

Case Number

60003

Application

Transcripts.

Small Exhibits

ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date AUGUST 3, 1977 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Paul M. Burchell	El Paso Natural Gas Co.	El Paso
Rand C Schmidt	EPNG	El Paso
Van Ryan	Aztec Oil & Gas Co.	Farrington
Allen M. Hofer	Montgomery Ward Firm	Santa Fe
W. W. Benschke	Self	Albuquerque
John J. Benschke	Self	Albuquerque
F. H. Schweers	Self	Houston, Texas
Jack M. Campbell	Campbell Engstrom & Blech	Santa Fe
J. E. Pease	Amoco Production Co.	Houston
H. H. Rice, Jr.	" " "	Houston
John F. Burchell	El Paso Nat Gas	Santa Fe
W. M. C. C.	Consolidated	Roswell
Carl D. Dyer	HUBER	MIDLAND
Leo. Flumer	HUBER Corp	Midland
Jason Kellahi	Kellahi & Fox	Santa Fe
Arnone Peterson	Amoco PRODUCTION Co.	HOUSTON

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 3, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Aztec Oil & Gas Company) CASE
for an unorthodox gas well location,) 6003
Rio Arriba 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: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Jack M. Campbell, Esq.
CAMPBELL, BINGAMAN & BLACK
Attorneys at Law
San Francisco & Jefferson
Santa Fe, New Mexico

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1 MR. NUTTER: Call next Case Number 6003.

2 MS. TESCHENDORF: Case 6003, application of Aztec
3 Oil & Gas Company for an unorthodox gas well location, Rio
4 Arriba County, New Mexico.

5 MR. CAMPBELL: Mr. Examiner, Jack M. Campbell,
6 Campbell, Bingaman & Black, Santa Fe, New Mexico, appearing
7 on behalf of the applicant and I have one witness.

8 (THEREUPON, the witness was duly sworn.)

9
10 LARRY VAN RYAN

11 was called as a witness, and having been first duly sworn,
12 testified upon his oath as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. CAMPBELL:

16 Q Will you state your name, please?

17 A Larry Van Ryan.

18 Q Where do you live and by whom are you employed?

19 A I live in Farmington, New Mexico, and I am employed
20 by Aztec Oil and Gas Company.

21 Q In what capacity?

22 A I am the District Production Manager for Aztec Oil
23 & Gas in the Farmington district.

24 Q You have not testified previously before this
25 Commission or its Examiners?

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1 A. No, I have not.

2 Q. Would you give the Examiner a brief resume of your
3 educational and professional background?

4 A. I received a Petroleum Engineering Degree from the
5 Colorado School of Mines in 1962. I was employed by Standard
6 Oil Company of California for three years in California in
7 various positions as Drilling Engineer and Secondary Recovery
8 Engineer and was employed for two years by Standard Oil Company
9 of Texas as a Drilling Engineer. I was employed for nine
10 years by El Paso Natural Gas in the San Juan basin in various
11 positions from Production Engineer to Chief Division Drilling
12 Engineer. For the last year I have been Production Manager
13 for Aztec Oil & Gas.

14 Q. And during this period of time you have been working
15 in the San Juan basin?

16 A. Yes, for the last ten years.

17 MR. CAMPBELL: Are the witness' qualifications
18 acceptable?

19 MR. NUTTER: Yes, they are.

20 Q. (Mr. Campbell continuing.) Are you acquainted with
21 the application of Aztec Oil & Gas Company in this case?

22 A. Yes, I am.

23 Q. I am going to hand you what has been marked as
24 Applicant's Exhibit Number One and ask you to please state
25 what that is?

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1 A. This is a plat showing the proposed location of
 2 our unorthodox Mesaverde well.

3 Q Will you point that out to the Examiner on Exhibit
 4 One, please?

5 A. That is in the northwest quarter of Section 9 on
 6 Exhibit Number One. It also shows the offset operators of
 7 all of the offset leases in this area, Consolidated Oil &
 8 Gas, Northwest Production Company, Continental Oil Company,
 9 Tenneco Oil Company, and Occidental Oil Company.

10 Q Have you contacted or attempted to contact all of
 11 those offset owners?

12 A. I have talked with people from all of those
 13 companies.

14 Q Have you received any objection as to your proposed
 15 location?

16 A. No, I have not.

17 Q I hand you what has been identified as Applicant's
 18 Exhibit Number Two, and ask you to please state what that
 19 is?

20 A. This is a similar plat which includes production
 21 figures of the offset Mesaverde wells.

22 Q I now hand you what has been identified as
 23 Applicant's Exhibit Number Three and ask you to state what
 24 that is.

25 A. This is an isopach map of the Cliff House section

1 of the Mesaverde formation in which the net sand thickness
2 has been isopached and contoured on this map.

3 Q I hand you what has been identified as Applicant's
4 Exhibit Number Four and ask you to state what that is?

5 A This is an isopach map for the Point Lookout or
6 the lower section of the Mesaverde formation on which the
7 sand thickness is contoured.

8 Q Were these four exhibits prepared by you or under
9 your supervision?

10 A Yes, sir.

11 Q I would like to offer these four exhibits in
12 evidence, Mr. Examiner.

13 MR. NUTTER: Aztec's Exhibit One through Four will
14 be admitted in evidence.

15 Q (Mr. Campbell continuing.) Now, Mr. Van Ryan, why
16 are you requesting this unorthodox location?

17 A We feel that the location in the northwest quarter
18 of Section 9 would encounter more net sand thickness as shown
19 by the isopach maps.

20 MR. NUTTER: Where is Section 9, by the way, on this
21 map, Mr. Van Ryan?

22 A This is a complete township and range and Section 9
23 would be the section which is three in from the left-hand
24 corner and two down from the top.

25 MR. NUTTER: Now, is that the section that has well

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1 number sixty-eight in the northeast quarter?

2 A. On my map it shows thirteen foot of sand and a
3 well located in the northeast --

4 MR. NUTTER: I guess it is sixty-eight feet of
5 sand in the Cliff House?

6 A. Yes. That's correct.

7 MR. NUTTER: Okay, that's Section 9?

8 A. Yes, right.

9 MR. NUTTER: That's the section we are talking about?

10 A. Right.

11 MR. NUTTER: Okay, thank you.

12 Q. (Mr. Campbell continuing.) That is, Mr. Examiner, is
13 on the Cliff House and the upper and the other isopach is on
14 the Point Lookout, the lower --

15 MR. NUTTER: Right, and thirteen is the identifying
16 figure on Section 9 on the other exhibit, is that correct?

17 A. Yes.

18 Q. (Mr. Campbell continuing.) Now, referring to your
19 production history and to the isopach maps as appropriate will
20 you explain to the Examiner why you concluded you wish to
21 drill this well in the northwest quarter?

22 A. Again, we have got more net sand thickness which
23 would be encountered here which would result in more production
24 from the well.

25 There is some question as to a commercial well

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1 possibility in the southwest quarter since the production to
2 the west of Section 9 in Section 8 is very low and marginal.

3 We felt that as opposed to doing a well in the
4 southwest quarter and later on drilling an in field drilling
5 in the northwest quarter, we would rather drill the well
6 in the northwest quarter first.

7 Q Referring to the isopach maps will you explain what
8 conclusions you reach from those?

9 A Well, as shown in the Cliff House, Exhibit Number
10 Three, isopach map, we should encounter approximately sixty
11 foot of pay in the northwest quarter where our location would
12 be -- our location in the southwest -- we would encounter
13 somewhere between forty and sixty foot of sand -- on the Point
14 Lookout it shows, isopach map, it shows that the northwest
15 quarter is more near twenty foot sand thickness, sand contour,
16 and in the southwest quarter is approaches where there is
17 no sand at all. There is no control in these two quarter
18 sections to exactly identify how much sand thickness will be
19 encountered.

20 Q You believe that if you are permitted to drill this
21 well in the northwest quarter of Section 9 that there is a
22 greater chance of increased recovery of gas than if you
23 drill it in the southwest quarter?

24 A Yes, I do.

25 Q To that extent do you believe, in fact, that it would

1 be contributing to the conservation of oil and gas and to
2 greater ultimate recovery?

3 A. Yes.

4 Q Do you believe that you can drill in the northwest
5 quarter of Section 9 without adversely effecting the
6 correlative rights of any of the offset owners?

7 A. Yes, I do.

8 MR. CAMPBELL: Mr. Examiner, that concludes our
9 testimony at this time. It is our understanding that if
10 Aztec drilled its first well in the southwest quarter that
11 under existing Commission practices they would be permitted to
12 drill an in-field well in the northwest quarter sometime.

13 MR. NUTTER: It would follow that the in-field well
14 would be drilled in the original quarter section.

15 MR. CAMPBELL: Yes, if, in fact, they chose to
16 take that risk.

17

18 CROSS EXAMINATION

19 BY MR. NUTTER:

20 Q Mr. Van Ryan, you are not seeking an exception to
21 the well location rule insofar as distance from the outer
22 boundary of the proration units?

23 A. No, we are not.

24 Q So, the location would be at least seven ninety from
25 the outer boundary?

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1 A. Yes.

2 Q. And the only thing that you are seeking is an
 3 exception to the Mesaverde rules that requires the first
 4 well on the proration unit to be either in the northeast
 5 or the southwest quarter of the section?

6 A. That's correct.

7 Q. Now, your letter of application states that the west
 8 half of Section 9 would be dedicated to the well and that the
 9 southwest quarter of the section does not appear to be
 10 productive.

11 I think you might want to alter that statement at
 12 this hearing because your isopach map shows that you do have
 13 some pay down here.

14 A. We do have some pay thickness down there but as
 15 far as being not productive I would have to qualify that as
 16 not being as commercially productive as the northwest
 17 quarter.

18 Q. But you would be expecting that there would be some
 19 gas in the southwest quarter that would be contributing to
 20 the well?

21 A. Yes, I believe that is correct.

22 Q. Now, there is a well in the southwest quarter and
 23 apparently it was a Dakota test but when they logged that
 24 well they didn't log through the Mesaverde?

25 A. We could not find logs through the Mesaverde section

1 on that well.

2 Q Were you able to find the Dakota logs?

3 A No, we did not -- I did not see the Dakota logs.

4 The people who prepared the isopach for me could not find
5 those logs.

6 Q None of the logs?

7 A That's right.

8 Q It would appear unusual that if they drilled to
9 the Dakota and logged the Dakota that they would have logged
10 the Mesaverde, too, wouldn't they?

11 A It was Amoco who drilled the well and I am not
12 sure that at the time they had the Mesaverde rights, only
13 the Dakota rights. Aztec is now the operator of that west
14 half.

15 Q But you haven't been able to find any logs?

16 A No, we couldn't find the logs.

17 MR. NUTTER: Are there any further questions of the
18 witness? He may be excused. Do you have anything further,
19 Mr. Campbell?

20 MR. CAMPBELL: No, thank you, Mr. Examiner.

21 MR. NUTTER: Does anyone have anything the wish
22 to offer in Case Number 6003?

23 We will take the case under advisement.


24 (THEREUPON, the witness was excused.)

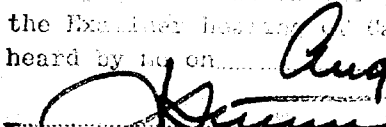
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REPORTER'S CERTIFICATE

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


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete and correct transcript in
the Examiner hearing of Case No. 6003
heard by me on Aug 3, 1977.

Examiner
New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
September 1, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Jack Campbell
Campbell & Bingaman
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87501

Re: CASE NO. 6003
ORDER NO. R-5509-A

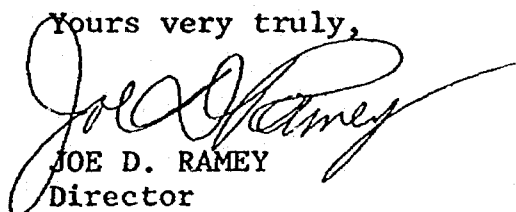
Applicant:

Aztec Oil & Gas Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	<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. 6003
Order No. R-5509 -A

APPLICATION OF AZTEC OIL & GAS
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, RIO ARRIBA COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that Order No. R-5509, dated August 9, 1977, does not correctly state the intended order of the Commission,

IT IS THEREFORE ORDERED:

(1) That Paragraph (2) on Page 1 of Order No. R-5509, dated August 9, 1977, is hereby corrected to read in its entirety as follows:

"(2) That the applicant, Aztec Oil & Gas Company, seeks approval of an unorthodox gas well location for its Arizona Jicarilla B Well No. 8 at least 790 feet from the North line and at least 790 feet from the West line, but no closer than 130 feet to any quarter-quarter section line, of Section 9, Township 26 North, Range 5 West, NMPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico."

(2) That Paragraph (1) on Page 2 of Order No. R-5509, dated August 9, 1977, is hereby corrected to read in its entirety as follows:

"(1) That an unorthodox gas well location for the Mesaverde formation is hereby approved for the Aztec Oil & Gas Company Arizona Jicarilla B Well No. 8 to be located at a point at least 790 feet from the North line and at least 790 feet from the West line, but no nearer than 130 feet to any quarter-quarter section line, of Section 9, Township 26 North, Range 5 West, NMPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico."

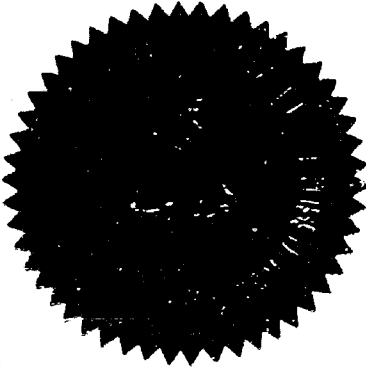
-2-

Case No. 6003
Order No. R-5509-A

(3) That this order shall be effective nunc pro tunc
as of August 9, 1977.

DONE at Santa Fe, New Mexico, this 30th day of
August, 1977.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

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

S E A L

dr/

Dockets Nos. 26-77 and 27-77 are tentatively set for hearing on August 17 and 31, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 3, 1977

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. Mutter, Examiner, or Richard L. Stannets, Alternate Examiner:

CASE 4962: (Reopened) (Continued from July 6, 1977 Examiner Hearing)

In the matter of Case 4962 being reopened pursuant to the provisions of Order No. R-4538 which order established temporary special pool rules for the Peterson-Pennsylvanian Associated Pool, Roosevelt County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5974: (Continued from July 6, 1977 Examiner Hearing)

Application of Maddox Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 9, Township 18 South, Range 26 East, Atoka-Pennsylvanian Pool, Eddy 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 5981: (Continued from July 6, 1977 Examiner Hearing)

Application of W. A. Monerief, Jr., for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Upper-Pennsylvanian production for his State Well No. 1 located in Unit E of Section 26, Township 16 South, Range 33 East, Lea County, New Mexico, and the promulgation of special rules therefor, including a provision for 80-acre spacing.

CASE 6001: Application of Mesa Petroleum Co. for an exception to Order No. R-5459, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Order No. R-5459 to exclude its Primo Well No. 1-A located in Unit D of Section 6, Township 31 North, Range 10 West, San Juan County, New Mexico, from the vertical limits of the Blanco-Mesaverde Pool as defined by said order.

CASE 6002: Application of New Mexico Salt Water Disposal Company, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bough formation in its Read & Stevens Skelly State Well No. 1 located in Unit H of Section 10, Township 10 South, Range 33 East, Lea County, New Mexico.

CASE 6003: Application of Aztec Oil & Gas Company for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Arizona Jicarilla B Well No. 8 to be located in the NW/4 of Section 9, Township 26 North, Range 5 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, this being the first Mesaverde well on its proration unit, the W/2 of said Section 9.

CASE 6004: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its San Juan 28-7 Unit Well No. 76 located in Unit A of Section 22, Township 28 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 6005: Application of J. M. Huber Corporation for a non-standard unit or compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, proposes to drill its Parr Well No. 1 to the Delaware formation at a point 990 feet from the South and East lines of Section 15, Township 23 South, Range 26 East, Eddy County, New Mexico, and for said well, seeks approval for a 39-acre non-standard oil proration unit comprising all of the SE/4 SE/4 of said Section, except that tract of land owned by Mr. Monk Lofton and described as being one acre, more or less, lying immediately North of the South line of said Section 15 and immediately East of the Eastern boundary of the right of way of U. S. Highways Nos. 62 and 180; in the alternative, applicant seeks an order pooling all mineral interests in the Delaware formation underlying the SE/4 SE/4 of said Section 15 to form a standard 40-acre unit to be dedicated to the aforesaid well. If said well is classified as a gas well, applicant seeks approval for a 159-acre non-standard gas

proration unit comprising all of the SE/4 of said Section 15 except the above-described one-acre tract, or in the alternative, an order pooling all mineral interests in the Delaware formation underlying the SE/4 of said Section 15 to form a standard 160-acre unit to be dedicated to the aforesaid well. If either of the above-described pooling orders is entered, also to be considered will be the cost of drilling and completing the unit 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 6006: In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for the creation, contraction, and extension of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Delaware production and designated as the Brynes Tank-Middle Delaware Gas Pool. The discovery well is the Managan Petroleum Corporation Newman Well No. 1 located in Unit O of Section 7, Township 23 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 7: SE/4

(b) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the Calumet-San Andres Pool. The discovery well is the Elk Oil Company Dexter State Well No. 1 located in Unit D of Section 36, Township 12 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 26 EAST, NMPM
Section 36: NW/4

(c) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Morrow production and designated as the Carson-Morrow Gas Pool. The discovery well is Maralo, Inc. Chavelea-Carson Well No. 1 located in Unit F of Section 10, Township 9 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 31 EAST, NMPM
Section 10: N/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Cisco production and designated as the South Kemnitz-Cisco Pool. The discovery well is the W. A. Moncrief, Jr., State Well No. 1 located in Unit E of Section 26, Township 16 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 26: W/2
Section 27: S/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the South Paduca-Wolfcamp Gas Pool. The discovery well is the Texaco Inc. Cotton Draw Unit Well No. 68 located in Unit F of Section 12, Township 25 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM
Section 12: W/2

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Queen production and designated as the Reeves-Queen Pool. The discovery well is the Honeysuckle Exploration Corporation State 22 Well No. 1 located in Unit P of Section 22, Township 18 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 22: SE/4

(g) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for San Andres production and designated as the Tomahawk-San Andres Pool. The discovery well is the Sundance Oil Company Cone "31" Federal Well No. 1 located in Unit A of Section 31, Township 7 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 31: NE/4

- (h) EXTEND the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 5: SW/4
Section 8: W/2

- (i) EXTEND the Baish-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 15: SE/4

- (j) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 28: S/2 NW/4

- (k) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM
Section 36: N/2

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 7: N/2

- (l) EXTEND the East Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 4: W/2
Section 9: W/2

- (m) EXTEND the North Burton Flat-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 9: All

- (n) EXTEND the North Cemetery-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 34: N/2

- (o) EXTEND the Crooked Creek-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 9: N/2

- (p) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 25: W/2 NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 18: NW/4

- (q) EXTEND the Eumont Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 33: SE/4

- (r) EXTEND THE South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 30: S/2

- (s) EXTEND the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 27: N/2

- (t) EXTEND the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 12: W/2

- (u) EXTEND the Linda San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 31: NE/4 NE/4

- (v) EXTEND the Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 18: E/2
Section 19: N/2

- (w) EXTEND the POW-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM
Section 32: S/2
Section 33: S/2

- (x) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 4: Lots 9, 10, 15, 16, and SE/4

- (y) CONTRACT the vertical limits of the Sams Ranch Grayburg-San Andres Gas Pool in Chaves County, New Mexico, to the Grayburg formation only, redesignate said pool as the Sams Ranch-Grayburg Gas Pool, and extend horizontal limits of said pool to include therein:

TOWNSHIP 14 SOUTH, RANGE 28 EAST, NMPM
Section 8: S/2
Section 9: S/2
Section 17: N/2
Section 18: E/2

- (z) EXTEND the Sanmal-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 2: NW/4
Section 3: NE/4

- (aa) EXTEND the North Vacuum Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 8: NE/4
Section 17: W/2

- (bb) EXTEND the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: NW/4

- (cc) EXTEND the Wilson-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 12: E/2



OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
August 12, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Jack Campbell
Campbell & Bingaman
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87501

Re: CASE NO. 6003
ORDER NO. R-5509

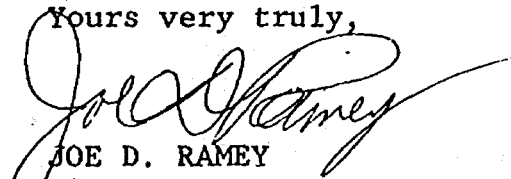
Applicant:

Aztec Oil & Gas Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC x

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. 6003
Order No. R-5509

APPLICATION OF AZTEC OIL & GAS COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 3, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of August, 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, Aztec Oil & Gas Company, seeks
approval of an unorthodox gas well location for its Arizona
Jicarilla B Well No. 8 at least 790 feet from the North line and
at least 790 feet from the West line, but no closer than 330 feet
to any quarter-quarter section line, of Section 9, Township 26
North, Range 5 West, NMPM, Blanco Mesaverde Pool, Rio Arriba
County, New Mexico.

(3) That the W/2 of said Section 9 is to be dedicated to
the well.

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

-2-

Case No. 6003

Order No. R-5509

IT IS THEREFORE ORDERED:

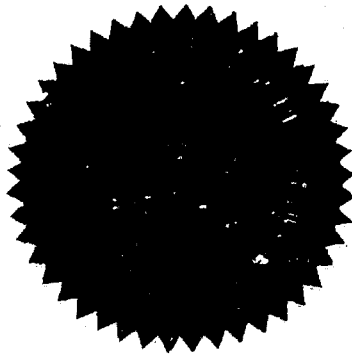
(1) That an unorthodox gas well location for the Mesaverde formation is hereby approved for the Aztec Oil & Gas Company Arizona Jicarilla B Well No. 8 to be located at a point at least 790 feet from the North line and at least 790 feet from the West line, but no nearer than 330 feet to any quarter-quarter section line, of Section 9, Township 26 North, Range 5 West, NMPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico.

(2) That the W/2 of said Section 9 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, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

jr/

North west	Production Jicarilla 152W O ₂	A.O.&G Arizona Jicarilla B 20 O 4A	Conoco AXI-Apache-K 20 O 2A	Conoco AXI-Apache-K 1A O O 4	AXI-Apache-K O 1A
5		1		3	
		Arizona Jicarilla B	AXI-Apache-K	AXI-Apache-K	AXI-Apache-K
		O 1	O 2A	O 4	O 1A
Consolidated		A.O.&G	Conoco	A.O.&G	Conoco
Jicarilla			AXI-Apache-K	Arizona Jicarilla B	AXI-Apache-K
O 4			O 6	O 5A	O 5
8		9		Arizona Jicarilla B	
Occidental				O 5	
Jicarilla West					
O 7					
Teneco		Tenneco		Tenneco	Jicarilla B 80
17		16		15	

R 5 W

AZTEC

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Appw EXHIBIT NO. 1
CASE NO. 6003

AZTEC OIL & GAS COMPANY					
LOCATION					
Arizona Jicarilla B-8					
TYPE OF WELL					
Offset Operators					
CONTRACTS					
Parsons					
By	Date	Received By	Date	Reference	Date

North west	Production Ticarilla 152W O ₂	A.O.&G	Conoco	Conoco
	398-288 29-8183	Arizona Ticarilla B	AXI-Apache-K	AXI-Apache-K
	O 541- - 341-2.11 4-A 0-0 48-2170			4A O AXI-Apache-K 680-081 184-1760 30-119 0-0 O ₁
5		4	4	3
		Arizona Ticarilla B	AXI-Apache-K	AXI-Apache-K
	O 362-842 819-028 4 28-2932 124-124 O _{2A}			O 364-1541 796-028 4 35-3963 132-132 O _{1A}
Consolidated	A.O.&G	Conoco	A.O.&G	Conoco
Ticarilla	O 24-.112 4 3-399	AXI-Apache-K	Arizona Ticarilla B	AXI-Apache-K
		O 431-648 6 0-0	C 790- - 183-1718 5A 0-0 13-5604	O ₅
8		9		
Occidental			Arizona Ticarilla B	
Ticarilla West	O 49-428 7 0-510		0-066 O 0-505 5	
Teneco	Tenneco	Tenneco	Tenneco	Jicarilla B 80 198-856 11-1627
17	16	15		

BEFORE EXAMINER NUTTER
OIL COMMISSION

Appon NO. 7 RSW
CASE NO. 6003

MCFPD
000-000 M³CF Cum.
000-000 B.O.Cum.
BOPM

AZTEC OIL & GAS COMPANY

Arizona Ticarilla B#8
Offset Production MV

C.C. Parsons

Case 6003

AZTEC OIL & GAS COMPANY

P. O. DRAWER 570
FARMINGTON, NEW MEXICO 87401

July 11, 1977

Mr. Joe D. Ramey
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

Aztec Oil & Gas Company hereby requests a hearing in order to obtain an exception to Rule 2 of order #R-1670 for the Arizona Jicarilla B#8 well to be located in the Northwest quarter of section 9, T26N, R5W, Rio Arriba County, New Mexico. Rule 2 of order #R-1670 calls for the first well on a proration unit to be located in either the Northeast or Southwest quarter of the section. The proration unit involved is the West 1/2 of Section 9, and the southwest quarter of this section does not appear to be capable of production. Aztec Oil & Gas owns 100% of the working interest in this acreage.

Amended
Sincerely,

Curtis C. Parsons
Curtis C. Parsons
District Engineer

CCP/eg

Planned MW



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. 6003

Order No. R- 5509

APPLICATION OF AZTEC OIL & GAS COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 3, 19 77,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of August, 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, Aztec Oil & Gas Company, seeks
for its Arizona Jicarilla B Well No. 8 approval of an unorthodox gas well location/ at least 790 feet
at least feet from the North
line and 790 feet from the West line, but no closer than 330 feet to any
Section 9, Township 26 North, Range 5 West, NMPM, to test the
formation, Blanco Mesaverde Pool, section line
Rio Arriba County, New Mexico.

(3) That the W/2 of said Section 9 is to be dedicated to the
well.

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

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

-2-

Case No. _____

Order No. R- _____

(6) 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:

the
Aztac Oil & Gas Company (1) That an unorthodox gas well location for the Mesaverde
~~applicant's~~ Arizona Jicarilla B Well No. 8
formation is hereby approved for ~~a well~~ to be located at a point at least 790

feet from the North line and at least 790 feet from the West
but no nearer than 330 feet to any quarter-quarter section line,
line of Section 9, Township 26 North 0, Range 5 West

NMPMB Blanco Mesaverde Pool Pool, Rio Arriba County,
New Mexico.

(2) That the W/2 of said Section 9 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.

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. 6003
Order No. R-5509-A

APPLICATION OF AZTEC OIL & GAS
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, RIO ARriba COUNTY,
NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that Order No. R-5509, dated August 9, 1977, does not correctly state the intended order of the Commission,

IT IS THEREFORE ORDERED:

(1) That Paragraph (2) on Page 1 of Order No. R-5509, dated August 9, 1977, is hereby corrected to read in its entirety as follows:

"(2) That the applicant, Aztec Oil & Gas Company, seeks approval of an unorthodox gas well location for its Arizona Jicarilla B Well No. 8 at least 790 feet from the North line and at least 790 feet from the West line, but no closer than 130 feet to any quarter-quarter section line, of Section 9, Township 26 North, Range 5 West, NMPPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico."

(2) That Paragraph (1) on Page 2 of Order No. R-5509, dated August 9, 1977, is hereby corrected to read in its entirety as follows:

"(1) That an unorthodox gas well location for the Mesaverde formation is hereby approved for the Aztec Oil & Gas Company Arizona Jicarilla B Well No. 8 to be located at a point at least 790 feet from the North line and at least 790 feet from the West line, but no nearer than 130 feet to any quarter-quarter section line, of Section 9, Township 26 North, Range 5 West, NMPM, Blanco Mesaverde Pool, Rio Arriba County, New Mexico."

(3) That this order shall be effective nunc pro tunc as of August 9, 1977.

DONE at Santa Fe, New Mexico, this _____ day of August, 1977.

