

CASE NO.

6379

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6379
Order No. R-5865

APPLICATION OF SHELL OIL COMPANY
FOR POOL CONTRACTION AND POOL
EXTENSION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 14, 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 December, 1978, the Commission, a quorum being present, having considered the record 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. 6379 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, Member


JOE D. RAMSEY, Member & Division Director


S E A L
fd/

SALLY WALTON BOYD
CERTIFIED ENGINEERING REPORTER
2010 W. Main, Room 201, Santa Fe, New Mexico 87501
505-471-4499

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

COMMISSION HEARING

IN THE MATTER OF:

Application of Shell Oil Company for
pool contraction and pool extension,
Eddy County, New Mexico.

CASE
6379

BEFORE: Commissioner Ramey

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:

MR. RAMEY: Call Case 6379.

MS. TESCHENDORF: Case 6379. Application of Shell Oil Company for pool contraction and pool extension, Eddy County, New Mexico.

The applicant has requested that the case be dismissed.

MR. RAMEY: Case 6379 will be dismissed and the hearing is adjourned.

(Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3620 Plaza Blanca, Bldg. 203, 471-4488
Santa Fe, New Mexico 87501

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 W. Boyd CSR
 Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
 CERTIFIED COURT REPORTER
 2000 Hwy. 111, Room 200
 Dallas, Texas 75243-1111

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 7, 1978

COMMISSION HEARING

IN THE MATTER OF:

Application of Jerome P. McHugh for downhole)
commingling, Rio Arriba County, New Mexico.)

CASE 6146
(DE NOVO)

Application of Harvey E. Yates Company for an)
unorthodox gas well location, Eddy County,)
New Mexico.)

CASE 6266
(DE NOVO)

Application of Durham, Inc., for compulsory)
pooling, Eddy County, New Mexico.)

CASE 6377

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)
should not be declared null and void.)

CASE 6378

Application of Shell Oil Company for pool)
contraction and pool extension, Eddy County,)
New Mexico.)

CASE 6379

BEFORE: Joe D. Ramey, Director

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

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

MR. RAMEY: Call Cases 6146, 6266, 6377, 6378, and 6379.

MS. TESCHENDORF: Case 6146, application of Jerome P. McHugh for downhole commingling Rio Arriba County, New Mexico. Upon application of Jerome P. McHugh this case will be heard De Novo.

Case 6266, application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Upon application of Harvey E. Yates Company this case will be heard De Novo.

Case 6377, application of Durham, Inc., for compulsory pooling, Eddy County, New Mexico.

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 should not be declared null and void.

Case 6379, application of Shell Oil Company for pool contraction and pool extension, Eddy County, New Mexico.

It is requested that these cases be continued until November 14, 1978.

MR. RAMEY: This hearing is hereby continued until November 14, 1978, 9 o'clock a.m., Oil Conservation Commission Conference Room, State Land Office Building, Santa Fe, New Mexico. The hearing is adjourned.

J. O. SETH (1883-1963)

A. K. MONTGOMERY
FRANK ANDREWS
FRED C. HANNAHS
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FRANK ANDREWS III
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MONTGOMERY, ANDREWS & HANNAHS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW
325 PASEO DE PERALTA
SANTA FE, NEW MEXICO 87501

November 10, 1978

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3573

Mr. Daniel S. Nutter
Examiner
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

Re: OCD Case Nos. 6378 and 6379

Dear Dan:

My apologies for not having been able to talk to you sooner. I tried to call you today, but obviously discovered that it was a holiday. Would you please dismiss the above-referenced cases since our client, Shell Oil Company, has entered into a farmout agreement with Durham, Inc., and I understand, from my telephone conversation with Conrad Coffield, that he has filed a separate application identical to ours and intends to go forward with the application at a later date.

Many, many thanks for your help and cooperation in this matter. Your help was invaluable. Best regards.

Sincerely,

Owen

Owen M. Lopez

OML:to

File
done

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 P. 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 Pennsylvanian 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 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 Belco 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 Granier "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.

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 Tooto 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 Kerella 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 Tishman 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 Blinbry 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-Permian 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 22 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 Kemnitz-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

J. O. SETH (1883-1963)

A. K. MONTGOMERY
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OCT 27 1978

MONTGOMERY, ANDREWS & HANNAHS
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October 26, 1978

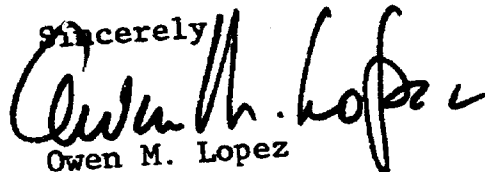
Mr. Daniel S. Nutter
Oil Conservation Division
Energy and Minerals Department
State Land Office Building
Santa Fe, New Mexico 87503

Re: Application of Shell Oil Company for Extension
of Cemetary-Morrow and Contraction of Indian
Basin, Eddy County, New Mexico
OCD Case Nos. 6378 and 6379

Dear Dan:

Enclosed for filing is Shell Oil Company's Application
and Motion in the above-captioned matter.

Sincerely


Owen M. Lopez

OML:to
Enclosures

OCT 27 1973

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

APPLICATION OF SHELL OIL COMPANY)
FOR AN EXTENSION OF THE CEMETARY-)
MORROW GAS POOL TO INCLUDE THE)
NORTH 1/2 OF SECTION 8, OR IN THE)
ALTERNATIVE ALL OF SECTION 8,)
TOWNSHIP 21 SOUTH, RANGE 24 EAST,)
NMPM, EDDY COUNTY, NEW MEXICO;)
AND FOR A CONTRACTION OF THE)
INDIAN BASIN-MORROW GAS POOL TO)
DELETE THE NORTH 1/2 OF SECTION 8,)
OR IN THE ALTERNATIVE ALL OF)
SECTION 8, TOWNSHIP 21 SOUTH,)
RANGE 24 EAST, NMPM, EDDY COUNTY,)
NEW MEXICO.)

Case No. 6379

A P P L I C A T I O N

COMES NOW applicant Shell Oil Company, by and through its attorneys Montgomery, Andrews & Hannahs, P.A., and respectfully states:

1. That pursuant to Order No. R-3713, all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, NMPM, Indian Hills, Eddy County, New Mexico, were pooled to form a 640-acre proration unit dedicated to a well drilled 1650 feet from the South line and 1750 feet from the East line of said Section 8.

2. That Corinne Grace was dedicated the operator of subject well and unit.

3. That said lease expired by its own terms on August 31, 1976 for failure to produce.

4. That the geological structure pertaining to the North 1/2 of said Section 8, or in the alternative all of Section 8 is more clearly associated with the Cemetery-Morrow Gas Pool lying directly to the North of said Section 8 than it is with the Indian Basin Gas Pool in which it is presently located.

5. That the pool rules of the Cemetary-Morrow Gas Pool formation provide for 320-acre spacing proration units as compared to the 640-acre spacing proration units provided for in the rules governing the Indian Basin-Morrow Gas Pool.


6. That in the event this application is granted, the applicant intends to dedicate the North 1/2 of said Section 8 to a proration unit in the Cemetary-Morrow Gas Pool and to develop said half section in accordance with the rules and regulations of the Oil Conservation Division.

7. That the granting of this application is in the interest of the prevention of waste and the protection of correlative rights.

WHEREFORE, applicant respectfully requests the Division to grant an extension of the Cemetary-Morrow Gas Pool to include the North 1/2 of Section 8, or in the alternative all of Section 8, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, and for an order contracting the Indian Basin-Morrow Gas Pool to delete the North 1/2 of Section 8, or in the alternative all of Section 8, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

Respectfully submitted,

MONTGOMERY, ANDREWS & HANNAHS, P.A.

By 
Owen M. Lopez
Post Office Box 2307
Santa Fe, New Mexico 87501

Commission
Hearing
11/17/5
#

Case No 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 alterna-
tive, afl of said Section 8, and the
extension of the Cemetery-Morrow Gas
Pool to include said N/2 the aforesaid
N/2 or acc of said Section 8.

RM

Case No. 6379
ORDER No. R-5865

APPLICATION OF SHELL OIL
COMPANY FOR POOL CONTRACTION
AND POOL EXTENSION, EDDY
COUNTY, NEW MEXICO.

DISMISSAL

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CASE 6380: HARVEY E. YATES COMPANY, INC
FOR A DEAL COMPLETION, EDDY COUNTY, NEW
MEXICO