

CASE NO.

6217

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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

EXAMINER HEARING

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

Application of Holly Energy,)
Inc., for an unorthodox oil)
well location, Eddy County,)
New Mexico.)

) Case 6217
)
-----)

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

For the Applicant:

Joel Carson, Esq.
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Attorneys at Law
P. O. Drawer 239
Artesia, New Mexico 88210

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SANTA FE, NEW MEXICO 87501

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MR. NUTTER: We call Case No. 6217.

MS. TESCHENDORF: Case 6217. Application of Holly Energy, Inc., for an unorthodox oil well location, Eddy County, New Mexico.

MR. CARSON: Mr. Examiner, my name is Joel Carson, Losee, & Carson, P.A., Artesia, New Mexico. I want to enter an appearance on behalf of Holly Energy Corporation. I will have one witness, Mr. Robert Boling.

ROBERT E. BOLING

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

DIRECT EXAMINATION

BY MR. CARSON:

Q Would you state your name, please?

A Robert E. Boling, B-O-L-I-N-G.

Q Mr. Boling, you've been employed by Holly Energy, Incorporation in the capacity of consulting geologist, is that correct?

A That is correct.

Q Have you previously testified before the Oil Conservation Commission?

A Yes, I have.

Q And your credentials have been accepted?

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A Yes, sir.

Q Would you tell the Examiner the purpose of this application is?

A In Case 6217, Holly Energy, Incorporated request an approval of an unorthodox oil well location of its proposed No. 4-B McIntyre, to be drilled 1300 feet from the south line and 330 feet from the west line of Section 20, Township 17 south, Range 30 east, Fddy County, New Mexico in the Grayburg-Jackson Field.

Q Mr. Boling, I refer you to Applicant's Exhibit No. 1 and ask if that was prepared under your supervision and if you're conversant with what it purports to show?

A Yes, sir.

Q Would you explain that to the Commission?

A Okay. The acreage--first off, it shows the location, 1300 from the south and 330 from the west line of Section 20 and the acreage colored in yellow is acreage that Holly owns 100 percent of the working interest to all depths.

The acreage in blue shows that acreage that Holly owns the deep rights on, right below the San Andres.

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MR. NUTTER: Which would be below the Grayburg-Jackson?

MR. BOLING: Yes, sir. Below the Grayburg-Jackson.

And it also shows that the offset acreage to the west is owned by General America Oil Company.

Q (By Mr. Carson) I refer you to Applicant's Exhibit No. 1 and ask if that was prepared under your supervision and if you're conversant with what it purports to show?

A Yes.

Q Would you explain that exhibit to the Commission?

A Exhibit No. 2 is a structural contour map, contoured on the top of the Queen "Red Sand" in the Grayburg-Jackson field and the contour interval is 50 feet and it shows a gentle dip to the southeast through the field. And it's a segment of a plunging nose that runs clear from Artesia--well, there's a nose and it dips off to the southeast all the way and these are really mostly stratigraphic fields.

Q I refer you to Applicant's Exhibit No. 3 and ask if that was prepared by you or under your

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supervision?

A Yes, it was.

Q Would you explain to the Commission what it purports to show?

A Exhibit No. 3 is an east-west structural cross section indicating the gross pay zone intervals, the producing intervals in the four wells, and the log characteristics of the zones.

The No. 1 and 2 "B" McIntyre wells, that are in the west half of the southwest of Section 20, are not on a cross section due to the fact that they were drilled in 1937 and 1944, respectively, and we don't have any log on them.

But what it shows, it's hung on a 1000 foot there and it gets lower as you go southeast until you get to the last well, it shows you go back up again as you go north up that nose.

And in this field I believe everything is commingled from the Fren pay to the San Andres, maybe not commingled but everything produces in there.

Q Mr. Boling, would you explain why Holly Energy seeks permission for this infield drilling?

A The Grayburg-Jackson field has been producing

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since 1929. Originally it developed on 40 acre spacing. While the field has produced over 75 million barrels of oil, the various upper permian are all considered to have very low permeability and therefore, limited drainage areas.

In recent years several operators, General American Oil Company in particular, have been infield drilling in the immediate area on 20 acre spacing. By using modern completion and fracturing techniques and commingling multiple zones, they have shown that there are large volumes of oil yet to be recovered and a maximum drainage efficiency was not affected by 40 acre spacing.

The location applied for is a legal location from the lease line and is only unorthodox in relation to the internal boundary between the two 40 acre proration units on the McIntyre "B" lease, which are both owned by Holly.

The location is the result of trying to obtain the most uniform well spacing of existing and new wells in order to gain maximum recovery efficiency and minimize unrecovered reserves. The location applied for is 770 feet from the No. 2-B McIntyre well, which is the one in the middle of the southwest, southwest of Section 20, 800 feet from the No. 3-B McIntyre well, which is 1650

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feet from the south and 990 from the west line of Section 20, and is over 1000 feet from all General American wells on their Burch lease located to the west.

MR. CARSON: I move the introduction of these exhibits, Mr. Examiner.

MR. NUTTER: Applicant's Exhibits 1 through 3 will be admitted in evidence.

(WHEREUPON, Applicant's Exhibit Nos. 1 through 3 admitted into evidence.)

Q (By Mr. Carson) Mr. Boling, in your professional opinion, will the granting of this application afford the Applicant the opportunity to produce its just and equitable share of oil, will it prevent 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 would otherwise prevent waste and protect correlative rights?

A Yes, it will.

MR. CARSON: Does the Examiner have any questions of the witness?

MR. NUTTER: Yes. Mr. Boling, the Examiner was in contact with Holly Energy the other day and they were wanting to get started on the well and I think that

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they were going to approach General American and find out what General American's attitude towards the non-standard location was. Do you know if they did that or not? What their reaction was?

MR. CARSON: They did and General American had no objections.

MR. NUTTER: Do you know whether they have actually the well?

MR. CARSON: Yes, sir. They have started the well.

MR. NUTTER: Mr. Boling, is the No. 3 well drilled yet?

MR. BOLING: Yes. It does not show to be completed on here, but I understand that it is drilled.

MR. NUTTER: Do you know what kind of a well they've got there?

MR. BOLING: No, sir. I think they're in the process of completing the well. I don't think it has been finally completed.

MR. NUTTER: Do you know what kind of wells they're generally getting on these 20 acre infield wells?

MR. BOLING: General American has been getting wells from around 20 barrels a day to over 100 barrels

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a day. You see, General American has done this is a couple of waves. They did it--they had a big air drilling campaign one time. They drilled a bunch of them and then they stopped to wait to see if they looked like they were going to be economical and would pay off. And they're back doing it again. They seem to be convinced.

MR. NUTTER: Is there any water flooding going on in this area?

MR. BOLING: Not in the immediate area. Now, about a mile and a half to the southwest--southeast, pardon me, down in Section 27 and 28, which shows on your Exhibit 1 there, there is this General American Grayburg-Jackson premier sand unit. And then up to the northwest, Kewanee has a flood up there around Section 6 and 7 of 1730.

But I think the Kewanee flood is virtually shut down, as I understand it.

MR. NUTTER: And this immediate area hasn't been flooded then yet?

MR. BOLING: No, sir.

MR. NUTTER: Are there any further questions of Mr. Boling? He may be excused.

Do you have anything further, Mr. Carson?

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MR. CARSON: We have no further witnesses.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 6217? We will take the case under advisement.

(WHEREUPON, hearing was concluded.)

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REPORTER'S CERTIFICATE

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

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

Betty J. 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. 6217
heard by me on 5/3, 1978.
[Signature], Examiner
New Mexico Oil Conservation Commission

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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. 6217
Order No. R-5724

APPLICATION OF HOLLY ENERGY, INC.
FOR AN UNORTHODOX OIL WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

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 the applicant, Holly Energy, Inc., seeks approval
of an unorthodox oil well location for its McIntyre B Well No. 4
to be drilled at a point 1300 feet from the South line and 330
feet from the West line of Section 20, Township 17 South, Range
30 East, NMPM, Grayburg-Jackson Pool, Eddy County, New Mexico.

(3) That the SW/4 SW/4 of said Section 20 is to be
dedicated to the well.

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

(5) That no offset operator objected to the proposed un-
orthodox location.

(6) That approval of the subject application will afford
the applicant the opportunity to produce its just and equitable
share of the oil in the subject pool, will prevent the economic
loss caused by the drilling of unnecessary wells, avoid the

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Case No. 6217

Order No. R-5724

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:

(1) That an unorthodox oil well location is hereby approved for the Holly Energy, Inc. McIntyre B Well No. 4 to be drilled at a point 1300 feet from the South line and 330 feet from the West line of Section 20, Township 17 South, Range 30 East, NMPM, Grayburg-Jackson Pool, Eddy County, New Mexico.

(2) That the SW/4 SW/4 of said Section 20 shall be dedicated to the above-described well.

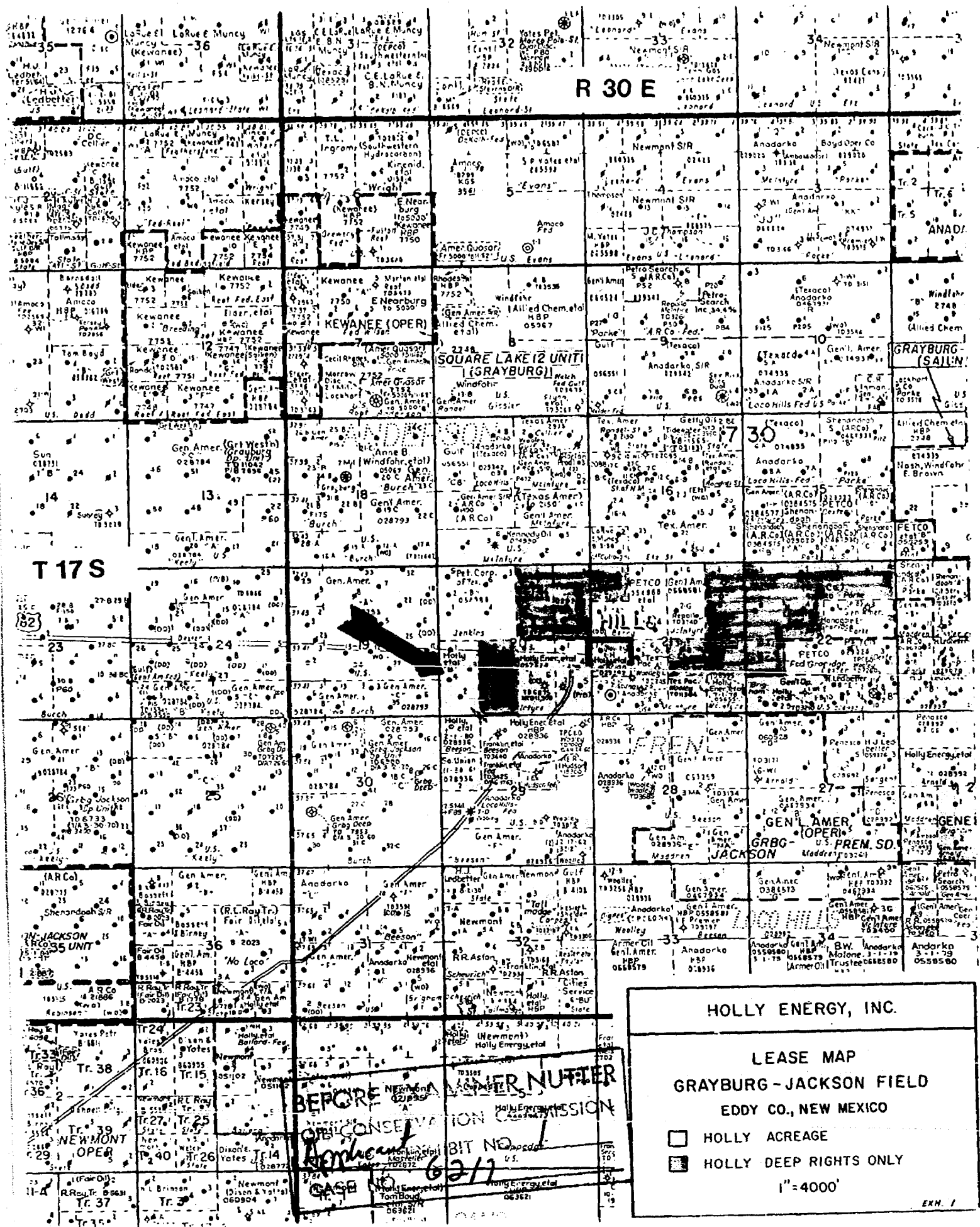
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

fd/



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 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 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 1383 feet from the South line and 695 feet from the East line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

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 Inxco 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 23 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 Kennitz-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, NMFM
Section 3: E/2

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

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMFM
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, NMFM
Section 19: N/2
Section 20: N/2

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMFM
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, NMFM
Section 10: W/2

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

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

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

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMFM
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, NMFM
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, NMFM
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, NMFM
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, NMFM
Section 11: All

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

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

Care 6217



ENERGY, INC.

2001 Bryan Tower, Suite 2680
Dallas, Texas 75201

(214) 651-0311

13 1978

April 11, 1978

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

Attn: Mr. J. E. Kapteina

Re: Non-Standard Oil Well Location
Sec. 20, T-17S, R-30E
Eddy County, New Mexico
McIntyre B-4

Gentlemen:

Holly Energy, Inc. respectfully requests that a hearing be called to consider Holly's application for a permit to drill McIntyre B-4 at a non-standard location, which will require an exception to Paragraph C-I of Rule 104, New Mexico Oil Conservation Commission Rules and Regulations.

The requested location is 1300' FSL and 330' FWL of Section 20, T-17S, R-30E. The location is therefore only 20' from the north tract boundary, while Rule 104, Paragraph C-I, requires that a well be not closer than 330' to any tract boundary.

The proposed well is projected to a depth of 3500 feet to test the oil reservoirs to a depth sufficient to test the San Andres.

Yours truly,

E. M. Boatman
E. M. Boatman
Staff Engineer

EMB/el

Case 1217

April 11, 1978

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

Attn: Mr. J. E. Kapteina

Re: Non-Standard Oil Well Location
Sec. 20, T-17S, R-30E
Eddy County, New Mexico
McIntyre B-4

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Yours truly,

E. M. Boatman
E. M. Boatman
Staff Engineer

KMB/el

Case 6217

April 11, 1978

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Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. J. E. Kapteina

Re: Non-Standard Oil Well Location
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Eddy County, New Mexico
McIntyre B-4

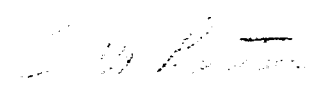
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Yours truly,


E. M. Boatman
Staff Engineer

EMB/al

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. 6217

ORDER NO. R- 5724

APPLICATION OF Holly Energy, Inc.

FOR AN UNORTHODOX OIL WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 3,
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of May, 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, Holly Energy, Inc.,
for its McIntyre B Well No. 4 to be drilled at a point
seeks approval of an unorthodox oil well location 1300

feet from the South line and 330 feet from the

West line of Section 20, Township 17 South

Range 30 East, NMPM, to test the

formation, Grayburg-Jackson Pool, Eddy

County, New Mexico.

(3) That the SN/450/4 of said Section 20 is to be
dedicated to the well.

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

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

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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 oil 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:

(1) That an unorthodox oil well location ~~for the~~
~~the~~ Holly Energy, Inc. McIntyre B Well No. 4
~~formation~~ is hereby approved for a well to be drilled at a point 1300
feet from the South line and 330 feet from the West
line of Section 20, Township 17 South, Range 30 East
NMPM, Granbury-Jackson Pool, Eddy County,
New Mexico.

(2) That the surface of said Section 20 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.