herewith in triplicate application of American Trading and Production Corporation as unit operator of the Southeast Lea Unit requesting the designation of a separate pool on account of the production of gas and condensate from the No. 2 Southeast Lea Unit well which is producing from the Morrow-Pennsylvania formation. As shown by the application, applicant believes that this is a separate pool from the North Osudo Morrow Pool although within a mile of the boundaries of said pool.

It is requested that this case be included on the first examiner's docket in March.

Yours very truly,

HINKLE, BONDURANT & CHRISTY

By *[Signature]*

CEH:cs  
Enc.

DOCKET MAILED

*2-20-69*

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF AMERICAN TRADING AND )  
PRODUCTION CORPORATION, UNIT OPERATOR )  
OF THE SOUTHEAST LEA UNIT, FOR DESIG- )  
NATION OF A SEPARATE POOL OR FIELD ON )  
ACCOUNT OF PRODUCTION OF GAS AND CON- )  
DENSATE FROM THE MORROW FORMATION IN )  
THE SOUTHEAST LEA UNIT NO. 2 WELL )  
LOCATED IN THE NW $\frac{1}{4}$ SW $\frac{1}{4}$  SECTION 25, )  
TOWNSHIP 20 SOUTH, RANGE 35 EAST. )

No. 4076

Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Comes American Trading and Production Corporation, acting by and through the undersigned attorneys, and hereby makes application for designation of a separate pool or field on account of production of gas and condensate from the Morrow formation in the Southeast Lea Unit No. 2 well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  Section 25, Township 20 South, Range 35 East, and in support thereof respectfully shows:

1. That American Trading and Production Corporation is the unit operator under the Southeast Lea Unit Agreement and as unit operator caused to be drilled and completed on or about December 29, 1968 the No. 2 Southeast Lea Unit Well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  Section 25, Township 20 South, Range 35 East. Said well was drilled to a total depth of 14,643 feet to test the Devonian formation, which was dry, and was plugged back and completed to produce gas-condensate from the Morrow-Pennsylvania formation through perforations from 12,856 feet to 13,082 feet and gas-condensate from the Wolfcamp formation through perforations from 11,410 feet to 11,422 feet. That the dual completion of said well was approved by Commission Order R-3658 entered on the 13th day of January, 1969.

2. That the North Osudo Morrow Gas Pool as originally defined by Commission Order R-2937 and extended by Order R-3342 covers all of Sections 6, 7, 17, 18, 19, 20 and 30, Township 20 South, Range 36 East. The special field rules adopted for the North Osudo Morrow Gas Pool under Order R-3305 and as made permanent by Order R-3305-A provide for 640 acre spacing and make the rules applicable to any well completed in the Morrow formation within one mile of the boundaries of said pool, which would include the No. 2 Southeast Lea Unit well above referred to as to the Morrow formation. The geologic information available and the differential in the initial bottom hole pressure tests made in connection with the No. 2 well and wells which have been completed in the North Osudo Morrow Gas Pool indicate that the pool from which the No. 2 Southeast Lea Unit well is producing is a separate and distinct pool from the North Osudo Morrow Gas Pool. Applicant desires that a new pool be designated on account thereof and that the special pool rules adopted for the North Osudo Morrow Gas Pool not be applicable to the new pool so designated.

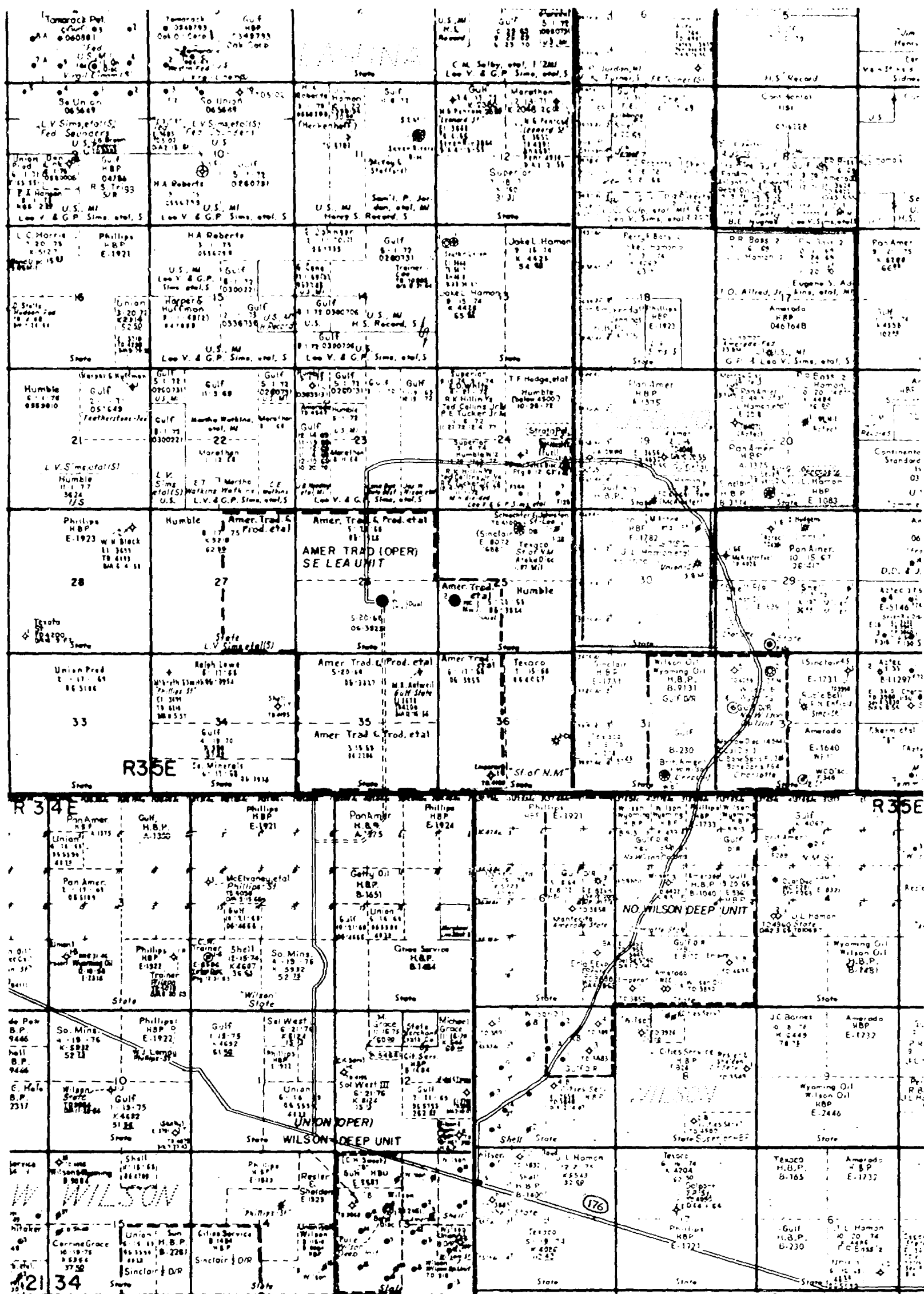
3. There is attached hereto, made a part hereof, and for purposes of identification marked Exhibit "A", a plat showing the Southeast Lea Unit Area and the boundaries of the North Osudo Morrow Gas Pool and also the location of the No. 2 Southeast Lea Unit well.

Applicant desires that this matter be included on the docket for the first examiner's hearing in March.

AMERICAN TRADING AND PRODUCTION  
CORPORATION

By 

Member of the Firm of  
HINKLE, BONDURANT & CHRISTY  
P.O. Box 10  
Roswell, New Mexico  
Attorneys for Applicant



# SOUTHEAST LEA UNIT LEA COUNTY, NEW MEXICO

Case 4076

DRAFT

GMH/esr

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:

RECORDS CENTER & LAW LIBRARY

CASE No. 4076

Order No. R- 3710  
NOMENCLATURE

APPLICATION OF AMERICAN TRADING AND  
PRODUCTION CORPORATION FOR THE CREATION  
OF A NEW POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of March, 1969, the Commission, a  
quorum being present, having considered the testimony, the record,  
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FINDS:

(1) That due public notice having been given as required by  
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Southeast Lea Unit Well No. 2, located in Unit L of Section 25,  
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having its top <sup>Morrow</sup> perforations ~~in the Morrow formation~~ at 12856 feet, has discovered a  
separate common source of supply which should be designated the  
West Osuda - Morrow Gas Pool; that the vertical limits of  
said pool should be the Morrow formation as found in the interval  
from 12827 feet to 13084 feet on the log of the aforesaid

Southeast Lea Unit Well No. 2; and that the horizontal limits of said pool should comprise the following-described area:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 25: *W/2*

Section 26: *E/2*

(4) That the <sup>of said</sup> discovery well was drilled as a Devonian test at a standard location for said formation but has subsequently been completed <sup>as a</sup> in the ~~walcombi~~ <sup>for well</sup> ~~and Morrow formation~~ as Morrow gas well.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated the West Ocuila - Morrow Gas Pool, with vertical limits comprising the Morrow formation as found in the interval from 12827 feet to 13084 feet on the log of the discovery well, American Trading and Production Corporation's Southeast Lea Unit Well No. 2, located in Unit L of Section 25, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the following-described area:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 25: *W/2*

Section 26: *E/2*

(2) That the location of gas wells presently drilling to or completed in the West Ocuila - Morrow Gas Pool or in the Morrow formation within one mile thereof, but not closer to nor within the limits of another Morrow Pool, as hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1969.

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

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