

CASE 6462: McCLELLAN OIL CORPORATION FOR
AN UNORTHODOX WELL LOCATION, CHAVES
COUNTY, NEW MEXICO

CASE NO.

6462

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 McClellan Oil Corporation) CASE
for an unorthodox well location, Chaves) 6462
County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

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

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza, Alamosa, (955) 433-2452
Santa Fe, New Mexico 87501

I N D E X

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

JACK L. McCLELLAN

Direct Examination by Mr. Kellahin

3

E X H I B I T S

Applicant Exhibit One, Cross Section

8

Applicant Exhibit Two, Cross Section

8

Applicant Exhibit Three, Contour Map

8

Applicant Exhibit Four, Diagram

8

Applicant Exhibit Five, Plat

8

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3080 Plaza Blanca (606) 471-2402
Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case 6462.

2 MS. TESCHENDORF: Case 6462. Application of
3 McClellan Oil Corporation for an unorthodox well location,
4 San Juan County, New Mexico.

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

8 (Witness sworn.)

9
10 JACK L. McCLELLAN
11 being called as a witness and having been duly sworn upon
12 his oath, testified as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you please state your name and occu-
17 pation?

18 A My name is Jack L. McClellan. I am president
19 of McClellan Oil Corporation.

20 Q Mr. McClellan, have you previously testified
21 before the Oil Conservation Division?

22 A Yes, sir.

23 Q In what capacity, sir?

24 A As a geologist.

25 Q And have your qualifications as a geologist

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (S.E.) 471-2402
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (865) 471-2462
Santa Fe, New Mexico 87501

1 been accepted and made a matter of record?

2 A. Yes.

3 Q And have you made a study of and are you
4 familiar with the facts surrounding this particular applica-
5 tion?

6 A. Yes.

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

9 MR. STAMETS: We consider him qualified.

10 Q (Mr. Kellahin Continuing.) Mr. McClellan,
11 would you refer to what has been marked as Exhibit Number
12 One and identify that exhibit?

13 A Exhibit Number One is a cross section across
14 the proposed area for the unorthodox location, running north
15 to south with the well indicated in between that I have not
16 yet obtained the log on.

17 This is the well in question, the McClellan
18 Oil Corporation No. 3 Marilsue State.

19 Q Let's go to Exhibit Number Five at this
20 point, Mr. McClellan. Would you identify the unit assigned
21 to the subject well?

22 A The unit assigned is the northeast quarter
23 northwest quarter and is represented on this plat by the
24 hatched area.

25 Q What's indicated by the yellow color?

1 A That's the acreage that I have under sublease
2 from Sun Oil Company.

3 Q Is the working interest and royalty interest
4 ownership in the entire yellow shaded area the same?

5 A Yes.

6 Q What would be a standard location for this
7 particular area?

8 A A standard location would have been 990 from
9 the north, 1650 from the west.

10 Q And what is your proposed location?

11 A 1155 from the north; 1585 from the west.

12 Q All right, let's go back and talk some more
13 about Exhibit Number One.

14 Why don't you have a log on the subject well?

15 A We just finished drilling the well and we
16 ran in casing. We will log the well at the same time we
17 perforate it.

18 At that time we will have a log. I do have
19 a sample examination. This is where this information was
20 derived on this cross section.

21 Q What other wells have you drilled in the
22 immediate area?

23 A We have drilled all the wells in that section
24 with the exception of the Dalport Well in the southeast
25 quarter southeast quarter and the Roark and Hooker in the

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2463
Seattle, Pa. New Mexico 87501

1 northwest quarter southwest quarter of Section 24.

2 Q Why have you chosen this particular location
3 over a standard location?

4 A We had drilled a dry hole located in the
5 southeast quarter southwest quarter of Section 13, 14 South,
6 29 East, the immediate north offset to this well. This well
7 we found to be extremely tight with very poor development
8 of Queen Sand.

9 Q In your opinion can this spacing unit be
10 drained from a well located as proposed?

11 A No. Oh, you mean from what I have proposed?

12 Q That's right.

13 A Yes. It's right on the very south edge of
14 a depositional facies change, as depicted on Exhibit Three.

15 Q All right, let's go to Exhibit Number Three
16 and have you describe what information is contained on that
17 exhibit.

18 A I've indicated here a structure contour map
19 based on the top of the Queen pay. Also in orange color a,
20 what I consider depositional facies change. All the wells
21 drilled in this section are drilled with cable tools. There-
22 fore we had an excellent test on each well and also the
23 type sand that we were dealing with.

24 We could see from this that the proposed
25 location is just right up against this facies change. Any

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Alamosa (995) 471-2452
Santa Fe, New Mexico 87501

1 location in a standard location in my opinion would have re-
2 sulted in the same situation we had in the dry hole imme-
3 diately to the north.

4 Q It's your opinion, then, that if you drilled
5 this unit at a standard location there would have been a dry
6 hole?

7 A Yes.

8 Q Is the proposed location the only productive
9 location within the -- is it the most optimum productive
10 location within the unit?

11 A Yes, it appears to be.

12 Q All right. Let's look at Exhibit Number Two
13 and would you describe that, please?

14 A Exhibit Number Two is simply an east-west
15 cross section as depicted on Exhibit Four, simply showing
16 that we also drilled a dry hole located in the northeast
17 quarter northeast quarter of Section 24. These two logs
18 indicate the absolute lack of any -- well, you can see on
19 the log on the lefthand side of the cross section, the Queen
20 porosity per se is just completely missing. There's no --
21 no development of porosity at all, and this seemed to be
22 the case, also, in the Marilsue 1 on the righthand side of
23 Exhibit Two.

24 This is simply depicting the tight zone across
25 there.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (806) 471-2403
San Antonio, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SSE) 471-2463
Santa Fe, New Mexico 87501

1 Q Would you go now to Exhibit Number Four and
2 discuss that for us?

3 A Exhibit Number Four is a presentation of the
4 type fluids that were recovered in the drilling of the wells
5 in Section 24 and the one in Section 13. It also indicates
6 the location of the cross section.

7 Q Were Exhibits One through Five prepared by
8 you directly or compiled under your direction and super-
9 vision?

10 A Yes.

11 Q In your opinion, Mr. McClellan, will approval
12 of this application be in the best interests of conservation,
13 prevention of waste, and the protection of correlative rights?

14 A Yes.

15 MR. KELLAHIN: We move the introduction of
16 Exhibits One through Five.

17 MR. STAMETS: These Exhibits will be admitted
18 Are there any questions of the witness?

19 Being none, he may be excused.

20 Anything further in this case?

21 We'll take the case under advisement.

22 (Hearing concluded.)
23
24
25

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 and correct transcript of the proceedings in the Examiner's hearing of Case No. 6462 heard by me on 2-28-77 1977.

Richard A. [Signature], Examiner
Oil Conservation Division

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

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 McClellan Oil Corporation) CASE
for an unorthodox well location, Chaves) 6462
County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

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

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3000 Plaza Blanca (S.E.) 411-4403
Santa Fe, New Mexico 87501

I N D E X

JACK L. McCLELLAN

Direct Examination by Mr. Kellahin 3

E X H I B I T S

Applicant Exhibit One, Cross Section 8

Applicant Exhibit Two, Cross Section 8

Applicant Exhibit Three, Contour Map 8

Applicant Exhibit Four, Diagram 8

Applicant Exhibit Five, Plat 8

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3000 Plaza Blanca (S.E.) 471-3462
S.W. 11th St., New Mexico 87501

1 MR. STAMETS: We'll call next Case 6462.

2 MS. TESCHENDORF: Case 6462. Application of
3 McClellan Oil Corporation for an unorthodox well location,
4 San Juan County, New Mexico.

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

8 (Witness sworn.)

9
10 JACK L. McCLELLAN
11 being called as a witness and having been duly sworn upon
12 his oath, testified as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you please state your name and occu-
17 pation?

18 A My name is Jack L. McClellan. I am president
19 of McClellan Oil Corporation.

20 Q Mr. McClellan, have you previously testified
21 before the Oil Conservation Division?

22 A Yes, sir.

23 Q In what capacity, sir?

24 A As a geologist.

25 Q And have your qualifications as a geologist

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2432
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3090 Plaza Blanca (996) 471-5483
Santa Fe, New Mexico 87501

1 been accepted and made a matter of record?

2 A Yes.

3 Q And have you made a study of and are you
4 familiar with the facts surrounding this particular applica-
5 tion?

6 A Yes.

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

9 MR. STAMETS: We consider him qualified.

10 Q (Mr. Kellahin Continuing.) Mr. McClellan,
11 would you refer to what has been marked as Exhibit Number
12 One and identify that exhibit?

13 A Exhibit Number One is a cross section across
14 the proposed area for the unorthodox location, running north
15 to south with the well indicated in between that I have not
16 yet obtained the log on.

17 This is the well in question, the McClellan
18 Oil Corporation No. 3 Marilsue State.

19 Q Let's go to Exhibit Number Five at this
20 point, Mr. McClellan. Would you identify the unit assigned
21 to the subject well?

22 A The unit assigned is the northeast quarter
23 northwest quarter and is represented on this plat by the
24 hatched area.

25 Q What's indicated by the yellow color?

1 A That's the acreage that I have under sublease
2 from Sun Oil Company.

3 Q Is the working interest and royalty interest
4 ownership in the entire yellow shaded area the same?

5 A Yes.

6 Q What would be a standard location for this
7 particular area?

8 A A standard location would have been 990 from
9 the north, 1650 from the west.

10 Q And what is your proposed location?

11 A 1155 from the north; 1585 from the west.

12 Q All right, let's go back and talk some more
13 about Exhibit Number One.

14 Why don't you have a log on the subject well?

15 A We just finished drilling the well and we
16 ran in casing. We will log the well at the same time we
17 perforate it.

18 At that time we will have a log. I do have
19 a sample examination. This is where this information was
20 derived on this cross section.

21 Q What other wells have you drilled in the
22 immediate area?

23 A We have drilled all the wells in that section
24 with the exception of the Dalport Well in the southeast
25 quarter southeast quarter and the Roark and Hooker in the

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3080 Plaza Blanca (GPO) 411-2492
Santa Fe, New Mexico 87501

1 northwest quarter southwest quarter of Section 24.

2 Q Why have you chosen this particular location
3 over a standard location?

4 A We had drilled a dry hole located in the
5 southeast quarter southwest quarter of Section 13, 14 South,
6 29 East, the immediate north offset to this well. This well
7 we found to be extremely tight with very poor development
8 of Queen Sand.

9 Q In your opinion can this spacing unit be
10 drained from a well located as proposed?

11 A No. Oh, you mean from what I have proposed?

12 Q That's right.

13 A Yes. It's right on the very south edge of
14 a depositional facies change, as depicted on Exhibit Three.

15 Q All right, let's go to Exhibit Number Three
16 and have you describe what information is contained on that
17 exhibit.

18 A I've indicated here a structure contour map
19 based on the top of the Queen pay. Also in orange color a,
20 what I consider depositional facies change. All the wells
21 drilled in this section are drilled with cable tools. There-
22 fore we had an excellent test on each well and also the
23 type sand that we were dealing with.

24 We could see from this that the proposed
25 location is just right up against this facies change. Any

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3026 Plaza Blanca (666) 471-3483
San Antonio, Texas 78201

1 location in a standard location in my opinion would have re-
2 sulted in the same situation we had in the dry hole imme-
3 diately to the north.

4 Q It's your opinion, then, that if you drilled
5 this unit at a standard location there would have been a dry
6 hole?

7 A Yes.

8 Q Is the proposed location the only productive
9 location within the -- is it the most optimum productive
10 location within the unit?

11 A Yes, it appears to be.

12 Q All right. Let's look at Exhibit Number Two
13 and would you describe that, please?

14 A Exhibit Number Two is simply an east-west
15 cross section as depicted on Exhibit Four, simply showing
16 that we also drilled a dry hole located in the northeast
17 quarter northeast quarter of Section 24. These two logs
18 indicate the absolute lack of any -- well, you can see on
19 the log on the lefthand side of the cross section, the Queen
20 porosity per se is just completely missing. There's no --
21 no development of porosity at all, and this seemed to be
22 the case, also, in the Marilsue 1 on the righthand side of
23 Exhibit Two.

24 This is simply depicting the tight zone across
25 there.

SALLY WALTON BOYD
CENTRIFUGAL SEPARATION
3000 Plaza, El Paso, Texas 79901
El Paso, Texas 79901

1 Q Would you go now to Exhibit Number Four and
2 discuss that for us?

3 A Exhibit Number Four is a presentation of the
4 type fluids that were recovered in the drilling of the wells
5 in Section 24 and the one in Section 13. It also indicates
6 the location of the cross section.

7 Q Were Exhibits One through Five prepared by
8 you directly or compiled under your direction and super-
9 vision?

10 A Yes.

11 Q In your opinion, Mr. McClellan, will approval
12 of this application be in the best interests of conservation,
13 prevention of waste, and the protection of correlative rights?

14 A Yes.

15 MR. KELLAHIN: We move the introduction of
16 Exhibits One through Five.

17 MR. STAMETS: These Exhibits will be admitted

18 Are there any questions of the witness?

19 Being none, he may be excused.

20 Anything further in this case?

21 We'll take the case under advisement.

22 (Hearing concluded.)

23

24

25

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Park Avenue (SOS) 471-2462
Lima, Pa., New Mexico 87501

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.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Penn. Avenue G-65 471-2463
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is
a complete record of the proceedings in
the hearing of Case No. 6462
heard by me on 2-28 1977.
Richard L. Stamm, Examiner
Oil Conservation Division

FROM THE DESK OF

Jack L. McClellan

3/17/79

Dick:

Wife 6462

Don't guess we need
to continue the case
for ~~unworth~~ location on
this one. John

Joe

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease	
State <input checked="" type="checkbox"/>	Fee <input type="checkbox"/>
5. State Oil & Gas Lease No.	
K-6772	

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

1. <input type="checkbox"/> OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER- <u>Dry</u>	7. Unit Agreement Name
2. Name of Operator <u>McClellan Oil Corporation</u>	8. Farm or Lease Name <u>Marlisue</u>
3. Address of Operator <u>P.O. Box 848, Roswell, New Mexico 88201</u>	9. Well No. <u>3</u>
4. Location of Well UNIT LETTER <u>C</u> , <u>1155</u> FEET FROM THE <u>North</u> LINE AND <u>1485</u> FEET FROM THE <u>West</u> LINE, SECTION <u>24</u> TOWNSHIP <u>14-S</u> RANGE <u>29-E</u> NMPM.	10. Field and Pool, or Wildcat <u>Undersg Double L. Queen</u>
15. Elevation (Show whether DF, RT, GR, etc.) <u>3790' GL</u>	12. County <u>Chaves</u>

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO: SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input checked="" type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	OTHER <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1703.

Propose to plug and abandon this test as follows :

100' plug in base of casing (1957')
Shoot and pull 4½" casing.
100' plug at stub of 4½" casing (depending on depth of stub)
100' plug over base of salt (1050) if stub is below base of salt.
100' plug in and out of 8 5/8" casing (403)
15 sx plug at surface. Pump heavy mud between plugs.
Install dry hole marker and restore surface to as near its original condition as possible.

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

SIGNED Joe L. McClellan TITLE Operator DATE 3/17/79

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:



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

March 20, 1979

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

Re: CASE NO. 6462
ORDER NO. R-5946

Applicant:

McClellan Oil Corporation

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6462
Order No. R-5946

APPLICATION OF McCLELLAN OIL
CORPORATION FOR AN UNORTHODOX
WELL LOCATION, CHAVES 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 16th 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, McClellan Oil Corporation, seeks approval of an unorthodox location for its Marlise State Well No. 3 located 1155 feet from the North line and 1485 feet from the West line of Section 24, Township 14 South, Range 29 East, NMPM, Double "L"-Queen Associated Pool, Chaves County, New Mexico.

(3) That the NE/4 NW/4 of said Section 24 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. 6462
Order No. R-5946

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox well location is hereby approved for the McClellan Oil Corporation Marlise State Well No. 3 located at a point 1155 feet from the North line and 1485 feet from the West line of Section 24, Township 14 South, Range 29 East, NMPM, Double "L"-Queen Associated Pool, Chaves County, New Mexico.

(2) That the NE/4 NW/4 of said Section 24 shall be dedicated to the above-described well.

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

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

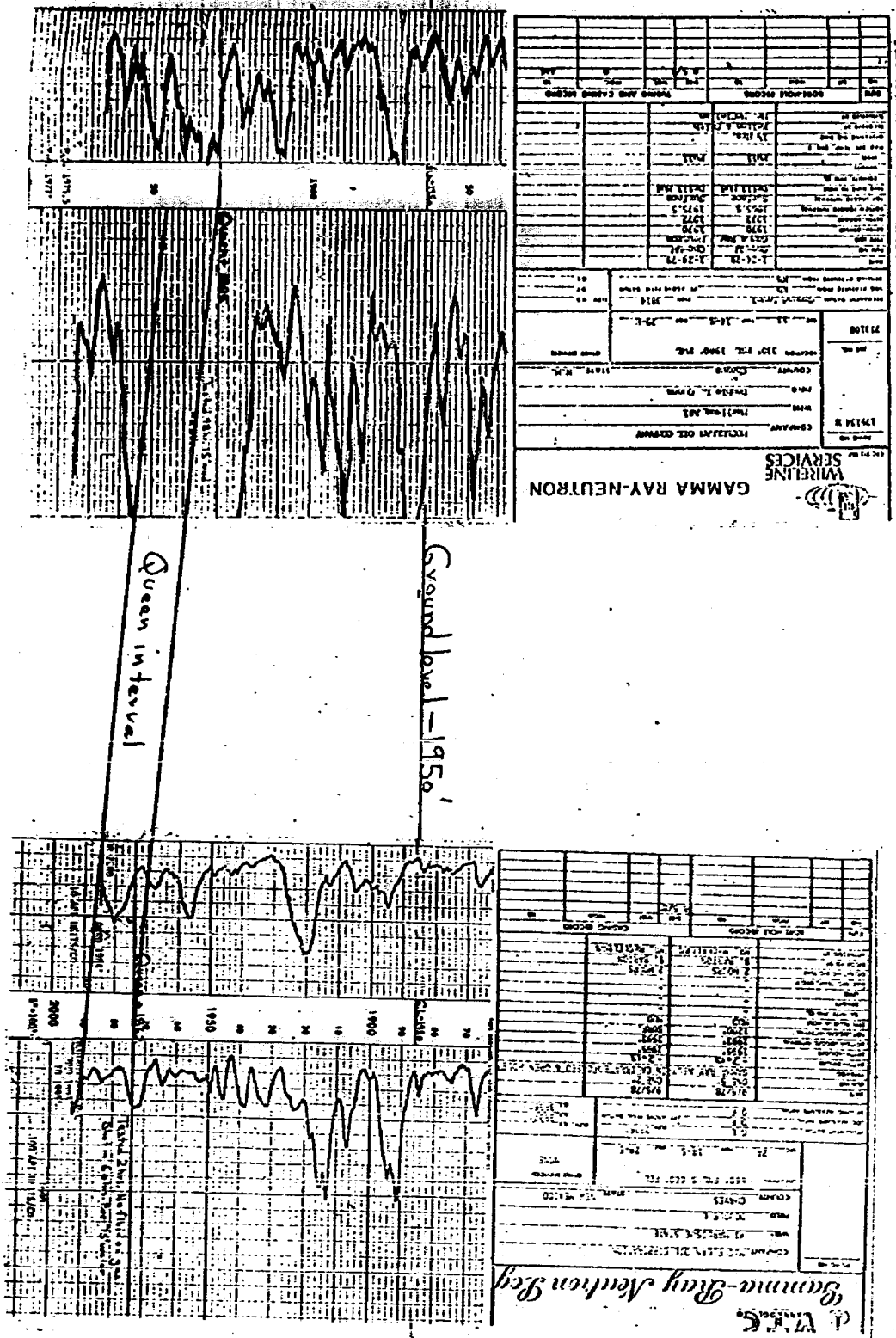
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY,
Director

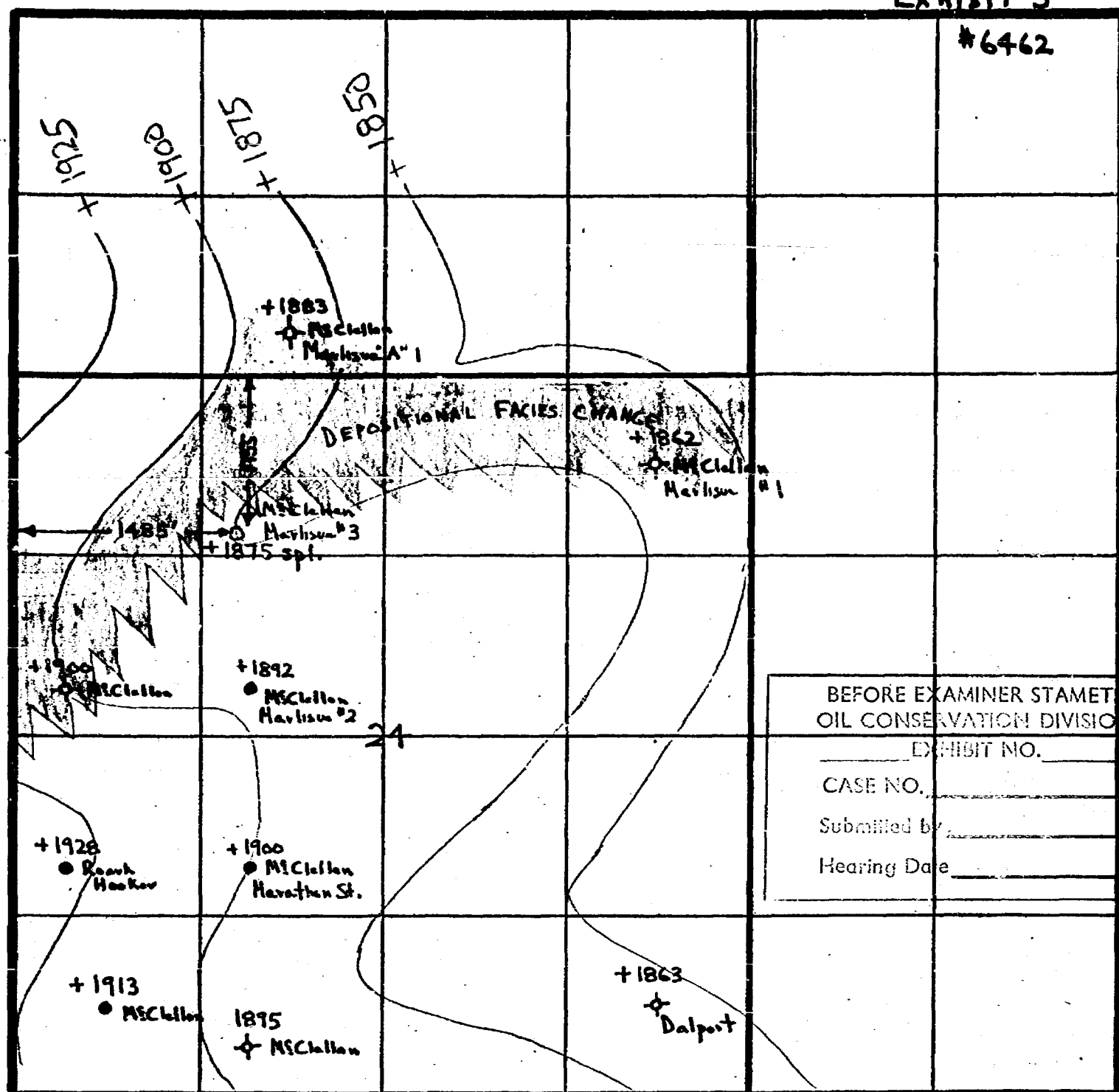
dr/

Cross Section B-B'



BEFORE EXAMINATION	DATE
OIL CONSULTANT	DATE
EXAMINER	DATE
CASE NO.	DATE
Submitted by	DATE
Hearing Date	DATE

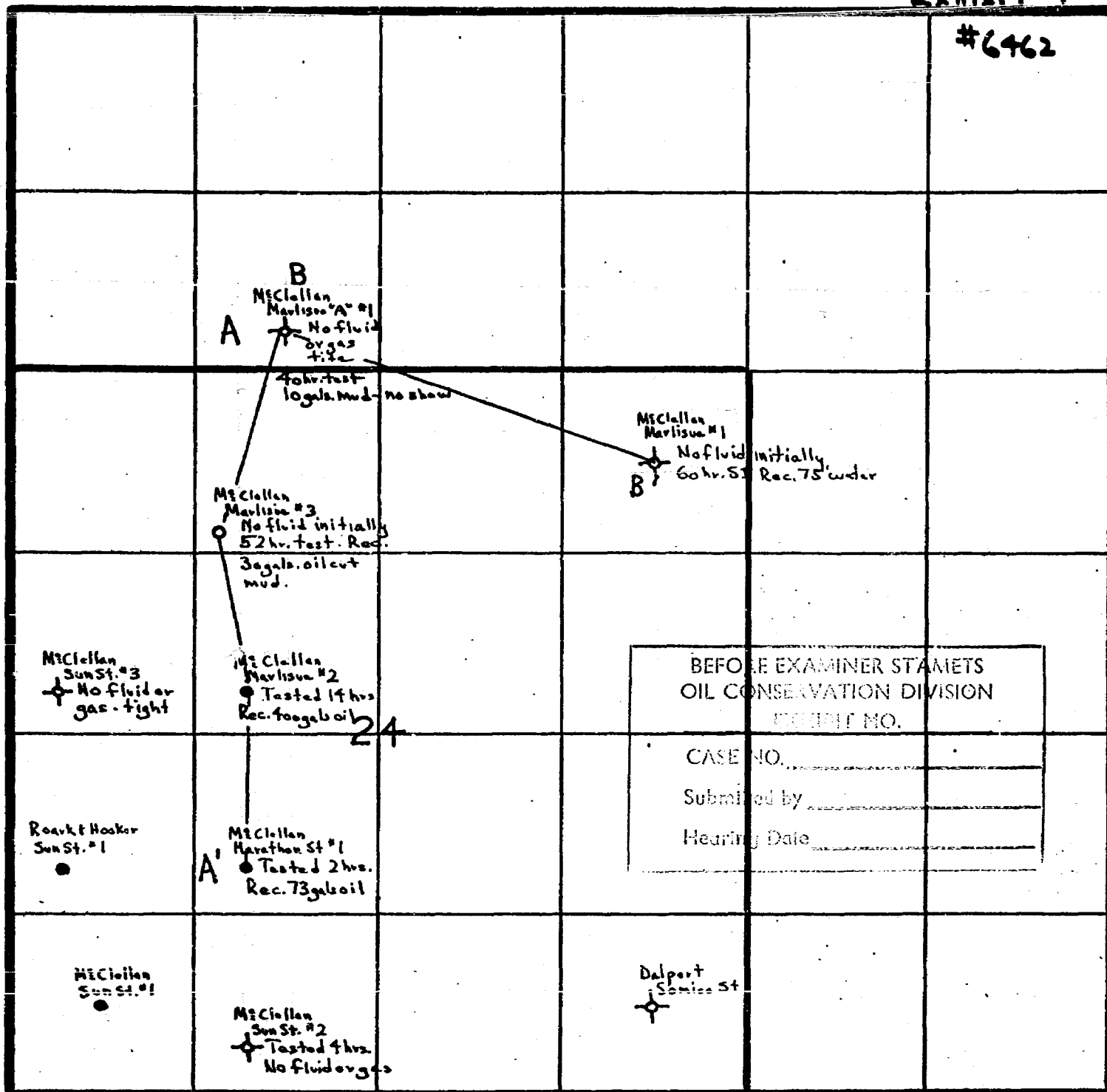
#6462

County Chaves State New MexicoSection 13 & 24 Township 14-South Range 29-East

Remarks:

Datum: Top Queen pay

#6462



County Chaves State New Mexico

Section 24 Township 14-South Range 29-East

Remarks:

Scale 1" = 4000'

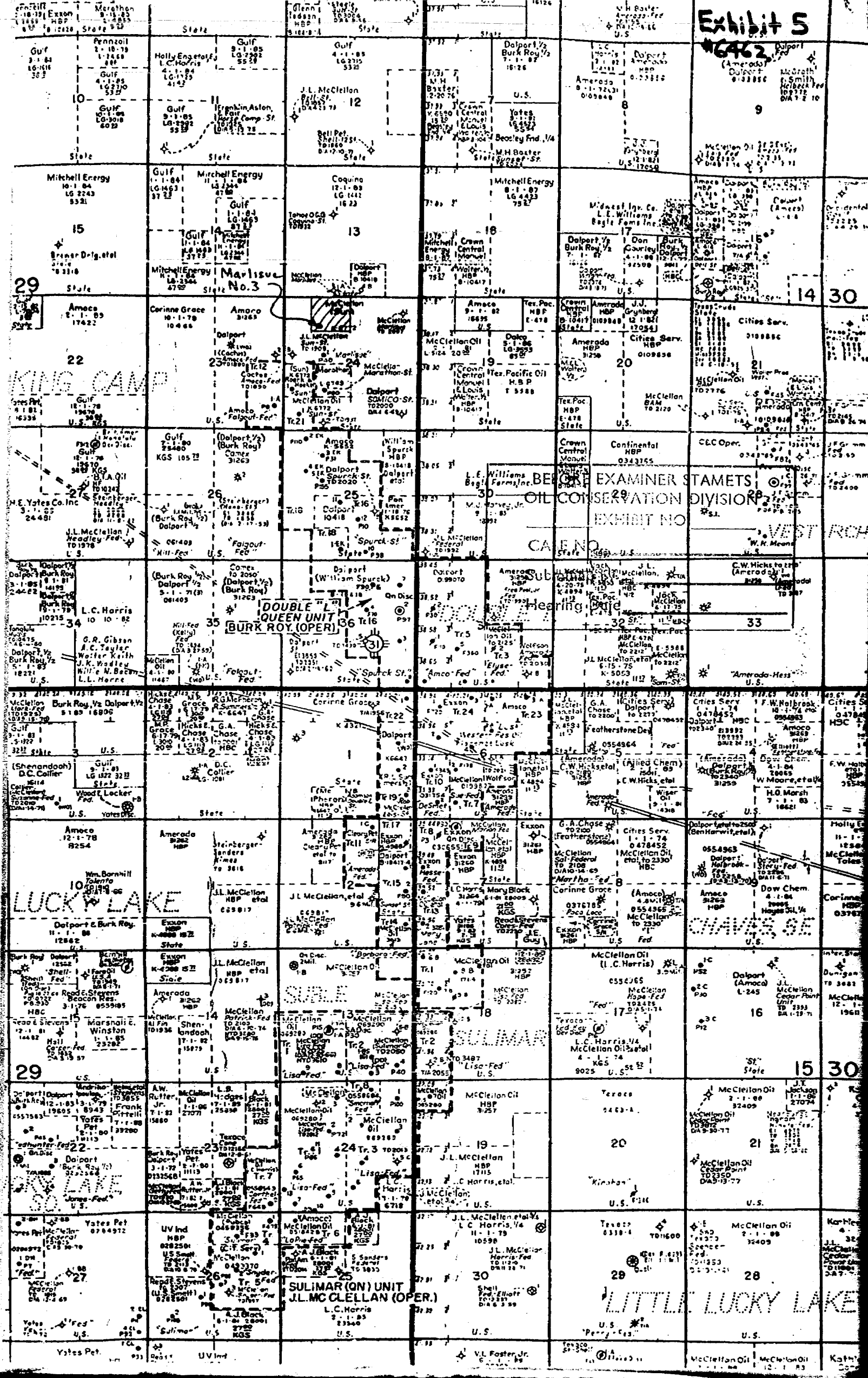
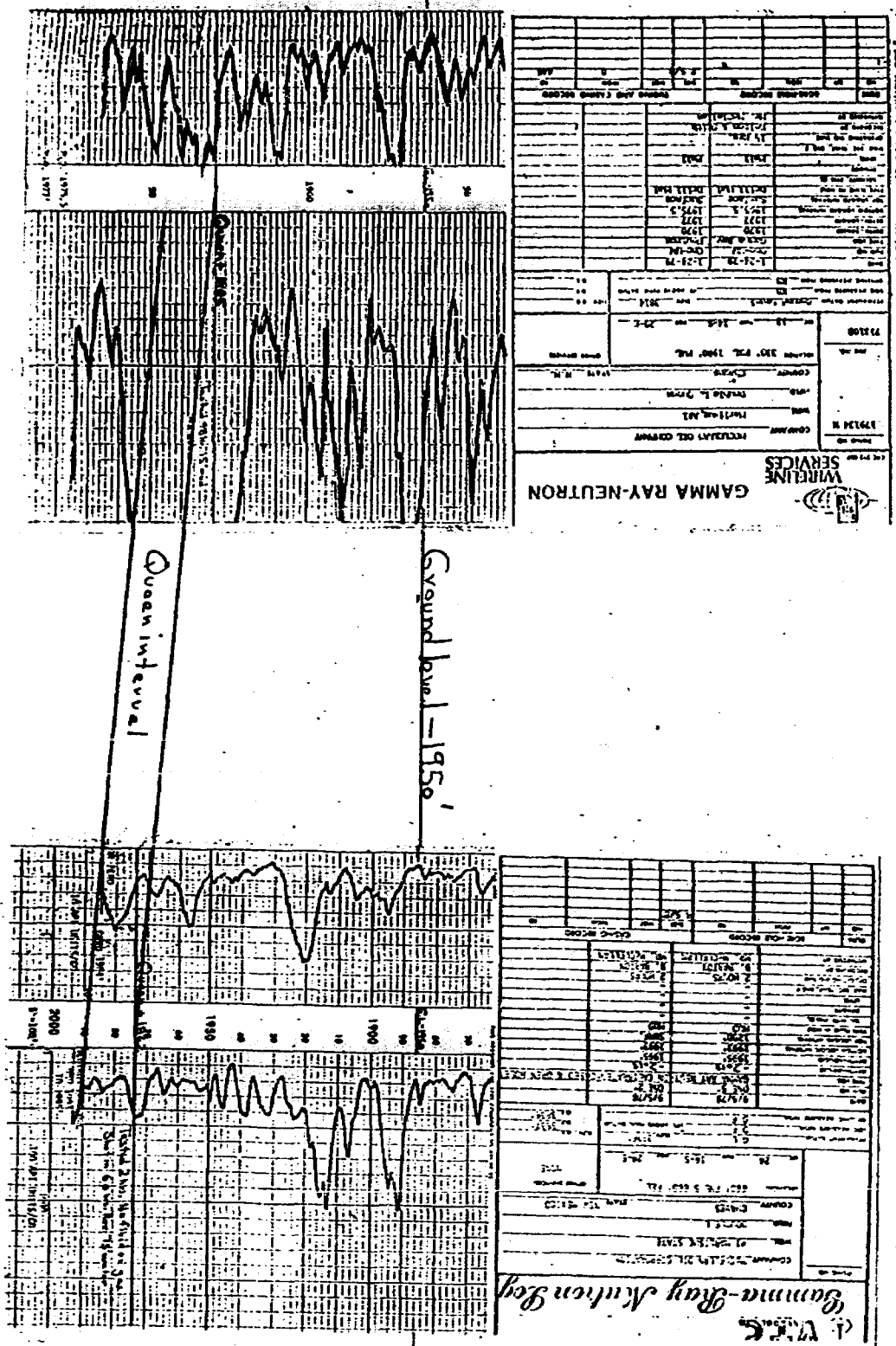
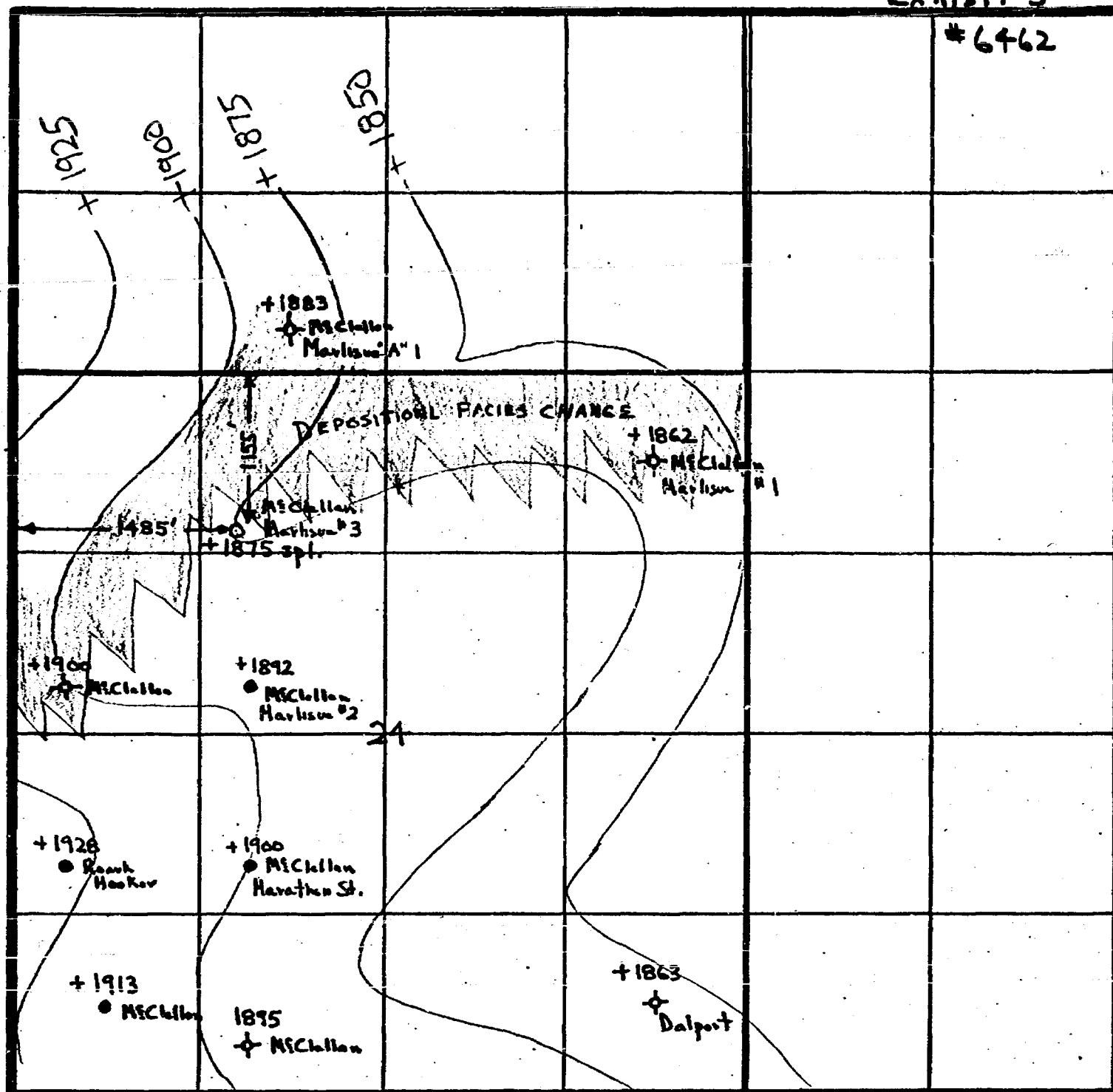


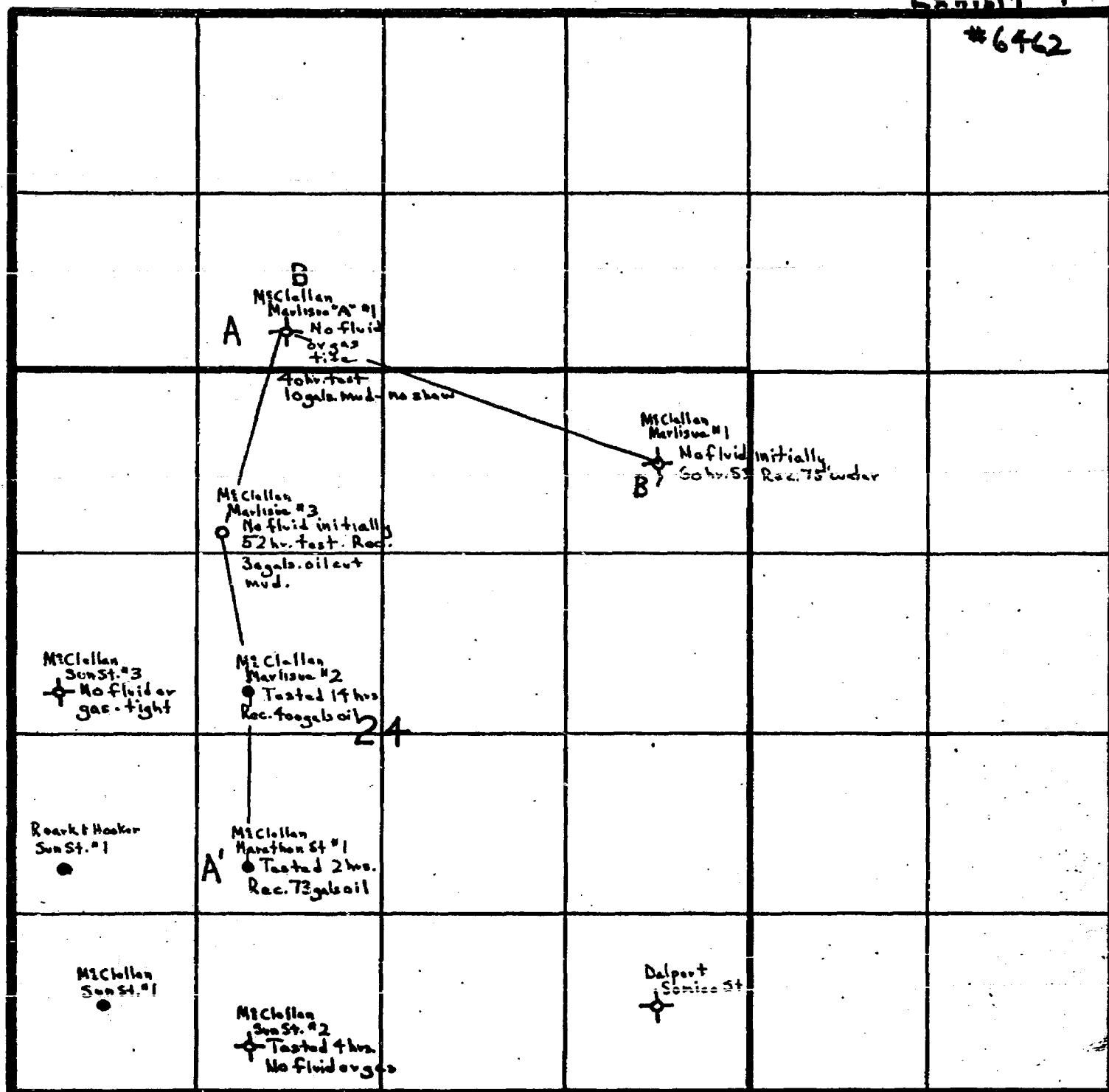
Exhibit 2
6462



#6462

County Chaves State New MexicoSection 13 & 24 Township 14-South Range 29-East

Remarks: Datum: Top Queen pay

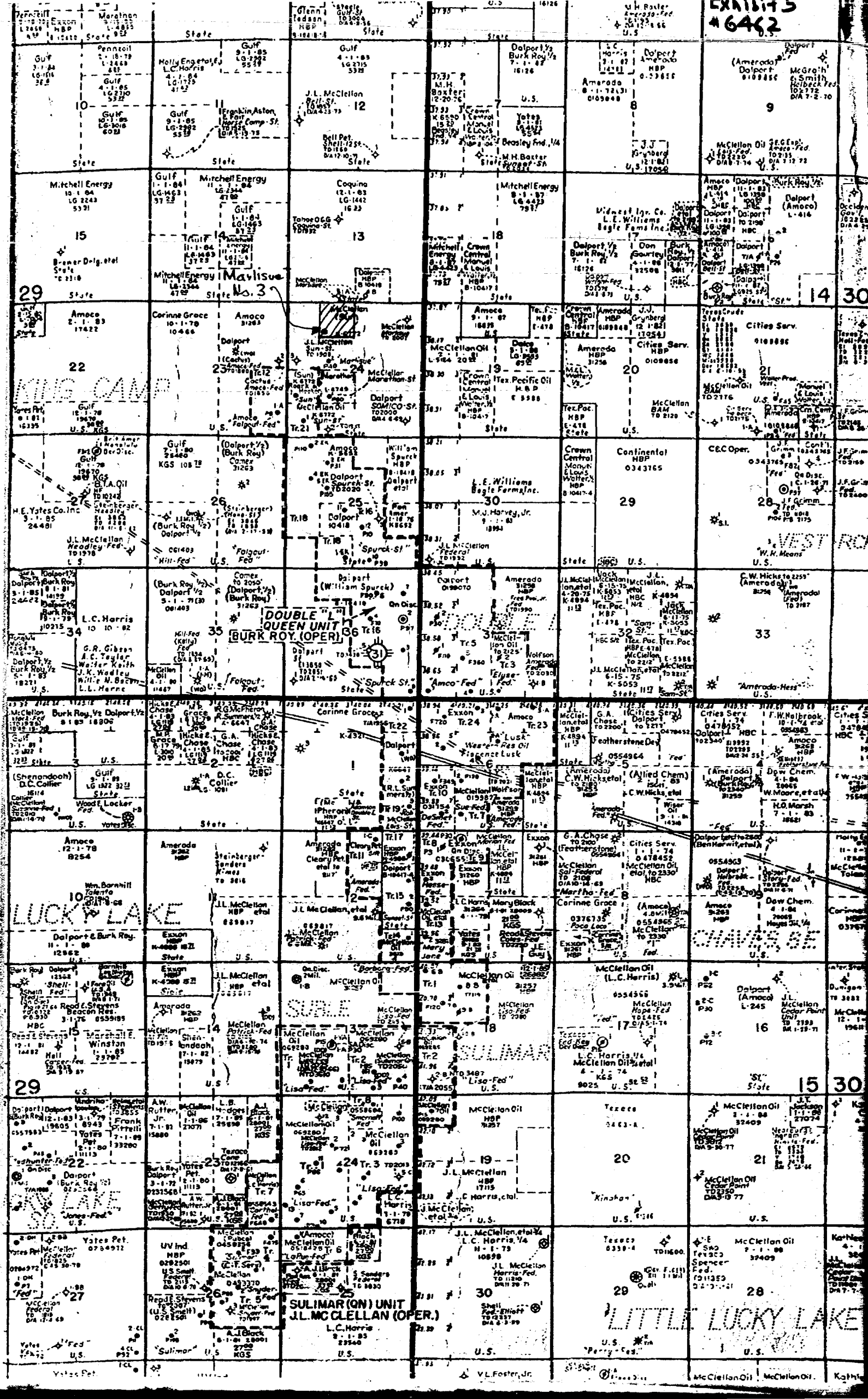


County Chaves State New Mexico

Section 24 Township 14-South Range 29-East

Remarks:

Scale 1" = 4000'



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 Grville 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.



McClellan Oil Corporation

JAN 23 1979

January 26, 1979

CONSERVATION DIVISION
Santa Fe

Case 6462

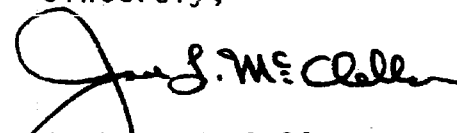
Energy and Minerals Department
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: McClellan Oil Corporation
Marlissue State No. 3
1155' FNL & 1485' FWL
Section 24-T14S-R29E
Chaves County, New Mexico

Gentlemen:

This letter is to request a hearing before this Commission for a Non-Standard Location as described in the caption above. This well is located in the Undesignated Double "L" Queen Associated Pool of Chaves County, New Mexico. It is further requested that the hearing be scheduled on the February 28, 1979 Docket in order to determine the feasibility of this Non-Standard Location request. The acreage dedication to this well would be the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24. Thank you for your cooperation in this matter.

Sincerely,



Jack L. McClellan
President

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
5. State Oil & Gas Lease No.	K - 67,72

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work		7. Unit Agreement Name	
b. Type of Well DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Farm or Lease Name	
2. Name of Operator		9. Well No.	
McClellan Oil Corporation		3	
3. Address of Operator		10. Field and Pool, or Wildcat Assc.	
P. O. Box 848, Roswell, New Mexico 88201		Undesq. Double L Queen	
4. Location of Well		12. County	
UNIT LETTER C LOCATED 1155 FEET FROM THE North LINE AND 1485 FEET FROM THE West LINE OF SEC. 24 TWP. 14-S RGE. 29-E NMPM		Chaves	
19. Proposed Depth		19A. Formation	20. Rotary or C.T.
1950'		Queen Sand	Cable Tool
21. Elevations (Show whether H, R, etc.)	21A. Kind & Status Plug. Bond	21B. Drilling Contractor	22. Approx. Date Work will start
	Statewide	Cortez Drilling Co.	February 1, 1979

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
10"	8 5/8"	20lb.	450'	200sx	Surface
8"	4 1/2"	9 1/2lb.	1950'	150sx	1200'

Propose to drill to a depth of 1950' to test the Queen Sand. If production is indicated, will run casing & attempt completion.

Cortez Drilling Company, P. O. Box 848, Roswell, New Mexico 88201, will be the contractor.

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. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed J. M. C. Allen Title Operator Date 1/26/79

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

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. 6462

ORDER NO. R- 5946

APPLICATION OF MCCLELLAN OIL CORPORATION

FOR AN UNORTHODOX ~~GAS~~ WELL LOCATION,

CHAVES 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. Stamets

NOW, on this day of March, 19 79, 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, McClellan Oil Corporation,
for its Marlise State Well No. 3 ~~to be~~ located
seeks approval of an unorthodox ~~gas well~~ location/ 1155

feet from the North line and 1485 feet from the
West line of Section 24, Township 14 South

Range 29 East, NMPM, ~~to test the~~
~~formation,~~ Pool, Double "L"-Queen
Associated Pool, Chaves
County, New Mexico.

(3) That the NE/4 NW/4 of said Section 24 is to be
dedicated to the well.

(4) That a well at said unorthodox location will better
enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox
location.

-2-

Case No. _____
Order No. R- _____

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox ~~gas~~ well location for the _____ the McClellan Oil Corporation Marlisue State Well No. 3 ~~to be~~ ^{formation} is hereby approved for a well to be located at a point 1155 feet from the North line and 1485 feet from the West line of Section 24, Township 14 South, Range 29 East NMPM, Double "L"-Queen Associated Pool, Chaves County, New Mexico.

(2) That the NE/4 NW/4 of said Section 24 shall be dedicated to the above-described well.

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

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

TO Florence

DATE _____ TIME _____

WHILE YOU WERE OUT
MR. Mr. McClellan

OF _____

PHONE _____ AREA CODE _____

TELEPHONED	PLEASE PHONE
CALLED TO SEE YOU	WILL CALL AGAIN
WANTS TO SEE YOU	RETURNED YOUR CALL

MESSAGE To tell you
that apparently
the location was
changed It should be
1155' FWL and
1485' FWL. If you
need to call

MESSAGE TAKEN BY _____

Application

1-26-79

McClellan Oil Corp for NSL
Double L - Queen Pool

24-145 79E 1155 N 1650 W

NE NW dedication

RLA