

CASE NO.

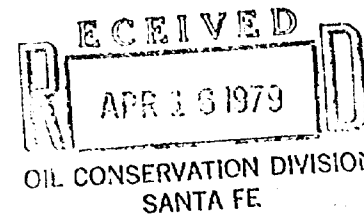
6491

---

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

C AND E OPERATORS, INC.  
ONE ENERGY SQUARE  
SUITE 170  
DALLAS, TEXAS 75208  
(214) 363.6993

April 11, 1979



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

Gentlemen:

We are enclosing a Declaration of Unitization and two copies to cover the proposed unit for our Mary Shepherd #1 well. This location was approved as a non-standard location under an order dated March 30, 1979. Should we need to send you additional information pertaining to the unitization, please notify us at the above address.

Sincerely yours,

*W. Plack Carr Jr.*

W. Plack Carr, Jr.

*File  
Case No 6491*

DECLARATION OF UNITIZATION

STATE OF NEW MEXICO

COUNTY OF SAN JUAN

THAT, WHEREAS, W. P. Carr, is the present owner of the following described oil and gas leases, to wit:

Lessor: Mary Ann Shepherd  
Lessee: W. P. Carr  
Dated: November 6, 1952  
Recorded: Book 203, Page 104, Deed of Records, San Juan County, New Mexico  
Acres Committed: 34.43 Ac. being in the Northeast Quarter of Southwest Quarter, Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico.

and

Lessor: The Aztec Cemetery Association  
Lessee: W. P. Carr  
Dated: March 21, 1953  
Recorded: Book 208, Page 65, Deed of Records, San Juan County, New Mexico  
Acres Committed: 5.57 Ac. being in the Northwest Quarter of Northeast Quarter of Southwest Quarter of Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico.

and

Lessor: Chester Thompson and Joyce Thompson  
Lessee: W. P. Carr

Dated: May 30, 1978  
Recorded: Book 831, page 74, Deed of Records,  
San Juan County, New Mexico  
Acres Committed: 40 Ac. being the Southeast Quarter of  
Southwest Quarter of Section 10, Township  
30 North, Range 11 West, San Juan County,  
New Mexico.

and

Lessor: Shirley Paulek and Grant Paulek  
Lessee: W. P. Carr  
Dated: June, 1978  
Recorded: Book 831, Page 6, Deed of Records, San Juan  
County, New Mexico  
Acres Committed: 40 Acres being in the Southeast Quarter of  
Southwest Quarter of Section 10, Township 30  
North, Range 11 West, San Juan County, New  
Mexico.

and

WHEREAS, each of the above described oil and gas leases covers land  
lying within the East Half of the Southwest Quarter of Section 10, Township  
30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, and as  
originally written, or as heretofore amended, authorizes the pooling and  
unitization thereof in the manner set forth in this agreement.

NOW, THEREFORE, W. P. Carr, does hereby pool, combine and unitize  
said leases, as to gas and gas rights only and only as to the Pictured  
Cliffs formation to form a unit comprising the following described land  
in San Juan County, New Mexico:

The East Half of the Southwest Quarter of Section 10,  
Township 30 North, Range 11 West, N.M.P.M.

EXECUTED This the 10<sup>th</sup> day of April, 19 79.

W P Carr  
W. P. Carr

THE STATE OF TEXAS    |  
COUNTY OF DALLAS    |

On this 10<sup>th</sup> day of April, 19 79, before me  
appeared W. P. Carr, to me known to be the person who is described in  
and who executed the foregoing instrument, and acknowledged that he  
executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on this,  
the day and year first above written.

Nancy Fallon  
Notary Public in and for  
Dallas County, Texas

My Commission Expires: 9/30/80

DECLARATION OF UNITIZATION

STATE OF NEW MEXICO

COUNTY OF SAN JUAN

THAT, WHEREAS, W. P. Carr, is the present owner of the following described oil and gas leases, to wit:

Lessor: Mary Ann Shepherd

Lessee: W. P. Carr

Dated: November 6, 1952

Recorded: Book 203, Page 104, Deed of Records, San Juan County, New Mexico

Acres Committed: 34.43 Ac. being in the Northeast Quarter of Southwest Quarter, Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico.

and

Lessor: The Aztec Cemetery Association

Lessee: W. P. Carr

Dated: March 21, 1953

Recorded: Book 208, Page 65, Deed of Records, San Juan County, New Mexico

Acres Committed: 5.57 Ac. being in the Northwest Quarter of Northeast Quarter of Southwest Quarter of Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico.

and

Lessor: Chester Thompson and Joyce Thompson

Lessee: W. P. Carr

Dated: May 30, 1978  
Recorded: Book 831, page 74, Deed of Records,  
San Juan County, New Mexico  
Acres Committed: 40 Ac. being the Southeast Quarter of  
Southwest Quarter of Section 10, Township  
30 North, Range 11 West, San Juan County,  
New Mexico.

and

Lessor: Shirley Paulek and Grant Paulek  
Lessee: W. P. Carr  
Dated: June, 1978  
Recorded: Book 831, Page 6, Deed of Records, San Juan  
County, New Mexico  
Acres Committed: 40 Acres being in the Southeast Quarter of  
Southwest Quarter of Section 10, Township 30  
North, Range 11 West, San Juan County, New  
Mexico.

and

WHEREAS, each of the above described oil and gas leases covers land  
lying within the East Half of the Southwest Quarter of Section 10, Township  
30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, and as  
originally written, or as heretofore amended, authorizes the pooling and  
unitization thereof in the manner set forth in this agreement.

NOW, THEREFORE, W. P. Carr, does hereby pool, combine and utilize  
said leases, as to gas and gas rights only and only as to the Pictured  
Cliffs formation to form a unit comprising the following described land  
in San Juan County, New Mexico:

The East Half of the Southwest Quarter of Section 10,  
Township 30 North, Range 11 West, N.M.P.M.

EXECUTED This the 10<sup>th</sup> day of April, 19 79.

W P Carr  
W. P. Carr

THE STATE OF TEXAS  
COUNTY OF DALLAS

On this 10<sup>th</sup> day of April, 19 79, before me  
appeared W. P. Carr, to me known to be the person who is described in  
and who executed the foregoing instrument, and acknowledged that he  
executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on this,  
the day and year first above written.

Nancy Fallon  
Notary Public in and for  
Dallas County, Texas

My Commission Expires: 9/30/80



DECLARATION OF UNITIZATION

STATE OF NEW MEXICO

COUNTY OF SAN JUAN

THAT, WHEREAS, W. P. Carr, is the present owner of the following described oil and gas leases, to wit:

Lessor: Mary Ann Shepherd  
Lessee: W. P. Carr  
Dated: November 6, 1952  
Recorded: Book 203, Page 104, Deed of Records, San Juan County, New Mexico  
Acres Committed: 34.43 Ac. being in the Northeast Quarter of Southwest Quarter, Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico.

and

Lessor: The Aztec Cemetery Association  
Lessee: W. P. Carr  
Dated: March 21, 1953  
Recorded: Book 208, Page 65, Deed of Records, San Juan County, New Mexico  
Acres Committed: 5.57 Ac. being in the Northwest Quarter of Northeast Quarter of Southwest Quarter of Section 10, Township 30 North, Range 11 West, San Juan County, New Mexico.

and

Lessor: Chester Thompson and Joyce Thompson  
Lessee: W. P. Carr

Dated: May 30, 1978  
Recorded: Book 831, page 74, Deed of Records,  
San Juan County, New Mexico  
Acres Committed: 40 Ac. being the Southeast Quarter of  
Southwest Quarter of Section 10, Township  
30 North, Range 11 West, San Juan County,  
New Mexico.

and

Lessor: Shirley Paulek and Grant Paulek  
Lessee: W. P. Carr  
Dated: June, 1978  
Recorded: Book 831, Page 6, Deed of Records, San Juan  
County, New Mexico  
Acres Committed: 40 Acres being in the Southeast Quarter of  
Southwest Quarter of Section 10, Township 30  
North, Range 11 West, San Juan County, New  
Mexico.

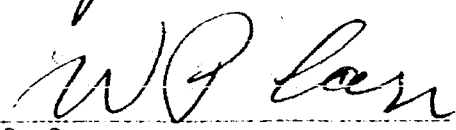
and

WHEREAS, each of the above described oil and gas leases covers land lying within the East Half of the Southwest Quarter of Section 10, Township 30 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, and as originally written, or as heretofore amended, authorizes the pooling and unitization thereof in the manner set forth in this agreement.

NOW, THEREFORE, W. P. Carr, does hereby pool, combine and unitize said leases, as to gas and gas rights only and only as to the Pictured Cliffs formation to form a unit comprising the following described land in San Juan County, New Mexico:

The East Half of the Southwest Quarter of Section 10,  
Township 30 North, Range 11 West, N.M.P.M.

EXECUTED This the 10<sup>th</sup> day of April, 1979.

  
W. P. Carr

THE STATE OF TEXAS  
COUNTY OF DALLAS

On this 10<sup>th</sup> day of April, 19 79, before me  
appeared W. P. Carr, to me known to be the person who is described in  
and who executed the foregoing instrument, and acknowledged that he  
executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on this,  
the day and year first above written.

Nancy Fallon  
Notary Public in and for  
Dallas County, Texas

My Commission Expires: 9/30/80

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. 6491  
Order No. R-5966

APPLICATION OF C & E OPERATORS,  
INC. FOR AN UNORTHODOX WELL  
LOCATION 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 March 14, 1979,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

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, C & E Operators, Inc., seeks  
approval of an unorthodox gas well location 1700 feet from the  
South line and 1760 feet from the West line of Section 10,  
Township 30 North, Range 11 West, NMPM, to test the Pictured  
Cliffs formation, Aztec-Pictured Cliffs Pool, San Juan County,  
New Mexico, to be dedicated to an 80-acre non-standard gas  
proration unit comprising the E/2 SW/4 of said Section 10.

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

(4) That no offset operator objected to the proposed  
unorthodox location or to the proposed non-standard gas proration  
unit.

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

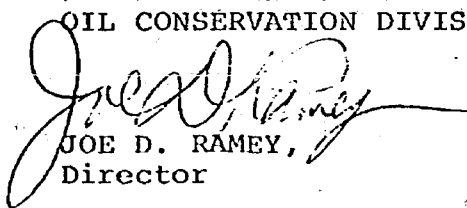
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Pictured Cliffs formation is hereby approved for a well to be located at a point 1700 feet from the South line and 1760 feet from the West line of Section 10, Township 30 North, Range 11 West, NMPM, Aztec-Pictured Cliffs Pool, San Juan County, New Mexico, to be dedicated to an 80-acre non-standard gas proration unit comprising the E/2 SW/4 of said Section 10, which is also hereby approved.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY,  
Director

S E A L

dr/



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

JERRY APODACA  
GOVERNOR

NICK FRANKLIN  
SECRETARY

April 3, 1979

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

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

Re: CASE NO. 6491  
ORDER NO. R-5966

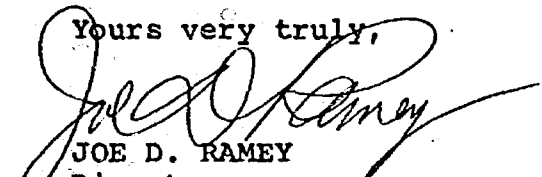
Applicant:

C & E Operators, Inc.

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 \_\_\_\_\_

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. 6491  
Order No. R-5966

APPLICATION OF C & E OPERATORS,  
INC. FOR AN UNORTHODOX WELL  
LOCATION 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 March 14, 1979,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

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, C & E Operators, Inc., seeks  
approval of an unorthodox gas well location 1700 feet from the  
South line and 1760 feet from the West line of Section 10,  
Township 30 North, Range 11 West, NMPM, to test the Pictured  
Cliffs formation, Aztec-Pictured Cliffs Pool, San Juan County,  
New Mexico, to be dedicated to an 80-acre non-standard gas  
proration unit comprising the E/2 SW/4 of said Section 10.

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

(4) That no offset operator objected to the proposed  
unorthodox location or to the proposed non-standard gas proration  
unit.

-2-

Case No. 6491  
Order No. R-5966

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Pictured Cliffs formation is hereby approved for a well to be located at a point 1700 feet from the South line and 1760 feet from the West line of Section 10, Township 30 North, Range 11 West, NMPM, Aztec-Pictured Cliffs Pool, San Juan County, New Mexico, to be dedicated to an 80-acre non-standard gas proration unit comprising the E/2 SW/4 of said Section 10, which is also hereby approved.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY,  
Director

  
S E A L

dr/



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

EXAMINER HEARING

IN THE MATTER OF:

Application of C & E Operators, Inc., ) CASE  
for an unorthodox well location and ) 6491  
a non-standard proration unit, San )  
Juan County, New Mexico. )

BEFORE: Daniel S. Nutter

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: Jason Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (505) 471-2482  
Santa Fe, New Mexico 87501

I N D E X

WILLIAM P. CARR

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 8

E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Plat 4

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
8020 Plaza Blanca (505) 411-2462  
Santa Fe, New Mexico 87501

1 MR. NUTTER: Call Case Number 6491.

2 MS. TESCHENDORF: Case 6491. Application of  
3 C & E Operators, Inc., for an unorthodox well location and  
4 a non-standard proration unit, San Juan County, New Mexico.

5 MR. KELLAHIN: If the Examiner please,  
6 Jason Kellahin, appearing for the applicant, and I have  
7 one witness to be sworn.

8 (Witness sworn.)

9  
10 WILLIAM P. CARR  
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 state your name, please?

17 A William P. Carr.

18 Q What is your connection with C & E Operators,  
19 Incorporated, Mr. Carr?

20 A I'm the Chief Executive Officer.

21 Q And have you testified before the Oil Con-  
22 servation Commission in prior cases?

23 A Yes, sir, I have.

24 MR. KELLAHIN: Are the witness' qualifications  
25 acceptable?

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (505) 471-2462  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (505) 471-2462  
Santa Fe, New Mexico 87501

1 MR. NUTTER: Yes, they are.

2 Q Mr. Carr, what is proposed by C & E Oper-  
3 ators, Incorporated, in Case Number 6491?

4 A We've asking for a non-standard unit. We  
5 wanted to ask you covering the leases that we had in the  
6 quarter section, but I understand that the Commission wants  
7 to limit it, maybe.

8 Q We'll come to that.

9 A All right.

10 Q Referring to what has been marked as Ex-  
11 hibit Number One, would you identify that exhibit?

12 A Yes, sir, that's a surveyor's plat of our  
13 location that we've staked.

14 Q Now the location will not change but the  
15 acreage of dedication will be different, is this correct?

16 A That's correct.

17 Q You propose to dedicate the east half of  
18 the southwest quarter?

19 A Yes, that's correct.

20 Q Now referring to what has been marked as  
21 your Exhibit Number Two, would you identify that exhibit?

22 A Well, this is a plat based on the various  
23 city subdivisions and a map of the streets, which was fur-  
24 nished to me by the City of Aztec.

25 Q Now the acreage which is in the east half

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (605) 471-3462  
Santa Fe, New Mexico 87501

1 of the section you have marked with a yellow hatched mark,  
2 is that correct?

3 A. Yes, sir.

4 Q. And that's the acreage you propose now to  
5 dedicate to the well.

6 A. Yes, sir.

7 Q. And it will be an unorthodox location, will  
8 it not?

9 A. Yes, sir.

10 Q. Is it possible to get an orthodox location?

11 A. My recollection is that an orthodox loca-  
12 tion is 790 feet from the lines, and if this is correct,  
13 you can't get one of those on a 1320-foot wide unit.

14 Q. Now what is the situation as to the west  
15 half of the southwest quarter?

16 A. Well, the whole -- the whole area is mainly  
17 within the corporate limits of the City of Aztec, and the  
18 west half is just thickly populated. There's all kinds of  
19 little streets, and everything, and we worked, oh, six or  
20 eight months trying to build a lease block into the city,  
21 starting on the east side of the west half, and a lot of  
22 people just would not lease at all.

23 We've obtained some leases in there.

24 Q. Are those marked in yellow on the exhibit?

25 A. Yes, sir.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (606) 471-2462  
Santa Fe, New Mexico 87501

1 Q But in addition to the acreage which you  
2 have -- or the lots which you have marked in yellow, do  
3 you hold a lease on the city streets also?

4 A Yes, sir, we do.

5 Q Now did you consider compulsory pooling as  
6 a means of dedicating the entire quarter section?

7 A That was our initial approach, yes, sir.

8 Q And for what reason did you discontinue  
9 your efforts in that connection?

10 A It became economically impossible to fur-  
11 nish to the Commission the information which you'd wanted  
12 on the unit.

13 Q Now, what kind of price do you get from,  
14 say, an abstractor, or someone?

15 Did you make an effort to get a price on  
16 the abstract?

17 A I did.

18 Q And what did you find out?

19 A I've got his letter, if you'd like to read  
20 it.

21 Q Well, I think you can just give us the  
22 figure.

23 A I got a price from the surveyor of \$20,000  
24 to \$25,000, and an abstractor estimated a price of appro-  
25 ximately \$20,000, and I never went to an attorney. I just

1 quit right there. That was enough.

2 MR. NUTTER: You figured those were enough  
3 charges without getting lawyer's fees on top of that.

4 A. That was too much right there.

5 Q. So that is the reason you're now asking for  
6 an unorthodox unit?

7 A. That's correct, yes.

8 Q. Non-standard unit and an unorthodox location.  
9 Were Exhibits One and Two prepared by you  
10 or under your supervision?

11 A. Yes, sir.

12 MR. KELLAHIN: At this time we'll offer  
13 Exhibits One and Two.

14 MR. NUTTER: Applicant's Exhibits One and  
15 Two will be admitted in evidence.

16 MR. KELLAHIN: I would point out, Mr.  
17 Examiner, that while Mr. Carr does have leases in the west  
18 half of the quarter section, and did consider seeking a  
19 non-standard unit to include those leases, which as shown  
20 on the plat, would make a total of 100.76 acres, they are  
21 contiguous only by virtue of the city streets, so we didn't  
22 present them.

23 MR. NUTTER: That would create rather a  
24 spider web type of a proration unit.

25 MR. KELLAHIN: That's right.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (505) 471-2462  
Santa Fe, New Mexico 87501

1 A. Well, no, Jason, actually all of those lots  
2 are contiguous to what we have, except for that one little  
3 Brewer tract that's way out there by itself.

4  
5  
6 CROSS EXAMINATION

7 BY MR. NUTTER:

8 Q Well, Mr. Carr, now you're asking for a  
9 non-standard unit consisting of 80 acres in the east half  
10 of the southwest quarter.

11 A Yes, sir.

12 Q And the well location would be here on the  
13 Mary Shepherd lease, I presume?

14 A That's right.

15 Q Now this area to the west is populated.  
16 How about the area here to the east? Are there homes in  
17 that area?

18 A No, sir.

19 Q And you can --

20 A Not to my knowledge.

21 Q And you can get a drilling rig in there  
22 and drill at this location you've proposed?

23 A Yes, sir. This is an open area in there,  
24 where's there no development whatsoever.

25 Q I see.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
502 Plaza Blanca, (505) 471-2462  
Santa Fe, New Mexico 87501



1 MR. NUTTER: Are there any further questions  
2 of Mr. Carr? He may be excused.

3 Do you have anything further, Mr. Kellahin?

4 MR. KELLAHIN: That's all I have, Mr.  
5 Nutter.

6 MR. NUTTER: Does anyone have anything they  
7 wish to offer in Case Number 6491?

8 We'll take the case under advisement.

9 (Hearing concluded.)  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (SOS) 471-2462  
Santa Fe, 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 notes taken by me 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 record of the proceedings in the Examiner hearing of Case No. 6491, heard by me on 3/14 1979.

[Signature], Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
303 Plaza Blanca (S.B.) 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  
14 March 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of C & E Operators, Inc., ) CASE  
for an unorthodox well location and ) 6491  
a non-standard proration unit, San )  
Juan County, New Mexico. )

BEFORE: Daniel S. Nutter

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: Jason Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87501

I N D E X

WILLIAM P. CARR

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 8

E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Plat 4

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
302 Plaza Blanca (S.O.S.) 471-2462  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2010 Plaza Blanca (505) 471-2462  
Santa Fe, New Mexico 87501

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

MR. NUTTER: Call Case Number 6491.

MS. TESCHENDORF: Case 6491. Application of  
C & E Operators, Inc., for an unorthodox well location and  
a non-standard proration unit, San Juan County, New Mexico.

MR. KELLAHIN: If the Examiner please,  
Jason Kellahin, appearing for the applicant, and I have  
one witness to be sworn.

(Witness sworn.)

WILLIAM P. CARR  
being called as a witness and having been duly sworn upon  
his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. Would you state your name, please?

A. William P. Carr.

Q. What is your connection with C & E Operators,  
Incorporated, Mr. Carr?

A. I'm the Chief Executive Officer.

Q. And have you testified before the Oil Con-  
servation Commission in prior cases?

A. Yes, sir, I have.

MR. KELLAHIN: Are the witness' qualifications  
acceptable?

1 MR. HUTTER: Yes, they are.

2 Q Mr. Carr, what is proposed by C & H Oper-  
3 ators, Incorporated, in Case Number 6491?

4 A We've asking for a non-standard unit. We  
5 wanted to ask you covering the leases that we had in the  
6 quarter section, but I understand that the Commission wants  
7 to limit it, maybe.

8 Q We'll come to that.

9 A All right.

10 Q Referring to what has been marked as Ex-  
11 hibit Number One, would you identify that exhibit?

12 A Yes, sir, that's a surveyor's plat of our  
13 location that we've staked.

14 Q Now the location will not change but the  
15 acreage of dedication will be different, is this correct?

16 A That's correct.

17 Q You propose to dedicate the east half of  
18 the southwest quarter?

19 A Yes, that's correct.

20 Q Now referring to what has been marked as  
21 your Exhibit Number Two, would you identify that exhibit?

22 A Well, this is a plat based on the various  
23 city subdivisions and a map of the streets, which was fur-  
24 nished to me by the City of Aztec.

25 Q Now the acreage which is in the east half

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3026 Plaza Blanca (905) 471-2462  
Santa Fe, New Mexico 87501

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (605) 471-2462  
Santa Fe, New Mexico 87501

1 of the section you have marked with a yellow hatched mark,  
2 is that correct?

3 A. Yes, sir.

4 Q. And that's the acreage you propose now to  
5 dedicate to the well.

6 A. Yes, sir.

7 Q. And it will be an unorthodox location, will  
8 it not?

9 A. Yes, sir.

10 Q. Is it possible to get an orthodox location?

11 A. My recollection is that an orthodox loca-  
12 tion is 790 feet from the lines, and if this is correct,  
13 you can't get one of those on a 1320-foot wide unit.

14 Q. Now what is the situation as to the west  
15 half of the southwest quarter?

16 A. Well, the whole -- the whole area is mainly  
17 within the corporate limits of the City of Aztec, and the  
18 west half is just thickly populated. There's all kinds of  
19 little streets, and everything, and we worked, oh, six or  
20 eight months trying to build a lease block into the city,  
21 starting on the east side of the west half, and a lot of  
22 people just would not lease at all.

23 We've obtained some leases in there.

24 Q. Are those marked in yellow on the exhibit?

25 A. Yes, sir.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
8020 Plaza Blanca (805) 471-2462  
Santa Fe, New Mexico 87501

1 Q But in addition to the acreage which you  
2 have -- or the lots which you have marked in yellow, do  
3 you hold a lease on the city streets also?

4 A Yes, sir, we do.

5 Q Now did you consider compulsory pooling as  
6 a means of dedicating the entire quarter section?

7 A That was our initial approach, yes, sir.

8 Q And for what reason did you discontinue  
9 your efforts in that connection?

10 A It became economically impossible to fur-  
11 nish to the Commission the information which you'd wanted  
12 on the unit.

13 Q Now, what kind of price do you get from,  
14 say, an abstractor, or someone?

15 Did you make an effort to get a price on  
16 the abstract?

17 A I did.

18 Q And what did you find out?

19 A I've got his letter, if you'd like to read  
20 it.

21 Q Well, I think you can just give us the  
22 figure.

23 A I got a price from the surveyor of \$20,000  
24 to \$25,000, and an abstractor estimated a price of appro-  
25 ximately \$20,000, and I never went to an attorney. I just



SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3026 Plaza Blanca (806) 471-2462  
Santa Fe, New Mexico 87501

1 quit right there. That was enough.

2 MR. NUTTER: You figured those were enough  
3 charges without getting lawyer's fees on top of that.

4 A. That was too much right there.

5 Q. So that is the reason you're now asking for  
6 an unorthodox unit?

7 A. That's correct, yes.

8 Q. Non-standard unit and an unorthodox location.  
9 Were Exhibits One and Two prepared by you  
10 or under your supervision?

11 A. Yes, sir.

12 MR. KELLAHIN: At this time we'll offer  
13 Exhibits One and Two.

14 MR. NUTTER: Applicant's Exhibits One and  
15 Two will be admitted in evidence.

16 MR. KELLAHIN: I would point out, Mr.  
17 Examiner, that while Mr. Carr does have leases in the west  
18 half of the quarter section, and did consider seeking a  
19 non-standard unit to include those leases, which as shown  
20 on the plat, would make a total of 100.76 acres, they are  
21 contiguous only by virtue of the city streets, so we didn't  
22 present them.

23 MR. NUTTER: That would create rather a  
24 spider web type of a proration unit.

25 MR. KELLAHIN: That's right.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (SOS) 471-2462  
Santa Fe, New Mexico 87501

1 A Well, no, Jason, actually all of those lots  
2 are contiguous to what we have, except for that one little  
3 Brewer tract that's way out there by itself.  
4

5 CROSS EXAMINATION

6 BY MR. NUTTER:

7 Q Well, Mr. Carr, now you're asking for a  
8 non-standard unit consisting of 80 acres in the east half  
9 of the southwest quarter.  
10

11 A Yes, sir.

12 Q And the well location would be here on the  
13 Mary Shepherd lease, I presume?

14 A That's right.

15 Q Now this area to the west is populated.  
16 How about the area here to the east? Are there homes in  
17 that area?

18 A No, sir.

19 Q And you can ---

20 A Not to my knowledge.

21 Q And you can get a drilling rig in there  
22 and drill at this location you've proposed?

23 A Yes, sir. This is an open area in there,  
24 where's there no development whatsoever.

25 Q I see.

1 MR. NUTTER: Are there any further questions  
2 of Mr. Carr? He may be excused.

3 Do you have anything further, Mr. Kellahin?

4 MR. KELLAHIN: That's all I have, Mr.  
5 Nutter.

6 MR. NUTTER: Does anyone have anything they  
7 wish to offer in Case Number 6491?

8 We'll take the case under advisement.

9 (Hearing concluded.)


SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (SOS) 471-3462  
Santa Fe, New Mexico 87501

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
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 notes taken by me at  
the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6491  
heard by me on 3/14 1979.  
 Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (505) 471-2462  
Santa Fe, New Mexico 87501

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-192  
Supersedes O-128  
Effective 1-1-77

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

C & E OPERATORS		Lease		WELL No.	
		MARY SHEPHERD		1	
Section	Range	Township	Range	County	
2	10	30 NORTH	11 WEST	SAN JUAN	
Actual Portage Location of Well:					
1700	feet from the	SOUTH	line and	1760	feet from the
					WEST
Ground Elev. Elev.	Producing Formation		Pool	Dedicated Acreage:	
5754	PC		Acker PC	100.76	

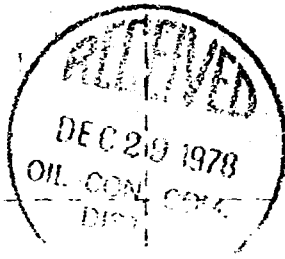
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below. **80.0**
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership 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 **NON STANDARD UNIT**

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, force-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

<p>BEFORE EXAMINER NUTTER</p> <p>OIL CONSERVATION DIVISION</p> <p>C &amp; E EXHIBIT NO. 1</p> <p>CASE NO. 6491</p>		<p>1760'</p> <p>1700'</p>	
<p>1760'</p>		<p>1700'</p>	



CERTIFICATION

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

*D W Stiles*  
Agent

My title

Date: **12-29-78**

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

*James P. Leese*  
JAMES P. LEESE

Field Surveyed

20 December 1978

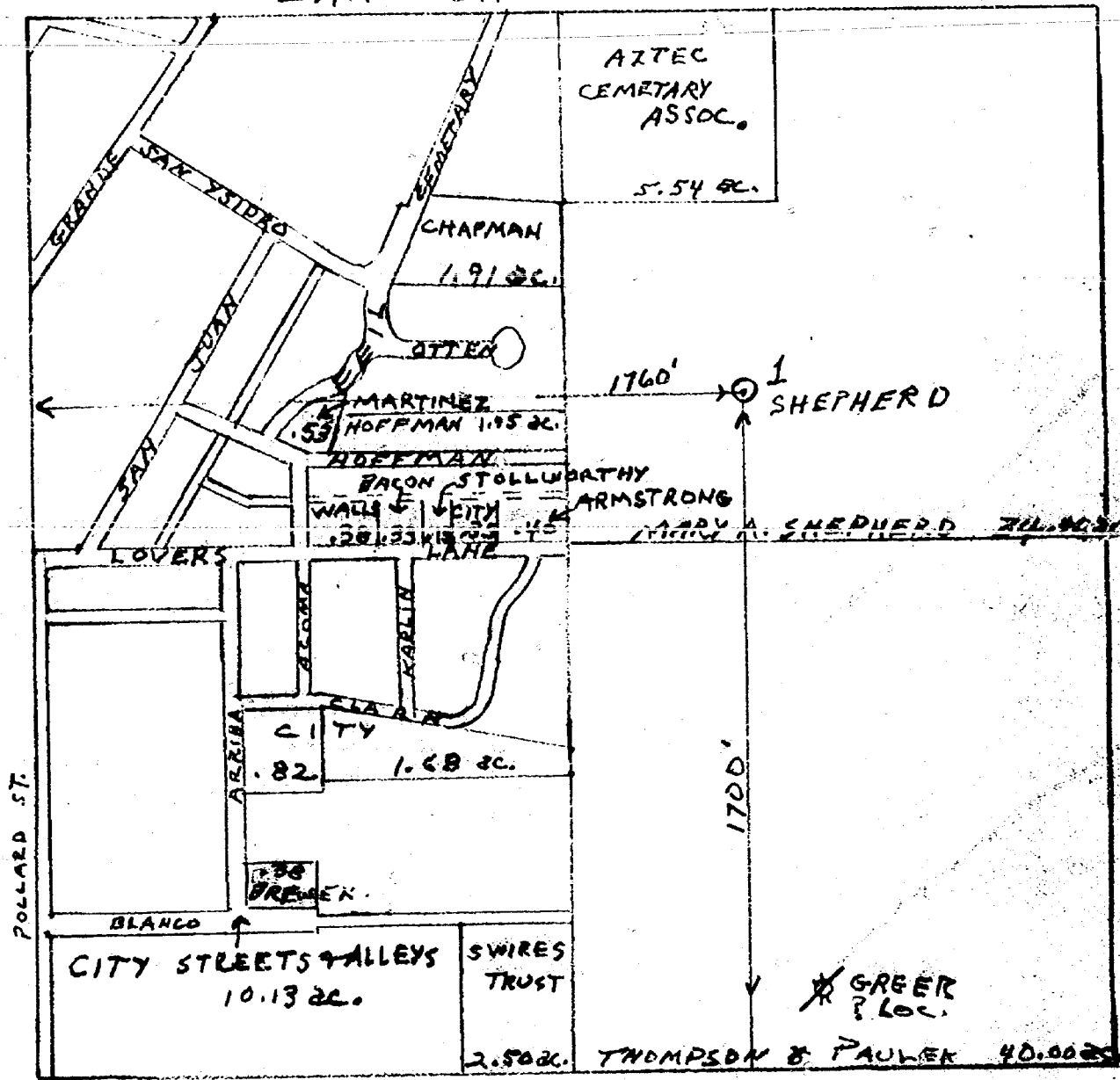
Registration No. and State of Survey

*James P. Leese*  
James P. Leese

Certificate No. **2463**

0 250 500 750 1000 1250 1500 1750 2000 2250 2500 2750 3000 3250 3500 3750 4000

SW/4 10 - 30N - 11W  
 SAN JUAN Co. N. M.



TOTAL LEASES:  
 100.76 ac.  
 (INDICATED AS 1.68 etc.)

SCALE: 1" = 400'

BEFORE EXAMINER NUTTER  
 OIL CONSERVATION DIVISION  
 422 EXHIBIT NO. 7  
 CASE NO. 6281

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-102  
Supersedes O-128  
Effective 1-1-75

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

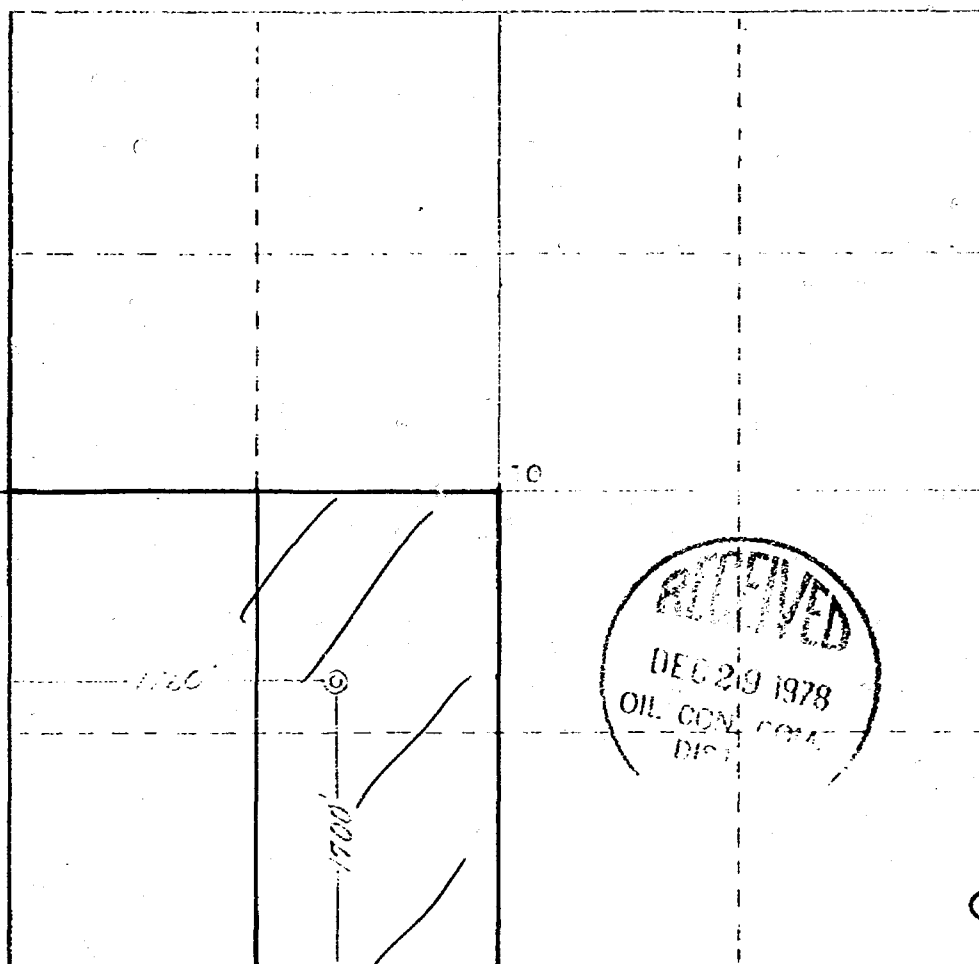
C. & E. OPERATORS		Lease		MARY SHEPHERD		Well No.
Section	10	Range	30 NORTH	Meridian	11 WEST	County
K		SAN JUAN				
Section 1700 South Range 1760 West Line Producing Layer, Elev. 5754 Producing Formation PC Pool Holes PC Dedicated Acreage 100.76 Acres						

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?

☒ Yes ☐ No If answer is "yes" type of consolidation NON STANDARD UNIT

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, force-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.

D. W. Stiles  
Agent

Signature

Capacity

Date

12-29-78

I hereby certify that this plat was plotted in the 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.

JAMES P. LOESE  
Professional Engineer

Date Surveyed

20 December 1978

Registered Professional Engineer

State of New Mexico

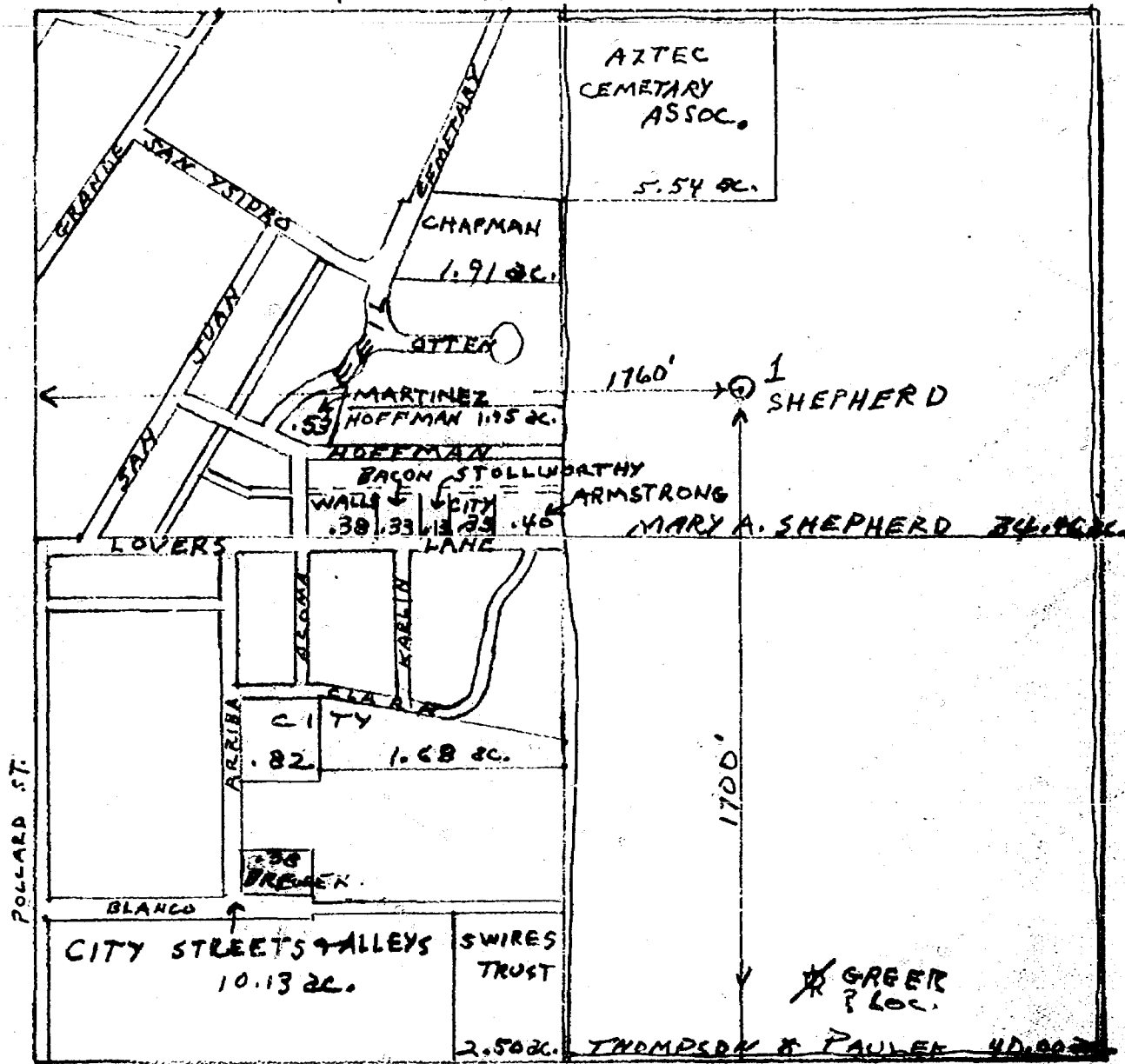
James P. Loese  
James P. Loese

Certificate No.

1463

Exhibit 1  
Case 6491

SW/4 10 - 30N - 11W  
 SAN JUAN Co. N.M.



TOTAL LEASES:  
 100.76 ac.  
 (INDICATED AS 1.68 etc.)

SCALE: 1" = 400'

Exhibit 2  
 case 6491



NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-102  
Conservation Division  
Effective 1-1-77

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

O & G OPERATORS		LEASEE		WELL NO.	
K		MARY SHEPHERD		1	
Section	Township	Range	Meridian	County	
10	30 NORTH	11 WEST	SAN JUAN		
Section of Section of Well					
1700	Set from the	SOUTH	Line and	1760	Set from the
5754	Producing Formation	PC	Pool	Asker PC	Dedicated Acreage
					400.76

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below. 80.0
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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 NON STANDARD UNIT

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.

*D. W. Stiles*

Signature \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_

12-29-78

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

**JAMES P. LEESE**

Date Surveyed \_\_\_\_\_

22 December 1978

Registered Professional Engineer \_\_\_\_\_

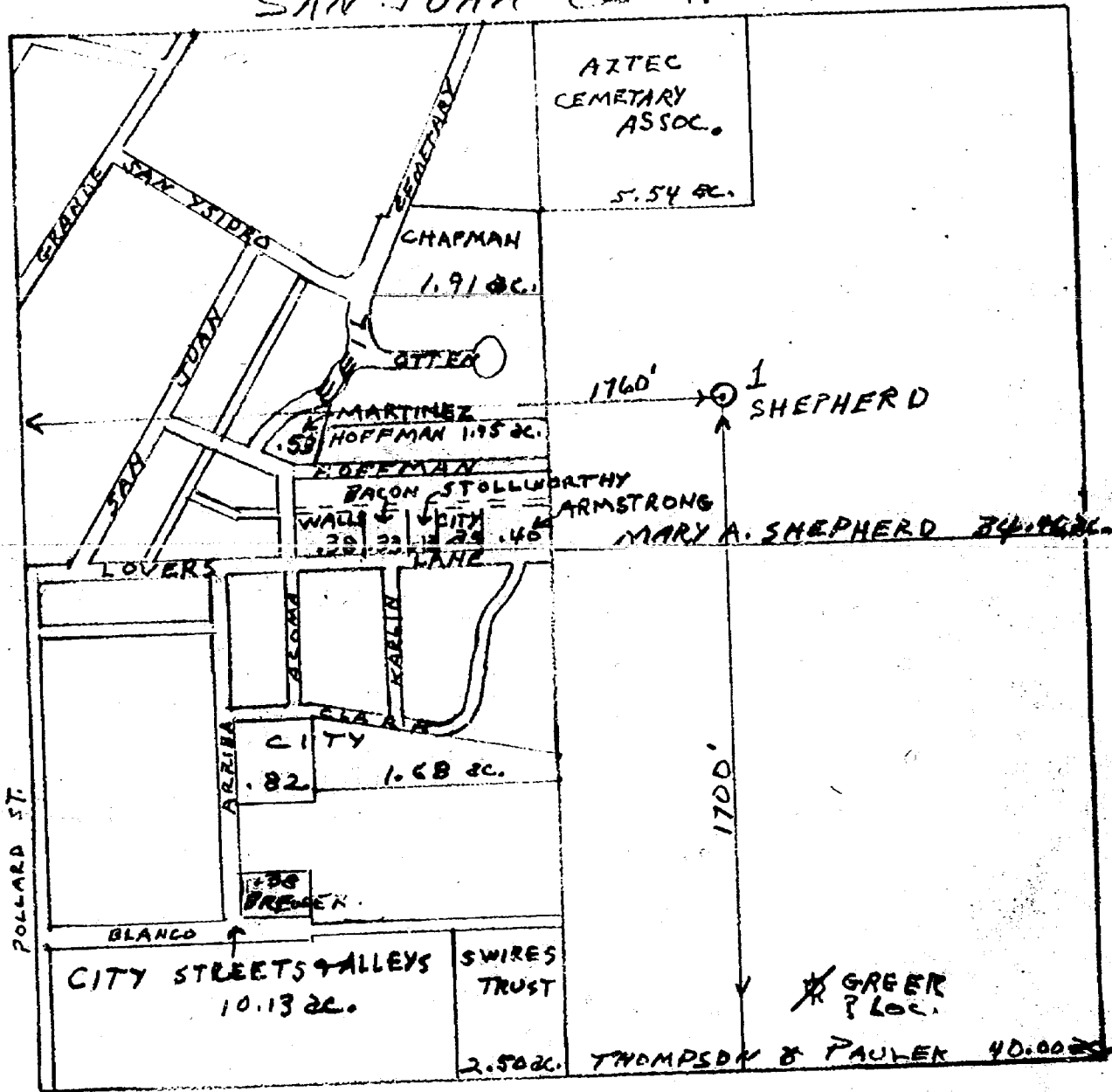
*James P. Leese*

James P. Leese

Certificate No. \_\_\_\_\_

1463

SW 1/4 10 - 30 N - 11 W  
 SAN JUAN CO. N. M.

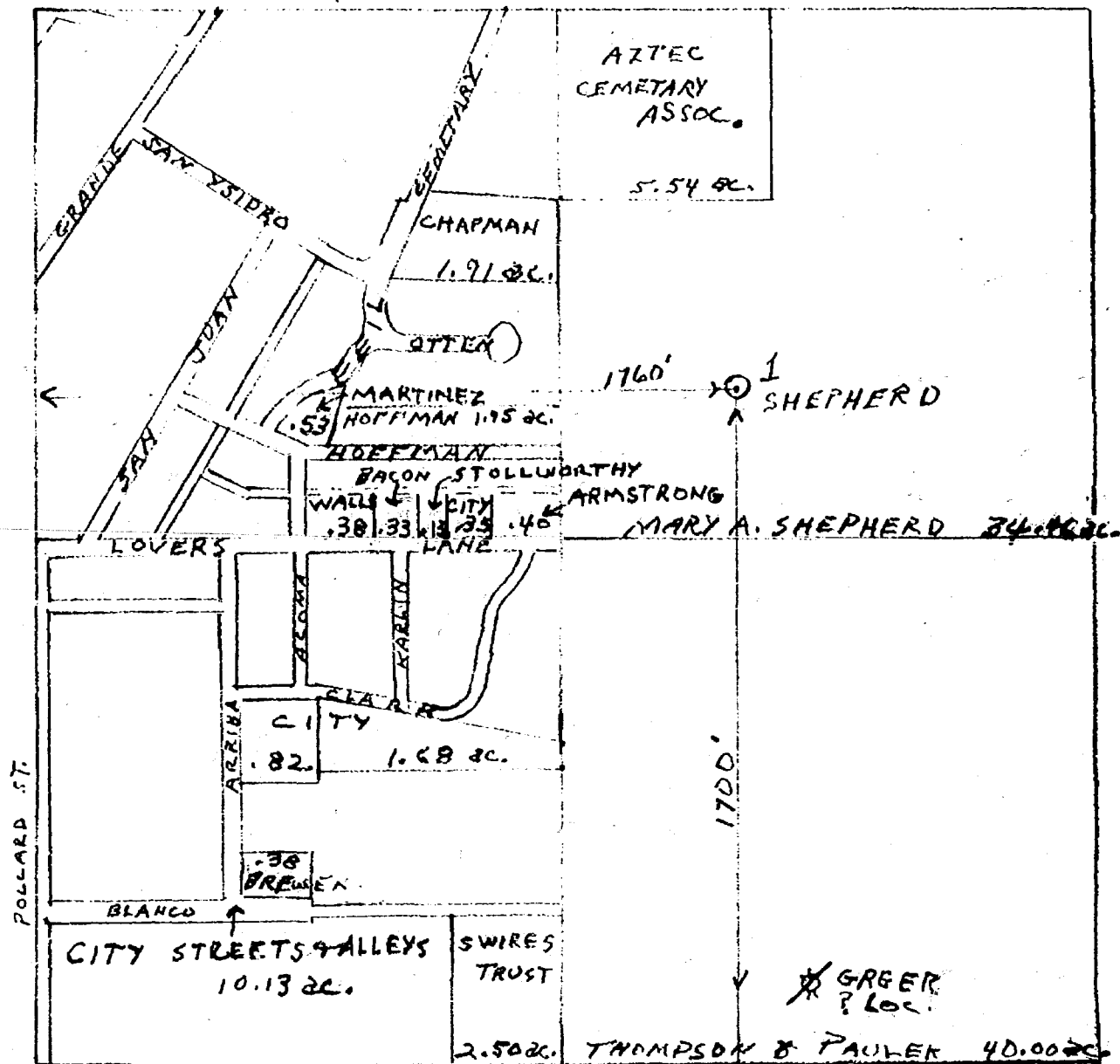


TOTAL LEASES:  
 100.76 ac.  
 [INDICATED AS 1.68 etc.]

SCALE: 1" = 400'

161131  
 0.4

SW 1/4 10 - 30N - 11W  
 SAN JUAN CO. N. M.



TOTAL LEASES:  
 100.76 ac.  
 [INDICATED AS 1.68 etc.]

SCALE: 1" = 400'

Dockets Nos. 11-79 and 12-79 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: COMMISSION HEARING - WEDNESDAY - MARCH 7, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6489: Application of J. V. Fritts and Wm. B. Barnhill for review of Order No. R-4831, Eddy County, New Mexico. Applicants, in the above-styled cause, seek the review and interpretation of Order No. R-4831 to permit them the opportunity to join in the drilling of the Federal "B" Well No. 1 located in Unit P of Section 1, Township 18 South, Range 26 East, Atoka-Pennsylvanian Pool, Eddy County, New Mexico, and to determine the applicability of the 200% risk factor.

CASE 6398: (DE NOVO)

Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for the Wolfcamp and Pennsylvanian formations of its State Com Well No. 1, to be located 660 feet from the South and West line of Section 18, Township 21 South, Range 26 East, Catclaw Draw Field, Eddy County, New Mexico, all of said Section 18 to be dedicated to the well in the Morrow formation.

Upon application of Texas Oil & Gas Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

\*\*\*\*\*

Docket No. 11-79

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 14, 1979

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for April, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6490: Application of L. C. Harris for a unit agreement, Chaves and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for his Walnut Draw Unit Area comprising 9,797 acres, more or less, of Federal, state and fee lands in Townships 15 and 16 South, Ranges 23 and 24 East, Chaves and Eddy Counties, New Mexico.

CASE 6491: Application of C & E Operators, Inc. for an unorthodox well location and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the E/2 SW/4 of Section 10, Township 30 North, Range 11 West, Aztec-Pictured Cliffs Pool, San Juan County, New Mexico, to be dedicated to a well to be located 1700 feet from the South line and 1760 feet from the West line of said Section 10.

CASE 6477: (Continued from February 28, 1979, Examiner Hearing)

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 6492: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 South, Range 25 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 6072: (Reopened and Readvertised)

In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

CASE 6493: Application of Merrion & Bayless for gas well commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling, prior to measurement, of Pictured Cliffs production from the H1 Roll Wells Nos. 1 and 2 located in Units O and K of Section 35, Township 27 North, Range 13 West, San Juan County, New Mexico.

CASE 6494: Application of Morris R. Antweil for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Mesa Macho Well No. 1 located in Unit O of Section 24, Township 20 South, Range 27 East, Morrow formation, Eddy County, New Mexico; the E/2 of said Section 24 to be simultaneously dedicated to the aforesaid well and to applicant's Macho Norte Well No. 1 located in Unit G of Section 24.

CASE 6495: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 23 and 24, Township 19 South, Range 29 East, Sections 1, 4, 5, 6, 7, 11, 12, 13, 14, 19, 20, 23, 24, and 29, Township 19 South, Range 30 East, and Sections 7, 8, 17, 18, and 19, Township 19 South, Range 31 East, all in Eddy County, New Mexico.

CASE 6496: Application of Llano, Inc. for rescission of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of Order No. R-3006, which promulgated 640-acre spacing for the Grama Ridge-Morrow Gas Pool, Lea County, New Mexico. Applicant proposes that said pool be developed and operated under 320-acre spacing and well location requirements.

CASE 6497: Application of Llano, Inc. 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 1650 feet from the South line and 660 feet from the East line of Section 34, Township 21 South, Range 34 East, Grama Ridge-Morrow Gas Pool, Lea County, New Mexico, the E/2 of said Section 34 to be dedicated to the well.

CASE 6498: Application of Pogo Producing Company to limit application of pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to limit the application of the Grama Ridge-Morrow Gas Pool Rules to the horizontal limits of said pool, being all of Sections 2, 3, 4, and 10, Township 22 South, Range 34 East and Sections 33 and 34, Township 21 South, Range 34 East, Lea County, New Mexico.

CASE 6499: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending horizontal limits and contracting vertical limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Antelope Sink-Morrow Gas Pool. The discovery well is Maddox Energy Corporation State 32 Well No. 1 located in Unit I of Section 32, Township 18 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM  
Section 32: E/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Baldrige Canyon-Morrow Gas Pool. The discovery well is W. A. Moncrief, Jr., Baldrige Canyon Com Well No. 1 located in Unit G of Section 13, Township 24 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM  
Section 13: E/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Burton Flat-Delaware Pool. The discovery well is Yates Petroleum Corporation Stonewall EP State Well No. 3 located in Unit N of Section 19, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 19: SW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the East Crossroads-San Andres Pool. The discovery well is NCF Oil Corporation Santa Fe Railway Well No. 1 located in Unit A of Section 13, Township 10 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 36 EAST, NMPM  
Section 13: NE/4

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the South Culebra Bluff-Atoka Gas Pool. The discovery well is Delta Drilling Company South Culebra Bluff Unit Well No. 1 located in Unit G of Section 23, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 14: F/2  
Section 23: All  
Section 26: All

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Dublin Ranch-Morrow Gas Pool. The discovery well is J. C. Barnes Oil Company Big Chief Com Well No. 1 located in Unit F of Section 22, Township 22 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM  
Section 22: All  
Section 27: N/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Gardner Draw-Morrow Gas Pool. The discovery well is Phoenix Resources Company Gardner Draw Unit Well No. 1 located in Unit C of Section 20, Township 19 South, Range 21 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM  
Section 17: W/2  
Section 19: N/2  
Section 20: N/2

(h) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Jubilee-Pennsylvanian Gas Pool. The discovery well is Tom L. Ingram Jubilee Well No. 1 located in Unit E of Section 28, Township 10 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM  
Section 28: W/2

(i) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production and designated as the King-Mississippian Gas Pool. The discovery well is Cabot Corporation J. L. Reed Well No. 1 located in Unit H of Section 35, Township 13 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM  
Section 35: NE/4

(j) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the Lone Wolf-Atoka Gas Pool. The discovery well is D. W. Inc. Sundance A Federal Well No. 1 located in Unit J of Section 25, Township 12 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 29 EAST, NMPM  
Section 25: S/2

(k) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Strawn production and designated as the Lost Lake-Strawn Gas Pool. The discovery well is Texas Gas Corporation O'Brien Well No. 1 located in Unit I of Section 11, Township 9 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM  
Section 2: S/2  
Section 11: All  
Section 14: N/2

(l) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the West Mescalero-Morrow Gas Pool. The discovery well is Natomas North America, Inc. New Mexico State Well No. 1 located in Unit M of Section 19, Township 10 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM  
Section 19: W/2

(m) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Permo-Penn production and designated as the Penasco Draw Permo-Penn Gas Pool. The discovery well is Yates Petroleum Corporation La Cama Com Well No. 1 located in Unit F of Section 20, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 18: S/2  
Section 19: All  
Section 20: All  
Section 21: W/2  
Section 30: All  
Section 31: All

(n) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Siegreist Draw-Morrow Gas Pool. The discovery well is Yates Petroleum Corporation Siegreist JS State Com Well No. 1 located in Unit C of Section 30, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 30: N/2

(o) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the North Turkey Track-Atoka Gas Pool. The discovery well is Amoco Production Company State ER Com Well No. 1 located in Unit G of Section 6, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 6: N/2

(p) EXTEND the Angell Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM  
Section 35: E/2

(q) EXTEND the Buffalo/Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM  
Section 17: S/2

(r) EXTEND the Cato-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM  
Section 5: NW/4 SW/4

(s) EXTEND the Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM  
Section 25: W/2  
Section 26: E/2  
Section 36: NW/4

(t) EXTEND the East Chisum-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM  
Section 9: E/2 NE/4  
Section 10: W/2 NW/4

(u) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM  
Section 20: SW/4

- (v) EXTEND the Double L Queen-Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM  
Section 24: NW/4 and E/2 SW/4  
Section 36: NW/4 NW/4, S/2 NW/4 and SW/4

- (w) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 18: SE/4

- (x) EXTEND the East Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 7: N/2

- (y) EXTEND the Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM  
Section 35: All

- (z) REDEFINE the vertical limits of the Monument Tubb-Drinkard Pool in Lea County, New Mexico, to include only the Tubb formation and redesignate said pool as the Monument-Tubb Pool.

- (aa) EXTEND the West Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM  
Section 23: E/2

- (bb) EXTEND the Millman-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM  
Section 12: E/2

- (cc) EXTEND the South Prairie-Wolfcamp Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM  
Section 20: N/2

- (dd) EXTEND the Querecho Plains-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 34: NW/4

- (ee) EXTEND the Richard Knob Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 7: All  
Section 18: N/2

- (ff) EXTEND the Round Tank-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM  
Section 30: NE/4

- (gg) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM  
Section 5: Lots 11, 12, 13, 14 and SW/4

- (hh) EXTEND the North Teague-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM  
Section 22: NW/4

- (ii) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM  
Section 30: SW/4



(jj) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM  
Section 36: NE/4

\*\*\*\*\*

Docket No. 12-79

DOCKET: COMMISSION HEARING - THURSDAY - MARCH 15, 1979

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6222: (Rehearing) (Continued from March 2, 1979, Commission Hearing)

Application of Paul Hamilton for salt water disposal well shut-in, Lea County, New Mexico. Upon application of Paul Hamilton there will be a rehearing of Case No. 6222, Order No. R-5753. This case involves the application of Paul Hamilton for an order shutting down salt water disposal operations in the Texaco Inc., New Mexico State "BO" SWD Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore-Devonian Pool, Lea County, New Mexico. Pursuant to Commission Order No. R-5753-A, evidence at said rehearing shall be limited to evidence relating to data regarding water quality and water level obtained from an observation well completed next to the aforesaid SWD Well No. 3, and to other new evidence unavailable at the time of the original hearing of this case on May 31, 1978.

JASON W. KELLAHIN  
W. THOMAS KELLAHIN  
KAREN AUBREY

KELLAHIN and KELLAHIN  
ATTORNEYS AT LAW  
500 DON GASPAR AVENUE  
P. O. BOX 1769  
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4285  
AREA CODE 505

February 16, 1979

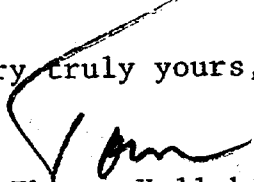
Mr. Joe Ramey  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Non-Standard Proration Unit  
C & E Operators Inc.

Dear Joe:

Please set the enclosed Application for Hearing  
on March 14, 1979.

Very truly yours,

  
W. Thomas Kellahin

WTK:eps

Enclosure

cc: Mr. W. P. Carr

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

Case 6491

IN THE MATTER OF THE APPLICATION OF  
C & E OPERATORS, INC. FOR A NON-STANDARD  
GAS PRORATION UNIT, AND UNORTHODOX LOCATION,  
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES now C & E Operators, Inc. and applies to the  
Oil Conservation Division for approval of a non-standard  
gas proration unit and unorthodox well location, San Juan  
County, New Mexico and in support thereof would show the  
Division:

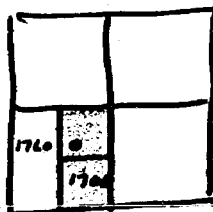
1. Applicant is the owner of the right to drill and  
develop the oil and gas mineral in the area involved in  
this application.

2. Applicant proposes to drill a well to test all  
formations from the surface to the base of the Picture  
Cliff formation at a location 1700 feet from the South  
line and 1760 feet from the West line of Section 10 T30N,  
R11W, NMPM, San Juan County, New Mexico.

Get the PC  
Pool

3. Applicant proposes to dedicate the E/2 of the  
SW/4 of Section 10 consisting of 80 acres as a non-standard  
proration unit for this well.

Wherefore applicant prays that this application be  
set for hearing before the Division or its examiner and that  
after notice and hearing as required by law, the Division  
enter its order approving the application.



C & E Operators, Inc.

by

*W. C. Kuhlman*

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

Case 6491

IN THE MATTER OF THE APPLICATION OF  
C & E OPERATORS, INC. FOR A NON-STANDARD  
GAS PRORATION UNIT, AND UNORTHODOX LOCATION,  
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES now C & E Operators, Inc. and applies to the Oil Conservation Division for approval of a non-standard gas proration unit and unorthodox well location, San Juan County, New Mexico and in support thereof would show the Division:

1. Applicant is the owner of the right to drill and develop the oil and gas mineral in the area involved in this application.

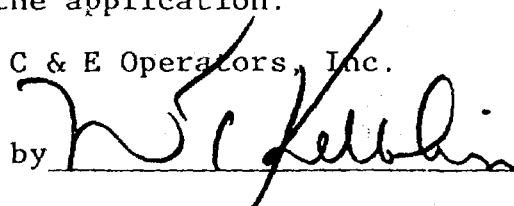
2. Applicant proposes to drill a well to test all formations from the surface to the base of the Picture Cliff formation at a location 1700 feet from the South line and 1760 feet from the West line of Section 10 T30N, R11W, NMPM, San Juan County, New Mexico.

3. Applicant proposes to dedicate the E/2 of the SW/4 of Section 10 consisting of 80 acres as a non-standard proration unit for this well.

Wherefore applicant prays that this application be set for hearing before the Division or its examiner and that after notice and hearing as required by law, the Division enter its order approving the application.

C & E Operators, Inc.

by



STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

Case 6491

IN THE MATTER OF THE APPLICATION OF  
C & E OPERATORS, INC. FOR A NON-STANDARD  
GAS PRORATION UNIT, AND UNORTHODOX LOCATION,  
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES now C & E Operators, Inc. and applies to the  
Oil Conservation Division for approval of a non-standard  
gas proration unit and unorthodox well location, San Juan  
County, New Mexico and in support thereof would show the  
Division:

1. Applicant is the owner of the right to drill and  
develop the oil and gas mineral in the area involved in  
this application.

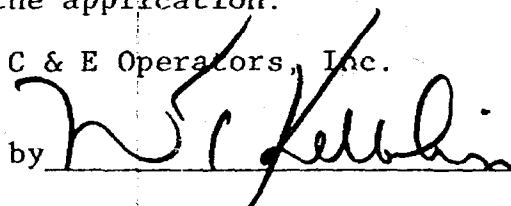
2. Applicant proposes to drill a well to test all  
formations from the surface to the base of the Picture  
Cliff formation at a location 1700 feet from the South  
line and 1760 feet from the West line of Section 10 T30N,  
R11W, NMPM, San Juan County, New Mexico.

3. Applicant proposes to dedicate the E/2 of the  
SW/4 of Section 10 consisting of 80 acres as a non-standard  
proration unit for this well.

Wherefore applicant prays that this application be  
set for hearing before the Division or its examiner and that  
after notice and hearing as required by law, the Division  
enter its order approving the application.

C & E Operators, Inc.

by



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. 6491

ORDER NO. R- 5966

APPLICATION OF C & E OPERATORS, INC.

FOR AN UNORTHODOX ~~GAS~~ WELL LOCATION, 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 March 14,  
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

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, C & E Operators, Inc.,  
seeks approval of an unorthodox gas well location 1700  
feet from the South line and 1760 feet from the  
West line of Section 10, Township 30 North  
Range 11 West, NMPM, to test the Pictured Cliffs  
formation, Aztec-Pictured Cliffs Pool, San Juan  
County, New Mexico, to be dedicated to an 80-acre non-standard gas  
proration unit comprising the E/2 SW/4 of said Section 10.

(3) That the \_\_\_\_\_ of said Section \_\_\_\_\_ is to be  
dedicated to the well.

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

4 (5) That no offset operator objected to the proposed unorthodox  
location or to the proposed non-standard gas proration  
unit.

-2-

Case No. \_\_\_\_\_  
Order No. R- \_\_\_\_\_

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Pictured Cliffs formation is hereby approved for a well to be located at a point 1700 feet from the South line and 1760 feet from the West line of Section 10, Township 30 North, Range 11 West NMPM, Aztec-Pictured Cliffs Pool, San Juan County, New Mexico, to be dedicated to an 80-acre non-standard gas proration unit comprising the E/2 SW/4 of said Section 10, *which is also hereby approved.*

~~(2) That the \_\_\_\_\_ of said Section \_\_\_\_\_ shall be dedicated to the above-described well.~~

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

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