CASE NO.

6223

APPlication,
Transcripts,
Small Exhibits,

ETC.

ACTION TAB

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FOR YOUR COMMENTS FOR YOUR APPROVAL TAKE APPROPRIATE ACTION CALL ME SEE ME REPLY & SEND ME COPY	NOTE NOTE FOR	OUR SIGNATURE
COMMENTS:	<u> </u>	
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BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION MAY 31, 1978

COMMISSION HEARING

IN THE MATTER OF:

Application of Texas West)
Oil and Gas Corporation for)
Compulsory pooling, Lea)
County, New Mexico.)

Case 6223

Before Joe Ramey, Chairman

TRANSCRIPT OF HEARING

APPEARANCES

For the New Mexico Oil Conservation Commission:

Joe Ramey, Chairman
Emery Arnold, Commissioner
Phil Lucero, Commissioner
Richard L. Stamets, Staff Member

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

LANPHERE REPORTING SERVICE

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

3

Reporter's Certificate

LANPHERE REPORTING SERVICE

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

MR. RAMEY: Call Case 6223. Application of

Texas West Oil and Gas Corporation for compulsory pooling,

Lea County, New Mexico.

MS. TESCHENDORF: If the Commission please,

the Applicant has requested that they be dismissed.

M. RAMEY: This case will be dismissed.

(WHEREUPON, Case 6223 diamissed.)

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

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REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, Court Reporter 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-sixth day of July, 1978.

Betty J. Lanphere, Court REporter

LANPHERE REPORTING SERVICE

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



OIL CONSERVATION COMMISSION

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

LAND COMMISSIONER PHIL R. LUCERO



DIRECTOR
JOE D. RAMEY

Re: CASE NO. 6223 ORDER NO. R-5732

Mr. Conrad E. Coffield Hinkle, Cox, Eaton, Coffield

& Hensley Attorneys at Law 521 Midland Tower Midland, Texas 79701

Applicant:

Texas Oil & Gas Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY

Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC_

Other____

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 6223 Order No. R-5732

APPLICATION OF TEXAS WEST OIL AND GAS CORPORATION FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 31, 1978, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 20th day of June, 1978, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 6223 is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Manber

JOE D. RAMEY, Member & Secretary

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BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO MAY 10, 1978

COMMISSION HEARING

IN THE MATTER OF:

Application of Texas West)
Oil and Gas Corporation for)
Compulsory pooling, Lea)
County, New Mexico.

Case 6223

BEFORE: Joe D. Ramey

TRANSCRIPT OF HEARING

APPEARANCES

For the New Mexico Oil Conservation Commission:

Lynn Teschendorf, Esq. Legal Counsel for the Commission

LANPHERE REPORTING SERVICE
P. 0. BOX 449
SI SOUTH FEDERAL PLACE
SANTA FÉ, NEW MEXICO \$7501

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

MR. RAMEY: Call next Case 6223.

MS. TESCHENDORF: Case 6223. Application of Texas West Oil and Gas Corporation for compulsory pooling, Lea County, New Mexico.

This case will also be continued to the May 31st, 1978 hearing.

MR. RAMEY: The case will be continued until the same time, same place on May 31st, 1978.

(WHEREUPON, Case 6223 continued.)

LANPHERE REPORTING SERVICE
P.O. BOX 449
SE SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87507

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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 first day of June, 1978.

Betty J. Lanphere, Court Reporter

LANPHERE REPORTING SERVICE

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

HINKLE, COX, EATON, COFFIELD & HENSLEY

621 MIDLAND TOWER

OF COUNSEL

1 11 02 107

CLARENCE E. HINKLE

CONRAD E. COFFIELD

HAROLD L. HENSLEY, JR. STUART D. SHANOR

PAUL J. KELLY, JR. JAMES H. BOZARTH

LEWIS C. COX. JR.

MIDLAND, TEXAS 79701 (915) 683-4691

W. E. BONDURANT, JR. (1914-1973)

600 HINKLE BUILDING

(505) 622-6510

DOUGLAS L. LUNSFORD PAUL M. BOHANNON J. DOUGLAS FOSTER K. DOUGLAS PERRIN C. RAY ALLEN

May 26, 1978

ONLY MESSES COFFIELD, MARTIN. BOZARTH, BOHANNON, FOSTER & ALLEN LICENSED IN TEXAS

Mr. Dan Nutter Chief Engineer Oil Conservation Division Post Office Box 2088 Santa Fe, New Mexico 97501

> Division Re: Oil Conservation Cases No. 6223 and 62 Texas West Oil & Gas and 6224

Corporation

Dear Dan:

This will confirm my telephone conversation with you today relative to the two above referenced cases.

Continental Oil Company, et al, have joined in the execution of a Joint Operating Agreement with Texas West as to the Madera No. 1. Accordingly, this will be evidence of the request by Texas West that both of the above referenced cases be dismissed.

I trust that this letter is all you will need as authorization to note the dismissal. However, if anything further is needed, please advise.

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rf

xc: Mr. Neal Dunnavant Texas West Oil & Gas Corporation 1480 Midland National Bank Bldg.

Midland, Texas 79701

xc: Mr. Owen Lopez
Montgomery, Andrews & Hannahs
325 Paseo De Peralta
Santa Fe, New Mexico 87501

Dockets Nos. 20-78 and 21-78 are tentatively set for hearing on June 7 and 21, 1978. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - MAY 31, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6234:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace, the Travelers Indemnity Co., and all other interested parties to appear and show cause why the following wells should not be plugged and abandoned in accordance with a Division-approved plugging program.

In Lea County:

Punch Well No. 1, Ranger Lake Well No. 1, and Ranger Lake Well No. 3, located in Units J, N, and N, respectively, of Section 11; Texas Pacific AH State Well No. 1 located in Unit F of Section 14; and Ranger SWD Well No. 1 located in Unit H of Section 15, all in Township 12 South, Range 34 East. Also Governor McDonald Well No. 1 located in Unit C of Section 20, Township 14 South, Range 36 East.

In Eddy County:

Sulphate Aunt Well No. 1 located in Unit C of Section 3 and Sulphate Uncle Well No. 1 located in Unit L of Section 23, both in Township 24 South, Range 27 East; and Sulphate Brother Well No. 1 located in Unit L of Section 3 and Sulphate Cousin Well No. 1 located in Unit E of Section 15, both in Township 25 South, Range 27 East.

CASE 6222: (Continued from May 10, 1978, Commission Hearing)

Application of Paul Hamilton for salt water disposal well shut in, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order from the Division shutting down salt water disposal operations in the Texaco Inc. New Mexico State BO SWD Well No. 3, located in Unit D of Section 24, Township ll South, Range 32 East, Moore Devonian Pool, Lea County, New Mexico. Applicant alleges said well has leaked and is leaking salt water into the shallow fresh water aquifer underlying applicant's farm.

CASE 6223:

(Continued from May 10, 1978, Commission Hearing)

Application of Texas West Oil & Gas Corp. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling the interests of Continental Oil Co. et al in connection with remedial and rework operations per proposed AFE on applicant's Madera Well No. 1 located in Unit G of Section 5, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico. Also to be considered will be the costs of said workover operations and the allocation of said costs as well as a charge for risk involved in the workover operations.

CASE 6224: (Continued from May 10, 1978, Commission Hearing)

Application of Texas West Oil & Gas Corp. for a gas well shut-in order, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order shutting in the Continental Oil Co. Bell Lake Unit Well No. 14, located in Unit F of Section 5, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico, pending completion of workover operations on applicant's Madera Well No. 1, located in Unit G of said Section 5.

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

521 MIDLAND TOWER

OF COUNSEL

20 19 3

MIDLAND, TEXAS 79701

(915) 683-4691

W. E. BONDURANT, JR. (1914-1973)

ROSWELL, NEW MEXICO OFFICE 600 HINKLE BUILDING (505) 622-6510

April 25, 1978

only messes. Coffield, martin, Bozarth, Bohannon, foster & Allen Licensed in Texas

Mr. Dan Nutter Oil Conservation Division Post Office Box 2088 Santa Fe, New Mexico 87501

Re: May 10 Docket
Case Nos. 6223 and 6224
Application for Force Pool
and Application to Shut-in
Well

Dear Dan:

LEWIS C COX.JR.

PAUL W. EATON, JR.

STUART D. SHANOR

PAUL J. KELLY, JR.

JAMES H. BOZARTH

DOUGLAS L.LUNSFORD

J. DOUGLAS FOSTER

C. RAY ALLEN

CONRAD E. COFFIELD HAROLD I., HENSLEY, JR.

Transmitted herewith you will find triplicate executed copies of two separate Applications. One is the Application for Force Pool against Continental Oil Company, et al relative to the rework operations on the Madera No. 1 Well. The second is an Application to shut-in Continental's No. 14 Well on the Bell Lake Unit Area pending the rework operations on the Madera No. 1 Well. This is all in accordance with our recent telephone conversation.

As this matter proceeded, we find that we have a conflict of interest with respect to the Application for the shutting-in of Continental's No. 14 Well and accordingly have located other counsel to represent Texas West Oil & Gas Corporation on these matters. Mr. Owen Lopez of the Montgomery Law Firm has consented to undertake this representation of Texas West. Therefore, to the extent your records need to reflect the name of the attorney of record for the applicant in both of these cases, please note that he will be so acting from this point forward. By copy of this letter, I am transmitting to him a reproduced copy of each of the Applications which are being forwarded to you herewith.

Please let me know if you have any questions, or if there is anything further which is needed from Texas West with respect to the enclosed Applications.

Mr. Dan Nutter

Thank you.

Very truly yours,

-2-

HINKLE, COX, EATON, COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rf Enclosures

xc: Mr. Owen M. Lopez

Montgomery, Andrews & Hannahs 325 Paseo De Peralta

Santa Fe, New Mexico 87501

xc: Mr. L. N. Dunnavant Texas West Oil & Gas Corporation 1480 Midland National Bank Bldg.

Midland, Texas 79701

APPLICATION SEEKING TO FORCE POOL AND IMPOSE A PENALTY ON CERTAIN INTERESTS

- 1. Name of Applicant: Texas West Oil & Gas Corporation
- 2. Area Affected by the Order Sought:

Township 24 South, Range 34 East, N.M.P.M.

Section 5: Lots 1, 2, SINE, SEL (E)

Containing 319.76 acres, more or less, all in Lea County, New Mexico.

- 3. General Nature of Order Sought: Order to force pool interests of Continental Oil Company, et al, being those Bell Lake Unit participants whose interests are controlled and operated by Continental Oil Company as Operator of the Bell Lake Unit in connection with the above described lands and also include in the Order a penalty on said interests relative to certain remedial and rework operations to be conducted on the Madera Well No. 1 located on the SW\nE\square Section 5, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico.
- 4. Other Matters to Be Noted in Connection with the Order t: The attention of the Oil Conservation Division is Sought: directed to the fact that pursuant to the New Mexico Oil Conservation Commission Order No. R-5039-B, entered November 17, 1975 by the full Commission, the interests of Continental Oil Company et al were pooled with respect to the above described lands for the initial drilling of the Madera Well No. 1 located on the above described lands. Pursuant to that Order and under the authority thereof, Texas West Oil & Gas Corporation drilled the Madera Well No. 1, completing the same April 20, 1976. The well has produced approximately 4,376,696 MCFG down to March 1, 1978. As of approximately that date, it was apparent that certain remedial and reworking operations are necessary in an effort to stimulate production from the presently producing zone or from two potentially productive zones above the presently producing zone in the Morrow formation. Texas West Oil & Gas Corporation as the Operator of the Madera Well No. 1 has proposed to the working interest owners in the above described lands certain remedial procedures. Said procedures, as submitted to the working interest owners, together with a list of the estimated costs as submitted to the working interest owners along with Texas West Oil & Gas Corporation's letter of March 6, 1978, are attached hereto for the Oil Conservation Division's further reference and information. Also attached hereto is a plat showing the location of the Madera Well No. 1. Texas West Oil & Gas Corporation has diligently sought agreement from all of the working interest owners with respect to said remedial work and except for Continental Oil Company and other interests controlled by Continental Oil Company as Operator of the Bell Lake Unit, all parties have agreed to said remedial work, including Exxon Corporation and Phillips Petroleum Company, which are two of the larger interest owners as to the above described lands.

By: L. N. Dufinavant

APPLICATION SEEKING TO FORCE POOL AND IMPOSE A PENALTY ON CERTAIN INTERESTS

- 1. Name of Applicant: Texas West Oil & Gas Corporation
- 2. Area Affected by the Order Sought:

Township 24 South, Range 34 East, N.M.P.M.

Section 5: Lots 1, 2, SINE, SEL (E)

Containing 319.76 acres, more or less, all in Lea County, New Mexico.

- 3. General Nature of Order Sought: Order to force pool interests of Continental Oil Company, et al, being those Bell Lake Unit participants whose interests are controlled and operated by Continental Oil Company as Operator of the Bell Lake Unit in connection with the above described lands and also include in the Order a penalty on said interests relative to certain remedial and rework operations to be conducted on the Madera Well No. 1 located on the SW4NE4 Section 5, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico.
- Other Matters to Be Noted in Connection with the Order Sought: The attention of the Oil Conservation Division is directed to the fact that pursuant to the New Mexico Oil Conservation Commission Order No. R-5039-B, entered November 17, 1975 by the full Commission, the interests of Continental Oil Company et al were pooled with respect to the above described lands for the initial drilling of the Madera Well No. 1 located on the above described lands. Pursuant to that Order and under the authority thereof, Texas West Oil & Gas Corporation drilled the Madera Well No. 1, completing the same April 20, 1976. The well has produced approximately 4,376,696 MCFG down to March 1, 1978. As of approximately that date, it was apparent that certain remedial and reworking operations are necessary in an effort to stimulate production from the presently producing zone or from two potentially productive zones above the presently producing zone in the Morrow formation. Texas West Oil & Gas Corporation as the Operator of the Madera Well No. 1 has proposed to the working interest owners in the above described lands certain remedial procedures. Said procedures, as submitted to the working interest owners, together with a list of the estimated costs as submitted to the working interest owners along with Texas West Oil & Gas Corporation's letter of March 6, 1978, are attached hereto for the Oil Conservation Division's further reference and information. Also attached hereto is a plat showing the location of the Madera Well No. 1. Texas West Oil & Gas Corporation has diligently sought agreement from all of the working interest owners with respect to said remedial work and except for Continental Oil Company and other interests controlled by Continental Oil Company as Operator of the Bell Lake Unit, all parties have agreed to said remedial work, including Exxon Corporation and Phillips Petroleum Company, which are two of the larger interest owners as to the above described lands.

TEXAS WEST OIL & GAS CORPORATION

By: Ilana

APPLICATION SEEKING TO FORCE POOL AND IMPOSE A PENALTY ON CERTAIN INTERESTS

- 1. Name of Applicant: Texas West Oil & Gas Corporation
- 2. Area Affected by the Order Sought:

Township 24 South, Range 34 East, N.M.P.M.

Section 5: Lots 1, 2, S\u00e4NE\u00e4, SE\u00e4 (E\u00e4)

Containing 319.76 acres, more or less, all in Lea County, New Mexico.

- 3. General Nature of Order Sought: Order to force pool interests of Continental Oil Company, et al, being those Bell Lake Unit participants whose interests are controlled and operated by Continental Oil Company as Operator of the Bell Lake Unit in connection with the above described lands and also include in the Order a penalty on said interests relative to certain remedial and rework operations to be conducted on the Madera Well No. 1 located on the SWANER Section 5, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico.
- Other Matters to Be Noted in Connection with the Order The attention of the Oil Conservation Division is 4. directed to the fact that pursuant to the New Mexico Oil Conservation Commission Order No. R-5039-B, entered November 17, 1975 by the full Commission, the interests of Continental Oil Company et al were pooled with respect to the above described lands for the initial drilling of the Madera Well No. 1 located on the above described lands. Pursuant to that Order and under the authority thereof, Texas West Oil & Gas Corporation drilled the Madera Well No. 1, completing the same April 20, 1976. The well has produced approximately 4,376,696 MCFG down to March 1, 1978. As of approximately that date, it was apparent that certain remedial and reworking operations are necessary in an effort to stimulate production from the presently producing zone or from two potentially productive zones above the presently producing zone in the Morrow formation. Texas West Oil & Gas Corporation as the Operator of the Madera Well No. 1 has proposed to the working interest owners in the above described lands certain remedial procedures. Said procedures, as submitted to the working interest owners, together with a list of the estimated costs as submitted to the working interest owners along with Texas West Oil & Gas Corporation's letter of March 6, 1978, are attached hereto for the Oil Conservation Division's further reference and information. Also attached hereto is a plat showing the location of the Madera Well No. 1. Texas West Oil & Gas Corporation has diligently sought agreement from all of the working interest owners with respect to said remedial work and except for Continental Oil Company and other interests controlled by Continental Oil Company as Operator of the Bell Lake Unit, all parties have agreed to said remedial work, including Exxon Corporation and Phillips Petroleum Company, which are two of the larger interest owners as to the above described lands.

By: L. N. Dunnavant

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: COMMISSION HEARING - WEDNESDAY - MAY 10, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6144: DE NOVO

Application of Southland Royalty Company for two unorthodox locations and two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 120-acre non-standard gas proration units comprising the S/2 SE/4 of Section 10 and the SW/4 SW/4 of Section 11, and comprising the SE/4 SW/4 and the S/2 SE/4 of Section 11, all in Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, San Juan County, New Mexico, each of said units to be dedicated to a well drilled at an unorthodox location thereon.

Upon application of William M. Gallaway this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6222:

Application of Paul Hamilton for salt water disposal well shut in, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order from the Division shutting down salt water disposal operations in the Texaco Inc. New Mexico State BO SWD Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore Devonian Pool, Lea County, New Mexico. Applicant alleges said well has leaked and is leaking selt water into the shallow fresh water aquifer underlying applicant's farm.

CASE 6223:

Application of Texas West Oil & Gas Corp. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling the interests of Continental Oil Co. et al in connection with remedial and rework operations per proposed AFE on applicant's Madera Well No. 1 located in Unit G of Section 5, Township 24 South, Range 34 East, South Bell Lake-Morrow Gas Pool, Lea County, New Mexico. Also to be considered will be the costs of said workover operations and the allocation of said costs as well as a charge for risk involved in the workover operations.

CASE 6224: Application of Texas West Oil & Gas Corp. for a gas well shut-in order, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order shutting in the Continental Oil Co. Bell

Lake Unit Well No. 14, located in Unit F of Section 5, Township 24 South, Range 34 East, South

Bell Lake-Morrow Gas Pool, Lea County, New Mexico, pending completion of workover operations on
applicant's Madera Well No. 1, located in Unit G of said Section 5.