

Curt CASE 6437: CURTIS LITTLE FOR APPROVAL
OF INFILL DRILLING AND A NON-STANDARD
PRORATION UNIT, SAN JUAN COUNTY, N. MEX.

Continued to
February 28

CASE NO.

64/37

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
28 February 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Curtis Little for
compulsory pooling, approval of
infill drilling, and a non-standard
proration unit, San Juan County,
New Mexico.

CASE
6437

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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For Amoco Production Co.:

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CURTIS LITTLE

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R. B. GILES

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1 MR. STAMETS: We will call Case 6437.
2 Application of Curtis Little for compulsory pooling,
3 approval of infill drilling, and a non-standard proration
4 unit, San Juan County, New Mexico.

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

8 MR. STAMETS: Ask for other appearances.

9 MR. RYAN: Gordon D. Ryan, for Amoco Pro-
10 duction Company, and I also have one witness.

11 MR. STAMETS: Okay, any other appearances?

12 (Witnesses sworn.)
13

14 CURTIS LITTLE

15 being called as a witness and having been duly sworn upon
16 his oath, testified as follows, to-wit:
17

18 DIRECT EXAMINATION

19 BY MR. KELLAHIN:

20 Q Would you please state your name and occu-
21 pation?

22 A Curtis J. Little, Consulting Petroleum
23 Geologist and Independent oil operator, with offices
24 located in 150 Petroleum Plaza Building, Farmington, New
25 Mexico.

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Q Mr. Little, you are the applicant in this case?

A Yes, sir.

Q And have you previously testified as an expert geologist before the Oil Conservation Division?

A Yes.

MR. KELLAHIN: We tender Mr. Little as an expert witness.

MR. STAMETS: He is considered qualified.

Q (Mr. Kellahin continuing.) Would you begin by telling the Examiner what you're seeking to accomplish here?

A Order No. R-1814 in 1960 established 28 proration units covering a distance of 36 miles across the center -- essentially the center of the San Juan Basin. These proration units encompassed two, at least two or more sections. They're all short sections across the top of the incomplete Township 28 North.

The proration unit, covering all of 11 and the west half west half of Section 12, 28, 13, was approved November, 1960, was then drilled; in June of 1973 a Mr. Horton came in wanting to rework the well, asked for a contraction of the unit to shut off the water. He then tried that, he was unsuccessful, and I'm attempting to re-establish the original proration unit and drill a re-

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1 placement well in that unit.

2 Q Would you please refer to what I've marked
3 as Exhibit Number One and identify that?

4 A Exhibit Number One is an application to
5 drill the replacement well, which I submitted to USGS on
6 December 13th, 1978, unaware that the original proration
7 unit had been contracted. The well was staked 1085 feet
8 from the north line, 285 feet from the west line of Section
9 12, which is in the eastern portion of the formerly ap-
10 proved proration unit.

11 Q Is the staked location a standard location
12 for wells drilled in this particular area to this parti-
13 cular depth?

14 A Yes, it is. It's located some 1035 feet
15 from the east line of the original proration unit. 1085
16 feet from the south line and 1080 feet from the north
17 line, so it would fall within the 790 outer boundaries, is
18 the standard location.

19 Q Please refer to Exhibit Number Two and
20 identify that.

21 A That's a well survey plat, original dedi-
22 cated proration unit. The contracted unit is only Section
23 11, which leaves out the Lot 4 in the southwest southwest
24 of 12. It shows the proposed location of the well and
25 the original well, which is now no longer capable of com-

1 mercial production, although it has not been plugged.

2 Q Let's refer to Exhibit Number Three and
3 identify it.

4 A Exhibit Number Three is a well location
5 acreage dedication plat on Amoco's Unit Well No. 222,
6 showing the 69 acres which is presently non-committed to --
7 is not committed to any Dakota proration unit, being the
8 west half west half of Section 12, and the remainder of
9 12 and portions of 7, Section 7 and 12 west are dedicated
10 to the well No. 222 drilled in 1966.

11 Q Would you refer to Exhibit Number Four and
12 identify that?

13 A Number Four is a well data sheet, showing
14 the important data that concerns the original proration
15 unit well, such as the location, spud and completion date,
16 the casing depth, perforations, initial potential, the
17 first delivery to the pipeline. It shows when the water
18 began injected to the Gallup formation in this well,
19 flooding the Gallup, the last commercial gas flow, June,
20 1967. The well was disconnected in 1972. It was shut-in
21 by the Oil Commission for no flare in 1976. The well was
22 reconnected in October, '76, and then was disconnected in
23 July of '78.

24 Also it shows the various and sundry oper-
25 ators of the original proration unit well.

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1 MR. STAMETS: Are all these connects and
2 disconnects and re-connects Dakota?

3 A. Yes, sir, all Dakota.

4 Q. What are your intentions with regards to
5 the Federal 2-11 Well if the Division approves your appli-
6 cation?

7 A. To plug the well within 60 days of pipeline
8 connection of the new well.

9 Q. Will you refer to Exhibit Number Five and
10 identify it?

11 A. Number Five is a fifteen year production
12 history on the original proration unit well. Only by
13 years the first five years and then by months the last
14 ten years.

15 In 1967 was the last commercial production
16 of the well. The well was shut-in with no production in
17 the year '69 through September of '73. Then it became an
18 oil well with no gas being produced.

19 MR. STAMETS: That's a Dakota oil well?

20 A. Yes, sir. It has a pump jack on it.

21 Then in '76 water was started being reported
22 in production reports and then the last pipeline disconnect --
23 re-connect in '77 it shows limited amounts of gas for about
24 six or seven months and then the only thing that's been
25 reported is oil, no water or gas.

1 Q Okay.

2 A I might add that on this also shows the
3 PC of the -- each year that the well -- the 7-day shut-in
4 pressure which was taken in '64, '65, '67, and '77. The
5 rest of them were not required to test.

6 Q Would you refer to Exhibit Number Six and
7 identify that?

8 A Number Six is a cumulative production sur-
9 rounding all of the offset wells to the proration unit
10 with the operators shown. The top figure beside each well
11 is gas production in millions of cubic feet, barrels of
12 oil, then a line and the date the well was drilled. Below
13 that is millions of gas for 1977 and barrels of oil in
14 1977.

15 It shows the blanket nature of production
16 in the area. It shows the original proration unit outlined
17 in red, and the trace of a cross section of C/C prime,
18 which surrounds and goes through the proration unit.

19 Q What conclusions do you reach from the pro-
20 duction information depicted on Exhibit Number Six?

21 A That it's blanket production. There's --
22 since the 1 BCF wells on three sides of the proration unit,
23 a 1/2 Bcf well on the west, I can't explain the abnormal low
24 production of the initial unit well. There's some theories
25 that could be offered, such as the cold water, Gallup water,

1 being injected by the flood setting up paraffin on the
2 Dakota; channel cement, hole in the casing. We just don't
3 know why the well quit producing and went to water, but it
4 is surrounded by good wells.

5 Q Would you refer to the cross section, which
6 has been marked as Exhibit Number Seven, and identify the
7 information contained on that exhibit?

8 A This is electric log cross section, the
9 trace of which was on Exhibit Six. You'll note at the top
10 of the log cross section is the base of the Greenhorn lime-
11 stone and a red bentonite shale marker, a correlative point
12 right above the upper Dakota zone 1.

13 You can see the continuous sandstone cor-
14 relative units of Dakota Zone 1. Everything in excess of
15 ten millevolts of self potential has been colored in yellow.

16 The perforations as shown on each well.

17 Then the other major producer is the Lower
18 Dakota with its accompanying bentonite marker overlying the
19 Lower Dakota. The perforations in each well on it and all
20 of the sandstone showing more than ten millevolts of self
21 potential, again colored in yellow.

22 Q Would yiu refer to Exhibit Eight and identify
23 it?

24 A Exhibit Number Eight is a structural contour
25 map of the area, again showing all of the offset operators,

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1 the structural datum on each well, the top of the Dakota.
2 The structure shows that there's a northeast dip of about
3 65 feet per mile. Structure does not really affect how
4 much production. It also shows the non-standard proration
5 units both east and west of the proration unit in question.

6 Q The hatched line running northeast to south-
7 west within Section 11, that appears to cover the entire
8 Section 11, does it not?

9 A Yes.

10 Q All right. Are you the working interest
11 owner of Section 11?

12 A I am designated as an operator and I'm
13 waiting on a BLM approval of assignment, and I also have
14 a firm contract on that section, yes.

15 Q All right. Now, the hatched line in a por-
16 tion of Section 12, which runs northwest to southeast, who
17 is the operator of that acreage?

18 A Amoco Production Company on behalf of the
19 Gallegos Canyon Unit, which contains about 69 acres and is
20 the west half west half of Section 12.

21 Q Are those 69 acres currently committed to
22 any proration unit?

23 A No, sir, not according to my information.

24 Q Will the inclusion of the 69 acres within
25 the unit, as part of your non-standard proration unit, make

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1 your proposed non-standard proration unit similar in size
2 to the other non-standard proration units in the area?

3 A Yes, it will. It will be back to the origi-
4 nal proration unit.

5 Q If the 69 acres is not included in your
6 non-standard proration unit, will it be dedicated to any
7 proration unit?

8 A No, sir, it will not.

9 Q Where is the proposed location for the infill
10 well?

11 A It is located 285 feet from the west line,
12 1185 feet from the south line of Section 12.

13 MS. TESCHENDORF: Tom, the application and
14 the ad say 1085.

15 MR. KELLAHIN: I think it's simply --

16 A 1085 from the north.

17 MR. STAMETS: From the south.

18 A 1185 from the south.

19 Q 1085 from the south.

20 A Yeah, that's right. 1080 from the south,
21 1180 from the north.

22 MS. TESCHENDORF: Okay.

23 Q There we go, okay. Now, Mr. Little, do you
24 have the consent of all the working interest owners within
25 the non-standard proration unit to join you in the drilling

1 of this particular well?

2 A. No, I do not.

3 Q. Which of the working interest owners do you
4 not yet have an agreement with?

5 A. Amoco Production.

6 Q. All right. As of the date of this hearing
7 has Amoco agreed to join you in the drilling of this well?

8 A. No, sir.

9 Q. Let me show you what I've marked as Exhibit
10 Number Nine and have you identify that.

11 A. That's an AFE, which I prepared.

12 Q. Would you summarize the information contained
13 on that AFE?

14 A. My estimated dry hole cost is \$103,850.
15 Completed cost \$240,850.

16 Q. In your opinion, Mr. Little, are those
17 costs consistent with costs charged within the industry for
18 similar wells to similar depths?

19 A. Yes.

20 Q. Do you have a recommendation to the Examiner
21 with regard to overhead charges to be assessed against any
22 nonconsenting owner while drilling and after completion of
23 the well?

24 A. The normal today is about \$2000 drilling
25 well rate. These wells take eight to ten days, which would

1 be ten days over thirty, which is 1/3 of \$2000 actual charge,
2 about \$175, \$200, per month.

3 Q Are those your recommendations to the Exa-
4 miner with regards to overhead charges to be assessed for
5 this particular application?

6 A Yes, sir.

7 Q Do you also have a recommendation to the
8 Examiner with regards to a risk factor to be assessed?

9 A It would vary somewhere between one-to-one
10 to two-to-one, would be my assessment of it.

11 MR. STAMETS: Was that 150 percent?

12 MR. KELLAHIN: I think that's what he said.

13 Let me ask him.

14 MR. STAMETS: Go ahead.

15 Q The Commission assesses a risk factor in
16 terms of a percentage. An operator is allowed to recover
17 his cost plus an additional penalty up to a statutory maxi-
18 mum of 200 percent. In light of that statutory restriction,
19 what is your recommendation in a percentage?

20 A 150 percent.

21 Q All right, sir.

22 On what do you base that opinion?

23 A The only -- the big risk factor is the bottom
24 hole pressure. There is on recent wells 7-day shut-in,
25 there's a narrow band that lies east-west through this pro-

1 posed location that is abnormally low compared to wells to
2 the north and to the south.

3 Q I'll show you what I've marked as Applicant
4 Exhibit Number Ten and ask you to identify that exhibit.

5 A This is Form C-132, which I prepared for --
6 to present to the USGS to qualify under NPGA -- NGPA, but
7 I understand you can't submit this until a well is spudded,
8 so i --

9 Q Well, I understand. As part of your appli-
10 cation in this case, you've asked the Examiner to make
11 findings that the second infill well is necessary to effective-
12 ly and efficiently drain the proration unit that cannot be
13 drained by the existing well, is that true?

14 A Yes.

15 Q Is that still your intent?

16 A Yes.

17 Q In your opinion will the second well be
18 necessary to effectively and efficiently drain the non-standard
19 proration unit which cannot now be drained by the existing
20 well?

21 A There really is no existing well there, be-
22 cause it's incapable of producing at commercial rates and
23 it will increase the recoverable reserves and efficient use
24 of the reservoir energy and insure greater ultimate recovery
25 of gas in the unit, protect the proration unit for uncon-

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1 pensated drainage and protect correlative rights.

2 Q In your opinion, Mr. Little, will approval
3 of the non-standard proration unit be in the best interest
4 of conservation, the prevention of waste, and the protection
5 of correlative rights?

6 A Yes.

7 Q Were Exhibits One through Ten prepared by
8 you or prepared under your direction and supervision?

9 A Yes, sir.

10 Q In your opinion, Mr. Little, is the proposed
11 location for the 2-R Well the optimum location from which
12 to drain that portion of the non-standard proration unit
13 that still has Dakota production left to be produced?

14 A Yes, sir, I do. The distance between the
15 original proration unit well and the proposed replacement
16 well is some 2500 feet. We're extremely limited, the dif-
17 ferences in elevation between the two wells is 289 feet.
18 The original proration unit is sitting on the edge of a
19 cliff. The 2-R replacement well is off the cliff down in
20 the canyon as far back as it's practical to put it.

21 Q In your opinion, Mr. Little, if the 69 acres
22 now controlled by the unit is not dedicated to the proposed
23 non-standard proration unit, would that, in your opinion,
24 constitute waste?

25 A Yes, sir.

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1 MR. KELLAHIN: We move the introduction of
2 Exhibits One through Ten and that concludes our direct
3 examination.

4 MR. STAMETS: These exhibits will be ad-
5 mitted.

6
7 CROSS EXAMINATION

8 BY MR. STAMETS:

9 Q Mr. Little, how much additional gas do you
10 expect to recover from this proration unit?

11 A Mr. Examiner, I would estimate from my 22
12 years experience in working the Dakota, 1 billion to 2 billion
13 cubic feet of gas. I've had experience in the last year and
14 a half, we've drilled three replacement Dakota wells and
15 have found virgin pressures in all three wells.

16 Q Why can't you get in and work over the Feder-
17 al 2-11?

18 A Mr. Horton, he got the new order contracting
19 this. It's my understanding from reading the well file, he
20 spent a lot of money trying to shut this water off with
21 packers and swab tests, and he never did really; from reading
22 the well history and his files, they decreased the water a
23 little bit but they also decreased the oil and gas.

24 Q Do you have a record of an unsuccessful
25 workover attempt?

1 A Yes, sir.

2 Q And you don't feel that it would be an econ-
3 omical venture to try and get in and do anything with the
4 old well?

5 A No, sir, I sure don't.

6 Q Okay.

7 MR. STAMETS: Are there other questions of
8 Mr. Little?

9 MR. RYAN: Yes, I have some questions.

10
11 CROSS EXAMINATION

12 BY MR. RYAN:

13 Q Mr. Little, I'm a little bit confused that
14 in the application it's alleged that the Federal Well No.
15 2-11 has been plugged and abandoned and there's presently
16 no production from the land involved.

17 Evidently that's not the case, is it?

18 A No, it sure isn't.

19 Q The well's never been plugged and abandoned.

20 A No, sir.

21 Q On one of your exhibits, though, you would
22 indicate that there has been no commercial production from
23 the well since 1967.

24 A That's correct.

25 Q Now, subsequent to that time was the order

1 of the Commission, R-5556, in which the unit was contracted,
2 is that your understanding?

3 A. Would you repeat that?

4 Q. Well, the 1973 order which you made reference
5 to --

6 A. Yes.

7 Q. -- R-5556, is that the order that contracted
8 the unit back to the acreage contained only in Section 11?

9 A. Yes.

10 Q. Now you're successor in interest to Mr.
11 Horton either directly or somewhere down the line to that
12 acreage, is that correct?

13 And when your assignment is final, then, will
14 you control all of the acreage in Section 11?

15 A. As to the Dakota rights only.

16 Q. As to the Dakota rights only. So when you
17 talk about reaching an agreement with everybody but Amoco,
18 that's -- that isn't anybody else, is it?

19 A. Well, Amoco's the only other --

20 Q. Yeah.

21 A. -- person in there.

22 Q. There are only two working interest owners
23 in Section 11 and 12.

24 A. Right, yes.

25 Q. You control, or will control, the interest

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1 in Section 11 and Amoco controls the interest in Section 12,
2 and Section 12 is included in the unit area of the Gallegos
3 Canyon Unit.

4 A. Yes, sir.

5 Q. Now, it's on Amoco's acreage that is con-
6 tained in the Gallegos Canyon Unit upon which you want to
7 drill the well.

8 A. Yes, sir.

9 Q. Now you've indicated that it's not a prac-
10 tical situation to workover the existing Federal 2-11 Well
11 in Section 11. In your opinion are the reserves underlying
12 Section 11 still remaining?

13 A. Yes, sir.

14 Q. Could not a well be drilled in Section 11
15 on the existing proration unit in which those reserves could
16 be recovered?

17 A. It could if a person wanted to spend enough
18 money to make a location back against that cliff.

19 Q. What about over to the west?

20 A. It's possible to go to the west. You
21 wouldn't recover as much reserves.

22 Q. Well, actually, the optimum location is to
23 drill a well on acreage that's not owned by you, is that
24 correct?

25 A. Currently not owned by me. It would be part

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1 of the original proration unit, though.

2 Q But the original proration unit no longer
3 exists, is that correct?

4 A That's true, by --

5 Q Yes, so what we're talking about is an
6 existing proration unit that consists of all of Section 11.
7 That unit exists now, is that your understanding?

8 A Yes, that's my understanding.

9 Q And you could drill a well on that unit and
10 recover reserves underlying Section 11 without any order of
11 this Commission to form a non-standard unit or to force pool
12 anybody?

13 A Yes, that's true.

14 Q And when you talk about remaining reserves,
15 have you broken it down into what you would think would be
16 remaining reserves underlying Section 11 and those under-
17 lying Section -- that portion of Section 12 which you hold?

18 Is it -- is it your opinion that the better
19 portion of the reservoir is to the east as opposed to the
20 west?

21 A From the production history of this whole
22 area, yes, better production is to the north, south, and
23 east.

24 Q Could you move away from the existing well
25 a few hundred feet and drill another well?

1 A I don't know why the existing well is a
2 water well. I wouldn't want to stay very close to it with
3 it making as much water as it is. Amoco refused to join in
4 attempting to shut that water off, according to the records
5 that's next door.

6 Q Is it your feeling, then, that the water
7 is in the -- in the producing formation?

8 A I don't know. It could be a channel job
9 in the cement. It could be a result of the Gallup water-
10 flood. It could be formation water. All I know is that
11 it's a water well and noncommercial oil and gas.

12 Q The Section 11 itself is a long, narrow,
13 is it not?

14 A Yes, sir.

15 Q And then if your request to make this a
16 non-standard then makes the unit even longer and doesn't
17 add anything to the width of the unit, does it?

18 A Adds nothing to the width.

19 Q So is it likely that there would be any
20 hydrocarbon recovery, say, from the west half of Section 11
21 that would be recoverable from the well in Section 12 if
22 it were drilled?

23 A It would depend on what causes the water
24 production in the existing well in Section 11, the original
25 proration unit.

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1 Q Wouldn't you have a better chance of recovering
2 reserves underlying all the area west of the existing well
3 if a well was drilled in that area rather than in the loca-
4 tion in Section 12?

5 A In my opinion you could have -- you could
6 get additional gas out of the proration unit whether you
7 drilled east or west of the original proration unit well.

8 Q Is it possible that the well in Section 11
9 ceased to produce because it produced all of the recoverable
10 reserves underlying that section?

11 A Not in my assessment of the regional geology
12 and production characteristics of all the wells in all
13 directions from that well, I'd say not.

14 Q Well, it certainly indicates from production
15 in surrounding wells that there is possibly gas in place
16 underlying Section 11, but if there's a possibility of water
17 present there, then all the gas in place isn't always re-
18 coverable, is it?

19 A It would depend on what caused the water.

20 MR. RYAN: That's all the questions I have.

21 MR. STAMETS: Ms. Teschendorf.

22
23 CROSS EXAMINATION

24 BY MS. TESCHENDORF:

25 Q Mr. Little, am I correct that this well is

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1 located on a Federal part of the communitized lease?

2 A. It has not been communitized. The nearest
3 thing to communitized, you can't do that until a well is
4 drilled, is that not correct?

5 Q. Well, your Exhibit --

6 A. Two? I'm afraid that's in error.

7 Q. Okay. Well, is this well, your proposed
8 location, is that on a Federal lease?

9 A. Yes, ma'am.

10 Q. And it will be completed in minerals that
11 are --

12 A. Federal minerals.

13 Q. -- Federal minerals, then your proper juris-
14 dictional agency for NGPA purposes is the USGS.

15 A. Yes, ma'am.

16 Q. And I just wanted you to realize that you're
17 going to have to go to them for a finding that an infill
18 well is necessary to drain the unit.

19 We can give you that but the PERF regulations
20 state you have to get that finding from your jurisdictional
21 agency, which would be the USGS in this case.

22 MR. KELLAHIN: If you will give us that
23 finding in this case, we will --

24 A. It would probably help you, would be the --

25 MR. KELLAHIN: It will help us if we ever

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1 get that far with USGS.

2 MS. TESCHENDORF: But I did want to point
3 that out so you'd be sure and --

4 MR. KELLAHIN: We were aware of that, thank
5 you.

6 MR. RYAN: Just a point of clarification,
7 Mr. Little, all the acreage in Section 11 and that portion
8 of Section 12 is all Federal acreage, isn't it?

9 A. Yes.

10 MR. STAMETS: And, before Mr. Little gets
11 off the stand, I need to confirm what is apparent, since
12 you don't speak about rescission of Order R-4556, I presume
13 that that portion of this case is now dismissed, or you
14 would propose to dismiss that?

15 MR. KELLAHIN: Well, that's in the call of
16 our application and it didn't get in the advertisement.

17 MR. STAMETS: Yes, it did.

18 MR. KELLAHIN: Where is it?

19 MR. STAMETS: It's the second sentence.

20 MR. KELLAHIN: Well, in fact we do want to
21 rescind Order R-4556, which is the approval of the smaller
22 unit. You'd need to rescind that in order to give us the
23 larger unit, if that's what you decide to do.

24 MR. STAMETS: Or supersede it.

25 MR. KELLAHIN: That's true.

1 MR. RYAN: Well, we, of course, would have
2 no objection to, you know, if the order were issued granting
3 this proration unit, which of course we are objecting to,
4 then you'd have to rescind that order. Of course we had
5 objection initially to the fact that rescinding that order
6 would ipso facto reinstate the larger unit, which I don't
7 think is in question at this point.

8 MR. STAMETS: I think I would rather
9 supersede than rescind. I think it follows better.

10 Any other questions of this witness? He
11 may be excused.

12 Anything further, Mr. Kellahin?

13 MR. KELLAHIN: Not on direct.

14 MR. STAMETS: Mr. Ryan?

15 MR. RYAN: Yes, I have one witness.

16
17 R. B. GILES

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

20
21 DIRECT EXAMINATION

22 BY MR. RYAN:

23 Q Would you please state your name and by
24 whom you're employed? And in what capacity?

25 A R. B. Giles, G-I-L-E-S, Amoco Production

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1 Company, in an engineering capacity.

2 Q Mr. Giles, have you heretofore testified
3 before the Commission and had your qualifications as an ex-
4 pert witness in the field of engineering admitted?

5 A Yes.

6 Q And are you familiar with the area that's
7 covered in this application?

8 A Yes.

9 MR. RYAN: Any questions as to Mr. Giles'
10 qualifications?

11 MR. STAMETS: He is considered qualified.

12 Q (Mr. Ryan continuing.) Mr. Giles, in pre-
13 paration for this hearing have you made a study and prepared
14 an exhibit which deals with the applicant's request for a
15 non-standard proration unit?

16 A Yes.

17 Q Would you please refer to what the reporter
18 has marked as Amoco's Exhibit Number One, and I'll ask that
19 you identify that exhibit and explain it.

20 A Yes. It is an ownership map to scale,
21 showing the various sized lots along the thin tier of Sections
22 10, 11, 12, and 7 in 28 North, 13 West, and 12 West, re-
23 spectively, and it shows the wells at their locations on
24 this map. It shows the old Federal Unit 2-11 in the longer
25 dashed lines, which was the 344.28 acre unit.

1 It shows the current Federal Unit 2-11 in
2 the short dashed lines, which comprises 275.36 acres, and
3 is not committed to the Gallegos Canyon Unit operated by
4 Amoco, nor is Section 11 to the north of Section 11, nor is
5 Section 34, excuse me, to the north of Section 11, committed
6 to the Gallegos Canyon Unit.

7 It shows the -- in the heavier dashed --
8 short dashed lines the proration unit dedicated to Gallegos
9 Canyon Unit Well No. 222, and finally, the last set of
10 dashed lines, longer dashed lines, shows the exterior boundary
11 on the west side of Gallegos Canyon Unit, and which contains
12 the Gallegos Canyon-Dakota participating area, all except
13 for Section 34, in 29 North, 13 West, and the subject section
14 11 in 28 North, 13 West.

15 Q Now does Amoco Production Company, they oper-
16 ate the Gallegos Canyon unit, which includes acreage in
17 Section 12 which the applicant requests be placed into a
18 non-standard unit, is that correct?

19 A That is correct. We are the operator with
20 a 50.9 percent working interest, and the largest interest
21 in the DAKota participating area, which involves 21 other
22 owners, so Amoco does not own the Lot 4 in southwest south-
23 west of Section 12 in entirety. We have a part of it.
24 There are 21 other owners in that tract.

25 Q Is Amoco protesting to the application to

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1 form this non-standard unit?

2 A Yes, we are.

3 Q And what is the basis of that protest, in
4 your opinion?

5 A We feel that there are two reasons that we
6 would protest this. First of all, the Federal 2-11 Well
7 has produced .39 Bcf of reserves from under Section 11, and
8 therefore whatever reserves may be left in Section 11 would
9 be much less than the reserve that we would feel could be
10 present under the Lot 4 in the southwest southwest of Section
11 12 to the east.

12 Furthermore, we -- if and when the Basin
13 Dakota is infill drilled to 160-acre spacing, in other
14 words, the right or opportunity or option to drill a second
15 well in an existing 320-acre gas unit, the Dakota partici-
16 pating area owners in the Gallegos Canyon Unit would want
17 the right to, or opportunity to drill a well for themselves
18 in the Gallegos Canyon Dakota participating area, without
19 sharing revenue with acreage that's not committed to the
20 Gallegos Canyon Unit to the west.

21 Q Now back in 1960 when this non-standard unit
22 was originally formed, did Amoco Production Company and
23 also as the operator and the consent of the working interest
24 owners in Gallegos Canyon Unit, participate and form a
25 unitization agreement and a non-standard unit?

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1 A Yes, sir.

2 Q And it was agreeable at that time. What
3 has changed since then to make it different now?

4 A The two reasons I just gave, that the --
5 some of the reserves have been produced already under Section
6 11, not committed to the Gallegos Canyon Unit, and the fact
7 that we do look forward to the day when we could perhaps in
8 the Dakota participating area, drill an extra well as an
9 infill well in the Basin Dakota Pool without participation
10 from partially drained acreage to the west.

11 Q Does the Exhibit Number One, Amoco's Exhibit
12 Number One, indicate on certain wells the amount of gas
13 that has been recovered and the ultimate recovery that's
14 anticipated by decline curves?

15 A Yes. We have three sets of numbers in a
16 vertical fashion. The top number, as shown in the legend,
17 is the average MCFD for the first half of 1978.

18 The middle number is the Bcf of cumulative
19 production to the middle of 1978, and the bottom figure is
20 the Bcf estimated ultimate production by extrapolation of
21 the BHP/Z curves in the Dwight's and the rate curves in
22 Dwight's.

23 Q In your opinion does it appear that the
24 amount of gas to be recovered is better to the east in the
25 Gallegos Canyon Unit as compared to the wells drilled to the

1 west?

2 A. Very definitely. The Gallegos Canyon Unit
3 No. 86 in Section 35 is an excellent well, which should re-
4 cover ultimately 4.6 Bcf.

5 The Gallegos Canyon Unit No. 222 should re-
6 cover ultimately 5 Bcf. That's an excellent well.

7 The Gallegos Canyon Unit No. 235 in Section
8 13 is going to be a good well, probably a rather typical
9 Basin Dakota type well, having an ultimate that we perceive
10 of 2.28 Bcf.

11 So, yes, it does improve in ultimate recovery
12 aspects as you go east on my Exhibit One.

13 Q. Would it appear that the acreage located in
14 Section 12 would be more productive, say, than the acreage
15 located, say, in the west half of Section 11?

16 A. Very definitely, in my opinion.

17 Q. In your opinion if the applicant were per-
18 mitted to form this unit and drill its well at the proposed
19 location in Section 12, would it be very likely that would
20 recover reserves underlying the west half of Section 11?

21 A. No.

22 Q. Would it be likely that it would recover
23 reserves underlying the east half -- west half and the east
24 half of Section 12?

25 A. Yes.

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1 Q Is the -- from the --

2 A Which would be the Dakota participating
3 area acreage, yes.

4 Q In your opinion would that violate the cor-
5 relative rights of owners within that acreage?

6 A Very definitely.

7 Q Is that one reason we're opposing this appli-
8 cation?

9 A Yes, sir.

10 Q What would be your recommendation as far as
11 this application is concerned?

12 A I would suggest, since the applicant doesn't
13 feel that he can with reasonable prospect go back into the
14 existing Federal 2-11 Well, that he select another location
15 between that well and the east side of Section 11 to drill
16 a new well but locate it at least 790 back from the exterior
17 boundary of Section 11. We think that would be a reasonable
18 let's call it compromise for his situation where he does not
19 wish to re-enter 2-11.

20 Q Well, if he drilled a well within limits
21 like that practically anywhere in Section 11, it would allow
22 him to recover the gas underlying that section, would it
23 not?

24 A Yes, it would in my opinion.

25 Q And would not adversely affect the correlative

1 rights of the owners in Section 12?

2 A That is correct.

3 Q Do you recommend that this application be
4 denied?

5 A Certainly.

6 Q Was Exhibit Number One prepared by you or
7 under your supervision?

8 A It was prepared under my supervision.

9 MR. RYAN: I offer Exhibit One in evidence.

10 MR. STAMETS: The exhibit will be admitted.

11 Are there questions of Mr. Giles? Mr. Kellahin?

12 MR. KELLAHIN: Yes.

13
14 CROSS EXAMINATION

15 BY MR. KELLAHIN:

16 Q Mr. Giles, Amoco had a working interest parti-
17 cipation in the 2-11 Well, did it not?

18 A Yes.

19 Q And what percentage was that? About 20 per-
20 cent, wasn't it?

21 A Yes, I believe that's correct. 20 percent
22 as the Dakota group, the Dakota participating area owners
23 of which we operated for that group.

24 Q You indicated in response to a question by
25 your attorney that back in the fall of 1950 when the Com-

mission originally established the tier of non-standard proration units across this particular area, that Amoco supported that application --

A Yes.

Q -- and that order.

MR. KELLAHIN: If the Examiner please, I'd like you to take administrative notice of page eight of the transcript in Case 2096, heard on October 13th, 1960. We've marked it as Little Exhibit Number Eleven, it being a true copy of that transcript.

MR. RYAN: Well, I would request, if you're going to take administrative notice of it, you take administrative notice of the entire transcript, not just out of context.

MR. STAMETS: Certainly we'll take administrative notice of the entire transcript, and are there any particular pages you'd like to enter?

MR. RYAN: I don't even know what page eight says.

MR. STAMETS: I'm sure we're going to find out in a second.

Q (Mr. Kellahin continuing.) Now, in supporting that application back in 1960 for the creation of these tiers of non-standard proration units, you've indicated that subsequently you have two reasons why Amoco no

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1 longer supports that position, is that true?

2 A That's correct.

3 Q The reasons you gave for the change in
4 position were also present in 1960, were they not?

5 A No, absolutely not, neither one.

6 Q Now, when Mr. Horton filed his application
7 in May of 1973 in Case 4968, which resulted in Order Number
8 R-4556, which contracted the non-standard proration unit,
9 thereby deleting the 69 acres, Amoco opposed that, did they
10 not?

11 A I don't recall exactly opposing it. Mr.
12 Horton wanted to reduce it to the current unit?

13 Q That's right. Amoco did not support that
14 application, did they?

15 A I don't recall what we did.

16 MR. KELLAHIN: We'd ask the Examiner to take
17 administrative notice of the transcript and orders entered
18 in Case 4968 and Order Number R-4556.

19 MR. STAMETS: 4968 and R-what?

20 MR. KELLAHIN: 4556.

21 MR. STAMETS: All right, we'll take notice.
22 The Examiner will do that.

23 MR. KELLAHIN: Thank you.

24 Q Now the 69 acres that's part of the Gallegos
25 Unit is not now dedicated to any unit, is it?

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1 A No. It is a Dakota participating area por-
2 tion. It is a portion of the Dakota participating area in
3 the Gallegos Canyon Unit, but it is not part of a gas pro-
4 ration unit by virtue of a New Mexico Oil Conservation Com-
5 mission order.

6 Q What is the name of the well located in
7 Section 10? That's the Bay Mare No. 1?

8 A Bay Mare, I believe.

9 Q Bay Mare No. 1 Well?

10 A Yes.

11 Q Who operates that well?

12 A I do not know.

13 Q In your opinion does the production from
14 the Bay Mare No. 1 drain some portion of the west half of
15 Section 11?

16 A It probably drains a portion of the extreme
17 western -- west half west half of Section 11, yes.

18 Dwight shows that Shenandoah Oil Corporation
19 is the operator of Bay Mare.

20 Q Do you have an estimate as to when Amoco
21 and the Gallegos Canyon Unit might propose to develop the
22 unitized area on 160-acre spacing?

23 A At some date after the New Mexico Oil Con-
24 servation Commission hears and approves a case for infill
25 drilling of the entire Basin Dakota Pool.

1 Q And when will that come to hearing?

2 A I would speculate sometime later this year.
3 Perhaps this summer.

4 Q And how would you propose to handle the 69
5 acres that are not now currently dedicated to a producing
6 well?

7 A We would ask for a rededication of the unit
8 involving No. 222, which is also part of the Dakota partici-
9 pating area of the Gallegos Canyon Unit, and committed
10 acreage.

11 MR. KELLAHIN: We have nothing further, Mr.
12 Examiner.

13
14 CROSS EXAMINATION

15 BY MR. STAMETS:

16 Q Mr. Giles, in looking at your exhibit and
17 the ultimate expected recovery, of all the wells surrounding
18 the well in Section 11, everyone of those seems to be higher
19 than the expected ultimate recovery of the Federal 2-11.

20 A Yes, sir.

21 Q Does that indicate to you that that well
22 has not recovered all the gas to be recovered under that
23 unit?

24 A It does, Mr. Stamets, and as a matter of
25 fact, I took an average of the five surrounding offsets,

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1 that's the Gallegos Canyon No. 164, the Hagood No. 3, the
2 Bay Mare No. 1, the Government E No. 1, and the Gallegos
3 Unit 234, and took an average of the extrapolated ultimate
4 recoveries on those wells and I came up with .9 Bcf as what
5 you might expect to be recovered from a well on Section 11.

6 The existing well cratered at the .39 Bcf
7 point, apparently, so to me there could be .51 Bcf, or
8 thereabouts, remaining reserve under Section 11, and in our
9 view, that would support as a viable venture, the drilling
10 of a replacement well thereon to recover that .51 Bcf.

11 Q Is there any reason when the -- when and if
12 the Division approves infill drilling in the Dakota, that
13 Amoco can't come in and drill a well in the west half of
14 their Gallegos Canyon 222 proration unit?

15 A No.

16 Q There's adequate acreage there?

17 A Yes, I would think there's adequate acreage,
18 but I think we might want to reconstruct the units to take
19 care of the so-called dangling Lot 4 in southwest southwest
20 of Section 12; rearrange the units, perhaps, in a better
21 way.

22 Q If we approve the application today, will
23 that result in non-standard proration units across this
24 township of roughly the same size?

25 A It would result in that, yes, but it would

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1 be an unfair advantage to the -- to the people in Section
2 11, in our view, who are contributing acreage to the over-
3 sized unit that's partially drained and asking to drill a
4 well on acreage of ours that may yet need to be drained by
5 a well of our own.

6 Q I have a little difficulty with that, Mr.
7 Giels. You've indicated that there's nothing to prevent
8 you from drilling a well in Section 12.

9 A That's correct, but we can't drill on the
10 Lot 4 in southwest southwest of Section 12 at this time.

11 Q Okay.

12 A By ourselves.

13 Q Let's talk about that. Let's suppose that
14 you're granted a non-standard proration unit consisting of
15 the current NSP plus the 69 acres in the northwest north-
16 west of Section 12 and you drill a well there. Are you
17 going to have an unfair advantage over the people in Section
18 11, since you have such a larger unit and more allowable is
19 assignable to your well?

20 A You said form a unit expanding the unit
21 around 222 to include the 69 acres?

22 Q Yes, and that will give you higher acreage
23 factor in the allowable formula, and if you put a well
24 there in Section -- in Lot 4 of 12, right next to Section
25 11, aren't you going to be draining Section 11 pretty heavily?

1 A We wouldn't put the well there. We'd pro-
2 bably put it over in Lot 3 of Section 12 to be more equi-
3 distant between wells.

4 Q Okay, well --

5 A Space them out a little bit.

6 Q Okay, well, let's go ahead and drill Mr.
7 Little's well, can you still put a -- let's see, you can
8 still put a well in there, then, in Lot 2 rather equidistant
9 between wells.

10 A Yes, you could, if -- if he were granted
11 approval to drill on our lands in Lot 4, but again we think
12 that would be unfair.

13 Q Well, now, Mr. Little is going to have to
14 share the production from that No. 2 Well with the unit.

15 A Oh, definitely.

16 Q Based on the amount of acreage assigned to
17 that well.

18 I just have a hard time seeing where the
19 unfairness comes in.

20 A Mr. Little should drill a well in the -- near
21 the corner of Lots 1 and 2 in Section 11 and the east half
22 of the south half and recover reserves under his own Sec-
23 tion 11.

24 Q Well, now looking at the exhibit, I don't
25 see that his proposed location is any different from the

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1 other locations on this exhibit. It looks like he's just
2 drilling where everybody else has.

3 A. On our land?

4 Q. Well, when you force pool that's treated as
5 one block regardless of the ownership, and that's what he's
6 asked to do here.

7 A. Well, maybe I haven't stated my case very
8 clearly, Mr. Stamets, but I'm saying that in our opinion
9 Lot 4 in the southwest southwest of Section 12 essentially
10 has its gas still in place, and that the Federal 2-11 Well
11 has drained a portion of the reserves or the gas in place
12 under Section 11, and yet if your premise is correct and
13 you approve Mr. Little's application, you are allowing him
14 with partially drained acreage to share in a well on our
15 lands with our acreage that essentially is undrained.

16 You're giving him an unfair advantage and
17 making it unfair to us.

18 We think he should drill a well under Sec-
19 tion 11, on Section 11 to recover reserves that may be left,
20 not yet produced from 2-11, and he doesn't have to bother
21 with us.

22 Q. Is the acreage that Mr. Little has in Lot 1
23 in the southeast southeast of Section 11 any more or less
24 drained than the 69 acres in the Gallegos Canyon Unit?

25 A. Probably more drained by the 2-11 Well.

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1 Q And by the Gallegos Canyon Unit Well No. 2342

2 A To some degree.

3 Q Which belongs to the Unit, Amoco, et cetera?

4 A Yes, sir. There will be drainage and
5 counter-drainage, depending on the well locations throughout
6 the area, granted, to some degree.

7 MR. STAMETS: Any other questions of the
8 witness?

9 MR. RYAN: I have a question, if I may.

10 REDIRECT EXAMINATION

11 BY MR. RYAN:

12 Q Mr. Giles, the iniquity you're talking
13 about, I'd like to make a comparison of figures, is that
14 the Amoco Production Company and the Gallegos Canyon Unit
15 in the proposed unit would own approximately 20 percent,
16 is that what you testified?

17 A Yes, sir.

18 Q And all of that's not Amoco's --

19 A Oh, no.

20 Q -- wouldn't be Amoco's income, that would
21 be shared with the entire unit, is that correct?

22 A That's right, the 21 other Dakota partici-
23 pating area owners.

24 Q So the iniquity, as I understand your testi-

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1 mony, is the fact that the applicant wants to drill a well
2 on Amoco's and Gallegos Canyon's acreage and have them parti-
3 cipate at 20 percent participation, whereas, maybe just
4 the reverse is the amount of gas that we would recover from
5 that.

6 A. That is correct.

7 Q. So certainly you think that more than --
8 it's your testimony that more than 50 percent of the gas
9 would come from underlying Section 12, yet you'd only parti-
10 cipate at a rate of 20 percent.

11 A. That's correct.

12 Q. Is that your main objection?

13 A. That's correct.

14 Q. Is that where the iniquities are?

15 A. Definitely.

16 MR. RYAN: That's all I have.

17 MR. KELLAHIN: I have just one further
18 question.

19
20 RECROSS EXAMINATION

21 BY MR. KELLAHIN:

22 Q. From 1960 to 1973 the Unit participated in
23 the well 2-11, did it not?

24 A. Well, 1960 until the communitization agree-
25 ment terminated, expired by its own lack of production from

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1 2-11, whenever that was.

2 Q That's right.

3 A Yes.

4 Q During that period of time --

5 A Yes.

6 Q -- the Gallegos Unit did in fact participate
7 and receive proceeds from the well 2-11?

8 A Yes. As a matter of fact, we will pay our
9 share of the cost to plug 2-11 when the designated agent
10 for 2-11 wishes to plug the well.

11 Q But on the converse, you're not willing
12 now to participate with the 69 acres in a well to re-establish
13 the original non-standard proration unit for a well drilled
14 on the 69 acres?

15 A That's correct.

16 Q Okay.

17 MR. KELLAHIN: No further questions.

18 MR. STAMETS: Any other questions of this
19 witness? He may be excused.

20 Anything further in this case?

21 MR. RYAN: I think I offered my exhibit but
22 if I didn't, I offer it now.

23 MR. STAMETS: And if I didn't accept it, I
24 will now.

25 We'll take this case under advisement.
(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that the said transcript is a full, true, and correct
 record of the 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
 Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
 a complete report of the proceedings in
 the Examiner Hearing of Case No. 6437
 heard by me on 2-28 1979
Richard L. Hume, Examiner
 Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
28 February 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Curtis Little for
compulsory pooling, approval of
infill drilling, and a non-standard
proration unit, San Juan County,
New Mexico.

CASE
6437

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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CURTIS LITTLE

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R. B. GILES

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Amoco Exhibit One,

26

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1 MR. STAMETS: We will call Case 6437.
2 Application of Curtis Little for compulsory pooling,
3 approval of infill drilling, and a non-standard proration
4 unit, San Juan County, New Mexico.

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

8 MR. STAMETS: Ask for other appearances.

9 MR. RYAN: Gordon D. Ryan, for Amoco Pro-
10 duction Company, and I also have one witness.

11 MR. STAMETS: Okay, any other appearances?
12 (Witnesses sworn.)
13

14 CURTIS LITTLE

15 being called as a witness and having been duly sworn upon
16 his oath, testified as follows, to-wit:
17

18 DIRECT EXAMINATION

19 BY MR. KELLAHIN:

20 Q Would you please state your name and occu-
21 pation?

22 A Curtis J. Little, Consulting Petroleum
23 Geologist and Independent oil operator, with offices
24 located in 150 Petroleum Plaza Building, Farmington, New
25 Mexico.

1 Q Mr. Little, you are the applicant in this
2 case?

3 A Yes, sir.

4 Q And have you previously testified as an
5 expert geologist before the Oil Conservation Division?

6 A Yes.

7 MR. KELLAHIN: We tender Mr. Little as an
8 expert witness.

9 MR. STAMETS: He is considered qualified.

10 Q (Mr. Kellahin continuing.) Would you begin
11 by telling the Examiner what you're seeking to accomplish
12 here?

13 A Order No. R-1814 in 1960 established 28
14 proration units covering a distance of 36 miles across
15 the center -- essentially the center of the San Juan Basin.
16 These proration units encompassed two, at least two or
17 more sections. They're all short sections across the top
18 of the incomplete Township 28 North.

19 The proration unit, covering all of 11 and
20 the west half west half of Section 12, 28, 13, was approved
21 November, 1960, was then drilled; in June of 1973 a Mr.
22 Horton came in wanting to rework the well, asked for a
23 contraction of the unit to shut off the water. He then
24 tried that, he was unsuccessful, and I'm attempting to
25 re-establish the original proration unit and drill a re-

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1 placement well in that unit.

2 Q Would you please refer to what I've marked
3 as Exhibit Number One and identify that?

4 A Exhibit Number One is an application to
5 drill the replacement well, which I submitted to USGS on
6 December 13th, 1978, unaware that the original proration
7 unit had been contracted. The well was staked 1085 feet
8 from the north line, 285 feet from the west line of Section
9 12, which is in the eastern portion of the formerly ap-
10 proved proration unit.

11 Q Is the staked location a standard location
12 for wells drilled in this particular area to this parti-
13 cular depth?

14 A Yes, it is. It's located some 1035 feet
15 from the east line of the original proration unit. 1085
16 feet from the south line and 1080 feet from the north
17 line, so it would fall within the 790 outer boundaries, is
18 the standard location.

19 Q Please refer to Exhibit Number Two and
20 identify that.

21 A That's a well survey plat, original dedi-
22 cated proration unit. The contracted unit is only Section
23 11, which leaves out the Lot 4 in the southwest southwest
24 of 12. It shows the proposed location of the well and
25 the original well, which is now no longer capable of com-

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1 commercial production, although it has not been plugged.

2 Q Let's refer to Exhibit Number Three and
3 identify it.

4 A Exhibit Number Three is a well location
5 acreage dedication plat on Amoco's Unit Well No. 222,
6 showing the 69 acres which is presently non-committed to --
7 is not committed to any Dakota proration unit, being the
8 west half west half of Section 12, and the remainder of
9 12 and portions of 7, Section 7 and 12 west are dedicated
10 to the well No. 222 drilled in 1966.

11 Q Would you refer to Exhibit Number Four and
12 identify that?

13 A Number Four is a well data sheet, showing
14 the important data that concerns the original proration
15 unit well, such as the location, spud and completion date,
16 the casing depth, perforations, initial potential, the
17 first delivery to the pipeline. It shows when the water
18 began injected to the Gallup formation in this well,
19 flooding the Gallup, the last commercial gas flow, June,
20 1967. The well was disconnected in 1972. It was shut-in
21 by the Oil Commission for no flare in 1976. The well was
22 reconnected in October, '76, and then was disconnected in
23 July of '78.

24 Also it shows the various and sundry oper-
25 ators of the original proration unit well.

1 MR. STAMETS: Are all these connects and
2 disconnects and re-connects Dakota?

3 A Yes, sir, all Dakota.

4 Q What are your intentions with regards to
5 the Federal 2-11 Well if the Division approves your appli-
6 cation?

7 A To plug the well within 60 days of pipeline
8 connection of the new well.

9 Q Will you refer to Exhibit Number Five and
10 identify it?

11 A Number Five is a fifteen year production
12 history on the original proration unit well. Only by
13 years the first five years and then by months the last
14 ten years.

15 In 1967 was the last commercial production
16 of the well. The well was shut-in with no production in
17 the year '69 through September of '73. Then it became an
18 oil well with no gas being produced.

19 MR. STAMETS: That's a Dakota oil well?

20 A Yes, sir. It has a pump jack on it.

21 Then in '76 water was started being reported
22 in production reports and then the last pipeline disconnect
23 re-connect in '77 it shows limited amounts of gas for about
24 six or seven months and then the only thing that's been
25 reported is oil, no water or gas.

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1 Q Okay.

2 A I might add that on this also shows the
3 PC of the -- each year that the well -- the 7-day shut-in
4 pressure which was taken in '64, '65, '67, and '77. The
5 rest of them were not required to test.

6 Q Would you refer to Exhibit Number Six and
7 identify that?

8 A Number Six is a cumulative production sur-
9 rounding all of the offset wells to the proration unit
10 with the operators shown. The top figure beside each well
11 is gas production in millions of cubic feet, barrels of
12 oil, then a line and the date the well was drilled. Below
13 that is millions of gas for 1977 and barrels of oil in
14 1977.

15 It shows the blanket nature of production
16 in the area. It shows the original proration unit outlined
17 in red, and the trace of a cross section of C/C prime,
18 which surrounds and goes through the proration unit.

19 Q What conclusions do you reach from the pro-
20 duction information depicted on Exhibit Number Six?

21 A That it's blanket production. There's --
22 since the 1 BCF wells on three sides of the proration unit,
23 a 1/2 Bcf well on the west, I can't explain the abnormal low
24 production of the initial unit well. There's some theories
25 that could be offered, such as the cold water, Gallup water,

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1 being injected by the flood setting up paraffin on the
2 Dakota; channel cement, hole in the casing. We just don't
3 know why the well quit producing and went to water, but it
4 is surrounded by good wells.

5 Q Would you refer to the cross section, which
6 has been marked as Exhibit Number Seven, and identify the
7 information contained on that exhibit?

8 A This is electric log cross section, the
9 trace of which was on Exhibit Six. You'll note at the top
10 of the log cross section is the base of the Greenhorn lime-
11 stone and a red bentonite shale marker, a correlative point
12 right above the upper Dakota zone 1.

13 You can see the continuous sandstone cor-
14 relative units of Dakota Zone 1. Everything in excess of
15 ten millevolts of self potential has been colored in yellow.

16 The perforations as shown on each well.

17 Then the other major producer is the Lower
18 Dakota with its accompanying bentonite marker overlying the
19 Lower Dakota. The perforations in each well on it and all
20 of the sandstone showing more than ten millevolts of self
21 potential, again colored in yellow.

22 Q Would yiu refer to Exhibit Eight and identify
23 it?

24 A Exhibit Number Eight is a structural contour
25 map of the area, again showing all of the offset operators,

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1 the structural datum on each well, the top of the Dakota.
2 The structure shows that there's a northeast dip of about
3 65 feet per mile. Structure does not really affect how
4 much production. It also shows the non-standard proration
5 units both east and west of the proration unit in question.

6 Q The hatched line running northeast to south-
7 west within Section 11, that appears to cover the entire
8 Section 11, does it not?

9 A Yes.

10 Q All right. Are you the working interest
11 owner of Section 11?

12 A I am designated as an operator and I'm
13 waiting on a BLM approval of assignment, and I also have
14 a firm contract on that section, yes.

15 Q All right. Now, the hatched line in a por-
16 tion of Section 12, which runs northwest to southeast, who
17 is the operator of that acreage?

18 A Amoco Production Company on behalf of the
19 Gallegos Canyon Unit, which contains about 69 acres and is
20 the west half west half of Section 12.

21 Q Are those 69 acres currently committed to
22 any proration unit?

23 A No, sir, not according to my information.

24 Q Will the inclusion of the 69 acres within
25 the unit, as part of your non-standard proration unit, make

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1 your proposed non-standard proration unit similar in size
2 to the other non-standard proration units in the area?

3 A Yes, it will. It will be back to the origi-
4 nal proration unit.

5 Q If the 69 acres is not included in your
6 non-standard proration unit, will it be dedicated to any
7 proration unit?

8 A No, sir, it will not.

9 Q Where is the proposed location for the infill
10 well?

11 A It is located 285 feet from the west line,
12 1185 feet from the south line of Section 12.

13 MS. TESCHENDORF: Tom, the application and
14 the ad say 1085.

15 MR. KELLAHIN: I think it's simply --

16 A 1085 from the north.

17 MR. STAMETS: From the south.

18 A 1185 from the south.

19 Q 1085 from the south.

20 A Yeah, that's right. 1080 from the south,
21 1180 from the north.

22 MS. TESCHENDORF: Okay.

23 Q There we go, okay. Now, Mr. Little, do you
24 have the consent of all the working interest owners within
25 the non-standard proration unit to join you in the drilling

1 of this particular well?

2 A No, I do not.

3 Q Which of the working interest owners do you
4 not yet have an agreement with?

5 A Amoco Production.

6 Q All right. As of the date of this hearing
7 has Amoco agreed to join you in the drilling of this well?

8 A No, sir.

9 Q Let me show you what I've marked as Exhibit
10 Number Nine and have you identify that.

11 A That's an AFE, which I prepared.

12 Q Would you summarize the information contained
13 on that AFE?

14 A My estimated dry hole cost is \$103,850.
15 Completed cost \$240,850.

16 Q In your opinion, Mr. Little, are those
17 costs consistent with costs charged within the industry for
18 similar wells to similar depths?

19 A Yes.

20 Q Do you have a recommendation to the Examiner
21 with regard to overhead charges to be assessed against any
22 nonconsenting owner while drilling and after completion of
23 the well?

24 A The normal today is about \$2000 drilling
25 well rate. These wells take eight to ten days, which would

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1 be ten days over thirty, which is 1/3 of \$2000 actual charge,
2 about \$175, \$200, per month.

3 Q Are those your recommendations to the Exa-
4 miner with regards to overhead charges to be assessed for
5 this particular application?

6 A Yes, sir.

7 Q Do you also have a recommendation to the
8 Examiner with regards to a risk factor to be assessed?

9 A It would vary somewhere between one-to-one
10 to two-to-one, would be my assessment of it.

11 MR. STAMETS: Was that 150 percent?

12 MR. KELLAHIN: I think that's what he said.
13 Let me ask him.

14 MR. STAMETS: Go ahead.

15 Q The Commission assesses a risk factor in
16 terms of a percentage. An operator is allowed to recover
17 his cost plus an additional penalty up to a statutory maxi-
18 mum of 200 percent. In light of that statutory restriction,
19 what is your recommendation in a percentage?

20 A 150 percent.

21 Q All right, sir.

22 On what do you base that opinion?

23 A The only -- the big risk factor is the bottom
24 hole pressure. There is on recent wells 7-day shut-in,
25 there's a narrow band that lies east-west through this pro-

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1 posed location that is abnormally low compared to wells to
2 the north and to the south.

3 Q I'll show you what I've marked as Applicant
4 Exhibit Number Ten and ask you to identify that exhibit.

5 A This is Form C-132, which I prepared for --
6 to present to the USGS to qualify under NPGA -- NGPA, but
7 I understand you can't submit this until a well is spudded,
8 so i --

9 Q Well, I understand. As part of your appli-
10 cation in this case, you've asked the Examiner to make
11 findings that the second infill well is necessary to effective-
12 ly and efficiently drain the proration unit that cannot be
13 drained by the existing well, is that true?

14 A Yes.

15 Q Is that still your intent?

16 A Yes.

17 Q In your opinion will the second well be
18 necessary to effectively and efficiently drain the non-standard
19 proration unit which cannot now be drained by the existing
20 well?

21 A There really is no existing well there, be-
22 cause it's incapable of producing at commercial rates and
23 it will increase the recoverable reserves and efficient use
24 of the reservoir energy and insure greater ultimate recovery
25 of gas in the unit, protect the proration unit for uncom-

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1 pensated drainage and protect correlative rights.

2 Q In your opinion, Mr. Little, will approval
3 of the non-standard proration unit be in the best interest
4 of conservation, the prevention of waste, and the protection
5 of correlative rights?

6 A Yes.

7 Q Were Exhibits One through Ten prepared by
8 you or prepared under your direction and supervision?

9 A Yes, sir.

10 Q In your opinion, Mr. Little, is the proposed
11 location for the 2-R Well the optimum location from which
12 to drain that portion of the non-standard proration unit
13 that still has Dakota production left to be produced?

14 A Yes, sir, I do. The distance between the
15 original proration unit well and the proposed replacement
16 well is some 2500 feet. We're extremely limited, the dif-
17 ferences in elevation between the two wells is 289 feet.
18 The original proration unit is sitting on the edge of a
19 cliff. The 2-R replacement well is off the cliff down in
20 the canyon as far back as it's practical to put it.

21 Q In your opinion, Mr. Little, if the 69 acres
22 now controlled by the unit is not dedicated to the proposed
23 non-standard proration unit, would that, in your opinion,
24 constitute waste?

25 A Yes, sir.

1 MR. KELLAHIN: We move the introduction of
2 Exhibits One through Ten and that concludes our direct
3 examination.

4 MR. STAMETS: These exhibits will be ad-
5 mitted.

6
7 CROSS EXAMINATION

8 BY MR. STAMETS:

9 Q Mr. Little, how much additional gas do you
10 expect to recover from this proration unit?

11 A Mr. Examiner, I would estimate from my 22
12 years experience in working the Dakota, 1 billion to 2 billion
13 cubic feet of gas. I've had experience in the last year and
14 a half, we've drilled three replacement Dakota wells and
15 have found virgin pressures in all three wells.

16 Q Why can't you get in and work over the Feder-
17 al 2-11?

18 A Mr. Horton, he got the new order contracting
19 this. It's my understanding from reading the well file, he
20 spent a lot of money trying to shut this water off with
21 packers and swab tests, and he never did really; from reading
22 the well history and his files, they decreased the water a
23 little bit but they also decreased the oil and gas.

24 Q Do you have a record of an unsuccessful
25 workover attempt?

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1 A Yes, sir.

2 Q And you don't feel that it would be an econ-
3 omical venture to try and get in and do anything with the
4 old well?

5 A No, sir, I sure don't.

6 Q Okay.

7 MR. STAMETS: Are there other questions of
8 Mr. Little?

9 MR. RYAN: Yes, I have some questions.

10
11 CROSS EXAMINATION

12 BY MR. RYAN:

13 Q Mr. Little, I'm a little bit confused that
14 in the application it's alleged that the Federal Well No.
15 2-11 has been plugged and abandoned and there's presently
16 no production from the land involved.

17 Evidently that's not the case, is it?

18 A No, it sure isn't.

19 Q The well's never been plugged and abandoned.

20 A No, sir.

21 Q On one of your exhibits, though, you would
22 indicate that there has been no commercial production from
23 the well since 1967.

24 A That's correct.

25 Q Now, subsequent to that time was the order

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1 of the Commission, R-5556, in which the unit was contracted,
2 is that your understanding?

3 A Would you repeat that?

4 Q Well, the 1973 order which you made reference
5 to --

6 A Yes.

7 Q -- R-5556, is that the order that contracted
8 the unit back to the acreage contained only in Section 11?

9 A Yes.

10 Q Now you're successor in interest to Mr.
11 Horton either directly or somewhere down the line to that
12 acreage, is that correct?

13 And when your assignment is final, then, will
14 you control all of the acreage in Section 11?

15 A As to the Dakota rights only.

16 Q As to the Dakota rights only. So when you
17 talk about reaching an agreement with everybody but Amoco,
18 that's -- that isn't anybody else, is it?

19 A Well, Amoco's the only other --

20 Q Yeah.

21 A -- person in there.

22 Q There are only two working interest owners
23 in Section 11 and 12.

24 A Right, yes.

25 Q You control, or will control, the interest

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1 in Section 11 and Amoco controls the interest in Section 12,
2 and Section 12 is included in the unit area of the Gallegos
3 Canyon Unit.

4 A Yes, sir.

5 Q Now, it's on Amoco's acreage that is con-
6 tained in the Gallegos Canyon Unit upon which you want to
7 drill the well.

8 A Yes, sir.

9 Q Now you've indicated that it's not a prac-
10 tical situation to workover the existing Federal 2-11 Well
11 in Section 11. In your opinion are the reserves underlying
12 Section 11 still remaining?

13 A Yes, sir.

14 Q Could not a well be drilled in Section 11
15 on the existing proration unit in which those reserves could
16 be recovered?

17 A It could if a person wanted to spend enough
18 money to make a location back against that cliff.

19 Q What about over to the west?

20 A It's possible to go to the west. You
21 wouldn't recover as much reserves.

22 Q Well, actually, the optimum location is to
23 drill a well on acreage that's not owned by you, is that
24 correct?

25 A Currently not owned by me. It would be part

1 of the original proration unit, though.

2 Q But the original proration unit no longer
3 exists, is that correct?

4 A That's true, by --

5 Q Yes, so what we're talking about is an
6 existing proration unit that consists of all of Section 11.
7 That unit exists now, is that your understanding?

8 A Yes, that's my understanding.

9 Q And you could drill a well on that unit and
10 recover reserves underlying Section 11 without any order of
11 this Commission to form a non-standard unit or to force pool
12 anybody?

13 A Yes, that's true.

14 Q And when you talk about remaining reserves,
15 have you broken it down into what you would think would be
16 remaining reserves underlying Section 11 and those under-
17 lying Section -- that portion of Section 12 which you hold?

18 Is it -- is it your opinion that the better
19 portion of the reservoir is to the east as opposed to the
20 west?

21 A From the production history of this whole
22 area, yes, better production is to the north, south, and
23 east.

24 Q Could you move away from the existing well
25 a few hundred feet and drill another well?

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1 A I don't know why the existing well is a
2 water well. I wouldn't want to stay very close to it with
3 it making as much water as it is. Amoco refused to join in
4 attempting to shut that water off, according to the records
5 that's next door.

6 Q Is it your feeling, then, that the water
7 is in the -- in the producing formation?

8 A I don't know. It could be a channel job
9 in the cement. It could be a result of the Gallup water-
10 flood. It could be formation water. All I know is that
11 it's a water well and noncommercial oil and gas.

12 Q The Section 11 itself is a long, narrow,
13 is it not?

14 A Yes, sir.

15 Q And then if your request to make this a
16 non-standard then makes the unit even longer and doesn't
17 add anything to the width of the unit, does it?

18 A Adds nothing to the width.

19 Q So is it likely that there would be any
20 hydrocarbon recovery, say, from the west half of Section 11
21 that would be recoverable from the well in Section 12 if
22 it were drilled?

23 A It would depend on what causes the water
24 production in the existing well in Section 11, the original
25 proration unit.

1 Q Wouldn't you have a better chance of recovering
2 reserves underlying all the area west of the existing well
3 if a well was drilled in that area rather than in the loca-
4 tion in Section 12?

5 A In my opinion you could have -- you could
6 get additional gas out of the proration unit whether you
7 drilled east or west of the original proration unit well.

8 Q Is it possible that the well in Section 11
9 ceased to produce because it produced all of the recoverable
10 reserves underlying that section?

11 A Not in my assessment of the regional geology
12 and production characteristics of all the wells in all
13 directions from that well, I'd say not.

14 Q Well, it certainly indicates from production
15 in surrounding wells that there is possibly gas in place
16 underlying Section 11, but if there's a possibility of water
17 present there, then all the gas in place isn't always re-
18 coverable, is it?

19 A It would depend on what caused the water.

20 MR. RYAN: That's all the questions I have.

21 MR. STAMETS: Ms. Teschendorf.

22 CROSS EXAMINATION

23 BY MS. TESCHENDORF:

24 Q Mr. Little, am I correct that this well is
25

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1 located on a Federal part of the communitized lease?

2 A It has not been communitized. The nearest
3 thing to communitized, you can't do that until a well is
4 drilled, is that not correct?

5 Q Well, your Exhibit --

6 A Two? I'm afraid that's in error.

7 Q Okay. Well, is this well, your proposed
8 location, is that on a Federal lease?

9 A Yes, ma'am.

10 Q And it will be completed in minerals that
11 are --

12 A Federal minerals.

13 Q -- Federal minerals, then your proper juris-
14 dictional agency for NGPA purposes is the USGS.

15 A Yes, ma'am.

16 Q And I just wanted you to realize that you're
17 going to have to go to them for a finding that an infill
18 well is necessary to drain the unit.

19 We can give you that but the PERF regulations
20 state you have to get that finding from your jurisdictional
21 agency, which would be the USGS in this case.

22 MR. KELLAHIN: If you will give us that
23 finding in this case, we will --

24 A It would probably help you, would be the --

25 MR. KELLAHIN: It will help us if we ever

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1 get that far with USGS.

2 MS. TESCHENDORF: But I did want to point
3 that out so you'd be sure and --

4 MR. KELLAHIN: We were aware of that, thank
5 you.

6 MR. RYAN: Just a point of clarification,
7 Mr. Little, all the acreage in Section 11 and that portion
8 of Section 12 is all Federal acreage, isn't it?

9 A. Yes.

10 MR. STAMETS: And, before Mr. Little gets
11 off the stand, I need to confirm what is apparent, since
12 you don't speak about rescission of Order R-4556, I presume
13 that that portion of this case is now dismissed, or you
14 would propose to dismiss that?

15 MR. KELLAHIN: Well, that's in the call of
16 our application and it didn't get in the advertisement.

17 MR. STAMETS: Yes, it did.

18 MR. KELLAHIN: Where is it?

19 MR. STAMETS: It's the second sentence.

20 MR. KELLAHIN: Well, in fact we do want to
21 rescind Order R-4556, which is the approval of the smaller
22 unit. You'd need to rescind that in order to give us the
23 larger unit, if that's what you decide to do.

24 MR. STAMETS: Or supersede it.

25 MR. KELLAHIN: That's true.

1 MR. RYAN: Well, we, of course, would have
2 no objection to, you know, if the order were issued granting
3 this proration unit, which of course we are objecting to,
4 then you'd have to rescind that order. Of course we had
5 objection initially to the fact that rescinding that order
6 would ipso facto reinstate the larger unit, which I don't
7 think is in question at this point.

8 MR. STAMETS: I think I would rather
9 supersede than rescind. I think it follows better.

10 Any other questions of this witness? He
11 may be excused.

12 Anything further, Mr. Kellahin?

13 MR. KELLAHIN: Not on direct.

14 MR. STAMETS: Mr. Ryan?

15 MR. RYAN: Yes, I have one witness.

16
17 R. B. GILES

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

20
21 DIRECT EXAMINATION

22 BY MR. RYAN:

23 Q Would you please state your name and by
24 whom you're employed? And in what capacity?

25 A R. B. Giles, G-I-L-E-S, Amoco Production

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1 Company, in an engineering capacity.

2 Q Mr. Giles, have you heretofore testified
3 before the Commission and had your qualifications as an ex-
4 pert witness in the field of engineering admitted?

5 A Yes.

6 Q And are you familiar with the area that's
7 covered in this application?

8 A Yes.

9 MR. RYAN: Any questions as to Mr. Giles'
10 qualifications?

11 MR. STAMETS: He is considered qualified.

12 Q (Mr. Ryan continuing.) Mr. Giles, in pre-
13 paration for this hearing have you made a study and prepared
14 an exhibit which deals with the applicant's request for a
15 non-standard proration unit?

16 A Yes.

17 Q Would you please refer to what the reporter
18 has marked as Amoco's Exhibit Number One, and I'll ask that
19 you identify that exhibit and explain it.

20 A Yes. It is an ownership map to scale,
21 showing the various sized lots along the thin tier of Sections
22 10, 11, 12, and 7 in 28 North, 13 West, and 12 West, re-
23 spectively, and it shows the wells at their locations on
24 this map. It shows the old Federal Unit 2-11 in the longer
25 dashed lines, which was the 344.28 acre unit.

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1 It shows the current Federal Unit 2-11 in
2 the short dashed lines, which comprises 275.36 acres, and
3 is not committed to the Gallegos Canyon Unit operated by
4 Amoco, nor is Section 11 to the north of Section 11, nor is
5 Section 34, excuse me, to the north of Section 11, committed
6 to the Gallegos Canyon Unit.

7 It shows the -- in the heavier dashed --
8 short dashed lines the proration unit dedicated to Gallegos
9 Canyon Unit Well No. 222, and finally, the last set of
10 dashed lines, longer dashed lines, shows the exterior boundary
11 on the west side of Gallegos Canyon Unit, and which contains
12 the Gallegos Canyon-Dakota participating area, all except
13 for Section 34, in 29 North, 13 West, and the subject section
14 11 in 28 North, 13 West.

15 Q Now does Amoco Production Company, they oper-
16 ate the Gallegos Canyon unit, which includes acreage in
17 Section 12 which the applicant requests be placed into a
18 non-standard unit, is that correct?

19 A That is correct. We are the operator with
20 a 50.9 percent working interest, and the largest interest
21 in the DAKota participating area, which involves 21 other
22 owners, so Amoco does not own the Lot 4 in southwest south-
23 west of Section 12 in entirety. We have a part of it.
24 There are 21 other owners in that tract.

25 Q Is Amoco protesting to the application to

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1 form this non-standard unit?

2 A Yes, we are.

3 Q And what is the basis of that protest, in
4 your opinion?

5 A We feel that there are two reasons that we
6 would protest this. First of all, the Federal 2-11 Well
7 has produced .39 Bcf of reserves from under Section 11, and
8 therefore whatever reserves may be left in Section 11 would
9 be much less than the reserve that we would feel could be
10 present under the Lot 4 in the southwest southwest of Section
11 12 to the east.

12 Furthermore, we -- if and when the Basin
13 Dakota is infill drilled to 160-acre spacing, in other
14 words, the right or opportunity or option to drill a second
15 well in an existing 320-acre gas unit, the Dakota partici-
16 pating area owners in the Gallegos Canyon Unit would want
17 the right to, or opportunity to drill a well for themselves
18 in the Gallegos Canyon Dakota participating area, without
19 sharing revenue with acreage that's not committed to the
20 Gallegos Canyon Unit to the west.

21 Q Now back in 1960 when this non-standard unit
22 was originally formed, did Amoco Production Company and
23 also as the operator and the consent of the working interest
24 owners in Gallegos Canyon Unit, participate and form a
25 unitization agreement and a non-standard unit?

1 A Yes, sir.

2 Q And it was agreeable at that time. What
3 has changed since then to make it different now?

4 A The two reasons I just gave, that the --
5 some of the reserves have been produced already under Section
6 11, not committed to the Gallegos Canyon Unit, and the fact
7 that we do look forward to the day when we could perhaps in
8 the Dakota participating area, drill an extra well as an
9 infill well in the Basin Dakota Pool without participation
10 from partially drained acreage to the west.

11 Q Does the Exhibit Number One, Amoco's Exhibit
12 Number One, indicate on certain wells the amount of gas
13 that has been recovered and the ultimate recovery that's
14 anticipated by decline curves?

15 A Yes. We have three sets of numbers in a
16 vertical fashion. The top number, as shown in the legend,
17 is the average MCFD for the first half of 1978.

18 The middle number is the Bcf of cumulative
19 production to the middle of 1978, and the bottom figure is
20 the Bcf estimated ultimate production by extrapolation of
21 the BHP/Z curves in the Dwight's and the rate curves in
22 Dwight's.

23 Q In your opinion does it appear that the
24 amount of gas to be recovered is better to the east in the
25 Gallegos Canyon Unit as opposed to the wells drilled to the

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1 west?

2 A Very definitely. The Gallegos Canyon Unit
3 No. 86 in Section 35 is an excellent well, which should re-
4 cover ultimately 4.6 Bcf.

5 The Gallegos Canyon Unit No. 222 should re-
6 cover ultimately 5 Bcf. That's an excellent well.

7 The Gallegos Canyon Unit No. 235 in Section
8 13 is going to be a good well, probably a rather typical
9 Basin Dakota type well, having an ultimate that we perceive
10 of 2.28 Bcf.

11 So, yes, it does improve in ultimate recovery
12 aspects as you go east on my Exhibit One.

13 Q Would it appear that the acreage located in
14 Section 12 would be more productive, say, than the acreage
15 located, say, in the west half of Section 11?

16 A Very definitely, in my opinion.

17 Q In your opinion if the applicant were per-
18 mitted to form this unit and drill its well at the proposed
19 location in Section 12, would it be very likely that would
20 recover reserves underlying the west half of Section 11?

21 A No.

22 Q Would it be likely that it would recover
23 reserves underlying the east half -- west half and the east
24 half of Section 12?

25 A Yes.

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1 Q Is the -- from the --

2 A Which would be the Dakota participating
3 area acreage, yes.

4 Q In your opinion would that violate the cor-
5 relative rights of owners within that acreage?

6 A Very definitely.

7 Q Is that one reason we're opposing this appli-
8 cation?

9 A Yes, sir.

10 Q What would be your recommendation as far as
11 this application is concerned?

12 A I would suggest, since the applicant doesn't
13 feel that he can with reasonable prospect go back into the
14 existing Federal 2-11 Well, that he select another location
15 between that well and the east side of Section 11 to drill
16 a new well but locate it at least 790 back from the exterior
17 boundary of Section 11. We think that would be a reasonable
18 let's call it compromise for his situation where he does not
19 wish to re-enter 2-11.

20 Q Well, if he drilled a well within limits
21 like that practically anywhere in Section 11, it would allow
22 him to recover the gas underlying that section, would it
23 not?

24 A Yes, it would in my opinion.

25 Q And would not adversely affect the correlative

1 rights of the owners in Section 12?

2 A That is correct.

3 Q Do you recommend that this application be
4 denied?

5 A Certainly.

6 Q Was Exhibit Number One prepared by you or
7 under your supervision?

8 A It was prepared under my supervision.

9 MR. RYAN: I offer Exhibit One in evidence.

10 MR. STAMETS: The exhibit will be admitted.

11 Are there questions of Mr. Giles? Mr. Kellahin?

12 MR. KELLAHIN: Yes.

13
14 CROSS EXAMINATION

15 BY MR. KELLAHIN:

16 Q Mr. Giles, Amoco had a working interest parti-
17 cipation in the 2-11 Well, did it not?

18 A Yes.

19 Q And what percentage was that? About 20 per-
20 cent, wasn't it?

21 A Yes, I believe that's correct. 20 percent
22 as the Dakota group, the Dakota participating area owners
23 of which we operated for that group.

24 Q You indicated in response to a question by
25 your attorney that back in the fall of 1960 when the Com-

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1 mission originally established the tier of non-standard
2 proration units across this particular area, that Amoco
3 supported that application --

4 A Yes.

5 Q -- and that order.

6 MR. KELLAHIN: If the Examiner please, I'd
7 like you to take administrative notice of page eight of the
8 transcript in Case 2096, heard on October 13th, 1960.
9 We've marked it as Little Exhibit Number Eleven, it being
10 a true copy of that transcript.

11 MR. RYAN: Well, I would request, if you're
12 going to take administrative notice of it, you take admini-
13 strative notice of the entire transcript, not just out of
14 context.

15 MR. STAMETS: Certainly we'll take admini-
16 strative notice of the entire transcript, and are there any
17 particular pages you'd like to enter?

18 MR. RYAN: I don't even know what page eight
19 says.

20 MR. STAMETS: I'm sure we're going to find
21 out in a second.

22 Q (Mr. Kellahin continuing.) Now, in sup-
23 porting that application back in 1960 for the creation of
24 these tiers of non-standard proration units, you've indi-
25 cated that subsequently you have two reasons why Amoco no

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1 longer supports that position, is that true?

2 A That's correct.

3 Q The reasons you gave for the change in
4 position were also present in 1960, were they not?

5 A No, absolutely not, neither one.

6 Q Now, when Mr. Horton filed his application
7 in May of 1973 in Case 4968, which resulted in Order Number
8 R-4556, which contracted the non-standard proration unit,
9 thereby deleting the 69 acres, Amoco opposed that, did they
10 not?

11 A I don't recall exactly opposing it. Mr.
12 Horton wanted to reduce it to the current unit?

13 Q That's right. Amoco did not support that
14 application, did they?

15 A I don't recall what we did.

16 MR. KELLAHIN: We'd ask the Examiner to take
17 administrative notice of the transcript and orders entered
18 in Case 4968 and Order Number R-4556.

19 MR. STAMETS: 4968 and R-what?

20 MR. KELLAHIN: 4556.

21 MR. STAMETS: All right, we'll take notice.

22 The Examiner will do that.

23 MR. KELLAHIN: Thank you.

24 Q Now the 69 acres that's part of the Gallegos
25 Unit is not now dedicated to any unit, is it?

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1 A No. It is a Dakota participating area por-
2 tion. It is a portion of the Dakota participating area in
3 the Gallegos Canyon Unit, but it is not part of a gas pro-
4 ration unit by virtue of a New Mexico Oil Conservation Com-
5 mission order.

6 Q What is the name of the well located in
7 Section 10? That's the Bay Mare No. 1?

8 A Bay Mare, I believe.

9 Q Bay Mare No. 1 Well?

10 A Yes.

11 Q Who operates that well?

12 A I do not know.

13 Q In your opinion does the production from
14 the Bay Mare No. 1 drain some portion of the west half of
15 Section 11?

16 A It probably drains a portion of the extreme
17 western -- west half west half of Section 11, yes.

18 Dwight shows that Shenandoah Oil Corporation
19 is the operator of Bay Mare.

20 Q Do you have an estimate as to when Amoco
21 and the Gallegos Canyon Unit might propose to develop the
22 unitized area on 160-acre spacing?

23 A At some date after the New Mexico Oil Con-
24 servation Commission hears and approves a case for infill
25 drilling of the entire Basin Dakota Pool.

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Q And when will that come to hearing?

A I would speculate sometime later this year. Perhaps this summer.

Q And how would you propose to handle the 69 acres that are not now currently dedicated to a producing well?

A We would ask for a rededication of the unit involving No. 222, which is also part of the Dakota participating area of the Gallegos Canyon Unit, and committed acreage.

MR. KELLAHIN: We have nothing further, Mr. Examiner.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Giles, in looking at your exhibit and the ultimate expected recovery, of all the wells surrounding the well in Section 11, everyone of those seems to be higher than the expected ultimate recovery of the Federal 2-11.

A Yes, sir.

Q Does that indicate to you that that well has not recovered all the gas to be recovered under that unit?

A It does, Mr. Stamets, and as a matter of fact, I took an average of the five surrounding offsets,

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1 that's the Gallegos Canyon No. 164, the Hagood No. 3, the
2 Bay Mare No. 1, the Government E No. 1, and the Gallegos
3 Unit 234, and took an average of the extrapolated ultimate
4 recoveries on those wells and I came up with .9 Bcf as what
5 you might expect to be recovered from a well on Section 11.

6 The existing well cratered at the .39 Bcf
7 point, apparently, so to me there could be .51 Bcf, or
8 thereabouts, remaining reserve under Section 11, and in our
9 view, that would support as a viable venture, the drilling
10 of a replacement well thereon to recover that .51 Bcf.

11 Q Is there any reason when the -- when and if
12 the Division approves infill drilling in the Dakota, that
13 Amoco can't come in and drill a well in the west half of
14 their Gallegos Canyon 222 proration unit?

15 A No.

16 Q There's adequate acreage there?

17 A Yes, I would think there's adequate acreage,
18 but I think we might want to reconstruct the units to take
19 care of the so-called dangling Lot 4 in southwest southwest
20 of Section 12; rearrange the units, perhaps, in a better
21 way.

22 Q If we approve the application today, will
23 that result in non-standard proration units across this
24 township of roughly the same size?

25 A It would result in that, yes, but it would

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1 be an unfair advantage to the -- to the people in Section
2 11, in our view, who are contributing acreage to the over-
3 sized unit that's partially drained and asking to drill a
4 well on acreage of ours that may yet need to be drained by
5 a well of our own.

6 Q I have a little difficulty with that, Mr.
7 Giels. You've indicated that there's nothing to prevent
8 you from drilling a well in Section 12.

9 A That's correct, but we can't drill on the
10 Lot 4 in southwest southwest of Section 12 at this time.

11 Q Okay.

12 A By ourselves.

13 Q Let's talk about that. Let's suppose that
14 you're granted a non-standard proration unit consisting of
15 the current NSP plus the 69 acres in the northwest north-
16 west of Section 12 and you drill a well there. Are you
17 going to have an unfair advantage over the people in Section
18 11, since you have such a larger unit and more allowable is
19 assignable to your well?

20 A You said form a unit expanding the unit
21 around 222 to include the 69 acres?

22 Q Yes, and that will give you higher acreage
23 factor in the allowable formula, and if you put a well
24 there in Section -- in Lot 4 of 12, right next to Section
25 11, aren't you going to be draining Section 11 pretty heavily?

1 A We wouldn't put the well there. We'd pro-
2 bably put it over in Lot 3 of Section 12 to be more equi-
3 distant between wells.

4 Q Okay, well --

5 A Space them out a little bit.

6 Q Okay, well, let's go ahead and drill Mr.
7 Little's well, can you still put a -- let's see, you can
8 still put a well in there, then, in Lot 2 rather equidistant
9 between wells.

10 A Yes, you could, if -- if he were granted
11 approval to drill on our lands in Lot 4, but again we think
12 that would be unfair.

13 Q Well, now, Mr. Little is going to have to
14 share the production from that No. 2 Well with the unit.

15 A Oh, definitely.

16 Q Based on the amount of acreage assigned to
17 that well.

18 I just have a hard time seeing where the
19 unfairness comes in.

20 A Mr. Little should drill a well in the -- near
21 the corner of Lots 1 and 2 in Section 11 and the east half
22 of the south half and recover reserves under his own Sec-
23 tion 11.

24 Q Well, now looking at the exhibit, I don't
25 see that his proposed location is any different from the

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1 other locations on this exhibit. It looks like he's just
2 drilling where everybody else has.

3 A On our land?

4 Q Well, when you force pool that's treated as
5 one block regardless of the ownership, and that's what he's
6 asked to do here.

7 A Well, maybe I haven't stated my case very
8 clearly, Mr. Stamets, but I'm saying that in our opinion
9 Lot 4 in the southwest southwest of Section 12 essentially
10 has its gas still in place, and that the Federal 2-11 Well
11 has drained a portion of the reserves or the gas in place
12 under Section 11, and yet if your premise is correct and
13 you approve Mr. Little's application, you are allowing him
14 with partially drained acreage to share in a well on our
15 lands with our acreage that essentially is undrained.

16 You're giving him an unfair advantage and
17 making it unfair to us.

18 We think he should drill a well under Sec-
19 tion 11, on Section 11 to recover reserves that may be left,
20 not yet produced from 2-11, and he doesn't have to bother
21 with us.

22 Q Is the acreage that Mr. Little has in Lot 1
23 in the southeast southeast of Section 11 any more or less
24 drained than the 69 acres in the Gallegos Canyon Unit?

25 A Probably more drained by the 2-11 Well.

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1 Q And by the Gallegos Canyon Unit Well No. 2347

2 A To some degree.

3 Q Which belongs to the Unit, Amoco, et cetera?

4 A Yes, sir. There will be drainage and
5 counter-drainage, depending on the well locations throughout
6 the area, granted, to some degree.

7 MR. STAMETS: Any other questions of the
8 witness?

9 MR. RYAN: I have a question, if I may.

10

11

REDIRECT EXAMINATION

12

BY MR. RYAN:

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Q Mr. Giles, the iniquity you're talking
about, I'd like to make a comparison of figures, is that
the Amoco Production Company and the Gallegos Canyon Unit
in the proposed unit would own approximately 20 percent,
is that what you testified?

18

19

20

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A Yes, sir.

Q And all of that's not Amoco's --

A Oh, no.

Q -- wouldn't be Amoco's income, that would
be shared with the entire unit, is that correct?

A That's right, the 21 other Dakota partici-
pating area owners.

Q So the iniquity, as I understand your testi-

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1 money, is the fact that the applicant wants to drill a well
2 on Amoco's and Gallegos Canyon's acreage and have them parti-
3 cipate at 20 percent participation, whereas, maybe just
4 the reverse is the amount of gas that we would recover from
5 that.

6 A That is correct.

7 Q So certainly you think that more than --
8 it's your testimony that more than 50 percent of the gas
9 would come from underlying Section 12, yet you'd only parti-
10 cipate at a rate of 20 percent.

11 A That's correct.

12 Q Is that your main objection?

13 A That's correct.

14 Q Is that where the iniquities are?

15 A Definitely.

16 MR. RYAN: That's all I have.

17 MR. KELLAHIN: I have just one further
18 question.

19
20 RECROSS EXAMINATION

21 BY MR. KELLAHIN:

22 Q From 1960 to 1973 the Unit participated in
23 the well 2-11, did it not?

24 A Well, 1960 until the communitization agree-
25 ment terminated, expired by its own lack of production from

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2-11, whenever that was.

Q That's right.

A Yes.

Q During that period of time --

A Yes.

Q -- the Gallegos Unit did in fact participate and receive proceeds from the well 2-11?

A Yes. As a matter of fact, we will pay our share of the cost to plug 2-11 when the designated agent for 2-11 wishes to plug the well.

Q But on the converse, you're not willing now to participate with the 69 acres in a well to re-establish the original non-standard proration unit for a well drilled on the 69 acres?

A That's correct.

Q Okay.

MR. KELLAHIN: No further questions.

MR. STAMETS: Any other questions of this witness? He may be excused.

Anything further in this case?

MR. RYAN: I think I offered my exhibit but if I didn't, I offer it now.

MR. STAMETS: And if I didn't accept it, I will now.

We'll take this case under advisement.
(Hearing concluded.)

REPORTER'S CERTIFICATE

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

Sally W. Boyd, C.S.R.

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I do hereby certify that the foregoing is
 a complete and correct transcript of the hearing in
 the Ex. of hearing of Case No. 6437
 heard by me on 2-28 1979.
Richard L. Ham Examiner
 Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6437
Order No. R-5962

APPLICATION OF CURTIS LITTLE FOR
COMPULSORY POOLING, APPROVAL OF
INFILL DRILLING, AND A NON-STANDARD
PRORATION UNIT, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of March, 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, Curtis Little, seeks the rescission of Order No. R-4556 and approval of an order pooling all mineral interests in the Dakota formation underlying all of partial Section 11 and Lot 4 and the SW/4 SW/4 of partial Section 12, Township 28 North, Range 13 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, to form a 344.36-acre non-standard gas proration unit.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location on the proposed non-standard proration unit.
- (4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 150 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That \$2000.00 per month while drilling and \$175.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

-3-

Case No. 6437

Order No. R-5962

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before July 1, 1979, the order pooling said unit should become null and void and of no effect whatsoever.

(14) That the standard proration unit in said Basin-Dakota Pool is 320 acres.

(15) That the evidence presented at the hearing demonstrated that the existing well on the proposed unit is incapable of efficiently and economically draining such unit.

(16) That the evidence presented further demonstrated that the drilling and completion of applicant's proposed well should result in the production of an additional one to two billion cubic feet of gas from the proration unit which would not otherwise be recovered.

(17) That such additional recovery from the non-standard proration unit will result in such unit being more efficiently and economically drained.

(18) That applicant's proposed well is to be drilled as an "infill" well on the proposed non-standard proration unit.

(19) That in order to permit the drainage of a portion of the reservoir covered by the proposed 344.36-acre non-standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for infill drilling should be approved as an exception to the standard well spacing requirements for said Basin-Dakota Pool.

(20) That Division Order No. R-4556 should not be rescinded but should be superseded.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Dakota formation underlying all of partial Section 11 and Lot 4 and the SW/4 SW/4 of partial Section 12, Township 28 North, Range 13 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, are hereby pooled to form a non-standard 344.36-acre gas spacing and proration unit to be dedicated to a well to be drilled 1085 feet from the South line and 285 feet from the West line of said Section 12 as an infill well on such proration unit. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by the subject non-standard proration unit

-4-

Case No. 6437
Order No. R-5962

which cannot efficiently and economically be drained by any existing well thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of July, 1979, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Dakota formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of July, 1979, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Curtis Little is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 150 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That \$2000.00 per month while drilling and \$175.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

-6-

Case No. 6437
Order No. R-5962

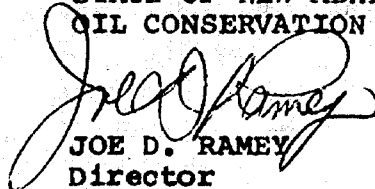
(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That Division Order No. R-4556 is hereby superseded.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director



SEAL

fd/

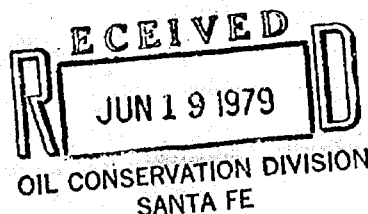
-CERTIFIED MAIL-

CURTIS J. LITTLE
PETROLEUM GEOLOGIST
TELEPHONE (505) 327-6176
POST OFFICE BOX 2487
PETROLEUM PLAZA SUITE 150
FARMINGTON, NEW MEXICO 87401

COPY

June 14, 1979

Amoco Production Company
Security Life Building
Denver, Colorado 80202



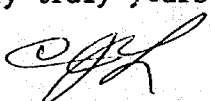
Re: Your WDF-571-WF-416

Gentlemen:

In compliance with New Mexico Oil Conservation Division's Case No. 6437, Order No. R-5962 dated March 30, 1979, Item No. 3 on page 4 directs that I "furnish the Division and Working Interest Owners an itemized schedule of estimated well costs."

Enclosed are two copies of AFE for the Federal 2-R Com. Dakota well located in SW/4 SW/4 Sectoin 12, T-28-N R-13-W, San Juan County, New Mexico.

Very truly yours,


CURTIS J. LITTLE

CJL/sl
Encls.

✓ cc: Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Detailed Well Cost Estimate
and
Authority for Expenditure

Well Name 2R-Federal Com Loc. SW/4 Sec. 12, T28N R13WCo. San Juan State N.M.

Estimated T.D. 6150' Field or Prospect Basin Dakota Formation Dakota

	Estimated		Actual
	Dry Hole	Producer	
Intangible Costs			
Supervision	5,000	7,000	
Location: Damages and R.O.W.			
Roads and Canals Surveyor Abstract, Title Opin.	5,000	5,000	
Location and Platforms	5,000	5,000	
Drilling:			
Footage Drilling 300 ft. @ 9.50 /ft.	59,850	59,850	
Daywork:			
Drilling - days @ - WDP - days @ - WODP -	incl. above	incl. above	
Completing 4 days @ 3,000 WDP days @ WODP		12,000	
Mud Materials and Special Equipment	9,000	9,000	
Fuel			
Water	5,000	6,000	
Hauling and Transportation	1,000	2,000	
Cement, Cementing, and Accessories	3,000	12,000	
Logging	9,000	9,000	
Coring and Core Analysis	-	-	
Testing	-	-	
Perforating	-	7,500	
Stimulation		25,000	
Special Services Casing Crew		2,500	
Tool Rental			
Miscellaneous	2,000	4,000	
Total Intangible Costs	103,850.	165,850.	
Tangible Well Costs			
Wellhead Misc.		16,000	
Casing: & tubing		45,000	
Tubing:			
Artificial Lift Equipment			
Miscellaneous Well Equipment			
Total Tangible Well Costs		61,000.	
Tangible Lease Costs			
Tankage		4,000	
Separating and Treating:		4,100	
Flowlines		900	
Structures and Buildings			
Measuring Equipment			
Special Equipment			
Miscellaneous Valves and Fittings			
Transportation, Installation and Labor		5,000	
Total Tangible Lease Costs		14,000.	
Total Well Costs	<u>103,850.</u>	<u>240,850.</u>	
Ownership Division:			
Amoco Production Co.	20 %	48,170.	
Curtis J. Little	80 %	192,680.	

Joint Interest Approval

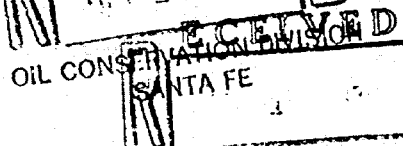
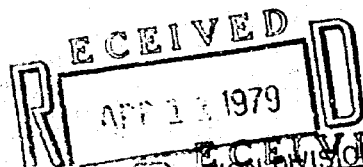
COMPANY _____

By _____

Date _____

19____

CURTIS J. LITTLE
PETROLEUM GEOLOGIST
TELEPHONE (505) 327-6176
POST OFFICE BOX 2487
PETROLEUM PLAZA SUITE 150
FARMINGTON, NEW MEXICO 87401



OIL CONSERVATION DIVISION
SANTA FE

CERTIFIED MAIL - RETURN RECEIPT

COPY

April 9, 1979

Amoco Production Company
Security Life Building
Denver, Colorado 80202

Attention: B. F. Pracko

Re: Federal Com #2-R, Sections 11 and 12
T-28-N R-13-W, San Juan County, N.M.

Gentlemen:

Enclosed is a copy of New Mexico Oil Conservation Division Order No. R-5962, effective March 30, 1979, and an itemized schedule of estimated well costs regarding the above subject well.

Also enclosed are six copies of Designation of Agent, which should be executed and sent to: P. T. McGrath, U.S. Geological Survey, P. O. Box 959, Farmington, N. M. 87401.

Thank you.

Very truly yours,


CURTIS J. LITTLE

CJL/sl

cc: New Mexico Oil Conservation Division
Santa Fe, Aztec

Stamets

Case 6437

BSL

Well Name 2R-Federal Loc. SW/4 Sec. 12, T28N R13E Co. San Juan Date 10/1/50 P.M.

Estimated T.D. 6150' Field or Prospect Basin Dakota Conservation Division

SANTA FE

	Estimated		Actual
	Dry Hole	Producer	
Intangible Costs			
Supervision	5,000	7,000	
Location: Damages and R.O.W.			
Roads and Canals Surveyor, Abstract, Title Opin.	5,000	5,000	
Location and Platforms	5,000	5,000	
Drilling:			
Footage Drilling <u>300</u> ft. @ <u>9.50</u> /ft.	59,850	59,850	
Daywork:			
Drilling - days @ - WDP - days @ - WODP -	incl. above	incl. above	
Completing <u>4</u> days @ <u>3,000</u> WDP days @ WODP		12,000	
Mud Materials and Special Equipment	9,000	9,000	
Fuel			
Water	5,000	6,000	
Hauling and Transportation	1,000	2,000	
Cement, Cementing, and Accessories	3,000	12,000	
Logging	9,000	9,000	
Coring and Core Analysis	-	-	
Testing	-	-	
Perforating	-	7,500	
Stimulation		25,000	
Special Services Casing Crew		2,500	
Tool Rental			
Miscellaneous	2,000	4,000	
Total Intangible Costs	103,850.	165,850.	
Tangible Well Costs			
Wellhead Misc.		16,000	
Casing: & tubing		45,000	
Tubing:			
Artificial Lift Equipment			
Miscellaneous Well Equipment			
Total Tangible Well Costs		61,000.	
Tangible Lease Costs			
Tankage		4,000	
Separating and Treating:		4,100	
Flowlines		900	
Structures and Buildings			
Measuring Equipment			
Special Equipment			
Miscellaneous Valves and Fittings			
Transportation, Installation and Labor		5,000	
Total Tangible Lease Costs		14,000.	

Total Well Costs

103,850. 240,850.

Ownership Division:

Amoco Production Co.
Curtis J. Little

20 %
80 %

48,170.
192,680.

Joint Interest Approval

COMPANY

By

Date

19

DESIGNATION OF AGENT

This indenture dated as of the _____ day of _____, 1979, by and between AMOCO Production Company, a Delaware corporation, whose address is Security Life Building, Denver, Colorado 80202, and CURTIS J. LITTLE, an individual, whose address is P. O. Box 2487, Farmington, New Mexico 87401;

W I T N E S S E T H:

WHEREAS, under the provisions of the Act of February 25, 1920, 41 Stat. 437, 30 U.S.C., Secs. 181 et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, the Acting Secretary of the Interior on the 25th day of July 1951 approved the Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area dated November 1, 1950, I-Sec. No. 844, and the Commissioner of Public Lands of the State of New Mexico on April 24, 1951, consented to and approved said Unit Agreement by authority of Chapter 88 of the Laws of the State of New Mexico, 1943, approved April 14, 1943, and the State of New Mexico Oil Conservation Commission on April 4, 1951, approved said Unit Agreement by authority of Act of the Legislature (Chapter 72, Laws 1935), wherein Earl A. Benson and William V. Montin were designated as Unit Operator; and

WHEREAS, Earl A. Benson and William V. Montin have resigned as such Operator and, in accordance with the terms of the Gallegos Canyon Unit Agreement, Stanolind Oil and Gas Company, now AMOCO Production Company, was appointed and has accepted and assumed the duties of the successor Unit Operator; and

WHEREAS, AMOCO Production Company now desires to appoint CURTIS J. LITTLE as Agent, and CURTIS J. LITTLE desires to accept and assume the duties of Agent, as set forth below.

NOW, THEREFORE, it is mutually agreed as follows:

1.- AMOCO Production Company, as Unit Operator of the Callegos Canyon Unit Agreement, hereby designates Curtis J. Little as Agent to drill, test, complete, operate and/or plug and abandon a Dakota Formation well in the following described portion of the Unit area:

Township 28 North, Range 13 West, N.M.P.M.
Section 12: Lot 4, SW/4 SW/4
containing 68.92 acres, more or less

2. AMOCO Production Company hereby covenants and agrees to comply or secure compliances with all obligations of the Unit Agreement with respect to the above described portion of the Unit area and to file all applications required or necessitated by the terms of such Agreement.

3. It is specifically understood that this Designation of Agent does not relieve AMOCO Production Company of its responsibilities as Unit Operator of the Gallegos Canyon Unit Area.

4. It is further understood and agreed that AMOCO Production Company, as Unit Operator of the Gallegos Canyon Unit area, may, at its option, revoke this Designation of Agent by giving written notice of such revocation to Curtis J. Little, the Commissioner of Public Lands of the State of New Mexico, and the Regional Oil and Gas Supervisor, United States Geological Survey.

IN WITNESS WHEREOF, this instrument is executed by the parties hereto as of the date hereinabove set forth.

AMOCO PRODUCTION COMPANY

By _____

CURTIS J. LITTLE





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

April 3, 1979

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

Re: CASE NO. 6437
ORDER NO. R-5962

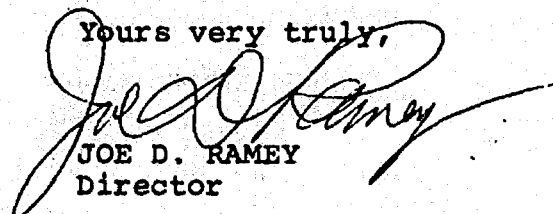
Applicant:

Curtis Little

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC x

Other Gordon Ryan

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Page 1

Hearing Date

FEBRUARY 28, 1979

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Tom Kellahin	Kellahin & Kellahin	SANTA FE
D.T. STOGNER	CONSOLIDATED OIL & GAS	DENVER
William L. Fall	Campbell & Black	Santa Fe
Chester E. Bodge	Getty Oil Company	Tulsa
D.P. Keedwell	El Paso Natural Gas	El Paso
Bob Carroll	"	"
Jack J. McClellan	McClellan Oil Corp.	Roswell, N.M.
W.T. THOMAS	Getty Oil Co	Hobbs, N.M.
STEVE COLLINS	LLANO, INC.	HOBBS, N.M.
P.T. McGrath	U.S.G.S.	Farmington
Ray Don Reagan	Dallas McCasland	Hobbs
John Pate	Dallas McCasland	Hobbs
Gilbert E. Miller	Amerada Hess Corp	Tulsa
Robert W. LANSFORD	HALLIBURTON SERV.	MIDLAND
ORVILLE SLAUGHTER	SAME	Farmington

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

FEBRUARY 28, 1979

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Terry Cross	Gulf Oil Corp	Midland, TX
C. F. KALTEYER	" " "	"
C. D. Stenberg	" " "	"
Bart Giles	Amoco	Denver
Gordon D. Ryan	Amoco	Denver
DAVID S. DUDZIK	DOMS PETROLEUM CORP.	DENVER
Ken Salaman	White Rock Kille's McCarty	Santa Fe
Hugh Ingram	Conoco	Hobbs
Howell B. Deckert	"	"
Curtis J. Little	Self	Farmington
R. C. Anderson	Gulf Oil Corp	Hobbs
Don Caussey	Pennzoil	Midland
Larry Van Ryan	Southland Royalty Co.	Farmington
AR Kendrick	oed	Alto
Charles MARQUART	Pennzoil	Midland
Ralph Roper	Phillips	Odessa
Bill Mueller	"	"
Ken Blanchard	"	"

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
31 January 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Curtis Little for
approval of infill drilling and a
non-standard proration unit, San
Juan County, New Mexico.

CASE
6437

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 87503

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

Amoco Production Company:

Gordon D. Ryan

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca, Suite 300, Santa Fe, New Mexico 87501

I N D E X

CURTIS LITTLE (sworn)

PAGE
4

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Pasa Pasa (305) 471-4462
Santa Fe, New Mexico 87501

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1 MR. STAMETS: We will call the next Case
2 6437.

3 MS. TESCHENDORF: Case 6437, Application of
4 a Curtis Little for approval of infill drilling and a non-
5 standard proration unit, San Juan County, New Mexico.

6 MR. STAMETS: Would you give us your name,
7 Sir?

8 MR. RYAN: Yes. My name is Gordon D. Ryan.
9 I'm an attorney for Amoco Production Company in Denver,
10 Colorado. The file should reflect that we have been asso-
11 ciated with the firm of Atwood & Malone in Roswell, New
12 Mexico.

13 MR. STAMETS: Do you have any witnesses in
14 this case?

15 MR. RYAN: Well, no. Mr. John Alcey, who
16 had originally planned to come to this hearing, is still in
17 Salt Lake City on a matter and was not able to come in last
18 night. I do have basically a legal objection to raise. If
19 this matter is going to be heard on testimony, I would move
20 to request that we have a continuance until the next hearing.
21 But I do have some legal arguments to make at the beginning
22 of the hearing whenever you want to hear that.

23 MR. KELLAHIN: Well, I will enter my appear-
24 ance and we'll get after it.

25 MR. STAMETS: Whenever you are ready, Tom,

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Santa Fe, New Mexico 87501

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CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (G-65) 471-2462
Santa Fe, New Mexico 87501

1 we will start.

2 MR. KELLAHIN: I'm Tom Kellahin of Kellahin
3 and Kellahin, Santa Fe, New Mexico, appearing on behalf of
4 Curtis Little and I have one witness.

5 MR. STAMETS: I'd like to have Mr. Little
6 stand and be sworn, please.

7 (Witness sworn.)

8 MR. STAMETS: Mr. Ryan, we believe you had a
9 statement or argument you'd like to make at this time?

10 MR. RYAN: Yes, Amoco Production Company is
11 the owner of the lease-hold interest in the west half, west
12 half of Section 12 of the Township 28 North, Range 13 West.
13 As you can see from the map, that is a narrow section and
14 is not a full 640 acres section.

15 MR. STAMETS: Let's let us get organized
16 here, if we can.

17 MR. RYAN: Okay.

18 MR. STAMETS: Their ownership is this cross-
19 hatched area?

20 MR. KELLAHIN: Right.

21 MR. RYAN: That's the acreage in Section 12.

22 MR. STAMETS: Very good. All right, I'm
23 sorry to interrupt, but I wanted to get organized here so
24 I'd not have to go back and cover this again.

25 MR. RYAN: We do own that acreage in Section

1 12 and that acreage in Section 12 is also deeded in the
2 Gallegos Canyon Gas Unit. That is the acreage upon which
3 the applicant proposes to drill his well, and he proposes
4 evidently to drill it on that section without our consent.
5 It would appear that if he has plans to do that, that this
6 in effect is a forced pooling hearing. If he is seeking
7 authority to drill a well on our acreage without our consent
8 he is effectively pooling us.

9 The application doesn't ask that the acreage
10 be pooled. It appears to be an application for a replacement
11 well. Now, as set forth in their own application, a little
12 background on this matter is that originally that narrow
13 section 11 and the acreage sought to be included of Section
14 12 of this particular unit was the acreage subsequent to a
15 unitization agreement with the parties involved, this inclu-
16 ded the USGS.

17 The acreage in Section 12 was contributed by
18 the unit for the purpose of drilling the existing wells
19 located in Section 11. That well produced for some time and
20 in 1970, as I recall, the well ceased to produce and in this
21 order that the applicant is seeking to rescind, R-4556, that
22 order found that the well had ceased to produce; that under
23 the terms of unitization agreement that it had expired as of
24 the month of last production, which was in 1970. And that
25 order, R-4556, rescinded the proration unit, dissolved it

SALLY WALTON BOYD
CERTIFIED SHORTLAND REPORTER
2400 Plaza Blanca (G-88) 471-3465
Santa Fe, New Mexico 87501

1 as they say, and that acreage is still located in the
2 Gallegos Canyon Unit.

3 The applicant appears at this point to want
4 to rescind that order and evidently revive the unit. It's
5 our opinion that you can't revive that into something that
6 is already dead and the unit is dead.

7 We object to being pooled into a unit,
8 having a well drilled on our property without our consent
9 and the application is not appropriate for a pooling appli-
10 cation.

11 If this Conservation Division allows that
12 well to be drilled on our acreage without our consent, they
13 are in effect pooling us and the application is not for a
14 pooling application. Whether the well will effectively or
15 efficiently drain the unit that's not yet created appears to
16 me to be immaterial. I think that the application should be
17 dismissed on strictly legal grounds. There is no basis for
18 it and certainly if there is any expert testimony required,
19 then I would request, due to the absence of Mr. John Alcey,
20 that this matter be continued until the next hearing. I
21 don't think that there is really a basis. I can't find the
22 basis in any of the statutes, for the application.

23 MR. STAMETS: Mr. Ryan, let me try and get
24 this straight. Mr. Little is proposing a Well No. 2-R to
25 be drilled on a portion of partial Section 12, which is in

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2090 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

1 the Gallegos Canyon Unit. Was it Amoco's acreage before it
2 went in the unit, or by virtue of --

3 MR. RYAN: Yes, it is my understanding
4 before.

5 MR. STAMETS: Is Amoco the unit operator?
6

7 MR. RYAN: Yes.

8 MR. STAMETS: So you are doubly covered
9 there. Now, are you also saying there is currently no exis-
10 ting proration unit operated by anyone else besides Amoco
11 to which this piece of partial Section 12 is dedicated?

12 MR. RYAN: No, that's true.

13 MR. STAMETS: No, that's true. Now I'm
14 lost.

15 MR. RYAN: I'm sorry. Within the unit, the
16 portion -- the remainder of Section 12 is dedicated to a
17 unit to the east. However, it's presently in the process
18 of the operator and the working interest owners in the unit
19 to propose to infill drill within the unit and certainly that
20 is the reason that we're primarily concerned. The present
21 proration unit in Section 11 is all of Section 11 and that
22 was designated as such by that order, that 19 -- order 4556.

23 MR. STAMETS: All right. Now, the eastern
24 three-fourths of partial Section 12 is dedicated to a well
25 which is located in Section 7. The western-most one-quarter
of partial Section 12 is not currently dedicated to any well.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (S98) 471-4442
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Penn Plaza (666) 471-3463
Suite 70, New Mexico 87101

1 MR. RYAN: That's my understanding.

2 MR. STAMETS: Okay, fine. Now that I'm
3 clear on what you have said, Mr. Kellahin, do you have a
4 response?

5 MR. KELLAHIN: May I have a few minutes to
6 ask Mr. Little his recollection of the sequence of events?

7 MR. STAMETS: You certainly may. We will
8 go off the record until you get this resolved.

9 (Whereupon a discussion was held off the
10 record.)

11 MR. STAMETS: Mr. Kellahin?

12 MR. KELLAHIN: As best I understand it, this
13 is what has transpired. By Commission Order R-1814 in case
14 2096, the Commission at that time established by that order
15 a number of non-standard proration units that compensate for
16 the irregular section cross this Township and perhaps others.
17 I show you a copy of that order.

18 MR. RYAN: What year is that?

19 MR. STAMETS: Fourth of November, '60.

20 MR. KELLAHIN: '60. As part of the state-
21 ments made in that case, the Commission files show the
22 transcript and a statement made by Mr. Guy Buell on behalf
23 of Pan American Petroleum Corporation, indicating that they
24 had no objection to the creation of a non-standard proration
25 unit of which the non-standard proration unit here was one

1 of them. I show you a copy of a page of transcript from
2 that case indicating Mr. Buell's statement. In developing
3 this non-standard proration unit of which the far east end
4 of it consisted of the 69 acres within the unit prorated by
5 Amoco, Amcco and the then owner of the balance of the pro-
6 ration unit, D.W. Falls, Inc., entered into an operating
7 agreement.

8 That operating agreement provided for the
9 drilling of a well indicated by the well symbol on the map
10 before you. That was the original well in the proration
11 unit. For your information, I will show you a copy of that
12 operating agreement. It simply indicates that the parties
13 agreed to operate this proration unit under the terms of that
14 agreement. Subsequently, a Benjamin K. Horton asked for
15 amendment to lease the approximately 69 acres of this unit
16 from the non-standard proration unit.

17 That was heard in May of 1973, order dated
18 25 June 1973, in Case 4968. That's Order Number R-4556.
19 I show you a copy of the Commission Order for that particular
20 case. Mr. Bart Giles, a senior staff engineer for Amoco
21 of Denver, testified at that hearing. It was his opinion
22 that the deletion of that acreage from the unit -- from the
23 non-standard proration unit -- did not terminate the opera-
24 ting agreement and that Amoco wished to honor the existing
25 operating unit and the existing operating agreement.

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Bossier, La. 70601

1 Mr. Little is the successor in interest by
2 one party removed, I believe, to the D.W. Falls who signed
3 the operating agreement. It's Mr. Little's position that
4 Amoco is estopped from now requiring us to force-pool them
5 to drill on the 69 acres. It is his opinion that the
6 operating agreement is still in full force and effect; that
7 the original well is still in existence, and he simply seeks
8 to drill a replacement well; and that the only requirements
9 for the drilling of that well would have to be the re-estab-
10 lishment of the additional 69 acres in the proration unit;
11 and that with the approval of the Division for the gas-pricing
12 provisions under the application here today, that he ought
13 to be able to go ahead and drill that well.

14 Now, I have reviewed the correspondence be-
15 tween Amoco and Mr. Little. The only indication in there
16 is an objection to a non-standard proration unit. We are
17 surprised today to find out that Amoco now desires to be
18 force-pooled. We will be happy to accommodate them and file
19 that application, but it appears to us to be unnecessary and
20 that Amoco has already committed themselves to this non-
21 standard proration unit and it is not now necessary for us
22 to force-pool them.

23 MR. STAMETS: Mr. Kellahin, in finding num-
24 ber five in Order Number R-4556, it states in part there was
25 a letter from the regional oil and gas supervisor of the

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1 U.S. Geological Survey showing no sales from the Dakota
2 Well since January of '70; that accordingly comunitization
3 agreement number GRSW-95 is considered to have expired by
4 its own terms on January 31, 1970, the last day of the month
5 in which production ceased from the comunitized area. Do
6 you plan to present testimony to show that finding was in
7 error, or that subsequent information showed that the
8 comunitization never expired.

9 MR. KELLAHIN: I'm not sure I understand
10 your question.

11 MR. STAMETS: Finding number five seems to
12 say that the comunitization agreement did expire of its own
13 terms and died at the -- whatever the date of the last pro-
14 duction was. January, 1970, it appears. If that is a cor-
15 rect finding, then it would appear that there is no comuni-
16 tization which covers this acreage and that Mr. Little would
17 have no operating rights on Amoco's acreage.

18 MR. KELLAHIN: It's our contention that
19 despite that finding Amoco has placed sworn testimony of
20 record in that case indicating that they believe the opera-
21 ting agreement not to have terminated, and it's under that
22 assumption Mr. Little has gone ahead and requested the drill-
23 ing of this particular well.

24 MR. RYAN: Of course, Mr. Giles' statement
25 that the operating agreement is terminated or not is immaterial.

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Alamosa, N.M. 87811

1 That's a matter of contract law whether in fact the operating
2 agreement has terminated or not. I have no knowledge of that
3 other than the reference made here. The order dissolves the
4 unit.

5 MR. STAMETS: Dissolution seems to be based
6 on evidence that there is no comunitization. Something I
7 think we'd have to deal with from an evidentiary point at
8 this time. What do you think?

9 MS. TESCHENDORF: It seems to me if it's not
10 comunitized, they don't have any right to drill on the 69
11 acres.

12 (Whereupon a discussion was held off the
13 record.)

14 MR. RYAN: Of course, you know, the original
15 unit, when that was done, was done by -- as I understand it,
16 by comunitization agreement first and then they got approval
17 of the state to authorize the unit. If the unit has been
18 dissolved, then I'm not sure how it can be resurrected by
19 rescinding the order. An operating agreement is still in
20 effect as of now on that acreage, and I'm not certainly
21 willing to concede that at this point. I don't see how the
22 operating agreement is still in effect, but it would appear
23 that you should get the comunitization agreement first and
24 then ask that it be approved, which it has not been done.

25 MR. STAMETS: Let's go off the record a

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1 minute.

2 (Whereupon a discussion was held off the
3 record.)

4 MR. STAMETS: Mr. Kellahin, I don't believe
5 that the Examiner should hear this application at this time.
6 I don't believe the Examiner should hear any application
7 for a non-standard proration unit where there is an obvious
8 disagreement between the owners of the acreage which would
9 be within the non-standard proration unit. Obviously there
10 is nothing wrong with the concept of this NSP. It has been
11 previously approved. We have many others that are just
12 exactly like it. If the owners of the acreage could agree,
13 which it looks doubtful, I see no problem with approving the
14 non-standard proration unit. But with the apparent disa-
15 greement here, I can see no reason to proceed at this time.
16 We would readvertise this for compulsory pooling in a non-
17 standard proration unit, infill drilling and the works.
18 But I don't choose to listen to it at this time.

19 MR. KELLAHIN: Do I understand Amoco to
20 indicate they prefer to be force-pooled in this acreage?

21 MR. RYAN: No, I don't think that's the
22 understanding at all. I don't think there's any basis for
23 creating the unit. I think in effect your application pur-
24 ports to pool us when that isn't the style of the application.
25 I think that the basic unit probably is -- the unit for the

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1 well probably is Section 11. There is no basis, I don't
2 think, to include Section 12.

3 To create a unit, we object to the creation
4 of a unit. Certainly we object to force-pooling it. I
5 think in effect the application as styled, in effect, is
6 tantamount to a force-pooling application and we object to
7 it all."

8 MR. KELLAHIN: I am trying to understand
9 where we go from here. I want to find out -- first of all,
10 I understand that Amoco objects to the creation of a non-
11 standard proration unit. Should the Commission approve that,
12 is Amoco going to join us in the drilling of the well, or
13 in fact are we going to have to force-pool them?

14 MR. RYAN: I don't know about that.

15 MR. STAMETS: If I may, to, I think if we're
16 thinking about forced-pooling, we really haven't advertised
17 what we should have in this case. That the advertisement
18 certainly does not cover all of the things that should be
19 in there to give people adequate notice. As such, I just
20 don't feel -- I am not going to hear the case today and the
21 choices are this: To continue or readvertise or take under
22 advisement with the recommendation for dismissal.

23 MR. KELLAHIN: To understand where I go from
24 here, I wanted to clarify the facts that we have two dif-
25 ferent things here. I wanted to know at what points we

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Nashville, Tennessee 37203

1 had opposition. One, if we're going to have to force-pool
2 the entire acreage, that's a different matter than objections
3 raised as to the non-standard proration unit. If Amoco
4 maintains this should not be a non-standard proration unit
5 and if we prevail, we believe we shouldn't have to go
6 through the necessary effort of forced-pooling to find that
7 once we get the non-standard proration unit approved they're
8 going to join us.

9 MR. STAMETS: Mr. Ryan did not give me the
10 impression that Amoco was ready, willing and able to join.

11 MR. KELLAHIN: That comes as a surprise to
12 us today and that's why that is not included as part of the
13 application. Mr. Little maintains that he believed he
14 could operate under the existing operating agreement.

15 MR. RYAN: Mr. Little should know that we
16 didn't agree to that.

17 MR. STAMETS: Mr. Ryan, I would request that
18 subsequent to today's hearing that you contact Mr. Little
19 and/or Mr. Kellahin and run over all of the points of
20 disagreement between Amoco and Little in this case so that
21 a proper advertisement may be made for the 28th of February;
22 and I will expect Amoco to show up fully prepared that day
23 with all the witnesses that they will wish to present.

24 MR. RYAN: Well, is that the only day that
25 we can have it? That's a day I'm involved.

1 MR. STAMETS: I think that under the circum-
2 stances and Mr. Little, I presume you are ready on the 28th.

3 MR. KELLAHIN: Absolutely. We're ready
4 today.

5 MR. STAMETS: Amoco is a large company.
6 They have lots of attorneys and we will expect them to be
7 here.

8 MR. RYAN: Okay. I guess we don't know for
9 sure what's going to be considered then. Application for a
10 non-standard unit or pooling.

11 MR. STAMETS: We will depend on Mr. Kellahin
12 to get us an application. I wish you to get ahold of him
13 this week and run over with him all the points in contention
14 so that he may then present us with a complete application
15 in this case. We will readvertise it on that basis and
16 it will be heard the 28th. Is that acceptable to you, Mr.
17 Kellahin, under the circumstances?

18 MR. KELLAHIN: We have learned to live with
19 it, Mr. Examiner.

20 MR. STAMETS: Thank you, sir. This case
21 will be continued and it will be readvertised.

22 (Hearing Concluded.)
23
24
25

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Penn Plaza (9th) (771-2403)
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.

STEFANIE XANTHULL, C.S.R.

I do hereby certify that the foregoing is a complete and correct transcript of the hearing held on 1-31-79, 1979, heard by me on 1-31-79, 1979.

Richard L. Stamm, Examiner
Oil Conservation Division

Nye Reporting Service, Inc.
Certified Shorthand Reporters
621 Old Santa Fe Trail - Suite 7
Santa Fe, New Mexico 87501

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. SF-078807-A	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR CURTIS J. LITTLE		7. UNIT AGREEMENT NAME Gallegos Canyon	
3. ADDRESS OF OPERATOR P. O. Box 2487, Farmington, New Mexico 87401		8. FARM OR LEASE NAME Federal Com	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1085' PSL 285' FWL At proposed prod. zone -same-		9. WELL NO. 2R	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 3 miles South of Farmington		10. FIELD AND POOL, OR WILDCAT Basin Dakota	
16. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 285'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 12 T-28-N R-13-W	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 6150'		12. COUNTY OR PARISH San Juan	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) GR		13. STATE N.M.	
17. NO. OF ACRES IN LEASE		19. PROPOSED DEPTH	
17. NO. OF ACRES ASSIGNED TO THIS WELL 344.28		20. ROTARY OR CABLE TOOLS Rotary	
22. APPROX. DATE WORK WILL START* 12-22-78			
23. PROPOSED CASING AND CEMENTING PROGRAM			
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
12 1/4	8-5/8	24#	160
7-7/8	4 1/2	10.5#	6300
			QUANTITY OF CEMENT
			100 SX
			600 SX


This well will be drilled with mud, mechanical logs run at TD and the Dakota sands selectively perforated and fractured. 10" 3000 psi BOP with blind and pipe rams will be operational at all times while drilling. 6" 3000 psi double gate manual BOP will be utilized for completion. A DV tool will be set at the base of the Mesaverde for a 2-stage cement job on the long string.

The HBP Federal leases have an existing gas contract with El Paso Natural Co.

IN ABOVE SPACE DESCRIBE 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


Curtis J. Little
(This space for Federal or State office use)

TITLE Operator

DATE December 14, 1978

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Curry, Little EXHIBIT NO. 1

CASE NO. 6437

Submitted by _____

Hearing Date _____

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 10-61

All distances must be from the outer boundaries of the Section.

CURTIS LITTLE		Lease		FEDERAL (Com.)		Well No.
Unit Letter	Section	Township	Range	County		
M	12	28 NORTH	13 WEST	SAN JUAN	2-R	
Actual Footage Location of Well:						
2085 feet from the SOUTH line and		285 feet from the WEST line				
Ground Level Elev.	Producing Formation	Pool				
5636	Dakota	Basin Dakota				
			Dedicated Acreage:	Acres		
			344.28			

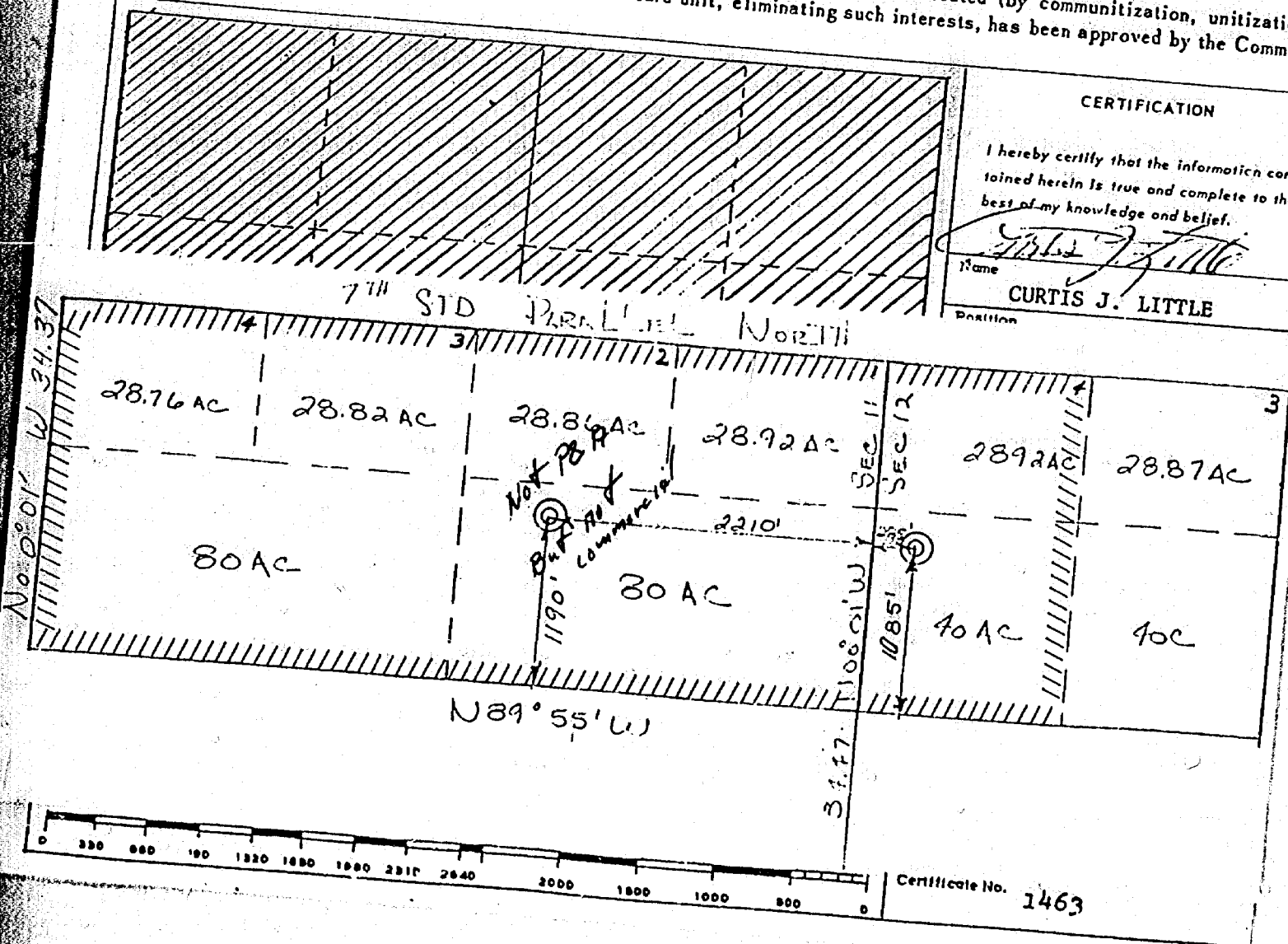
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is 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 communitization
 If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side 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 contained herein is true and complete to the best of my knowledge and belief.

Name CURTIS J. LITTLE
Position



Certificate No. 1463

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
Little EXHIBIT NO. 2
CASE NO. 6437
Submitted by _____
Hearing Date _____

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. _____
CASE NO. _____
Submitted by _____
Hearing Date _____

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT**

All distances must be from the outer boundaries of the Section

Operator PAN AMERICAN PETROLEUM CORPORATION		Lease GALLEGOS CANYON UNIT - (DAKOTA)		Well No. 222
Unit Letter N	Section 7	Township 28 NORTH	Range 12 WEST	County SAN JUAN
Actual Footage Location of Well: 1070 feet from the SOUTH line and 1450 feet from the WEST line				
Ground Level Elev. REPORT LATER	Producing Formation DAKOTA	Pool BASIN DAKOTA	Dedicated Acreage: 364.58 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working 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?

(X) Yes () No If answer is "yes," type of consolidation Unitization

If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side 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.

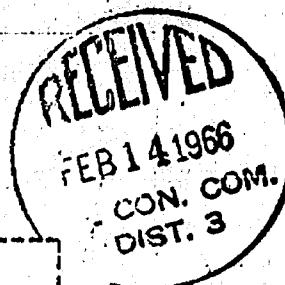
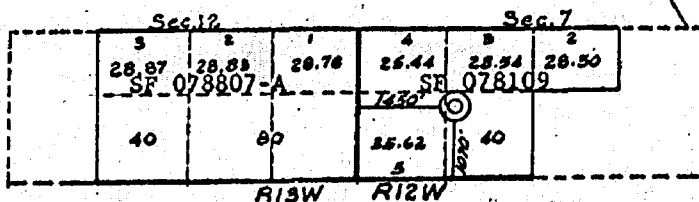
CERTIFICATION

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

G. W. Eaton, Jr.
Name
G. W. Eaton, Jr.
Position
Area Engineer
Company
PAN AMERICAN PETROLEUM CORP.
Date
February 11, 1966

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

29 January 1966
Date Surveyed
James P. Decker
Registered Professional Engineer
and/or Land Surveyor
Certificate No. 12463



SCALE - 2 INCHES EQUALS 1 MILE

SAN JUAN ENGINEERING COMPANY, FARMINGTON, N. M.

Little

3

6437

Receiving Date

original well
WELL DATA - FEDERAL 2-11

*To be PER if new well
comp*

Location: T-28-N R-13-W
Section 11: 1190' FSL 2210' FEL
Elevation: 5925 GL

Spud: September 9, 1961
Completed: October 9, 1961

Casing: 5½" at 6440 w/250 sx
Perforations: 6266-76, 6284-90, 6346-70

IP: 1160 MCFG & 140 BOPD on 18/64" choke
7-day SI: 1720 psi

1st Delivery to Pipeline: June 13, 1962
Allowable: 637 MCFGPD

Gallup Formation converted
to water-injection well:

June 1964

Last commercial gas flow:

June 1967

1st Disconnect:

May 31, 1972

Well shut-in by order OCC:

September 23, 1976

Second Reconnect:

October 7, 1976

Second Disconnect:

July 13, 1978

All Dakota

Operators: 1961-63
1963
1964
1974
1976

Aspen Crude Purchasing Company
D. W. Falls
Ray Cook
Ben Horton
Fast Enterprises

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
<i>Little</i>	INVEST NO. <i>4</i>
CASE NO. <i>6437</i>	
Submitted by _____	
Hearing Date _____	

PRODUCTION HISTORY: FEDERAL 2-11

Sec. 11 - T28N - R13W

San Juan County, New Mexico

	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964
Jan. *G		95													
*O		100		131	163										
*W		54													
Feb. G		164													
O			190	107	92										
W			341												
Mar. G															
O		120	193		102										
W		60	279												
Apr. G		180													
O		20	109		125										
W		32													
May G		176													
O			99		126										
W															
Jun. G		34													
O					89										
W															
Jul. G															
O	100				166										
W															
Aug. G		17													
O			133		156										
W			100												
Sep. G															
O			602		262										
W			200												
Oct. G															
O	30				78	438									
W															
Nov. G		11													
O					132	340									
W															
Dec. G															
O					127	252									
W															
Annual Production:															
G	*NR	677	NR	NR	NR	NR	NR	NR	NR	NR	1,634	28,546	62,530	118,013	93,297
O	130	240	1326	238	1618	1030	NR	NR	NR	NR	NR	1,276	2,273	4,684	5,094
W	NR	146	920	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
*PC	*NRTT	476	NRTT	NRTT	NRTT	NRTT	NRTT	NRTT	NRTT	NRTT	NRTT	955	NT	981	875

*G=Gas/MCF *O=Oil/bbls. *W=Water/bbls. *PC=7-day SIP psig. *NR=None Reported. *NRTT=Not Required to Test.

BEFORE HONORABLE STAMERIS
CIVIL SERVICE COMMISSION DIVISION
Little Rock, Ark. 5
CASE NO. 6437
Submitted by _____
Hearing Date _____

Detailed Well Cost Estimate
and
Authority for Expenditure

Well Name 2R-Federal Com Loc. SW/4 Sec. 12, T28N R13W Co. San Juan State N.M.
Estimated T.D. 6150' Field or Prospect Basin Dakota Formation Dakota

	Estimated		Actual
	Dry Hole	Producer	
Intangible Costs			
Supervision	5,000	7,000	
Location: Damages and R.O.W.			
Roads and Canals Surveyor Abstract Title Opin.	5,000	5,000	
Location and Platforms	5,000	5,000	
Drilling:			
Footage Drilling 300 ft. @ 9.50 /ft.	59,850	59,850	
Daywork:			
Drilling - days @ - WDP - days @ - WODP -	incl. above	incl. above	
Completing 4 days @ 3,000 WDP days @ WODP		12,000	
Mud Materials and Special Equipment	9,000	9,000	
Fuel			
Water	5,000	6,000	
Hauling and Transportation	1,000	2,000	
Cement, Cementing, and Accessories	3,000	12,000	
Logging	9,000	9,000	
Coring and Core Analysis	-	-	
Testing	-	-	
Perforating	-	7,500	
Stimulation		25,000	
Special Services Casing Crew		2,500	
Tool Rental			
Miscellaneous	2,000	4,000	
Total Intangible Costs	103,850.	165,850.	
Tangible Well Costs			
Wellhead Misc.		16,000	
Casing: & tubing		45,000	
Tubing:			
Artificial Lift Equipment			
Miscellaneous Well Equipment			
Total Tangible Well Costs		61,000.	
Tangible Lease Costs			
Tankage		4,000	
Separating and Treating:		4,100	
Flowlines		900	
Structures and Buildings			
Measuring Equipment			
Special Equipment			
Miscellaneous Valves and Fittings			
Transportation, Installation and Labor		5,000	
Total Tangible Lease Costs		14,000.	
Total Well Costs	<u>103,850.</u>	<u>240,850.</u>	
Ownership Division:			
Amoco Production Co.	20 %	48,170.	
Curtis J. Little	80 %	192,680.	

<p>OWNER'S SIGNATURE</p> <p><i>LITTLE</i> 9</p> <p>6437</p>	<p>Joint Interest Approval</p> <p>COMPANY _____</p> <p>By _____</p> <p>Date _____ 19__</p>
---	--

NEW MEXICO OIL CONSERVATION DIVISION
P. O. Box 2088, Santa Fe, New Mexico 87501

APPLICATION FOR WELLHEAD
PRICE CEILING CATEGORY DETERMINATION

1. FOR DIVISION USE ONLY

DATE OF: APPLICATION _____
DETERMINATION _____
CONTESTED _____
PARTICIPANTS _____

2. Name of Operator

CURTIS J. LITTLE

3. Address of Operator

P. O. Box 2487, Farmington, N.M. 87401

4. Location of Well

UNIT LETTER M 1085 FEET FROM THE South LINE AND 285 FEET FROM
THE West LINE, SECTION 12 TOWNSHIP 28N RANGE 13W NMPM.

13. Name and Address of Transporter(s)

El Paso Natural Gas Company

Kind of Lease

State, Federal or Free FEDERAL

5. State Oil & Gas Lease No.

SF-078807-A

7. Unit Agreement Name

Gallegos Canyon(partial)

8. Farm or Lease Name

Federal Com.

9. Well No.

#2-R

10. Field and Pool, or Wildcat

Easin Dakota

12. County

San Juan County

WELL CATEGORY INFORMATION

Check appropriate box for category sought and information submitted.

- ☐ 1. Category(ies) Sought (By NGPA Section No.) 103
2. All Applications must contain:
- ☒ a. C-101 APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK
- ☐ b. C-105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG /Not yet spudded. Will furnish when completed.
- ☐ c. DIRECTIONAL DRILLING SURVEY, IF REQUIRED UNDER RULE 111.....Not required.
- ☒ d. AFFIDAVITS OF MAILING OR DELIVERY
- ☐ 3. NEW NATURAL GAS UNDER SEC. 102(c) (1) (B) (using 2.5 Mile or 1000 Feet Deeper Test)
- ☐ a. Location Plat
- ☐ 4. NEW NATURAL GAS UNDER SEC. 102(c) (1) (C) (new onshore reservoir)
- ☐ a. C-122 Multipoint and one point back pressure test
- ☐ 5. NEW ONSHORE PRODUCTION WELL
- ☒ a. C-102 WELL LOCATION AND ACREAGE DEDICATION PLAT
- ☐ b. No. of order authorizing infill program _____
- ☐ 6. STRIPPER GAS
- ☐ a. C-116 GAS-OIL RATIO TEST
- ☐ b. PRODUCTION CURVE FOR 12-MONTH PERIOD PRECEDING DECEMBER 1, 1978.
- ☐ c. PRODUCTION CURVE FOR THE 90-DAY PERIOD ON WHICH THE APPLICATION IS BASED

EXAMINER STAMETS
OIL CONSERVATION DIVISION
Little EXHIBIT NO. 10
C-102 6437
Submitted by _____
Filing Date _____

I HEREDY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

NAME: CURTIS J. LITTLE

SIGNED: Curtis J. Little

TITLE: Operator

DATE: January 19, 1979

APPROVED: _____, EXAMINER

Case 2096
10-13-60

PAGE 8

A Yes.

Q Do you have anything further you would like to present, Mr. Kendrick?

A I think that this will, presumably, ease the operators' administrative load, in that they would know what type unit would be approved and whether or not they would, or what their problems would be with getting their acreage together to drill a well. They would know whether to get, whether the unit would be approved.

MR. PAYNE: That concludes my direct examination. I move for admission for Exhibit 1 in Case 2096.

MR. PORTER: Without objection, it will be admitted. Does anyone have a question?

(No response.)

MR. PORTER: The witness may be excused. Does anyone have anything to offer in this case?

MR. BUELL: I have a statement. Guy Buell, appearing on behalf of Pan-American Petroleum Corporation. It appears to us that the non-standard units, as reflected on Mr. Kendrick's Exhibit Number 1, is a very practical way to handle this problem of irregular Sections that we have along this tier; covered by that Exhibit, it would be our recommendation to the Commission, and so far as our acreage is included in that strip, these Units be adopted.

MR. PORTER: Anyone else have a statement? The Commission will take the case under advisement, and take up Case 2098.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



LEICOM
CITY OF

Little

NO. 11

CASE NO. 6437

Submitted by

Hearing Date

CURTIS J. LITTLE
PETROLEUM GEOLOGIST
TELEPHONE (505) 327-6176
POST OFFICE BOX 2487
PETROLEUM PLAZA SUITE 150
FARMINGTON, NEW MEXICO 87401

NGPA Section No. 103
Rule 15: Sections 271.304 - 271.305
NEW ONSHORE PRODUCTION REPLACEMENT WELL

6. Geological Evidence:

Geological evidence indicates that the proposed new replacement well is necessary to effectively and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by any existing well within the proration unit.

Enclosed is Structure Contour Map on top of the Dakota Formation indicating northeast regional dip at the rate of 60-70 feet per mile. No faulting or structural anomalies are indicated. Also shown is the proposed location of the replacement well (C.J. Little #2-R, Section 12), an outline of established proration units, with location of well and operator of each unit.

Also enclosed is a plat showing accumulative Dakota gas and oil production, spud date of each well and 1977 gas and oil production which indicates a blanket and continuous reservoir over the area. The line of log cross-section C-C' is also shown on this plat.

The enclosed electric log cross-section illustrates the correlations and continuity of the hydrocarbon productive sands in the area of this blanket stratigraphic gas-condensate accumulation. All self potential deflections in excess of 10 millivolts above an arbitrary shale base line are colored in yellow and indicate continuous porosity. Permeability is extremely limited and, in the opinion of the applicant, prohibits the drainage of presently established proration units.

Also enclosed is a Well Data sheet on the initial well on the proration unit and a Production History chart for 15 years annual production, with the last 10-year period on a monthly basis. Seven-day shut-in pressures in psig (PC) are noted as the last item on the chart.

In review of the production history it was noted that the well suddenly ceased to produce commercial quantities of gas in June 1967 due to fluid entry. The well was not produced for the period September 1968 through September 1973. The well was pumped for oil with no report of gas and/or water for the period October 1973 through February 1975. The well was not produced from March 1975 through January 1976. The well was ordered shut-in by a no-flare order on September 23, 1976. The last 10-year monthly production chart clearly indicates the initial well on the proration unit to be incapable of commercial production.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1. TYPE OF WORK a. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> 2. NAME OF OPERATOR CURTIS J. LITTLE 3. ADDRESS OF OPERATOR P. O. Box 2487, Farmington, New Mexico 87401 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1085' FSL 285' FWL At proposed prod. zone -same- 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 3 miles South of Farmington 15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 285' 16. NO. OF ACRES IN LEASE 17. NO. OF ACRES ASSIGNED TO THIS WELL 344.28 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 19. PROPOSED DEPTH 6150' 20. ROTARY OR CABLE TOOLS Rotary 21. ELEVATIONS (Show whether DF, RT, GR, etc.) GR 22. APPROX. DATE WORK WILL START* 12-22-78			5. LEASE DESIGNATION AND SERIAL NO. SF-078807-A 6. IF INDIAN, ALLOTTEE OR TRIBE NAME 7. UNIT AGREEMENT NAME Gallegos Canyon 8. FARM OR LEASE NAME Federal Com 9. WELL NO. 2R 10. FIELD AND POOL, OR WILDCAT Basin Dakota 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 12 T-28-N R-13-W 12. COUNTY OR PARISH San Juan 13. STATE N.M.		
---	--	--	---	--	--

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4	8-5/8	24#	160	100 SX
7-7/8	4 1/2	10.5#	6300	600 SX

This well will be drilled with mud, mechanical logs run at TD and the Dakota sands selectively perforated and fractured. 10" 3000 psi BOP with blind and pipe rams will be operational at all times while drilling. 6" 3000 psi double gate manual BOP will be utilized for completion. A DV tool will be set at the base of the Mesaverde for a 2-stage cement job on the long string.

The HBP Federal leases have an existing gas contract with El Paso Natural Co.

IN ABOVE SPACE DESCRIBE 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 Curtis J. Little TITLE Operator DATE December 14, 1978
(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

Little
Exhibit 1
Case 6437

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-61

All distances must be from the outer boundaries of the Section

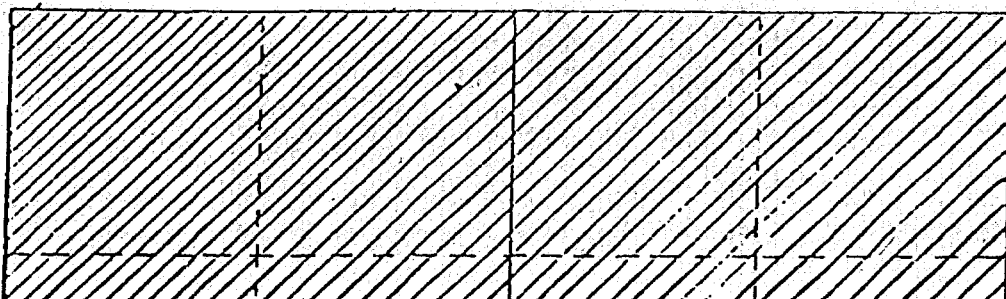
Operator CURTIS LITTLE		Lease FEDERAL (Com.)		Well No. 2-R
Unit Letter M	Section 12	Township 28 NORTH	Range 13 WEST	County SAN JUAN
Actual Footage Location of Well:				
2085 feet from the SOUTH line and 285 feet from the WEST line				
Ground Level Elev. 5036	Producing Formation Dakota	Pool Basin Dakota	Dedicated Acreage: 344.28	Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working 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 communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side 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.

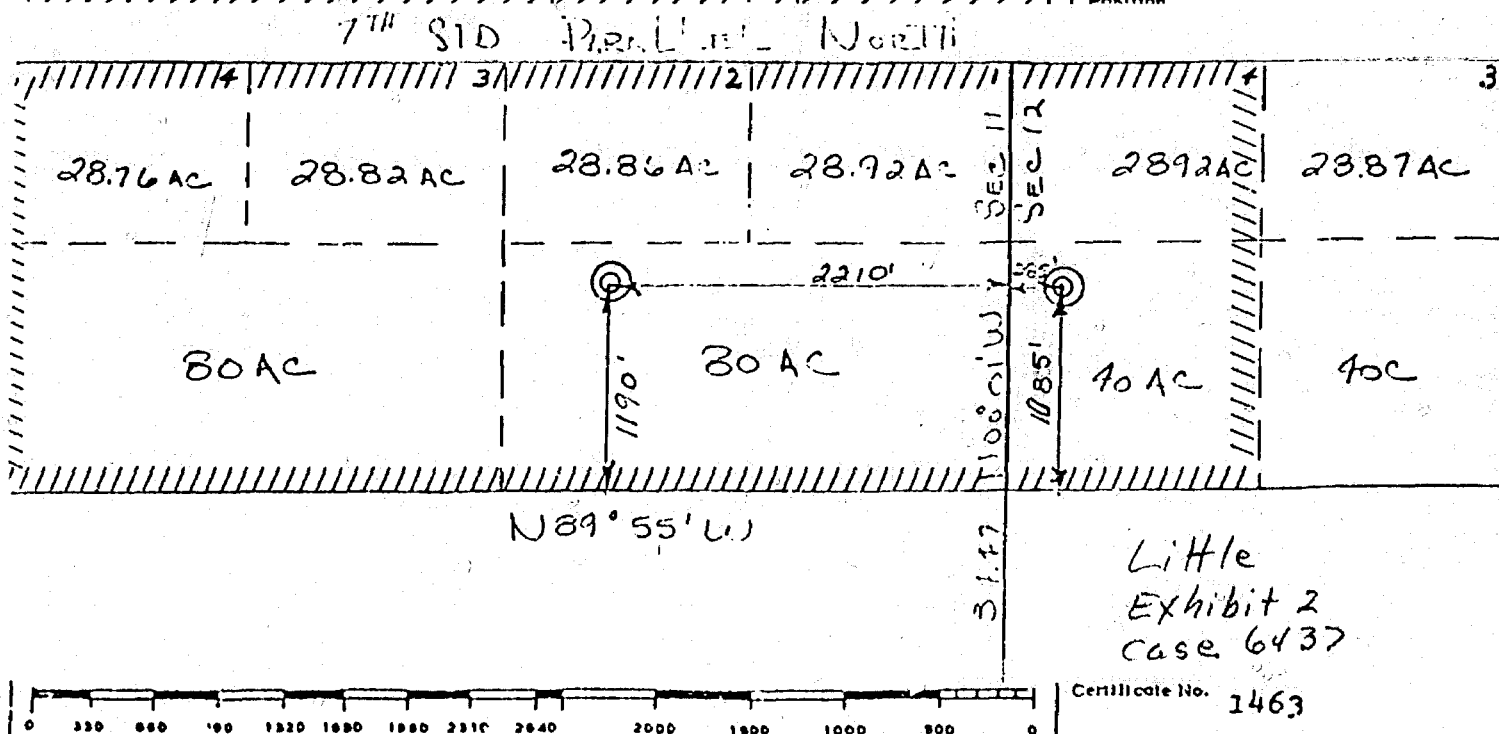


CERTIFICATION

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

Name
CURTIS J. LITTLE

Position



**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT**

All distances must be from the outer boundaries of the Section

Operator PAN AMERICAN PETROLEUM CORPORATION			Lease GALLEGOS CANYON UNIT 4 (DAKOTA)		Well No. 222
Unit Letter N	Section 7	Township 28 NORTH	Range 12 WEST	County SAN JUAN	
Actual Footage Location of Well: 1070 feet from the SOUTH line and 1450 feet from the WEST line			Dedicated Acreage: 364.58 Acres		
Ground Level Elev. REPORT LATER	Producing Formation DAKOTA	Pool BASIN DAKOTA			

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working 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?

(X) Yes () No If answer is "yes," type of consolidation Unitization

If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side 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.

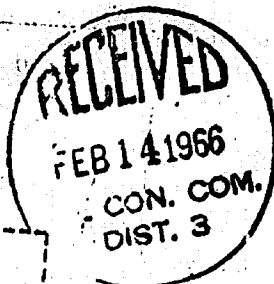
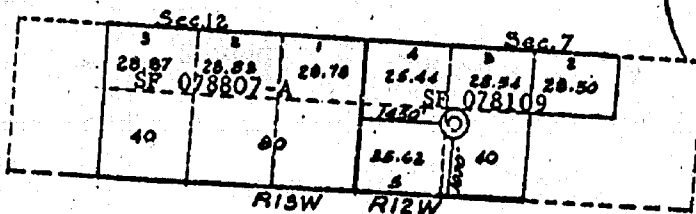
CERTIFICATION

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

Name G. W. Eaton, Jr.
Position Area Engineer
Company PAN AMERICAN PETROLEUM CORP.
Date February 11, 1966

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

Date Surveyed 29 January 1966
Registered Professional Engineer
and/or Land Surveyor
James P. Dease
Certificate No. 12462



SCALE-2 INCHES EQUALS 1 MILE

SAN JUAN ENGINEERING COMPANY, FARMINGTON, N. M.

Little
Exhibit 3
Case 6337

WELL DATA - FEDERAL 2-11

Location: T-28-N R-13-W
Section 11: 1190'FSL 2210'FEL
Elevation: 5925 GL

Spud: September 9, 1961
Completed: October 9, 1961

Casing: 5½" at 6440 w/250 sx
Perforations: 6266-76, 6284-90, 6346-70

IP: 1160 MCFG & 140 BOPD on 18/64" choke
7-day SI: 1720 psi

1st Delivery to Pipeline: June 13, 1962
Allowable: 637 MCFGPD

Gallup Formation converted
to water-injection well: June 1964

Last commercial gas flow: June 1967

1st Disconnect: May 31, 1972

Well shut-in by order OCC: September 23, 1976

Second Reconnect: October 7, 1976

Second Disconnect: July 13, 1978

Operators:	1961-63	Aspen Crude Purchasing Company
	1963	D. W. Falls
	1964	Ray Cook
	1974	Ben Horton
	1976	Fast Enterprises

Little
Exhibit 4
case 6437

77

		1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964
Jan.	*G		95													
	*O		100		131	163										
	*W		54													
Feb.	G		164													
	O			190	107	92										
	W			341												
Mar.	G															
	O		120	193		102										
	W		60	279												
Apr.	G		180													
	O		20	109		125										
	W		32													
May	G		176													
	O			99		126										
	W															
Jun.	G		34													
	O					89										
	W															
Jul.	G															
	O	100				166										
	W															
Aug.	G		17													
	O			133		156										
	W			100												
Sep.	G															
	O			602		262										
	W			200												
Oct.	G															
	O					78	438									
	W															
Nov.	G		11													
	O					132	340									
	W															
Dec.	G															
	O					127	252									
	W															
Annual Production:																
G	*NR	677	NR	NR	NR	NR	NR	NR	NR	NR	NR	1,634	28,546	62,530	118,013	93,297
O	130	240	1326	238	1618	1030	NR	NR	NR	NR	NR	NR	1,276	2,273	4,684	5,094
W	NR	146	920	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR	NR
PC	*NRTT	476	NRTT	NRTT	NRTT	NRTT	NRTT	NRTT	NRTT	NRTT	NRTT	NRTT	955	NT	981	875

*G=Gus/MCF *O=Oil/bbls. *W=Water/bbls. *PC=7-day SIP psig. *NR=None Reported. *NRTT=Not Required to Test.

and
Authority for Expenditure

Well Name 2R-Federal Com Loc. SW/4 Sec. 12, T28N R13W Co. San Juan State N.M.

Estimated T.D. 6150' Field or Prospect Basin Dakota Formation Dakota

	Estimated		Actual
	Dry Hole	Producer	
Intangible Costs			
Supervision	5,000	7,000	
Location: Damages and R.O.W.			
Roads and Canals Surveyor Abstract Title Opin.	5,000	5,000	
Location and Platforms	5,000	5,000	
Drilling:			
Footage Drilling 300 ft. @ 9.50 /ft.	59,850	59,850	
Daywork:			
Drilling - days @ - WDP - days @ - WODP -	incl. above	incl. above	
Completing 4 days @ 3,000 WDP days @ WODP		12,000	
Mud Materials and Special Equipment	9,000	9,000	
Fuel			
Water	5,000	6,000	
Hauling and Transportation	1,000	2,000	
Cement, Cementing, and Accessories	3,000	12,000	
Logging	9,000	9,000	
Coring and Core Analysis	-	-	
Testing	-	-	
Perforating	-	7,500	
Stimulation		25,000	
Special Services Casing Crew		2,500	
Tool Rental			
Miscellaneous	2,000	4,000	
Total Intangible Costs	103,850.	165,850.	
Tangible Well Costs			
Wellhead Misc.		16,000	
Casing: & tubing		45,000	
Tubing:			
Artificial Lift Equipment			
Miscellaneous Well Equipment			
Total Tangible Well Costs		61,000.	
Tangible Lease Costs			
Tankage		4,000	
Separating and Treating:		4,100	
Flowlines		900	
Structures and Buildings			
Measuring Equipment			
Special Equipment			
Miscellaneous Valves and Fittings			
Transportation, Installation and Labor		5,000	
Total Tangible Lease Costs		14,000.	

Total Well Costs 103,850. 240,850.

Ownership Division:

Amoco Production Co. 20 % 48,170.
Curtis J. Little 80 % 192,680.

Little
Exhibit 9
Case 6437

Joint Interest Approval

COMPANY

By

NEW MEXICO OIL CONSERVATION DIVISION
P. O. Box 2080, Santa Fe, New Mexico 87501

APPLICATION FOR WELLHEAD
PRICE CILING CATEGORY DETERMINATION

1. FOR DIVISION USE ONLY

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DETERMINATION _____
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Name of Operator

CURTIS J. LITTLE

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Kind of Lease

State, Federal or Fee **FEDERAL**

5. State Oil & Gas Lease No.

SF-078807-A

7. Unit Agreement Name

Gallegos Canyon(partial)

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Federal Com.

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#2-R

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Basin Dakota

12. County

San Juan County

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- ☐ b. No. of order authorizing infill program _____
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I HEREDY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND COMPLETE TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

NAME: CURTIS J. LITTLESIGNED: Curtis J. LittleTITLE: OperatorDATE: January 19, 1979

APPROVED: _____, EXAMINER

Little
Exhibit 10
Case 6437

CURTIS J. LITTLE
PETROLEUM GEOLOGIST
TELEPHONE (505) 327-6176
POST OFFICE BOX 2487
PETROLEUM PLAZA SUITE 150
FARMINGTON, NEW MEXICO 87401

NGPA Section No. 103

Rule 15: Sections 271.304 - 271.305

NEW ONSHORE PRODUCTION REPLACEMENT WELL

6. Geological Evidence:

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KELLAHIN and KELLAHIN

ATTORNEYS AT LAW

800. DON GASPAR AVENUE

P. O. BOX 1760

SANTA FE, NEW MEXICO 87501

TELEPHONE 962-4283

AREA CODE 505

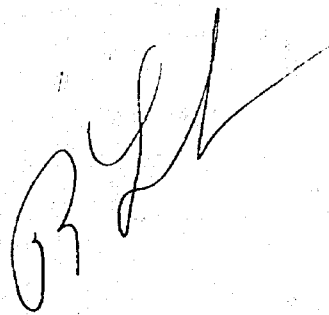
JASON W. KELLAHIN

W. THOMAS KELLAHIN

KAREN AUBREY

FEB 20 1979

February 19, 1979



Mr. Gordon D. Ryan
Amoco Production Company
Security Life Building
Denver, Colorado 80202

Re: Curtis Little
NMOCD Case No. 6437

Dear Gordon:

Thank you for your letter of February 2, 1979. I have discussed this matter with Mr. Richard Stamets of the Division.

Mr. Stamets is of the opinion that Curtis Little as the Applicant must first demonstrate to the Division that he controls all of the acreage composing the non-standard proration unit, either by voluntary agreement or forced pooling. Only after that will the Division consider the non-standard proration unit.

In order to satisfy this opinion, I have amended the Curtis Little Application to include forced pooling of Amoco Production Company to be heard simultaneously with the infill drilling and non-standard proration unit applications.

Very truly yours,

W. Thomas Kellahin

WTK:eps

Enclosure

cc: Mr. Curtis Little
Mr. Richard L. Stamets ✓

FEB 20 1979

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF CURTIS LITTLE FOR APPROVAL OF A
NON-STANDARD PRORATION UNIT, FOR
WELLHEAD PRICE CEILING CATEGORY
DETERMINATION, FOR FORCED POOLING,
AND FOR RECISSION OF ORDER No. R-4556,
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES NOW CURTIS LITTLE, and applies to the Oil Conservation Division, New Mexico Energy and Minerals Department, for approval of a non-standard proration unit, for wellhead price ceiling category determination, for rescission of NMOCC Order No. R-4556, and for compulsory pooling, San Juan County, New Mexico and in support thereof would show the Division:

1. On June 25, 1973, the Oil Conservation Commission, on the application of Benjamin K. Horton, approved a non-standard proration unit for Dakota production, consisting of 275.36 acres in the Basin-Dakota Gas Pool, in lieu of the 344.28-acre unit approved by the Commission on November 4, 1960, consisting of all of partial Section 11, T28N R12W, plus lot 4 and the SW/4 SW/4 of Section 12, Township 28 North, Range 13 West, N.M.P.M., San Juan County, New Mexico. The unit in each of the above cases, was dedicated to the D. W. Falls, Inc., Federal Well No. 2-11, located 1190 feet from the South line, and 2210 feet from the East line of Section 11. In his application Benjamin K. Horton proposed to re-enter the D. W. Falls, Inc., Federal Well No. 2-11 in an effort to place it on production. The subject well has been plugged and abandoned, and there is presently no production from the lands involved.

2. Applicant Curtis Little proposes to drill a replacement well, to be located 285 feet from the West line, and 1085 feet from the South line of Section 12, Township 28 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, dedicating to the subject well partial Section 11, T28N, R12W, and Lot 4 and the SW/4 SW/4 of Section 12, Township 28 North, Range 13 West, to the well for creation of a non-standard 344.36-acre proration unit, as previously approved for Basin-Dakota production by Commission Order No. R-1814.

3. Applicant seeks the rescission of its Order No. R-4556, and permission to drill a replacement well, a well necessary to effectively and efficiently drain the portion of the reservoir covered by the proration unit, which cannot be effectively and efficiently drained by any existing well within the proration unit.

4. Applicant has obtained voluntary agreement for pooling for Basin-Dakota Production from all but the following:

Amoco Production Company
Security Life Building
Denver, Colorado 80202
Attn: Gordon D. Ryan

Lot 4
SW/4 SW/4 Section 12
T28N, R13W, NMPM

Individually and as operator
of the Gallegos Canyon Unit

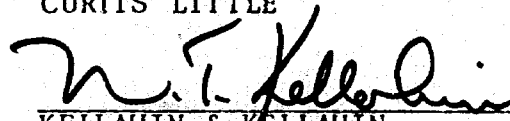
5. Applicant proposes to dedicate the non-standard proration unit described above to a well to be located 1085 feet from the South line and 285 feet from the west line of Section 12, T28N, R13W, NMPM.

6. Applicant requests that he be designated operator of the pooled unit requested above.

7. Applicant has been unable to obtain a voluntary agreement for the pooling of the unpooled interest indicated above and in order to avoid the drilling of unnecessary wells, to protect correlative rights and to prevent waste, the Division should pool all interest in the above described unit.

WHEREFORE, Applicant requests that the Division set this matter for hearing before the Divisions' Examiner and after notice and hearing an order be entered pooling all interests underlying Section 11, T28N, R12W, and Lot 4 and the SW/4 SW/4 of Section 12, T28N, R13W, NMPM, San Juan County, N.M., designate Curtis Little as operator of the pooled unit, together with provision for applicant to recover his costs out of the production including a risk factor of 200% and with provision for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interests may appear for an order granting the relief sought herein, and for such further orders as may be proper in the premises.

Respectfully submitted
CURTIS LITTLE


KELLAHIN & KELLAHIN
P. O. Box 1769
Santa Fe, New Mexico
Attorneys for Applicant

FEB 20 1979

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF CURTIS LITTLE FOR APPROVAL OF A
NON-STANDARD PRORATION UNIT, FOR
WELLHEAD PRICE CEILING CATEGORY
DETERMINATION, FOR FORCED POOLING,
AND FOR RESCISSION OF ORDER No. R-4556,
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES NOW CURTIS LITTLE, and applies to the Oil
Conservation Division, New Mexico Energy and Minerals
Department, for approval of a non-standard proration unit,
for wellhead price ceiling category determination, for
rescission of NMOCC Order No. R-4556, and for compulsory
pooling, San Juan County, New Mexico and in support thereof
would show the Division:

1. On June 25, 1973, the Oil Conservation Commission,
on the application of Benjamin K. Horton, approved a non-
standard proration unit for Dakota production, consisting
of 275.36 acres in the Basin-Dakota Gas Pool, in lieu of the
344.28-acre unit approved by the Commission on November 4,
1960, consisting of all of partial Section 11, T28N R12W,
plus Lot 4 and the SW/4 SW/4 of Section 12, Township 28
North, Range 13 West, N.M.P.M., San Juan County, New Mexico.
The unit in each of the above cases, was dedicated to the
D. W. Falls, Inc., Federal Well No. 2-11, located 1190 feet
from the South line, and 2210 feet from the East line of
Section 11. In his application Benjamin K. Horton proposed
to re-enter the D. W. Falls, Inc., Federal Well No. 2-11 in
an effort to place it on production. The subject well has
been plugged and abandoned, and there is presently no produc-
tion from the lands involved.

2. Applicant Curtis Little proposes to drill a replacement well, to be located 285 feet from the West line, and 1085 feet from the South line of Section 12, Township 28 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, dedicating to the subject well partial Section 11, T28N, R12W, and Lot 4 and the SW/4 SW/4 of Section 12, Township 28 North, Range 13 West, to the well for creation of a non-standard 344.36-acre proration unit, as previously approved for Basin-Dakota production by Commission Order No. R-1814.

3. Applicant seeks the rescission of its Order No. R-4556, and permission to drill a replacement well, a well necessary to effectively and efficiently drain the portion of the reservoir covered by the proration unit, which cannot be effectively and efficiently drained by any existing well within the proration unit.

4. Applicant has obtained voluntary agreement for pooling for Basin-Dakota Production from all but the following:

Amoco Production Company
Security Life Building
Denver, Colorado 80202
Attn: Gordon D. Ryan

Lot 4
SW/4 SW/4 Section 12
T28N, R13W, NMPM

Individually and as operator
of the Gallegos Canyon Unit

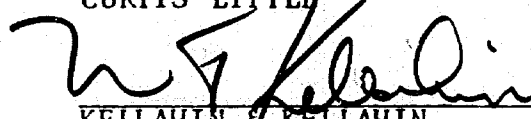
5. Applicant proposes to dedicate the non-standard proration unit described above to a well to be located 1085 feet from the South line and 285 feet from the west line of Section 12, T28N, R13W, NMPM.

6. Applicant requests that he be designated operator of the pooled unit requested above.

7. Applicant has been unable to obtain a voluntary agreement for the pooling of the unpooled interest indicated above and in order to avoid the drilling of unnecessary wells, to protect correlative rights and to prevent waste, the Division should pool all interest in the above described unit.

WHEREFORE, Applicant requests that the Division set this matter for hearing before the Divisions' Examiner and after notice and hearing an order be entered pooling all interests underlying Section 11, T28N, R12W, and Lot 4 and the SW/4 SW/4 of Section 12, T28N, R13W, NMPM, San Juan County, N.M., designate Curtis Little as operator of the pooled unit, together with provision for applicant to recover his costs out of the production including a risk factor of 200% and with provision for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interests may appear for an order granting the relief sought herein, and for such further orders as may be proper in the premises.

Respectfully submitted
CURTIS LITTLE


KELLAHIN & KELLAHIN
P. O. Box 1769
Santa Fe, New Mexico
Attorneys for Applicant

Dockets Nos. 9-79 and 10-79 are tentatively set for hearing on March 14 and 28, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

Docket No. 7-79

DOCKET: COMMISSION HEARING - FRIDAY - FEBRUARY 23, 1979

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

CASE 6461: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Mayor Eddie Armenta, the Village of Jemez Springs, and all other interested parties to appear and show cause why the Jemez Well No. 1 located in Unit A of Section 26, Township 18 North, Range 2 East, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Docket No. 8-79

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 28, 1979

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 6422: (Continued from January 31, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Helton Engineering & Geological Services, Inc., Travelers Indemnity Company, and all other interested parties to appear and show cause why the Brent Well No. 1 located in Unit M of Section 29 and the Brent Well No. 3 located in Unit G of Section 19, both in Township 13 North, Range 6 East, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6434: (Continued from January 31, 1979, Examiner Hearing)

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its State "O" Well No. 5 to be located in Unit H of Section 30, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

CASE 6435: (Continued from February 14, 1979, Examiner Hearing)

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its W. A. Weir "B" Well No. 3 located in Unit B of Section 26, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

CASE 6436: (Continued from January 31, 1979, Examiner Hearing)

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its State "U" Gas Com Well No. 2 to be located in Unit C of Section 32, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

CASE 6462: Application of McClellan Oil Corporation for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Marlisue State Well No. 3 to be located 1155 feet from the North line and 1485 feet from the West line of Section 24, Township 14 South, Range 29 East, Double "L" Queen Associated Pool, Chaves County, New Mexico, the NE/4 NW/4 of said Section 24 to be dedicated to the well.

CASE 6463: Application of Orville Slaughter for pool and lease commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Oswell-Farmington Pool production from his Sangre de Cristo Well No. 1 with undesignated Fruitland production from his Sangre de Cristo Well No. 2, both located in Unit D of Section 34, Township 30 North, Range 11 West, San Juan County, New Mexico.

- CASE 6464: Application of Dallas McCasland for clarification of Orders Nos. R-2789 and R-2794, Lea County, New Mexico. Applicant, in the above-styled cause, seeks clarification of Orders Nos. R-2789 and R-2794 to determine what formations have been unitized and what formations are subject to a waterflood project under the South Penrose-Skelly Unit, Sections 6 and 7, Township 22 South, Range 37 East, Lea County, New Mexico, and of the vertical limits of the Eumont and Penrose-Skelly Pools in said sections.
- CASE 6465: Application of Getty Oil Company for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SE/4 of Section 31, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its J. W. Sherrell Well No. 9 located 2250 feet from the South line and 1650 feet from the East line of said Section 31.
- CASE 6466: Application of Getty Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, Lea County, New Mexico, to produce oil from an undesignated Wolfcamp pool and gas from the Grama Ridge-Morrow Gas Pool through parallel strings of tubing.
- CASE 6467: Application of Getty Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Wolfcamp formation for its State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, Lea County, New Mexico, and for promulgation of special pool rules, including provision for 160-acre spacing.
- CASE 6468: Application of Dome Petroleum Corporation for an exception to Order No. R-1069, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2 of Order No. R-1069, as amended, for the Bisti-Lower Gallup Oil Pool to approve the following 13 non-standard proration units: the W/2 NW/4, W/2 NE/4, E/2 SW/4, and the E/2 SE/4 of Sections 3, 4, and 9, and the W/2 NW/4 of Section 10, all in Township 26 North, Range 14 West, San Juan County, New Mexico.
- CASE 6469: Application of Continental Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Fed. 34 Well No. 1 located in Unit N of Section 34, Township 20 South, Range 26 East, Eddy County, New Mexico, to produce gas from the Springs-Upper Pennsylvanian Pool and an undesignated Morrow pool through parallel strings of tubing.
- CASE 6470: Application of Phillips Petroleum Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements to permit an infill drilling program in its East Vacuum Unit Area, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, and a finding that such infill wells are necessary to effectively and efficiently drain that portion of their proration units which is not presently being drained by any existing well. Applicant specifically seeks such waivers and findings now for ten wells, all in Township 17 South, Range 35 East, and located as follows: Unit K of Section 27; Units M and O, Section 28; Units B, I, and M of Section 32; Units C, H, and M of Section 33; and Unit C of Section 34.
- CASE 6471: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Freeman Well No. 1-A to be located in Unit C of Section 11, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6472: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Jenny Well No. 1-A to be located in Unit P of Section 13, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6473: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its McIntyre Well No. 1-A to be located in Unit K of Section 11, Township 26 North, Range 4 West, Basin-Dakota Pool, Rio Arriba County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6474: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Williams Well No. 1-A to be located in Unit C of Section 24, Township 31 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

- CASE 6475: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Montoya Well No. 1-A to be located in Unit I of Section 35, Township 32 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6476: Application of Pennzoil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 660 feet from the South line and 990 feet from the West line of Section 24, Township 17 South, Range 28 East, Aid-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of said Section 24 to be dedicated to the well.
- CASE 6477: Application of Sun Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Millman Pool Unit Area by the injection of water into the Queen and Grayburg formations through eleven wells located in Sections 12 and 13 of Township 19 South, Range 28 East, East Millman Pool, Eddy County, New Mexico.
- CASE 6437: (Continued and Readvertised)
- Application of Curtis Little for compulsory pooling, approval of infill drilling, and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-4556 and approval of an order pooling all mineral interests in the Dakota formation underlying all of Section 11 and Lot 4 and the SW/4 SW/4 of Section 12, Township 28 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, to form a 344.36-acre non-standard gas proration unit to be dedicated to a well to be located 1085 feet from the South line and 285 feet from the West line of said Section 12. 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.
- Applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- CASE 6478: Application of Coronado Exploration Corp. 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 the NW/4 SE/4 of Section 26, Township 10 South, Range 28 East, Chaves County, New Mexico, to be dedicated to a well to be located 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 6479: Application of Coronado Exploration Corp. 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 the SE/4 SE/4 of Section 5, Township 10 South, Range 28 East, Chaves County, New Mexico, to be dedicated to a well to be located 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 6480: Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its State 22 Well No. 1 located in Unit P of Section 22, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.
- CASE 6481: Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its Hanlad State Well No. 1 located in Unit K of Section 2, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.
- CASE 6482: Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir or in the alternative a new onshore production well determination for its Mobil 27 State Well No. 1 located in Unit A of Section 27, Township 18 South, Range 35 East, Queen formation, Lea County, New Mexico.
- CASE 6483: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Pennsylvanian, and Mississippian formations underlying the S/2 of Section 8, Township 14 South, Range 36 East, Lea 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 6484: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Pennsylvanian, and Mississippian formations underlying the E/2 of Section 28, Township 16 South, Range 37 East, Lea 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 6485: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp, Pennsylvanian, and Mississippian formations underlying the S/2 of Section 13, Township 18 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6486: Application of Depco Inc. for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 660 feet from the North and East lines of Section 21, Township 13 South, Range 30 East, undesignated Morrow pool, Chaves County, New Mexico, the E/2 of said Section 21 to be dedicated to the well.
- CASE 6487: Application of El Paso Natural Gas Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Shell E State Com Well No. 2 located in Unit N of Section 6, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.



Amoco Production Company

Security Life Building
Denver, Colorado 80202
303-820-4040

Gordon D. Ryan
Attorney

February 2, 1979

W. Thomas Kellahin, Attorney
Kellahin and Kellahin
500 Don Gaspar Avenue
P. O. Box 1769
Santa Fe, New Mexico 87501

Re: Case No. 6437
Application of Curtis Little for a
Non-Standard Proration Unit

Dear Tom:

This is to confirm our telephone conversation of this date regarding the application of Curtis Little for approval of infill drilling and a non-standard proration unit, San Juan County, New Mexico.

It is Amoco's position that the 344.28 acre non-standard gas proration unit established by order No. R-1814, dated November 4, 1960, no longer exists. The communitization agreement covering said non-standard unit expired by its own terms on January 31, 1970, the last day of the month in which production ceased from the communitized area. Order No. R-4556 officially dissolves said unit and creates a new proration unit consisting of all of partial Section 11, T28N, R13W, comprising 275.36 acres.

Amoco will therefore oppose any attempt on behalf of the applicant to resurrect the previously established non-standard unit, or create a new non-standard unit which would include Amoco's acreage located in Section 12. If, however, it would be ultimately determined that a unit should be formed, Amoco would not require that its working interest be force pooled. Of course, Amoco does not purport to cover the lessor's interest.

Yours very truly,

Original signed by
Gordon D. Ryan

Gordon D. Ryan

GDR:lc

cc: Richard L. Stamets
R. B. Giles

Docket No. 4-79

Dockets Nos. 5-79 and 6-79 are tentatively set for hearing on February 14 and 28, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 31, 1979

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 6422: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Helton Engineering & Geological Services, Inc., Travelers Indemnity Company, and all other interested parties to appear and show cause why the Brent Well No. 1 located in Unit M of Section 29 and the Brent Well No. 3 located in Unit G of Section 19, both in Township 13 North, Range 6 East, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6415: (Continued from January 17, 1979, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Devonian formations underlying the W/2 of Section 20, Township 14 South, Range 36 East, Lea 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 6419: (Continued from January 17, 1979, Examiner Hearing)

Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Lanning JC Well No. 1 located in Unit B of Section 7, Township 18 South, Range 26 East, Eagle Creek Field, Eddy County, New Mexico, to produce gas from the Strawn formation through the casing-tubing annulus and from the Morrow formation through tubing.

CASE 6423: Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jackson AT Well No. 9 located 660 feet from the South and West lines of Section 13, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Wolfcamp, Pennsylvanian, and Mississippian formations, the S/2 of said Section 13 to be dedicated to the well.

CASE 6424: Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Superior Fed. KJ Well No. 1 located 990 feet from the North and West lines of Section 7, Township 20 South, Range 29 East, Eddy County, New Mexico, to test the Wolfcamp and Pennsylvanian formations, the N/2 of said Section 7 to be dedicated to the well.

CASE 6425: Application of T. B. Knox Estate 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 Lucia Brookes Well No. 2 located in Unit K of Section 14, 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.

CASE 6426: Application of C. W. Trainer for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be located 660 feet from the North and West lines of Section 24, Township 20 South, Range 32 East, South Salt Lake-Morrow Pool, Lea County, New Mexico, the N/2 of said Section 24 to be dedicated to the well.

CASE 6427: Application of Caribou Four Corners, Inc., for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Caribou/Kirtland Well No. 1 to be located 1214 feet from the North line and 650 feet from the East line of Section 13, Township 29 North, Range 15 West, Cha Cha-Gallup Pool, San Juan County, New Mexico, the E/2 NE/4 to be dedicated to the well.

CASE 6428: Application of Mobil Oil Corporation for the amendment of Order No. R-5801, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5801 to delete the requirements for lined tubing in injection wells in the North Vacuum Abo East Pressure Maintenance Project, Lea County, New Mexico.

- CASE 6429: Application of Zia Energy, Inc., for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its Elliott State Well No. 2 to be located in Unit B of Section 34, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.
- CASE 6430: Application of Phoenix Resources Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Buckhorn Canyon Unit Area comprising 23,009 acres, more or less, of Federal and state lands in Township 19 South, Ranges 19 and 20 East, Chaves County, New Mexico.
- CASE 6431: Application of HNG Oil 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 35, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6432: Application of John Yuronka for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the NE/4 NW/4 and the SE/4 NW/4 of Section 29, Township 24 South, Range 37 East, Lea County, New Mexico, to form two 40-acre units, each 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 wells 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 wells and a charge for risk involved in drilling said wells.
- CASE 6433: Application of Cities Service Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formations underlying the S/2 of Section 8, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6434: Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its State "O" Well No. 5 to be located in Unit H of Section 30, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.
- CASE 6435: Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its W. A. Weir "B" Well No. 3 located in Unit B of Section 26, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.
- CASE 6436: Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its State "U" Gas Com Well No. 2 to be located in Unit C of Section 32, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.
- CASE 6437: Application of Curtis Little for approval of infill drilling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of a well to be located 1085 feet from the South line and 285 feet from the West line of Section 12, Township 28 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well. Applicant further seeks rescission of Order No. R-4556 and approval of a 344.36-acre non-standard gas proration unit comprising all of Section 11, and Lot 4 and the SW/4 SW/4 of Section 12 for said well.
- CASE 6438: Application of Caulkins Oil Company for dual completions and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Breech Well No. 812 located in Unit N of Section 18, Township 26 North, Range 6 West, and its Breech Well No. 224-A located in Unit B of Section 13, Township 26 North, Range 7 West, Rio Arriba County, New Mexico, to produce gas from the Dakota formation through a separate string of tubing and to commingle Chacra and Mesaverde production in the wellbores of said wells.

- CASE 6439: Application of Caulkins Oil Company for downhole commingling, Rio Arriba 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 Breech A Well No. 229 located in Unit D of Section 17, Township 26 North, Range 6 West, Rio Arriba County, New Mexico.
- CASE 6440: Application of Caulkins Oil Company 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 Breech F Well No. 8 located in Unit A of Section 34, Township 27 North, Range 6 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 6441: Application of Caulkins Oil 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 in the wellbore of its Breech F Well No. 12 located in Unit A of Section 35, Township 27 North, Range 6 West, Rio Arriba County, New Mexico.
- CASE 6442: Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs, Chacra and Mesaverde production in the wellbore of its Breech E Well No. 109 located in Unit M of Section 3, Township 26 North, Range 6 West, Rio Arriba County, New Mexico.
- CASE 6443: Application of Caulkins Oil Company for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Breech B Well No. 220-R located in Unit B of Section 14, Township 26 North, Range 7 West, to produce gas from the Dakota formation through a separate string of tubing and to commingle Pictured Cliffs, Chacra and Mesaverde production in the wellbore of said well.
- CASE 6444: Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs, Mesaverde, Chacra and Greenhorn production in the wellbore of its Breech Well No. 224 located in Unit A of Section 13, Township 26 North, Range 7 West, Rio Arriba County, New Mexico.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF CURTIS LITTLE FOR APPROVAL OF A
NON-STANDARD PRORATION UNIT, FOR
WELLHEAD PRICE CEILING CATEGORY
DETERMINATION, FOR FORCED POOLING,
AND FOR RESCISSION OF ORDER No. R-4556,
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES NOW CURTIS LITTLE, and applies to the Oil Conservation Division, New Mexico Energy and Minerals Department, for approval of a non-standard proration unit, for wellhead price ceiling category determination, for rescission of NMOCC Order No. R-4556, and for compulsory pooling, San Juan County, New Mexico and in support thereof would show the Division:

1. On June 25, 1973, the Oil Conservation Commission, on the application of Benjamin K. Horton, approved a non-standard proration unit for Dakota production, consisting of 275.36 acres in the Basin-Dakota Gas Pool, in lieu of the 344.28-acre unit approved by the Commission on November 4, 1960, consisting of all of partial Section 11, T28N R12W, plus Lot 4 and the SW/4 SW/4 of Section 12, Township 28 North, Range 13 West, N.M.P.M., San Juan County, New Mexico. The unit in each of the above cases, was dedicated to the D. W. Falls, Inc., Federal Well No. 2-11, located 1190 feet from the South line, and 2210 feet from the East line of Section 11. In his application Benjamin K. Horton proposed to re-enter the D. W. Falls, Inc., Federal Well No. 2-11 in an effort to place it on production. The subject well has been plugged and abandoned, and there is presently no production from the lands involved.

2. Applicant Curtis Little proposes to drill a replacement well, to be located 285 feet from the West line, and 1085 feet from the South line of Section 12, Township 28 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, dedicating to the subject well partial Section 11, T28N, R12W, and Lot 4 and the SW/4 SW/4 of Section 12, Township 28 North, Range 13 West, to the well for creation of a non-standard 344.36-acre proration unit, as previously approved for Basin-Dakota production by Commission Order No. R-1814.

3. Applicant seeks the rescission of its Order No. R-4556, and permission to drill a replacement well, a well necessary to effectively and efficiently drain the portion of the reservoir covered by the proration unit, which cannot be effectively and efficiently drained by any existing well within the proration unit.

4. Applicant has obtained voluntary agreement for pooling for Basin-Dakota Production from all but the following:

Amoco Production Company
Security Life Building
Denver, Colorado 80202
Attn: Gordon D. Ryan

Lot 4
SW/4 SW/4 Section 12
T28N, R13W, NMPM

Individually and as operator
of the Gallegos Canyon Unit

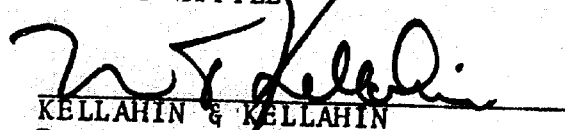
5. Applicant proposes to dedicate the non-standard proration unit described above to a well to be located 1085 feet from the South line and 285 feet from the west line of Section 12, T28N, R13W, NMPM.

6. Applicant requests that he be designated operator of the pooled unit requested above.

7. Applicant has been unable to obtain a voluntary agreement for the pooling of the unpooled interest indicated above and in order to avoid the drilling of unnecessary wells, to protect correlative rights and to prevent waste, the Division should pool all interest in the above described unit.

WHEREFORE, Applicant requests that the Division set this matter for hearing before the Divisions' Examiner and after notice and hearing an order be entered pooling all interests underlying Section 11, T28N, R12W, and Lot 4 and the SW/4 SW/4 of Section 12, T28N, R13W, NMPM, San Juan County, N.M., designate Curtis Little as operator of the pooled unit, together with provision for applicant to recover his costs out of the production including a risk factor of 200% and with provision for the payment of operating costs and costs of supervision out of production to be allocated among the owners as their interests may appear for an order granting the relief sought herein, and for such further orders as may be proper in the premises.

Respectfully submitted
CURTIS LITTLE


KELLAHIN & KELLAHIN
P. O. Box 1769
Santa Fe, New Mexico
Attorneys for Applicant

BEFORE THE
NEW MEXICO ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

DEC 25 1978

OIL CONSERVATION COM. 1A
Santa Fe

Case 6437

COMES NOW CURTIS LITTLE, and applies to the Oil Conservation Division, New Mexico Energy and Minerals Department, for the rescission of its Order No. R-4556, and permission to drill a replacement well, a well necessary to effectively and efficiently drain the portion of the reservoir covered by the proration unit, which cannot be effectively and efficiently drained by any existing well within the proration unit, and in support thereof would show the Division:

1. On June 25, 1973, the Oil Conservation Commission, on the application of Benjamin K. Horton, approved a non-standard proration unit for Dakota production, consisting of 275.36 acres in the Basin-Dakota Gas Pool, in lieu of the 344.28-acre unit approved by the Commission on November 4, 1960, consisting of all of partial Section 11, plus Lot 4 and the SW/4 SW/4 of Section 12, Township 28 North, Range 13 West, N.M.P.M., San Juan County, New Mexico. The unit in each of the above cases, was dedicated to the D. W. Falls, Inc., Federal Well No. 2-11, located 1190 feet from the South line, and 2210 feet from the East line of Section 11. In his application Benjamin K. Horton proposed to re-enter the D. W. Falls, Inc., Federal Well No. 2-11 in an effort to place it on production. The subject well has been plugged and abandoned, and there is presently no production from the lands involved.

2. Applicant Curtis Little proposes to drill a replacement well, to be located 285 feet from the West line, and 1085 feet from the South line of Section 12, Township 28 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, dedicating

to the subject well partial Section 11, and Lot 4 and the SW/4 SW/4 of Section 12, Township 28 North, Range 13 West, to the well for creation of a non-standard 344.36-acre production unit, as previously approved for Basin-Dakota production by Commission Order No. R-1814.

Wherefore Applicant prays that this matter be set for hearing before the Division or it's duly appointed Examiner and that after notice and hearing as required by law, the Oil Conservation Division enter its order granting the relief sought herein.

Respectfully submitted,
CURTIS LITTLE

By Jose Kellah
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

BEFORE THE
NEW MEXICO ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

DEC 26 1978

CONSERVATION COM. 4,
Santa Fe

Case 6437

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Respectfully submitted,

CURTIS LITTLE

By

Jason Kellahin

Kellahin & Fox

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

BEFORE THE
NEW MEXICO ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

DEC 25 1978

Case 6437

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Wherefore Applicant prays that this matter be set for hearing before the Division or it's duly appointed Examiner and that after notice and hearing as required by law, the Oil Conservation Division enter its order granting the relief sought herein.

Respectfully submitted,

CURTIS LITTLE

By Jason Kellah
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

ATWOOD, MALONE, MANN & COOTER

A PROFESSIONAL ASSOCIATION
LAWYERS

JEFF D. ATWOOD [1983-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
JOHN W. BASSETT
ROBERT E. SABIN
BRIAN W. COPPLE

RANDAL W. ROBERTS
STEVEN L. BELL

January 26, 1979 JAN 30 1979

Mr. Joe Ramey
Secretary-Director
Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

RE: Examiner Hearing Wednesday - January 31, 1979
Case No. 6437

Dear Mr. Ramey:

We would appreciate your filing the enclosed
Entry of Appearance for Amoco Production Company in
Case No. 6437.

Thank you for your assistance and with best
regards,

Very truly yours,


Charles F. Malone

CFM:Sgs
Enc.

cc: Gordon D. Ryan, Esquire
w/enc.

BEFORE THE OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLI-)
CATION OF CURTIS LITTLE FOR)
INFILL DRILLING AND NON-STAND-) No. 6437
ARD PRORATION UNIT, BASIN-)
DAKOTA POOL, SAN JUAN COUNTY,)
NEW MEXICO.)

ENTRY OF APPEARANCE

The undersigned hereby enter appearance in behalf
of Amoco Production Company, with Gordon D. Ryan, Esquire,
of Denver, Colorado.

ATWOOD, MALONE, MANN & COOTER, P.A.

By 
Post Office Drawer 700
Roswell, New Mexico 88201

Attorneys for Amoco Production Company

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:

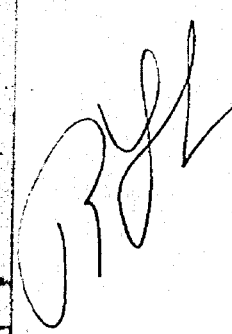
CASE NO. 6437

Order No. R- 5962

APPLICATION OF CURTIS LITTLE FOR
COMPULSORY POOLING, APPROVAL OF INFILL
DRILLING, AND A NON-STANDARD PRORATION
UNIT, SAN JUAN COUNTY, NEW MEXICO.


ORDER OF THE DIVISION

BY THE DIVISION:

 This cause came on for hearing at 9 a.m. on February 28,
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamess

NOW, on this day of March, 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, Curtis Little,
the rescission of Order No. R-4556 and approval of
seeks an order pooling all mineral interests in the Dakota
formation underlying ~~the~~ all
part of Section 11/ and Lot 4 and the SW/4 SW/4 of Section 12,
of Section 11/, Township 28 North, Range 13 West
NMPM, Basin-Dakota Pool, San Juan County, New
Mexico. to form a 344.36-acre non-standard gas
proration unit.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location on the proposed
1700-3 standard proration unit.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner that does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 150 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Dakota formation underlying ~~the~~ all of Section 11 and Lot 4 and the SW/4 SW/4 of Section 12, Township 28 North, Range 13 West, NMPM, Basin-Dakota Pool San Juan County, New Mexico, are hereby pooled to form a ^{non-}standard 344.36-acre gas spacing and proration unit to be dedicated to a well to be drilled to be drilled 1085 feet from the South line and 285 feet from the West line of said Section 12. as an infill well on such proration unit.

Proration
~~That~~ The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by the subject ~~existing 160-acre non-standard~~ unit which cannot efficiently and economically be drained by any existing well thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of July, 1979, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Dakota formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of July, 1979, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Curtis Little is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 30 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner that has paid his share of estimated costs in advance as provided

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Case No.
Order No. R-

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, ¹⁵⁰~~200~~ percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

*Dick:
150 percent
in finding*

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs. *\$2000~~00~~ per month while drilling and \$175~~00~~ per month while producing and*

(9) That per month ~~is~~ hereby fixed as a reasonable charge for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

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Case
Order No.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(14) 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.

(13) That Division Order No R-4556 is hereby superseded.