CASE NO.

6200

APPlication, Transcripts, Small Exhibits,

ETC.

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION MAY 3, 1978 SANTA FE, NEW MEXICO

EXAMINER HEARING

IN THE MATTER OF:

The Oil Conservation Division on its own motion to permit Astro-Tex)
Oil Corp., American Employers')
Insurance Co., and all other interested parties to appear and show cause why the Cain Well No. 2) should not be plugged and abandoned.

Case 6200

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

APPEARANCE

For the New Mexico Oil Conservation Division:

Lynn Teschendorf, Esq. Legal Counsel for the Division

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P. O. BOX 449
S8 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

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P. O. BOX 449 58 SOUTH FEDERAL PLACE SANTA FE, NEW MEXICO 87501 MR. NUTTER: I call Case 6200, which is in the matter of the hearing called by the Oil Conservation Division on its own motion to permit Astro-Tex Oil Corporation, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Cain Well No. 2 located in Unit J of Section 22, Township 15, North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Call for appearances here.

MS. TESCHENDORF: Lynn Teschendorf, appearing on behalf of the Division. I have one witness, Mr. Carl Ulvog and I would like the record to show that he has been previously sworn and qualified.

MR. NUTTER: Mr. Ulvog is qualified and he's under oath. Please proceed.

CARL ULVOG

the witness herein, having been previously sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. TESCHENDORF:

Q Does District 4 include that part of Harding County involved in this case?

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- A Yes.
- Q Are you familiar with the subject matter of Case 6200?
 - A I'm familiar with it.
 - Q Has this case been called previously?
- A Yes. This case was previously called for hearing on November 5, 1975.
 - Q And what was the outcome of that?
- A The outcome of that case was Order No. R 5119 which ordered the well to be returned to active drilling status or placed on production or plugged and abandoned, before March 1, 1976.
 - Q What has happened in the intervening years?
- A All right. It's a rather complicated procedure that took place after this order was issued. But essentially what happened was, the operator said, Astro-Tex, agreed that they would plug the well or put it back in production. They then entered into a contract with a firm by the name of Connelly and Associates from California, that they would take over the well and go back in it and attempt to put it back in production. Deepen it or work it over or whatever.

Connelly and Associates at that time did

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have a drilling program going in the vicinity of this well. Therefore, we waived, arbitrarily waived this requirement that the well be plugged by March 1st because it appeared that there would be some action taken.

However, at the determination of the Connelly and Associates in which they reentered one well and drilled four more wells, they decided that they would not go back into this well and from the correspondence we have in this file, as a matter of fact, by letter of February 24, 1976, I have a letter from Connelly and Associates verifying the fact that they planned to go back in the well. They didn't do it.

In late 1976 or early 1977 when the Connelly had been completed it turned out that they had no intention of fulfilling their, I presume, obligations with respect to this well.

We then again entered into communication with Astro-Tex requiring that they plug the well and I have a letter here from Astro-Tex explaining that the contract that they had gotten into with a service company in Borger, Texas, they had entered into an agreement with them for them to plug the well. And I have a letter from Astro-Tex's oil company, rather its successor, it's now Harvest Oil

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Company to Dakco Lease and Well Service in which they confirm that the proposed plugging by Dakco Lease and Well Service was acceptable and that they were willing to go ahead and have the well plugged.

For some reason or other Dakco Lease and Well Service did not plug the well and on-- that was on December 10, 1976 and then in 1977, I don't have the letter with me, we again notified the Astro-Tex Oil Company or the principals thereof that the well would now have to be plugged and abandoned.

We then had correspondence, the last being March 24, 1978 in which they have made an agreement with another contractor, Panhandlers Pluggers, Incorporated to go ahead and do the plugging of the well. That they were agreeable to whatever proposal this company had made. So the well apparently will be plugged and abandoned.

So the purpose of calling this case now is that our 5119 is still in effect, but we have waived the date for plugging. So now we're just going to reestablish that order and set a new date, deadline date for them to plug the well or put it back on production, is that correct?

A As a matter of fact, & letter from our legal

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P.O.BOX 449 S8 SOUTH FEDERAL PLACE SANTA FE, NEW MEXICO 87501 department states since the well had not been completed, we would have a hearing of April 19th and--but it did not say what date we were going to give them now to have it accomplished. That should be a result of this order.

MS. TESCHENDORF: If the Examiner please,
I would like to incorporate the record from Case 5581.

MR. NUTTER: The record from Case No. 5581 will be incorporated in the record of Case No. 6200 today.

Q (By Ms. Teschendorf) Mr. Ulvog, to supplement that record, I would just like to reiterate how failure to plug this well could cause waste.

A Yes. Water has been countered at numerous places. There was oil reportedly produced along with a great amount of water. There are perforations in the well in a number of places. Although it's cased all the way to the bottom, we have perforations in five different zones and they are apparently all opened to the well bore.

I believe that we would find, when we reenter the well, we will find that it is standing probably full of water or very near full of water. And I might add that because of the time delay and because of upgrading of our plugging and so on, I have now come up with a different plugging program than what we had originally.

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Q Is there a bond covering this well?

A That is correct. There is a \$10,000 bond in effect by American Employers Insurance Company.

MS. TESCHENDORF: I have nothing further.

MR. NUTTER: Does anyone have any questions

of Mr. Ulvog? You may be excused.

Do you have anything further, Ms. Teschendorf?

MS. TESCHENDORF: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 6200? We will take the case under advisement.

(WHEREUPON, hearing was concluded.)

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P.O. BOX 449 56 SOUTH FEDERAL PLACE SANTA FE, NEW MEXICO 87501

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REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, CSR-RPR with offices in Santa Fe, New Mexico, do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED at Santa Fe, New Mexico, this twenty-second day of May, 1978.

Betty J. Ramphere, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of U.S. 1978 heard by me on San Examiner New Mexico Oil Conservation Commission

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SANTA FE, NEW MEXICO 87501

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

JERRY APODACA

NICK FRANKLIN SECRETARY May 10, 1978

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 I505I 827-2434

P. O. Box112 Cisco, Texas 76437 Applicant: OCD (Astro-Tex Oil Corporation) Dear Sir: Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case. Yours very truly, JOE D. RAMEY Director	Astro-Tex Oil	Re: Corporation	CASE NO. 6200 ORDER NO. R-5119-A			
Dear Sir: Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case. Yours very truly, JOE D. RAMEY Director	p 0. Box112		Applicant:			
Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case. Yours very truly, JOE D. RAMEY Director JDR/fd			OCD (Astro-Tex Oil Corporation)			
Yours very truly. JOE D. RAMEY Director JDR/fd	Dear Sir:					
JDR/fd	Enclosed her Division ord	ewith are two ler recently e	copies of the above-referenced ntered in the subject case.			
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Other American Employers' Insurance Co.	Other Amer	ican Employer	s' Insurance Co.			

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT ASTRO-TEX OIL CORP., AMERICAN EMPLOYERS' INSURANCE CO., AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE CAIN WELL NO. 2 LOCATED IN UNIT J OF SECTION 22, TOWNSHIP 15 NORTH, RANGE 33 EAST, HARDING COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

CASE NO. 6200 Order No. R-5119-A

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 3, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of May, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That Astro-Tex Oil Corp. is the owner and operator of the Cain Well No. 2, located in Unit J of Section 22, Township 15 North, Range 33 East, NMPM, Harding County, New Mexico.
- (3) That American Employers Insurance Co. is the surety on the Oil Conservation Division plugging bond on which Astro-Tex Oil Corp. is principal.
- (4) That the purpose of said bond is to assure the state that the subject well will be properly plugged and abandoned when not capable of commercial production.
- (5) That in order to prevent waste and protect correlative rights said Cain Well No. 2 should be plugged and abandoned in accordance with a program approved by the Santa Fe District

-2-Case No. 6200 Order No. R-5119-A

Office of the New Mexico Oil Conservation Division on or before July 1, 1978, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

- (1) That Astro-Tex Oil Corp. is hereby ordered to plug and abandon the Cain Well No. 2, located in Unit J of Section 22, Township 15 North, Range 33 East, NMPM, Harding County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before July 1, 1978.
- (2) That Astro-Tex Oil Corp., prior to plugging and abandoning the above-described well, shall obtain from the Santa Fe office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Santa Fe office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
TOTAL CONSERVATION DIVISION

DOE D. RAMEY, Division Director

dr/

Memo

From

Care 6200

LYNN TESCHENDORF

To Carl

De Cestro-Tex Cain#2

was ordered to be

p+ a by 3-1-76

by Order No. R-5119.

Why do we need

another case?

I can't think of a good reacon.

a poor excess (for hearings rake) could be that coulsy had proposed re-entiring well but failed to do so. This proposal was one reason well was not plugged oil conservation commission-santa FE before now. C.U.

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RETURN TO

OIL CONSERVATION DIVISION

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(Street or P.O. Box)

87501 SANTA FE, NEW MEXICO

(City, State, and ZIP Code)

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 If you want a return receipt, write the certified mail number and your name and address on a return permits. Otherwise, afix to back of article, Endorse front of article RETURN PECEIPT REQUESTED
- 4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse RESTHICTED DELIVERY on the front of the article.
- Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in Item 1 of Form 3811. 6. Save this receipt and present it if you make inquiry

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BEFORE TEL NEW MEXICO OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO APRIL 19, 1978

EXAMINER HEARING

IN THE MATTER OF:

Case 6200

Hearing called by the Oil
Conservation Division on its
own motion to permit Astro-Tex
Oil Corp., American Employers'
Insurance Co., and all other
interested parties to appear and
show cause why the Cain Well No.
2 should not be plugged and
abandoned in accordance with a
Division-approved plugging program.

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

APPEARANCES

For the New Mexico Oil Conservation Division:

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

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P.O. BOX 449 S8 SOUTH FEDERAL PLACE SANTA FE, NEW MEXICO 87501

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1. Appearances ?
2. Reporter's Certificate 5

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SANTA FE, NEW MEXICO 87501

MR. STAMLTS: Call next Case 6200. In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Astro-Tex Oil Corp., American Employers' Insurance Co., and all other interested parties to appear and show cause why the Cain Well No. 2 located in Unit J of Section 22 15 North, 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

MS. TESCHENDORF: This case was not advertised as required by the statutes and so it will be continued to the May 3rd hearing to allow for proper advertisement.

MR. STAMETS: Case 6200 will be continued to May 3, 1978.

(WHEREUPON, Case 6200 continued.)

LANPHERE REPORTING SERVICE
P.O. 80X 449
S9 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

REPORTER'S CLRTIFICATE

1, BLETY J. LANPETER, CSR-RFP with offices in Santa Fe, New Mexico, do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED at Santa Fe, New Mexico, this fourth day of May, 1978.

Setty J. Langhere Court Reporter

I do hereby certify that the foregoing is a complete record of the photocolings in the Examiner houring of Case No.

Deard by ne on Examiner Mew Mexico Oil Conservation Commission

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P.O. BOX 449
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5ANTA FE, NEW MEXICO 87501

Dockets Nos. 18-78 and 19-78 are tentitively set for hearing on May 17 and June 7, 1978. Applications for hearing must be filed at least 22 day in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 3, 1978

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6211: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Eureka Oil Company and all other interested parties to appear and show cause why the Cora B.

Moore Well No. 1 located in Unit L of Section 10, Township 29 North, Range 24 East, Colfax County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6212: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Clay-Neill and all other interested parties to appear and show cause why the State Well No. 1 located in Unit C of Section 9, Township 19 North, Range 30 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

"CASE 6200: (Continued & Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Astro-Tex Oil Corp., American Employers' Insurance Co., and all other interested parties to appear and show cause why the Cain Well No. 2 located in Unit J of Section 22, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6201: (Continued & Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paul Haskins and all other interested parties to appear and show cause why the Federal "17" Well No. 1 located in Unit P of Section 17, Township 15 North, Renge 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division approved plugging program.

CASE 6199: (Continued & Readvertised)

4

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marion B. Edmonds and O. A. Peters and all other interested parties to appear and show cause why the Edmonds & Peters Federal Well No. 1 located in Unit M of Section 3, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Application of Morris R. Antwell for an unorthodox gas well location, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Rio Well

No. 2 at a point 660 feet from the North and West lines of Section 29, Township 18 South, Range

25 East, Eddy County, New Mexico, the N/2 of said Section 29 to be dedicated to the well.

CASE 6214: Application of Morris R. Antweil for an unorthodox gas well location, Lea County, New Mexico.

Applicant, in the above styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled at a point 660 feet from the North line and 1960 feet from the East line of Section 8, Township 12 South, Range 32 East, Lea County, New Mexico, the E/2 of said Section 8 to be dedicated to the well.

CASE 6215: Application of Texas Oil & Gas Corporation for a non-standard unit and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard proration unit comprising the N/2 of Section 29, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be located at an unorthodox location 660 feet from the North and West lines of said Section 29.

CASE 6216: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down to and including the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 21 South, Range 22 East, Eddy County, New Mexico, to be dedicated to applicant's Stinking Draw Unit Well No. 1 to be located at an unorthodox location 1383 feet from the South line and 695 feet from the East line of said Section 10. 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.

Docket No. 16-78

- CASE 6217: Application of Holly Energy, Inc., for an unorthodox oil well location, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its

 McIntyre B Well No. 4 to be located 1300 feet from the South line and 330 feet from the West

 line of Section 20, Township 17 South, Range 30 East, Eddy County, New Mexico.
- CASE 6218: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Tequilla Unit Area comprising 4,826 acres, more or less, of State, Federal, and fee lands in Townships 23 and 24 South, Ranges 22 and 23 Fast, Eddy County, New Mexico.
- CASE 6219: Application of H & G Oil Co., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 9, Township 24 South, Bange 28 East. West Malaga-Morrow Gas 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 6221: Application of Sun Oil Company for an unorthodox gas well location, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Teas
 Federal Well No. 1 to be located 1980 feet from the North and West lines of Section 24, Township
 20 South, Range 33 East, Teas Pennsylvanian Gas Pool, Lea County, New Mexico, the N/2 of said
 Section 24 to be dedicated to the well.
- <u>CASE 6220:</u> In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, extending, and redesignating certain pools in Chaves, Lea, and Eddy Counties, New Mexico:
 - (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the North Eidson-Strawn Pool. The discovery well is the Sabine Production Company North Eidson Fee Well No. 1 located in Unit M of Section 34, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM Section 34: W/2

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Hume-Devonian Pool. The discovery well is the W. A. Moncrief, Jr. State "8" Well No. 1 located in Unit G of Section 8, Township 16 South, Range 34 East, NMFM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, MAPM Section 8: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Hume-Morrow Gas Pool, The discovery well is the Mewbourne Oil Company State "E" Com Well No. 1 located in Unit L of Section 6, Township 16 South, Range 34 East, NMFM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NAPM Section 6: S/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Lusk-Wolfcamp Pool. The discovery well is the Petroleum Development Corporation Pedco Gulf Federal Com Well No. 1 located in Unit I of Section 33, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM Section 33: SE/4

(e) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Mississippian production and designated as the Mescalero Sands-Mississippian Gas Pool. The discovery well is the Petroleum Development Corporation Hudson Federal Well No. 1 located in Unit M of Section 27, Township 12 South, Range 30 East, NAFM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 30 EAST, NMPM Section 27: W/2

(f) EXTEND the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 26: All

Section 35: All

(g) EXTEND the Artesia Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, MAMM Section 2: 8/2 SW/4 and SW/4 SE/4

(h) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, EMPM Section 28: E/2 NW/4
Section 33: NE/4
Section 34: W/2 NW/4

(i) EXTEND the Box Canyon Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM Section 23: N/2

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

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NAPM Section 4: All

(k) EXTEND the Fren-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

(1) EXTEND the Grema Ridge-Morrow Cas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM Section 2: All

(m) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM Section 29: W/2 SE/4, E/2 SW/4 & SW/4 SW/4 Section 30: SE/4 SE/4 Section 31: E/2 E/2 Section 32: N/2 NW/4 & NW/4 NE/4

(n) EXTEND the West Kemmitz-Lower Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NAPM Section 32: NE/4

(o) EXTEND the Langlie Mattix Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NAPAM Section 31: NW/4

(p) EXTEND the Little Box Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

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

(q) EXTEND the South Loco Hills-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NAMPM Section 20: W/2

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NAUTM Section 10: All

, 4. N.

(s) EXTEND the North Lusk-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, MAPAN Section 3: E/2

(t) EXTEND the West Malaga-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SCUTH, PANGE 28 EAST, NMPM Section 9: S/2

(u) EXTEND the South Millman-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 FAST, NMFM Section 19: N/2
Section 20: N/2

(v) EXTEND the Penasco Draw San Andres-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM Section 29: SE/4 SE/4 Section 32: NE/4 NE/4

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

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM Section 10: W/2

(x) EXTEND the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMFM Section 22: NE/4

(y) REDESIGNATE the West Scarborough Yates Pool in Lea County, New Mexico as the Comanche Stateline-Yates Pool and EXTEND the Comanche Stateline-Yates Pool to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM Section 28: S/2

(z) EXTEND the North Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SCUTH, RANGE 31 EAST, NMPM Section 19: E/2 Section 20: W/2

(aa) EXTEND the Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM Section 36: SE/4

(bb) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM Section 16: N/2 Section 17: N/2

(cc) EXTEND the White City Pennsylvanian Cas Pool in Eddy County, New Mexico, to include

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM Section 11: All

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM Section 28: S/2

(ee) EXTEND the Winchester-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM Section 36: N/2

No. 705693

RECEIPT FOR CERTIFIED MAIL.

NO INSURANCE COVERAGE PROVIDED.

NOT FOR INTERNATIONAL MAIL

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Form 3811, Nov. 1976	1.	The following service is requested (check one). Show to whom and date delivered	A Company of the Comp
		2. ARTICLE ADDRESSED TO: The Astro-Tex Oil Corporation c/o P. O. Box 112 Cisco, Texas 76437	
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UNITED STATES POSTAL ARRVICE

SENDER INSTRUCTIONS



RETURN TO

OIL CONSERVATION DIVISION

(Name of Sender)

POST OFFICE BOX 2088

(Street or P.O. Box)

SANTA FE, NEW MEXICO 87501

(City, State, and ZIP Code)

STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE, CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (see front)

- If you want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier: (no extra charge)
- 2. If you do not want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, date, detach and retain the receipt, and mail the article.
- 3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space pergrits. Otherwise, atix to back of article. Endorse front of article RETURN RECEIPT REQUESTED adjacent to the number.
- 4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse RESTRICTED DELIVERY on the front of the article.
- Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in Item 1 of Form 3811.
- 6. Save this receipt and present it if you make inquiry.

Dockets Nos. 16-78 and 17-78 are tentatively set for hearing on May 3 and 17, 1978. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 19, 1978

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for May, 1978, from four prorated pools in San Juan, Rio Arriba, and Condevel Counties. New Mexico.

CASE 6151: (Continued from March 22, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Wega Petroleum Corporation, American Employers' Insurance Company, and all other interested parties to appear and show cause why the North Caprock Queen Unit No. Well No. 1 Well No. 5Y located in Unit E of Section 8, Township 13 South, Range 32 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 619: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marion B. Edmonds and O. A. Peters and all other interested parties to appear and show cause why the Edmonds & Peters Federal Well No. 1 located in Unit M of Section 3, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6200: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Astro-Tex Oil Corp., American Employers' Insurance Co., and all other interested parties to appear and show cause why the Cain Well No. 2 located in Unit J of Section 22, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6201: In the matter of the hearing called by the Cil Conservation Division on its own motion to permit Paul Haskins and all other interested parties to appear and show cause why the Federal "17" Well No. 1 located in Unit P of Section 17, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6202: Application of Amoco Production Company for an unorthodox gas well location, Eddy County,
New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location
of its Teledyne Fed. Gas Com Well No. 1 to be located 660 feet from the South line and 1980
feet from the East line of Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico,
the E/2 of said Section 4 to be dedicated to the well.

CASE 6203: Application of Walter W. Krug DBA Wallen Production Co., for special casing-cementing rules in the Potash-Oil Area, Les County, New Mexico. Applicant, in the above-styled cause, asks that the special cable tool casing-cementing rules for wells in the North Lynch Yates-Seven Rivers Pool, as promulgated by Order No. R-4253, be extended to encompass additional lands, including all or portions of Sections 20, 21, 27, 28, 33 and 34, Township 20 South, Range 34 East, Lea County, New Mexico.

CASE 6204: Application of Producing Royalties, Inc., for exemption from the Natural Gas Pricing Act, San Juan County, New Mexico. Applicant, in the above-styled cause, proposes to drill a replacement Pictured Cliffs gas well in the same proration unit as its Payme Well No. 2, that is, the NW/4 of Section 12, Township 29 North, Range 12 West, San Juan County, New Mexico, and seeks exemption from the Natural Gas Pricing Act pursuant to a finding that the new well is justified for reasons other than avoiding the application of said act.

Application of Gifford, Mitchell & Wisenbaker for an unorthodox location, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Quanah
Parker Well No. 2-Y to be located 2770 feet from the South line and 2310 feet from the East line
of Section 28, Township 26 South, Range 36 East, West Scarborough-Yates Pool, Lea County, New
Mexico, the SW/4 NE/4 of said Section to be dedicated to the well.

- CASE 6206: Application of Cleary Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well at a point 4650 feet from the South line and 1960 feet from the West line of Section 5, Township 21 South, Range 32 East, South Lake-Morrow Field, Lea County, New Mexico, Lots 11, 12, 13, and 14, and SW/4 of said Section 5 to be dedicated to the well.
- CASE 6207: Application of Belco Petroleum Corporation for an unorthodox location, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Little
 et al Well No. 1 to be drilled 1290 feet from the South line and 1720 feet from the West line
 of Section 20, Township 22 South, Range 27 East, South Carlsbad-Cherry Canyon Pool, Eddy County,
 New Mexico, the SE/4 SW/4 of said Section 20 to be dedicated to the well.
- CASE 6208: Application of Layton Enterprises, Inc., for two non-standard oil provation units and two unorthodox locations, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil provation units in Township 8 South, Range 38 East, Bluitt-San Andres Associated Pool, Roosevelt County, New Mexico, each to be dedicated to a well to be drilled at an unorthodox location thereon. The first unit would comprise 102.55 acres being the N/2 NW/4 and lot 1 of Section 16 with the well located 800 feet from the North line and 450 feet from the East line of the section; the second unit would comprise 101.84 acres being the S/2 NW/4 and Lot 2 of Section 16 with the well located 2120 feet from the North line and 450 feet from the Eest line of the section.
- CASE 6209: Application of Southern Union Exploration Co., for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NW/4 of Section 18, Township 25 North, Range 13 West, San Juan 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 6210: Application of Orla Petco, Inc., for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Upper Delaware formation through the perforated interval from 2560 feet to 2690 feet in its Sanders Well No. 1 located in Unit G of Section 6, Township 23 South, Range 28 East, Herradura Bend-Delaware Field, Eddy County, New Mexico.

OIL CONSERVATION COMMISSION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501

April 3, 1978

CERTIFIED - RETURN RECEIPT REQUESTED

The Astro-Tex Oil Corporation c/o P. O. Box 112 Cisco, Texas 76437

American Employers Insurance Co. J. S. Ward & Son 101 S. Fourth Street Artesia, New Mexico 88210

> Re: Cain Well No. 2, located in Unit J of Section 22, Township 15 North, Range 33 East, Harding County Plugging Bond

Gentlemen:

Enclosed is a copy of the notice of the Examiner Hearing to be held on Wednesday, April 19, 1978, at 9 o'clock a.m. in the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico. Case 6200 concerns the above captioned subject matter.

Very truly yours,

LYNN TESCHENDORF General Counsel

LT/fd enc. Harvest Oil Inc.

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CONSERVABLE VICE

5-1.1. I

March 24, 1978

MS. LYNN TESCHENDORF Oil Conservation Commission P.O. Box 2088 Santa Fe, New Mexico 87501

RE: Plugging of Astro-Tex
Oil Corp. Cane Well No. 2
Located in Unit J Section
22, Township 15 North, Range
33 East Harding County, New
Mexico;

Dear Ms. Teschendorf:

I received your letter dated March 21, 1978, today regarding the above described well in New Mexico.

Mr. Buddy Landerson of Pan Handle Pluggers, Inc. in Pampa, Texas has some wells to plug in the area of the above described well. I have been talking with him over the past six (6) weeks regarding the plugging of the above described well.

In talking to Mr. Carl Ulvog of this date, it is my understanding that Mr. Landerson is waiting on word from Mr. Ulvog as to when they can both be at the wells at the same time. I have tentatively agreed on contract for Mr. Landerson to plug the above described well when he is in New Mexico plugging the other wells in the area.

Mr. Landerson said he would call me two or three days in advance of his leaving to plug the wells in New Mexico.

I will be ready to plug wells when Mr. Landerson is ready.

Sincerely

STANLEY J. PIRTL

SJP/jlc

dr/

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

John Jack

CASE NO. 6200 Order No. R-5/19-A

IN THE MATTER OF THE HEARING CALLED BY THE GIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT ASTRO-TEX OIL CORP., AMERICAN EMPLOYERS INSURANCE CO., AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE CAIN WELL NO. 2 LOCATED IN UNIT J OF SECTION 22, TOWNSHIP 15 NORTH, RANGE 33 EAST, HARDING COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

OWER OF THE ELVISION
BY THE DIVISION:
This cause came on for hearing at 9 a.m. on May 3
19 78 , at Santa Fe, New Mexico, before Examiner Daniel S. Nutt
NOW, on this day of May , 1978 , the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.
(2) That Astro-Tex Oil Corp. is the owner and
operator of the Cain Well No. 2
located in Unit J of Section 22 , Township 15 North
Range 33 East , NMPM, Harding County, New Mexico.
(3) That American Employers' Insurance Co. is the
surety on the Oil Conservation Division plugging bond on which
Astro-Tex Oil Corp. is principal.
(4) That the purpose of said bond is to assure the state
that the subject well be properly plugged and abandoned
when not capable of commercial production.
(5) That in order to prevent waste and protect correlative
rights said Cain Well No. 2 should
be plugged and abandoned in accordance with a program approved by

the Santa Fe District Office of the New Mexico Oil
Conservation Division on or before
or the well should be returned to active drilling status or placed
on production.
IT IS THEREFORE ORDERED:
(1) That Astro-Tex Oil Corp. is
exexhereby ordered to plug and abandon
the Cain Well No. 2
located in Unit J of Section 22 , Township 15 North
Range 33 East , NMPM, Harding County, New Mexico,
or in the alternative, to return the well to active drilling
status or place the well on production on or before
19_78
(2) That Astro-Tex Oil Corp.
prior to plugging and abandoning the above
described well, shall obtain from the Santa Fe office of
the Division, a Division-approved program for said plugging and
abandoning, and shall notify said Santa Fe office of the
date and hour said work is to be commenced whereupon the Division
may, at its option, witness such work.
(3) That jurisdiction of this cause is retained for the
entry of such further orders as the Division may deem necessary.
DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.

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Skow eause
Cain Usel Corp.

Cain Usel # 2

J-22-15N-33E,

Harding County.

American Employers' Ins. Co. J.S. Ward Y Son 1015. Fourth St. Artesia

Care 6200