

CASE NO.

6372

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

SALLY WALTON ROYD
OFFICIAL INTERVIEW REPORTER
SANTA FE, NEW MEXICO 87501
505/473-4488

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
8 November 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Belco Petroleum Cor-) CASE
poration for an unorthodox well loca-) 6372
tion, Eddy County, New Mexico.)

BEFORE: Richard L. Stamets

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

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico 87501

I N D E X

LEE G. NERING

Direct Examination by Mr. Kellahin 3

E X H I B I T S

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Page 3

1 MR. STAMETS: Call next Case 6372.

2 MS. TESCHENDORF: Case 6372. Application of
3 Belco Petroleum Corporation for an unorthodox well location,
4 Eddy County, NEW Mexico.

5 MR. KELLAHIN: Tom Kellahin of Kellahin and
6 Fox, appearing on behalf of the applicant, and I have one
7 witness to be sworn.

8 MR. STAMETS: Stand and be sworn, please.

9 (Witness sworn.)

10
11 LEE G. NERING

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

14
15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Please state your name, by whom you're em-
18 ployed, and in what capacity.

19 A My name is Lee Nering. I'm employed by Belco
20 Petroleum Corporation in the capacity of Administrative
21 Geologist. I'm located in Houston, Texas.

22 Q Mr. Nering, have you made a study of and are
23 you familiar with the facts surrounding this particular
24 application?

25 A I have.

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Page 4

1 Q And have you previously testified before the
2 Oil Conservation Division and had your qualifications as
3 an expert witness accepted and made a matter of record?

4 A They have.

5 MR. KELLAHIN: We tender Mr. Nering as an
6 expert witness.

7 MR. STAMETS: Mr. Nering is considered qual-
8 ified.

9 Q (Mr. Kellahin continuing.) Please refer to
10 what we have marked as Exhibit Number One, identify it,
11 and explain to the Examiner what Belco Petroleum Corporation
12 is seeking to accomplish.

13 A Belco Petroleum Corporation is seeking an un-
14 orthodox location for the drilling of a 13,000 foot, plus
15 or minus, Atoka Sand test in the James Ranch area of Eddy
16 County, New Mexico, the location being in Section 6 of Town-
17 ship 23 South, Range 31 East.

18 Exhibit Number One is a location plat. It
19 illustrates the James Ranch area of Eddy County. This area
20 is a geographic locality; the area is also identified by
21 several New Mexico Conservation Division pools; within the
22 James Ranch area there are several recognized pools, these
23 being the Los Mendanos Atoka Pool, the Los Mendanos Strawn
24 Pool, and the Los Mendanos Morrow Pool. In addition, one
25 of the wells is currently designated as Eddy Undesignated

1 Morrow. The location of the specific wells are indicated
2 on the location plat, which I might add in the title is
3 indicated to be a scale of one inch equals 2000 feet, be-
4 ginning with the James Ranch No. 1 Well, which is the orig-
5 inal well in the James Ranch Unit, and I might digress and
6 explain this is a Federal Unit. It's located in Section 36
7 of 22 South and 30 East. This is a well that is designated
8 as the Los Mendanos Atoka Pool.

9 In addition, in Section 1 of 23 South, Range
10 30 East, Belco Petroleum Corporation has two wells, one of
11 which is identified on the map in the northeast of the
12 northwest quarter of Section 1 as an Atoka completion.

13 The identification of this Atoka completion
14 as compared to the James Ranch, No. 1 James Ranch Well
15 Atoka completion will be further identified by a following
16 exhibit.

17 Also in Section 1 Belco has completed a well
18 known as the James Ranch No. 3 Well. It's currently de-
19 signated as the Los Mendanos Strawn Pool. In Section 6
20 there are two completions, both of which are completed in
21 the Morrow formation.

22 In the west half of Section 6 Belco's James
23 Ranch No. 4 Well is a Morrow completion, currently desig-
24 nated as Eddy Undesignated Morrow Pool.

25 In the east half of Section 6 is the Continental

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1 Oil Company James Ranch No. 7 Morrow completion in the Los
2 Mendanos Morrow Pool.

3 In addition, this plat illustrates several
4 governmental, and by governmental I mean Federal government,
5 boundaries designating certain areas having affects on
6 drilling justification and obligation.

7 We have shown on this map the outline of the
8 James Ranch Federal Unit, which is identified by an arrow
9 over in Section 2. This particular Federal Unit is oper-
10 ated by Bass Enterprises Company. Belco's position in this
11 James Ranch Unit is by virtue of a farmout from Bass Enter-
12 prises to Belco. A number of acres within that unit have
13 been allocated to the Belco farmout.

14 In addition to the Federal Unit outline I've
15 also indicated the Federal Unit participating area for the
16 Los Mendanos Atoka Pool from the James Ranch Unit No. 1
17 Well, that's indicated by a dotted line in Section 36 and 1.
18 Further the plat illustrates the outline of the Federal --
19 what is known as the WIPP, which stands for Waste Industry
20 Pilot Project, and it is an area that is currently under
21 study with certain condemnation proceedings that have been
22 settled and are continuing to be in effect for certain
23 leases within the "WIPP Withdrawal Area." This line is
24 shown by a hachured line and it can be identified as in gen-
25 eral following the line excluding the currently existing

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1 wells in the James Ranch area.

2 Q What is the proration unit to be assigned
3 to the subject well, Mr. Nering.

4 A The subject well is a proposed Atoka test
5 only in the west half of Section 6. The location proposed
6 is 330 feet from the west line of Section 6 and 1495 feet
7 from the north line of Section 6, these being in the west
8 half of Section 5, with the west half being dedicated for
9 an Atoka completion.

10 Q The west half of Section 6 will be dedicated
11 to the subject well?

12 A The west half will be dedicated to the Atoka
13 completion only.

14 Q What if any affect will the WIPP Withdrawal
15 Area that crosses the west half of Section 6 have upon the
16 subject well?

17 A The Withdrawal Area, and in this instance the
18 north half of the northwest quarter of Section 6, has been
19 condemned. A suit was involved and the Federal Government
20 has since agreed to a settlement with the operators of this
21 area, these being Belco Petroleum Corporation, Bass Enter-
22 prises, and one other party. The condemnation is for no
23 drilling below -- pardon me, if I may back up there a
24 minute. No drilling through the first 6000 feet of section.
25 Any well drilled within the WIPP Withdrawal Area, or ob-

1 jectives within the presently condemned areas of the WIPP
2 area, which I might add are fairly substantial, will have to
3 be accomplished by directional drilling, and since this plat
4 by no means expects to illustrate the entire area of the
5 WIPP Withdrawal Area, there are only a few isolated areas
6 where targets below 6000 feet can be realistically and
7 hopefully encountered by the directional drilling, which
8 is always a risky operation.

9 And we might go on and indicate that within
10 the area of interest surrounding the proposed test, I will
11 describe only the four sections, these being -- starting
12 in the northeast quadrant of four sections around the pro-
13 posed Atoka test, in Section 31 Belco Petroleum Corporation
14 by virtue of the farmout from Bass Enterprises is the
15 operator of the south half of Section 31.

16 Drilling to an Atoka test, or for that matter
17 a Morrow test, since there being no Morrow test in Section
18 31, would have to be accomplished by directional drilling
19 from outside the WIPP Withdrawal Area.

20 Turning to the south in Section 6, Belco Pet-
21 roleum Corporation is the operator of the west half and
22 a portion of the east half of Section 6. The remainder of
23 the east half of Section 6 is operated by Continental Oil
24 Company, having drilled the Continental James Ranch Unit
25 No. 9 Well, a Morrow completion.

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1 In Section 7 to the south in the west half off-
2 setting the east/west half of Section 6, Belco Petroleum
3 Corporation is the operator of this particular land.

4 To the west in Section 12 we do have a minor
5 discrepancy involved in our land records. We had occasion
6 to recently request the Bureau of Land Management, Federal
7 Bureau of Land Management, for an identification of any
8 mineral ownership in this section, particularly the north-
9 east quarter. We were informed, and I personally believe
10 that there was a township error in the description we did
11 receive. We were told that this land was under mineral
12 ownership to Mesa Petroleum Company. We did request from
13 Mesa Petroleum a waiver to any objection we might have in
14 our proposed Atoka test to the north of Section 9. We
15 have not heard to date from Mesa, but it is our belief that
16 there is an error. We believe that that Section 12, parti-
17 cularly the northeast quarter, is currently held by Shell
18 Oil Company.

19 The east half of Section 1 with the exception
20 of the north half of the northeast, is operated by Belco
21 Petroleum Corporation, having drilled the Belco No. 3 James
22 Ranch Unit, which is currently a Los Mendanos Strawn com-
23 pletion. The well is currently shut in, although we per-
24 iodically -- Belco periodically reviews this well for re-
25 completion.

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1 The north half of the northeast of Section 1
2 is contained within the Federal Unit, the Atoka participating
3 area surrounding the James Ranch No. 1 Well, the Atoka com-
4 pletion.

5 And I think this covers the area that would
6 be offsetting our proposed James Ranch No. 9 Well.

7 Q Please refer to Exhibit Number Two and identi-
8 fy it.

9 A Exhibit Number Two is the same plat only in
10 this instance a degree of geology has been added. The
11 general configuration of the structure is imposed on the
12 map. I think it's worthwhile to notice that the data at
13 the Atoka Sand level for the Atoka Sand tests that have
14 been drilled by Belco, these being three wells, and Shell,
15 one well, are essentially flat within a few feet.

16 The Continental No. 7 James Ranch is in the
17 order of 130 to 140 feet low to the "platform" or flat area
18 involving the other four wells.

19 In addition, this plat illustrates what we
20 believe to be a permeability barrier dealing only with the
21 Atoka Sand completion present in the Shell No. 1 James Ranch
22 Unit.

23 Both Exhibit One and Exhibit Two have a legend
24 indicating that there are two Atoka completions in Los
25 Mendanos Pool. A further exhibit will illustrate that the

specific reservoirs are not directly correlative.

The structure map also illustrates that there will be three cross sections illustrating the stratigraphic and structural relationships between the wells and how it relates to our proposed No. 9 location, which as can be seen from this structural interpretation, placed at an optimum structural position on the Atoka Sand, except that we're prohibited from moving a vertical location into the WIPP Withdrawal Area, which lies in the north half of the northwest.

Q Will you please refer to Exhibit Three and identify that?

A Exhibit Number Three is a two-well cross section which was shown for index purposes on the Exhibit Number Two, the structural map, and it illustrates the structural relationship between the James Ranch No. 1 Atoka completion and the Belco James Ranch No. 3 Well, which lies west of the permeability barrier and this section is to illustrate that this Atoka Sand completion is to the north of that well and further correlations will illustrate that this barrier or non-economic completion ability is present in all three of the Belco Wells drilled more or less on strike between Section 6 and Section 1.

In addition this cross section illustrates the two reservoirs which are currently producing from the

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1 Atoka Formation, although for purposes of nomenclature the
2 Atoka Sand and the Atoka carbonate, more commonly identified
3 as the Ivanovia Bank, are separated something in the order
4 of 100 plus feet.

5 The cross section also illustrates the case
6 of permeability of production being capable from the Atoka
7 carbonate in the James Ranch No. 3, from which some gas
8 was obtained, subsequently had water problems. The present
9 Belco completion in the well which is shown on Exhibits ONE
10 and Two as being an Atoka completion in the Hudson Federal
11 No. 1, is producing from this lower carbonate zone, known
12 as the Ivanovia. The log is a later version and as such
13 will illustrate the permeability and productive zone pre-
14 sent, whereas the Shell well, having been drilled back in
15 the 1950s, where I'm dealing only with a Gamma Ray Neutron
16 Log, doesn't give me quite that sophistication in logging
17 interpretation.

18 But in any event, I think that the cross
19 section illustrates with a reasonable degree of capability
20 that there's a permeability change not only in the Atoka
21 Sand to the south, but also in the carbonate section of
22 the Ivanovia to the north, and this is the purpose of Ex-
23 hibit Number One.

24 Q Would you please refer to Exhibit Number Four
25 and identify that?

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A Exhibit Number Four, the index line of which again is shown on Exhibit Number Two, the structure map, is a stratigraphic section as opposed to the structural datum section, shown by the Exhibit Number Three, and it illustrates the direct and readily recognizable correlations between the Continental James Ranch Unit No. 7, which is in the order of 140 feet structurally low to the other wells in the field, and it does illustrate the good correlations between the Atoka Sand and the Atoka carbonate zones.

The purpose in showing this section is to demonstrate that the Atoka Sand is a very justifiable objective within the area, or if you look at the index map you will see that the proposed No. 9 Well is located in a triangulated spot, this meaning somewhere in the triangle contained by these three wells. And as such, we feel that it is a reasonably or moderately risk location. The only difficulty we have for justification is that we drilled three wells now, and in each instance we've had extreme difficulty with permeability in the Atoka Reservoir, AToka Sand Reservoir.

You may notice that the James Ranch No. 4 Well in the southwest quarter of Section 6 was an attempted completion. As a matter of fact, this well was at one time completed in the Atoka Sand. The well tested in the order

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1 of one and a half to approximately three and a half million
2 cubic feet a day, and our object in moving to the north in
3 order to prevent waste in the north half of Section 6, is
4 to be in a position to drill an optimum geological location,
5 not only in response to a good structural position, but
6 also to a good stratigraphic position.

7 Q In your opinion, then, Mr. Nering, will a
8 well located as proposed be more likely to be economic than
9 a well located at a standard location?

10 A Yes. In view of the risk factors involving
11 both structure and stratigraphy, the Exhibit Number Two
12 indicates that the northeast quarter of Section 6 is a
13 relatively high risk stratigraphic location, and that any
14 well located in the northeast of Section -- excuse me,
15 Section 1 will be of a nature that we might wind up having
16 spent great sums of money to make an attempted completion
17 in the Atoka. This is extremely critical to Belco, since
18 the west half of Section 6 is already dedicated to the
19 Morrow formation, and yet at the same time, we feel that
20 there is a justifiable Atoka completion in the west half
21 of Section 6 and we're desirous of drilling a well at an
22 optimum location.

23 Q In your opinion, then, Mr. Nering, will a
24 well located as proposed be the optimum location from which
25 to drain this proration unit?

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1 A That is my opinion.

2 Q Okay. Would you please refer to what I've
3 marked as Exhibit Number Five and identify it?

4 A Exhibit Number Five is a page taken from the
5 annual report from the New Mexico Engineering Committee,
6 that deals with the production through 1977 of the various
7 Los Mendanos Pools.

8 In the instance that we're directly concerned,
9 we can notice that the Belco's Hudson Federal No. 1 Well,
10 which I've indicated is completed in the carbonate zone,
11 the Ivanovia, has a -- at this date had a cumulative of
12 576 Mcf, and it still has a current daily deliverability
13 of in the order of less than 300 Mcf a day.

14 The Shell James Ranch No. 1 Well at the end
15 of 1977 had a cumulative of 19 billion plus cubic feet of
16 gas and the report during 1977, which I might add has con-
17 tinued into 1978, of a daily average production of some-
18 thing in the order of 3 million cubic feet a day. Obviously
19 considerably different reservoir.

20 Q Please refer to Exhibit Number Six and identify
21 it.

22 A Exhibit Number Six is a Belco originated
23 decline curve of the James Ranch No. 1 Well. There are
24 some erratic conditions dating from the year 1959 up to the
25 year 1970 or perhaps '69. I'm unable to totally answer these

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fect

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1 A They were.

2 MR. KELLAHIN: If the Examiner please, we
3 move the introduction of Exhibits One through Six.

4 MR. STAMETS: These exhibits will be admitted.
5 Any questions of the witness?

6 He may be excused.

7 Anything further in this case?

8 MR. KELLAHIN: No, sir.

9 MR. STAMETS: The case will be taken under
10 advisement.

11 (Hearing concluded.)
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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 the said transcript is a full, true, and correct record of the said hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a correct and true transcript of the hearing in the Oil Conservation Division of Case No. 6373 heard by me on 11-8-1978.
Richard L. Starn, Examiner
Oil Conservation Division

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GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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December 5, 1978

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6372
ORDER NO. R-5873

Applicant:

Belco Petroleum Corporation

Dear Sir:

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

~~Yours very truly,~~

JOE D. RAMEY
Director

TDB/FA
UDB/FA

Copy of order also sent to:

Bobbs OCC x
Artesia OCC x
Aztec OCC

Other

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. 6372
Order No. R-5873

APPLICATION OF BELCO PETROLEUM CORPORATION
FOR AN UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 8, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of November, 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, Belco Petroleum Corporation, seeks approval of an unorthodox gas well location 1495 feet from the North line and 330 feet from the West line of Section 6, Township 23 South, Range 31 East, NMPM, to test the Atoka formation, Los Mendanos-Atoka Gas Pool, Eddy County, New Mexico.
- (3) That the W/2 of said Section 6 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.

-2-

Case No. 6372
Order No. R-5873

(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.

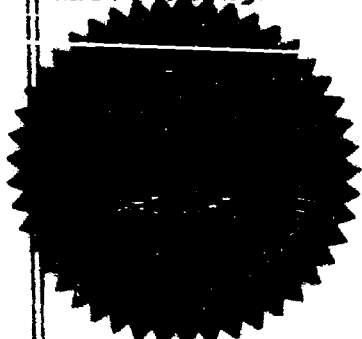
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Atoka formation is hereby approved for a well to be located at a point 1495 feet from the North line and 330 feet from the west line of Section 6, Township 23 South, Range 31 East, NNPM, Los Mendanos-Atoka Gas Pool, Eddy County, New Mexico.

(2) That the W/2 of said Section 6 shall be dedicated to the above-described well.

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

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

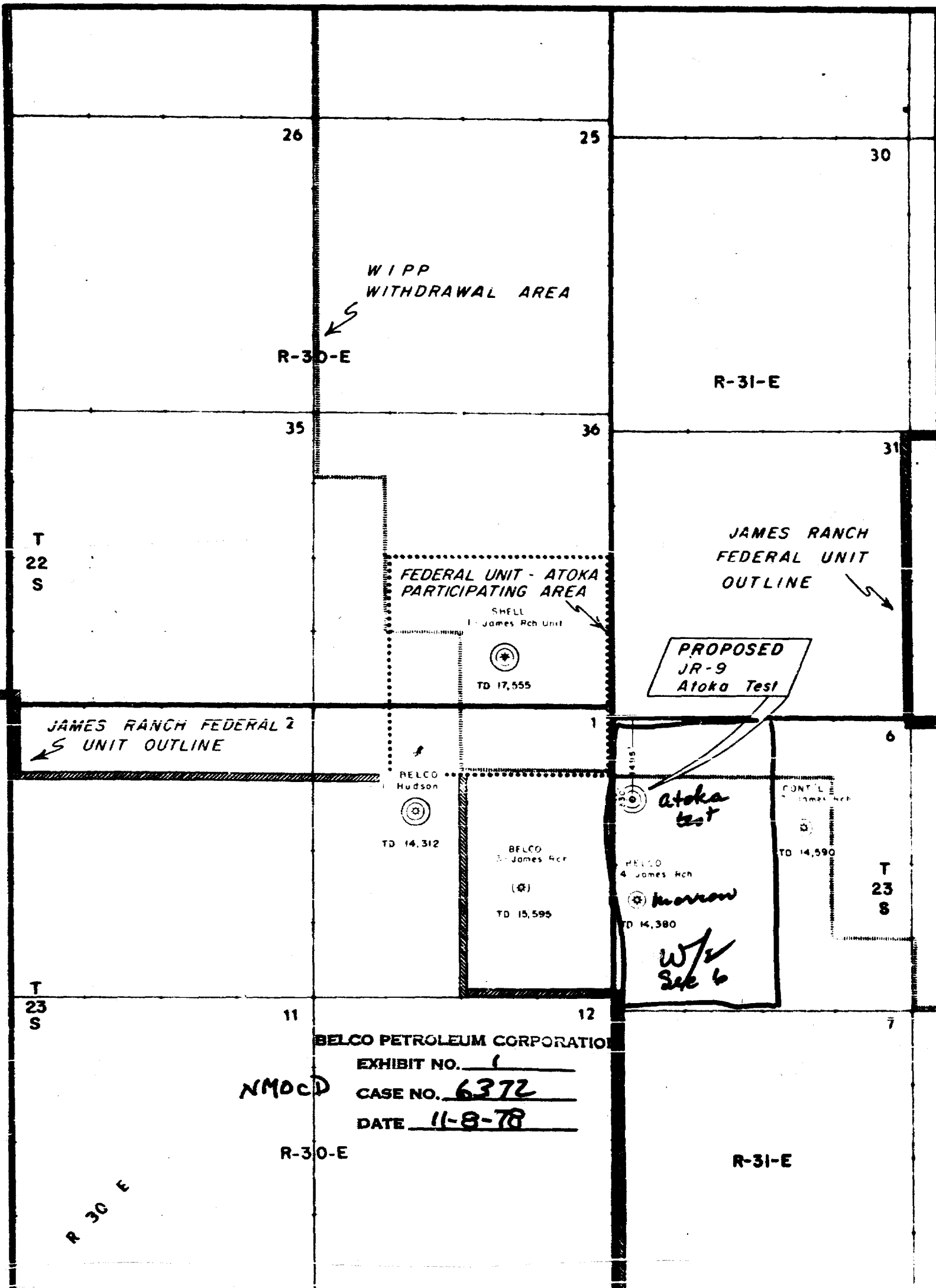


STATE OF NEW MEXICO
OIL CONSERVATION DIVISION




Joe D. Ramey
JOE D. RAMEY
Director

S E A L

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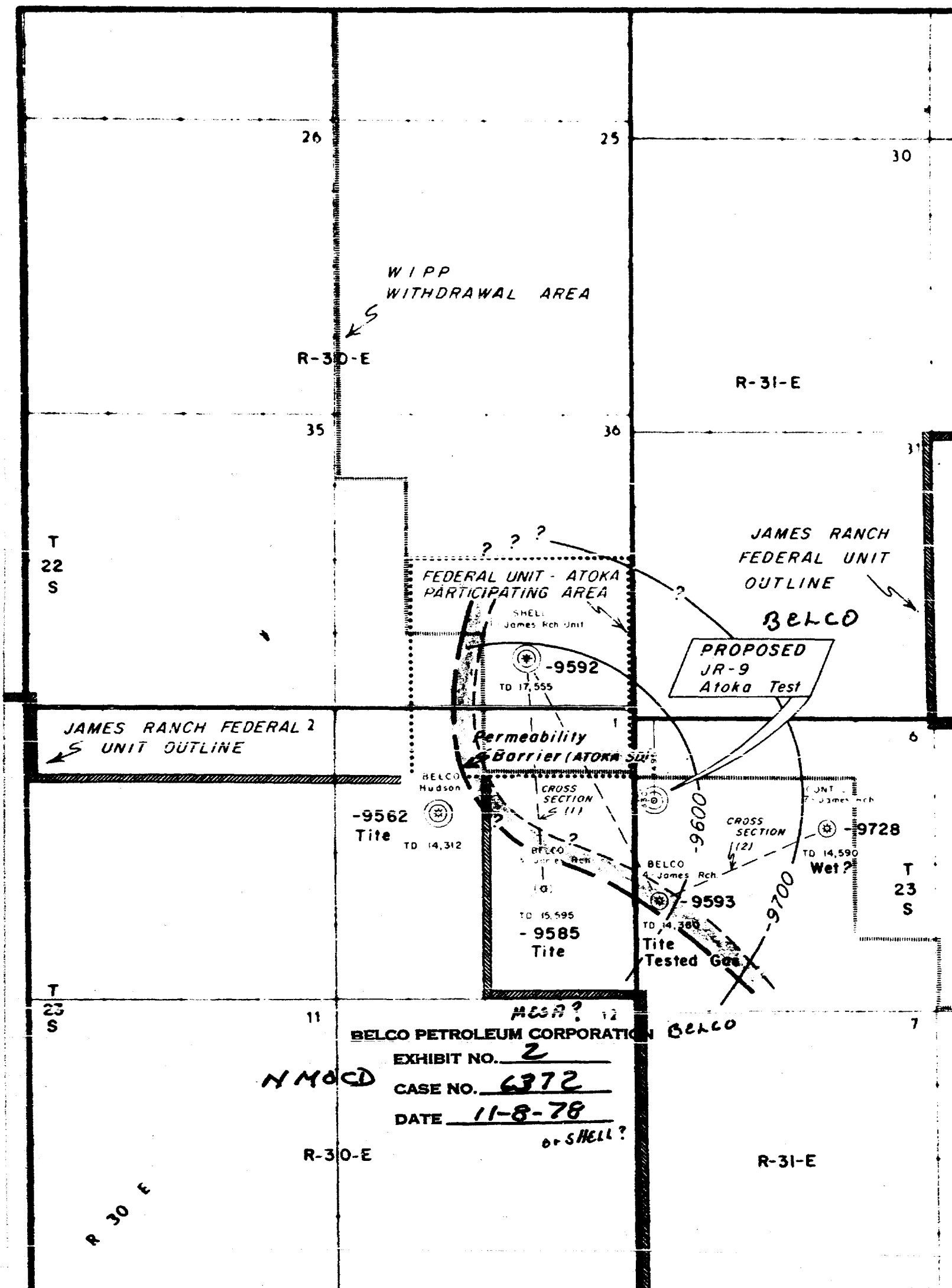


LEGEND

-  Morrow Completion
-  Atoka Completion
-  Straw Completion

BELCO PETROLEUM CORP.

JAMES RANCH AREA
Eddy Co. New Mexico



LEGEND

- (*) Morrow Completion
- (*) Atoka Completion
- (*) Strawn Completion

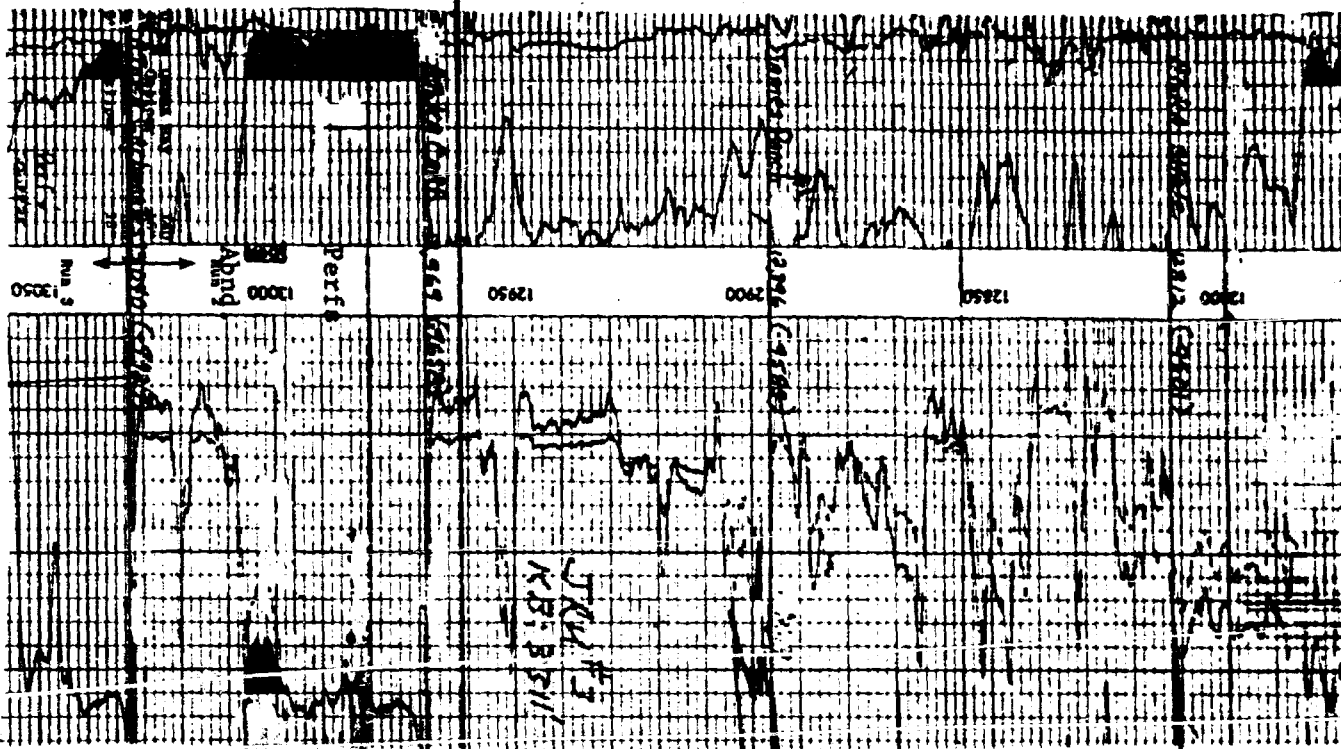
BELCO PETROLEUM CORP.

JAMES RANCH AREA
Eddy Co. New Mexico

PROPOSED
James Ranch Unit No. 9
STRUCTURE MAP

S ←

BELCO
James Ranch Unit No. 3
KB 3311
Los Medanos Stream Pool



BELCO PETROLEUM CORP.
James Ranch Area
Eddy County, New Mexico
Atoka Cross Section
"Structural Datum"

Atoka
Formation

Atoka Sand

Datum
-9650

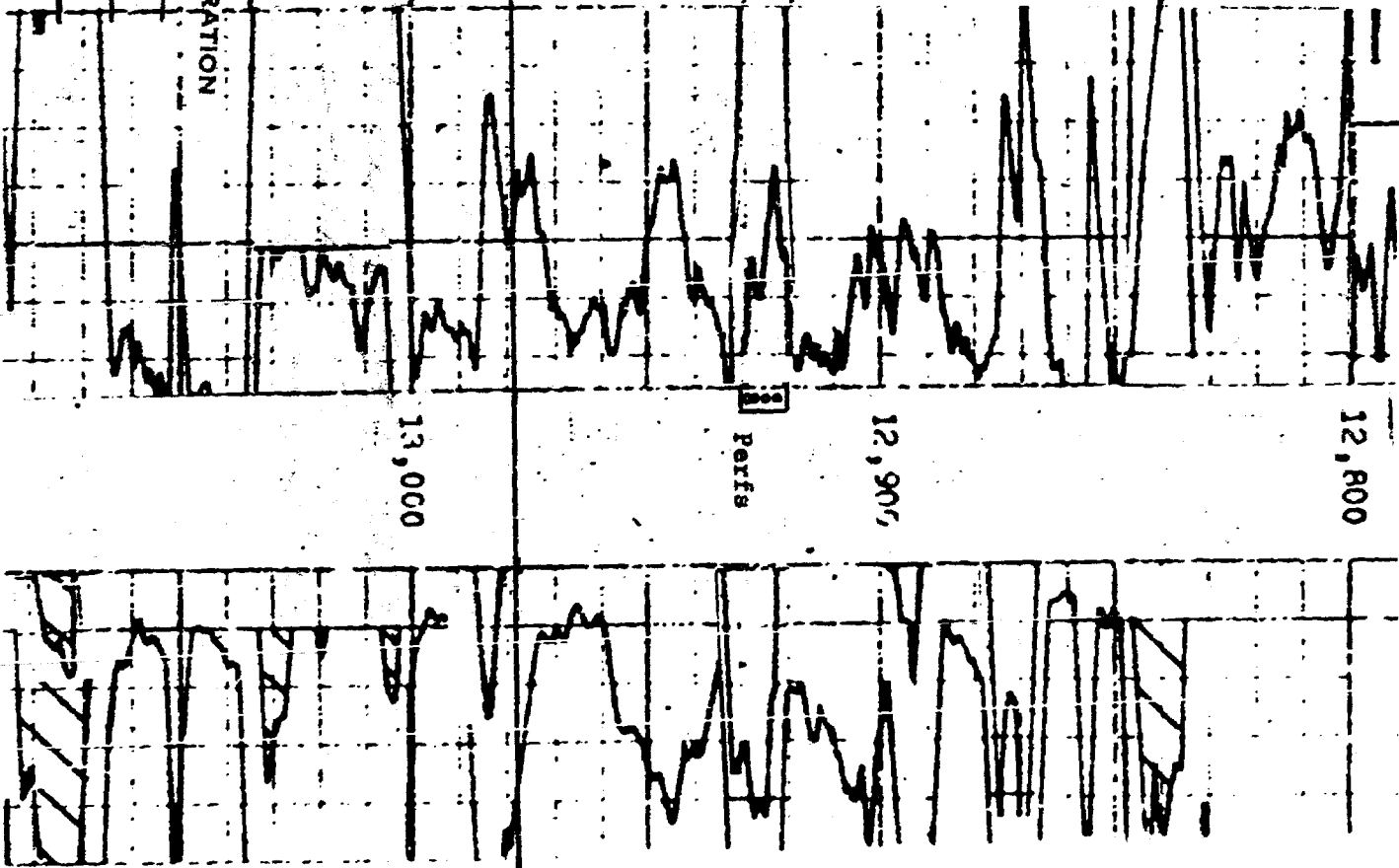
Atoka Carbonate
"Ivanovla"

BELCO PETROLEUM CORPORATION

EXHIBIT NO. 3

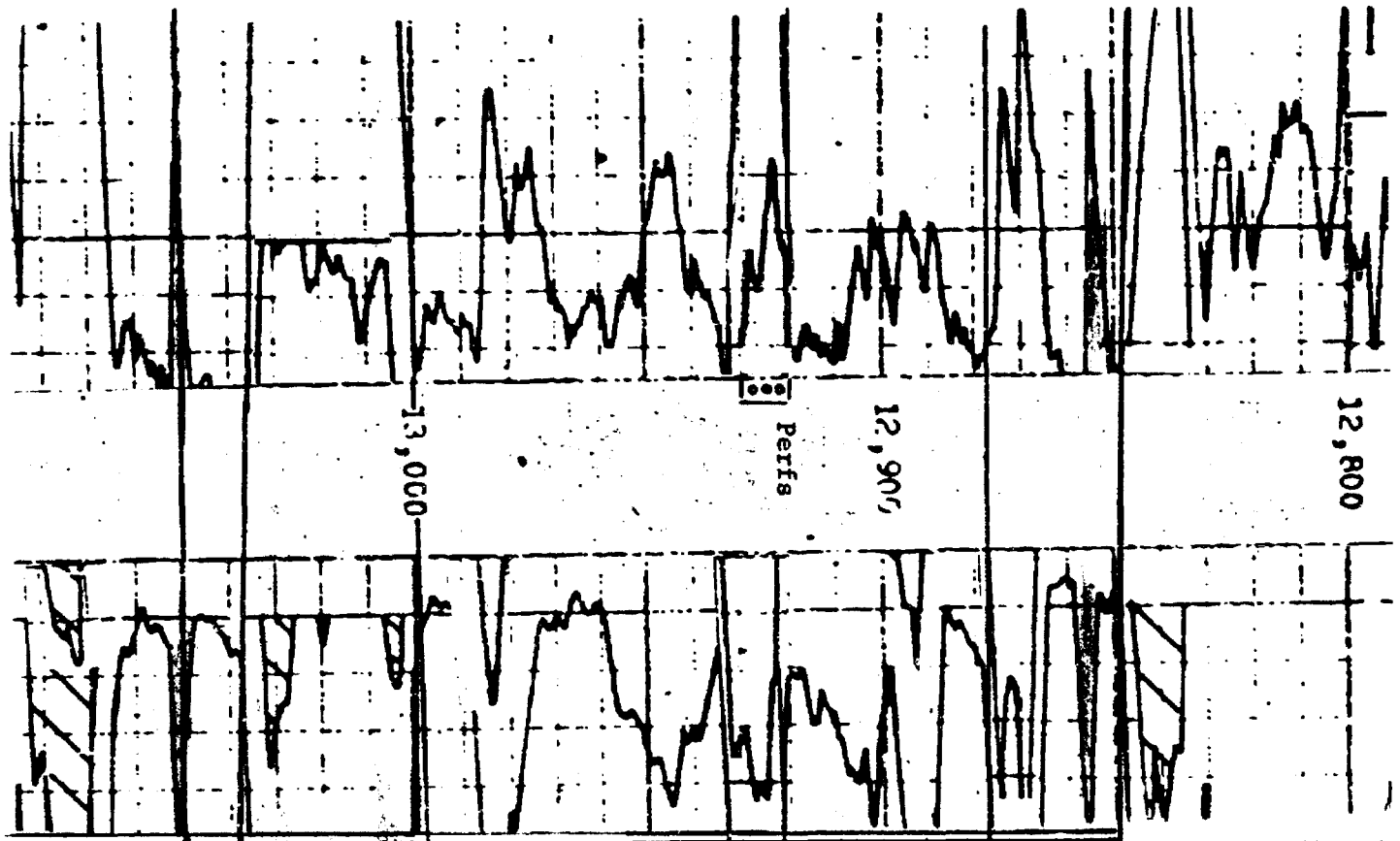
CASE NO. 6372

DATE 11-18-78



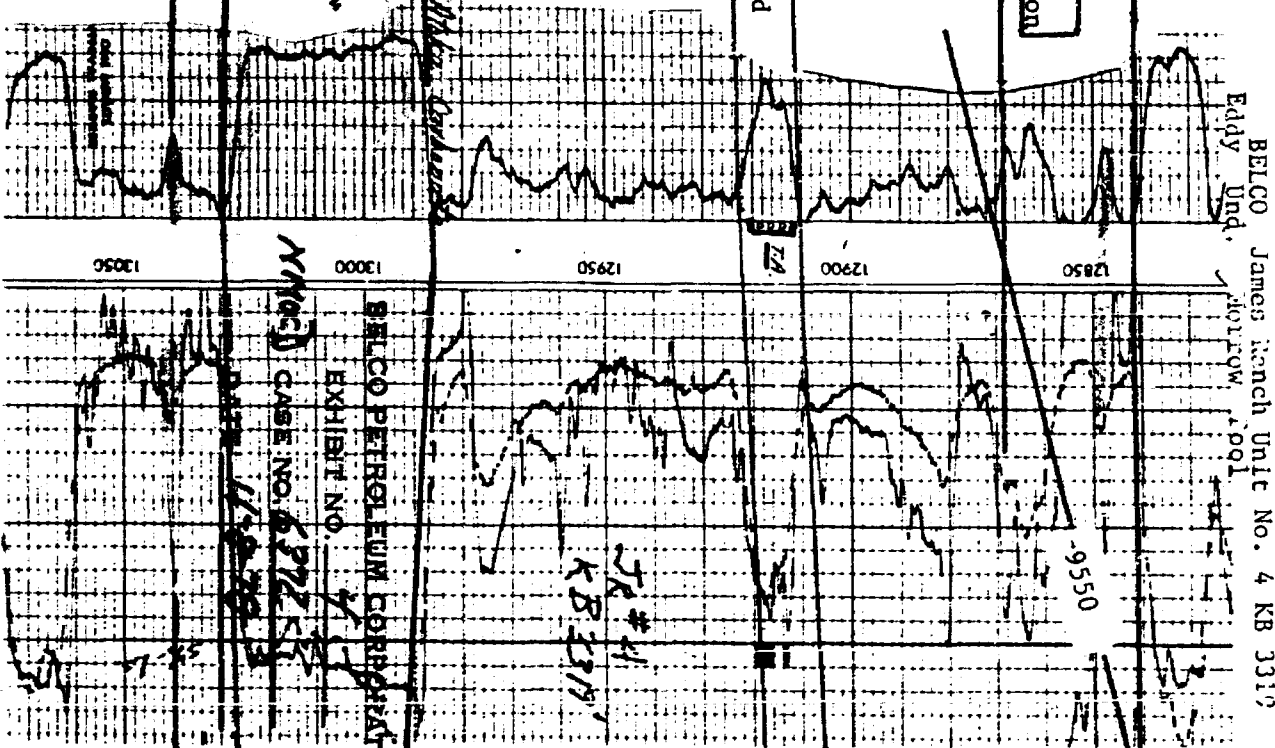
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SHELL
James Ranch Unit No. 1
KB 3328
Los Medanos Atoka Pool

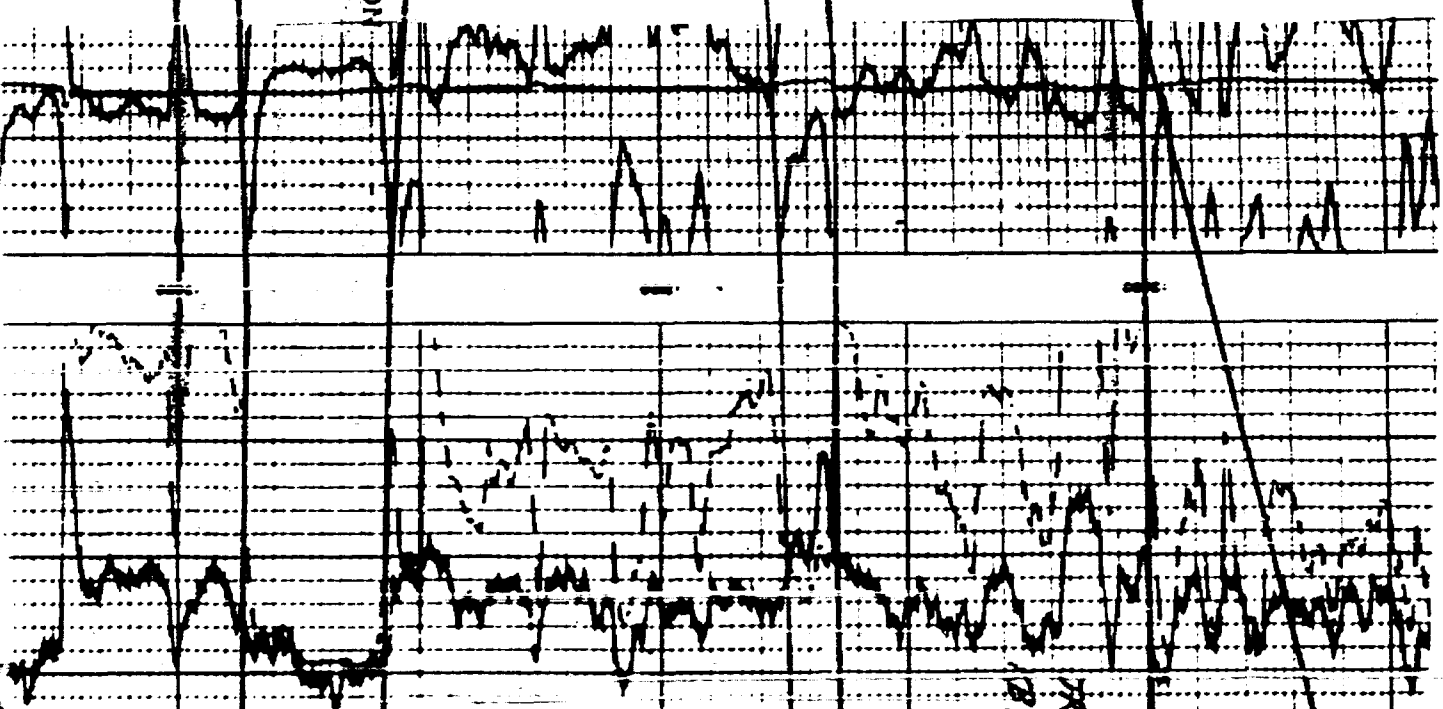


BELCO PETROLEUM CORP.
James Ranch Area
Eddy County, New Mexico
Atoka Cross Section
Stratigraphic Datum

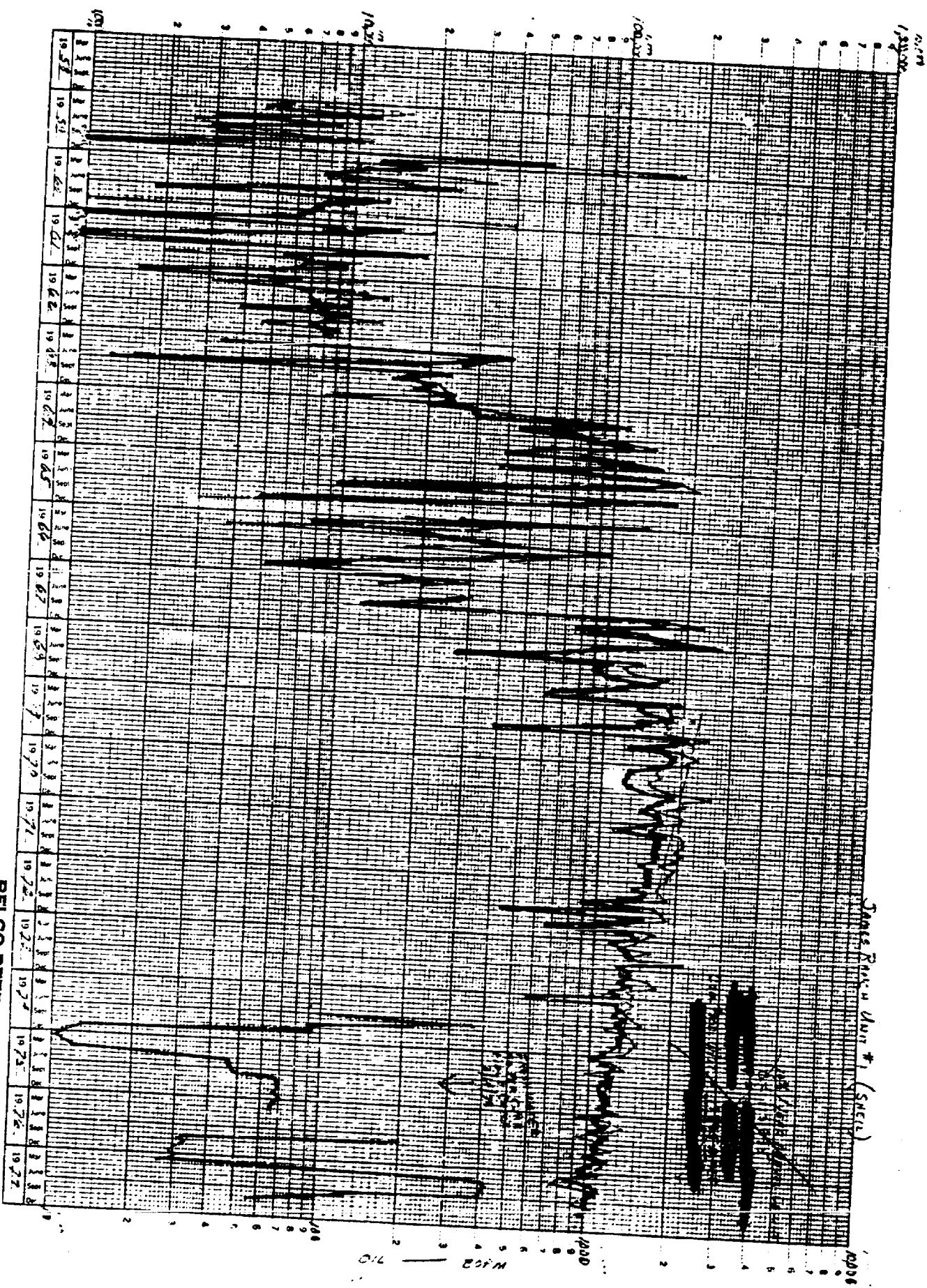
2.



CONOCO
James Ranch Unit No. 7
KB 3338
Los Medanos Morrow Pool



GAS ——— 11/27/78



WMOCD
CASE NO. 6372
DATE 11-8-78

BELCO PETROLEUM CORPORATION
EXHIBIT NO. 6

CASE 6370: Application of Amoco Production Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Gilluly B Fed. Well No. 22 to be drilled 2310 feet from the North line and 1980 feet from the West line of Section 33, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated with the current unit Wells No. 3 and 15 located in Units N and H, respectively, to the present 360-acre non-standard proration unit in Section 33.

CASE 6371: Application of Doyle Hartman for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Phillips-Woolworth Well No. 1 located 2310 feet from the North line and 1980 feet from the East line of Section 26, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 6372: Application of Balco Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1495 feet from the North line and 330 feet from the West line of Section 6, Township 23 South, Range 31 East, Los Mendanos Atoka Pool, Eddy County, New Mexico, the W/2 of said Section 6 to be dedicated to the well.

CASE 6373: Application of Beard Oil Company for a dual completion, surface commingling, pool creation, and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the gas-gas dual completion of its Hanlad Well No. 1 located in Unit E of Section 17, Township 17 South, Range 24 East, Eddy County, New Mexico, to produce gas from the Atoka formation through tubing and the Abo formation through the casing-tubing annulus, and to commingle the production at the surface. Applicant further seeks the creation of a new Abo gas pool and the adoption of special pool rules therefor, including a provision for 320-acre spacing and proration units for a temporary period of one year.

CASE 6374: Application of Mesa Petroleum Company for a special oil allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a temporary increase in the oil allowable for its West Knowles Well No. 5 located in Unit H of Section 34, Township 16 South, Range 37 East, West Knowles-Drinkard Pool, Lea County, New Mexico, from 310 barrels to 500 barrels for the 90-day period extending from October 1, 1978 to December 31, 1978.

CASE 6375: Application of Harper Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Wantz-Abo, Drinkard, and Blinbry production within the wellbore of its S. J. Sarkeys Well No. 2 located in Unit H of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 6352: (Continued and Readvertised)

Application of Southland Royalty Company for a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Grenier "A" Well No. 1A located in Unit C of Section 26, Township 30 North, Range 10 West, to produce gas from the Blanco-Pictured Cliffs and Blanco Mesaverde Pools, San Juan County, New Mexico, with separation of the zones to be achieved by means of a polished bore receptacle and mandrel.

CASE 6346: (Continued and Readvertised)

Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Chacra production in the wellbore of its Jicarilla K Well No. 14 located in the SE/4 of Section 11, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6348: (Continued and Readvertised)

Application of Supron Energy Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Mesaverde and Dakota production in the wellbore of its Starr Well No. 3 located in the NE/4 of Section 5, Township 26 North, Range 8 West, San Juan County, New Mexico.

CASE 6341: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for dual completions and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the dual completion of its Jicarilla A Well No. 8 located in the NW/4 of Section 23; its Jicarilla E Well No. 7 located in the SE/4 of Section 15; and its Jicarilla E Well No. 8 located in the NW/4 of Section 15, all in Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Mesaverde formation through a separate string of tubing and to commingle Gallup and Dakota production in the wellbores of said wells.

Docket No. 35-78

Dockets Nos. 37-78 and 38-78 are tentatively set for hearing on November 21 and December 6, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 7, 1978

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

CASE 6146: (DE NOVO) (Continued and Readvertised)

Application of Jerome F. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6266: (DE NOVO)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Upper Pennsylvanian test well to be located 660 feet from the North and East lines or, in the alternative, 990 feet from the North and East lines of Section 23, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvania Gas Pool, Eddy County, New Mexico, all of said Section 23 to be dedicated to the well.

Upon application of Harvey E. Yates Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6377: Application of Durham, Inc., 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 Section 8, Township 21 South, Range 24 East, Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North and East lines of said Section 8. 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 6378: In the matter of the hearing called by the Oil Conservation Division on the motion of Shell Oil Company to permit Corinne Grace and all other interested parties to appear and show cause why Division Order No. R-3713, which pooled all of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, should not be declared null and void, if said pooling order has not already automatically expired due to non-production.

CASE 6379: Application of Shell Oil Company for pool contraction and pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of the N/2 of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, or in the alternative, all of said Section 8, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid N/2 or all of said Section 8.

Docket No. 36-78

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 8, 1978

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 6369: Application of Amoco Production Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its DR Well No. 3 to be drilled 660 feet from the North and East lines of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico, to be simultaneously dedicated with its Well No. 1 located in Unit E to the present 320-acre unit comprising the N/2 of said Section 16.

CASE 6342: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla J Well No. 10 located in the SE/4 of Section 26, Township 26 North, Range 5 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Tocito and Dakota production in the wellbore of said well.

CASE 6343: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla H Well No. 8 located in the SE/4 of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Gallup and Dakota production in the wellbore of said well.

CASE 6344: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla F Well No. 1 located in the SW/4 of Section 27, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Mesaverde and Dakota production in the wellbore of said well.

CASE 6345: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production in the wellbore of its Jicarilla H Well No. 7 located in the SW/4 of Section 19, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 6347: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Dakota production in the wellbore of its Jicarilla K Well No. 17 located in the SW/4 of Section 12, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6376: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Mescalero Sands-Pennsylvanian Gas Pool. The discovery well is Petroleum Development Corporation Estelle Federal Well No. 1 located in Unit E of Section 34, Township 12 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 30 EAST, NMPM
Section 34: W/2

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the Sioux-Yates Pool. The discovery well is Tisiman Federal Well No. 1 located in Unit N of Section 5, Township 26 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM
Section 31: NE/4
Section 32: W/2

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 5: W/2

(c) EXTEND the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 31: N/2
Section 32: N/2
Section 33: All

(d) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 26: SE/4

- (e) EXTEND the vertical limits of the Box-Canyon Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include the Canyon and Wolfcamp formations and redesignate said pool as the Box Canyon-Permo Pennsylvanian Gas Pool and extend the horizontal limits of said pool to include therein:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM

Section 13: All
Section 23: S/2
Section 26: E/2
Section 35: E/2
Section 36: W/2

TOWNSHIP 22 SOUTH, RANGE 21 EAST, NMPM

Section 1: N/2

- (f) EXTEND the North Burton Flats-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 28: S/2
Section 33: E/2

- (g) EXTEND the East Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 27: S/2

- (h) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 28: N/2

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 10: N/2
Section 21: S/2

- (i) EXTEND the Comanche Stateline Tansill-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM

Section 33: NW/4

- (j) EXTEND the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM

Section 29: W/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 22: SW/4 and W/2 SE/4

- (l) EXTEND the Forehand Ranch-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 15: NW/4 SE/4

- (m) EXTEND the Fowler-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 16: SE/4

- (n) EXTEND the Jenkins-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM

Section 28: S/2

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

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 16: W/2

- (p) EXTEND the East Lusk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 10: N/2 and SW/4
Section 15: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 9: N/2

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

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 3: W/2

- (s) EXTEND the Rock Tank-Upper Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 1: All

- (t) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 25: N/2

- (u) EXTEND the Southwest Sulphate-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 14: NE/4 NE/4

- (v) EXTEND the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: NE/4

- (w) EXTEND the Watkins Yates-Seven Rivers-Queen-Grayburg Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 6: SW/4

- (x) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 8: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 4: All

- (y) EXTEND the Wilson-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 14: S/2

- (z) EXTEND the Winchester-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 24: S/2

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 26: E/2 and SW/4

JASON W. KELLAHIN
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W. THOMAS KELLAHIN
KAREN AUBREY

KELLAHIN and FOX
ATTORNEYS AT LAW
P. O. BOX 1789
SANTA FE, NEW MEXICO 87501

TELEPHONE 988-4288
AREA CODE 505

October 16, 1978

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

Re: Belco Petroleum Corporation

Dear Joe:

Please set this application for hearing on November
8, 1978.

Very truly yours,


W. Thomas Kellahin

CC: Mr. Lee Nering

WTK:kfm

Enclosure

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF BELCO PETROLEUM CORPORATION FOR
UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO

Case 6372

A P P L I C A T I O N

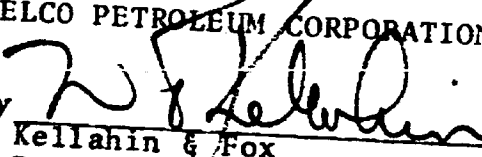
Comes now Belco Petroleum Corporation and applies to the Oil Conservation Division for approval of an unorthodox well location in the Los Mendanos Atoka Pool, Eddy County, New Mexico and in support thereof would show the Division:

1. Applicant is the owner of the right to drill and develop the Atoka formation in the W/2 of Section 6, Township 23 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant proposes to drill a well to test the Atoka formation at a depth of approximately 13,200 feet at a location 330 feet from the West line and 1495 feet from the North line of said Section 6.
3. A well located as proposed will recover gas that would not otherwise be recovered, is in the interest of conservation and correlative rights will not be impaired.

WHEREFORE applicant prays that this application be set for hearing before the Division's examiner and that after notice and hearing as required by law, the Division enter its order approving the location as prayed for.

BELCO PETROLEUM CORPORATION

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. 6372

ORDER NO. R- 5873

APPLICATION OF BELCO PETROLEUM CORPORATION

FOR AN UNORTHODOX ~~GAS~~ WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 8,
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of November, 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, Belco Petroleum Corporation,
seeks approval of an unorthodox gas well location 1495
feet from the North line and 330 feet from the
West line of Section 6, Township 23 South
Range 31 East, NMPM, to test the Atoka
formation, Los Mendanos-Atoka Gas Pool, Eddy
County, New Mexico.

(3) That the W/2 of said Section 6 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.

-2-

Case No. _____
Order No. R- _____

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Atoka formation is hereby approved for a well to be located at a point 1495 feet from the North line and 330 feet from the West line of Section 6, Township 23 South, Range 31 East NMPM, Los Mendanos-Atoka *gas* Pool, Eddy County, New Mexico.

(2) That the W/2 of said Section 6 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.

8823 13

Amity

CASE 6373: BEARD OIL COMPANY FOR A DUAL
COMPLETION, SURFACE COMINGLING, POOL
CREATION AND SPECIAL RULES, EDDY COUNTY