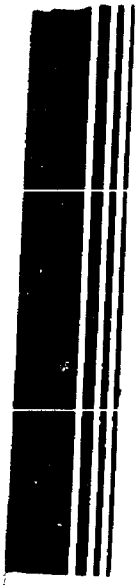


CASE NO.

6201

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.



Send copy of order to
Box 4621
Midland, Texas 79701

OIL CONSERVATION COMMISSION-SANTA FE



United States Department of the Interior

GEOLOGICAL SURVEY
Federal Building
701 Camino del Rio
Durango, Colorado 81301

October 16, 1978

Paul E. Haskins
P. O. Box 4621
Midland, Texas 79702

R-5720
Case 60201

Dear Mr. Haskins:

As Designated Operator of Federal lease NM-2194, you have advised by letter dated October 9, 1978, that Permian Basin Petroleum Corporation, record lessee and bonded principal, has advised you that necessary funds to plug the No. 1 Federal 17 well located on subject lease will be obtained within 45 days.

Your request for a 60 day delay in plugging of the well is hereby approved by this office. However, since the New Mexico Oil Conservation Division has ordered the plugging of this well, it is suggested that you obtain concurrence from that Agency.

Sincerely yours,

(Orig. Sgd.) J. W. LONG
Jerry W. Long
District Engineer

cc: Continental Casualty Company
P. O. Box 1149
Amarillo TX 79105

Permian Basin Petroleum Corp.
13663 Sherman Way
Van Nuys CA 91405

→ NMOCD, Santa Fe

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

EXAMINER HEARING

IN THE MATTER OF:)
)
)

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 should)
not be plugged and abandoned.)
)

Case 6201

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division

LANPHERE REPORTING SERVICE

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

I N D E X

	<u>Page</u>
1. Appearances	2
2. The Witness - CARL ULVOG	
Direct Examination by Ms. Teschendorf	4
3. Reporter's Certificate	9

LANPHERE REPORTING SERVICE

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

MR. NUTTER: We call Case No. 6201, which is 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, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Call for appearances in this case.

MS. TESCHENDORF: Lynn Teschendorf, appearing on behalf of the Division. My witness, Carl Ulvog, has been previously sworn and qualified.

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

CARL ULVOG

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

DIRECT EXAMINATION

BY MS. TESCHENDORF:

Q Mr. Ulvog, are you familiar with the subject matter of Case 6201?

A Yes, I am.

Q Have you reviewed all the reports filed with

LANPHERE REPORTING SERVICE

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

the Division concerning this particular well?

A Yes, I have.

Q Would you please refer to those records and summarize the history of the well?

A Yes, I will. This application for permit to drill this well, it's on a Federal lease, Federal minerals, that report was filed with the Oil Conservation Commission, a copy was sent here by the USGS. Received here July 6, 1970, in which they proposed how they were going to drill and complete the well.

Next report we have was filed with the Geological Survey July 31, 1970 and states that the well was started on June 14, 1970 at a depth of 520 feet with seven inch casing with 250 sacks of cement which circulated it to the surface. They drilled a six and quarter inch hole to 1,454 feet and they were then preparing to test the open hole. That's the last report that was filed in this case. I checked with the Geological Survey and that is correct. They didn't have any other report.

Now, I did pick up from two different scouting services, oil field scouting services reports on this well that more or less agree that the well did reach a total depth of 1,445 feet. One report states that

LANPHERE REPORTING SERVICE

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

it was plugged back to 1,336 feet and temporarily abandoned.

It also states that a number of tests were run. That it was perforated and swabbed at various intervals. It was shut in and then supposedly swabbed four to five--the last report supposedly swabbed four to five barrels of fluid per hour, with gas, salt water and then it was temporarily abandoned.

The report gives numerous perforations and reported that they swabbed up to 25 percent oil with shoals of gas.

So, from this I conclude that the well is probably at a total depth of 1,445, it may be plugged back to 1,336 feet, may not since one report has it, the other does not. The casing--we have correspondence in the file ever since 1974 I have been in communication with the Geological Survey in attempting to have them get the well plugged. They admit that the well is there. They admit that it has not been plugged. They admit that it is on Federal lease, No. NM 2194, et cetera, et cetera, but it is not getting plugged.

The last correspondence I had was from the district engineer in Durango on August 20, 1974--

LANPHERE REPORTING SERVICE
P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

MR. NUTTER: That's the district engineer of the United States Geological Survey?

A Yes, that's correct. I'm sorry. In which they admit that this well was still in a state of temporary abandonment. I have been past the well several times and inspected it September 22, 1976 and then the last time, July 7, 1977.

The well is standing, it had a plate welded across the top with a seven inch casing which I was able to pry off, just spot welded. And water is standing within probably 25 or 30 feet of the surface. I didn't taste the water, didn't sample it or anything. But I have no reason to doubt that it was salt water. Salt water is reported in these tests.

That's the condition the well is in. It has no wellhead. The mud pits are there. The last time I was there, there was oily, dirty water in the pits and a dead beef laying along side of it, by the way.

I have communication again on September 28, 1976 where I notified the district engineer of the Geological Survey in Durango as to this condition that I just mentioned. So they're all aware of the situation. The land owner is perturbed for the simple reason that he

LANPHERE REPORTING SERVICE

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

has a well approximately 660 feet away, good water well and hates to see it ruined.

Q Is there a bond covering this well?

A Well, if it is it is held by the Federal Government. It's not on file with us.

Q Would you reiterate how failure to plugged this well cause waste?

A It could cause waste because they reportedly encountered some oil of some kind and it could be escaping to other formations. We have a great deal of salt water, we have pollution occurring to the ground water there.

MS. TESCHENDORF: I have nothing further.

MR. NUTTER: Are there any questions of Mr. Ulvog in Case No. 6201? You may be excused.

Do you have anything further, Ms. Teschendorf?

MS. TESCHENDORF: No.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 6201? We will take the case under advisement.

(WHEREUPON, hearing was concluded.)

LANPHERE REPORTING SERVICE

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

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. Lanphere
Betty J. Lanphere, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6201 heard by me on 5/3, 1978.

[Signature], Examiner
New Mexico Oil Conservation Commission

LANPHERE REPORTING SERVICE

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

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 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 NO. 6201
Order No. R-5720

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 Paul Haskins is the owner and operator of the Federal "17" Well No. 1, located in Unit P of Section 17, Township 15 North, Range 33 East, NMPM, Harding County, New Mexico.

(3) That in order to prevent waste and protect correlative rights said Federal "17" Well No. 1 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 July 1, 1978, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Paul Haskins is hereby ordered to plug and abandon the Federal "17" Well No. 1, located in Unit P of Section 17, Township 15 North, Range 33 East, NMPM, Harding County, New Mexico, or in the alternative, to return the well

-2-

Case No. 6201
Order No. R-5720

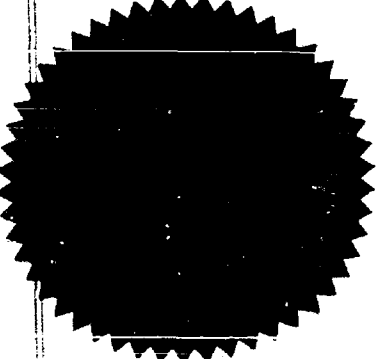
to active drilling status or place the well on production on or before July 1, 1978.

(2) That Paul Haskins, 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
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY,
Division-Director

dr/

P. O. Box 1809
Durango, Colorado 81301

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

March 9, 1976

Returned left no address

Permian Basin Petroleum Company
13663 Sherman Way
Van Nuys, California 91405

Gentlemen:

Our records indicate that a well was drilled in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ sec. 17, T. 15 N., R. 33 E., Harding County, New Mexico, on Federal lease NM 2194, under designation of Operator from Permian to Paul Haskins, Trustee. This is to advise you that Mr. Haskins has not complied with Federal regulations, in regards to filing of reports and answering our correspondence.

As lessee and bonded principal, you hereby requested to contact this office for a plugging program and immediately plug the well accordingly. Failure to place the well in an acceptable condition for approval of the abandonment will result in transfer of liability to your bonding company.

You are advised that lease NM 2194 terminated as of June 3, 1974. You are also advised that Mr. Haskins, Box 4621, Midland, Texas, may be plugging another well in this area in the near future, in case you could share plugging expenses with him.

Sincerely yours,

JERRY W. LONG

Jerry W. Long
District Engineer

cc: Roswell
File ✓

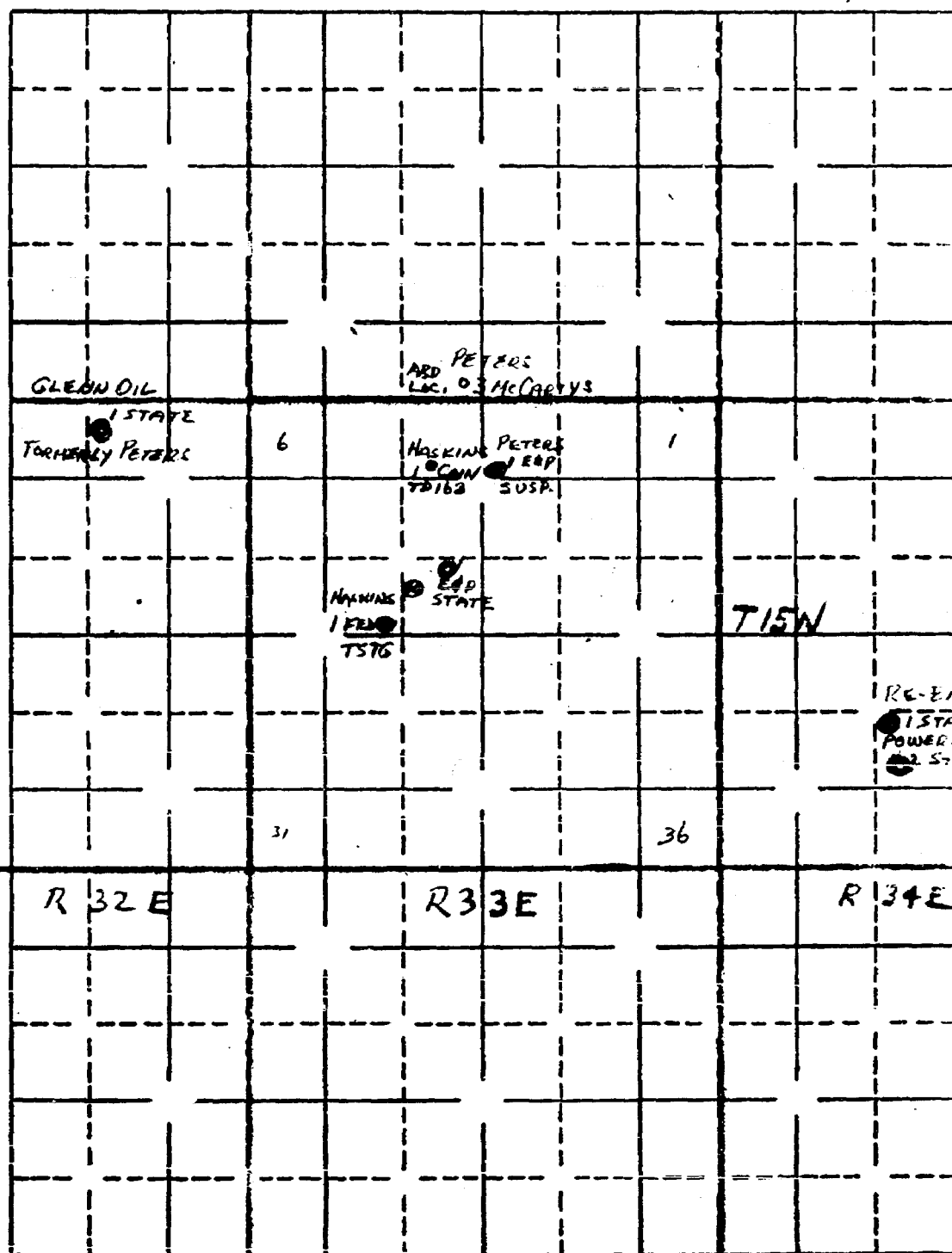
JWLong:mla

PAID IN FULL

OIL-AND-GAS LEASE

T. _____ R. _____ Mer. _____ Serial _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY



Discovery well _____ Date of discovery _____

☐ 5 % lease area. ☐ Known geologic structure _____

☐ 12 1/2 % to lease area. _____ Field

☐ Area of permit not included in lease. _____ Unit area _____

Statewide Bond
Oil and Gas

943

RECEIVED

DEC 12 1972

STATE OFFICE
P. O. Box 1449
Santa Fe, New Mexico 87501

U. S. GEOLOGICAL SURVEY
DURANGO, COLO.

December 11, 1972

DECISION

Permian Basin Petroleum Company :
13663 Sherman Way : Oil and Gas
Van Nuys, California 91405 :

Period of Liability under Statewide Bond
Terminated in Part

Permian Basin Petroleum Company maintains in this office \$25,000 New Mexico statewide bond No. 557-02-02 executed June 21, 1970, with Continental Casualty Company as the surety.

By notice received in the Bureau of Land Management, Santa Fe, New Mexico, on November 6, 1972, the surety requested that, if cancellation of this bond could not be authorized, additional coverage under the bond become inapplicable as provided under paragraph 4 of the bond.

The records show that Permian Basin Petroleum Company is the lessee of lease NM 0559951-A, and is also lessee of lease NM 2194. A field report on the status of lease NM 2194 indicates that there is an unplugged well in the SE $\frac{1}{4}$ of Section 17, T. 15 N., R. 33 E., NMNM, and that bond coverage must be maintained unless and until the well is properly abandoned, and abandonment approved. Bond No. 557-02-02 therefore must remain in full force and effect at this time.

Accordingly, the election of the surety is hereby recognized and coverage under the principal's \$25,000 bond will not be applicable as to any Federal oil and gas interests acquired by Permian Basin Petroleum Company after December 6, 1972.

Statewide Bond
Oil and Gas

943

The above stated action does not release the surety from any liability under the bond for oil and gas interests acquired prior to and including December 6, 1972.

/s/Raul E. Martinez

Raul E. Martinez
Chief, Minerals Section

cc:

Surety (c/o CMA Insurance)
O&G Supv., Roswell (2)
District Engineer, Durango ✓

Statewide
Oil and Gas

4.10g

DIVISION OF LANDS & MINERALS
PROGRAM MANAGEMENT & LAND OFFICE
P. O. Box 1449
Santa Fe, New Mexico 87501
JUL 1 - 1970

Permian Basin Petroleum Company
13663 Sherman Way
Van Nuys, California 91405

DECISION

Oil and Gas

Statewide Bond Accepted
Period of Liability under Lease Bond Terminated

The statewide bond described below is satisfactory and is hereby accepted as of the date filed.

\$25,000 bond executed June 21, 1970,
filed July 1, 1970, by Permian Basin
Petroleum Company as principal, and by
Continental Casualty Company as surety.

The bond covers the Federal oil and gas leasing interests of the principal in the State of New Mexico under the Public Domain Leasing Act of February 25, 1920, as amended.

Accordingly, the period of liability under the following described lease bond of Permian Basin Petroleum Company is hereby terminated effective July 1, 1970:

NM 023966-C
\$10,000 bond No. 1016591
Executed June 27, 1969
Continental Casualty Company, surety.

/s/ Marie D. Larragoite

Marie D. Larragoite
For Chief, Branch of Oil and Gas

cc: O&G Supv. Roswell (62-252)
Jerry Long, Durango
Surety (2)

MCByars/ap

BOND LIST POSTED *gdl*

RECEIVED

U.S. COAL SURVEY
DURANGO, COLO

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

EXAMINER HEARING

IN THE MATTER OF :

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 should not be plugged and abandoned in accordance with a Division-approved plugging program.

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Division:

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

LANPHERE REPORTING SERVICE

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

I N D E X

	<u>Page</u>
1. Appearances	2
2. Reporter's Certificate	5

* * * * *

LANPHERE REPORTING SERVICE

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

MR. STAMETS: Call next Case 6201. In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paul Maskins and all other interested parties to appear and show cause why the Federal "17" Well No. 1 located in Unit F of Section 17, 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: This case will be continued to May 3, 1978.

(WHEREUPON, Case 6201 continued.)

LANPHERE REPORTING SERVICE

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

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 fourth day of May, 1978.

Betty J. Lanphere
Betty J. Lanphere, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6201, heard by me on 4-14, 1978.
Richard L. Hume Examiner
New Mexico Oil Conservation Commission

LANPHERE REPORTING SERVICE

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



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

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

LAND COMMISSIONER
PHIL R. LUCERO
April 3, 1978



STATE GEOLOGIST
EMERY C. ARNOLD

CERTIFIED - RETURN
RECEIPT REQUESTED

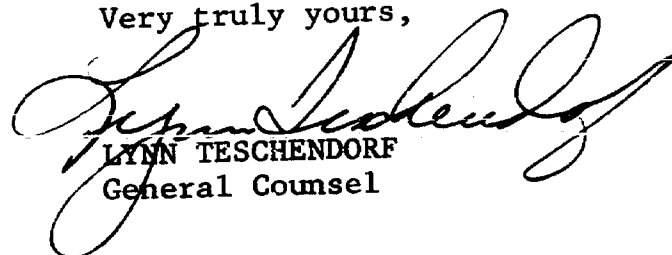
Paul Haskins, Trustee
420 E. Loraine
Midland, Texas 79701

Re: Federal "17" Well No. 1,
located in Unit P of
Section 17, 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 Con-
ference Room, State Land Office Building, Santa Fe, New
Mexico. Case 6201 concerns the above captioned subject
matter.

Very truly yours,


LYNN TESCHENDORF
General Counsel

LT/fd
enc.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

The State of New Mexico by its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of said Division promulgated thereunder of the following public hearing to be held at 9 o'clock a.m. on APRIL 19, 1978, at the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico, before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner, both duly appointed for said hearing as provided by law.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 6199:

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 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, 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, Lea 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 Payne 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.

CASE 6205:

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 1980 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 proration units and two unorthodox
locations, Roosevelt County, New Mexico.

Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Township 8 South, Range 38 East, Blunitt-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 East 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.

GIVEN Under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 31st day of March, 1978.

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION



JOE D. RAMEY

Director

S E A L

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Retain gummed ends and attach to front of article if space permits. Otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



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)

1. 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 permits. Otherwise, affix 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.
5. 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.

PS Form 3811, Nov. 1976

● **SENDER:** Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered25¢
☐ Show to whom, date, & address of delivery45¢
☐ **RESTRICTED DELIVERY.** Show to whom and date delivered85¢
☐ **RESTRICTED DELIVERY.** Show to whom, date, and address of delivery ...\$1.05
 (Fees shown are in addition to postage charges and other fees).

2. **ARTICLE ADDRESSED TO:**
 Paul Haskins, Trustee
 420 E. Loraine
 Midland, Texas 79701

3. **ARTICLE DESCRIPTION:**

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	705694	

 (Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent

4. **DATE OF DELIVERY** **POSTMARK**

5. **ADDRESS** (Complete only if requested)

6. **UNABLE TO DELIVER BECAUSE** **CLERK'S INITIALS**
 ADDRESSEE UNKNOWN

★ GPO: 1976 O-203-456

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

No. 705694
 RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED--
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

SENT TO
 Paul Haskins, Trustee
 STREET AND NO.
 420 E. Loraine
 P.O., STATE AND ZIP CODE
 Midland, Texas 79701

POSTAGE	\$
CERTIFIED FEE	¢
SPECIAL DELIVERY	¢
RESTRICTED DELIVERY	¢
SHOW TO WHOM AND DATE DELIVERED	¢
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	¢
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	

PS Form 3800, Apr. 1976

Dockets Nos. 18-78 and 19-78 are tentatively set for hearing on May 17 and June 7, 1978. Applications for hearing must be filed at least 22 days 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, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division approved plugging program.

CASE 6199: (Continued & Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marion B. Edmonds and G. 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 6213: Application of Morris R. Antweil 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 1980 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 1322 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.

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 East, 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, Range 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.

CASE 6220: 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, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
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, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
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, NMPM. 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, NMPM
Section 2: S/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, NMPM
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 Gas Pool in Eddy County, New Mexico, to include therein:

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

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

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 14: S/2, S/2 N/2, N/2 NE/4 & NE/4 NW/4
Section 15: S/2 & S/2 N/2
Section 23: All
Section 26: N/2
Section 27: N/2
Section 28: N/2 & N/2 S/2

- (l) EXTEND the Grama Ridge-Morrow Gas 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 Kemnitz-Lower Wolfcamp Pool in Lea County, New Mexico, to include therein:

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

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

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
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, NMPM
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, NMPM
Section 10: All

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 3: 1/2

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

TOWNSHIP 24 SOUTH, RANGE 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 EAST, NMPM
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, NMPM
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 SOUTH, 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 Gas Pool in Eddy County, New Mexico, to include therein:

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

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 Sandoval 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 Vega Petroleum Corporation, American Employers' Insurance Company, and all other interested parties to appear and show cause why the North Caprock Queen Unit 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 6199: 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 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, 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, Lea 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 Payne 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.

CASE 6205: Application of Gifford, Mitchell & Wiscenbaker for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Quash 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 1980 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 proration units and two unorthodox locations, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Township 8 South, Range 38 East, Bluit-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 East 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

C
O
P
Y

Paul Haskins, Trustee
420 E. Loraine
Midland, Texas 79701

Re: Federal "17" Well No. 1,
located in Unit P of
Section 17, 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 Con-
ference Room, State Land Office Building, Santa Fe, New
Mexico. Case 6201 concerns the above captioned subject
matter.

Very truly yours,

LYNN TESCHENDORF
General Counsel

LT/fd
enc.

$dr/$

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

Order No. R- 5720

ORDER OF 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 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,

(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 Paul Haskins is the owner and operator of the Federal "17" Well No. 1 located in Unit ^P of Section 17, Township 15 North Range 33 East, NMPM, Harding County, New Mexico.

(3) That _____ is the surety on the Oil Conservation Division plugging bond on which _____ is principal.

(4) That the purpose of said bond is to assure the state that the subject well(s) will be properly plugged and abandoned when not capable of commercial production.

3) That in order to prevent waste and protect correlative rights said Federal "17" Well No. 1 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 July 1, 19 78, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Paul Haskins is
are hereby ordered to plug and abandon
the Federal "17" Well No. 1
located in Unit P of Section 17, 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,
19 78.

(2) That Paul Haskins
, 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.

Paul Haskins, Trustee
~~Box 236~~ 420 E. Loraine
~~Midland~~ Midland, Tx 79701

Federal "17" Well No. 1
P, 17, 15N, 33E
Harding

Case 6201

CASE NO.

6202

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

JASON W. KELLAHIN
ROBERT R. FOX
W. THOMAS KELLAHIN
KAREN AUBREY

KELLAHIN and FOX
ATTORNEYS AT LAW
P. O. BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

September 8, 1978

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

Re: Case No. 6202
Order No. R-5713

Dear Mr. Ramey:

As a result of the settlement between Amoco Production Company and Leland Hodges Trustee, please withdraw my application for a Hearing De Novo filed in the above referenced case on June 6, 1978.

Very truly yours,


W. Thomas Kellahin

CC: Ben Donegan

WTK:kfm

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN and FOX
ATTORNEYS AT LAW
800 DON GASPAR AVENUE
P. O. BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4318
AREA CODE 505

June 5, 1978

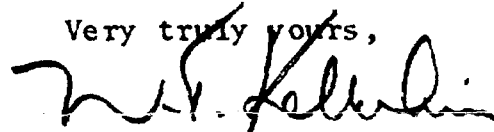
Mr. Joe Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 6202
Order No. R-5713

Dear Mr. Ramey:

Please find enclosed our application for a Hearing
De Novo in this matter.

Very truly yours,


W. Thomas Kellahin

CC: Mr. Richard Merrill
Mr. Ben Donegan

WTK:kfm

Enclosure

"any party adversely affected"

RECEIVED
JUN 6 - 1978

Oil Conservation Commission

STATE OF NEW MEXICO
ENERGY AND MINERAL DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE
APPLICATION OF AMOCO
PRODUCTION COMPANY FOR
AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY,
NEW MEXICO

Case No. 6202
Order No. R-5713

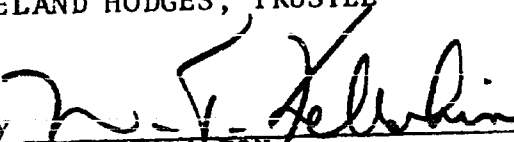
Application for Hearing De Novo

Come now Leland Hodges, Trustee, and applies to the Oil Conservation Division for a Hearing De Novo with regards to the Oil Conservation Commission Order No. R-5713 which approved an unorthodox gas well location for Amoco Production Company's Teledyne Gas Com Well No. 1 located 660 feet from the South line and 1980 feet from the East line of Section 4, T23S, R29E, N.M.P.M. Eddy County, New Mexico.

Respectfully submitted,

LELAND HODGES, TRUSTEE

By


KELLAHIN & FOX
Attorneys at Law

P. O. Box 1769
Santa Fe, New Mexico 87501

RECEIVED

JUN 6 - 1978

Oil Conservation Commission

STATE OF NEW MEXICO
ENERGY AND MINERAL DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE
APPLICATION OF AMOCO
PRODUCTION COMPANY FOR
AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY,
NEW MEXICO

Case No. 6202
Order No. R-5713

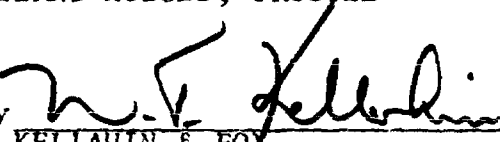
Application for Hearing De Novo

Come now Leland Hodges, Trustee, and applies to the Oil Conservation Division for a Hearing De Novo with regards to the Oil Conservation Commission Order No. R-5713 which approved an unorthodox gas well location for Amoco Production Company's Teledyne Gas Com Well No. 1 located 660 feet from the South line and 1980 feet from the East line of Section 4, T23S, R29E, N.M.P.M. Eddy County, New Mexico.

Respectfully submitted,

LELAND HODGES, TRUSTEE

By


KELLAHIN & FOX
Attorneys at Law
P. O. Box 1769
Santa Fe, New Mexico 87501

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:

CASE NO. 6202
Order No. R-5713

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of May, 1978, the Division Director,
having considered the testimony, the record, and the recommenda-
tions 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 the applicant, Amoco Production Company, seeks
approval of an unorthodox gas well location for its Teledyne
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, NMPM, to test Wolfcamp or deeper formations, Eddy
County, New Mexico.

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

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

(5) That no offset oil and gas lessee objected to the
proposed unorthodox location.

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

-2-

Case No. 6202

Order No. R-5713

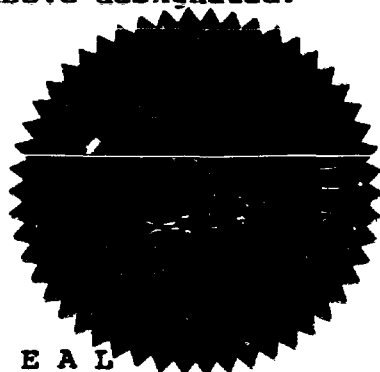
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for Wolfcamp or deeper formations is hereby approved for the Amoco Production Company Teledyne 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, NMPM, Eddy County, New Mexico.

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

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Division Director

jr/

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

EXAMINER HEARING

-----)
)
IN THE MATTER OF:)
)

Application of Amoco Production)
Company for an unorthodox gas)
well location, Eddy County,)
New Mexico.)
-----)

Case 6202

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Division:

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

LANPHERE REPORTING SERVICE

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

I N D E X

	Page
1. Appearances	3
2. The Witness - JOE W. DURKEE	
Direct Examination by Mr. Buell	6
Cross-Examination by Mr. Kellahin	13
3. The Witness - JAMES C. ALLEN	
Direct Examination by Mr. Buell	17
Cross-Examination by Mr. Kellahin	28
Redirect Examination by Mr. Buell	60
Recross-Examination by Mr. Kellahin	63
4. The Witness - KATHY MCGEE BUCHANAN	
Direct Examination by Mr. Buell	32
Cross-Examination by Mr. Kellahin	48
Redirect Examination by Mr. Buell	55
Recross-Examination by Mr. Kellahin	59
5. Reporter's Certificate	69
6. Exhibits	ii

LANPHERE REPORTING SERVICE

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

EXHIBITS

Identified

Amoco's Exhibit No. 1, Map	8
Amoco's Exhibit No. 2, Map	36
Amoco's Exhibit No. 3, Map	43
(Amoco's Exhibits 1 through 3 admitted.)	63

* * * *

LANPHERE REPORTING SERVICE

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

FOR AMOCO PRODUCTION COMPANY:

Guy Buell, Esq.
Attorney at Law
Amoco Production Company
P. O. Box 3092
Houston, Texas 77001

FOR LELAND HODGES:

KELLAHIN AND FOX
Attorney at Law
500 Don Gaspar
Santa Fe, New Mexico 87501
By: Tom Kellahin, Esq.

LANPHERE REPORTING SERVICE

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

MR. STAMETS: Call next Case 6202.

MS. TIESCHENDORF: Case 6202, Application of Amoco Production Company for an unorthodox gas well location, Eddy County, New Mexico.

MR. STAMETS: Ask for appearances in this case.

MR. BUELL: May it please the Examiner, for the Applicant, Amoco Production Company Guy Buell.

MR. STAMETS: Are there any other appearances?

MR. KELLAHIN: Tom Kellahin, Kellahin and Fox, Santa Fe, New Mexico, appearing on behalf of Leland Hodges' trustee.

MR. STAMETS: Any other appearances?

(No other appearances.)

(WHEREUPON, the witnesses were duly sworn.)

MR. BUELL: May it please the Examiner, by way of a preliminary I would like to request a ruling from the Examiner that Leland Hodges' trustee is not an interested person, is not an interested party and has no standing in this hearing.

MR. STAMETS: Mr. Kellahin?

MR. KELLAHIN: I would also like to make

LANPHERE REPORTING SERVICE

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

an objection to this hearing proceeding. If the Examiner please, I believe the hearing proceeds today that you do so in violation of paragraph 7 of Commission Order R-111-A. That particular section provides that before commencing drilling operations for oil and gas on any lands within the potash area that the well operator will prepare a map, et cetera. It goes on to say that the Commission, once an objection has been filed and as a preliminary matter in response to Mr. Buell, he contends today that Leland Hodges' trustee has no standing to appear in this matter, yet he has provided us the notice under R-111-A as a potash operator, owning a potash lease.

It is our contention he has waived any objections to our standing in this matter. For your information, Leland Hodges' trustee owns the potash rights under a substantial portion of Section 4 and we believe that gives us sufficient standing to be heard in this matter.

But, back to my other point on the Examiner's jurisdiction over the unorthodox well location, we believe that before the Commission can proceed with an unorthodox well location that pursuant to Order R-111-A they must first, through the Secretary-Director of the

LANPHERE REPORTING SERVICE

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

Division call an arbitration hearing between the potash company and the oil and gas company involved. And that is the first step in processing the case through the potash problem.

And that to proceed now with an unorthodox well location is premature.

MR. STAMETS: Both motions denied. The Examiner will not entertain any collateral attack on Order R-111-A in the course of these proceedings, that has not been advertised and will not be heard.

Mr. Buell, you may proceed.

MR. BUELL: Thank you, Mr. Examiner. I call as our first witness, Mr. Durkee.

MR. KELLAHIN: May I ask for an explanation. You have not indicating by our appearance here we're waiving any rights under R-111-A?

MR. STAMETS: That's correct.

JOE W. DURKEE

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

DIRECT EXAMINATION

BY MR. BUELL:

Q You've been sworn, have you not, Mr. Durkee?

LANPHERE REPORTING SERVICE

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

A Yes, I have.

Q Would you state your complete name, by whom you're employed and in what capacity and in what location, please?

A Joe W. Durkee, Staff Land Man with Amoco Production, Houston, Texas.

Q Mr. Durkee, in your capacity as a land man with Amoco are you familiar with Amoco's oil and gas lease holdings in the area of our application today?

A Yes, I am. I handled the acquisition of the leases.

Q With respect to the lease that this unorthodox well is located on, what lease is that?

A We acquired the lease from Teledyne Potash, Incorporated.

Q Is that the only lease from Teledyne we have in this immediate area?

A No, we have six leases acquired at the same time. The total package consisting of approximately 4,500 acres.

Q All right, sir. Do you happen to know the expiration date on those six leases?

A All leases expire March 14, '79.

LANPHERE REPORTING SERVICE

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

Q All right, sir. In connection with your testimony here today, would you look first at what has been identified as Amoco's Exhibit 1.

A (Complies.)

Q What is that exhibit?

A This is based on government topographic sheets and the acreage, which we call Teledyne Potash acreage is colored yellow on the plat.

Q The base map is U.S. Topo map on which you have superimposed additional data?

A That's correct.

Q One of which you just mentioned, that is the 4,500 acres that are covered by the six Teledyne leases, is that correct?

A That's correct.

Q What other data have you superimposed on this topo map?

A Outlined in red are the east half of Section 4 and 9 of 23 south, 29 east, which is the proposed operating area being put together by Amoco and Bass Enterprises Production Company.

Q Now with regard to the 320 acre unit that we plan for our proposed Teledyne Federal Com No. 1 Well,

LANPHERE REPORTING SERVICE

P.O. BOX 447
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

how have you identified that on this Exhibit?

A That is outlined in green being the east half of Section 4.

Q So the east half of Section 4 and the east half of Section 9 are in the proposed operating area and the east half of 4 is the proposed unit for the well that we're asking for here today?

A That's correct.

Q Let me ask you this. You said there is going to be an operating area agreement with Bass Enterprises?

A Yes.

Q Is Bass Enterprises an oil and gas operator in this immediate area?

A Yes.

Q What acreage do they own, control or operate in this area to your knowledge, Mr. Durkee?

A Bass is the operator of the Big Eddy Federal exploratory unit, one of the largest of its kind in the State.

Q Is that located generally north of the area that you show in yellow on this Exhibit?

A Yes, it is. The acreage in the northeast

LANPHERE REPORTING SERVICE

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

quarter and the north half of the southeast quarter of Section 4 is Federal acreage under lease to Bass and within the Big Eddy Unit.

Q Bass is an experienced oil and gas operator and has drilled more wells and knows the risk and sometime rewards of drilling a morrow well?

A That's correct.

Q All right, sir. Let me ask you this, do you know who the lessor is in the east half of Section 4, that portion that isn't colored in yellow, other than the Teledyne acreage in the east half of 4?

A As I stated that's under Federal lease held by Bass Enterprises.

Q Do you know whether or not, Mr. Durkee, that the--whether or not the USGS would approve or permit a well being drilled in the Federal acreage that we're proposing to include in the unit for our well?

A Representatives of the USGS Roswell office recently advised that the probability is that a request for permit would be denied.

Q All right, sir. Now, with regard to the Teledyne acreage that is included in the unit, that is the unit composed the east half of 4, is the surface of

LANPHERE REPORTING SERVICE

P. O. BOX 429
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

that acreage fee owned?

A Yes.

Q Is that generally true with all of our Teledyne leases, the acreage colored in yellow on this Exhibit?

A Yes, Teledyne Company owns that surface and oil and gas rights.

Q All right, sir. Now, we're asking for approval of an unorthodox location for our well. Unorthodox location would fall in the north half of our proposed unit which would be Federal acreage, right?

A Yes.

Q And under your previous testimony you've already stated they would not permit a well being drilled on that acreage?

A As so indicated.

Q Let me ask you this, Mr. Durkee, what is the significance of the area outlined in heavy blue immediately to the south of our proposed location?

A That's the approximate shore line of the body of water called the "Salt Lake."

Q So that portion of our operating agreement, the east half of Section 9 would fall almost entirely

LANPHERE REPORTING SERVICE

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

within or under the body of this Salt Lake?

A That's correct.

Q All right, sir. Let me ask you this, Mr. Durkee, what is the status of the operating area agreement between Amoco and Bass at this time?

A Both managements have authorized the deal and the agreement has not yet been drawn but the basic terms have been agreed upon verbally.

Q Have we had enough association with Bass of this type, enough experience with Bass of this type that you feel confident that the operating agreement will be executed?

A Yes.

Q Do you have anything else you would care to add at this time, Mr. Durkee?

A Nothing at this time.

MR. BUELL: May it please the Examiner, that's all we have by way of direct of Mr. Durkee.

MR. STAMETS: Any questions of this witness? Mr. Kellahin?

MR. KELLAHIN: If the Examiner please.

LANPHERE REPORTING SERVICE

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

CROSS-EXAMINATION

BY MR. KELLAHIN:

Q Mr. Durkee, I failed to hear what your position is with Arco?

A Staff Land Man.

Q In examination of the land situation regards to the east half of Section 4, you would agree, would you not, Mr. Durkee, that the east half of Section 4 falls within the Oil Conservation Division's definition of a potash area pursuant to Order No. R-111-A?

A Yes.

MR. BUELL: May it please the Examiner, I'm going to object to that question. As you've already stated under the docket call of this hearing potash is not within the scope.

MR. KELLAHIN: If the Examiner please, the witness has already answered the question and Mr. Euell has opened the door to some preliminary questions about the outline of the particular areas when he's indicated that the USGS would not approve drilling on the standard location within this proration unit because it did fall within the Federal definition of the potash area.

MR. STAMETS: Your objection is overruled,

LANPHERE REPORTING SERVICE

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

at least at this time, Mr. Buell.

MR. BUELL: Thank you, Mr. Examiner.

Q (By Mr. Kellahin) Now, Mr. Durkee, in addition the east half of Section 4 also falls within the boundaries of the potash area as defined with the USGS pursuant to the Secretary of Interior Order?

A That's correct.

Q If I understood your testimony correctly under direct examination, Amoco's only reason for the unorthodox well location to be placed upon the south half of the south half of this proration unit is in order to avoid drilling on the Federal potash area?

MR. BUELL: May it please the Examiner, Mr. Durkee is a land man and testified to that reason. We have other evidence to present that will also justify the approval of the unorthodox location. But from a land man's standpoint that was his testimony.

MR. KELLAHIN: Okay. You intend to submit other evidence to establish other justifications for the location?

MR. BUELL: Yes.

MR. KELLAHIN: Fine. Thank you.

Q (By Mr. Kellahin) Who with the USGS did

LANPHERE REPORTING SERVICE

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

you talk, Mr. Durkee, that indicated that the USGS would not approve drilling on the Federal leases?

A Mr. Jim Gillam and Mr. VanSickle, Don VanSickle.

Q On your Exhibit No. 1, Mr. Durkee, you have indicated two proration units outlined in the red and what's the plans with regards to the east half of Section 9?

A In the event our unorthodox location is approved by this hearing and we successfully drill a vertical hole and establish commercial production, we then contemplate requesting permission to slant hole and drill under the northeast quarter of Section 9, which is under the lake.

MR. BUELL: May it please the Examiner, our next witness will go into that in detail.

MR. KELLAHIN: I have no further questions.
Thank you.

MR. STAMETS: Mr. Durkee, you have indicated that the yellow area on your Exhibit 1 is the Teledyne lease or Teledyne leases?

MR. DURKEE: Six leases, yes, sir.

MR. STAMETS: Are those all fee leases or

LANPHERE REPORTING SERVICE

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

mixture?

MR. DURKEE: The history on that is that approximately two-thirds of that acreage was patented by the government and the government reserved the potash and sodium rights, such that everything else is what we would call fee, the surface oil and gas and all other minerals went ultimately to Teledyne. The balance of their acreage is on the west side, had no such restrictions, it's fee in all respects.

MR. BUELL: Did that answer your question, Mr. Examiner?

MR. STAMETS: Yes, it did. In this case specifically the south half of the southeast of Section 4 is fee, the rest of the rest of the east half is Federal acreage?

MR. DURKEE: That is correct.

MR. BUELL: Yes, sir.

MR. STAMETS: Any other questions of this witness?

MR. KELLAHIN: May I ask Mr. Durkee one further question on title. Mr. Durkee, who owns the surface for the south half of the south half of this proration?

LANPHERE REPORTING SERVICE

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

MR. DURKEE: Teledyne.

MR. KILLAHIN: Thank you.

MR. STAMETS: Isn't Teledyne a potash operator?

MR. DURKEE: They were. They got in the potash business, it's my understanding they bought out U.S. Potash back around '73 and then after a couple of years experience they decided they wanted out and later sold out to Mississippi Chemical and I should elaborate on my statement a minute ago when I said the surface ore was Teledyne. They made a conveyance to Mississippi Chemical of those rights but they retained the oil and gas rights and of course, the right to use the surface for exploration.

MR. STAMETS: Any other question of this witness? He may be excused.

MR. BUELL: Thank you, Mr. Durkee. Mr. Allen?

JAMES C. ALLEN

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Allen, state your complete name, by

LANPHERE REPORTING SERVICE

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

whom you're employed, in what capacity and what location?

A Yes, sir. I'm James C. Allen employed by Amoco Production Company as a Staff Engineer in Houston, Texas.

Q Mr. Allen, you've testified before this Commission before and your qualifications as a petroleum engineer are a matter of public record in their files, is that not correct?

A That is correct.

Q All right, sir. Let me ask you this. With respect to the surface area of our proposed unorthodox location, have you made an inspection tour on the ground of that area?

A Yes, sir, I have.

Q Let me ask you this. In the immediate area of our proposed location how would you describe the surface?

A All the surface in the south half of Section 4 is a salt marsh.

MR. STAMETS: Let's go off the record a minute.

(WHEREUPON, a discussion held off the record.)

LANPHERE REPORTING SERVICE

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

MR. STAMETS: Back on the record, Please proceed.

Q (By Mr. Luell) Mr. Allen, I believe I had asked you if you had made an on the ground surface inspection of the general area of our proposed unorthodox location?

A Yes, sir, I have.

Q How would you describe the surface in this particular area?

A The surface where we're requesting our unorthodox location is a salt marsh all the way up to the high ground in the north part of Section 4.

Q Is the outline of the edge of the lake, as shown on our Exhibit 1, is it fairly accurate with regard to our area of our location?

A Yes, sir, it is.

Q Would it be possible, Mr. Allen, to build a location at the surface site that we're requesting?

A Yes, it will be possible. However, it will cost considerably more than what a normal location would in this area.

Q What is your estimate of the cost of preparing a location for our unorthodox location site?

LANPHERE REPORTING SERVICE

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

A An estimated cost to prepare a suitable location would run between 35- to \$40,000.

Q Now, I realize there is certainly, probably no normal or usual cost for preparing a location in south-east New Mexico but generally speaking, what does it cost us to prepare a location?

A Approximate cost is \$15,000 per well.

Q This will be at least twice or maybe a little more than twice the amount of a normal location?

A That's correct.

Q Let me ask you this, Mr. Allen. Before you get to the area of our location, as you're approaching the Salt Lake from a distance what does it appear to be?

A It appears to be a normal fresh water lake you would see driving anywhere in the country.

Q Does it have any distinctive color?

A Well, it just looks like a blue lake, nothing unusual about it from a distance.

Q All right, sir. From the area of our location just looking out at the lake, what does it look like?

A Well, again pretty much like a normal lake.

Q Let me ask you this. Did you notice anything

LANPHERE-REPORTING SERVICE

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

unusual that appeared to be out and near the center of the middle of the water?

A Yes, sir, I did. While we were standing there I noticed that there was a barge and apparent front end loader standing on top of the water in the middle of the lake. I also noticed that over to the southeast where we were standing that there was an apparent man made salt island, a white island.

Q You could see the white island coming up out of the water?

A That's correct.

Q All right, sir. Let me ask you this. Did you make an attempt to get in and to or around the east half of Section 9, the other 320 acres in our 640 acre operating area?

A Yes, sir, I did.

Q How did you accomplish that?

A I drove over the road, around and circled the lake until we could find a road that came down to this salt island.

Q What was this road made of?

A The road down and almost to the shore line was apparently just a normal road going out on to the salt

LANPHERE REPORTING SERVICE

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

island, the road appeared to be built of salt.

Q All right. From that edge of the lake looking out towards the center of the lake, towards the island, did it still appear that the front end loader was just standing right on top of the water?

A It did at that time, yes, sir.

Q What did you do after you discovered this salt road that apparently led in the direction of the island and where is this island with respect to the east half of Section 9?

A The island is located and you can see the outline on Exhibit No. 1, it's in the northwest quarter of Section 9.

Q All right, sir. How far were you able to drive out on this salt road into the lake?

A Quite a ways. We left the island, there's a road built out into the lake itself from the island and we were able to drive out probably I guess maybe 30, 50 yards.

Q What did you do when you stopped the car at that point?

A Well, against my better judgment I went out and started walking on the surface of the lake and that's

LANPHERE REPORTING SERVICE

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

when we discovered it was solid salt just a film of water on it.

Q Was it just a film, was it an inch or two inches or what?

A No, the water over the salt itself in most places was very thin. I would estimate probably less than a quarter of an inch.

Q So the front end loader, instead of sitting on the water was actually sitting in a little water but sitting on salt?

A Sitting on salt.

Q Did the barge appear to be used in the salt mining operations?

A Yes, sir.

Q Let me ask you this. How close were you able to get to the east half of Section 9?

A I was able to get about 50 feet from what would be an orthodox location in 1980 out of the northeast corner of Section 9.

Q What did the lake appear to be there?

A Again the lake appeared to be just covered with complete salt crust. However, there had been some dredging apparently between where the stake was and where

LANPHERE REPORTING SERVICE

P.O. BOX 427
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

was standing.

Q Was there a film of water in this area too?

A Yes, sir.

Q Did you prepare some cost estimates on what it would take to prepare a location and the entrance to the location for an orthodox location in the east half of Section 9?

A Yes, sir, I did.

MR. KELLAHIN: I will object to this line of questioning. The call of the case has to do with the east half of Section 4 and nothing to do with the east half of Section 9.

MR. BUELL: May it please the Examiner, Mr. Kellahin is the one that questioned Mr. Durkee about how we were going to develop the east half of Section 9 and I'm trying to answer that question since he opened the hearing to that.

MR. STAMETS: I don't know about Mr. Kellahin, but I'm not really interested in the east half of Section 9 since it's not the call of this case, unless it's really germane, Mr. Buell.

MR. BUELL: I think we can tie it in, Mr. Examiner, if you will bear with us and I will move as

LANPHERE REPORTING SERVICE

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

rapidly as possible.

MR. STAMETS: I will certainly bear with you.

MR. BUELL: May I ask the Examiner whether he has personally visited this lake he is describing?

MR. STAMETS: Yes, I've been there.

MR. BUELL: Then I think we can shorten our testimony. I wanted him to paint a word picture for you if you had not had the opportunity to see it yourself.

Q (By Mr. Buell) Mr. Allen, did you prepare a cost estimate for surface locations?

A Yes, I did. The cost estimate assuming that we only had to excavate and fill four feet of salt and about a foot of lake bottom was \$330,000.

Q That was based on what depth of lake?

A That was based on a depth of five feet, which at that time we thought was good.

Q Did you see any people associated with the saltmining operation while you were out on this location?

A Not at that time, no, sir.

Q Have you talked to any of those that are involved in the saltmining operations?

A Yes, sir. I've talked with people with

LANPHERE REPORTING SERVICE

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

United Salt since that time.

Q Do they have any estimates of how deep the lake is or how far it would take you to get to the bottom?

MR. KELLAHIN: Mr. Examiner, as to this witness testifying what the salt mining operators told them about the depth of the lake, if he wants that testimony in the record he can bring those people in.

MR. BULL: Admittedly, Mr. Examiner, it's hearsay and I can certainly understand Mr. Kellahin's objection. But I've always been under the impression that these hearings were rather informal and we did not strictly follow the precise rules of evidence, the main thing you're interested in is getting the facts and that's what I was trying to do.

MR. STAMETS: The objection is overruled, please proceed.

MR. BUELL; Thank you, Mr. Examiner.

Q (BY Mr. Buell) Do you remember the question?

A Yes. I think I do. After talking with them we indicated that the lake depth in that area could be ten feet or considerably more. The exact depth is unknown.

LANPHERE REPORTING SERVICE

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

Q So, really your cost estimate of \$330,000 to prepare a location for an orthodox well in the east half of Section 9 out in the lake is a minimum cost?

A Absolute minimum, yes, sir.

Q Let me ask you this. What would it cost to directional drill a well from the pad in the area of the location we're asking for to develop at an orthodox location in the east half of Section 9?

A The estimated increase cost to directional drill was about \$250,000, over that it was straight hole.

Q So even under the minimum cost for preparing a location it would be cheaper to directional drill to develop the east half of Section 9?

A That is correct.

Q Mr. Allen, let me ask you this. In your meanderings around this lake did you notice whether or not there was any inflow and outflow?

A There appeared to be some inflow in the northern part of the lake very close to our location over in the west half of Section 4.

Q Did the appearance around the bank and the edges and where you looked, did it appear to be this was a fairly constant level lake?

LANPHERE REPORTING SERVICE

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

A As far as I could tell, yes, sir. I'm saying it does vary considerably.

Q Do you have any other questions you would like to add at this time, Mr. Allen?

A No, sir.

MR. DUELL: May it please the Examiner, that's all I have by way of direct of Mr. Allen at this time. I will recall him later.

MR. STAMITS: Mr. Kellahin, do you have any questions?

MR. KELLAHIN: If you please.

CROSS-EXAMINATION

BY MR. KELLAHIN:

Q Mr. Allen, what were the dates of your inspection of the east half of Section 4, do you recall?

A Yes, sir. I was out there last Thursday.

Q Is that the first and only time you've been out there?

A Yes, sir, it is.

Q Do you know of your own knowledge whether the perimeters of the sale lake ingress and egress from the boundaries you've established on your plat during the course of a year?

LANPHERE REPORTING SERVICE

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

A From my own knowledge this is relative constant except in times of rain fall. But not from my own knowledge, no, sir.

Q So you wouldn't know whether the lake varies considerably from the boundaries as established on the date you saw it?

A No, I would not.

Q Did you make an examination of any other possible drilling sites, other than the subject site you've chosen for this particular well?

A We examined several other site in Section 4, that is the south half of the southeast quarter of Section 4 and there are, of course, several areas in there which would be drillable. It would be the same situation that we're facing here.

Q You made no effort to find a suitable drilling site within the Federal lease area of your proration unit, did you, sir?

A It's obvious that the north half of that section which is in the Federal lease, is much better location to drill from as far as terrain is concerned.

Q So from a topographical justification you cannot justify the unorthodox well location strictly from

LANPHERE REPORTING SERVICE

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

topography, can you, sir?

A Not from Section 4.

Q As a matter of fact it appears as if certain roads traverse the east half of Section 4, do they not?

A Yes, it does. Those are dirt roads with cleachy fill and that's about the only thing that keeps you from going through that marsh.

Q And you've driven those roads, haven't you?

A Yes, sir.

Q Either on the road or immediately adjacent to those roads would be suitable pad sites for putting a platform for your well?

A It would be the same as we're faced down toward the lake. It's all marsh all the way back to the high ground.

Q Did you stake any other locations in the south half of the shouth of this proration unit?

A Yes, there was another location staked to the east, I believe that one was 660 660 from the southwest corner. We also staked a location 330 feet north of the present one and again these were primarily staked just to see if there was one place bigger than another.

LANPHERE REPORTING SERVICE

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

Q Will you give me those locations again. You have staked three possible locations, the first is where, sir?

A Of course, the authorized location, the one we're asking the hearing on is 1980 from the east line, 660 from the south line. I believe there is one that's also staked 1980 from the east line and 990 from the south line. There's also a location at 660 from the east line and the south line.

Q Your examination of the area caused you to choose the subject site over the other two sites?

A No, sir. This location was authorized prior to I was inspecting it. We believe that any location could be drilled on. The topography is somewhat better where we are now than it is a little bit further to the east.

Q Would you actually be supervising the drilling of this well or are you simply to prepare the site location?

A I would not be involved with drilling the well or preparing the site location, either one.

Q Have you been involved in the drilling of any other morrow wells in this particular area?

LANPHERE REPORTING SERVICE

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

A Not in the actual drilling, no, sir.

MR. KELLAHIN: No further questions.

Thank you.

MR. STAMETS: Any other questions of this witness? You may be excused.

MR. BUELL: I would like to call at this time, Mr. Examiner, Mrs. Buchanan.

MRS. LATHY MCGEE BUCHANAN

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

DIRECT EXAMINATION

BY MR. BUELL:

Q You were sworn were you not, Ms. Buchanan?

A Yes, I was.

Q Would you state your complete name, by whom you're employed, in what capacity and what location, please?

A I'm Lathy McGee Buchanan. I'm employed by Amoco Production Company as a Senior Geologist in Houston, Texas.

Q Ms. Buchanan, you have testified at prior Commission hearings and your qualifications as a geologist are a matter of public record in the files of this Commission,

LANPHERE REPORTING SERVICE

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

are they not?

A That's right.

Q Ms. Buchanan, before we get into the sub-surface geology I would like to ask you a question about the surface geology. First, have you visited the area that Mr. Allen was discussing in his testimony?

A Not in the past several years.

Q You've heard his testimony, have you not?

A Yes, I have.

Q About the conditions that he has found in the lake and in the area around the lake?

A Yes, sir.

Q It's my understanding in this area of southeast New Mexico we have two type lakes, playa lake, is that correct?

A Yes, sir.

Q How would you geologically define a playa lake?

A A playa lake is a circular type of depression feature which does not contain water in it at all times, instead is filled by rainfall. It has no inlet or outlet other than rainfall.

Q Depends entirely on rainfall for whatever

LANPHERE REPORTING SERVICE

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

water, if any, is in it?

A Yes, sir.

Q All right, ma'am. I understand the other type of lake that we sometimes have in southeast New Mexico, I believe you geologist call it a collapsed structure?

A Yes, sir.

Q How does a collapsed structure lake occur?

A Well, as underground drainage and movement of water occurs in this case, we're very near the Pecos River itself and we're under the Pecos River drainage basin. In a soluble median water can erode out, something like Carlsbad Caverns, if you're close enough to the surface, essentially the ground falls down into this opening.

Q In your opinion was Carlsbad Caverns leached out by the movement of underground waters?

A Yes, it was.

Q As this leaching occurs over geological time and the void gets bigger than the overburden causes the structure from the surface to collapse?

A Yes.

Q That's why it's called a collapsed structure lake?

LANPHERE REPORTING SERVICE

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

A Yes, sir.

MR. KELLAMIN: If the Examiner please, I've been patient and I realize Mr. Buell's intent to get this thing done but I would appreciate it if he wouldn't lead his witness or testify.

MR. BUELL: I will try to do that, Mr. Examiner. I'm just trying to expediate it.

MR. STAMETS: Very good.

MR. BUELL: Mrs. Buchanan certainly doesn't need any leading by me.

Q (By Mr. Buell) Mrs. Buchanan, based on Mr. Allen's description of this lake, the inflow and the nature of this body, as a geologist what type lake would this appear to be to you, playa lake or perhaps a collapsed structure lake?

A From the description Jim Allen gave me I would say this is probably a collapsed structure. There are many in the area.

Q From the standpoint of drilling out in the body of the lake what would be the significance in the difference between a play lake and a collapsed lake?

A Well, a collapsed structure could be considerably deeper than a playa lake.

LANPHERE REPORTING SERVICE

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

Q Let's go now to the substructure evaluation of this area you have made. Offhand and generally were you prospecting for the morrow when you made your study in this area?

A Yes, sir.

Q Approximately what area did your study cover?

A Oh, I made an intensive study of the morrow sand deposition in an area about six or seven townships in southeastern Eddy County.

Q In and around our area of interest here today, I realize you don't know the precise number, but approximately how many wells existed from which you were able to obtain data?

A Several hundred.

Q In that connection I wish you would now go to what has been identified as Amoco's Exhibit 2 and placed on the wall and using that exhibit would you detail for the record just what your morrow study encompassed?

A I will have to make a background description in this particular exhibit in order for you to understand what I've done in this area.

In the center of the exhibit is the clastic section of the morrow from Amoco No. 1 Teledyne Well, located

LANPHERE REPORTING SERVICE

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

in Section 13 23, 28.

Q As a matter of interest, Ms. Buchanan, is not the general location of the well, whose log occupies the center position on your Exhibit No. 2, located with a blue arrow on our Exhibit No. 1?

A Yes, it is.

Q All right. Would you go ahead please.

A What I've done is divided the clastic section of the morrow, the lower morrow and middle morrow. The upper morrow section is with continuous deposition into the Utocha formation. In this particular exhibit I'm using the Amoco No. 1 Teledyne as a type log for the area. I have subdivided the lower morrow section into three sand intervals which contain several different sands which are bounded on the lower side and on the upper side of each of these sand packages, by a continuous shell which I can map over a larger area.

Q Well, on this exhibit and some of your other exhibits you've identified work you've done as, say representing the "A" sand you're really talking about an "A" sand package and not just one uniform and homogeneous sand?

A Yes, several sands. What I have done is

LANPHERE REPORTING SERVICE

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

make several isoliths of various sand packages. In the lower morrow they are an "A" sand, "L" sand and "C" sand; in the middle morrow "D", "I" and "F" going from lower to upper parts of the clastic section.

I have subdivided the sands on the basis of mapping clean sands, C and L of DC log gamma ray.

Q Are these isoliths depicted on your Exhibit No. 2?

A Yes, they are. They're depicted around borders of the exhibit. Starting down with the "A" sand in the lower left hand corner, "A" sand, "B" sand and "C" sand in the upper left hand corner represent the lower morrow section, "D", "L" and "F" on the right hand side going from lower to upper representing the lower morrow section.

Q How have you depicted the 640 acre operating area that we have been speaking of here, that is the east half of 4 and the east half of 9?

A I represented it by red and white stripe tape around the outline of the unit. On the exhibits we have given the commission, the proposed location is represented by an orange arrow.

Q All right. Let me ask you this. Would you

LANPHERE REPORTING SERVICE

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

comment on your isoliths please? Do you have any particular order you would like to take them?

A Yes. I would like to start from the lower most side. The "A" sand package which includes an interval such as is found on both sides by shales, represents a deltaic complex primarily channel. We will be drilling in a fairly thick section of this deltaic complex. However, we must remember in the morrow clay area the channel sands are considerably dirtier from a productive standpoint, than barrier bar type sands are those we work by ocean currents and therefore tend to be tighter.

Q You're certainly not intending to leave the impression that you could drill a well anywhere inside your isolith there, the area colored in yellow and make a morrow producer out of the "A" sand package?

A No, sir. It's demonstrated that the porosity permeability from these various channel sands that form this deltaic complex vary from place to place along strawn of a sand.

Q So, although your isolith of the "A" sand package covers a large aerial extent, let me ask you this. Would you consider it more risky or less risky, say than the isolith immediately to the right, I believe that's your

LANPHERE REPORTING SERVICE

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

isolith on the "D" sand package?

A I would consider it considerably more risky from the fact that it's primarily a channel type deposit and this is not--

Q Would you go ahead to your "B" sand package?

A All right. From the "B" sand package, which is this interval in the lower morrow section, also displays a kind of deltaic character but it looks as though it's being reworked by current action, so we can anticipate this thing is representing a transgressive type sequence. Once our location will be here, will not encounter "B" sand.

"C" sand in the upper most lower morrow--

Q You're now directing your testimony to the isolith in the upper left hand corner of Exhibit 2?

A That's correct. You can see some distributory channel action, although it's obvious that currents are reworking in this area. This is approximate shoreline here during lower time and we're getting some kind of barrier deposition in long shore type current deposition. Once again, our location will not encounter the "C" sand.

Q That concludes your three sand packages in

LANPHERE REPORTING SERVICE

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

the lower morrow?

A Yes.

Q Let's move now to the middle morrow.

A Okay. Middle morrow, starting down at the lower right hand corner of my exhibit we get very, very well defined barrier bar sequences in the lowermost lower morrow section. Our proposed well location is here, you will see that we're on the updip side. This going shallower and this going down in here, a barrier bar type sequence. If we drill further to the west we will not encounter this sequence.

Q Do you consider, in the area that we're talking about today, that we're more apt to find the "D" sand package productive than say the "A" sand?

A Yes, sir. It is a barrier bar type sequence and the sands where we were by ocean action.

Q Does your isolith of the "D" sand package show that our proposed location is just about on the western most edge of that package through this immediate area?

A Yes, sir.

Q Would you feel confident if the location removed any further to the west that you would encounter the

LANPHERE REPORTING SERVICE

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

the "D" sand package?

A Yes. I feel confident that we would not encounter the "D" sand package further to the west.

Q Do you have further comments on your isolith of the "D" sand package?

A No, I don't. I would like to address the "E" and "F" sand packages.

Q That's the isolith immediately above the "D" sand package?

A That's correct. Once again the "E" sand located essentially the middle sand package, it's the middle clastic section. Our proposed location is here. The barrier bar type deposition is a little bit less well defined but we will be drilling in the maximum thick, clean sand section. That is we should encounter more pay section in this location than we would drilling further to the west.

Q Do you think the "E" sand package is a better prospect than, I'm going back to the "A" sand package again?

A Oh, yes. Once again this is oceanic type of deposition.

Q And the particular unorthodox location we're asking for, it is in the thicker part of your isolith,

LANPHERE REPORTING SERVICE

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

is that a good way to put it?

A Yes, sir.

Q If you have no other comments on that would you move on up to the "F" sand package isolith, which is your upper right hand map on Exhibit 2?

A The "F" sand package is the uppermost sand package in the middle morrow section. Our proposed location is here. It's sitting on a thinner side of the barrier bar complex, the thickest action is located here. Once again we would consider that we would get into thinner barrier bar type sands if we moved to the west.

Q Do you consider this package an excellent morrow prospect?

A Yes, I do. I will get to that on my cross-section.

Q Are you ready to go to that now?

A Yes, I am. It's been identified Exhibit No. 3.

Q Would you please describe for the record what this cross-section is composed of?

A All right. This is a west to east stratigraphic cross-section hung on the top of the middle morrow. I had a scale of one inch equal 40 feet. We start on the left hand side of the cross-section with the

LANPHERE REPORTING SERVICE

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

Pan Am Harroun well located in Section 30, 22, 28.

Second well from the left in the Amoco No. 1 Teledyne located in Section 13, 23, 28 and it's the--on the Exhibit No. 2. Our proposed location is emphasized by a blue arrow located here just at the top of the morrow.

Q That's the blue area that's immediately above the top of your middle morrow?

A Yes, sir.

Q All right.

A Third from the right is the Mesa No. 3 Nash Unit located in 12-23-29, the Mesa No. 1. Nash Unit located 13-23-29 and then furtherest to the right Meas No. 2 Nash Unit located in 18-23-30.

Q What have you depicted on this? What is the significance of the coloring below the top of the middle morrow, intervals that you've colored in yellow?

A Okay. The intervals colored in yellow are clean sand lenses. I have high graded this by only coloring in sands of what I consider to be clean sands, more than 50 API units. Usually the standards are far too tight.

Q On your Exhibit 2 we were above and looking down on your geological work, on the top of it. And here

LANPHERE REPORTING SERVICE

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

we're looking at it in a cross-sectional view?

A Yes, sir.

Q Let me ask you this. With regard to the "D" sand in the area of our proposed location, does it show generally the same thing that your isolith in the lower right hand corner of Exhibit 2 shows?

A Yes. I will direct your attention to the morrow clastic section here, here's top of the lower morrow, the top of the middle morrow as depicted on the cross-section is here. Our location is here, you can see several of these middle morrow sand pinching to the west of our location.

I would also like to point out that the No. 1 and No. 2 Nash are perforated in the middle morrow section, they did test the lower morrow sections and found it tight.

Q Let me ask you this. Was either Exhibit 2 or Exhibit 3 prepared by your especially for this hearing?

A No, sir. These were exhibits used to sell the well to our management.

Q Let me ask you this while we're looking at Exhibit 3. Are there any other possibilities for well at our proposed location other than the morrow which you have

LANPHERE REPORTING SERVICE

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

discussed in detail?

A Yes, sir. This is a multi-pay type prospect. I, unfortunately, don't have anything higher than the strawn depicted on the cross-section because it would make the cross-section about 25 feet long. However, the Delaware sands are well known as being productive. Our old Indian Draw field is located northwest of the proposed location, is a very, very good Delaware field. Other Delaware producers have been discovered in this area, so this is a good prospect.

Bone Spring is not a very prolific producer. However, in south Carlsbad field there are several bone springs productive wells.

The Wolf Camp section, I'm going to the top of the hole to the bottom of the hole, the Wolf Camp section also is not a very prolific producer. There are several wolf camp wells in south Carlsbad to the west and the Texaco Bremuda Basin No. 1 to the east is an oil camp producer.

I think our primary uphole potential rest in this Utoica sand section.

Q Let me ask you this, Ms. Buchanan. The last time you appeared before this Commission you were

LANPHERE REPORTING SERVICE

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

testifying relative to our application for approval of the south Culebra bluff exploratory unit, a well was being drilled at that time. Where would that well fall on this cross-section?

A The well would fall slightly to the west of the Amoco No. 1 Teledyne, southwest of Section 13 and Section 23-23-28.

Q I think everyone in this room knows that well was quite a producer?

A Yes, sir.

Q Let me ask you this. Is it still producing?

A Yes, sir. Approximately 28 million a day into the El Paso pipeline.

Q And it is producing from the Utocia?

A Yes. The same Utocia sands that you see colored in yellow are on the Amoco No. 1 Teledyne, is the sand in which the Delta No. 1 flowout.

Q Do you have anything else you would care to add to your testimony at this time?

A No, sir.

MR. BUELL: May it please the Examiner, that's all we have by way of direct from Mrs. Buchanan at this time.

LANPHERE REPORTING SERVICE

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

MR. STAMETS: Are there questions of the witness?

CROSS-EXAMINATION

BY MR. KELLAHIN:

Q Mrs. Buchanan let me have you stay up there and give me some more information about your cross-section, first of all. Commencing with the first well on the left, what is the distance in miles from that well to the subject location?

A Distance in miles I guess would be approximately, oh, I don't know seven or eight miles.

Q And the second well on your cross-section in miles is how far from the subject location?

A Approximately five.

Q And the third well is how far?

A It's approximately six miles. All these other three wells are very close to each other.

Q And the fourth and fifth wells then would likewise be about six miles from the subject location?

A Well, control in the area is very sparse considering this is a deeper location than is commonly drilled in the morrow.

Q That was my point. The type log you've

LANPHERE REPORTING SERVICE

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

used here, where is the No. 1 Teledyne Amoco well?

A It will be located in the same position on all of these isolith maps located here in relationship to our proposed location.

MR. BUELL: It's also located with a blue arrow on Exhibit 1?

A Right, located here our proposed location is here.

Q Your type log is not on the cross-section?

A Yes, our type log is the second log from the left on the cross-section.

Q You indicated under your direct examination that you prepared these exhibits and did your analysis based upon your study of the morrow wells in the area and you said some 200 wells?

A Yes, sir. Many of them are to the west. I cut off the area so as not to make an absolutely huge map. I have extended this study far to the west and that's not subject to release to general public right at the moment.

Q The analysis of the morrow wells is the only information you used to prepare your exhibits?

A Yes, sir. The subsurface well logs and the log character based on the gamma ray and CLFUDC usual.

LANPHERE REPORTING SERVICE

P.O. BOX 447
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

Q Looking at your Exhibit No. 1, in the lower morrow for the proration unit that's the subject of this hearing, there appears to be no "C" sands present?

A That's true.

Q And the "B" sands are likewise not present?

A That's true.

Q And there is some appearance of "A" sands in the lower morrow, is there not, on your exhibit?

A Yes, there is.

Q It would appear from your exhibit on the "A" sand of the lower morrow that there is not any significant difference between the possibility of production from the "A" sands at the proposed unorthodox location as opposed to moving it 650 feet north to a standard location, is there?

A Well, not from the map. However, from my evaluation of the morrow sands we cannot predict porosity and permeability with the data we have available to us at the present time. And therefore, moving your location can make a considerable difference in certain areas.

Q Absolutely it can make a considerable difference. But in this situation from the information you have you don't know if there is going to be any difference?

LANPHERE REPORTING SERVICE

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

A That's true, I don't.

Q Likewise that same holds true with the middle morrow when we look at the "F" sand, the "L" sands and the "D" sands?

A The only thing I can say about that is if we move our location to the west we will be encountering the thinner sands in the other morrow sections as evidenced from the pinch-out on my cross-section.

Q How far west would you have to move it in order to experience that?

A Well, to get out of the "D" sands you're only going to have to move your location maybe 600 feet.

Q That analysis is based upon your study of these wells that are some five, six and seven miles apart, is it not, Mrs. Luchanan?

A Yes, it is. Also wells that are on stride with these barrier bar sands.

Q And you're confident you can make that determination on the "D" sands with wells that far apart?

A Yes, sir.

Q If you move 600 feet to the west then you're right on the western boundary of this particular proration unit, is that right?

LANPHERE REPORTING SERVICE

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

A Yes, I would think they would be, I don't know we might even be out of it.

Q You said the only difference is if you moved to the west. If you moved 660 feet to the north there is not any appreciable difference from the subject location to a location some 660 feet to the north, is there?

A Well, from the standpoint of the "D" sand only if we move much further to the north we will be out of the "D" sand which is perforated in the Nash wells to the east.

Q You have indicated in your opening statements on direct examination that you believe the salt lake in this area was a collapsed structure?

A Yes, sir.

Q That was your geological opinion?

A From the testimony that Jim Allen gave.

Q You did not study the logs of the salt section in that particular area to determine if this was a collapsed structure or not?

A From the standpoint of logging, most people do not log through the anhydrite section since it is unproductive and when they do they log for correlation purposes with the gamma ray which indicates presence or

LANPHERE REPORTING SERVICE

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

absence of salt. There are no wells drilled in the lake itself so determination of collapse would be impossible.

Q You've made your opinion that this is a collapsed structure on some evidence. I would appreciate you summarizing for me what that evidence is.

A Okay. First of all, the evidence of the fact that Mr. Allen told me there is current motion in the lake. Playa lakes usually have little enough water in there that there is no current in them whatsoever unless the wind is blowing very hard.

In the second place the lake is conjunctive with a topography in the area. Most playa lakes are circular in aerial sections. I'm very, very familiar with them. Also in this area collapsed structures are extremely common.

Q You've not examined this lake yourself, you did not personally visit the site?

A I may have when I was in school on field trips. Although I don't recall it particularly.

Q Your testimony today is not based upon your study on field trips?

A No.

Q Is there any evidence of any outcrops here

LANPHERE REPORTING SERVICE

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

of outcrop indications would be evidenced of collapsed structure?

A Yes, sir. You can see collapsed structure in the anhydrite section on road cuts near Carlsbad, New Mexico.

Q Have those appeared in this particular salt lake area to your knowledge?

A I beg your pardon.

Q Have the outcrops in this particular salt lake appeared?

A I doubt that you would have many outcrops in the area unless you had a road cut because the stuff weathers very well and the weathered portion is not subject to examination.

Q Where is the nearest well that shows evidence of presence of the "D" sand in the middle morrow?

A The nearest well that shows evidence of the "D" sand would be these Nash draw wells No. 3, No. 1 and No. 2 on the cross-section. Once again I would like to remind you that I am not mapping individual sands, but instead mapping sand packages.

MR. KELLAHIN: Thank you. I have no further questions.

LANPHERE REPORTING SERVICE

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

MR. STAMETS: If Amoco could drill at a standard location, the southeast quarter of Section 4, in your opinion is the geological evidence that you have developed here sufficiently compelling for you to ask management for nonstandard location or would you just tell them to go ahead and drill?

MRS. BUCHANAN: Are you talking about a standard location on stand up or lie down?

MR. STAMETS: Stand up would be fine.

MRS. BUCHANAN: Stand up I think a standard location on a stand up would be all right from a geological standpoint.

MR. STAMETS: Any other questions of the witness? She may be excused.

Do you have anything further, Mr. Buell?

MR. BUELL: Yes. I want to ask one question on redirect.

REDIRECT EXAMINATION

BY MR. BUELL:

Q Mrs. Buchanan, would you go to your Exhibit 2, please ma'am and look at the isolith of the "D" sand package.

A Yes, sir.

LANPHERE REPORTING SERVICE

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

Q And I realize that the map is such a scale this may be difficult. But as best you can, do you feel that a well could be made in the "D" sand package at a location 660 feet from the east line of Section 4 and 1980 feet from the south line of Section 4?

A No, sir. Not in the "D" sand. As I emphasized before, if you drill much further to the north in our standard location you would be out of the "D" sand.

Q I was afraid you didn't understand the Examiner's question. And I am right, am I not, that would be the standard location for a stand up unit composed of the east half of Section 4?

MR. STAMETS: You're correct.

MR. BUELL: In view of this clarifications do you have any other questions?

MR. STAMETS: Yes, I do. What is the closest control you have on the "D" sand?

MRS. BUCHANAN: Okay, I have all my control points marked. The well, you would be able to see them better if you had your map unfolded.

MR. STAMETS: The closest well you have is two and a half miles?

MRS. BUCHANAN: Yes, sir.

LANPHERE REPORTING SERVICE

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

MR. STAMETS: Do you feel that's sufficient control on a morrow sand to tie a location down to 660 feet either way?

MRS. BUCHANAN: Okay, I would like to emphasize they also have well control for this other sand. Here's a well down here and I can map no sand in this particular area on strike. I'm very familiar with making stratigraphic correlation in the morrow.

MR. BUELL: Excuse me, Mrs. Buchanan, we can't get your finger in the record. Let me just state that on the isolith of the "D" sand package she was running her finger up and down the yellow colored on the right hand side and the yellow colored in the middle when she was talking about where these wells were upon which she had control.

MR. STAMETS: I don't really wish to belabor this at all but in the "D" sand to the far right of your Exhibit No. 2, it looks like you have drawn two sand bodies. One is very far right which ends at a point about two and a half miles east of the acreage in question. And then another sand body which starts from the southwest and lies immediately to the west of the first sand body I referred to.

LANPHERE REPORTING SERVICE

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

MRS. BUCHANAN: Yes, sir.

MR. STAMETS: Is that unusual in the morrow, having that tightly packaged together?

MRS. BUCHANAN: Yes, sir. When you consider that it's not unusual when you consider that I'm mapping sand packages by mapping several different barrier bar complexes by mapping these sand packages. So these two may not be of the same stratigraphic age, or they may not be time correlative although they are stratigraphically relative. This is typical of offshore lines.

MR. STAMETS: Could we just as well map in another one between the second sand body and the third sand body if we're moving from the right to the left on the Exhibit?

MRS. BUCHANAN: No, sir, because I don't see any sand in that location along stride to this well point gives me control for this very, very thin sand in this. I don't see any thicker sand developing in this well at another stratigraphic interval, this sequence.

MR. STAMETS: Okay. Any further questions of the witness?

MR. KELLAHIN: I want to ask her a couple of questions on the "D" sand.

LANPHERE REPORTING SERVICE

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

RECROSS EXAMINATION

BY MR. KELLAHIN:

Q Mrs. Buchanan, would you drill a well at the proposed location if your only objective was the "D" sand?

A I probably would but I doubt if my management would.

Q You said your closest control for the "D" sand was about two and a half miles to the southeast?

A Almost due east, east, southeast.

Q Are there any other morrow wells in the immediate area of the subject location which do not have "D" sands at the present?

A As I pointed out this one has extremely thin, very thin "D" sand in it, almost none.

Q What well was that?

A This is--that's the Phillips No. 1 Malgo Well located in Section 2-24-28.

Q I can see your exhibit on the "D" sands, you've projected the sands in a rather straight line running from the northeast to the southwest, have you not?

A Yes, I have.

Q Is that typical of the morrow "D" sands to

LANPHERE REPORTING SERVICE

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

run in such uniform lines?

A Okay. This is typical of a barrier bar sequence. We know from mapping in the area that the shoreline runs something in this direction. This is also current structural strike. It is a standard procedure in geological interpretations to assume that barrier bars are parallel to the shoreline and for this reason you can project them for several miles.

MR. KELLAMIN: Nothing further, thank you.

MR. STAMETS: Any other questions of the witness? She may be excused.

MR. BUELL: I would like to recall Mr. Allen, Mr. Examiner.

MR. STAMETS: Proceed.

REDIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Allen, another concern of the Commission prior to approving a request for an unorthodox location is whether or not the approval of that location will violate the correlative rights of any other interest owners in the area.

Let me direct your attention back to Amoco's Exhibit No. 1. Are there any offsets to this unit

LANPHERE REPORTING SERVICE

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

that we have been discussing the east half of Section 4 other than Bass, the Federal government as a royalty owner and Amoco and Teledyne as the royalty owners?

A The only lease that I'm aware of that those parties do not control is the north half of the southwest quarter which is apparently owned by the Cartel interest.

Q According to our information the holder of an oil and gas lease is the Cartel interest?

A That is correct.

Q Do you know who the royalty owner is under that 80 acres?

A I believe it's the United States Government.

Q Directing your attention specifically to that tract, is there any way from a reservoir engineering standpoint that approval of our request could violate the correlative rights of the Cartel interest?

A No, sir, I don't believe that correlative rights, in my opinion, will be adversely affected, if we move this location 1320 feet north to make it an orthodox location we would actually be closer to that tract than we are now.

Q If the well that we're requesting here

LANPHERE REPORTING SERVICE

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

today is drilled and is productive, how would you recommend the development of the west half of Section 4?

A It would be our recommendation that we drill a well on the west half directional to the orthodox location.

Q Would you visualize, assuming the Commission approves our unorthodox request here, assuming that after a hearing on the merits of the potash operators we still have a permit, assuming the well is productive, would you visualize the surface area that we're requesting our unorthodox location on to become more or less a drilling island for development in this area?

A Yes, sir, I believe it would be since we know that it would be much cheaper to directional drill than to attempt to drill on the lake. In fact, whether it's five feet or fifty feet doesn't really make any difference since it is cheaper to directional drill under. So I could see that we could drill several wells from this location.

Q From the standpoint of the environment, from the standpoint of the owners of the potash interest would it be more feasible and practical to make this a drilling island than drilling at many locations from a

LANPHERE REPORTING SERVICE

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

straight up position?

A Yes, sir, it would definitely.

MR. BUELL: May it please the Examiner, that's all we have by way of direct. I would like to formerly offer our Exhibits 1 through 3 inclusive.

MR. STAMETS: The Exhibits will be admitted.

(WHIRLUPON, Applicant's Exhibit Nos.

1 through 3 admitted into the evidence.)

MR. STAMETS: Any additional questions of Mr. Allen?

MR. KELLAHIN: Yes, Mr. Stamets.

RECROSS-EXAMINATION

BY MR. KELLAHIN:

Q Mr. Allen, you have indicated you wouldn't violate the adjoining operator's correlative rights by the unorthodox location, I believe that was your testimony?

A In my opinion, that is correct.

Q Your proration unit is currently not suffering any drainage from offsetting morrow production, is it?

A That's correct, there is not.

Q There in fact, is no more production in the

LANPHERE REPORTING SERVICE

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

area, your well would be the first well?

A That's right.

Q It would appear, would it not, Mr. Allen, that you could more efficiently drain your proration unit from a standard location rather than the unorthodox location on the south half of the south half of the proration unit, would it not, sir?

A Yes. Again if we could get a permit that would be right.

Q By doing so you would avoid encroaching on the oil and gas interests on the west half of Section 4?

A Well, as I said earlier, an orthodox location to the north we would actually be closer to the Cartel interests than we are now. However, with a successful completion we would develop that acreage.

Q I'm just trying to find out where it is.

A It's the north half of the southwest quarter, the Cartel interest.

Q Just that 80 acres?

A Just that 80 acres, yes, sir. The rest is controled by Amoco or Bass.

MR. KELLAHIN: Thank you. I have no further

LANPHERE REPORTING SERVICE

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

questions.

MR. STAMETS: Any other questions of the witness? He may be excused. You have nothing further, Mr. Buell?

MR. BUELL: That closes our case, Mr. Examiner.

MR. STAMETS: Mr. Kellahin?

MR. KELLAHIN: If the Examiner please, we do not have any witnesses to call to present testimony in our behalf.

MR. STAMETS: Do you have a closing statement?

MR. KELLAHIN: Yes, sir. I think from Amoc's witnesses themselves, Mr. Stamets, you can see very clearly that the only reason they're seeking the unorthodox location is to avoid drilling on the Federal lease. That necessity would require them to obtain USGS approval. Not wanting to do that they have sought out a site in the south half of the south half of this proration unit.

Their testimony has shown from a topographical point of view that there are site locations on the Federal lease that are cheaper to build out of the

LANPHERE REPORTING SERVICE

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

marsh area and would be much more satisfactory to drain this particular proration unit from a topographical point of view.

The testimony of Mrs. Buchanan has indicated that there is no geological significance between a location drilled at the unorthodox site as opposed to a standard location some distance to the north. You can see from her exhibits that it is very gross data in that the well controls are some five, six, seven and eight miles apart by her own admission, the only particular morrow sands of any consequence in this area apparently are the "D" sands which we spent some time about, also the presence of the some of the other middle morrow sands.

You notice the absence of the "B" and "C" sands. In any event, you can see by examination of the contour lines on her exhibit that they are very far apart and we believe that the application should be denied on the basis of Amoco's failure to establish by a preponderance of the evidence that an unorthodox location is justified.

MR. STAMETS: Mr. Buell?

MR. BUELL: If it please the Examiner, I will answer that very briefly. We made no secret of the fact that the USGS will not grant a permit at an orthodox

LANPHERE REPORTING SERVICE

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

location and the northeast quarter of our proposed 320 acre unit consisting of the east half of Section 4, we make no secret of that.

I do feel this, that we have shown compelling geological reason for the granting of the orthodox location, particularly with regard to the "D" sand package. You may recall in Mrs. Buchanan's clarifying testimony she pointed out she would not recommend drilling for a "D" sand package well at an orthodox location in the east half of Section 4.

Admittedly, the other sand packages that she has mapped, the "A" and she is very highly qualified that due to its depositional character and the "E" and the "F" could be found at an orthodox location.

The fact of the matter is, Mr. Examiner, we couldn't drill a well at an orthodox location if the geological evidence wasn't compelling that we should drill where we're asking to drill.

Admittedly, this is wildcat territory, we don't have any data in the immediate area, that's characteristic of a wildcat area.

I think you, Mr. Examiner, certainly realize that a geologist has to make the most of what he

LANPHERE REPORTING SERVICE

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

has and I sure believe Mrs. Buchanan has done it in this area. And I would reiterate again that these exhibits were not prepared for this hearing. As you saw by the one that we inadvertently gave you with all the holes in it, these exhibits have been around for some time. And Mrs. Buchanan is simply using work that she has done months ago to present to you today at this hearing.

The evidence is overwhelming as well as compelling, that the granting of this location will not in any way violate the correlative rights of any owner of interest, oil and gas interests in this area. And in fact, it could enhance Cartel's interest if it is a productive well.

Our evidence has also shown that if we're successful here and this well is drilled and is productive that this area can be used as a drilling island and from the standpoint of the environment, from the standpoint of the potash lessess that would be the best, most practical way to develop oil and gas interest in this area.

So I urge the Commission to approve the location we are requesting here today for all these reasons.

MR. STAMETS: Case 6202 will be taken under advisement.

LANPHERE REPORTING SERVICE

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

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 fourth day of May, 1978.

Betty J. Lanphere
Betty J. Lanphere, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6202 heard by me on 4-19-1978.
Richard R. Blum, Examiner
New Mexico Oil Conservation Commission

LANPHERE REPORTING SERVICE

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

GEORGE H. HUNKER, JR.
DON M. FEDRIC
ROBERT I. WALDMAN

LAW OFFICES OF
HUNKER-FEDRIC, P.A.
210 HINKLE BUILDING
POST OFFICE BOX 1837
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-2700
AREA CODE 505

May 17, 1978

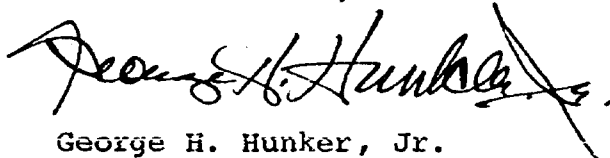
Mr. Richard L. Stamets
Technical Support Chief
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Stamets:

We see that Amoco Production Company has filed an application for an unorthodox gas well location, Eddy County, New Mexico. This case is No. 6202. We represent a client who holds an offsetting oil and gas lease also in Section 4, and we would like to be furnished with a copy of the order as soon as it is issued. We are not formally entering our appearance in this matter, but would reserve the right to do so at a later time.

Sincerely yours,

HUNKER - FEDRIC, P.A.


George H. Hunker, Jr.

GHH:dd

cc: Mr. Chester Carthel
Rt. 2, Box 2
Lockney, Texas 79241

Copy of Order Mailed 5/19/78



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

May 10, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
15051 827-2434

Re: CASE NO. 6202
ORDER NO. R-5713

Mr. Guy Buell, Attorney
Amoco Production Company
P. O. Box 3092
Houston, Texas 77001

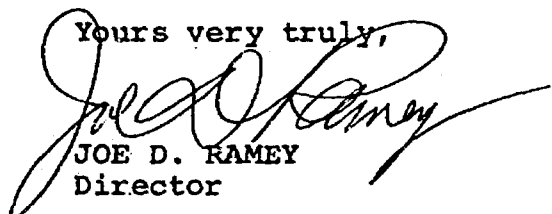
Applicant:

Amoco Production Company

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

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Tom Kellahin

ATWOOD, MALONE, MANN & COOTER

A PROFESSIONAL ASSOCIATION
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
R. E. THOMPSON

RANDAL W. ROBERTS

April 16, 1978

Mr. Joe D. Ramey
Secretary-Director
Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

RE: Examiner Hearing April 19, 1978

Dear Joe:

We would appreciate your filing the enclosed
Entry of Appearance for Amoco Production Company in Case
No. 6202.

Thank you and with regards, I am,

Very truly yours,



Charles F. Malone

CFM:sgs
Enc.

cc: Guy Buell, Esquire

BEFORE THE OIL CONSERVATION DIVISION

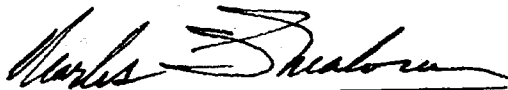
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF AMOCO PRODUCTION COMPANY FOR)
UNORTHODOX GAS WELL LOCATION,)
SECTION 23, TOWNSHIP 23 SOUTH,)
RANGE 29 EAST, EDDY COUNTY, NEW) Case No. 6202
MEXICO.)

ENTRY OF APPEARANCE

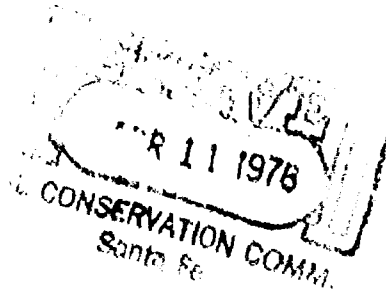
The undersigned hereby enter their appearance
herein for Amoco Production Company, with Guy Buell of
of Houston, Texas.

ATWOOD, MALONE, MANN & COOTER, P.A.

By 
Post Office Drawer 700
Roswell, New Mexico 88201

Attorneys for Amoco Production
Company

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF AMOCO PRODUCTION COMPANY FOR
UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO

Case No. 6202

NOTICE OF PROTEST

COMES NOW Leland Hodges, Trustee, by and through their Attorneys and files its protest to Amoco Production Company's application in this matter and as grounds therefore states:

1. That Leland Hodges, Trustee, is the potash operator holding the potash lease on the S/2S/2 of Section 4, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, within a one mile radius of the proposed Amoco well.
2. That Amoco seeks permission to locate a well within a portion of Section 4 covered by Protestant's potash lease.
3. That Amoco's location is within the boundaries of the Potash Oil Area as defined by Commission Order R-111-A.
4. That a well located as proposed or at any location within Section 4 would result in undue waste of potash deposits, would constitute a hazard to and interfere unduly with potash deposits in violation of Commission Order R-111-A and to the detriment of Leland Hodges Trustee.
5. That Leland Hodges, Trustee, received Amoco's Notice of Intention to Drill by registered mail on the 3rd day of April, 1978 and herein files its protest within the ten days provided in Commission Order No. R-111-A.

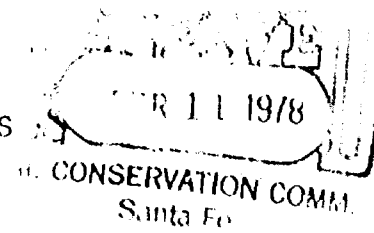
KELLAHIN & FOX

By 

W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR PROTESTANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF AMOCO PRODUCTION COMPANY FOR
UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO

Case No. 6202

NOTICE OF PROTEST

COMES NOW Leland Hodges, Trustee, by and through their Attorneys and files its protest to Amoco Production Company's application in this matter and as grounds therefore states:

1. That Leland Hodges, Trustee, is the potash operator holding the potash lease on the S/2S/2 of Section 4, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, within a one mile radius of the proposed Amoco well.
2. That Amoco seeks permission to locate a well within a portion of Section 4 covered by Protestant's potash lease.
3. That Amoco's location is within the boundaries of the Potash Oil Area as defined by Commission Order R-111-A.
4. That a well located as proposed or at any location within Section 4 would result in undue waste of potash deposits, would constitute a hazard to and interfere unduly with potash deposits in violation of Commission Order R-111-A and to the detriment of Leland Hodges Trustee.
5. That Leland Hodges, Trustee, received Amoco's Notice of Intention to Drill by registered mail on the 3rd day of April, 1978 and herein files its protest within the ten days provided in Commission Order No. R-111-A.

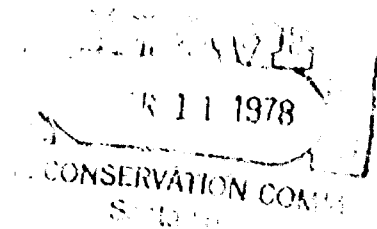
KELLAHIN & FOX

By

W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR PROTESTANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF AMOCO PRODUCTION COMPANY FOR
UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO

Case No. 6202

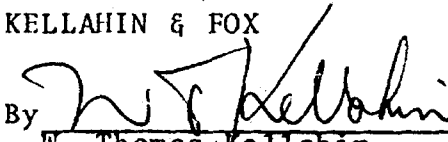
NOTICE OF PROTEST

COMES NOW Leland Hodges, Trustee, by and through their Attorneys and files its protest to Amoco Production Company's application in this matter and as grounds therefore states:

1. That Leland Hodges, Trustee, is the potash operator holding the potash lease on the S/2S/2 of Section 4, Township 23 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, within a one mile radius of the proposed Amoco well.
2. That Amoco seeks permission to locate a well within a portion of Section 4 covered by Protestant's potash lease.
3. That Amoco's location is within the boundaries of the Potash Oil Area as defined by Commission Order R-111-A.
4. That a well located as proposed or at any location within Section 4 would result in undue waste of potash deposits, would constitute a hazard to and interfere unduly with potash deposits in violation of Commission Order R-111-A and to the detriment of Leland Hodges Trustee.
5. That Leland Hodges, Trustee, received Amoco's Notice of Intention to Drill by registered mail on the 3rd day of April, 1978 and herein files its protest within the ten days provided in Commission Order No. R-111-A.

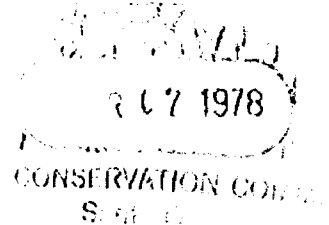
KELLAHIN & FOX

By


W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR PROTESTANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF AMOCO PRODUCTION COMPANY FOR
UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO

Case No. 6202

NOTICE OF PROTEST

COMES NOW LEONARD RESOURCES, by and through their
Attorneys and files its protest to Amoco Production Company's
application in this matter and as grounds therefore states:

1. That Leonard Resources is the potash lessee of the
S/2S/2 of Section 4, Township 23 South, Range 29 East, N.M.P.M.,
Eddy County, New Mexico.

2. That Amoco seeks permission to locate a well within
a portion of Section 4 covered by Protestant's potash lease.

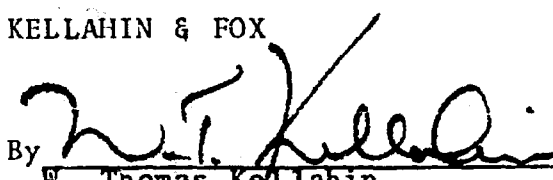
3. That Amoco's location is within the boundaries of
the Potash Oil Area as defined by Commission Order R-111-A.

4. That a well located as proposed or at any location
within Section 4 would result in undue waste of potash deposits,
would constitute a hazard to and interfere unduly with potash
deposits in violation of Commission Order R-111-A and to the
detriment of Leonard Resources.

5. That Leonard Resources received Amoco's Notice of
Intention to Drill by registered mail on the 3rd day of
April, 1978 and herein files its protest within the ten days
provided in Commission Order No. R-111-A.

KELLAHIN & FOX

By

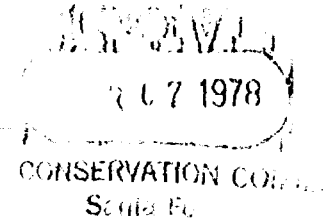

W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF AMOCO PRODUCTION COMPANY FOR
UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO

Case No. 6202

NOTICE OF PROTEST

COMES NOW LEONARD RESOURCES, by and through their
Attorneys and files its protest to Amoco Production Company's
application in this matter and as grounds therefore states:

1. That Leonard Resources is the potash lessee of the
S/2S/2 of Section 4, Township 23 South, Range 29 East, N.M.P.M.,
Eddy County, New Mexico.

2. That Amoco seeks permission to locate a well within
a portion of Section 4 covered by Protestant's potash lease.

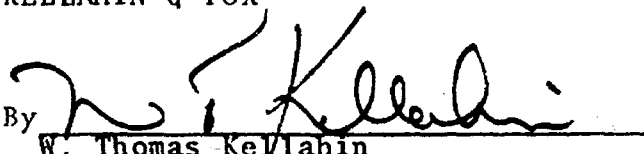
3. That Amoco's location is within the boundaries of
the Potash Oil Area as defined by Commission Order R-111-A.

4. That a well located as proposed or at any location
within Section 4 would result in undue waste of potash deposits,
would constitute a hazard to and interfere unduly with potash
deposits in violation of Commission Order R-111-A and to the
detriment of Leonard Resources.

5. That Leonard Resources received Amoco's Notice of
Intention to Drill by registered mail on the 3rd day of
April, 1978 and herein files its protest within the ten days
provided in Commission Order No. R-111-A.

KELLAHIN & FOX

By


W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

APR 17 1978

IN THE MATTER OF THE APPLICATION
OF AMOCO PRODUCTION COMPANY FOR
UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO

Case No. 6202

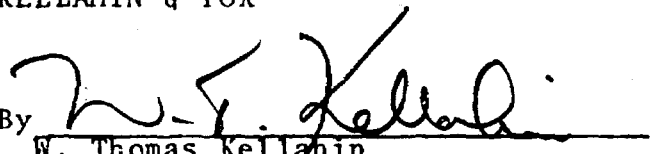
NOTICE OF PROTEST

COMES NOW LEONARD RESOURCES, by and through their
Attorneys and files its protest to Amoco Production Company's
application in this matter and as grounds therefore states:

1. That Leonard Resources is the potash lessee of the
S/2S/2 of Section 4, Township 23 South, Range 29 East, N.M.P.M.,
Eddy County, New Mexico.
2. That Amoco seeks permission to locate a well within
a portion of Section 4 covered by Protestant's potash lease.
3. That Amoco's location is within the boundaries of
the Potash Oil Area as defined by Commission Order R-111-A.
4. That a well located as proposed or at any location
within Section 4 would result in undue waste of potash deposits,
would constitute a hazard to and interfere unduly with potash
deposits in violation of Commission Order R-111-A and to the
detriment of Leonard Resources.
5. That Leonard Resources received Amoco's Notice of
Intention to Drill by registered mail on the 3rd day of
April, 1978 and herein files its protest within the ten days
provided in Commission Order No. R-111-A.

KELLAHIN & FOX

By


W. Thomas Kellahin

P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



J. M. Brown
Division Engineering
Manager

March 28, 1978

File: DBF-986.51NM-2082

Re: Application for Hearing
Unorthodox Location
Eddy County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

Confirming telephone request of March 27, 1978, Amoco Production Company requests a hearing for obtaining approval of an unorthodox location for Teledyne Federal Gas Com. Well No. 1 an Eddy County Wildcat, with the location being 660' FSL and 1980' FEL, Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico. This location is also within the boundaries of the Potash-Oil Area as defined by Commission Order No. R-111-A. The East half of Section 4 is to be assigned to the well.

Please place this item on the Examiner Hearing Docket of April 19, 1978. A map of the area is attached. Please direct any questions to either Mr. Jim Pease (713 652-5461) or Mr. Jim Allen (713-652-5497).

Yours very truly,

J M Brown

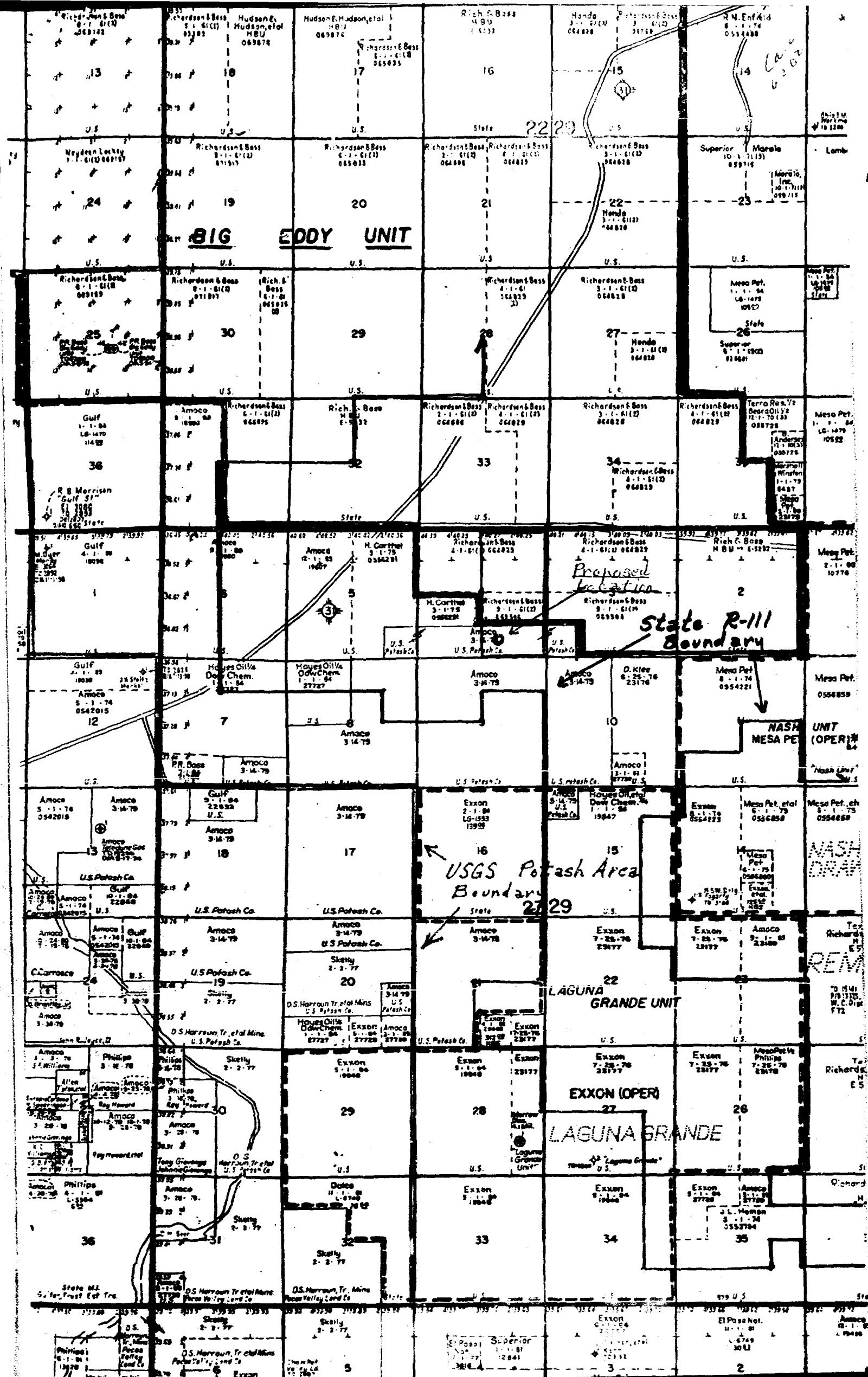
JEP:sam
Attachment

RECEIVED
MAR 30 1978
CONSERVATION
SECTION 5

Amoco Production Company

500 Jefferson Building
P. O. Box 3092
Houston, Texas 77001

Case 6902



- 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 1980 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 proration units and two unorthodox locations, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Township 8 South, Range 38 East, Bluit-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 East 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 13, 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 Oria 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.

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 Sandoval 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 Vega Petroleum Corporation, American Employers' Insurance Company, and all other interested parties to appear and show cause why the North Caprock Queen Unit 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 6199: 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 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, 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, Lea 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 Payne 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.

CASE 6205: 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 Quannah 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.



Cue 6202
Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

J. M. Brown
Division Engineering
Manager

March 28, 1978

File: DBF-986.51NM-2082

Re: Application for Hearing
Unorthodox Location
Eddy County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

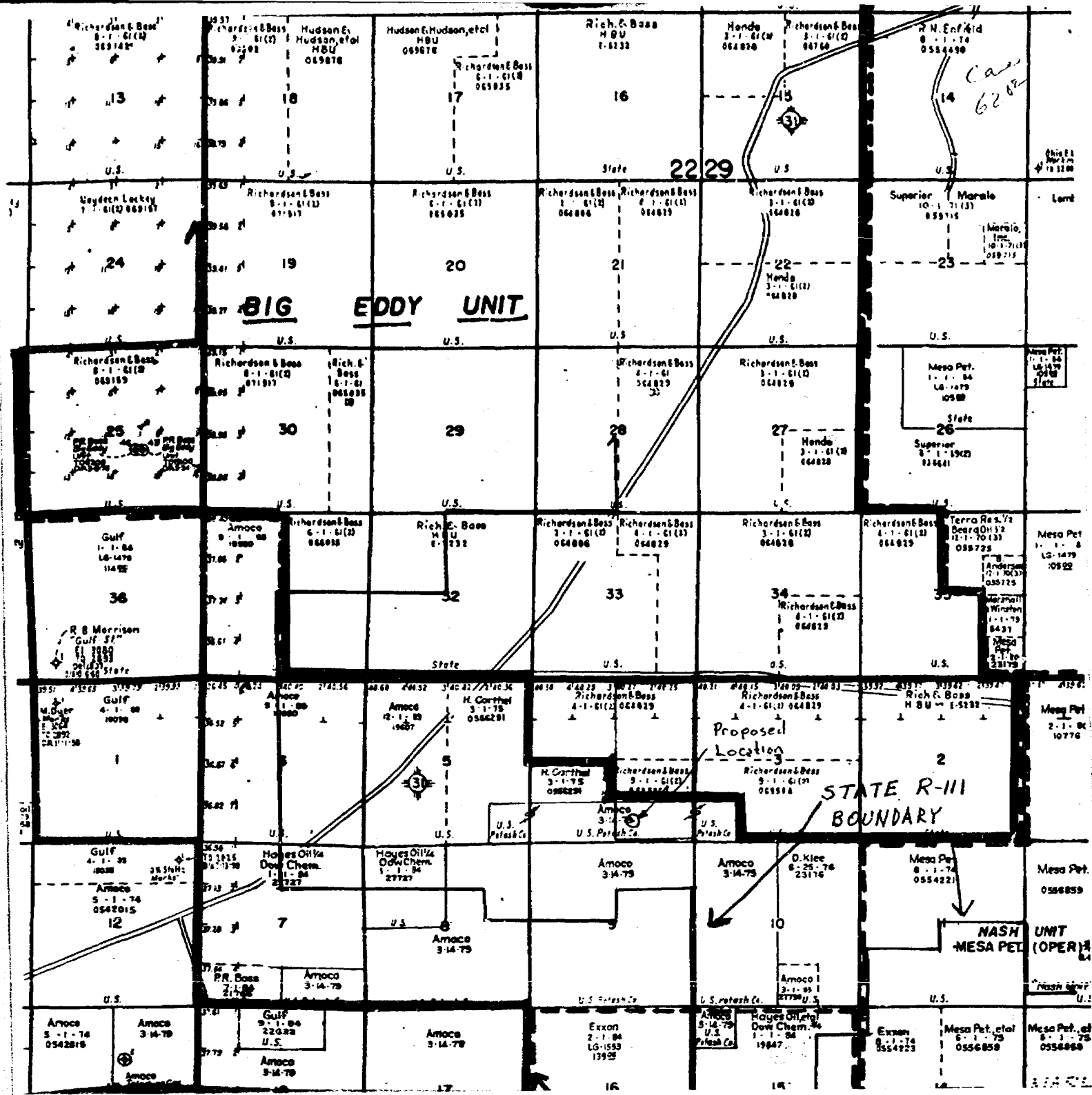
Confirming telephone request of March 27, 1978, Amoco Production Company requests a hearing for obtaining approval of an unorthodox location for Teledyne Federal Gas Com. Well No. 1 an Eddy County Wildcat, with the location being 660' FSL and 1980' FEL, Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico. This location is also within the boundaries of the Potash-Oil Area as defined by Commission Order No. R-111-A. The East half of Section 4 is to be assigned to the well.

Please place this item on the Examiner Hearing Docket of April 19, 1978. A map of the area is attached. Please direct any questions to either Mr. Jim Pease (713 652-5461) or Mr. Jim Allen (713-652-5497).

Yours very truly

JM Brown

JEP:sam
Attachment





Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

J. M. Brown
Division Engineering
Manager

*Case
6202*

March 28, 1978

File: DBF-986.51NM-2082

Re: Application for Hearing
Unorthodox Location
Eddy County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

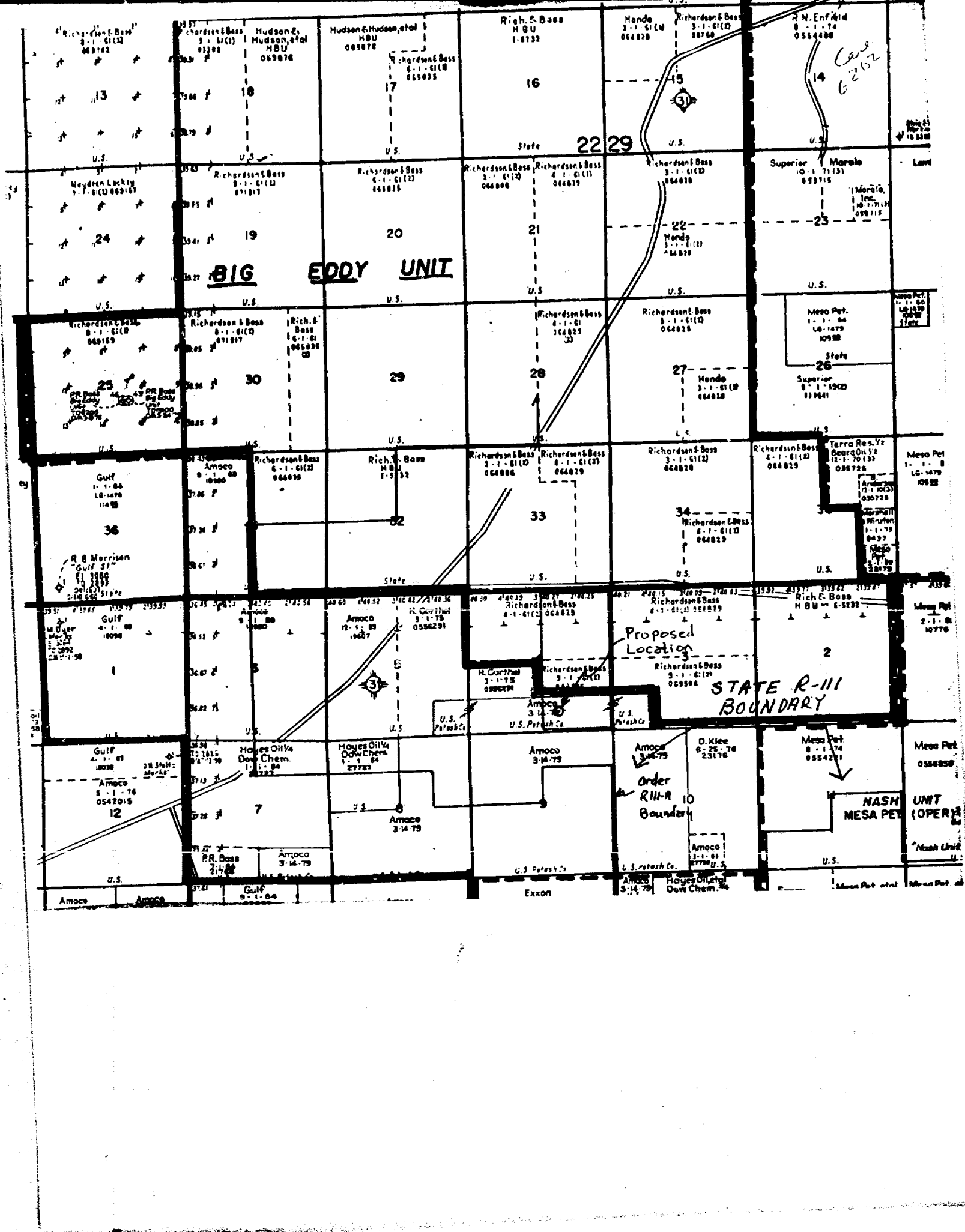
Confirming telephone request of March 27, 1978, Amoco Production Company requests a hearing for obtaining approval of an unorthodox location for Teledyne Federal Gas Com. Well No. 1 an Eddy County Wildcat, with the location being 660' FSL and 1980' FEL, Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico. This location is also within the boundaries of the Potash-Oil Area as defined by Commission Order No. R-111-A. The East half of Section 4 is to be assigned to the well.

Please place this item on the Examiner Hearing Docket of April 19, 1978. A map of the area is attached. Please direct any questions to either Mr. Jim Pease (713 652-5461) or Mr. Jim Allen (713-652-5497).

Yours very truly,

J M Brown

JEP:sam
Attachment



613/652-5141

Jim - Ansoar
Parker Co.

unavailable
Location

Eddy Co. N.M.

Teledyne Fed.

Das Com #1

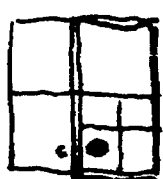
660 FSL

1980 FEL

54 T235 R29E

E/2 dedicated

potash area
R-111-A



Teledyne

DRAFT

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:

CASE NO. 6202

ORDER NO. R- 5713

APPLICATION OF AMOCO PRODUCTION COMPANY

FOR AN UNORTHODOX GAS WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19,
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of April, 19 78, 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 the applicant, Amoco Production Company,
for its Teledyne ~~Gas~~ Gas Com Well No. 1 to be located
seeks approval of an unorthodox gas well location/ 560
feet from the South line and 1980 feet from the
East line of Section 4, Township 23 South
Range 29 East, NMPM, to test ~~the~~ Wolfcamp or deeper
formations ~~foot~~, Eddy
County, New Mexico.

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

(4) That a well at said unorthodox location will better
enable applicant to ^{drill upon and} produce the gas underlying the proration unit.
^{oil and gas these}

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

-2-

Case No. _____
Order No. R- _____

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

IT IS THEREFORE ORDERED:

The Process Pool (1) That an unorthodox gas well location for the *Wolfcamp or deeper* ~~applicant's~~ Teledyne ~~Pool~~ Gas Com Well No. 1 to be located formations is hereby approved for ~~a well to be located at a point~~ 660 feet from the South line and 1980 feet from the East line of Section 4, Township 23 South, Range 29 East NMPM, Pool, Eddy County, New Mexico.

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

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

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