

CASE NO.

6310

---

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO  
30 AUGUST 1978

EXAMINER HEARING

-----  
IN THE MATTER OF: )

Application of Southland Royalty )  
Company for an exception to Rule )  
2(A) of Order No. R-1670, as )  
amended, Rio Arriba County, New )  
Mexico. )

CASE  
6309

AND )

Application of Southland Royalty )  
Company for an exception to Rule )  
2(A) of Order No. R-1670, as )  
amended, Rio Arriba County, New )  
Mexico. )

CASE  
6310

-----  
BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

## A P P E A R A N C E S

For the Applicant:

Michael B. Campbell, Esq.  
 CAMPBELL & BINGAMAN  
 Jefferson Plaza  
 Santa Fe, New Mexico 87501

## I N D E X

## CURTIS C. PARSONS

Direct Examination by Mr. Campbell	3
Cross Examination by Mr. Nutter	7

## E X H I B I T S

Applicant Exhibit One, Plat (6309)	7
Applicant Exhibit Two, Plat (6309)	7
Applicant Exhibit One, Plat (6310)	7

MR. NUTTER: Call next Case Number 6309.

And I presume, Mr. Campbell, that 6309 and 6310 are related.

MR. CAMPBELL: Yes, sir.

MR. NUTTER: Do you want to consolidate them for the purpose of hearing?

MR. CAMPBELL: That would be fine with me, sir.

MR. NUTTER: We'll also call at this time Case Number 6310.

MS. TESCHENDORF: Cases 6309 and 6310 are both applications of Southland Royalty Company for exceptions to Rule 2(A) or Order No. R-1670, as amended, Rio Arriba County, New Mexico.

MR. CAMPBELL: Appearing on behalf of Southland Royalty Company, I'm Michael Campbell with Campbell, Bingaman and Black, in Santa Fe, New Mexico. We have one witness to testify in the consolidated cases.

(Witness sworn.)

CURTIS C. PARSONS

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CAMPBELL:

Q Please state your name, by whom you are employed, and in what capacity?

A I'm Curt Parsons, employed by Southland Royalty Company as District Engineer in Farmington.

Q Have you previously testified before this Commission and have your credentials been acceptable by the Commission?

A Yes, I have, and they have.

MR. CAMPBELL: Mr. Examiner, is Mr. Parsons qualified to testify concerning this hearing?

MR. NUTTER: Yes, he is.

Q (Mr. Campbell continuing.) Would you please state, Mr. Parsons, what Southland Royalty Company is seeking in its applications 6309 and 6310?

A Yes. We seek to get permission to drill Mesa-verde wells in an off-pattern location.

As was presented earlier in the day, the rule has been presented for change but has not been changed to date. These are standard or orthodox infill locations; however, the original well has not been drilled in the tracts.

Q Mr. Parsons, I am going to hand you what have been marked as -- for identification, as Southland Exhibits One and Two in Case 6309 and Southland Exhibit One in 6310, and ask that you explain and identify those exhibits in

sequence, if you would.

A. Okay. Okay, Exhibit One shows potential Mesa-verde well locations in the areas of 27 North and 28 North, Range 3 West, Rio Arriba County, New Mexico. The two particular locations involved in this first case are a well in the north -- well, I'm sorry, in the southeast of Section 8 of 27, 3, and the well in the northwest of Section 32, 28 North and 3 West.

Exhibit Number Two shows that these wells are also considered as Pictured Cliffs locations. In an effort to minimize our cost, minimize the number of locations to be built in this area, we would like to drill these as dual wells and applications for that are being prepared at the present time.

We would like to drill these two locations before the standard pattern locations are drilled.

The third exhibit is -- shows a well proposed location in Section 12, Township 26 North, Range 14 West.

Q That is in Case 6310?

A Yes, that is in Case 6310.

Q Would you point out the discrepancy in the advertised description?

A Yes. The docket for today shows that to be in Township 27 North. This was an error on my part originally and we thought that this had been corrected, but apparently

it was not.

The correct location is Section 12, Township 26 North, Range 4 West.

MR. NUTTER: Now, Mr. Parsons, I noticed a note in the case file for Case Number 6310 that our secretary called the Espanola paper to correct the township from 27 North to 26 North.

Do you know if the correction was made in the legal advertisement in the paper?

A I don't know whether it was made in that advertisement in the paper, sure don't.

MR. NUTTER: Okay. But the correct location in Case Number 6310 is the southeast of the southeast of Section 12, Township 26 North, Range 4 West, is that correct?

A Yes, sir, that is correct.

MR. NUTTER: Rather than 27 North, 4 West, as was indicated in the application?

A Yes.

Q (Mr. Campbell continuing.) I'll refer you now to Exhibit One in Case Number 6310. Would you explain what that exhibit is?

A Yes. Exhibit One -- oh, okay, 6310. This is just a map, nine-section plan of production in the vicinity of this proposed location. We believe the southeast quarter, particularly the southeast of the southeast, to be the most likely location for a commercial gas well.

Q In your opinion will the grant of exceptions to Rule 2(A) of Order No. R-1670 in case Numbers 6309 and 6310 prevent waste, protect your correlative rights, and make unnecessary the drilling of additional wells?

A Yes, sir.

MR. CAMPBELL: Mr. Examiner, I have --

Q Were Exhibits One and Two and Exhibit One in Cases 6309 and 6310 prepared by you or under your supervision?

A Yes, they were.

MR. CAMPBELL: I would move for the introduction of Exhibits One and Two in Case Number 6309 and Exhibit One in 6310.

MR. NUTTER: Those exhibits will be admitted in evidence.

MR. CAMPBELL: I have no further questions, Mr. Examiner.

#### CROSS EXAMINATION

BY MR. NUTTER:

Q Now, Mr. Parsons, on your Exhibit Number One in Case 6309.

A Yes, sir.

Q Which are the two wells that you're talking about in that case?

A Okay. The southeast of Section 8, 27 and 3, we



have a dot there. See, that's an odd-sized section, but it is considered a south half, so that would be the southeast.

Q Is that the well there?

A Yes, sir, that is correct.

Q Okay, I'm going to mark that in green on this one. So that's the first of these unorthodox locations?

A Yes, sir, that's correct.

Q And then the second one?

A Then the second one is in the section immediately to the north and in the northwest quarter.

Here's the first one.

Q Right.

A Move up to this section, this well in the northwest quarter.

Q Just to the west of the well that's on the cross section?

A Yes, sir.

Q Okay. Now that's Number 468-1, is that correct?

A Yes, sir, that is correct.

Q And the other well is the Number 446-1.

A Yes, sir.

MR. NUTTER: Okay, are there any further questions of Mr. Parsons? He may be excused.

Do you have anything further in either of these cases?

MR. CAMPBELL: No, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6309 or 6310?

We'll take the cases under advisement.

Mr. Kendrick?

MR. KENDRICK: In the problem with the legal advertisement, the Jicarilla Reservation does not extend into Township 27 North, Range 4 West, so this Jicarilla lease would prompt those who would question that location.

MR. NUTTER: I see. Does anyone else have anything to offer in either of these cases?

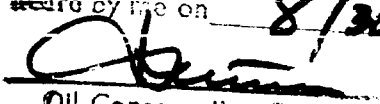
We'll take the cases under advisement.

(Hearing concluded.)

## REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY  
CERTIFY that the foregoing and attached Transcript of  
Hearing before the Oil Conservation Division was reported  
by me; that said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability, knowledge, and skill from my notes taken at the  
time of the hearing.

Sally Walton Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6308-70  
heard by me on 8/30 1978.  
 Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
730 Bishop's Lodge Road • Phone (610) 988-3404  
Santa Fe, New Mexico 87101

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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. 6310  
Order No. R-5815

APPLICATION OF SOUTHLAND ROYALTY  
COMPANY FOR AN EXCEPTION TO RULE 2(A)  
OF ORDER NO. R-1670, AS AMENDED,  
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 30, 1978,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of September, 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, Southland Royalty Company, seeks  
an exception to the Blanco Mesaverde Pool Rules for the  
unorthodox location of its Jicarilla 101 Well No. 7 to be  
located in the SE/4 SE/4 of Section 12, Township 27 North,  
Range 4 West, Rio Arriba County, New Mexico, as an off-pattern  
well in said pool.

(3) That by Order No. R-1670-U dated September 20, 1978,  
the Division amended the Blanco Mesaverde Pool Rules to permit  
the drilling of the initial well on either quarter section  
in the proration unit, and this case should now be dismissed  
as moot.

IT IS THEREFORE ORDERED:

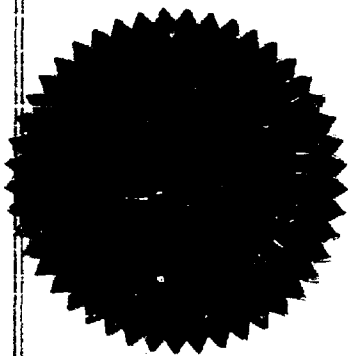
(1) That Case No. 6310 is hereby dismissed.

-2-

Case No. 6310  
Order No. R-5815

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,  
Director

dr/

	Huron	$\frac{41}{791}$	SRC		Consolidated	$\frac{40}{868}$
					$\frac{41}{875}$	
$\frac{9}{338}$					$\frac{29}{29}$	
	Consolidated	$\frac{7}{7}$	SUG		Consolidated	$\frac{12}{303}$
$\frac{20}{324}$						
	SUG		SRC		Mobil	
		$\frac{27}{514}$		X	$\frac{31}{826}$	
	SUG		Consolidated		McHugh	
$\frac{10}{174}$			$\frac{17}{480}$			
	$\frac{32}{206}$					
			SUG			

S.R.C.

XX MMCF 1977  
XXX MMCF Cum

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 1  
CASE NO. 6310

SOUTHLAND ROYALTY COMPANY

Jicarilla 101 # 7

SE 1/4 Sec 12, T26N, R4W

MV Production

CONTOURED	BY	DATE	REVISED BY	DATE	REFERENCE	DATE
-----------	----	------	------------	------	-----------	------

NOTES

Dockets Nos. 29-78 and 30-78 are tentatively set for hearing on September 13 and 27, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 30, 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 6298:** In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1105 of the Division Rules and Regulations to require the filing of two copies of all well logs instead of one.
- CASE 6312:** In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Order No. R-1670-T, Rule 2(A), Blanco Mesaverde Pool, San Juan and Rio Arriba Counties, New Mexico, to provide that the initial well drilled on a proration unit shall be located not closer than 790 feet to any outer boundary of the quarter section on which the well is located, and not closer than 130 feet to any quarter-quarter section or subdivision inner boundary.
- CASE 6299:** Application of Wm. G. Ross for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause seeks approval for its South Lea Unit Area comprising 1,753 acres, more or less, of state land in Township 21 South, Range 34 East, Lea County, New Mexico.
- CASE 6300:** Application of The Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Atoka and Morrow production in the wellbore of its Parkway West Unit Well No. 1, located in Unit C of Section 28, Township 19 South, Range 29 East, Parkway West (Atoka) Field, Eddy County, New Mexico.
- CASE 6301:** Application of The Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Strawn and Morrow production in the wellbore of its Superior Federal Well No. 4, located in Unit I of Section 5, Township 20 South, Range 29 East, East Burton Flat Field, Eddy County, New Mexico.
- CASE 6302:** Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 25, Township 23 South, Range 28 East, 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 6303:** Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Indian Hills State Com. Well No. 2 to be drilled 660 feet from the South line and 660 feet from the East line of Section 36, Township 20 South, Range 24 East, Eddy County, New Mexico, to test the Morrow formation, the S/2 of said Section 36 to be dedicated to the well.
- CASE 6304:** Application of Doyle Hartman for compulsory pooling and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jaimat Gas Pool underlying the S/2 NE/4 of Section 26, Township 24 South, Range 36 East, Lea County, New Mexico, to form an 80-acre non-standard proration unit 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 6305:** Application of Flag-Redfern Oil Company for two unorthodox locations and two non-standard oil proration units, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 61.14-acre non-standard unit comprising Unit K and Lot 3 of Section 16, Township 9 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, to be dedicated to a well to be drilled 2130 feet from the South line and 2873 feet from the West line of said Section 16; also a 60.43-acre unit comprising Unit N and Lot 4 of said Section 16 to be dedicated to a well to be drilled 810 feet from the South line and 2850 feet from the West line of the section.
- CASE 6306:** Application of Texaco Inc. for an unorthodox location, permission to inject water, and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Central Vacuum Unit Well No. 139 to be located 85 feet from the South line and 958 feet from the East line of Section 36, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, and directionally drilled to a 100' square bottom hole target location with the center of the target being 60 feet from the South line and 1310 feet from the East line of said Section 36, and approval to inject water into the San Andres formation in said well.



CASE 6307: Application of Exxon Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard and Wantz-Abo production in the wellbore of its F. F. Hardison B Well No. 10, located in Unit A of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 6308: Application of Petroleum Corporation of Texas for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 8, Township 8 South, Range 37 East, Roosevelt 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 6309: Application of Southland Royalty Company for an exception to Rule 2(A) of Order No. R-1670, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2(A) of Order No. R-1670, as amended, for the Blanco Mesaverde Pool to approve the unorthodox locations of its Jicarilla 468 Well No. 1, located in the NW/4 of Section 32, Township 28 North, Range 3 West and its Jicarilla 446 Well No. 1, located in the SE/4 of Section 8, Township 27 North, Range 3 West, Rio Arriba County, New Mexico, as off-pattern wells in said pool.

CASE 6310: Application of Southland Royalty Company for an exception to Rule 2(A) of Order No. R-1670, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2(A) of Order No. R-1670, as amended, for the Blanco Mesaverde Pool to approve the unorthodox location of its Jicarilla 101 Well No. 7, to be located in the SE/4 SE/4 of Section 12, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, as an off-pattern well in said pool.

CASE 6311: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico:

(a) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Nacimiento production and designated as the Arch-Nacimiento Pool. The discovery well is El Paso Natural Gas Company San Juan 32-9 Unit Well No. 84 located in Unit N of Section 14, Township 31 North, Range 10 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM  
Section 14: SW/4

(b) EXTEND the Blanco Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM  
Section 5: SE/4

(c) EXTEND the Blanco-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM  
Section 35: SE/4  
Section 36: S/2

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM  
Section 32: NE/4 and S/2

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM  
Section 30: N/2

TOWNSHIP 32 NORTH, RANGE 12 WEST, NMPM  
Section 24: E/2  
Section 25: S/2  
Section 26: SE/4  
Section 36: N/2

(d) EXTEND the South Blanco-Pictured Cliffs Pool in Rio Arriba, San Juan, and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM  
Section 3: SW/4  
Section 4: S/2  
Section 10: N/2  
Section 11: NW/4

TOWNSHIP 24 NORTH, RANGE 5 WEST, NPM  
Section 2: SE/4  
Section 11: NE/4

- (e) EXTEND the Cha Cha-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM  
Section 25: W/2 NW/4

- (f) EXTEND the Chacon-Dakota Associated Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 3 WEST, NMPM  
Section 2: W/2

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM  
Section 4: NE/4  
Section 27: W/2  
Section 28: E/2  
Section 34: NW/4 and SE/4  
Section 35: SW/4

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM  
Section 29: SW/4  
Section 30: S/2 (partial)  
Section 31: NW/4 (partial)  
Section 32: E/2  
Section 33: W/2 and SE/4

- (g) EXTEND the Choza Mesa-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 4 WEST, NMPM  
Section 15: N/2 and SW/4  
Section 22: W/2

- (h) EXTEND the Dufers Point Gallup-Dakota Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM  
Section 12: E/2

- (i) EXTEND the South Gallegos-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM  
Section 14: NE/4

- (j) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM  
Section 1: N/2

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM  
Section 30: SE/4  
Section 32: SW/4

- (k) EXTEND the Mount Nebo-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM  
Section 28: S/2  
Section 33: NW/4

- (l) EXTEND the Otero-Chacra Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM  
Section 18: N/2

(m) EXTEND the Rusty-Chacra Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM  
Section 24: SE/4  
Section 27: NE/4

(n) EXTEND the Tapacito-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM  
Section 2: NW/4

(o) EXTEND the Tocito Dome-Pennsylvanian D Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 18 WEST, NMPM  
Section 1: SW/4  
Section 2: W/2

(p) EXTEND the Waw-Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM  
Section 2: NE/4  
Section 4: All  
Section 5: SE/4

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM  
Section 27: SW/4

\*\*\*\*\*

Docket No. 27-78

DOCKET: COMMISSION HEARING - WEDNESDAY - AUGUST 23, 1978

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

CASE 6289: (Continued from August 9, 1978, Commission Hearing)

Application of Bill Taylor for enforcement and amendment of Order No. R-5332, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination of well costs, an accounting of expenditures and costs withheld from production, and the amendment of Order No. R-5332 to remove the present operator of the pooled proration unit comprising the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, and designate another operator for said unit.

CASE 6222: (Rehearing) (Continued from August 9, 1978, Commission Hearing)

Application of Paul Hamilton for salt water disposal well shut-in, Lea County, New Mexico. Upon application of Paul Hamilton there will be a rehearing of Case No. 6222, Order No. R-5753. This case involves the application of Paul Hamilton for an order 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. Pursuant to Commission Order No. R-5753-A, evidence at said rehearing shall be limited to evidence relating to data regarding water quality and water level obtained from an observation well completed next to the aforesaid SWD Well No. 3, and to other new evidence unavailable at the time of the original hearing of this case on May 31, 1978.

8/14/78

Called Espanola paper to correct  
township from 27N to 26N.

Florence Davidson

AUG - 1 1978

Case 6360



**Southland Royalty Company**

August 2, 1978

Mr. Joe D. Ramey  
New Mexico Department of Energy  
Oil and Gas Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Dear Sir:

1050 FSL Y 1180 FEL  
SE/4 SE/4

Southland Royalty Company hereby requests a hearing in order to obtain an exception to Rule 2 of order #R-1670 for the Jicarilla 101 #7 Mesa Verde-Dakota dual well to be located in the SE/4 of Section 12, T27N, R4W, Rio Arriba County, New Mexico.

Rule 2 of order #R-1670 calls for the first well on a proration unit to be located in either the northeast or southwest quarter of the section. The proration unit involved is the E/2 of Section 12.

We believe that the SE/4 of this section is the optimum location for both the Dakota and Mesa Verde formations. This is a standard location for the Dakota and would be a standard Mesa Verde infill location if the northeast quarter had already been drilled.

Southland Royalty Company owns 100% of the working interest in this well.

Yours truly,

*CC Parsons*  
Curtis C. Parsons  
District Engineer

cc: Al Kendrick

CCP/kde

DRAFT

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

*JAR*

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

CASE NO. 6310

ORDER NO. R- 5815

APPLICATION OF SOUTHLAND ROYALTY COMPANY

FOR AN EXCEPTION TO RULE 2(A) OF ORDER NO. R-1670, AS AMENDED,  
~~FOR AN UNORTHODOX GAS WELL LOCATION,~~

RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 30, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of September, 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, Southland Royalty Company, seeks an exception to ~~Rule 2(A) of Order No. R-1670, as amended, for the~~ *Rules for* the Blanco Mesaverde Pool ~~to approve~~ the unorthodox location of its Jicarilla 101 Well No. 7 to be located in the SE/4 SE/4 of Section 12, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, as an off-pattern well in said pool. *1670-24*

(3) That ~~the~~ *by Order No. R-5814 dated September 11, 1978, the* ~~Division amended the Blanco Mesaverde Pool Rules permitting the~~ *Division amended the Blanco Mesaverde Pool Rules permitting the* ~~dedicated to the well.~~ *drilling of the initial well on either quarter section in the proration unit, and this case should now be dismissed as moot.* ~~enable applicant to produce the gas underlying the proration unit.~~

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

IT IS THEREFORE ORDERED:

(1) That Case No. 6310 is hereby dismissed.

DONE at