

CASE 6410: CARL A. SCHELLINGER FOR AN
UNORTHODOX LOCATION, EDDY COUNTY, NEW

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CASE NO.

6410

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Carl A. Schellinger for
an unorthodox location, Eddy County,
New Mexico.

)
)
) CASE
) 6410
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)
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BEFORE:

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 and Fox
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (505) 411-2442
Santa Fe, New Mexico 87501

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I N D E X

EDWARD K. DAVID

Direct Examination by Mr. Kellahin.

E X H I B I T S

Applicant Exhibit One, McKittrick Hills Field Plat	9
Applicant Exhibit Two, McKittrick Hills Structure Map	9
Applicant Exhibit Three, Cross-Section, Well A-1 Through A-7	9

SALLY WALTON BOYD
SERIALIZED SHORTHAND REPORTER
1020 Penn. Blinnet (605) 471-2462
Santa Fe, New Mexico 87501

1 MR. NUTTER: Call Case No. 6410.

2 MS. TESCHENDORF: Case 6410: Application of
3 Carl A. Schellinger for an unorthodox location, Eddy County,
4 New Mexico.

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

8 DIRECT EXAMINATION

9 BY MR. KELLAHIN:

10 Q Would you please state your name and occupation
11 and by whom you're employed?

12 A Edward K. David, Consulting Geologist, Roswell,
13 New Mexico. Consultant in this particular case for Carl
14 Schellinger, Roswell, New Mexico.

15 Q Mr. David, have you previously testified before
16 the Oil Conservation Division?

17 A Yes, I have.

18 Q And have you made a study of, and are you fam-
19 ilar with facts surrounding this particular application?

20 A Yes, I am.

21 MR. KELLAHIN: We tender Mr. David as an expert.

22 MR. NUTTER: Mr. David is qualified.

23 BY MR. KELLAHIN:

24 Q Would you please refer to what I have marked
25 as Exhibit No. One, and identify that?

A This is a plat, a land plat pertaining to this
particular area, McKittrick Hills Field.

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3020 Plaza Blanca (S.W.) 471-5462
Santa Fe, New Mexico 87501

1 Q Would you locate the proposed proration unit
2 for this particular well?

3 A The proration unit for this particular well is
4 outlined in red, which is the south half of Section 1, Town-
5 ship 22 South, Range 24 East.

6 Q What is the Applicant seeking to accomplish?

7 A The Applicant is seeking approval for unorthodox
8 gas well location for proposed Pennsylvanian test and the
9 footage is to be 660 feet from the South line, 1,650 feet
10 from the West line of Section 1, Township 22 South, Range 24
11 East, McKittrick Hills Field, Eddy County, New Mexico.

12 Q What would be a standard location for a well
13 located within this proration unit?

14 A It would be 1,980 feet from the West line and
15 660 feet from the South line.

16 Q So you're closer to the West line of the pro-
17 ration unity by 330 feet?

18 A This is correct.

19 Q What is the formation to which you intend to
20 penetrate?

21 A It will be the Upper Pennsylvanian or Cisco
22 reef.

23 Q Is there a pool designated in this particular
24 area for the Cisco formation?

25 A Yes, it is. It is the McKittrick Hills, Upper
26 Pennsylvanian pool.

Q What wells are located in the McKittrick Hills,
Cisco pool?

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1020 Plaza Blanca, (905) 471-2462
Saskatoon, Saskatchewan S7N 0V1

1 A There is one well producing out of the Cisco
2 Reef, Upper Pennsylvanian.

3 Q Where is that well?

4 A It's located in the South half of Section 12.
5 It's in the northeast of the southwest quarter.

6 Q Who is the operator of that well?

7 A Southern Union and the well is a No. 2 Shelby
8 Federal.

9 Q And what proration unit is assigned to that well?

10 A The South half of Section 12.

11 Q That is the only well in the pool?

12 A That is the only well producing out of the Cisco
13 on October 10th.

14 Q Please refer to what we have marked as Exhibit
15 Two, and identify it.

16 A This is a structure map of the McKittrick Hills
17 area. It's contoured on top of the Cisco Reef Dolomite.
18 There is contour of 100 feet. The scale on this particular
19 map is one inch equals one mile and the acreage that is pro-
20 posed to be dedicated to this particular well is outlined
21 in red.

22 The Cisco Reef wells in this area are color-
23 coded with the green. For example, Indian-Basin pool is
24 shown on the extreme west-central portion of the map area.
25 The spring Cisco Reef field is shown in the extreme north-
eastern portion of the map area, and the one well in the
McKittrick Hills Field of the Southern Union No. 2 Shelby
is shown in green in the center of the map area.

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CERTIFIED SHOTFIRE REPORTER
3026 Plaza Blanca (S.S.) 411-2402
Santa Fe, New Mexico 87501

1 Q What's indicated by the yellow line?

2 A The yellow line represents the original gas-
3 water contact of minus 4,020 feet, as determined, among oth-
4 er things, drill-stem tests in the No. 2 Shelby.

5 Q Why have you requested an unorthodox location
6 as opposed to a standard location for drilling the well?

7 A The map in this area indicates that the structure
8 on top of the Cisco Reef is the north-south line with ex-
9 tremely steep flanks, especially on the west flank and the
10 east flank. Based on well control, the wells have to be
11 pin-pointed in such a manner that they are located near the
12 top of this structure, and encounter the Pennsylvanian Upper
13 Cisco Reef above minus 4,020. Otherwise, there are numerous
14 wells in the area that encountered it below the gas-water
15 contact and tested water which resulted in dry holes.

16 Q Would a standard location for this proration
17 unit, in your opinion, pose an unreasonable risk to encounter
18 the gas-water contact for the Cisco?

19 A Yes, it would.

20 Q You're moving closer to the west half of Section
21 Two, I believe, is it not?

22 A That's correct.

23 Q Who is the operator of that acreage?

24 A Pennzoil.

25 Q Have you been in contact with Pennzoil?

A Yes, and they are contributing acreage to this
particular test with farm-out.

Q So they have no objection to your location?

SALLY WALTON BOYD
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Santa Fe, New Mexico 87501

1 A That's correct.

2 Q All right, sir. Let's refer to Exhibit No.
3 Three and have you identify it.

4 A Exhibit No. Three is a cross-section which
5 extends from left to right in a west-to-east direction. It's
6 numbered in sequence from Well A-1 through Well A-7. Well
7 A-1 being on the left-hand side, or the western edge of the
8 cross-section, and Well A-7 being on the right-hand side,
9 on the extreme eastern edge of the cross-section.

10 This particular cross-section has the datum of
11 the C-level and the scales are noted on the title block.
12 Also, the Cisco Reef is shaded in blue to designate this
13 particular formation. The gas column in the field is shaded
14 red. That is the portion of the reservoir occurring above
15 minus-4,020 feet, which is gas-water contact.

16 On the left-hand side is Well A-1, which is a
17 dry hole on the southeastern portion of the Indian-Basin
18 field, which shows correlation going into the Indian-Basin
19 area. The cross-section moves to the southeast to Well A-2,
20 which also encounters the Cisco Reef. However, there are no
21 drill-stem tests in Well A-2. That's in section 14. That's
22 the Southern Union No. One McKittrick Federal.

23 Cross-section then continues due north to Well
24 A-3, which is on the west flank of the McKittrick Hills
25 Field. This Well A-3 is the Flag Redford No. 1 McKlennen
26 Federal, which is a Cisco Reef dry hole. It encountered
the Cisco Reef approximately 100 feet high to the discovery
well, placing the top of the Cisco Reef below the gas-water

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1 contact of minus-4,020 feet. Consequently drill-stem test
2 on top of the Cisco Reef recovered a small amount of gas show,
3 plus substantial water, which resulted in the plugging of
4 this particular well.

5 The cross-section then continues to the north-
6 east to the proposed location A-4. Then it moves due south
7 to discovery Well A-5, which is a Southern Union No. 1 Shelby
8 Federal -- No. 2 Shelby Federal. The drill stem tests are
9 shown on this well as well as the production.

10 This well had a calculated absolute open flow
11 of 17-million, and to date it has produced over one-and-a-
12 half-billion cubic feet of gas. In October it produced over
13 47-million cubic feet of gas.

14 The cross-section then continues to Well A-6,
15 which is on the northeast flank of the field. There again,
16 being structured below, we find that DST No. 1 recovered
17 formation water. The cross-section then continues and ter-
18 minates to the northeast of Well A-7, which is the Tokena
19 No. 1 Kemball, being a structured low well, DST No. 1 re-
20 covered the formation water, which resulted in the Cisco Reef
21 failure.

22 Q Mr. David, if this proposed well is commercial-
23 ly successful, what further development plans do you have
24 for this particular area?

25 A We also have development plans in the north half
of 1, and the east half of Section 2.

Q The Applicant is a working-interest owner in
the north half of this Section?

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CERTIFIED SHORTLAND REPORTER
3026 Plaza Elanica (866) 471-2463
Santa Fe, New Mexico 87501

1 A Pardon me?
2 Q The Applicant is a working-interest owner in
3 the north half of this Section?
4 A Yes, that's correct.
5 Q And your second well then would simply be an
6 additional well for the north half?
7 A That's correct.
8 Q Do you have any lease expiration problems with
9 regard to the drilling this month?
10 A Yes, we do. We have to be drilling by the end
11 of January on these particular leases because of expiration
12 problems.
13 Q Were Exhibits One, Two and Three compiled by
14 you or prepared by you?
15 A That is correct.
16 Q In your opinion, Mr. David, will approval of
17 this application be in the best interest of conservation,
18 prevention of waste and the protection of correlative rights?
19 A Yes, it will.
20 Q In your opinion, is the proposed location the
21 optimum location from which to drain this proration unit?
22 A Yes, it is.
23 MR. KELLAHIN: We move the introduction of our
24 Exhibits.
25 MR. NUTTER: Applicant's Exhibits One through
Three will be admitted in evidence. Are there any questions
of the witness? He may be excused. Do you have anything
further, Mr. Kellahin?

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MR. KELLAHIN: No, Sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 6410? We will take the case under advisement.

(Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1030 Plaza Blanca (S.E.) 471-4462
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, STEFANIE XANTHULL, 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 hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3026 Plaza Blanca (666) 471-2402
Santa Fe, New Mexico 87501

Stefanie Xanthull
Stefanie Xanthull, C.S.R.

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the Examiner hearing of Case No. 6410 heard by me on 11/20 1978.
[Signature] 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. 6410
Order No. R-5907

APPLICATION OF CARL A. SCHELLINGER
FOR AN UNORTHODOX LOCATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 20, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of January, 1979, 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, Carl A. Schellinger, seeks approval of an unorthodox gas well location for a proposed Pennsylvanian test to be drilled 660 feet from the South line and 1650 feet from the West line of Section 1, Township 22 South, Range 24 East, NMPM, to test the Upper Pennsylvanian formation, McKittrick Hills Field, Eddy County, New Mexico.
- (3) That the S/2 of said Section 1 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.
- (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

-2-
Case No. 6410
Order No. R-5907

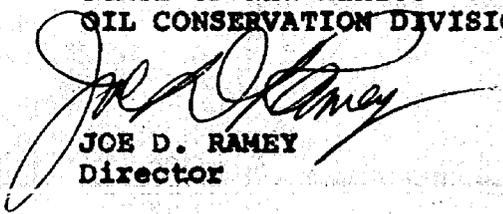
loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

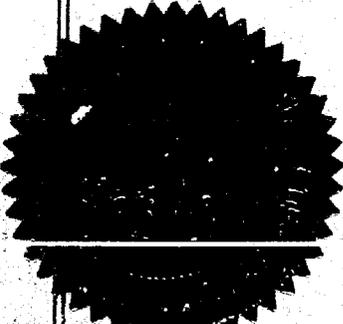
IT IS THEREFORE ORDERED:

- (1) That an unorthodox gas well location for the Upper Pennsylvanian formation is hereby approved for the Carl A. Schellinger McClelland-Holly Federal Well No. 1 to be located at a point 660 feet from the South line and 1650 feet from the West line of Section 1, Township 22 South, Range 24 East, NMPM, McKittrick Hills Field, Eddy County, New Mexico.
- (2) That the S/2 of said Section 1 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.

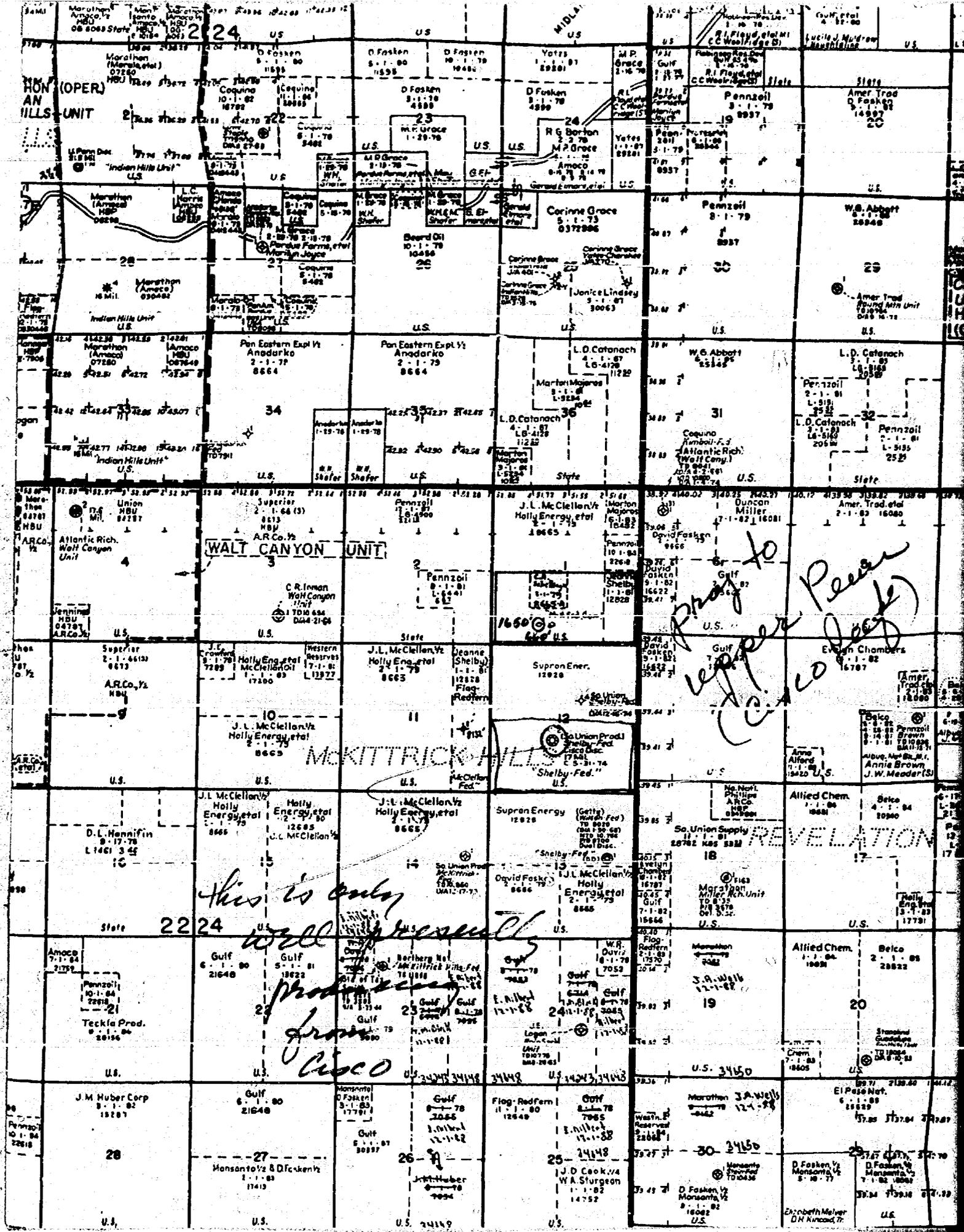
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

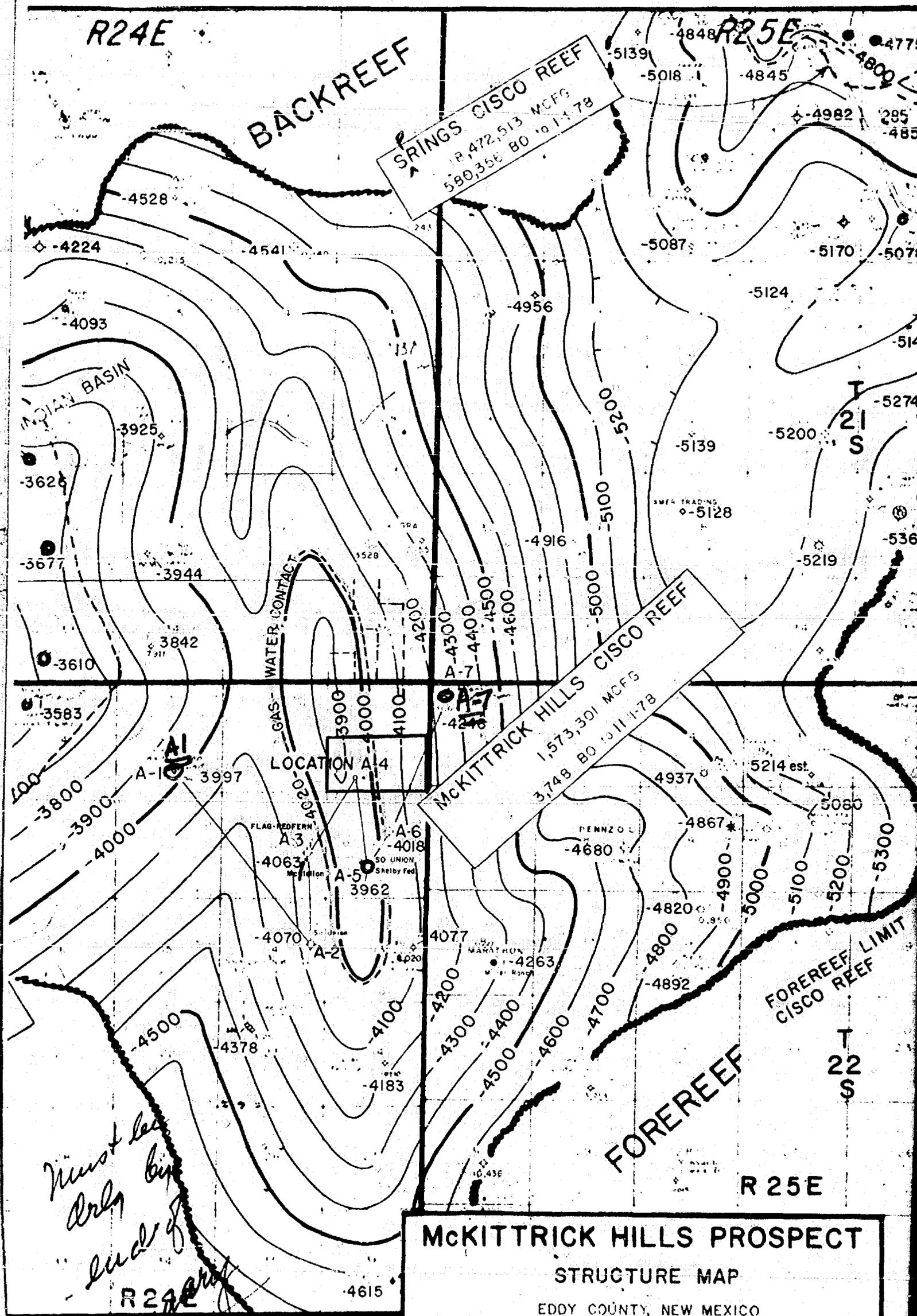
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BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

Schallinger EXHIBIT N.O. 1

CASE NO. 6410



*Must be
only by
end of
R24E*

SRINGS CISCO REEF
R. 472, 513 MCFG
590,358 80 to 14.78

McKITTRICK HILLS CISCO REEF
1,573,301 MCFG
3,748 80 to 11.78

McKITTRICK HILLS PROSPECT
STRUCTURE MAP
 EDDY COUNTY, NEW MEXICO
 CONTOUR HORIZON TOP OF CISCO REEF
 CONTOUR INTERVAL 100'
 SCALE 1" = 1 MILE
 GEOLOGIST E. K. DAVIS
 ● CISCO REEF GAS WELL

APPROX EXAMINER NUTTER
OIL CONSERVATION DIVISION

Schellinger EXHIBIT NO. 2
CASE NO. 6410

CARL A. SCHELLINGER

Oil Properties - Licensed Broker

BUS. (505) 623-2328

DEC 7 1978 RES. (505) 623-2329

Case 6410

December 1, 1978

Case 6410

Mr. D.S. Nutter
New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Unorthodox Location
McKittrick Hills Area
Eddy County, New Mexico

Dear Mr. Nutter:

This will confirm our verbal request for a hearing to consider an unorthodox location as follows:

Field: McKittrick Hills Cisco
Formation: Pennsylvanian Cisco
Operator: Carl A. Schellinger
Well Name: #1 McClellan-Holly Federal
Location: 660' FSL and 1650' FWL

In the event you need something further from this office please advise.

Very truly yours,

Carl A. Schellinger
Carl A. Schellinger

CAS/mb
cc: Edward K. David

Dockets Nos. 1-79 and 2-79 are tentatively set for hearing on January 3 and 17, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 20, 1978

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

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

- ALLOWABLE:** (1) Consideration of the allowable production of gas for January, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 6406:** In the matter of the hearing called by the Oil Conservation Division on its own motion at the request of Enserch Exploration, Inc., to consider the assignment of 39,040 barrels of oil discovery allowable to the Enserch Lambirth Well No. 1 located in Unit K of Section 31, Township 5 South, Range 33 East, South Peterson-Fusselman Pool, Roosevelt County, New Mexico.
- CASE 6407:** Application of T. H. McElvain Oil & Gas Properties for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox oil well location of its Miller B Well No. 6 located 1460 feet from the North line and 2285 feet from the East line of Section 12, Township 24 North, Range 7 West, undesignated Dakota oil pool, Rio Arriba County, New Mexico.
- CASE 6408:** Application of BTA Oil Producers for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its 7811 JV-P Rojo Well No. 1, to be located 660 feet from the North and West lines of Section 27, Township 25 South, Range 33 East, Lea County, New Mexico, the W/2 of said Section 27 to be dedicated to the well.
- CASE 6409:** Application of Atlantic Richfield Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill four wells on its Empire Abo Unit Area, Empire-Abo Pool, Eddy County, New Mexico, as follows: In Township 17 South, Range 28 East: Well No. D-361, Surface location 136 feet from the South line and 800 feet from the East line of Section 27, bottom-hole location 300 feet from the North line and 500 feet from the East line of Section 34; Well No. E-392, Surface location 959 feet from the North line and 2400 feet from the East line, bottom-hole location 600 feet from the North line and 2500 feet from the East line, Section 35. In Township 18 South, Range 27 East: Well No. K-131, Surface location 1500 feet from the South line and 600 feet from the West line, bottom-hole location 1600 feet from the South line and 250 feet from the West line, Section 2; Well No. L-133, Surface location 800 feet from the South line and 950 feet from the West line, bottom-hole location 1250 feet from the South line and 700 feet from the West line, Section 2. All of the above wells would be bottomed at unorthodox locations within 150 feet of the described bottom-hole locations.
- CASE 6410:** Application of Carl A. Schellinger for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of a proposed Pennsylvanian test to be drilled 660 feet from the South line and 1650 feet from the West line of Section 1, Township 22 South, Range 24 East, McKittrick Hills Field, Eddy County, New Mexico, the S/2 of said Section 1 to be dedicated to the well.
- CASE 6411:** Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 20, Township 23 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6412:** Application of Ralph Nix for compulsory pooling and an unorthodox location, or in the alternative, an amendment to pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 27, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location in the SW/4 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 Hondo Drilling Company as operator of the well and a charge for risk involved in drilling said well.

As an alternative to the above unorthodox location, applicant seeks an order amending the Special Pool Rules for the Atoka-Pennsylvanian Gas Pool so that well location requirements therein would conform to statewide Rule 104(c).

CASE 6390: (Continued from November 21, 1978, Examiner Hearing)

Application of C & E Operators for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down thru the Pictured Cliffs formation underlying the SW/4 of Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6401: (Continued from December 7, 1978, Examiner Hearing)

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: (Continued from December 7, 1978, Examiner Hearing)

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 M of Section 12, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 6403: (Continued from December 7, 1978, Examiner Hearing)

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 K of Section 3, Township 31 North, Range 13 West, San Juan County, New Mexico.

Dec 20

Application of Carl A. Schellinger for an
unorthodox location, Eddy County, New
Mexico.

Applicant, in the above-styled cause, seeks
approval for the unorthodox ^{gas well} location of
a proposed Pennsylvanian test to be
drilled 660 feet from the South line and
1980 feet from the West line of Section 1,
Township 22 South, Range 24 East, McKittrick
High Field, Eddy County, New Mexico, the
SE $\frac{1}{4}$ of said Section 1 to be dedicated to
the well.

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. 6410

ORDER NO. R- 5907

APPLICATION OF CARL A. SCHELLINGER

FOR AN UNORTHODOX ~~GAS WELL~~ LOCATION,

EDDY COUNTY, NEW MEXICO. *JS*

ORDER OF THE DIVISION

BY THE DIVISION:

GRK
This cause came on for hearing at 9 a.m. on December 20,
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of _____, 19 _____, 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, Carl A. Schellinger,
seeks approval of an unorthodox gas well location 660
feet from the South line and 1650 feet from the
West line of Section 1, Township 22 South
Range 24 East, NMPM, to test the Upper Pennsylvanian
formation, McKittrick Hills Field ~~Pool~~, Eddy
County, New Mexico.

(3) That the S/2 of said Section 1 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.

Dan Nutter

called in by:

Carl A. Schellinger
(505) 623-2328

P.O. Box 447, Roswell 08201
@ 1:45 pm 11/29

was Thursday gas use

McCarricks Hill Field

660' FSL

1650' FWL

Acc 1, T22S R24E

Eddy Co.

5/2 to be dedicated

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 ^{upper} Pennsylvanian ~~the Carl A. Schellinger McClalland-Hooley Federal Well No 1~~ formation is hereby approved for ~~well~~ to be located at a point 660 feet from the South line and 1650 feet from the West line of Section 1, Township 22 South, Range 24 East NMPM, McKittrick Hills Field ~~Dist.~~, Eddy County, New Mexico.

(2) That the S/2 of said Section 1 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.