

Od CASE 6166: ODESSA NATURAL CORPORATION  
FOR RESCISSION OF ORDER NO. R-5601, ition  
RIO ARRIBA COUNTY, NEW MEXICO

Case NO.

6/66

Application

Transcripts

Small Exhibits

ETC.



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501



DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER

PHIL R. LUCERO  
April 12, 1978

STATE GEOLOGIST  
EMERY C. ARNOLD

Mr. Owen Lopez  
Montgomery, Andrews, & Hamnabs  
Attorneys at Law  
Post Office Box 2307  
Santa Fe, New Mexico

Re: CASE NO. 6166  
ORDER NO. R-5677

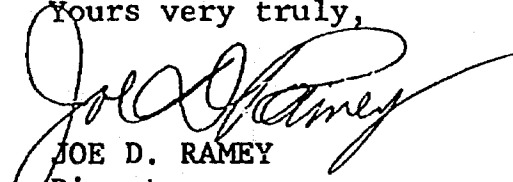
Applicant:

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 Paul Eaton

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. 6166  
Order No. R-5677

APPLICATION OF ODESSA NATURAL CORPORATION  
FOR RESCISSION OF ORDER NO. R-5601,  
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 22, 1978, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 11th day of April, 1978, 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 on October 12, 1977, a Commission examiner heard Case No. 6065 wherein the applicant, Odessa Natural Corporation, sought the classification of its ARCO-Little Fed. Well No. 1, located in Unit D of Section 32, Township 24 North, Range 3 West, Rio Arriba County, New Mexico, as a gas well rather than an oil well, thereby permitting the continued dedication of the W/2 of said Section 32. Said classification would be in exception to the statewide definition of gas wells, or to the Chacon-Dakota Associated Pool definition of gas wells, whichever is applicable.

(3) That the evidence presented at that hearing demonstrated that said ARCO-Little Fed. Well No. 1 was completed as an extension of said Chacon-Dakota Associated Pool and was therefore subject to the special rules and regulations of said pool.

(4) That said special rules and regulations define a gas well as one producing with a gas-oil ratio of 30,000 cubic feet of gas or more per barrel of oil.

(5) That said ARCO-Little Fed. Well No. 1 was producing with a gas-oil ratio of less than 30,000 to 1 at that time and was classified as an oil well.

Case No. 6166  
Order No. R-5677

(6) That the production history of wells in said Chacon-Dakota Associated Pool demonstrated that the gas-oil ratio of said ARCO-Little Fed. Well No. 1 could be expected to rapidly rise to a level in excess of 30,000 to 1, causing said well to be reclassified as a gas well.

(7) That within said pool, oil wells are spaced on 160-acre proration units and gas wells are spaced on 320-acre spacing units.

(8) That the applicant sought the special gas well classification for said well in order to dedicate 320 acres thereto until such time as the gas-oil ratio of said well increased to a level of 30,000 to 1 or more.

(9) That such special classification and acreage dedication would prevent the drilling of a second oil well on the undrilled 160-acre tract (the SW/4 of said Section 32) which would be dedicated to said well if it should be classified as a gas well with 320 acres dedicated thereto.

(10) That said limitation on development could prevent the drilling of an unnecessary well thereby preventing economic waste.

(11) That on December 27, 1977, the Commission entered its Order No. R-5601 granting the special gas well classification for a period of approximately 6 months requiring that the applicant should appear at an Examiner hearing in July, 1978, to show cause why said special well classification should not be rescinded or to request an amendment to the special rules and regulations for the Chacon-Dakota Associated Pool to provide for a period of gas well classification for all new completions therein.

(12) That the applicant now seeks the rescission of said Order No. R-5601.

(13) That the evidence presented demonstrated that while the gas-oil ratio of said ARCO-Little Fed. Well No. 1 has increased over a four month producing interval, the level of said ratio and its rate of increase do not equal those of other wells reclassified as gas wells.

(14) That the evidence presented demonstrated that said ARCO-Little Fed. Well should be classified as an oil well.

(15) That the rescission of Order No. R-5601 will not cause waste or violate correlative rights.

(16) That the application should be approved.

-3-

Case No. 6166

Order No. R-5677

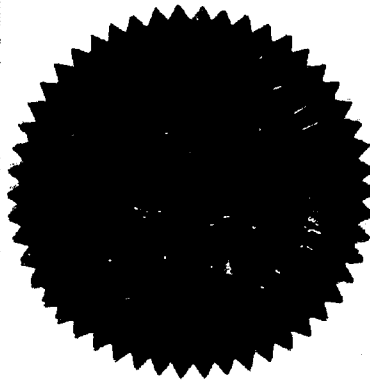
IT IS THEREFORE ORDERED:

(1) That effective April 11, 1978, Commission Order No. R-5601 is hereby rescinded.

(2) 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

rf/

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
22 February 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Odessa Natural Corpor- )  
ation for rescission of Order No. )  
R-5601, Rio Arriba County, New Mexico.)

CASE  
6166

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Commission:

Lynn Teschendorf, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant:

Owen Lopez, Esq.  
MONTGOMERY, ANDREWS & HANNAHS  
Paseo de Peralta  
Santa Fe, New Mexico

For Atlantic Richfield:

Paul Eaton, Esq.  
HINKLE, COX, EATON, COFFIELD &  
HENSLEY  
Hinkle Building  
Roswell, New Mexico

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General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 962-9212

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L. J. GOW

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1 MR. STAMETS: Call next Case 6166.

2 MS. TESCHENDORF: Case 6166. Application of  
3 Odessa Natural Corporation for rescission of Order No.  
4 R-5601, Rio Arriba County, New Mexico.

5 MR. LOPEZ: Mr. Examiner, my name is Owen  
6 Lopez of the Montgomery law firm in Santa Fe, appearing on  
7 behalf of Odessa Natural Corporation, and I have one witness  
8 to be sworn.

9 MR. STAMETS: Any other appearances?

10 MR. EATON: Yes, sir, my name is Paul Eaton,  
11 of the firm of Hinkle, Cox, Eaton, Coffield and Hensley,  
12 Roswell, New Mexico, representing Atlantic Richfield Com-  
13 pany, and we have one witness.

14 MR. STAMETS: Okay, I'd like to have them both  
15 be sworn at this time, please.

16 (Witnesses sworn.)

17  
18 EWELL N. WALSH

19 being called as a witness on behalf of the Applicant, and  
20 having been duly sworn upon his oath, testified as follows,  
21 to-wit:

22  
23 DIRECT EXAMINATION

24 BY MR. LOPEZ:

25 Q Would you please state your name, residence,

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1 by whom you're employed, and in what capacity?

2 A. My name is Ewell N. Walsh. I am president of  
3 Walsh Engineering and Production Corporation. I reside at  
4 925 East Navajo, Farmington, New Mexico, and I have been  
5 employed as a consultant to appear on behalf of Odessa  
6 Natural Corporation in this case.

7 Q And what is it that Odessa Natural Corporation  
8 seeks in this case?

9 A Odessa Natural Corporation seeks to have Order  
10 Number R-5601 rescinded at this time.

11 Q Okay. Have you -- are you -- have you pre-  
12 viously testified before the Commission and had your qual-  
13 ifications accepted?

14 A Yes, I have.

15 MR. LOPEZ: Are the witness' qualifications  
16 acceptable?

17 MR. STAMETS: The witness is considered qual-  
18 ified.

19 Q I direct your attention to Exhibit Number 1 and  
20 ask you to identify it.

21 A Exhibit Number 1 is a map of the area, in-  
22 cluding the Chacon Dakota Associated pool, including Town-  
23 ship 23 North and 24 North, Range 3 West, in which the  
24 pool is located.

25 On the map in the heavy dashed lines is the

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1 present pool outlines. Also indicated are the completed  
2 wells by the solid dots, locations of wells or non-completed  
3 wells by the circles. The subject well is located in the  
4 northwest quarter of Section 32, Township 24 North, Range 3  
5 West, and is indicated by the red arrow.

6 Q And would you please identify Exhibit 2?

7 A Exhibit 2 is a graphical representation of the  
8 GOR for four producing months of the Odessa Natural Corpor-  
9 ation ARCO Little Federal No. 1. This four months is the  
10 period of time the well has been on production and this  
11 history is obtained, and you may note that the GOR started  
12 out at slightly over 1200 cubic feet of gas to 1, and in-  
13 creased to approximately 2800 and has remained in 26 to 2700  
14 cubic feet of gas to 1 barrel of oil ratio for this period  
15 of time.

16 Q How many wells have been completed in the  
17 Chacon-Dakota pool?

18 A At the present time there are 32 wells has  
19 been completed; 2 wells that have been drilled and waiting  
20 completion; and 1 drilling, for a total of 35 wells.

21 Q Have you made a study of all these wells?

22 A I have studied all the wells in this area to  
23 some degree.

24 Q How many of these wells have you personally  
25 supervised?

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1 A. I have personally supervised all or a portion  
2 of the drilling and completion of 27 of the 35 wells.

3 Q I think it would be helpful for the Commission  
4 to review the obtaining of the previous order and what has  
5 transpired since.

6 A. In Case Number 6065, heard in October of 1977,  
7 Odessa Natural Corporation requested at that time that  
8 the subject well, the ARCO Little Federal 32-1, be classi-  
9 fied or at least prorated and given allowable on the gas  
10 well basis, the reason being at that time, was the pro-  
11 duction history in the remaining part of the field to the  
12 south and east of this well some two miles. It indicated  
13 that the well could probably, or possibly, increase in GOR  
14 to a 30,000-to-1 limitation and become classified as a  
15 gas well under which, according to the rules, 320 acres  
16 could be dedicated to the well.

17 This request was made and essentially the  
18 order was written, Order R-56-1, in that the well would be  
19 classified and prorated on an oil well basis, 160 acres;  
20 however it was given a gas well classification which in-  
21 cluded the 320 acres.

22 After the well -- that was prior to the time  
23 the well was put on production -- after the well was put on  
24 production the GOR has remained low as indicated in Exhibit  
25 Number 2. In fact, this well has produced in four months

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1 some 24,000 barrels of oil and 55,000 MCF of gas.

2 Q So in your opinion this well is clearly an  
3 oil well, is that correct?

4 A Yes, it is. It does not produce in any manner  
5 by its production history in comparison to any of the other  
6 wells that the GOR has increased.

7 One of the basic reasonings is that on the  
8 wells down in the major portion of the field their GOR in-  
9 creases essentially due to a drop in fluid or oil production.  
10 Their gas production will remain somewhat stable, and the  
11 drop in the production of the oil causes the increase in  
12 GOR.

13 For example, the example of this is in the  
14 cumulative production in the Odessa Natural D Number 8,  
15 located in northwest quarter of Section 9, Township 23  
16 North, Range 3 West. After four months production the  
17 cumulative oil production for that well was 6732 barrels;  
18 gas was 125,800 MCF.

19 Thomas -- David N. Thomas D-4, located in the  
20 southeast quarter of Section 9, Township 23 North, Range  
21 3 West, has produced in a four month period, 6632 barrels  
22 of oil and 57,000 cubic feet -- 57,000 MCF of gas.

23 Thomas D-5, located in the northwest quarter  
24 of Section 8 -- Section 16, Township 23 North, Range 3  
25 West, produced 3448 barrels of oil and 53,000 MCF of gas.

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1 Q This is after a four-month period, is that  
2 correct?

3 A That is -- that is on a four-month basis, at  
4 the same time.

5 Q And your reason for selecting a four-month  
6 period is because we only have a four-month production  
7 history on the well in question.

8 A That is correct.

9 Q And it's clear that it's produced measurable  
10 amounts more oil on a continuous basis than any of the  
11 other wells.

12 A Approximately, as far as oil, approximately  
13 three and a half to four times as much.

14 Q So maybe we're being redundant, but what is  
15 your recommendation to the Examiner and the Commission?

16 A My recommendation to the Examiner is that  
17 Order R-5601 be rescinded. I consider this an oil area  
18 and this order is of no advantage to the operator or to  
19 the Commission to continue, even until the hearing in July,  
20 which will have to be reheard anyway.

21 Also, that production in the well and develop-  
22 ment of the area should continue under the special pool  
23 rules for the Chacon-Dakota Associated Oil Pool.

24 Q Is it your opinion that the rescission of  
25 the order is in the interest of the prevention of waste

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1 and protection of correlative rights?

2 A. It is.

3 Q Were Exhibits 1 and 2 prepared by you or under  
4 your supervision?

5 A. They were.

6 MR. LOPEZ: I offer Exhibits 1 and 2.

7 MR. STAMETS: These exhibits will be admitted.

8 Q Is there anything you would like to say fur-  
9 ther, Mr. Walsh?

10 A. No.

11 MR. STAMETS: Any questions of the witness?

12 MR. EATON: Yes, sir.

13 MR. STAMETS: Mr. Eaton.

14

15 CROSS EXAMINATION

16 BY MR. EATON:

17 Q Mr. Walsh, I believe you said you testified  
18 previously in Case Number 6065.

19 A. That's right.

20 Q Is that correct?

21 A. That is the one in October; that's the one  
22 I referred to.

23 Q Yes, sir. And it was on the basis of your  
24 testimony in that case and the exhibits that the Commission  
25 issued an Order R-5601, approving the special gas well

1 classification, is that correct?

2 A Now, the ARCO Little Federal No. 1 is completed  
3 in the same geological horizon as the other wells in the  
4 pool, is it not?

5 A Yes, sir, it is.

6 Q In your prior testimony, Mr. Walsh, you were  
7 asked by your attorney that if the application that you --  
8 if your application were approved, what period of time  
9 would you recommend be included in the order as the period  
10 of time to observe production from the ARCO Little Federal  
11 No. 1 Well to determine when the GOR exceeds the 30,000-  
12 to-1 ratio. Do you recall that question?

13 A I -- yes, I do.

14 Q And your recommendation was one year.

15 A I would have to read that. I'll accept it,  
16 if that's the record.

17 Q And as I understood the basis of your recom-  
18 mendation it was because, well, among other things, this  
19 well might be -- might deliver gas into a higher pressure  
20 gathering system than the wells to the south in the pool?

21 A Yes.

22 Q Is that the situation?

23 A No, the -- can I have one minute?

24 Q Sure.

25 A To get something, please. I would say yes,

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1 I said that at that time; however, from the information I  
2 have here, I would say the line pressure is running just  
3 very approximately the same.

4 Q What is that information?

5 A From -- this is the static readings from the  
6 orifice meter recorder from the purchasing gas line com-  
7 pany, and that pressure -- that pressure is going to be  
8 approximately 140 to 150 psia.

9 Q Do you know the pressure in the gathering  
10 system which the wells to the south deliver into?

11 A As I remember, this pressure varies from ap-  
12 proximately 125 - 30 psia to 140 psia. That's from the  
13 times I remember reading the meters.

14 Q You mentioned that two wells have been -- are  
15 waiting on completion, is that correct?

16 A Yes, sir.

17 Q Are those wells in the area of the ARCO Little  
18 Federal?

19 A They are in the general area, yes.

20 Q Are the logs of those wells similar to the  
21 log on the ARCO Little Federal No. 1?

22 A They are similar, yes. In fact, even on the  
23 improvement side as far as the way we determine net pay.

24 Q Now, you are aware, are you not, Mr. Walsh,  
25 that the Commission issued its Order R-5601 approving

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1 Odessa's application on December 27th of 1977.

2 A Is that the date? We'll accept that.

3 Q And that in its order the Commission provided  
4 that the case will be re-opened at an Examiner Hearing  
5 during July of 1978 for the Applicant to show cause why  
6 these special gas well classifications should not be re-  
7 scinded.

8 A That's right.

9 MR. EATON: I have no further questions.

10 MR. STAMETS: Any other questions of the wit-  
11 ness? He may be excused.

12 Do you have anything else, Mr. Lopez?

13 MR. LOPEZ: No, Mr. Examiner, that's our case.

14 MR. STAMETS: Mr. Eaton, will you put your  
15 witness on?

16 MR. EATON: Yes, sir.

17  
18 L. J. GOW

19 being called on behalf of Atlantic Richfield, and having  
20 been duly sworn upon his oath, testified as follows, to-wit:

21  
22 DIRECT EXAMINATION

23 BY MR. EATON:

24 Q Would you please state your name and by whom  
25 you are employed and in what capacity?

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1 A. My name is L. J. Gow and I'm employed by At-  
2 lantic Richfield Company in Denver, Colorado, as an Oper-  
3 ations Analytical Engineer.

4 Q Have you previously testified before this Com-  
5 mission in that capacity?

6 A Yes, I have.

7 Q And were your qualifications accepted?

8 A Yes, they were.

9 MR. EATON: Are the witness' qualifications  
10 acceptable for this?

11 MR. STAMETS: Yes, they are.

12 Q What will be the purpose of your testimony  
13 today -- tonight?

14 A The purpose of the testimony will be oppose  
15 the Applicant's request for withdrawal of the special gas  
16 well classification for the ARCO Little Federal No. 1 Well.

17 Q Have you prepared exhibits in connection with  
18 your testimony?

19 A Yes, I have.

20 Q Please refer to what has been marked as Ex-  
21 hibit -- ARCO's Exhibit Number 1 and state what that exhibit  
22 is.

23 A Exhibit Number 1 is a structure map; it's a  
24 structure map of the Chacon-Dakota Pool area. It encom-  
25 passes generally the Townships of 24 North and 23 West --

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1 excuse me, 23 North, Range 3 West.

2 The contour horizon is the base of the Green-  
3 horn (sic), which sits right on top of the Dakota zone.  
4 The contour intervals are 25 feet. The solid dots or the  
5 enclosed circles represent the producing wells in the  
6 Chacon-Dakota pool area. The open circles or the unfilled  
7 dots represent those wells which are proposed or are pre-  
8 sently drilling in the area.

9 We also have some production data adjacent to  
10 some of the producing wells, which we'll discuss later.  
11 The subject well, the ARCO Little Federal No. 1 and the  
12 subject tract in the west half of Section 32 and 24 North,  
13 3 West, is located by a green arrow.

14 Q Does ARCO have an acreage in that west half  
15 of Section 32?

16 A Yes, sir, the southwest quarter of the Section  
17 32.

18 Q And is it your understanding that the west  
19 half of Section 32 has been dedicated to the ARCO Little  
20 Federal Number 1?

21 A Yes, sir.

22 Q Okay.

23 A The structure map indicates, going on further,  
24 that the dip is generally to the north and that it shows  
25 the subject area, the west half of Section 32, and the

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1 acreage in the general vicinity are producing out of the  
2 same geological horizon as the wells to the south and the  
3 bulk of the Chacon-Dakota Associated Pool.

4 Q All right. Would you now refer to what has  
5 been marked for identification as Exhibit 2 and state what  
6 that exhibit shows?

7 A Exhibit 2 consists of several pages of pro-  
8 duction histories for wells in the area, which are to the  
9 south of the ARCO Little Federal No. 1, and including the  
10 ARCO Little Federal No. 1.

11 The first page of our Exhibit Number 2 con-  
12 sists of the Odessa Natural Corporation's Chacon Jicarilla  
13 No. 1 Well, which is located in the southeast quarter of  
14 Section 15, 23 North, 3 West. Now, looking down the pro-  
15 duction columns, we have oil production, gas production,  
16 and then a GOR column for this well. You can see looking  
17 down the righthand side a GOR column beginning in April of  
18 1976 when this well began, apparently, its pipeline sales,  
19 a gas/oil ration of a little over 7000, and then increasing  
20 over a period of five months to a gas well classification  
21 of over 30,000-to-1, which is just about 47,000-to-1 in  
22 August.

23 Proceeding to the next page of Exhibit Number  
24 2 is the Odessa Natural Corporation's Chacon-Jicarilla D-2  
25 Well, located in the southeast quarter of Section 16, 23

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1 North, 3 West. Again we have the same tabulation set-up.  
2 oil production, gas production, and GOR.

3 Again looking down the righthand corner -- the  
4 right side of the page the gas/oil ratio beginning in  
5 April of 1976 at a little over 10,000 and increasing to  
6 41,000 in two months and then showing some variations and  
7 finally stabilizing in September of 1976 after a period of  
8 about six months.

9 Turning to your next page in Exhibit Number 2,  
10 the Dave N. Thomas, Junior, Chacon-Jicarilla Apache D-3  
11 Well, located in the northwest quarter of Section 15, 23  
12 North, 3 West. Looking down your gas/oil ratio column  
13 again on this page, beginning in November of 1976 with an  
14 8000 -- a little over an 8000 GOR and increasing to a gas  
15 well classification in approximately six to seven months.  
16 That seventh month reading is almost 47,000-to-1.

17 Turning to your next page the Dave N. Thomas,  
18 Junior, Number D-5, officially the Chacon-Jicarilla Apache  
19 D-5, located in the northwest quarter of Section 16, 23  
20 North, 3 West. Beginning in 1977, looking down your gas/oil  
21 ratio column, we have a little over 9000 GOR in January  
22 and it increasing to the gas well classification in about  
23 seven months. There are some variations there but, for  
24 example in August, dipping a little below that; nevertheless  
25 maintaining gas well classification, subsequently.

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1 Next page is your Odessa Natural Corporation  
2 Chacon-Jicarilla D-8 Well in the northwest quarter of  
3 Section 9, 23 North, 3 West.

4 Beginning in January of 1977 down the gas/oil  
5 ratio column it appears that a period of about five months  
6 to gain gas well classification.

7 On the next page of Exhibit Number 2 the  
8 Odessa Natural Corporation Jicarilla Joint Venture KD-1  
9 Well, located in the southeast quarter of Section 4, 23  
10 North, 3 West, this well has apparently from production  
11 recently been put on pipeline sales. It has two months  
12 of production, the first month in December of 1977; the  
13 second in January of 1978, and lies, oh, approximately  
14 two and a half miles from the ARCO Little Federal No. 1  
15 and a mile to two miles from the area in question in Town-  
16 ship 24 North, Range 3 West.

17 The gas/oil ratio began at about 18,000 and  
18 in January is about 24,000.

19 The last page of Exhibit Number 2 is the  
20 Odessa Natural Corporation ARCO Little Federal No. 1 Well,  
21 located in the northwest quarter of Section 32, 24 North,  
22 3 West. We see it has had approximately three months pro-  
23 duction. The production in October being of approximately  
24 four days, so actually we've had about three full months of  
25 production. We do see that the gas/oil ratio began at

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1 about 1200 in October and increased to 2758 in January of  
2 1978.

3 Q Mr. Gow, what conclusions do you draw from  
4 these two exhibits?

5 A I would like to go into one other point.

6 Q Sure.

7 A I would like to refer back to Exhibit Number  
8 1 just briefly and to look at some of the initial potentials  
9 on some of these wells that are south of the ARCO Little  
10 Federal No. 1.

11 First of all, in Section 4 of 23 North, 3 West,  
12 in the southeast quarter the Joint Venture No. 1 Well had  
13 an initial potential of 120 barrels of oil per day, 1400 MCF  
14 per day.

15 Going south in Section 9, the Odessa Natural  
16 No. 8 Well in the northwest quarter, initial potential of  
17 90 barrels of oil; 2270 MCF per day.

18 Proceeding in the same section 9, to the south-  
19 east quarter, the Dave Thomas No. 4 Well, initial potential  
20 141 barrels of oil per day; 900 MCF per day.

21 Going further south to Section 16, two others,  
22 the Dave Thomas D-5 Well, initial potential of 60 barrels  
23 of oil per day; 720 MCF per day; and lastly, the Odessa  
24 Natural D-2 Well, initial potential of 120 barrels of oil  
25 per day and 1064 MCF per day. In comparing those high GOR

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1 wells with the initial potential of the ARCO Little Federal  
2 Well No. 1 in the northwest quarter of 272 barrels of oil  
3 per day, 1140 MCF per day, I believe there are some similar-  
4 ities in these initial potentials with that of the ARCO  
5 Little Federal No. 1.

6 Summarizing the purpose of these two exhibits  
7 was to show that we think based on the time it took for the  
8 wells to the south of the ARCO Little Federal No. 1 to  
9 achieve gas classification, as set out by the pool rules in  
10 this area of 30,000-to-1, that there has been insufficient  
11 time to monitor the ARCO Little Federal No. 1 to determine  
12 its classification as to oil or gas.

13 We would still recommend a period of six to  
14 eight months for monitoring the classification as we testi-  
15 fied to in the previous two cases on February 8.

16 Q What previous two cases are you referring to?

17 A 6142 and 6143.

18 Q Were those cases forced pooling cases filed  
19 by Atlantic Richfield in connection with acreage in Sections  
20 29 and 32 of Township 24 North, Range 3 West?

21 A Correction to that, it would be east half of  
22 Section 29 and the west half of Section 33. Yes, sir, and  
23 we presented testimony consistent with that, those two  
24 cases, and also presented our testimony which is consistent  
25 with the case presented by Odessa Natural on October 12th,

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1 1977, which is Number 6065.

2 And as previously discussed by you and Mr.  
3 Walsh.

4 Q In your opinion, Mr. Gow, was the establishment  
5 of a special gas well classification for the ARCO Little  
6 Federal No. 1 by the Commission less than two months ago  
7 supported by the evidence?

8 A Yes.

9 Q Has -- has anything happened in the last two  
10 months which would suggest to you that the Commission acted  
11 erroneously in issuing that order?

12 A Not to date, no.

13 MR. EATON: We offer Atlantic Richfield's  
14 Exhibits 1 and 2 into evidence.

15 MR. STAMETS: These exhibits are admitted.  
16 Any questions of this witness?

17 MR. LOPEZ: Yes.

18  
19 CROSS EXAMINATION

20 BY MR. LOPEZ:

21 Q Mr. Gow, looking at your Exhibit 1, the struc-  
22 ture map, I notice in your contour lines, I direct your  
23 attention to the Odessa-Shipley No. 1 Well at the southeast  
24 quarter of Section 25 and 33, and the -- what is this,  
25 the ARCO Little Federal 32 --

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1 MR. WALSH: 2.

2 Q 2, and the southeast quarter of 32. Did you  
3 have information available to you through logs or other  
4 means to support your judgment in this case?

5 A No, we did not. These are lines above the  
6 Township 23 North and 24 North boundaries, our extrapolations  
7 of the trend going to the north of the structure lines to  
8 the south.

9 Q Now, wouldn't you agree with me that analysis  
10 after four month production history on the wells might be  
11 more convincing than just discussing initial potentials  
12 of the various wells?

13 A I believe that, really, it's about three  
14 months production, as I stated in testimony, but I still  
15 believe based on the wells that are producing to the south  
16 that a longer period of time is really needed to adequately  
17 decide on the classification of a well.

18 And as to the initial potentials, that the  
19 wells that are gas wells tend to have similar initial po-  
20 tentials and I've shown that. The wells that tend to be  
21 gas wells do not have similar initial potentials and show  
22 that trend.

23 Q Well, let's turn to your Exhibit 2 and let's,  
24 if you'll be patient and review it with me, let's look at  
25 the first page, the Chacon-Jicarilla D-1, and let's look

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1 at after four months production history, or as of June  
2 no, July of '76. The gas/oil ratio indicated on your ex-  
3 hibit is 27,561 barrels.

4 A Yes, sir.

5 Q Okay, and the Chacon-Jicarilla D-2, looking  
6 at July of '76 again, the gas/oil ratio is 22,22,968 on  
7 that.

8 Do you agree?

9 A Agreed.

10 Q Okay, on the Chacon-Jicarilla Apache D-3,  
11 let's say February of '77, after four months, again, the  
12 gas/oil ratio is 23,493-to-1?

13 A It is.

14 Q And the Chacon-Jicarilla Apache D-5 in April  
15 '77, after four months, again, 20,971-to-1?

16 A Yes.

17 Q And the D-8 in April, '77, again after four  
18 months, 28,943-to-1?

19 A Yes.

20 Q And now let's go to the last exhibit and we  
21 look at the well in question and we notice it's 2758-to-1.

22 A Yes.

23 Q Doesn't this indicate a difference?

24 A It would.

25 Q And you heard Mr. Walsh' previous testimony.

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1 Isn't it a fact that this well has produced 24,000 barrels  
2 of oil as compared to the production of the other wells,  
3 doesn't that also indicate that it is a different kind of  
4 well?

5 A It would.

6 Q And if the order were rescinded wouldn't, or  
7 shouldn't Atlantic Richfield be anxious to drill its acreage  
8 in the southeast -- the southwest quarter of Section 32?

9 A I can't speak for management.

10 Q Okay.

11 A That might be a reasonable assumption.

12 MR. LOPEZ: I have no further questions.

13 MR. STAMETS: Are there any other questions  
14 of this witness?

15 He may be excused. Do either of you have  
16 anything further to offer in this case?

17 There being nothing further in this case, the  
18 hearing is adjourned.

19 (Hearing concluded.)  
20  
21  
22  
23  
24  
25

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REPORTER'S CERTIFICATE

1, 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 re-  
cord of the said proceedings, prepared by me to the best  
of my knowledge, skill and ability.

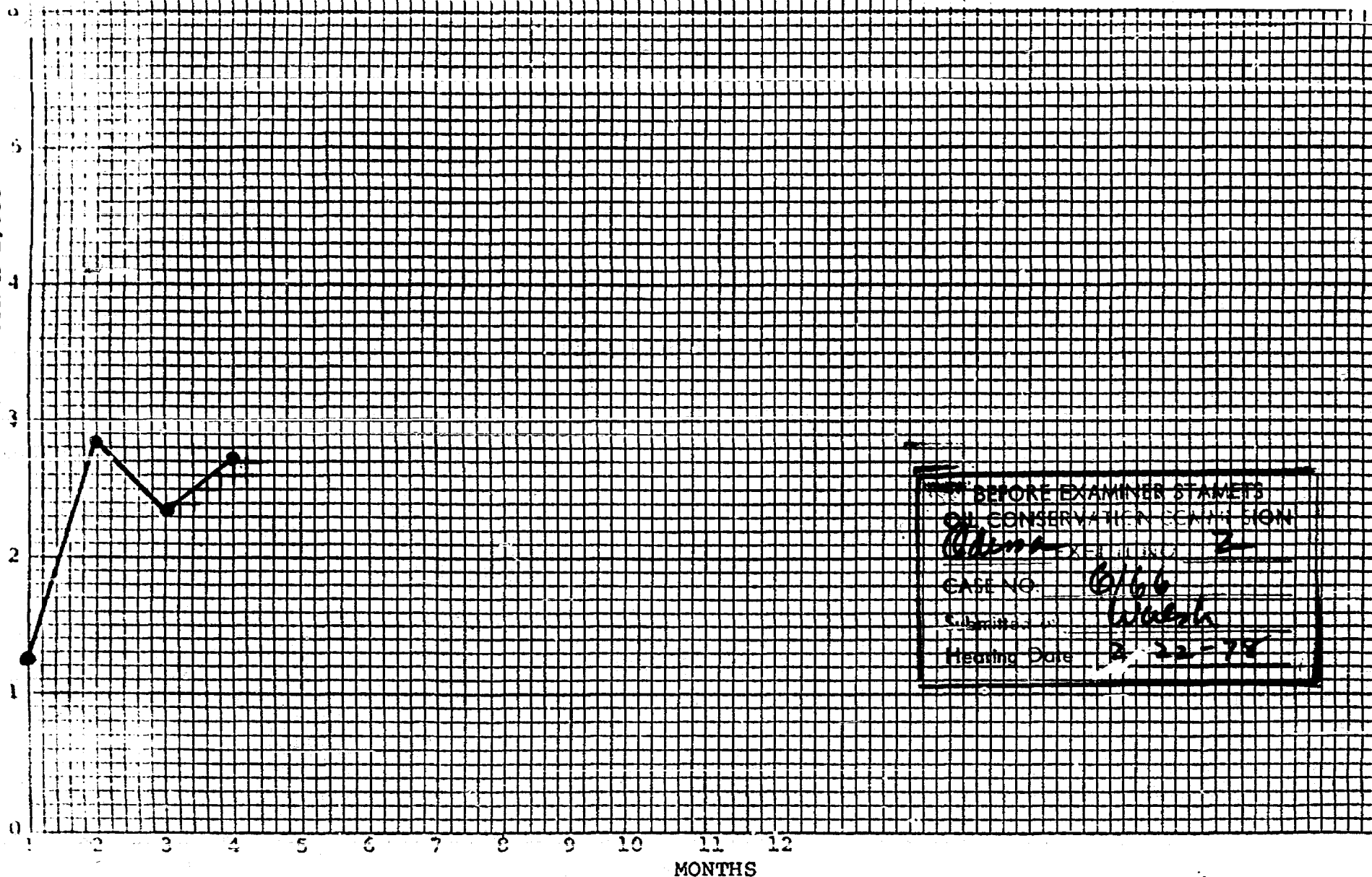
Sally Walton Boyd  
Sally Walton Boyd, C.S.R.

ald morrish reporting service  
General Court Reporting Service  
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Phone (505) 963-9212

This report, which is being filed, is  
a correct and true transcript of the proceedings in  
the Examiner's hearing of Case No. 6166  
heard by me on 3-23-78, 19 78.  
Richard H. Starn, Examiner  
New Mexico Oil Conservation Commission

EXHIBIT NO.  
ODESSA NATURAL CORPORATION  
ARCO LITTLE FEDERAL NO. 1  
NW/4, NW/4, Sec. 32-T2W-R3W  
Rio Arriba County, NM

GOR X 1,000



BEFORE EXAMINER STAMPS	
OIL CONSERVATION COMMISSION	
Case No.	6/66
Submitted to	W. W. W. W.
Hearing Date	2-22-78

YEAR		OIL PRODUCTION		GAS PRODUCTION		GOR
		Monthly	Cumulative	Monthly	Cumulative	
		Bbl	Bbl	MCF	MCF	
1976						
	Jan.	1030	1030	10046	10046	9753
	Feb.	-	1030	-	10046	-
	Mar.	280	1310	-	10046	-
	Apr.	970	2280	7546	17592	7779
	May	2051	4331	25304	42896	12337
	June	1385	5716	33913	76809	24486
	July	1037	6753	28580	105389	27560
	Aug.	363	7116	17040	122429	46942
	Sept.	533	7649	21255	143684	39878
	Oct.	476	8125	20844	164528	43790
	Nov.	445	8570	18629	183157	41863
	Dec.	437	9007	15363	198520	35156
1977						
	Jan.	412	9419	14752	213272	35806
	Feb.	350	9769	10379	223651	29654
	Mar.	402	10171	13894	237545	34562
	Apr.	364	10535	12905	250450	35453
	May	387	10922	12728	263178	32889
	June	32	10954	1282	264460	40063
	July	0	10954	0	264460	-
	Aug.	29	10983	1731	266191	59690
	Sept.	245	11228	14362	280553	58620
	Oct.	695	11923	12018	292571	17292
	Nov.	424	12347	12413	304984	29276
	Dec.	424	12771	11327	316311	26715
1978						
	Jan.	344	13115	10166	326477	29552
	Feb.					
	Mar.					
	Apr.					
	May					
	June					
	July					
	Aug.					
	Sept.					
	Oct.					
	Nov.					
	Dec.					

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 2  
CASE NO. 6166  
Submitted by  
Hearing Date



YEAR		OIL PRODUCTION		GAS PRODUCTION		GOR
		Monthly	Cumulative	Monthly	Cumulative	
		Bbl	Bbl	MCF	MCF	Cu Ft/Bbl
1976						
	Jan.	711	711	8149	8149	8867
	Feb.	-	919	-	8149	-
	Mar.	979	1898	-	8149	-
	Apr.	1785	3683	17960	26109	10061
	May	698	4381	21828	47937	31272
	June	856	5237	18627	66564	21761
	July	725	5962	16652	83216	22968
	Aug.	654	6616	11794	95010	18034
	Sept.	488	7104	14826	109836	30381
	Oct.	456	7560	15014	124850	32925
	Nov.	410	7970	13058	137908	31849
	Dec.	394	8364	12871	150779	32668
1977						
	Jan.	379	3743	12311	163090	32483
	Feb.	281	9024	8822	171912	31395
	Mar.	355	9379	15001	186913	42256
	Apr.	369	9748	10353	197266	28657
	May	91	9839	9248	206514	101626
	June	575	10414	7620	214134	13252
	July	164	10578	7219	221353	44018
	Aug.	-	10578	-	221353	-
	Sept.	-	10578	-	221353	-
	Oct.	-	10578	-	221353	-
	Nov.	6	10584	0	221353	-
	Dec.	205	10789	12296	233649	59980
1978						
	Jan.					
	Feb.					
	Mar.					
	Apr.					
	May					
	June					
	July					
	Aug.					
	Sept.					
	Oct.					
	Nov.					
	Dec.					

YEAR		OIL PRODUCTION		GAS PRODUCTION		GOR
		Monthly	Cumulative	Monthly	Cumulative	
		Bbl	Bbl	MCF	MCF	Cu Ft/Bbl
1976						
	Jan.					
	Feb.					
	Mar.					
	Apr.					
	May					
	June					
	July					
	Aug.					
	Sept.	1349	1349	-	-	-
	Oct.	-	1349	-	-	-
	Nov.	1777	3126	14487	14487	8153
	Dec.	1762	4888	24430	38917	13865
1977						
	Jan.	1257	6145	20707	59624	16473
	Feb.	828	6973	19451	79075	23493
	Mar.	768	7741	17434	96509	22701
	Apr.	670	8411	17050	113559	25448
	May	371	8782	17401	130960	46903
	June	636	9418	12341	143301	19404
	July	921	10339	16462	159763	17874
	Aug.	604	10945	15039	174802	15039
	Sept.	5	11483	14839	189692	27677
	Oct.	481	11964	14375	204067	29886
	Nov.	362	12326	12760	216827	35249
	Dec.	375	12701	13739	230566	36637
1978						
	Jan.					
	Feb.					
	Mar.					
	Apr.					
	May					
	June					
	July					
	Aug.					
	Sept.					
	Oct.					
	Nov.					
	Dec.					

CHACON JICARILLA APACHE D-5

CHACON DAKOTA FIELD

Sec. 16-23N-3W (NE NW)

Rio Arriba Co., New Mexico

		OIL PRODUCTION		GAS PRODUCTION		GOR
		Monthly	Cumulative	Monthly	Cumulative	
		Bbl	Bbl	MCF	MCF	
1	YEAR 1976					
2	Jan.					
3	Feb.					
4	Mar.					
5	Apr.					
6	May					
7	June					
8	July					
9	Aug.					
10	Sept.					
11	Oct.					
12	Nov.	358	358	-	-	-
13	Dec.	-	358	-	-	-
14						
15						
16	YEAR 1977					
17	Jan.	347	705	3251	3251	9369
18	Feb.	1051	1756	8130	11381	7735
19	Mar.	868	2624	16452	27833	18954
20	Apr.	615	3239	12897	40730	20971
21	May	546	3785	12517	53247	22925
22	June	397	4182	8903	62150	22426
23	July	367	4549	11197	73347	30510
24	Aug.	347	4896	9046	82393	26069
25	Sept.	318	5214	13255	95648	41682
26	Oct.	274	5488	8686	104334	31701
27	Nov.	249	5737	10207	114541	40992
28	Dec.	224	5961	9044	123585	40375
29						
30						
31	YEAR 1978					
32	Jan.					
33	Feb.					
34	Mar.					
35	Apr.					
36	May					
37	June					
38	July					
39	Aug.					
40	Sept.					
41	Oct.					
42	Nov.					
43	Dec.					
44						
45						
46						
47						

YEAR		OIL PRODUCTION		GAS PRODUCTION		Cu Ft/Bbl
		Monthly	Cumulative	Monthly	Cumulative	
		Bbl	Bbl	MCF	MCF	
1976						
	Jan.					
	Feb.					
	Mar.					
	Apr.					
	May					
	June					
	July					
	Aug.	145	145	0	0	0
	Sept.	779	924	0	0	0
	Oct.	0	924	0	0	0
	Nov.	0	924	0	0	0
	Dec.	399	1323	0	0	0
1977						
	Jan.	1879	3202	33774	33774	17974
	Feb.	1219	4421	31001	64775	25431
	Mar.	1260	5681	30651	95426	24326
	Apr.	1051	6732	30419	125845	28943
	May	934	7666	29012	154857	31042
	June	1	7667	361	155218	-
	July	502	8169	6029	161247	16273
	Aug.	1161	9330	30905	192152	26620
	Sept.	954	10284	28884	221036	30277
	Oct.	961	11245	26597	247633	27676
	Nov.	757	12002	27084	274717	35778
	Dec.	768	12770	26996	301713	35151
1978						
	Jan.	723	13493	26589	328302	36776
	Feb.					
	Mar.					
	Apr.					
	May					
	June					
	July					
	Aug.					
	Sept.					
	Oct.					
	Nov.					
	Dec.					

YEAR		OIL PRODUCTION		GAS PRODUCTION		GOR
		Monthly	Cumulative	Monthly	Cumulative	
		Bbl	Bbl	MCF	MCF	
1977						
	Jan.					
	Feb.					
	Mar.					
	Apr.					
	May					
	June					
	July					
	Aug.					
	Sept.	698		0		-
	Oct.	0		0		-
	Nov.	849		0		-
	Dec.	1470		24598		18094
1978						
	Jan.	988	4005	23678	50276	23946
	Feb.					
	Mar.					
	Apr.					
	May					
	June					
	July					
	Aug.					
	Sept.					
	Oct.					
	Nov.					
	Dec.					
1979						
	Jan.					
	Feb.					
	Mar.					
	Apr.					
	May					
	June					
	July					
	Aug.					
	Sept.					
	Oct.					
	Nov.					
	Dec.					



		OIL PRODUCTION		GAS PRODUCTION		GOR
		Monthly	Cumulative	Monthly	Cumulative	
		Bbl	Bbl	MCF	MCF	Cu Ft/Bbl
1	YEAR 1977					
2	Jan.					
3	Feb.					
4	Mar.					
5	Apr.					
6	May					
7	June					
8	July					
9	Aug.	1748	1748	-	-	-
10	Sept.	6	1754	-	-	-
11	Oct.	2648	4402	3292	3292	1243
12	Nov.	5758	10160	16444	19736	2856
13	Dec.	7567	17727	17784	37520	2350
14						
15						
16	YEAR 1978					
17	Jan.	6534	24261	18019	55539	2758
18	Feb.					
19	Mar.					
20	Apr.					
21	May					
22	June					
23	July					
24	Aug.					
25	Sept.					
26	Oct.					
27	Nov.					
28	Dec.					
29						
30						
31	YEAR 1979					
32	Jan.					
33	Feb.					
34	Mar.					
35	Apr.					
36	May					
37	June					
38	July					
39	Aug.					
40	Sept.					
41	Oct.					
42	Nov.					
43	Dec.					
44						
45						
46						
47						

- CASE 6158: Application of C. H. Berry for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the NE/4 of Section 15, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea 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 6159: Application of Texaco Inc., for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard and Wantz-Granite Wash production in the wellbore of its A. H. Blinberry Federal Well No. 38 located in Unit J of Section 19, Township 22 South, Range 38 East, Lea County, New Mexico.
- CASE 6160: Application of Bass Enterprises Production Co., for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation through the perforated interval from 3310 feet to 3375 feet in its Big Eddy Unit Well No. 56, located in Unit G of Section 35, Township 21 South, Range 28 East, Indian Flats-Delaware Pool, Eddy County, New Mexico.
- CASE 6161: Application of Tenneco Oil Company for two waterflood projects, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Leonard Federal Lease by the injection of water into the Queen formation through one well in Unit O of Section 11, and on its Leonard Brothers Lease through two wells, in Units I and M, respectively, of Section 14, all in Township 26 South, Range 37 East, Leonard Queen Pool, Lea County, New Mexico. Applicant further seeks the establishment of an administrative procedure for the addition of injection wells and the conversion of existing wells to injection at both orthodox and unorthodox locations without further notice and hearing.
- CASE 6162: Application of Continental Oil Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jack B-30 Well No. 2 to be located 330 feet from the North line and 1725 feet from the East line of Section 30, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, the NE/4 of said Section 30 to be simultaneously dedicated to the aforesaid well and to Well No. 5 in Unit H.
- CASE 6163: Application of Continental Oil Company for amendment of Commission Order No. R-3863, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to substitute its Anderson Ranch Unit Wells No. 6 located in Unit X of Section 2 and Nos. 3 and 10, located in Units A and H, respectively, of Section 11, all in Township 16 South, Range 32 East, for the initial injection wells authorized by said order in its Anderson Ranch-Wolfcamp Waterflood Project, Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico.
- CASE 6164: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tubb, Wantz-Abo, and Brunson-Ellenburger production in the wellbore of its Shell State Section 2 Well No. 15 located in Unit K of Section 2, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 6165: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard, Hare-McKee, and Brunson-Ellenburger production in the wellbore of its Shell State Section 2 Well No. 3 located in Unit U of Section 2, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 6166: Application of Odessa Natural Corporation for rescission of Order No. R-5601, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a hearing at which any interested party could appear and show cause why Order No. R-5601, which granted a special well classification to applicant's ARCO-Little Fed. Well No. 1, located in Unit D of Section 32, Township 24 North, Range 3 West, Rio Arriba County, New Mexico, should not be rescinded.
- CASE 6141: Application of Paul Slayton for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation thru the open-hole interval from 528 feet to 547 feet in his Hastie Well No. 7 located in Unit L of Section 18, Township 17 South, Range 28 East, Empire Field, Eddy County, New Mexico.



ODESSA NATURAL CORPORATION

P.O. BOX 3908  
ODESSA, TEXAS 79760  
915-331-2011

January 18, 1978

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

Re: Case No. 6065  
Order No. R-5601

Gentlemen:

On December 17, 1977 the Commission issued the above Order pursuant to an application by Odessa Natural Corporation for classification of its ARCO-LITTLE Federal No. 1 Well located in the NW/4 NW/4 of Section 32, Township 24 North, Range 3 West, Rio Arriba County, New Mexico, as a gas well rather than an oil well and dedication of the W/2 of said Section 32 to such well. At the hearing held before the Commission on October 12, 1977, Odessa Natural Corporation presented testimony that although the initial potential of the ARCO-LITTLE Federal No. 1 Well indicated that this well was an oil well, past performance of the Chacon-Dakota Associated Pool would indicate that the GOR of the well would rapidly increase and the well should be granted an exception to the pool rules and be classified as a gas well.

Our ARCO-LITTLE Federal No. 1 Well has been producing approximately three months. The well has not followed the GOR curve of the other wells in the Chacon-Dakota Associated Pool. The well has consistently produced approximately 220 barrels of oil per day and 580 Mcf of gas. The GOR has not increased as expected but has held steady at approximately 2600 to 1.

Therefore, Odessa Natural Corporation respectfully requests that it or any other party be allowed to appear and to show cause why the 320 acre spacing granted by the Commission in its Order No. R-5601 as an exception to the Chacon-Dakota Associated Pool rules should not be rescinded.

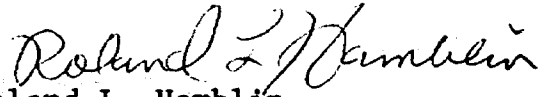
We would appreciate your prompt consideration of this matter.



This application is submitted in triplicate with a copy being sent simultaneously herewith to Atlantic Richfield Company who has a carried working interest in this well. To our knowledge and belief there are no other interested or adverse parties.

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  
Attn.: Mrs. Linda J. Massey

Mr. John J. Strojek  
Mr. Jack Mundell  
ODESSA NATURAL CORPORATION  
Odessa, Texas

Mr. Gary R. Kilpatrick  
MONTGOMERY, ANDREWS & HANNAHS  
P. O. Box 2307  
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P. O. Box 254  
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ODESSA NATURAL CORPORATION

January 18, 1978

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

Re: Case No. 6065  
Order No. R-5601

Gentlemen:

On December 17, 1977 the Commission issued the above Order pursuant to an application by Odessa Natural Corporation for classification of its ARCO-LITTLE Federal No. 1 Well located in the NW/4 NW/4 of Section 32, Township 24 North, Range 3 West, Rio Arriba County, New Mexico, as a gas well rather than an oil well and dedication of the W/2 of said Section 32 to such well. At the hearing held before the Commission on October 12, 1977, Odessa Natural Corporation presented testimony that although the initial potential of the ARCO-LITTLE Federal No. 1 Well indicated that this well was an oil well, past performance of the Chacon-Dakota Associated Pool would indicate that the GOR of the well would rapidly increase and the well should be granted an exception to the pool rules and be classified as a gas well.

Our ARCO-LITTLE Federal No. 1 Well has been producing approximately three months. The well has not followed the GOR curve of the other wells in the Chacon-Dakota Associated Pool. The well has consistently produced approximately 220 barrels of oil per day and 580 Mcf of gas. The GOR has not increased as expected but has held steady at approximately 2600 to 1.

Therefore, Odessa Natural Corporation respectfully requests that it or any other party be allowed to appear and to show cause why the 320 acre spacing granted by the Commission in its Order No. R-5601 as an exception to the Chacon-Dakota Associated Pool rules should not be rescinded.

We would appreciate your prompt consideration of this matter.

This application is submitted in triplicate with a copy being sent simultaneously herewith to Atlantic Richfield Company who has a carried working interest in this well. To our knowledge and belief there are no other interested or adverse parties.

Very truly yours,

ODESSA NATURAL CORPORATION

*Roland L. Hamblin*

Roland L. Hamblin  
Attorney - Legal Department

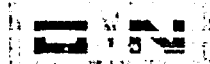
RLH:EH

cc: ATLANTIC RICHFIELD COMPANY  
501 Lincoln Tower Building  
Denver, Colorado 80203  
Attn.: Mrs. Linda J. Massey

Mr. John J. Strojek  
Mr. Jack Mundell  
ODESSA NATURAL CORPORATION  
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IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 6166

Order No. R- 5677

*Application of Odessa  
Natural Corporation for  
reclassification of Little Fed.  
No. 1, Arriba County, N.M.*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 22,  
19 78, at Santa Fe, New Mexico, before Examiner RLS

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, 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 on October 12, 1977, a Commission  
Examiner heard Case No. 6065 wherein

~~the~~ the applicant, Odessa Natural Corporation, <sup>sought</sup> ~~seeks~~  
the classification of its ARCO-Little Fed. Well No. 1, located  
in Unit D of Section 32, Township 24 North, Range 3 West, Rio  
Arriba County, New Mexico, as a gas well rather than an oil well,  
thereby permitting the continued dedication of the W/2 of said  
Section 32. Said classification would be in exception to the  
statewide definition of gas wells, or to the Chacon-Dakota  
Associated Pool definition of gas wells, whichever is applicable.

(3) That the evidence presented at <sup>the</sup> ~~the~~ hearing demonstrated  
that said ARCO-Little Fed. Well No. 1 <sup>was</sup> ~~is~~ completed as an extension  
of said Chacon-Dakota Associated Pool and <sup>is</sup> ~~is~~ therefore subject to  
the special rules and regulations of said pool.

(4) That said special rules and regulations define a gas  
well as one producing with a gas-oil ratio of 30,000 cubic feet  
of gas or more per barrel of oil.

(5) That said ARCO-Little Fed. Well No. 1 <sup>was</sup> ~~is~~ currently  
producing with a gas-oil ratio of less than 30,000 to 1 ~~and is~~ <sup>is</sup> ~~not~~ <sup>classified</sup> ~~classified~~ as an oil well.

(6) That the production history of wells in said Chacon-  
Dakota Associated Pool demonstrated that the gas-oil ratio of  
said ARCO-Little Fed. Well No. 1 <sup>could</sup> ~~may~~ be expected to rapidly rise  
to a level in excess of 30,000 to 1, causing said well to be  
reclassified as a gas well.

(7) That within said pool, oil wells are spaced on 160-acre  
proration units and gas wells are spaced on 320-acre spacing units.

(8) That the applicant <sup>sought the</sup> ~~seeks a~~ special gas well classifica-  
tion for said well in order to dedicate 320 acres thereto until  
such time as the gas-oil ratio of said well ~~shall~~ <sup>is</sup> increased to a  
level of 30,000 to 1 or more.

(9) That such special classification and acreage dedication  
<sup>would</sup> ~~will~~ prevent the drilling of a second oil well on the undrilled  
160-acre tract (the SW/4 of said Section 32) which would be  
dedicated to said well if it should be classified as a gas well  
with 320 acres dedicated thereto.

(11) That on December 27, 1977, the Commission entered its Order No. R-5601 granting the special gas well classification for a period of approximately 6 months requiring that the applicant should appear at an Examiner hearing in July, 1978, to show cause why said special well classification should not be rescinded or to request an amendment to the special rules and regulations for the Chacon-Dakota Associated Pool to provide for a period of gas well classification for all new completions therein.

(12) That the applicant now seeks the rescission of said Order No. R-5601.

(13) That the evidence presented demonstrated that while the gas-oil ratio of said ARCO-Little Federal Well No. 1 ~~had~~ <sup>reclassified</sup> increased over a four month producing interval, the level of said ratio and its rate of increase do not equal those of other wells ~~classified~~ as gas wells.

(14) That the evidence presented demonstrated that said ARCO-Little Federal Well should be classified as an oil well.

(15) That the rescission of Order No. R-5601 will not cause waste or violate correlative rights.

(16) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1978, Commission Order No. R-5601 is hereby rescinded.

To be April 1 if signed in March