
CASE NO.

6405

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of LaRue and Muncy for exception) CASE
to Order No. R-111-A, Eddy County, New Mexico) 6405

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: Bert Muncy, Pro Se

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Page 2

1 MR. STAMETS: Call next Case 6405.

2 MS. TESCHENDORF: Case 6405. Application of
3 LaRue and Muncy for exception to Order No. R-111-A, Eddy
4 County, New Mexico.

5 MR. MUNCY: I am Bert Muncy and I will -- and
6 I will have another witness if the Commission desires.

7 MR. STAMETS: All right, I'd like to have --
8 let's just have you stand and be sworn at this time, Mr.
9 Muncy, and then we'll see if we need another witness.

10 (Mr. Muncy sworn.)

11 MR. MUNCY: I'm not appearing before this
12 group before.

13 MR. STAMETS: Let me just ask you a couple
14 of questions, Mr. Muncy, would you just briefly run over
15 your -- what is your position with LaRue and Muncy, and
16 what your background is? I presume you're qualifying your-
17 self as a practical oil man?

18 MR. MUNCY: Yes, sir. LaRue and Muncy is a
19 joint venture operation owned by C. E. LaRue and B. M.
20 Muncy, Junior. We have been drilling, producing, operating
21 oil and gas in Eddy County, New Mexico, for the past twelve
22 years.

23 MR. STAMETS: And you are Muncy of LaRue and
24 Muncy?

25 A. I am. This is correct. I'm B. M. Muncy,

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1 Junior.

2 MR. STAMETS: And you have operated producing
3 properties and drilled wells. You're familiar with most
4 aspects of the oil and gas operation from a practical stand-
5 point?

6 MR. MUNCY: Yes.

7 MR. STAMETS: Okay. Would you proceed to tell
8 us what you are requesting in this case?

9 MR. MUNCY: We are requesting exemption from
10 R-111-A.

11 It is my understanding that R-111-A was a
12 rule drawn to protect potash reserves in the area.

13 We are presenting as our Exhibit One a letter
14 from Duval Corporation, who are the operators, or were the
15 operators, of the Wills-Weaver Unit, which has been the
16 location we are requesting, is an adjoining 40, which was
17 never mined.

18 The mining in the area surrounding this 40
19 was completed twelve years ago. The Duval mine is now shut
20 down because of the fact that they determined that the
21 potash in the area was not economically profitable for
22 mining, as they so state in their letter, Exhibit One.

23 MR. STAMETS: Okay. Now, what depth of
24 well are you proposing to drill here?

25 MR. MUNCY: The depth will be approximately

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1 3500. We are going to the premier formation of the Gray-
2 burg.

3 MR. STAMETS: Okay, and what depth of surface
4 casing do you propose to set?

5 MR. MUNCY: We are proposing to set a normal
6 casing program as required by the Commission in areas where
7 111-A is not in force to the top of the salt.

8 MR. STAMETS: The surface casing will be set
9 to the top of the salt.

10 MR. MUNCY: Be set on the anhydrous stringer
11 just above the salt.

12 I would like to make one remark now. In my
13 request I stated that we asked approval not to circulate
14 our oil string. Since we have had some problems in the area
15 we have tried to circulate our oil string on most of our
16 completions to save us problems later down the line.

17 The last two wells we have drilled just south
18 of this immediate area, we determined what we thought was
19 sufficient cement and used fifty percent additional. In
20 one well we did circulate our oil string; the second we
21 didn't, and in this well we would use the same cement pro-
22 gram, hoping to circulate, but we do not believe we should
23 be required to circulate, but we will endeavor to circulate.

24 MR. STAMETS: Now, getting back to the surface
25 string, now, what approximate depth are we talking about?

1 MR. MUNCY: Between 550 and 600.

2 MR. STAMETS: Okay, and you will circulate
3 that string?

4 MR. MUNCY: That will be circulated.

5 MR. STAMETS: Okay, and instead of having a
6 salt protection string you would propose to run only a
7 production string?

8 MR. MUNCY: Yes, sir.

9 MR. STAMETS: All right. Now, will you have
10 any sort of an intermediate string set in there as you are
11 drilling to the producing horizon below the salt?

12 MR. MUNCY: No. We are asking exception of
13 this intermediate string because this is a requirement to
14 protect the potash zone and under the circumstances, we
15 feel that there is no potash zone to protect.

16 MR. STAMETS: Okay. Now, you indicated that
17 you would not necessarily want to have to circulate the
18 production string. Do you anticipate you will be circulating
19 back inside the surface pipe?

20 MR. MUNCY: We are running -- we will be
21 running enough cement to circulate completely, and as I say,
22 in two wells south of here in this same area, about a mile
23 and a half south, one of them did circulate; the other one
24 did not. But we are planning on using the same cement pro-
25 gram and hopefully we will circulate, but we do not feel that

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1 we should be required to circulate because we do not feel
2 that we are under R-111-A, where there is no potash pro-
3 tection, if there is no potash economically to be mined.

4 MR. STAMETS: All right. I notice this is
5 a Federal well. You've contacted the district office of the
6 Geological Survey as to your proposed casing program?

7 MR. MUNCY: Yes, we have and the witness that
8 I have, who is -- I suggested that you could call, is John
9 Burleson, the Area Mines Supervisor for the USGS.

10 And we have discussed this with him and with
11 the USGS at home in the Artesia office.

12 MR. STAMETS: And the Artesia office would
13 approve what you proposed here today?

14 MR. MUNCY: Yes, sir.

15 MR. STAMETS: Okay.

16 MR. MUNCY: And Mr. Burleson has said that
17 they have no --

18 MR. STAMETS: Now you've indicated that you've
19 drilled a couple of wells in this area. Have you had any
20 water flows, any indication of water under pressure, either
21 above the salt or between the base of the salt and the pay?

22 MR. MUNCY: We have had indication of water
23 flow on one well in the Seven Rivers section. We have
24 drilled six wells in the area offsetting the only flood in
25 the area and we have had water flow in one well in the Seven

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1 Rivers. The rest of them have had no water and none of them
2 have had water flow or any indication of water in the salt
3 section, above or below it. The only one of the six wells
4 that had any indication of water flow was in the Seven
5 Rivers zone.

6 MR. STAMETS: And would you notify both our
7 district office and the Federal district office if you en-
8 counter any severe water flow?

9 MR. MUNCY: Yes, we notified them on the one
10 where we did have it.

11 MR. STAMETS: Okay. Mr. Muncy, do you happen
12 to have a copy of the notice of intention to drill with you?

13 MR. MUNCY: No, sir, I do not.

14 MR. STAMETS: Would you please send us one
15 of those when you get back to Artesia so that I can put that
16 in the case file?

17 Are there any questions, Mr. Muncy? Mr.
18 Muncy, you can be excused.

19 Mr. Burleson, I don't believe it's necessary
20 for you to testify, so would you identify yourself for the
21 record and state your position for the record?

22 MR. BURLESON: Well, actually I can't testify
23 before -- I haven't gotten proper clearance. I came purely
24 for information purposes.

25 And I'm John Burleson, the Mining Supervisor

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1 for the USGS, U. S. Geological Survey, and it is my respon-
2 sibility to concur in the drilling of any wells within the
3 secretarial order of the oil and potash area, and for that
4 reason Mr. Muncy came to see me, to see if I had any ob-
5 jection, if I felt there would be a waste of potash by the
6 drilling of this hole, and I do not. I have no objections
7 to the hole. It is what I feel is outside of the zone of
8 potash which was mined or which might not have been mined
9 due to the economics in the late '60s and early '70s of the
10 potash industry and of the Wills-Weaver Mine.

11 MR. STAMETS: Do you see anything about the
12 way Mr. Muncy proposes to drill and complete this well that
13 would represent any kind of a hazard to the potash itself
14 or to the -- those who mine potash?

15 MR. BURLESON: No, sir, I cannot.

16 MR. STAMETS: Is there anything further in
17 this case?

18 There being nothing, we'll take the case
19 under advisement, and there being nothing further, the
20 hearing is adjourned.

21 (Hearing concluded.)
22
23
24
25

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.

I do hereby certify that the foregoing is
 a complete and correct transcript of the hearing in
 the matter of 6405
 heard by me on 12-7 1978.
Richard L. Starn, Examiner
 Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6405
Order No. R-5888

APPLICATION OF LARUE AND MUNCY FOR
EXCEPTION TO ORDER NO. R-111-A,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 7, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 29th day of December, 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, LaRue and Muncy, seeks an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit its Federal FR Well No. 1 located in Unit I of Section 15, Township 18 South, Range 30 East, Eddy County, New Mexico, to be completed with a string of surface casing set and circulated with cement at a depth of approximately 550 feet and a production casing string set at a depth of approximately 3500 feet with a volume of cement calculated to be sufficient to circulate.

(3) That the evidence presented indicates that there are no potash mining operations nor deposits of commercial potash ore in proximity to the proposed well and that the proposed method of completion will not result in endangerment of potash resources nor operations.

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Case No. 6405
Order No. R-5888

(4) That the applicant should report the following both to the district office of the Division and the U.S.G.S. and may be required to circulate cement to the surface around the production casing:

- (a) Any water flows encountered;
- (b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

(5) That approval of the subject application will protect correlative rights, will prevent waste and will not cause the waste of potash.

(6) The application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, LaRue and Muncy, is hereby authorized an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit its Federal FR Well No. 1 located in Unit I of Section 15, Township 18 South, Range 30 East, Eddy County, New Mexico, to be completed with a string of surface casing set and circulated with cement at a depth of approximately 550 feet and a production casing string set at a depth of approximately 3500 feet with a volume of cement calculated to be sufficient to circulate.

PROVIDED HOWEVER, that the applicant shall report the following, both to the district office of the Division and the U.S.G.S:

- (a) Any water flows encountered; and
- (b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

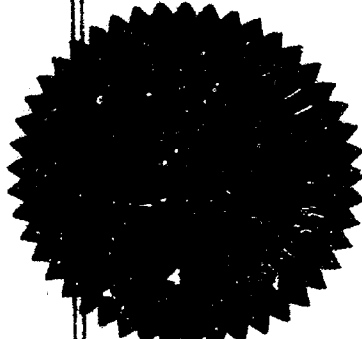
PROVIDED FURTHER, that the applicant may be required to re-cement the production casing to the surface if cement on said casing did circulate to the surface.

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

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Case No. 6405
Order No. R-5888

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/



POST OFFICE BOX 511 CARLSBAD NEW MEXICO 88220

November 29, 1978

Mr. B. N. Muncy, Jr.
La Rue and Muncy
P.O. Box 196
Artesia, New Mexico 88210

Dear Mr. Muncy:

Duval Corporation has no objection to your drilling a well in
Section 15, T18S, R30E, Eddy County, New Mexico, Lease No. NM 23000.

Duval Corporation has no planned mining activity in this acreage
and to the best of our knowledge, this acreage is uneconomically pro-
fitable to potash mining.

Very truly yours,

DUVAL CORPORATION


J. W. Magraw
Resident Manager

JMM/jps

BEFORE EXAMINER STATES
OIL CONCENTRATION DIVISION
PLANT NO. <u>1</u>
CASE NO. <u>6405</u>
SUBJECT <u>LA RUE + MUNCY</u>
Filing Date <u>NOV 7, 1978</u>

A PENNZOIL COMPANY

Application of La Rue and Nunez
for an exception to ~~Order~~ Order
No. R-111-A, Eddy County, New Mexico

Applicant, in the above-styled cause,
seeks an exception to the casing/cementing
rules for the Oil-Pahook Area as promul-
gated by Order No. R-111-A to permit
its Federal 3R Well No. 1 located in Unit I
of Section 16, Township 18 South, Range 30 East
Eddy County, New Mexico to be completed
in the following manner: Set surface
casing and circulate cement; eliminate
salt protection string; ^{and} not circulate
cement on protection casing.

Attention: Mr. Stanets

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM 23000	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE BORE <input type="checkbox"/> MULTIPLE BORE <input type="checkbox"/>			6. LEASEE, ASSIGNEE OR TRUST NAME	
2. NAME OF OPERATOR C. E. LaRue and B. N. Muncy, Jr.			7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR P.O. Box 196, Artesia, New Mexico 88210			8. FARM OR LEASE NAME Federal FR	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1980' FSL & 660' FEL of Section 15, T18S, R30E At proposed prod. zone			9. WELL NO. 1	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 5 miles south of Loco Hills, New Mexico			10. FIELD AND POOL OR WILDCAT Leo Queen Grayburg	
16. DISTANCE FROM NEAREST* LOCATION TO NEAREST WELL ON LEASE, FT. (Also to nearest deep well, if any)			11. SEC., T., R., M., OR S.E. AND SURVEY OR AREA Section 15, T18S, R30E	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.			12. COUNTY OR PARISH Eddy	
21. ELEVATIONS (Show whether DT, RT, GR, etc.) 3461.5			13. STATE N.M.	
19. PROPOSED DEPTH 3500			17. NO. OF ACRES ASSIGNED TO THIS WELL 4	
20. ROTARY OR CABLE TOOLS Rotary			22. APPROX. DATE WORK WILL START*	

PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLES	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8-5/8"	29#	550'	200 sacks circulated
7-7/8"	5-1/2"	15.5#	3500'	300 sacks

Formation Tops Estimated: Salt 425'; Queen 2700'; Grayburg 3250'. No abnormal pressures have been encountered in the area, drilling fluid will be water with mud additives from Queen section to TD to facilitate sample clarity. Gamma Ray-Neutron logs will be run to TD in open hole. 8" Reagan BOP to be used. No unusual pressures or waterflows have been encountered in any wells in this area.

IF ABOVE SPACE DESCRIBES PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED _____ TITLE Operator DATE 10-26-78
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

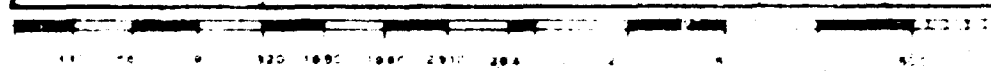
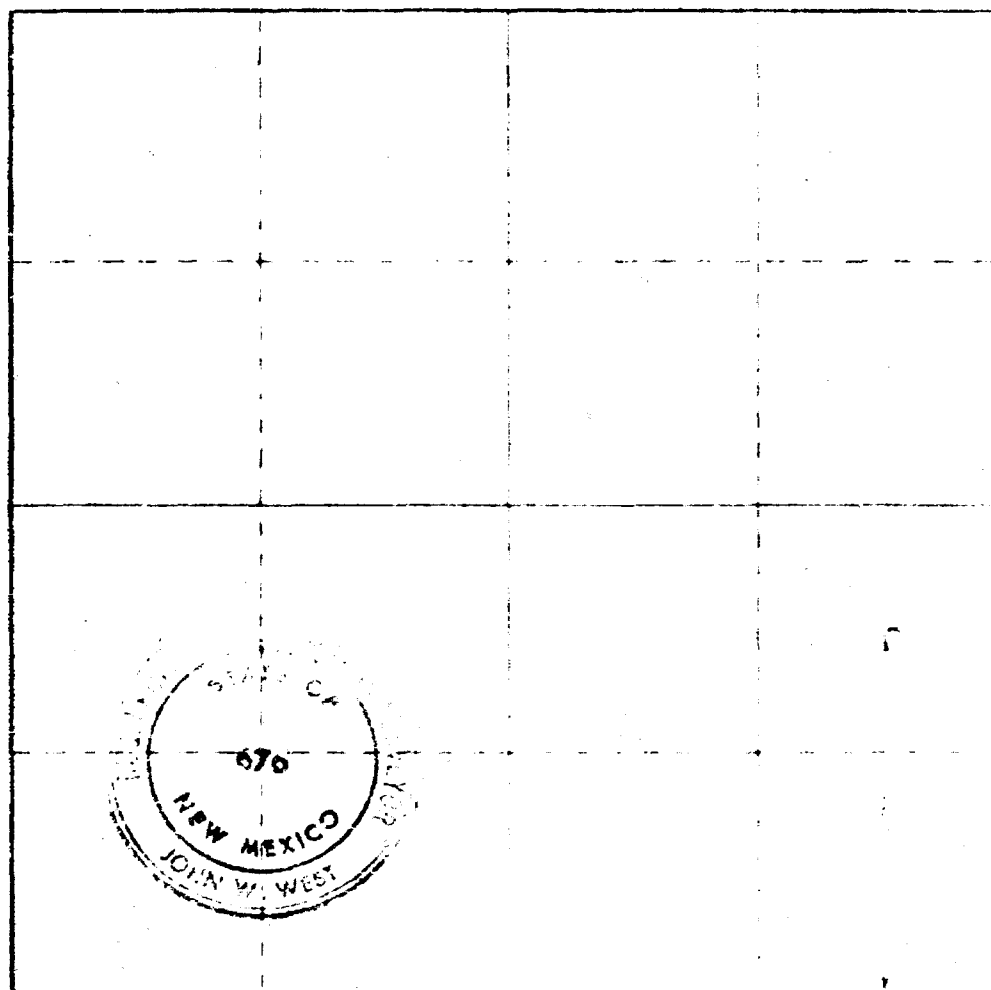
All distances must be from the outer boundaries of the Section

La Rue 2. Mon		Federal F. R.	
1	15	10.5	30 East
1980	South	660	East
3461.5	Grayburg		40

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat.
 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereon (lease, interest and royalty).
 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
- ☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated (use reverse of this form if necessary): _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information obtained herein is true and correct to the best of my knowledge and belief.

Operator

C.E. LaRue and B.N. Muncy, Jr.

October 26, 1978

I hereby certify that the well shown on this plat was drilled from a hole notes of actual surveys made by me under the supervision of, and that the same is true and correct to the best of my knowledge and belief.

October 25, 1978

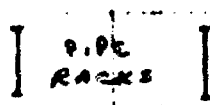
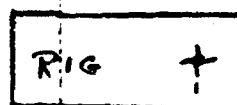
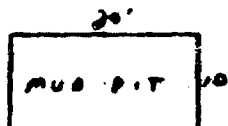
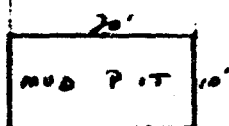
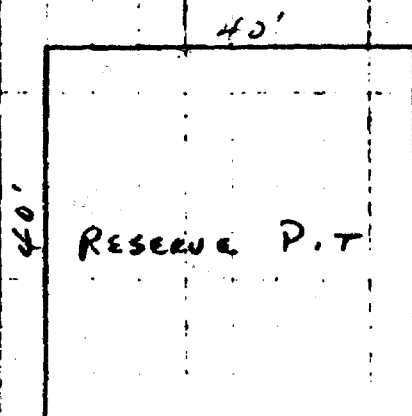
Initiated by _____

By _____

John W. West
John W. West

Revised by E. S. 221

N - SCALE 1"=20'



DRILLING PAD - LEVELLED AND CALICATED

PITS WILL BE DOG TO COVER GARBAGE AND TRASH, WHICH WILL BE KEPT IN CONTAINERS UNTIL WELL IS COMPLETED.

C.E. LaRue and B.N. Mancy, Jr.

EXHIBIT C

1. Existing Roads - Maps showing drillsite and all existing roads are shown on Exhibit A & B, from existing road 800' of new road is planned west to location.
2. Planned Access Roads - Exhibit A shows new road to be constructed in red line. Road will be built to a maximum width of 12 feet and surfaced with caliche, with no turn-outs planned. Drainage will not be a factor as surface is sandy with no water drainage. Road design will be for drilling equipment and water haulage for drilling purposes, and for oil trucking. No culverts or special drainage features are believed necessary. Center line of new road has been staked with flagging visible from one stake to the other.
3. Existing wells are shown on Exhibit B.
4. Tank battery will be placed on edge of drilling pad, and flow lines will cross only caliche pad. All pads and access roads will be used for production and maintenance. If well is non-productive, the drilling pad and such access road as not needed to reach other location will be ripped and restored in accordance with current rules.
5. There are no rivers, creeks, lakes, ponds or water wells in the entire lease area. All water for drilling purposes will be trucked to location over present and to be constructed access roads shown on Exhibit A from the nearest water supply at Loco Hills, New Mexico.
6. Caliche pits will be the only source of material used in road and pad construction, location is shown on Exhibit A, in SE 1/4 NE 1/4, Section 15. All material will be hauled over present roads and roads to be constructed as shown on Exhibit A.
7. All cutting and drilling fluid will be left in pits and covered after they have dried; which should be in 4 to 6 weeks. All garbage and trash will be kept in containers, placed in trash pit as shown on Exhibit C and covered when well is completed. No well in area has produced water or oil during drilling.
8. No camps or airstrips will be constructed.
9. See Exhibit C. There will be no lining used in mud pits. All equipment and transportation will use only access roads and drilling pad. Mud will be stacked on drilling pad adjacent to mud pump. Only minor leveling and caliche cover will be needed on drilling pad. No significant cuts or fills will be required other than construction of mud pits and reserve pit. The pad and pit area have been staked.
10. At completion of drilling and completion operations, all equipment not necessary for well production will be removed, pits will be filled when dried, and trash pit will be covered when completion equipment is moved off. All access roads not needed for other producing wells or lease will be ripped and restored in accordance with current rules as will the pad if well is non-productive.
11. Area in general is rolling, with sand dunes creating the principal changes in elevation. Mesquite and scrub oak are primary brush growth, with extremely scanty native grasses and fairly heavy weeds. All surface area is Federal land, as are all roads present and to be constructed. Topsoil is extremely sandy, underlaid with caliche. Land is used for grazing purposes, and is classed very low in number of livestock it will maintain because of the extremely sparse vegetation, and the fact there is no natural water above ground in the area from streams or ponds, and closest water well to this location is 8 miles east. Nothing has been observed in the area that would give indication of archaeological, historical or cultural sites. There are no steep hillsides or gullies in the area where road and drilling pad are to be constructed, and no drainage or erosion problems should be encountered. Road and pit construction will require little change other than blading and spreading caliche. Wildlife in the area is typical semi-arid natives, numbers of all are considerable less than average across most of this country. The only structure in the area is a Potash Mine 5 miles southwest.
12. Operators representative is B. N. Muncy, Jr., P.O. Box 190, Artesia, New Mexico 88210. Telephone number (505) 746-6651.

13. I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I'm familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct and that the work assisted with the operations proposed herein will be performed by LaRue and Muncy and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

October 25, 1978

Date

Operator

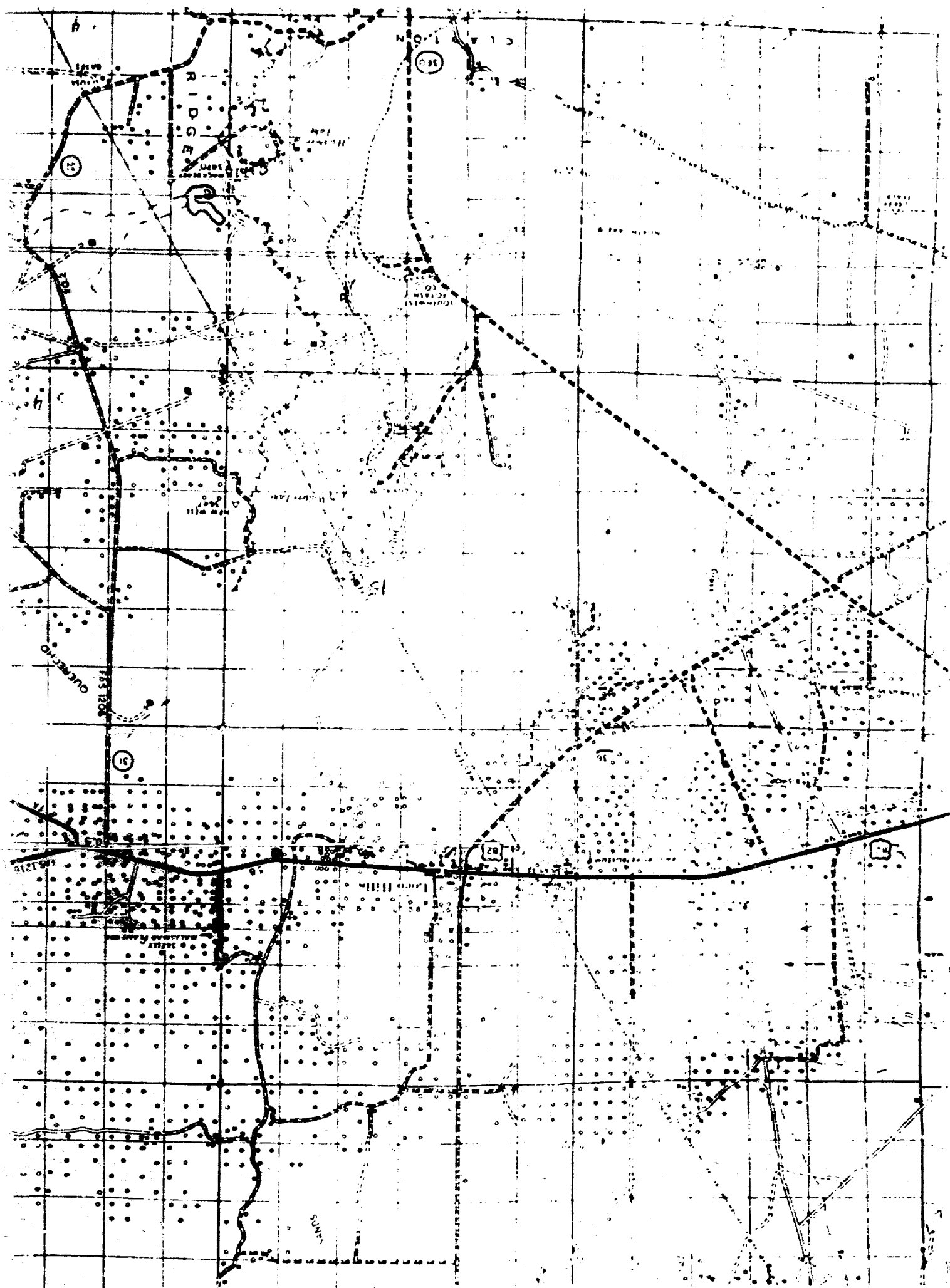


EXHIBIT B

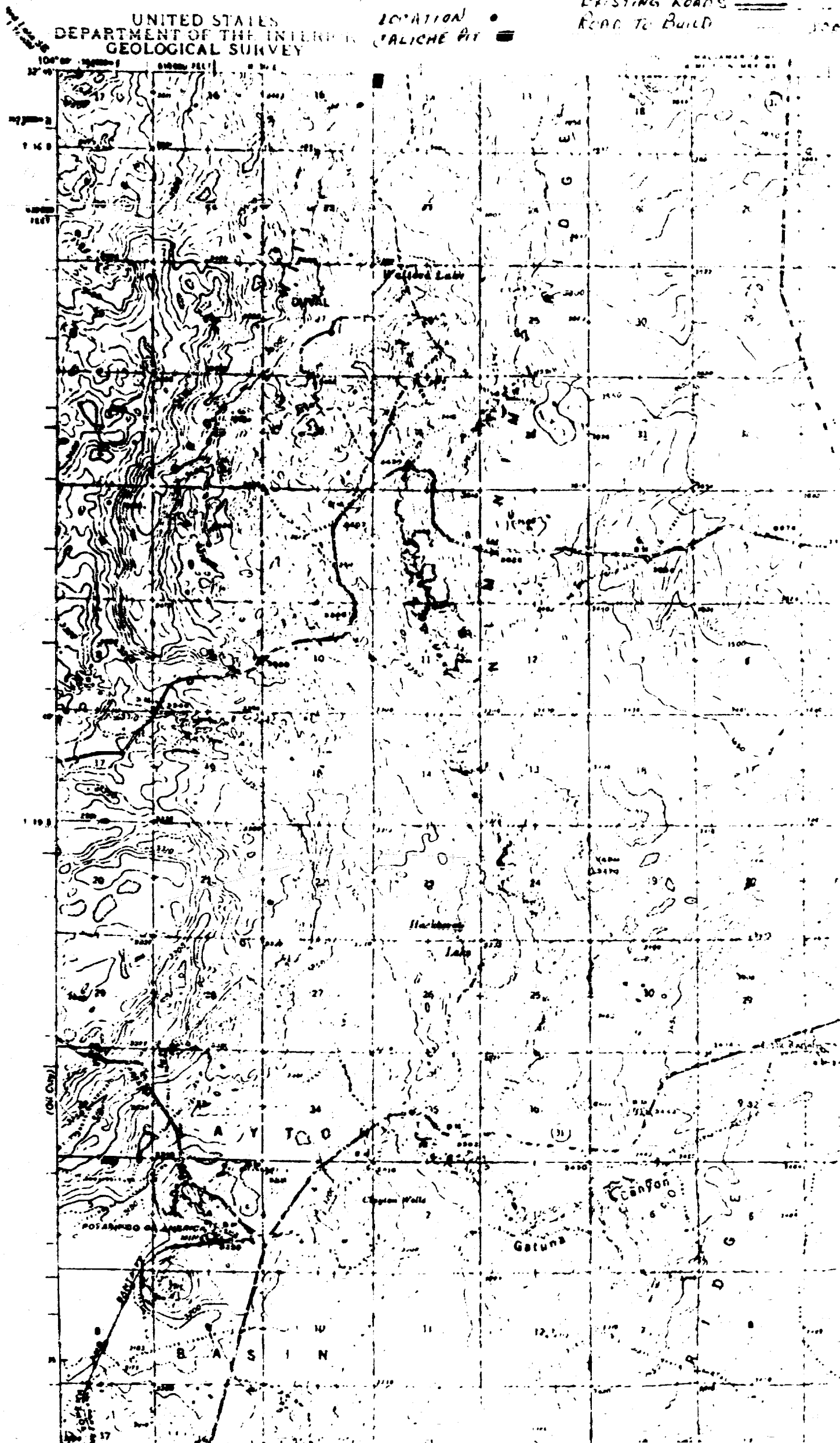
EXHIBIT A
FEDERAL TRAIL #1

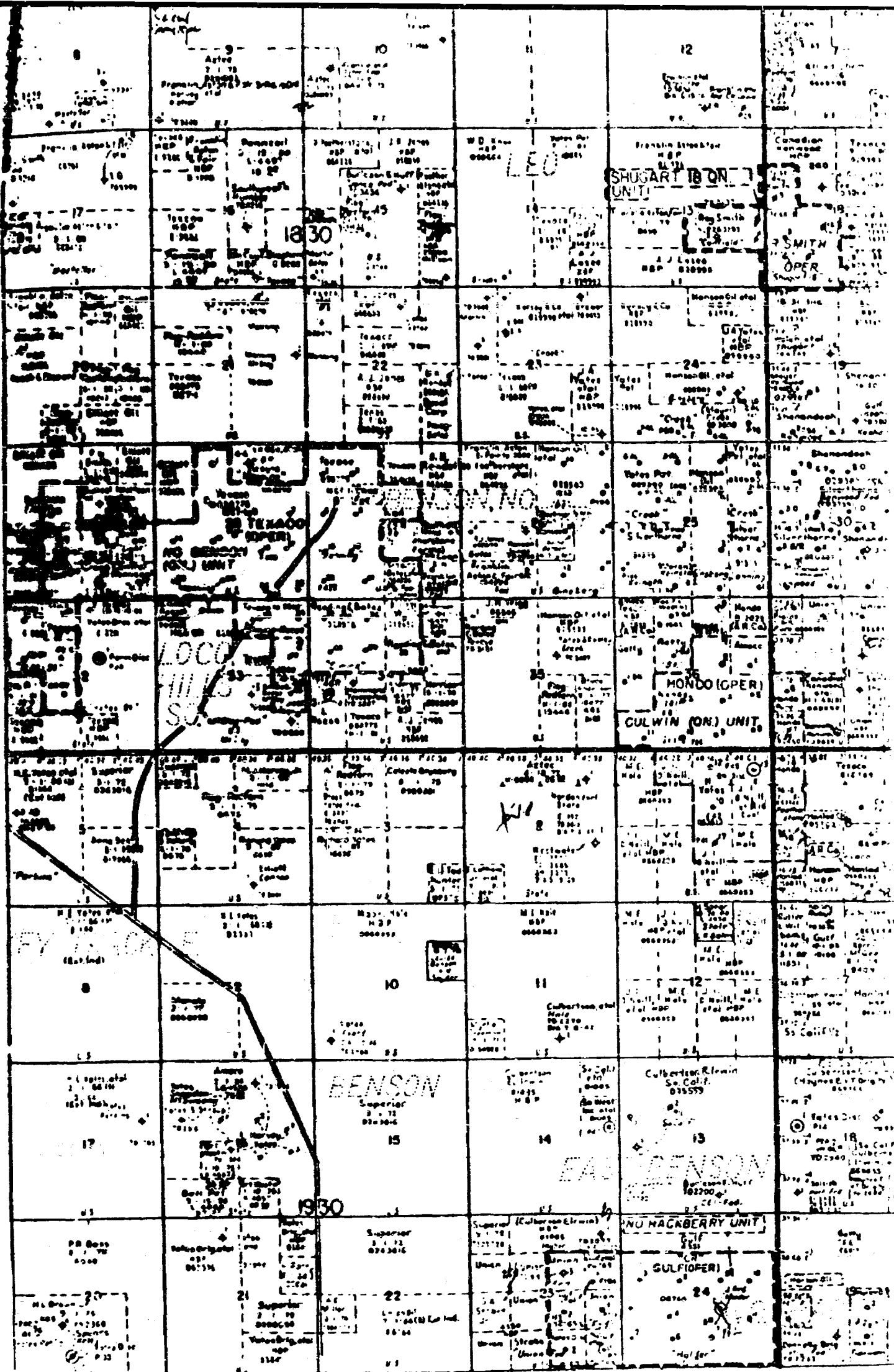
3 E LAKE AND BA MOUNTAIN

LOCATION
CALICHE PIT

EXISTING ROADS
ROAD TO BUILD

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY





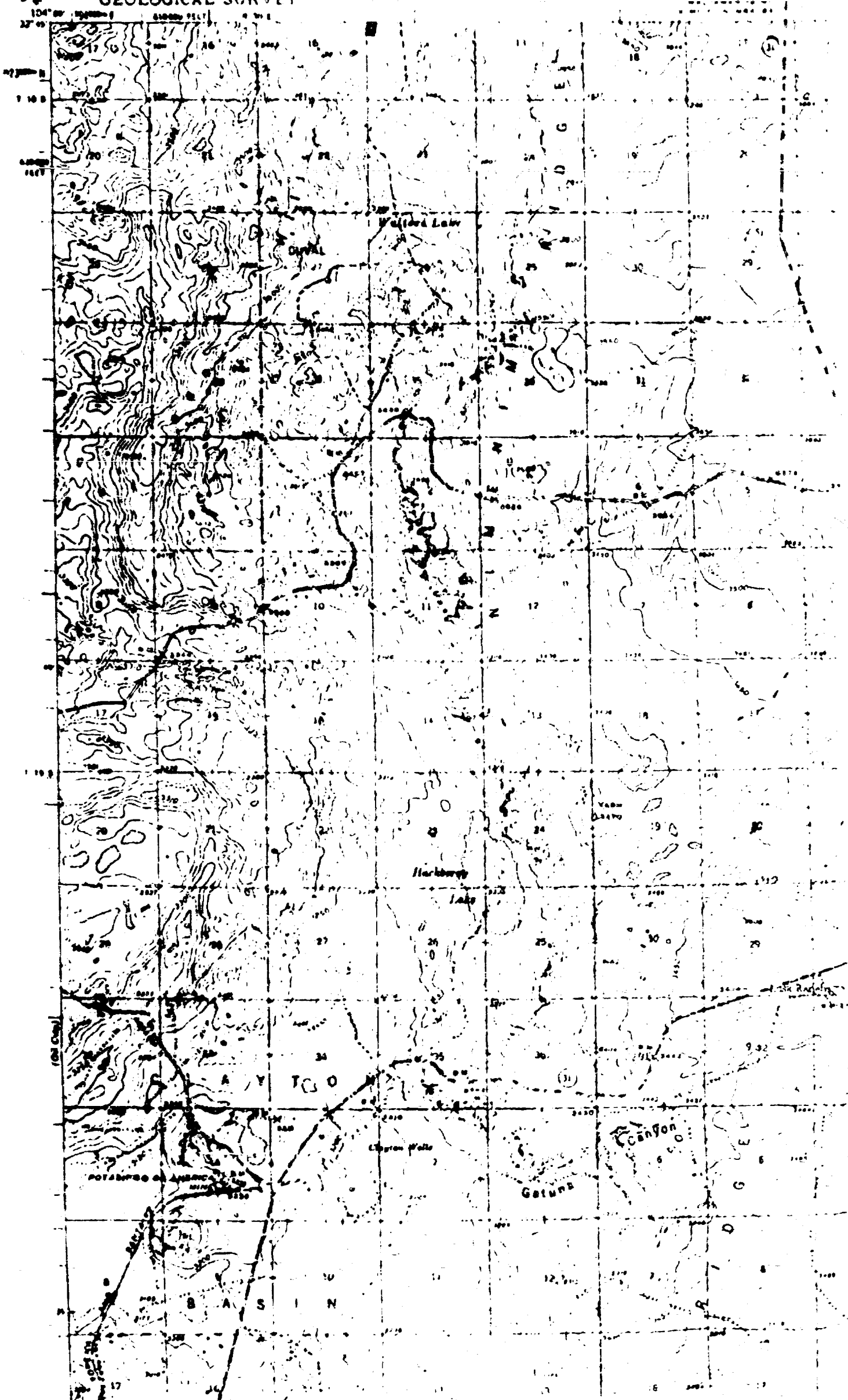
C.E. LaRue and B.M. Muncy, Jr.
 FEDERAL FR #1
 EXHIBIT B

PROPOSED LOCATION



Existing Roads	=====	100
None to Build		100

LOCATION
CALICHE PIT



Dockets Nos. 40-78 and 41-78 are tentatively set for hearing on December 20, 1978 and January 3, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 7, 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 6392: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Indian Hills Com. Well No. 1 located in Unit J of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6393: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 104 F of the Division Rules and Regulations to provide for the administrative approval of the unorthodox location of wells drilled within secondary recovery or pressure maintenance projects.
- CASE 6394: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the adoption of an administrative procedure and Forms C-132 and C-132-A, all for the purpose of making wellhead price ceiling category determinations under the Natural Gas Policy Act of 1978.
- CASE 6395: Application of David Fasken 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 Section 9, Township 21 South, Range 24 East, Eddy County, New Mexico, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid Section 9.
- CASE 6396: Application of Amoco Production Company for pool creation and contraction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the House Drinkard oil pool by the deletion therefrom of the NE/4 and E/2 SE/4 of Section 12 and the E/2 NE/4 of Section 13, both in Township 20 South, Range 38 East, and the W/2 of Section 7 and the NW/4 of Section 18, Township 20 South, Range 39 East, and the creation of a new gas pool for Lower Drinkard production in the NE/4 of Section 12, Township 20 South, Range 38 East, all in Lea County, New Mexico.
- CASE 6397: Application of Western Oil Producers, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 4, Township 24 South, Range 35 East, Cinta Roja-Morrow Gas Pool, 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 6398: 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 for the Wolfcamp and Pennsylvanian formations of its State Com Well No. 1, to be located 660 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Catclaw Draw Field, Eddy County, New Mexico, all of said Section 18 to be dedicated to the well in the Morrow formation.
- CASE 6399: Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 32, Township 18 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 710 feet from the North line and 2330 feet from the West line of said section. 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 6400: Application of Coronado Exploration Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying each of the following 40-acre tracts: SW/4 SW/4 Section 7; SW/4 SW/4 Section 8; SW/4 SE/4 Section 18; NW/4 NW/4 Section 19; and NW/4 NW/4 Section 20, all in Township 10 South, Range 28 East, Race Track-San Andres Pool, Chaves County, New Mexico. Also the NE/4 NE/4 Section 28, Township 10 South, Range 28 East, LE Ranch-San Andres Pool, Chaves County, and the SW/4 NE/4 Section 15, Township 11 South, Range 28 East, East Chisum-San Andres Pool, Chaves County. Each of the aforesaid 40-acre tracts would comprise a drilling unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered, with respect to each of the above described drilling units and well, will be the cost of drilling and completing the 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 each well and a charge for risk involved in drilling each well.

- CASE 6401: Application of Southland Royalty Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Mesaverde production within the wellbore of its Jicarilla 101 Well No. 1 located in Unit A of Section 1, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6402: Application of Southland Royalty Company 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 within the wellbore of its Jicarilla 101 Well No. 2 located in Unit A of Section 12, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6403: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin Dakota and Blanco Mesaverde production within the wellbore of its O'Shea Well No. 1 located in Unit A of Section 3, Township 31 North, Range 13 West, San Juan County, New Mexico.
- CASE 6404: Application of Sun Production Company for compulsory pooling, non-standard gas proration unit, and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the SE/4 of Section 35, Township 19 South, Range 36 East, Lea County, New Mexico, to form a non-standard 160-acre proration unit to be dedicated to a well to be drilled at an unorthodox location 810 feet from the South line and 2030 feet from the East line of said section. 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 6405: Application of LaRue and Muncy for exception to Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit its Federal FX Well No. 1 located in Unit I of Section 15, Township 18 South, Range 30 East, Eddy County, New Mexico, to be completed in the following manner: set surface casing and circulate cement; eliminate salt protection string; and do not circulate cement on production casing.

La Rue and Muncy

Phone 505-746-6652 • P. O. Box 196 • Artesia, New Mexico 88210

November 15, 1978

Case 6405

Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Federal FR #1
1980' FSL & 660' FEL
Section 15, T18S, R30E
Eddy County, New Mexico
Lease No. NM 23000

Gentlemen:

We wish to drill a well in the NE/4 SE/4 of Section 15, T18S, R30E, Eddy County, New Mexico as further described above. Due to the fact this well would be drilled in a non-commercial area of the potash area, we hereby request approval of exception to Rule R-111-A, in part.

We request approval to set surface casing and circulate same according to Rule R-111-A, exception from running salt production string and exception from circulating production casing.

We are therefore requesting a hearing before the Commission for your December 7, 1978 schedule.

Very truly yours,


B. N. Muncy, Jr.

BNM:jam

ROUGH

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. 6405
~~6545~~

Order No. R-5888

Application of LaRue and Muncy for exception to Order No. R-111-A, Eddy County, New Mexico.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 7
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of December, 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-
Case No. 5045
Order No. R-

(2) That the applicant, LaRue and Muncy, seeks an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit its Federal FR Well No. 1 located in Unit I of Section 15, Township 18 South, Range 30 East, Eddy County, New Mexico, to be completed with a string of surface casing set and circulated with cement at ^{a depth of} approximately 550 feet and a production casing string set at ^{a depth of} approximately 3500 feet with a volume of cement calculated ^{to be} sufficient to circulate.

(3) That the evidence presented indicates that there are no potash mining operations nor ^{deposits of} commercial potash ore in proximity to the proposed well and that the proposed method of completion will not result in endangerment of potash resources nor operations.

(4) That the applicant should report the following both to the district office of the Division and the U.S.G.S. and may be required to circulate cement to the surface around the production casing:

- (a) Any water flows encountered;
- (b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

(5) That approval of the subject application will protect correlative rights, ^{will} prevent waste and will not cause the waste of potash.

(6) The application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, LaRue and Muncy, ^{is} ~~are~~ hereby

authorized an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit its Federal FR Well No. 1 located in Unit I of Section 15, Township 18 South, Range 30 East, Eddy County, New Mexico, to be completed with a string of surface casing set and circulated with cement at ^{depth of} approximately 550 feet and a production casing string set at ^{depth of} approximately 3500 feet with a volume of cement ^{to be} calculated sufficient to circulate.

PROVIDED HOWEVER, that the applicant shall report the following, both to the district office of the Division and the U.S.G.S: ~~and may be required to circulate cement to the surface around the production casing:~~

- (a) Any water flows encountered; and
- (b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

(2) 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 herein-
above designated.

PROVIDED FURTHER, that the applicant may be required to re-cement the production casing to the surface if cement on said casing did circulate to the surface.