

CASE 5951: ODESSA NATURAL CORPORATION  
( FOR COMPULSORY POOLING, RIO ARriba *on*  
COUNTY, NEW MEXICO

*Dismissed by appl  
request*

Case Number  
5951

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
8 June 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Odessa Natural Corporation ) CASE  
for compulsory pooling, Rio Arriba County, ) 5951  
New Mexico. )

BEFORE: Daniel S. Nutter

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

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

1 MR. NUTTER: Case 5951.

2 MS. TESCHENDORF: Case 5951. Application of  
3 Odessa Natural Corporation for compulsory pooling, Rio Arriba  
4 County, New Mexico.

5 MR. NUTTER: The Applicant in this case has also  
6 requested that the Commission dismiss it.

7 Case Number 5951 will be dismissed and we'll call  
8 the next case.

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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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, 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.

Sally Walton Boyd  
Sally Walton Boyd, C. S. R.

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

I hereby certify that the foregoing is  
a true and correct copy of the original  
the original hearing of Case No. 5951  
heard by me on 6-8, 1977.  
[Signature] Examiner  
New Mexico Oil Conservation Commission



# OIL CONSERVATION COMMISSION

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



DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO  
June 15, 1977

STATE GEOLOGIST  
EMERY C. ARNOLD

Mr. Roland L. Hamblin  
Attorney  
Odessa Natural Corporation  
P. O. Box 3908  
Odessa, Texas 79760

Re: CASE NO. 5951  
ORDER NO. R-5469

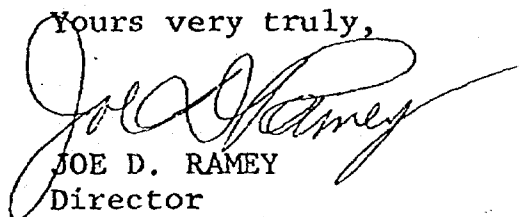
Applicant:

Odessa Natural Corporation

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	<u>X</u>
Artesia OCC	<u>X</u>
Aztec OCC	<u>X</u>

Other \_\_\_\_\_

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 5951  
Order No. R-5469

APPLICATION OF ODESSA NATURAL  
CORPORATION FOR COMPULSORY POOLING,  
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 8, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of June, 1977, the Commission, a quorum being present, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 5951 is hereby dismissed.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*Phil R. Lucero*

PHIL R. LUCERO, Chairman

*Emery C. Arnold*

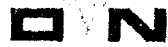
EMERY C. ARNOLD, Member

*Joe D. Ramey*

JOE D. RAMEY, Member & Secretary

S E A L

jr/



ODESSA NATURAL CORPORATION

June 7, 1977

Mr. Daniel S. Nutter  
OIL CONSERVATION COMMISSION  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Mr. Nutter:

This letter will confirm our oral request to dismiss Case No. 5951 on your Examiner Hearing Docket No. 18-77 to be held on Wednesday, June 8, 1977.

Odessa Natural Corporation, the Applicant in the forced pooling matter, has reached a satisfactory agreement with Atlantic Richfield Company regarding the drilling of a Dakota well in the W/2 of Section 32, Township 24 North, Range 3 West, Rio Arriba County, New Mexico. Therefore, the hearing will no longer be necessary.

Very truly yours,

ODESSA NATURAL CORPORATION

  
Roland L. Hamblin  
Attorney - Legal Department

RLH:EH

cc: ATLANTIC RICHFIELD COMPANY  
501 Lincoln Tower Building  
Denver, Colorado 80203



CASE 5950: Application of Joe Don Cook for an exception to 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 dispose of produced salt water from his State Well No. 1, located in Unit J of Section 2, Township 19 South, Range 31 East, Stuart Pool, Eddy County, New Mexico, into an earthen evaporation pit in said Section 2.

CASE 5951: Application of Odessa Natural Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 32, Township 24 North, Range 3 West, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. 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 5952: Application of Hudson & Hudson for unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of 14 oil wells to be drilled at the following locations:

25 feet from the North and East lines of Units B, C, D, E, F, G, J, K, M, and O; and 25 feet from the North line and 330 feet from the East line of Units A, H, I, and P, all in Section 25, Township 17 South, Range 31 East, Maljamar Grayburg-San Andres Pool, Eddy County, New Mexico.

CASE 5953: Application of Rice Engineering & Operating, Inc., for amendment of Order No. R-5384, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5384 to extend the injection interval in its Hobbs Salt Water Disposal Well No. 16 located in Unit P of Section 16, Township 19 South, Range 38 East, Lea County, New Mexico, to include the total open-hole section from 4176 feet to 10,008 feet.

CASE 5954: Application of Caukins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Chacra production in the wellbore of its Breech Well No. 368 located in Unit I of Section 23, Township 26 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 5955: Application of Perroc Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Foxie-Federal Well No. 2 to be drilled in the center of Unit O of Section 18, Township 20 South, Range 28 East, Eddy County, New Mexico, the E/2 of said Section 18 to be dedicated to the well.

CASE 5956: Application of Continental Oil Company for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the E/2 NE/4, NW/4 NE/4, and NE/4 SE/4 of Section 27, Township 20 South, Range 38 East, Warren-Tubb Gas Pool, Lea County, New Mexico, to be dedicated to its Warren Unit Well No. 42 located in Unit I of said Section 27.

CASE 5957: Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Otero-Chacra and South Blanco-Pictured Cliffs production in the wellbores of its AXI Apache "J" Wells Nos. 9 and 11, located in Units O and A, respectively, of Section 6, and Wells Nos. 10 and 12, located in Units A and K of Section 5, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 5958: Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gonzales-Mesaverde and Otero-Chacra production in the wellbores of its AXI Apache "J" Wells Nos. 18, 23, and 24 located in Units A, D, and P of Section 8; Nos. 19 and 22 in Units D and L of Section 6; Nos. 20 and 21, in Units C and I of Section 5; and No. 25 in Unit A of Section 7, all in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 5959: In the matter of the application of the Oil Conservation Commission on its own motion to consider the creation, extension, and abolishment of certain pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico:

a) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the North Cato-San Andres Pool. The discovery well is the Cleary Petroleum Corporation Federal "15" Well No. 1 located in Unit M of Section 15, Township 7 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 30 EAST, NMPM  
Section 15: SW/4

O N

ODESSA NATURAL CORPORATION

May 4, 1977

NEW MEXICO OIL CONSERVATION COMMISSION  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application for Compulsory  
Pooling - Dakota Formation  
W/2 Section 32, T-24-N, R-3-W,  
Rio Arriba County, New Mexico

Gentlemen:

Odessa Natural Corporation hereby requests that a hearing be held to consider compulsory pooling of all mineral interests in the Dakota formation underlying the West Half (W/2) of Section 32 in Township 24 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico.

Applicant is the owner of an Oil and Gas Lease covering the NW/4 of Section 32. According to our records, Atlantic Richfield Company (ARCO) is the owner of an Oil and Gas Lease covering the SW/4 of Section 32. The Dakota formation to the South of this proposed spacing unit has been voluntarily developed on an East-West pattern.

Applicant has been unable to negotiate a farmout with ARCO or to reach an agreement for the drilling of a Dakota well on this proposed unit. Applicant needs to establish production on its lease to keep same from expiring. ARCO's Oil and Gas Lease is held by production.

Applicant has submitted an AFE to ARCO for a Dakota well to be drilled at a location 790 feet from the North line and 790 feet from the West line of said Section 32. Such AFE shows an estimated cost of \$280,000 for a producer and \$137,050 for a dry hole. Applicant submits that such estimated costs are reasonable and should be used in any order rendered by the Commission.

Applicant has also submitted an Operating Agreement to ARCO on this proposed Dakota well. The Operating Agreement provides that Odessa be designated as operator and that ARCO, as non-operator, bear fifty percent (50%) of the costs of such well and receive the same percentage

NEW MEXICO OIL CONSERVATION COMMISSION  
May 4, 1977  
Page 3 -

of the proceeds. The Operating Agreement also provides that operator be entitled to receive as a cost of supervision \$1250 per <sup>month</sup> day for a drilling well and \$150 per <sup>month</sup> day for a producing well. The Operating Agreement is a standard Operating Agreement accepted by the industry. Applicant requests that these provisions be included in any order issued by the Commission.

Applicant requests, as a risk factor for drilling the well nor-consent, that it be entitled to recover two hundred percent (200%) of its drilling costs before ARCO participates in any proceeds from the well.

Applicant further requests that the West Half (W/2) of Section 32, Township 23 North, Range 3 West, be dedicated to this well, that it be designated as the operator and that the terms of the Operating Agreement, as above described, be included in its compulsory pooling order.

This application is submitted in triplicate, with a copy being forwarded simultaneously herewith to ARCO. Insofar as applicant knows, ARCO is the only adverse party. Hearing of this matter at the earliest possible date is requested inasmuch as applicant has a rig available and is anxious to drill this well.

Very truly yours,

ODESSA NATURAL CORPORATION

*Roland L. Hamblin*

Roland L. Hamblin  
Attorney - Legal Department

RLH:EH

cc: ATLANTIC RICHFIELD COMPANY  
501 Lincoln Tower Building  
Denver, Colorado 80203  
Attention: Mr. Jim Posey

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 5951

Order No. R- 5469

*BLL*  
APPLICATION OF ODESSA NATURAL  
CORPORATION FOR COMPULSORY POOLING,  
RIO ARriba COUNTY, NEW MEXICO.

*LS* *AK*  
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 8, 1977,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of June, 1977, the Commission,  
a quorum being present, having considered the record and the recom-  
mendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be  
granted.

IT IS THEREFORE ORDERED:

That Case No. 5951 is hereby dismissed.

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