

CASE 5938: V-F PETROLEUM, INC., FOR AN
UNORTHODOX OIL WELL LOCATION, LEA COUNTY,
NEW MEXICO

Case Number

5938

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 25, 1977

EXAMINER HEARING

IN THE MATTER OF:)
)
)
Application of V-F Petroleum, Inc., for) CASE
an unorthodox oil well location,) 5938
Lea County, New Mexico.)
)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	Lynn Teschendorf, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico
For the Applicant:	W. Thomas Kellahin, Esq.
	KELLAHIN & FOX
	Attorneys at Law
	500 Don Gaspar
	Santa Fe, New Mexico

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

I N D E X

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J. M. FULLINWIDER

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EXHIBIT INDEX

Offered Admitted

Applicant Exhibit One, Subsurface Map 4 8

Applicant Exhibit Two, Production Curve 7 8

Applicant Exhibit Three, Production Curve 8 8

Applicant Exhibit Four, Production Curve 8 8

Applicant Exhibit Five, Production Curve 8 8

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1 MR. STAMETS: The hearing will please come to
2 order.

3 At this time we will call Case 5938.

4 MS. TESCHENDORF: Case 5938, application of V-F
5 Petroleum, Inc., for an unorthodox oil well location,
6 Lea County, New Mexico.

7 MR. KELLAHIN: Tom Kellahin, Kellahin and Fox,
8 Santa Fe, New Mexico appearing on behalf of the applicant and
9 I have one witness to be sworn.

10 (THEREUPON, the witness was duly sworn.)
11

12 J. M. FULLINWIDER

13 called as a witness, having been first duly sworn, was examined
14 and testified as follows:
15

16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Would you please state your name, by whom you are
19 employed and in what capacity?

20 A J. M. Fullinwider, employed by V-F Petroleum, Inc.
21 in the capacity of Vice President and General Manager.

22 Q Mr. Fullinwider, have you previously testified
23 before the Commission and had your qualifications as an expert
24 witness accepted and made a matter of record?

25 A Yes, sir.

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1 Q Have you made a study of the facts surrounding
2 this particular application?

3 A Yes, sir.

4 Q Would you please refer to Exhibit Number One and
5 explain to the Examiner what you are seeking to accomplish?

6 A Exhibit One, as the legend shows, is a subsurface
7 map on the Devonian structure of the Crossroads South-Devonian
8 Field in Lea County, New Mexico.

9 Our company, V-F Petroleum, Inc., owns two State of
10 New Mexico oil and gas leases, one covering the southwest
11 quarter of Section 15 and the other covering a hundred and
12 twenty acres, being the north half of the northwest quarter
13 and the southeast quarter of the northwest quarter of Section
14 22 all lying in Township 10 South, Range 36 East.

15 As the map shows, there are several plugged out
16 Devonian oil wells located within the confines of what has
17 been known as the Crossroads South-Devonian Field. All of
18 these wells produced oil with some little bit of gas and over
19 their life of production an increasing amount of water, salt
20 water, until they went entirely to water and were plugged and
21 the leases dropped. There is one remaining producer in the
22 field, located on the southwest flank of the field in
23 Section 21, being Maralo, Inc. No. 1-A Well. It is the last
24 remaining producing well in the field.

25 Q What's the current production for that well?

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1 A The current production is approximately twenty-five
2 barrels of oil per day and a hundred and eighty barrels of
3 water per day.

4 Q How is that water being disposed?

5 A The water is being disposed of in the salt water
6 disposal well which shows on the map in Section 16 to the
7 north of the producing well, that is both of those wells, the
8 producer and the disposal well are located in the Low Crossroads
9 Devonian Unit.

10 Q What acreage will you dedicate to the subject well?

11 A Eighty acres which would be the south half of the
12 southwest quarter of Section 16.

13 MR. STAMETS: Wasn't that Section 15?

14 A I meant 15, excuse me.

15 Q (Mr. Kellahin continuing.) What is the footage
16 location for the well?

17 A The requested footage location is three hundred and
18 thirty feet from the south line and eleven hundred feet from
19 the west line of said Section 15.

20 Q What do the current pool rules for this pool provide
21 for as a standard location?

22 A Eighty acre spacing and center spot on a forty acres
23 which is a six sixty from either line of the forty acre tract
24 with a hundred and fifty foot tolerance allowed. In other
25 words, you can move without a hearing such as this, a hundred

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1 and fifty feet away from the center spot on a forty acre
2 location.

3 Q Why have you selected this particular location?

4 A Two reasons basically, first of all, the adjacent
5 wells which are shown on the plat surrounded in a blue color
6 all went to water and were plugged for that reason. A well
7 drilled near any of these wells would doubtless encounter the
8 same reservoir conditions. That is to say, mostly salt water,
9 perhaps some oil and so we wish to get away from the old wells
10 to get out of the watered out area. That's number one.

11 The standard allowance under the field rules will
12 not allow us to get far enough away in our opinion to encounter
13 a reservoir condition that would be commercially feasible from
14 an oil production standpoint.

15 The second reason we wish to locate where we are is
16 that we believe as this subsurface interpretation will show,
17 that the possible crest or top of the Devonian structure in
18 this field has not been penetrated by the drill bit, therefore,
19 there are certain oil reserves located in such an undrilled
20 top of the structure that could not have been produced, at
21 least not efficiently by down dip wells and as the plat will
22 show we anticipate to achieve some structural advantage by
23 locating in this position, thereby encountering unproduced
24 reserves which otherwise will not be produced.

25 Q You testified that the southwest quarter of Section

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1 15 is a State of New Mexico oil and gas lease and that the
2 northwest quarter of Section 22 is another State of New Mexico
3 oil and gas lease. Is there any difference in the royalty
4 ownership or working interest ownership between the two leases?

5 A No, sir, the royalty is owned by the State of
6 New Mexico in both cases and there is no production currently
7 being enjoyed by the State from either tract. The overriding
8 royalties that may be against the two leases are a result
9 of our activity and belong to the same people across the
10 line, our employees and other people that we have in the deal
11 with us. The working interest belongs to V-F Petroleum, Inc.
12 entirely in both cases.

13 Q We have submitted some other exhibits. Would you
14 refer to Exhibit Number Two and identify it?

15 A The Exhibit Number Two is a production curve showing
16 the oil production and the water production from the Maralo
17 No. 1-A Well which is located in the southwest quarter of
18 the southwest quarter of Section 15. It shows the oil produc-
19 tion by date and by monthly amount. It shows the water
20 production similarly. It indicates that the last oil production
21 was in March of 1974. You can see from the two curves how
22 the oil production fell off over the years and how the water
23 production increased and hence the ultimate abandonment of the
24 well.

25 Q Identify Exhibit Number Three, please?

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1 A Exhibit Three is the same type of information for
2 the well located in the southeast quarter of the southwest
3 quarter of Section 15, the Texas Pacific Well.

4 Q And Exhibit Number Four?

5 A Exhibit Number Four, once again the same sort of
6 information for the Huber well located in the northeast
7 quarter of the northwest quarter of Section 22.

8 Q And Exhibit Number Five?

9 A Exhibit Number Five is the same information for the
10 now producing, the last producing well in the field, the
11 Maralo, Inc. Crossroads-Devonian Unit No. 1-A Well located
12 in Section 21.

13 Q In your opinion, Mr. Fullinwider, will approval of
14 this application be in the best interests of conservation,
15 the prevention of waste and the protection of correlative
16 rights?

17 A Yes, sir.

18 Q Were Exhibits One through Five either prepared by
19 you directly or under your direction and supervision?

20 A Yes, sir.

21 MR. KELLAHIN: We move the introduction of Exhibits
22 One through Five.

23 MR. STAMETS: These exhibits will be admitted.

24 (THEREUPON, Applicant Exhibits One through
25 Five were admitted into evidence.)

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1 MR. KELLAHIN: That concludes our direct examination.

3 CROSS EXAMINATION

4 BY MR. STAMETS:

5 Q Mr. Fullinwider, is the Maralo well still producing
6 because it is a good well or because Maralo is more persistent?

7 A Well, I, of course, am not privy to the economics
8 of the Maralo organization and how they view this particular
9 operation, however, with the price of oil being up like it is,
10 twenty-five barrels a day might possibly be commercial, they
11 already have their salt water disposal system installed but I
12 should think from an outside observation that it would be
13 extremely marginal.

14 Q What would you do with any salt water production from
15 this well?

16 A We intend on either making some kind of an arrangement
17 with Maralo, Inc., with whom we have already spoken, incidentally,
18 concerning this matter, to perhaps utilize their salt water
19 disposal facilities which are already in place. There have
20 not been any final agreements reached with them because first
21 of all we don't even have a well and secondly we don't know if
22 our well is going to make water or not so we don't think it is
23 anything we have to achieve like next week but we would hope to
24 work out something with them. They have been receptive to our
25 calls and they said they would like to work with us on some

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1 basis to allow us to utilize their salt water disposal facilities.
2 Indeed, they may wish to sell them to us because their well
3 may not remain economic much longer.

4 Now, if we cannot develop something with Maralo, Inc.,
5 we have no reason to suppose that we can't, but in the event we
6 cannot, we intend to either drill salt water disposal wells if
7 we feel they are economically feasible or make a reentry on
8 one of the old wells in the field, again if that sort of thing
9 might be economically feasible.

10 Q Have you made any estimate of how much oil might be
11 recovered if you are successful.

12 A We devoutely hope there are two thousand barrels of
13 oil left there.

14 MR. STAMETS: Are there any other questions of the
15 witness? He may be excused.

16 (THEREUPON, the witness was excused.)

17 MR. STAMETS: Is there anything further in this case?


18 MR. KELLAHIN: No, sir.

19 MR. STAMETS: The case will be taken under advisement.
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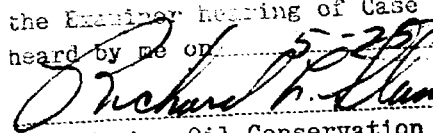
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Phone (505) 982-5212

REPORTER'S CERTIFICATE

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


Sidney F. Morrish, C.S.R.

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Phone (505) 982-9212

I do hereby certify that the foregoing
is a complete record of the proceedings in
the Examiner hearing of Case No. 5938
heard by me on 5-25, 1977.
, Examiner
New Mexico Oil Conservation Commission

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. 5938
Order No. R-5450

APPLICATION OF V-F PETROLEUM, INC.,
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 25, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 8th day of June, 1977, 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, V-F Petroleum, Inc., seeks approval
of an unorthodox oil well location for its Landreth State Well
No. 1 to be drilled 330 feet from the South line and 1100 feet
from the West line of Section 15, Township 10 South, Range 36
East, NMPM, South Crossroads-Devonian Pool, Lea County, New
Mexico.
- (3) That the S/2 SW/4 of said Section 15 is to be dedicated
to the well.
- (4) That a well at said unorthodox location will better
enable applicant to produce the oil underlying the proration
unit.
- (5) That no offset operator objected to the proposed
unorthodox location.
- (6) That approval of the subject application will afford
the applicant the opportunity to produce its just and equitable

-2-

Case No. 5938
Order No. R-5450

share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location for the V-F Petroleum, Inc., Landreth State Well No. 1 is hereby approved, said well to be located at a point 330 feet from the South line and 1100 feet from the West line of Section 15, Township 10 South, Range 36 East, NMPM, South Crossroads-Devonian Pool, Lea County, New Mexico.

(2) That the S/2 SW/4 of said Section 15 shall be dedicated to the above-described well.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



Phil R. Lucero

PHIL R. LUCERO, Chairman

Emery C. Arnold

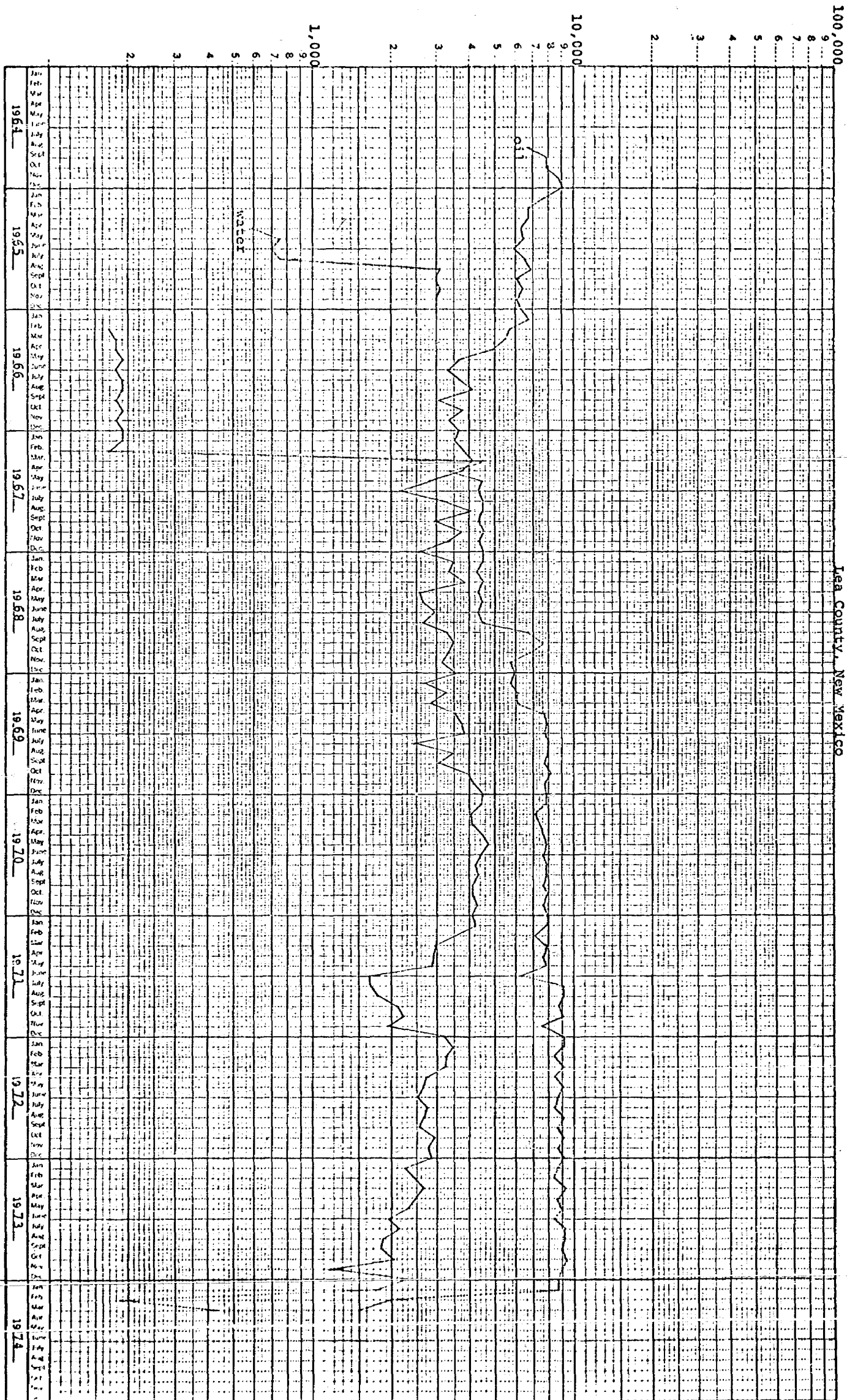
EMERY C. ARNOLD, Member

Joe D. Ramey

JOE D. RAMEY, Member & Secretary

S E A L

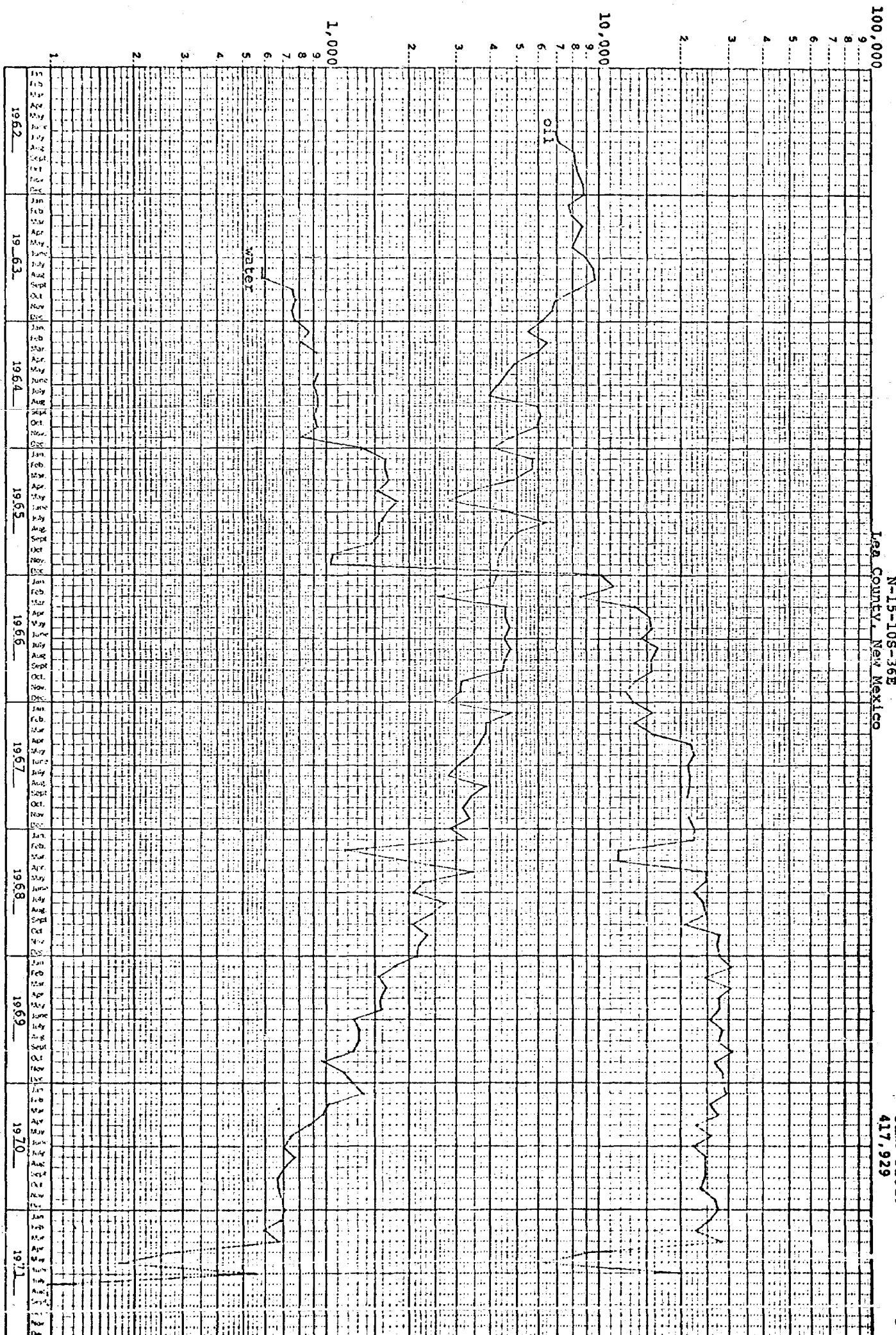
dr/



Ralph Lowe
No. 1-A.T.P. State
M-15-10S-36E
Ira County, New Mexico

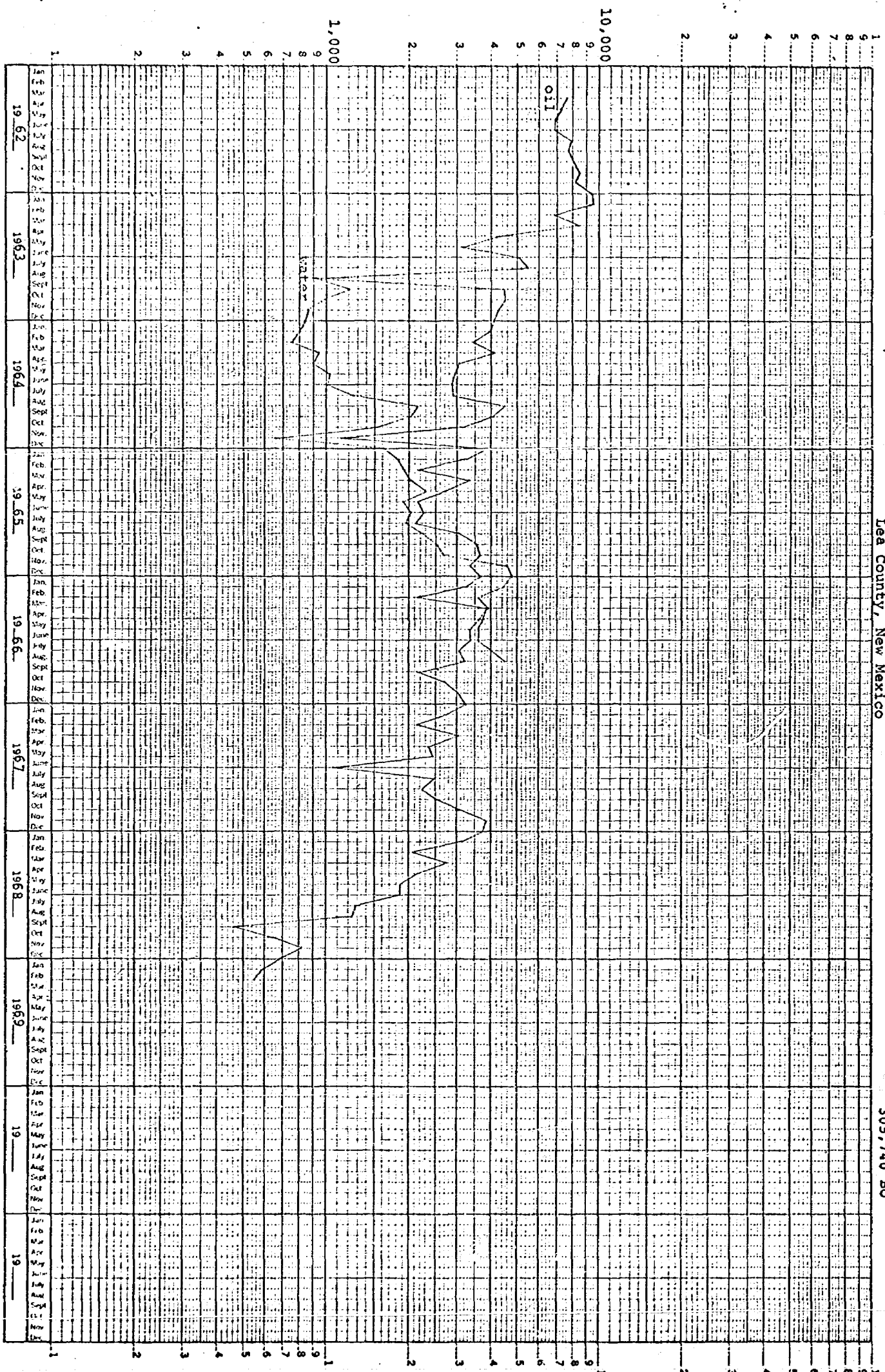
Cum. Prod.
434,173

4/2



Texas Pacific Coal & Oil Co.
No. 1 State "AC"
N-15-105-36E
Lea County, New Mexico

Cum. Prod.
417,929



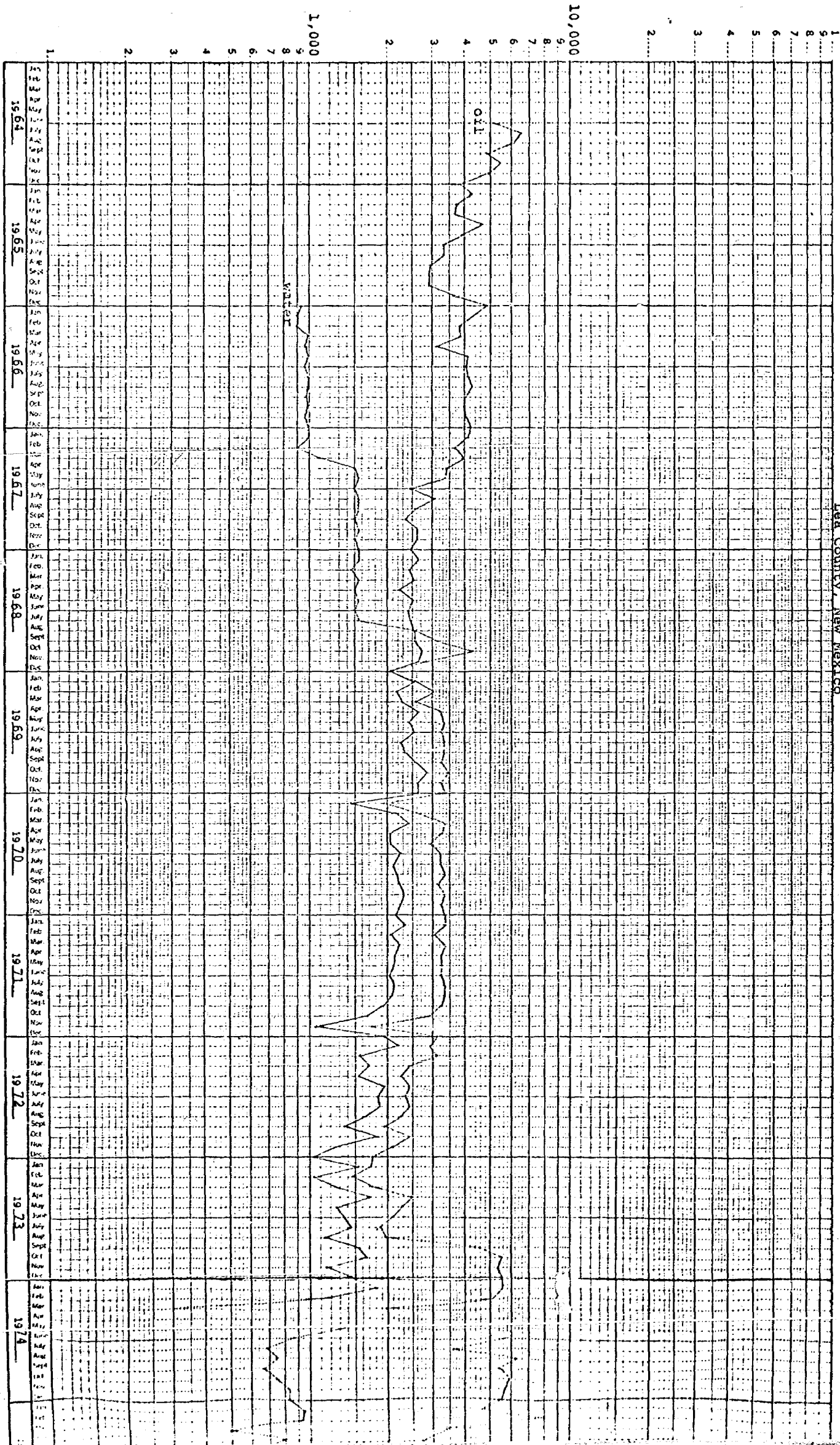
J. M. Huber
#1 T.P. State "22"
C-22-10S-36E
Lea County, New Mexico

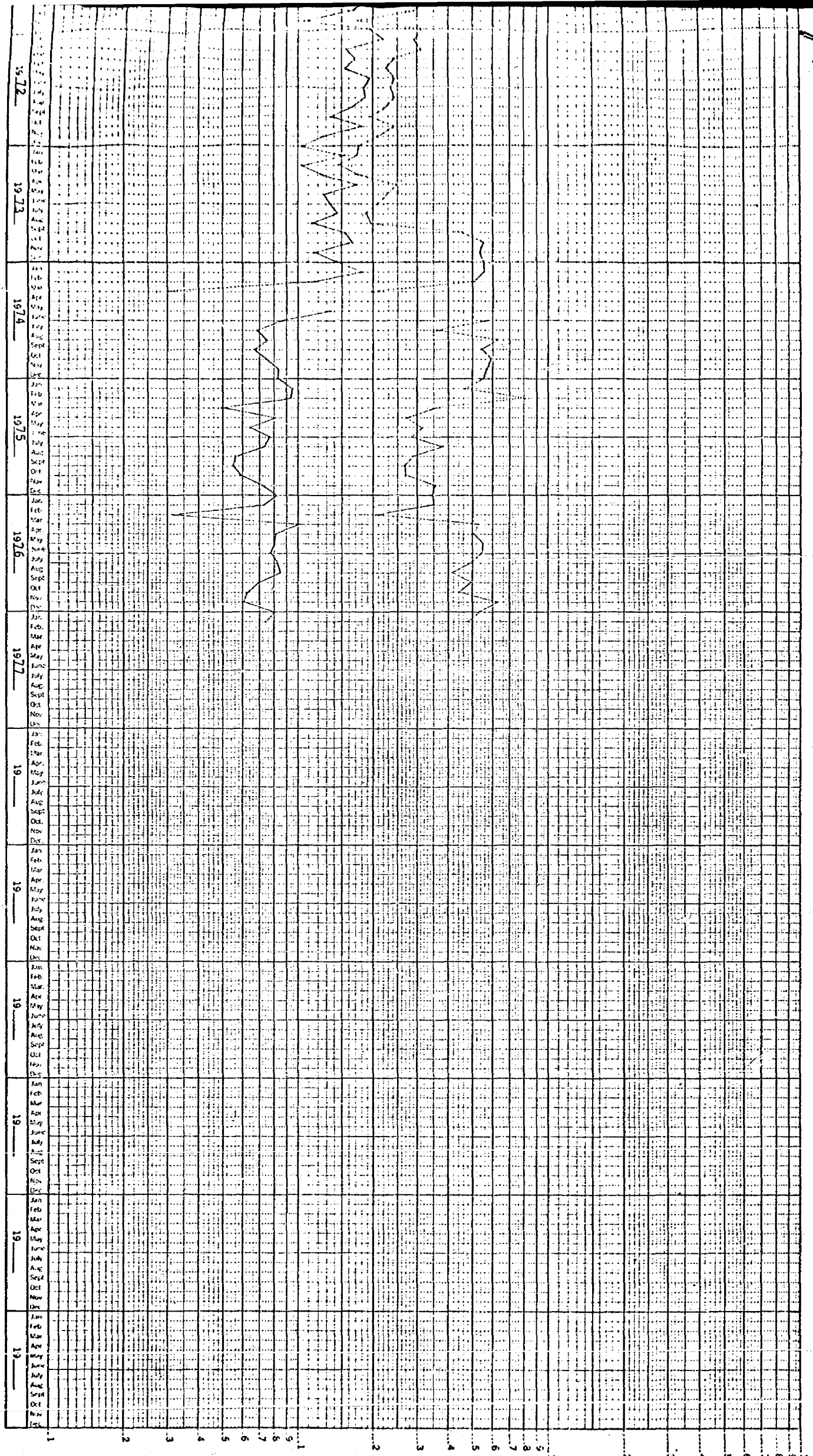
Cum. Prod.
305,740 BO

P&A 1969

Maralo Inc. #1-A
Crossroads Devonian Unit
B-21-10S-36E
Lea County, New Mexico

Cum. Prod.
339,878





- CASE 5932: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico, to be dedicated to it's Moore "FQ" Well No. 1 located in Unit F of said Section 19. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5933: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 15, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to it's Hunter "FL" Well No. 1 located in Unit F of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5934: Application of HNG Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its El Paso Federal 29 Well No. 1 to be located 2427 feet from the North line and 904 feet from the West line of Section 29, Township 24 South, Range 27 East, Eddy County, New Mexico, the W/2 of said Section 29 to be dedicated to the well.
- CASE 5935: Application of Union Texas Petroleum for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the E/2 W/2 and W/2 E/2 of Section 7, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Britt Well Nos. 3 and 12 located at unorthodox locations in Units G and C of said Section 7, respectively.
- CASE 5936: Application of El Paso Natural Gas Company for a dual completion and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its San Juan 27-4 Unit Well No. 109 to be located at an unorthodox location 990 feet from the South line and 1840 feet from the East line of Section 23, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Tapacito-Pictured Cliffs and Blanco-Mesaverde Pools.
- CASE 5937: Application of Sun Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Lusk-Morrow, East Lusk-Wolfcamp and East Lusk-Bone Springs production in the wellbore of its Shearn Federal Well No. 1, located in Unit L of Section 15, Township 19 South, Range 32 East, Lea County, New Mexico.
- CASE 5938: Application of V-F Petroleum, Inc., for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Landreth State Well No. 1 to be drilled 330 feet from the South line and 1100 feet from the West line of Section 15, Township 10 South, Range 36 East, South Crossroads-Devonian Pool, Lea County, New Mexico, the S/2 SW/4 of said Section 15 to be dedicated to the well.
- CASE 5939: Application of C&K Petroleum, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 7, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to it's Carlsbad Well No. 7 to be located at an unorthodox location 760 feet from the South line and 690 feet from the West line of said Section 7. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5940: Application of C&K Petroleum, Inc., for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 6, Township 19 South, Range 32 East, Lea County, New Mexico, to be dedicated to it's Federal Well No. 6 to be located at an unorthodox location 600 feet from the South line and 2012 feet from the West line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF V-F PETROLEUM, INC., FOR
APPROVAL OF AN UNORTHODOX WELL
LOCATION, LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now V-F Petroleum, Inc., and applies to the Oil Conservation Commission of New Mexico for approval of an unorthodox well location for its Landreth State No. 1 well, to be located 330 feet from the South line, and 1100 feet from the West line of Section 15, Township 10 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

Applicant proposes to drill the Landreth State No. 1 to a depth sufficient to test the South Crossroads-Devonian Pool, dedicating to the well the S/2 SW/4 of Section 15, as provided by Commission Order No. R-2594.

The unorthodox well location is necessary because of the presence, in the area, of wells which formerly produced from the Devonian formation, and have been watered out. It is applicant's belief that the proposed location is a structural position above the water-oil contact, and will produce oil left unrecovered by prior production. Approval of the location is in the interests of conservation, will result in production of oil that would not otherwise be recovered, and will prevent waste. No correlative rights of any owner will be impaired by approval of the proposed well location.

WHEREFORE applicant prays that this application be set

for hearing before the Commission or the Commission's duly appointed Examiner, and that after notice and hearing as required by law the Commission enter its order approving the well location as proposed.

Respectfully submitted,

V-F Petroleum, Inc.

By Jason Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

APR 29 1977

OIL CONSERVATION COMMISSION
Santa Fe

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF V-F PETROLEUM, INC., FOR
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LOCATION, LEA COUNTY, NEW MEXICO

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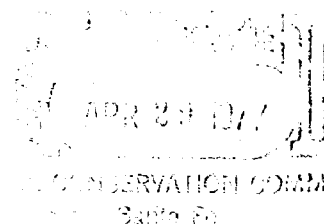
V-F Petroleum, Inc.

By Jason Keelahin
KEELAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF V-F PETROLEUM, INC., FOR
APPROVAL OF AN UNORTHODOX WELL
LOCATION, LEA COUNTY, NEW MEXICO



A P P L I C A T I O N

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Respectfully submitted,

V-F Petroleum, Inc.

By Jason Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

ROUGH DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO 5938

Order No. R- 5450

APPLICATION OF V-F PETROLEUM, INC.,
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 25, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of _____, 1977, 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, V-F Petroleum, Inc., seeks approval of an unorthodox oil well location for its Landreth State Well No. 1 to be drilled 330 feet from the South line and 1100 feet from the West line of Section 15, Township 10 South, Range 36 East, NMPM, ~~to be drilled at the~~ South Crossroads-Devonian Pool, Lea County, New Mexico.

(3) That the S/2 SW/4 of said Section 15 is to be dedicated to the well.

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

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

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location for ~~applicant's~~ *the V-F Petroleum, Inc.,* Landreth State Well No. 1 is hereby approved, said well to be located at a point 330 feet from the South line and 1100 feet from the West line of Section 15, Township 10 South, Range 36 East, NMPM, South Crossroads-Devonian Pool, Lea County, New Mexico.

(2) That the S/2 SW/4 of said Section 15 shall be dedicated to the above-described well.

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

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