

CASE NO.

6221

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 Sun Oil)
Company for an unorthodox)
gas well location, Lea County,)
New Mexico.)
-----)

Case 6221

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:

Tom Kellahin, Esq.
Attorney at Law
Kellahin & Fox
500 Don Gaspar
Santa Fe, New Mexico

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

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MR. NUTTER: We call Case No. 6221, which is the application of Sun Oil Company for an unorthodox gas well location, Lea County, New Mexico.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, Santa Fe, New Mexico, appearing on behalf of the Applicant. I have one witness to be sworn.

RUSSELL CLICK

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

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

A My name is Russell Click and I'm employed by Sun Oil Company. I'm the District Geologist for our Southwest Exploration District.

Q How do you spell your last name, sir?

A C-L-I-C-K .

Q Have you ever testified before the Oil Conservation Division?

A No, I have not.

Q Mr. Click, would you please tell the Examiner where you obtained your degree, when and in what

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field?

A I have a Bachelor of Science Degree in Geology from the University of Oklahoma, 1951.

Q Subsequent to graduation in 1951, where had you been employed and in what capacity?

A I've been employed by the Sun Oil Company or one of its previous companies all that time, 27 years.

Q As a geologist?

A As a geologist, yes.

Q Have you made a study of and are you familiar with the facts surrounding this particular application?

A I am.

MR. KELLAHIN: We tender Mr. Click as an expert witness.

MR. NUTTER: Mr. Click is qualified.

Q (By Mr. Kellahin) Let me refer you to what I have marked as Sun Oil Exhibit No. 1 and have you identify that.

A This plat shows the ownership, lease ownership of the area around our proposed drill site in Section 24. The drill site is marked by the red dots.

The shallow wells to the north are in the

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Teas Field, either the Teas, Yates or Seven Rivers unit or the Teas deep Pennsylvania Field. They are outlined by the dash lines. The only--

Q What is the footage location of your proposed drill site?

A 1980 from the north and west lines of Section 24.

Q And to what formation do you intend to drill?

A We intend to drill to the Morrow formation 13,700 feet.

Q Okay. If successful you would be in the Teas - Pennsylvania gas pool?

A That's right.

Q What is the discovery well for the Teas - Pennsylvania gas pool?

A It's the Sinclair, now the Arco Mahaffey Federal No. 1 in Section 14.

Q Indicated by the green arrow?

A Yes.

Q What acreage currently comprises the Teas - Pennsylvania gas pool?

A The south half of Section 11 and the north

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half of Section 14.

MR. KELLAHIN: If the Examiner please, we have not marked as an exhibit, but we tender for your examination a copy of the Teas - Pennsylvania gas pool rules.

Q (By Mr. Kellahin) Now in reference to those rules, Mr. Click, would you describe in what way your proposed location is unorthodox?

A Field rules call for 990 feet from the extreme limits of the quarter section and not less than 330 quarter-quarter section. Our location is 1980.

Q So any location that is not in the center of a 40 acre tract would then be non-standard?

A That is correct.

Q What has been the history of your development of the north half of Section 24?

A I'm sure I understand exactly what you're asking here. Are you referring to the 40 acre--

Q Yes, sir.

A The 40 acres in the north half of Section 24 surrounding the dry hole is a 40 acre Federal lease that will not be put up for lease because of some Federal installation. We have since communitized that 40 acres with our remaining 280 acres to form the 320 acre proration

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unit.

Q Originally, Sun Oil Company, did they not, file an application before the Oil Conservation Commission for approval of a non-standard unit in the north half of 24 consisting of 280 acres?

A That's correct.

Q After filing that application what, if any, response or communication did you receive from the USGS?

A The USGS stated that they preferred that they be included within that unit and we agreed and it has since been done.

Q All right. So that first application was dismissed on Sun Oil's motion?

A Yes.

Q Subsequently, you have filed the current application seeking approval for this particular location?

A Right.

Q Why have you not moved back to the standard location, Mr. Click?

A Only to avoid the unnecessary expense of moving the location. It has been staked.

Q It was staked prior to Sun Oil Company becoming aware of the specific field rules for the Teas -

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Pennsylvania gas pool, was it not?

A That's correct.

Q Do you believe, in your opinion, Mr. Click, that if a morrow well is successful at this particular location and it will be reasonably able to drain the proration unit dedicated to it?

A I do.

Q What is the ownership to the south of this proration unit?

A Within Section 24?

Q Yes, sir.

A That entire lease, excepting the 40 acres, is a Sun Oil Company lease.

Q Is the ownership with regards to working interest and overriding royalties the same in the entire Section 24?

A I believe that's correct, yes.

Q In your opinion, Mr. Click, will approval of this application be in the best interest of conservation and prevention of waste and the protection of correlative rights?

A I do.

Q Was Exhibit 1 prepared by you?

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A Under my directions.

MR. KELLAHIN: We move the introduction of Exhibit 1.

MR. NUTTER: Sun Exhibit 1 will be admitted in evidence.

(WHEREUPON, Applicant's Exhibit No. 1 admitted into evidence.)

MR. KELLAHIN: That concludes our examination, Mr. Nutter.

MR. NUTTER: Mr. Click, this 40 acres that you mentioned is a Federal lease and you have a communication agreement with them, you say, since it's unleased?

MR. CLICK: That is correct.

MR. NUTTER: Are they working interest owners with you on this well then?

MR. CLICK: I'm not qualified to answer the details. All I can say is that arrangements have been made with the USGS whereby this acreage is communtized with our 280 acres and if and when the well is drilled and is successful, it will then be put up for lease, not drilling, but for lease. And whoever is the successful bidder on that tract will have to reimburse for the amount

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of production.

MR. NUTTER: So this communitization that you've got is really temporary communitization pending completion of the well?

MR. CLICK: I'm not a land legal expert on this but that's my understanding.

MR. NUTTER: What kind of an installation is present out there?

MR. CLICK: I've never heard. All I know is that they will not lease it because of the installation.

MR. NUTTER: Does it involve that well there?

MR. CLICK: I don't think so. That's an older shallow hole there.

MR. NUTTER: But you will dedicate the entire 320 acres?

MR. CLICK: That is correct, yes.

MR. NUTTER: How many wells are currently producing in this Teas - Pennsylvania pool?

MR. CLICK: Only one, that the original.

MR. NUTTER: The original discovery well?

MR. CLICK: Right. The only other deep hole on this plat that I've submitted here is a dry hole

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down here in Section 9, southwest quarter. It was drilled by City Service in 1968.

MR. NUTTER: And the boundaries of the pool, as defined by the Commission, comprise the south half of Section 11 and all of 14?

MR. CLICK: No, north half of 14.

MR. NUTTER: Okay. And your location is within a mile of that, subject to the rules?

MR. CLICK: That's right.

MR. NUTTER: Are there any further questions of Mr. Click? You may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 6221? 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-ninth 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. 6221 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. 6221
Order No. R-5728

APPLICATION OF SUN OIL COMPANY FOR
AN UNORTHODOX GAS WELL LOCATION,
LEA 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 12th 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, Sun Oil Company, seeks approval of
an unorthodox gas well location for its Teas Federal Well No. 1
to be located 1980 feet from the North line and 1980 feet from
the West line of Section 24, Township 20 South, Range 33 East,
NMPM, to test the Pennsylvanian formation, Teas-Pennsylvanian
Gas Pool, Lea County, New Mexico.

(3) That the N/2 of said Section 24 is to be dedicated to
the well.

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

(5) That no offset operator objected to the proposed unor-
thodox 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

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Case No. 6221
Order No. R-5728

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 gas well location for the Pennsylvanian formation is hereby approved for the Sun Oil Company Teas Federal Well No. 1 to be drilled at a point 1980 feet from the North line and 1980 feet from the West line of Section 24, Township 20 South, Range 33 East, NMPM, Teas-Pennsylvanian Gas Pool, Lea County, New Mexico.

(2) That the N/2 of said Section 24 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/

(NORTH SAWYER-DEVONIAN POOL - Cont'd.)

If no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 6.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the North Sawyer-Devonian Pool or in the Devonian formation within one mile thereof that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before February 15, 1965.

(2) That each well presently drilling to or completed in the North Sawyer-Devonian Pool or in the Devonian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(3) That this case shall be reopened at an examiner hearing in February, 1966, at which time the operators in the subject pool may appear and show cause why the North Sawyer-Devonian Pool should not be developed on 40-acre spacing units.

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

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

TEAS-PENNSYLVANIAN GAS POOL
Lea County, New Mexico

Order No. R-2627, Creating and Adopting Temporary Operating Rules for the Teas-Pennsylvanian Gas Pool, Lea County, New Mexico, December 27, 1963.

Order No. R-2627, June 15, 1966, makes permanent the rules adopted in Order No. R-2627.

Application of Sinclair Oil & Gas Company for the Creation of the Teas-Pennsylvanian Gas Pool and for Special Temporary Pool Rules, Lea County, New Mexico.

CASE NO. 2844
Order No. R-2627

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on June 26, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 27th day of December, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Sinclair Oil & Gas Company, seeks the creation of a new gas pool for Pennsylvanian production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That a new gas pool for Pennsylvanian production should be created and designated the Teas-Pennsylvanian Gas Pool; that said pool was discovered by the Sinclair Oil & Gas Company Mahaffey-Federal (ARC) Well No. 1, located in Unit C of Section 14, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico.

(4) That the evidence establishes that the permeability of the Pennsylvanian formation in said proposed Teas-Pennsylvanian Gas Pool is insufficient to substantiate efficient and economic drainage of 640 acres by one well.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of

TEAS-PENNSYLVANIAN GAS POOL - Cont'd.)

risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 320-acre spacing units should be promulgated for the Teas-Pennsylvanian Gas Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(8) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Teas-Pennsylvanian Gas Pool, at which time the operators in the subject pool should appear and show cause why the Teas-Pennsylvanian Gas Pool should not be developed on 160-acre spacing units.

(9) That the first operator to obtain a pipeline connection for a well in the Teas-Pennsylvanian Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Pennsylvanian production is hereby created and designated the Teas-Pennsylvanian Gas Pool, consisting of the following-described area:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 11: S/2
Section 14: N/2

(2) That the application of Sinclair Oil & Gas Company for 640-acre spacing units in said Teas-Pennsylvanian Gas Pool be and the same is hereby denied.

(3) That Special Rules and Regulations for the Teas-Pennsylvanian Gas Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
TEAS-PENNSYLVANIAN GAS POOL

RULE 1. Each well completed or recompleted in the Teas-Pennsylvanian Gas Pool or in the Pennsylvanian formation within one mile of the Teas-Pennsylvanian Gas Pool, and not

nearer to or within the limits of another designated Pennsylvanian pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Teas-Pennsylvanian Gas Pool shall be located on a standard unit consisting of approximately 320 acres which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these rules a unit consisting of between 316 and 324 contiguous surface acres shall be considered a standard unit.

RULE 3. The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well completed or recompleted in the Teas-Pennsylvanian Gas Pool shall be located no nearer than 990 feet to the outer boundary of a quarter section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The

(TEAS-PENNSYLVANIAN GAS POOL—Cont'd.)

Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Pennsylvanian formation within the Teas-Pennsylvanian Gas Pool or within one mile of the Teas-Pennsylvanian Gas Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator of any such well shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before January 1, 1964.

(2) That any operator desiring to dedicate 325 acres to a well presently drilling to or completed in the Teas-Pennsylvanian Gas Pool shall file a new Form C-128 with the Commission on or before January 1, 1964.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Teas-Pennsylvanian Gas Pool, at which time the operators in the subject pool may appear and show cause why the Teas-Pennsylvanian Gas Pool should not be developed on 160-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the Teas-Pennsylvanian Gas Pool shall notify the Commission in writing of such fact and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

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

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

ANTELOPE RIDGE-DEVONIAN GAS POOL
Lea County, New Mexico

Order No. R-2623, Creating and Adopting Temporary Operating Rules for the Antelope Ridge-Devonian Gas Pool, Lea County, New Mexico, January 1, 1964.

Order No. R-2623-A, January 13, 1966, makes permanent the rules adopted in Order No. R-2623.

Application of Shell Oil Company for the Creation of a Devonian Gas Pool and for Special Pool Rules, Lea County, New Mexico.

CASE NO. 2945
Order No. R-2623

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came on for hearing at 9 o'clock a.m. on December 4, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 19th day of December, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Shell Oil Company, seeks the creation of a new gas pool for Devonian production and the promulgation of temporary special rules and regulations governing said pool, including provisions for 640-acre spacing units and limited well locations.

(3) That a new gas pool for Devonian production should be created and designated the Antelope Ridge-Devonian Gas Pool; that said pool was discovered by the Shell Oil Company Harris-Federal Well No. 1, located in Unit N of Section 27, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 640-acre spacing units should be promulgated for the Antelope Ridge-Devonian Gas Pool.

(5) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(6) That the temporary special rules and regulations should be established for a two-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(7) That this case should be reopened at an examiner hearing in January, 1966, at which time the operators in the subject pool should be prepared to appear and show cause why the Antelope Ridge-Devonian Gas Pool should not be developed on 160-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Devonian production is hereby created and designated the Antelope Ridge-Devonian Gas Pool consisting of the following-described area:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 27: All

Section 33: E/2, E/2 W/2

Section 34: All

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM

Section 4: All

(2) That Special Rules and Regulations for the Antelope Ridge-Devonian Gas Pool are hereby promulgated as follows, effective January 1, 1964.

SPECIAL RULES AND REGULATIONS
FOR THE
ANTELOPE RIDGE-DEVONIAN GAS POOL

RULE 1. Each well completed or recompleted in the Antelope Ridge-Devonian Gas Pool or in the Devonian formation within one mile of the Antelope Ridge-Devonian Gas Pool, and not nearer to nor within the limits of another designated Devonian gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Antelope Ridge-Devonian Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section.

APPLICATION TELEPHONE IN BY TOM KELLAHIN ON APRIL 10, 1978

APPLICATION OF SUN OIL COMPANY FOR AN
UNORTHODOX GAS WELL LOCATION, LEA
COUNTY, NEW MEXICO.

APPLICANT, IN THE ABOVE-STYLED CAUSE SEEKS APPROVAL
OF AN UNORTHODOX GAS WELL LOCATION FOR 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, LEA COUNTY,
THE N/2 TO BE DEDICATED TO THE WELL.

(a wildcat Pennsylvanian)

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

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622/
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AREA CODE 505

April 10, 1978

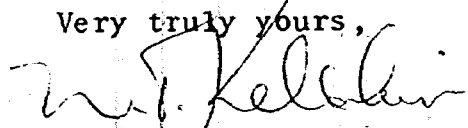
Mr. Joe Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Sun Oil Company

Dear Mr. Ramey:

Please find enclosed our application on behalf of
Sun Oil Company for an unorthodox gas well location which
we have scheduled for hearing on May 3, 1978.

Very truly yours,


W. Thomas Kellahin

CC: Mr. Jimmy Powers

WTK:kfm

Enclosure

Case
6221

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

APPLICATION OF SUN OIL COMPANY
FOR AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO

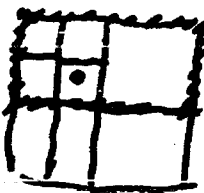
No. 6221

A P P L I C A T I O N

Comes now the Applicant, Sun Oil Company, by and through its attorneys, Kellahin & Fox, and applies to the Oil Conservation Commission of New Mexico for approval of an unorthodox location 1980 feet from the North line and 1980 feet from the West line of Section 24, T20S, R33E, Lea County, New Mexico and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill and develop the oil and gas mineral in the area involved in this application.
2. Applicant proposes to drill a wildcat gas well to test the Pennsylvanian formation at a depth of 13,700 feet, at an unorthodox location 1980 feet from the north and west lines of Section 24, T20S, R33E, Lea County, New Mexico.
3. Applicant will dedicate the N/2 of said section 24 to the well.
4. Applicant believes that a well located as proposed will recover gas that would not otherwise be recovered, in the best interests of conservation, and would not impair the correlative rights of others.

WHEREFORE applicant prays that this application be set for hearing before the Commission's duly appointed examiner and that after notice and hearing as required by law, the



Commission enter its order approving the application as requested.

Respectfully submitted,

SUN OIL COMPANY

By


KELLAHIN & FOX

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

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. 6221

ORDER NO. R- 5728

APPLICATION OF SUN OIL COMPANY

FOR AN UNORTHODOX GAS WELL LOCATION,

LEA 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, Sun Oil Company,
for its Teas Federal Well No. 1 to be located
seeks approval of an unorthodox gas well location/ 1980
feet from the North line and 1980 feet from the
West line of Section 24, Township 20 South
Range 33 East, NMPM, to test the Pennsylvanian
formation, Teas-Pennsylvanian Gas Pool, Lea
County, New Mexico.

(3) That the N/2 of said Section 24 is to be
dedicated to the well.

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

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

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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 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:

(1) That an unorthodox gas well location for the Pennsylvanian ~~the~~ Sun Oil Company ~~Teas~~ Federal Well No. 1 ^{drilled} formation is hereby approved for ~~work~~ to be ~~located~~ at a point 1980 feet from the North line and 1980 feet from the West line of Section 24, Township 20 South, Range 33 East NMPM, Teas Pennsylvanian Gas Pool, Lea County, New Mexico.

(2) That the N/2 of said Section 24 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.