

Case NO.

6582

Application

Transcripts

Small Exhibits

ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico  
27 June 1979

EXAMJNER HEARING

IN THE MATTER OF:

Application of Belco Production Cor-  
poration for a non-standard proration  
unit and unorthodox oil well location,  
Lea County, New Mexico.

CASE  
6582

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, 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

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I N D E X

LEE G. NERING

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1 MR. NUTTER: We'll call next Case Number  
2 6582.

3 MR. PADILLA: Application of Belco Petro-  
4 leum Corporation for a non-standard proration unit and  
5 unorthodox well location, Lea County, New Mexico.

6 MR. KELLAHIN: Tom Kellahin of Santa Fe,  
7 New Mexico, appearing on behalf of the applicant, and I'd  
8 like the record to reflect that Mr. Nering is qualified as  
9 an expert geologist and that he is still under oath.

10 MR. NUTTER: The record will so reflect.

11  
12 LEE G. NERING  
13 being called as a witness and having been duly sworn upon  
14 his oath, testified as follows, to-wit:

15  
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Please refer to Exhibit Number One, Mr.  
19 Nering, and tell us what Belco is seeking to accomplish.

20 A Exhibit Number One is the Form -- New  
21 Mexico Oil Conservation Division C-102 form, illustrating  
22 the location of the well that has been staked and that is  
23 located in the northeast of the southwest quarter of Sec-  
24 tion 31.

25 Q What do you propose to do with regards to

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1 this application?

2 A This well is proposed as a non-standard  
3 unit comprised of 40 acres, perhaps otherwise identified  
4 as the second well on the 80 acres if non-standard unit  
5 is not the proper identification.

6 Q You propose to dedicate a 40 acres, being  
7 the northeast quarter of the southwest quarter to the well.

8 A That is correct.

9 Q And a standard proration unit for this  
10 pool would be an 80-acre tract.

11 A That is correct.

12 Q The advertisement indicates that you're  
13 seeking an unorthodox well location. That is not correct,  
14 is it?

15 A No, that's not correct.

16 Q This is, in fact, the second well on the  
17 particular --

18 A Yes, it is.

19 Q -- quarter section.

20 A It --

21 Q So all you need is approval of a non-  
22 standard 40-acre proration unit.

23 All right, sir, now would you look at  
24 Exhibit Number Two and identify that for us?

25 A Exhibit Number Two is a plat of the general

1 Flying "M"-San Andres Pool area, including an outline of  
2 the Flying "M" --

3 MR. NUTTER: We don't have those exhibits.

4 MR. KELLAHIN: I'm sorry.

5 A Oh.

6 MR. KELLAHIN: Exhibit Number One is simply  
7 the C-102 showing the surveyed location of a well, and now  
8 Exhibit Number Two is a larger plat, showing the immediate  
9 area in question.

10 A Yes. It also locates specifically, with  
11 caption, the proposed non-standard unit and the location  
12 of the proposed well in the northeast southwest of Section  
13 31.

14 Q This is the same exhibit as introduced  
15 in the prior case, 6581, isn't it?

16 A That is correct, with the exception that  
17 it identifies this particular application.

18 Q Let's look at Exhibit Number Three --

19 A A and B.

20 Q -- A and B, and have you identify those  
21 for me.

22 A Yes, these are again requests letters to  
23 the offsetting operators, Westland Oil Development Corpor-  
24 ation and Coastal States Gas Corporation, requesting a  
25 waiver to our request for this non-standard unit.

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1 Q Okay, and what, if any, response have you  
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3 A We've had no communication from either  
4 operator. We did request, as seen in the letter, that their  
5 response should be to the Commission.

6 Q All right, would you refer to Exhibit  
7 Number Four, now, and tell us what that is?

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9 that are in a offsetting or affecting position to evaluation  
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12 and the three months of 1979. In addition the dates have  
13 been totaled, giving a cumulative for each of the wells in-  
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15 each of those wells has been calculated for the past fifteen  
16 months, these being all of 1978 and the three months of  
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18 Q Have you taken that production information  
19 and spotted it on any type of plat?

20 A Yes. This information has been utilized  
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4 the No. 1 Well located in the southeast of the southwest  
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7 currently producing and has a cumulative of 41,115 barrels.  
8 It has an average montly production of 283 barrels. Very  
9 simply calculated as being less than 10 barrels per day.

10 Q Does that well make its allowable?

11 A No, none of the wells in this area make  
12 what is the assigned allowable.

13 Q What is the unit, spacing unit, assigned  
14 to that No. 1 Well?

15 A The top allowable for the --

16 Q No, I meant the acreage. What acreage is  
17 dedicated to the well?

18 A The acreage dedicated is 80 acres to this  
19 well.

20 Q Okay. And what --

21 MR. NUTTER: The south half of the south-  
22 west quarter.

23 A I'm sorry. The dedicated acreage to the  
24 Belco well located in the southeast southwest is the east  
25 half of the southwest quarter, as shown on Exhibit Number



1 Five, subdivided into two parts.

2 Q Is it your desire to -- if the No. 2 Well,  
3 located in the northeast of the southwest, if that is ap-  
4 proved for a non-standard unit of 40 acres, then what  
5 acreage would you dedicate to the No. 1 Well?

6 A We would dedicate the 40 acres in the  
7 southeast southwest quarter.

8 Q Upon what basis do you believe that a  
9 well in the northeast of the southwest quarter is necessary?

10 A We believe this well is necessary in that  
11 as indicated from the figures, that all of these wells are  
12 very low order productive wells with the exception of the  
13 Coastal States No. 1-J Well in the northwest southeast  
14 quarter. All of these wells are stripper classification,  
15 as being less than 10 barrels of oil per day, and that it's  
16 unlikely that based upon these figures, that any one well  
17 most likely is on that basis not capable of draining an  
18 80-acre area.

19 Q Is there any precedent in the immediate  
20 area for doing what you desire to do?

21 A Yes, I think the plat illustrates that  
22 with the exception of the area that we are discussing in  
23 the southwest, primarily in Section 31, almost the entirety  
24 of the San Andres Unit area is on a 40-acre pattern, a  
25 number of which, of course, are converted to injection

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1 wells, but in general the drilling pattern and dedication  
2 seems to be on 40 acres.

3 Q Are you familiar with the Coastal States  
4 Wells 2 and 5, located in the southeast of the southeast  
5 quarter of 31?

6 A I am.

7 Q And were either one of those wells the  
8 subject of a Commission hearing --

9 A Yes.

10 Q -- with regards to approval?

11 A Yes. The Coastal States No. 5 Well hap-  
12 pens to be a plugback of a Belco Petroleum Corporation well  
13 which was drilled to the Bough C at 9000 and some feet in  
14 depth. That well, drilled by Belco, which is now identified  
15 on this plat as the Coastal No. 5 Well, was drilled by  
16 Belco without San Andres rights on a farmout basis from  
17 Coastal. During the course of the drilling of that well  
18 the San Andres was cored and information was derived from  
19 it indicating the San Andres was productive in that area,  
20 which was a bit of a surprise, since it was known at that  
21 time, and this was back in 1971, that there was some type  
22 of a change in reservoir condition between this part of  
23 Section 31 and the main body of the San Andres Unit.

24 Subsequently Coastal States, before Belco  
25 completed its operation on the No. 1 Coastal, which became

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1 the No. 5 Well, Coastal drilled their No. 3 Well as a twin  
2 well 100 feet west of the U.S. Coastal No. 1 drilled by  
3 Belco.

4 Q Now are both those wells still producing?

5 A Both wells are still producing, as indi-  
6 cated. Coastal subsequently went back and through the  
7 hearing process received permission from the Commission to  
8 produce both wells as contributory to the 80-acre proration  
9 unit. The Case Number -- Case Number 4897, Order Number  
10 R-4476.

11 MR. KELLAHIN: If the Examiner please,  
12 I've marked as Belco Exhibit Seven and Eight the Order and  
13 transcript of the Coastal cases.

14 Q Were Exhibits One through Six either pre-  
15 pared by you directly or compiled under your direction and  
16 supervision?

17 A They were.

18 Q And in your opinion will approval of the  
19 application be in the best interests of conservation, the  
20 prevention of waste, and the protection of correlative  
21 rights?

22 A Yes, it is my opinion that without the  
23 drilling of the Belco Federal No. 2 Well, the proposed well,  
24 it's unlikely that this well will ever be drilled and there  
25 will be waste created, and that the well should be drilled.

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1 MR. KELLAHIN: If the Examiner please,  
2 we move the introduction of Exhibits One through Eight.

3 MR. NUTTER: Exhibits One through Eight  
4 will be admitted in evidence.

5  
6 CROSS EXAMINATION

7 BY MR. NUTTER:

8 Q Mr. Nering, I'm confused. Now presently  
9 you have the east half of the southwest quarter dedicated  
10 to the No. 1 Well, and you're asking --

11 A That is correct.

12 Q And you're asking for a non-standard 40-  
13 acre proration unit for the new well.

14 A That's correct, yes.

15 Q But you haven't asked for a non-standard  
16 40-acre proration unit for the old well, which you have to  
17 have approval for that, too, if you dedicate the acreage.

18 A This was indicated in my question at the  
19 beginning that I -- we -- that I was uncertain. It's pos-  
20 sible that perhaps our application should have been worded  
21 that this be regarded as a second well on the same proration  
22 unit.

23 Q I think that simplifies somewhat, and it  
24 also might put you to an advantage in this respect: If  
25 you get two 40-acre units, each of those units has a top

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1 allowable of half the allowable for the pool.

2 A Yes.

3 Q Now, if you should happen to get a barn-  
4 burner here in the No. 2 Well, this is going to be limited  
5 to half an allowable for the pool.

6 A Yes.

7 Q Whereas if you had two wells dedicated to  
8 the single unit, the allowable can be shared by either  
9 well.

10 A Yes, this --

11 Q And the bulk of the allowable could then  
12 go to the No. 1 Well, not just half an allowable.

13 A This occurred to us.

14 Q And --

15 A After we had made the application, and  
16 we're seeking the Commission's advice on how to handle this  
17 matter, and we'd be happy to revise it. We would prefer  
18 that the matter be handled with this hearing rather than  
19 continued, because the -- Belco is anxious to commence  
20 drilling.

21 Q Okay. Now do you have the pool rules with  
22 you?

23 A Yes, I do.

24 Q What does it say about the first well and  
25 any subsequent well on a unit?

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1 Read the part that refers to well locations.  
2 It should be Rule Two or Three.

3 A All right.

4 It says that nothing contained within shall  
5 be construed as prohibiting the drilling of a well on each  
6 of the quarter quarter sections in the unit.

7 Q What about the locations?

8 A Doesn't specify. Each well completed or  
9 recompleted shall be located on a standard unit containing  
10 80 acres, more or less, consisting of north half, south  
11 half, east half, or west half of a single governmental  
12 quarter, provided, however, that nothing contained herein  
13 shall be construed as prohibiting the drilling of a well  
14 on each of the quarter quarter sections.

15 Q No, I mean the rule that refers to the  
16 well locations themselves, where they're specified to be  
17 drilled.

18 MR. KELLAHIN: Rule Four.

19 A The special rules --

20 Q Okay, the first well drilled on every --  
21 it's Rule Four.

22 The first well drilled on every standard  
23 or non-standard unit shall be located in the northwest  
24 quarter of the southeast of a governmental quarter section.

25 A Yeah.

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1 Q The only thing we've got left here today  
2 is it says the first well drilled on a non-standard unit.  
3 Normally it will say the first well drilled on the unit  
4 shall be located on the so-and-so, but this is the first  
5 well drilled on a non-standard unit, so you're going to  
6 have a -- no, you're -- you're all right.

7 If you dismiss the non-standard unit por-  
8 tion of this --

9 A Uh-huh.

10 Q -- and go for a standard 80-acre unit,  
11 the first well has been drilled at a standard location.  
12 The second well can be drilled in either 40.

13 A Yes, we --

14 Q So you don't have to have a non-standard  
15 location.

16 A This is what we --

17 Q I think the whole case can be dismissed.

18 A This is what we considered after we --  
19 this was after we re-examined our --

20 Q Yeah.

21 A -- situation on this matter.

22 Q I think the whole case can be dismissed  
23 and as soon as you file a notice of intention with --

24 MR. KELLAHIN: We wouldn't have to have a  
25 hearing for simultaneous dedication?

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Q No, not for oil wells.

I don't think you've got a thing to worry about. We'll dismiss the case and file a notice of intent and a plat with the District Office showing the second well on the unit, and you're ready to drill that barn-burner we were talking about.

A As soon as we comply with Federal NTL-6.

Q Oh.

A It's on a Federal lease.

Q Okay.

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

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, thank you.

MR. NUTTER: Mr. Kellahin, in the event it's found that there's no necessity for an order other than dismissal, would you have objection to dismissing this case?

MR. KELLAHIN: As long as we get a permit to drill, we don't care.

MR. NUTTER: That's right.

Does anyone have anything else to add in Case Number 6582?

If not, we'll take the case under advisement for the time being, and the hearing is adjourned.

(Hearing concluded.)



## REPORTER'S CERTIFICATE

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

Sally W. Boyd C.S.R.  
Sally W. Boyd, C.S.R.

SALLY WALTON BOYD  
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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 683  
heard by me on 6/27 1977

[Signature], Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
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8 Q Upon what basis do you believe that a  
9 well in the northeast of the southwest quarter is necessary?

10 A We believe this well is necessary in that  
11 as indicated from the figures, that all of these wells are  
12 very low order productive wells with the exception of the  
13 Coastal States No. 1-J Well in the northwest southeast  
14 quarter. All of these wells are stripper classification,  
15 as being less than 10 barrels of oil per day, and that it's  
16 unlikely that based upon these figures, that any one well  
17 most likely is on that basis not capable of draining an  
18 80-acre area.

19 Q Is there any precedent in the immediate  
20 area for doing what you desire to do?

21 A Yes, I think the plat illustrates that  
22 with the exception of the area that we are discussing in  
23 the southwest, primarily in Section 31, almost the entirety  
24 of the San Andres Unit area is on a 40-acre pattern, a  
25 number of which, of course, are converted to injection

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3928 Pham Road (800) 471-2400  
Santa Fe, New Mexico 87501

1 wells, but in general the drilling pattern and dedication  
2 seems to be on 40 acres.

3 Q Are you familiar with the Coastal States  
4 Wells 2 and 5, located in the southeast of the southeast  
5 quarter of 31?

6 A I am.

7 Q And were either one of those wells the  
8 subject of a Commission hearing --

9 A Yes.

10 Q -- with regards to approval?

11 A Yes. The Coastal States No. 5 Well hap-  
12 pens to be a plugback of a Belco Petroleum Corporation well  
13 which was drilled to the Bough C at 9000 and some feet in  
14 depth. That well, drilled by Belco, which is now identified  
15 on this plat as the Coastal No. 5 Well, was drilled by  
16 Belco without San Andres rights on a farmout basis from  
17 Coastal. During the course of the drilling of that well  
18 the San Andres was cored and information was derived from  
19 it indicating the San Andres was productive in that area,  
20 which was a bit of a surprise, since it was known at that  
21 time, and this was back in 1971, that there was some type  
22 of a change in reservoir condition between this part of  
23 Section 31 and the main body of the San Andres Unit.

24 Subsequently Coastal States, before Belco  
25 completed its operation on the No. 1 Coastal, which became

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Santa Fe, New Mexico 87501

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3030 Plaza Blanca (995) 471-0493  
Santa Fe, New Mexico 87501

1 the No. 5 Well, Coastal drilled their No. 3 Well as a twin  
2 well 100 feet west of the U.S. Coastal No. 1 drilled by  
3 Belco.

4 Q Now are both those wells still producing?

5 A Both wells are still producing, as indi-  
6 cated. Coastal subsequently went back and through the  
7 hearing process received permission from the Commission to  
8 produce both wells as contributory to the 90-acre proration  
9 unit. The Case Number -- Case Number 4897, Order Number  
10 R-4476.

11 MR. KELLAHIN: If the Examiner please,  
12 I've marked as Belco Exhibit Seven and Eight the Order and  
13 transcript of the Coastal cases.

14 Q Were Exhibits One through Six either pre-  
15 pared by you directly or compiled under your direction and  
16 supervision?

17 A They were.

18 Q And in your opinion will approval of the  
19 application be in the best interests of conservation, the  
20 prevention of waste, and the protection of correlative  
21 rights?

22 A Yes, it is my opinion that without the  
23 drilling of the Belco Federal No. 2 Well, the proposed well,  
24 it's unlikely that this well will ever be drilled and there  
25 will be waste created, and that the well should be drilled.

1 MR. KELLAMIN: If the Examiner please,  
2 we move the introduction of Exhibits One through Eight.

3 MR. NUTTER: Exhibits One through Eight  
4 will be admitted in evidence.

5 CROSS EXAMINATION

6  
7 BY MR. NUTTER:

8 Q Mr. Nering, I'm confused. Now presently  
9 you have the east half of the southwest quarter dedicated  
10 to the No. 1 Well, and you're asking --

11 A That is correct.

12 Q And you're asking for a non-standard 40-  
13 acre proration unit for the new well.

14 A That's correct, yes.

15 Q But you haven't asked for a non-standard  
16 40-acre proration unit for the old well, which you have to  
17 have approval for that, too, if you dedicate the acreage.

18 A This was indicated in my question at the  
19 beginning that I -- we -- that I was uncertain. It's pos-  
20 sible that perhaps our application should have been worded  
21 that this be regarded as a second well on the same proration  
22 unit.

23 Q I think that simplifies somewhat, and it  
24 also might put you to an advantage in this respect: If  
25 you get two 40-acre units, each of those units has a top

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1020 Plaza Blanca (602) 471-4402  
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CERTIFIED SHORTHAND REPORTER  
3650 Plaza Blanca (SOS) 471-4462  
Santa Fe, New Mexico 87501

1 allowable of half the allowable for the pool.

2 A Yes.

3 Q Now, if you should happen to get a barn-  
4 burner here in the No. 2 Well, this is going to be limited  
5 to half an allowable for the pool.

6 A Yes.

7 Q Whereas if you had two wells dedicated to  
8 the single unit, the allowable can be shared by either  
9 well.

10 A Yes, this --

11 Q And the bulk of the allowable could then  
12 go to the No. 1 Well, not just half an allowable.

13 A This occurred to us.

14 Q And --

15 A After we had made the application, and  
16 we're seeking the Commission's advice on how to handle this  
17 matter, and we'd be happy to revise it. We would prefer  
18 that the matter be handled with this hearing rather than  
19 continued, because the -- Belco is anxious to commence  
20 drilling.

21 Q Okay. Now do you have the pool rules with  
22 you?

23 A Yes, I do.

24 Q What does it say about the first well and  
25 any subsequent well on a unit?

SALLY WALTON ROYD  
CERTIFIED SHORTHAND REPORTER  
1926 Plaza Blanca (808) 471-4465  
Santa Fe, New Mexico 87501

1 Read the part that refers to well locations.  
2 It should be Rule Two or Three.

3 A All right.

4 It says that nothing contained within shall  
5 be construed as prohibiting the drilling of a well on each  
6 of the quarter quarter sections in the unit.

7 Q What about the locations?

8 A Doesn't specify. Each well completed or  
9 recompleted shall be located on a standard unit containing  
10 80 acres, more or less, consisting of north half, south  
11 half, east half, or west half of a single governmental  
12 quarter, provided, however, that nothing contained herein  
13 shall be construed as prohibiting the drilling of a well  
14 on each of the quarter quarter sections.

15 Q No, I mean the rule that refers to the  
16 well locations themselves, where they're specified to be  
17 drilled.

18 MR. KELLAHIN: Rule Four.

19 A The special rules --

20 Q Okay, the first well drilled on every --  
21 it's Rule Four.

22 The first well drilled on every standard  
23 or non-standard unit shall be located in the northwest  
24 quarter of the southeast of a governmental quarter section.

25 A Yeah.

1 Q The only thing we've got left here today  
2 is it says the first well drilled on a non-standard unit.  
3 Normally it will say the first well drilled on the unit  
4 shall be located on the so-and-so, but this is the first  
5 well drilled on a non-standard unit, so you're going to  
6 have a -- no, you're -- you're all right.

7 If you dismiss the non-standard unit por-  
8 tion of this --

9 A Uh-huh.

10 Q -- and go for a standard 80-acre unit,  
11 the first well has been drilled at a standard location.  
12 The second well can be drilled in either 40.

13 A Yes, we --

14 Q So you don't have to have a non-standard  
15 location.

16 A This is what we --

17 Q I think the whole case can be dismissed.

18 A This is what we considered after we --  
19 this was after we re-examined our --

20 Q Yeah.

21 A -- situation on this matter.

22 Q I think the whole case can be dismissed  
23 and as soon as you file a notice of intention with --

24 MR. KELLAHIN: We wouldn't have to have a  
25 hearing for simultaneous dedication?

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (SOS) 471-4463  
Santa Fe, New Mexico 87501

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Q No, not for oil wells.

I don't think you've got a thing to worry about. We'll dismiss the case and file a notice of intent and a plat with the District Office showing the second well on the unit, and you're ready to drill that barn-burner we were talking about.

A As soon as we comply with Federal NTL-6.

Q Oh.

A It's on a Federal lease.

Q Okay.

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

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, thank you.

MR. NUTTER: Mr. Kellahin, in the event it's found that there's no necessity for an order other than dismissal, would you have objection to dismissing this case?

MR. KELLAHIN: As long as we get a permit to drill, we don't care.

MR. NUTTER: That's right.

Does anyone have anything else to add in Case Number 6582?

If not, we'll take the case under advisement for the time being, and the hearing is adjourned.

(Hearing concluded.)



REPORTER'S CERTIFICATE

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

Sally W. Boyd, C.S.R.

SALLY WALTON BOYD  
 CERTIFIED SHORTHAND REPORTER  
 3030 Plaza Blanca (505) 471-4482  
 Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Examiner hearing of Case No. 6204  
 heard by me on 6/27 1979  
[Signature] Examiner  
 Oil Conservation Division



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

**JERRY APODACA**  
GOVERNOR

NICK FRANKLIN  
SECRETARY

July 12, 1979

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

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

Re: CASE NO. 6582  
ORDER NO. R-6049

**Applicant:**

Belco Petroleum 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/ed**

Copy of order also sent to:

Hobbs OCC	<u>          </u>	X
Artesia OCC	<u>          </u>	X
Aztec OCC	<u>          </u>	

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. 6582  
Order No. R-6049

APPLICATION OF BELCO PETROLEUM  
CORPORATION FOR A NON-STANDARD  
PROBATION UNIT AND UNORTHODOX OIL  
WELL LOCATION, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 27, 1979,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of July, 1979, the Division  
Director, having considered the record and the recommendations  
of the Examiner, and being fully advised in the premises,

FINDS:

That approval of this matter can be granted without neces-  
sity of a hearing and the case should be dismissed.

IT IS THEREFORE ORDERED:

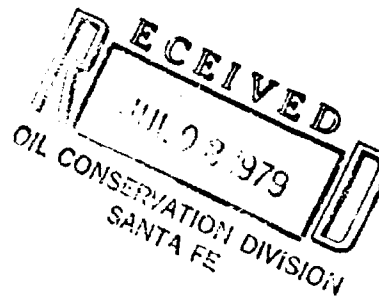
That Case No. 6582 is hereby dismissed.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

  
S E A L  
fd/



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

Case 6582

Re: Waiver for  
Belco Petroleum Corporation  
Application for 40 Acre Non Standard  
Proration Unit  
Belco Federal 31 No. 2  
Section 31, T9S, R33E  
Lea County, New Mexico

Gentlemen:

Coastal States Gas Corporation, an offsetting operator to the proposed Belco Federal 31, Well No. 2 location, has been advised by Belco Petroleum Corporation of Belco's request for exception to the Special Rules for the Flying "M" San Andres Pool in Lea County, New Mexico. It is understood that this exception is for a non-standard 40 Acre Unit for the Belco Federal 31, No. 2 well to be located 1980' FWL, 1980' FSL, Section 31, T9S, R33E, Lea County, New Mexico.

Please be advised that Coastal States Gas Corporation waives any objection to Belco's above described application.

Yours very truly,

COASTAL STATES GAS PRODUCING COMPANY

By *James W. Stadel*

Date June 29, 1979

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

Form C-102  
Supersedes C-128  
Effective 1-1-65

All distances must be from the outer boundaries of the Section

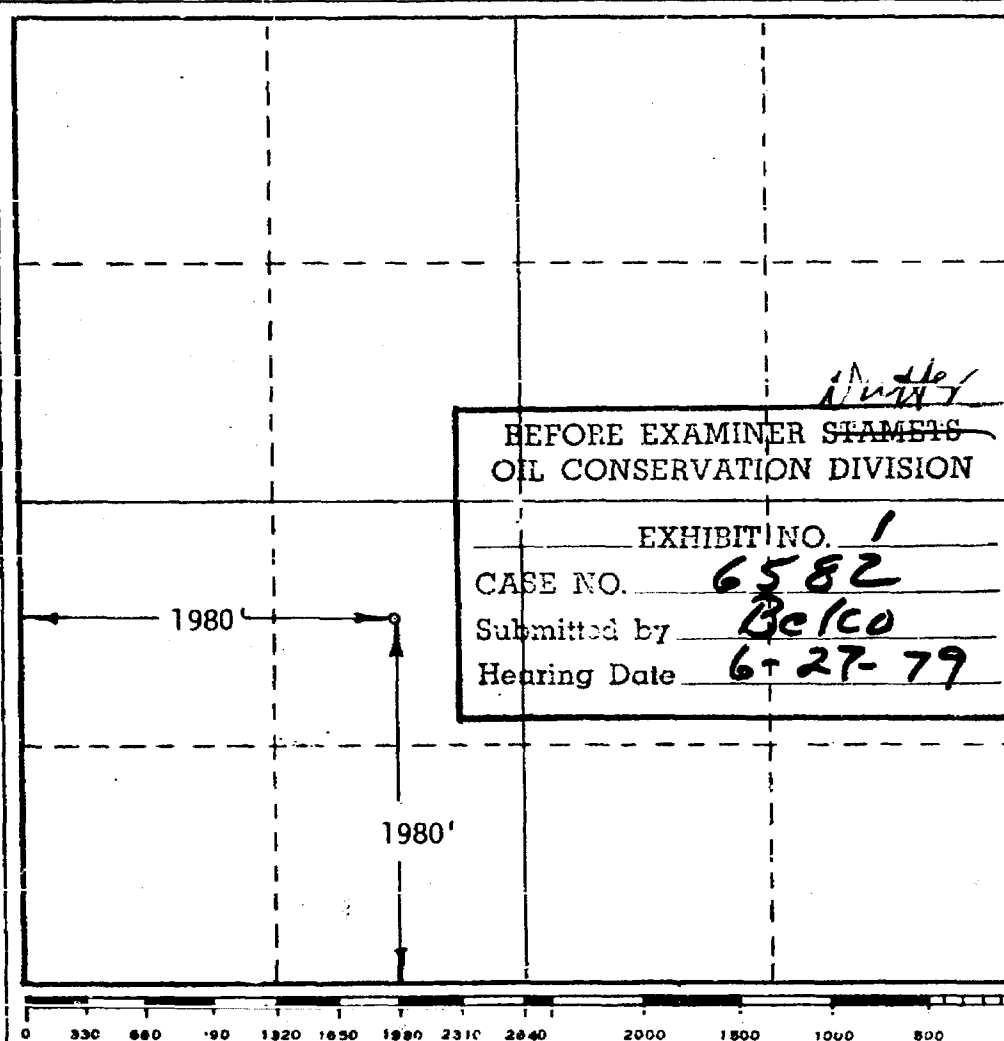
Operator <b>BELCO PETROLEUM COMPANY</b>			Lease <b>FEDERAL 31</b>		Well No. <b>2</b>
Unit Letter	Section <b>31</b>	Township <b>9-S</b>	Range <b>33-E</b>	County <b>LEA COUNTY, NEW MEXICO</b>	
Actual Footage Location of Well:					
<b>1980'</b>		feet from the <b>SOUTH</b>	line and <b>1980'</b>	feet from the <b>WEST</b>	line
Ground Level Elev. <b>4243'</b>	Producing Formation		Pool	Indicated Acreage:  Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes    ☐ No    If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

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



**CERTIFICATION**

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

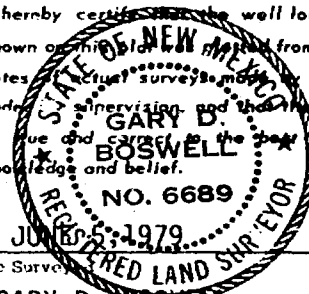
Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Date \_\_\_\_\_

I hereby certify that the well location shown on this plat is true and correct to the best of my knowledge and belief.



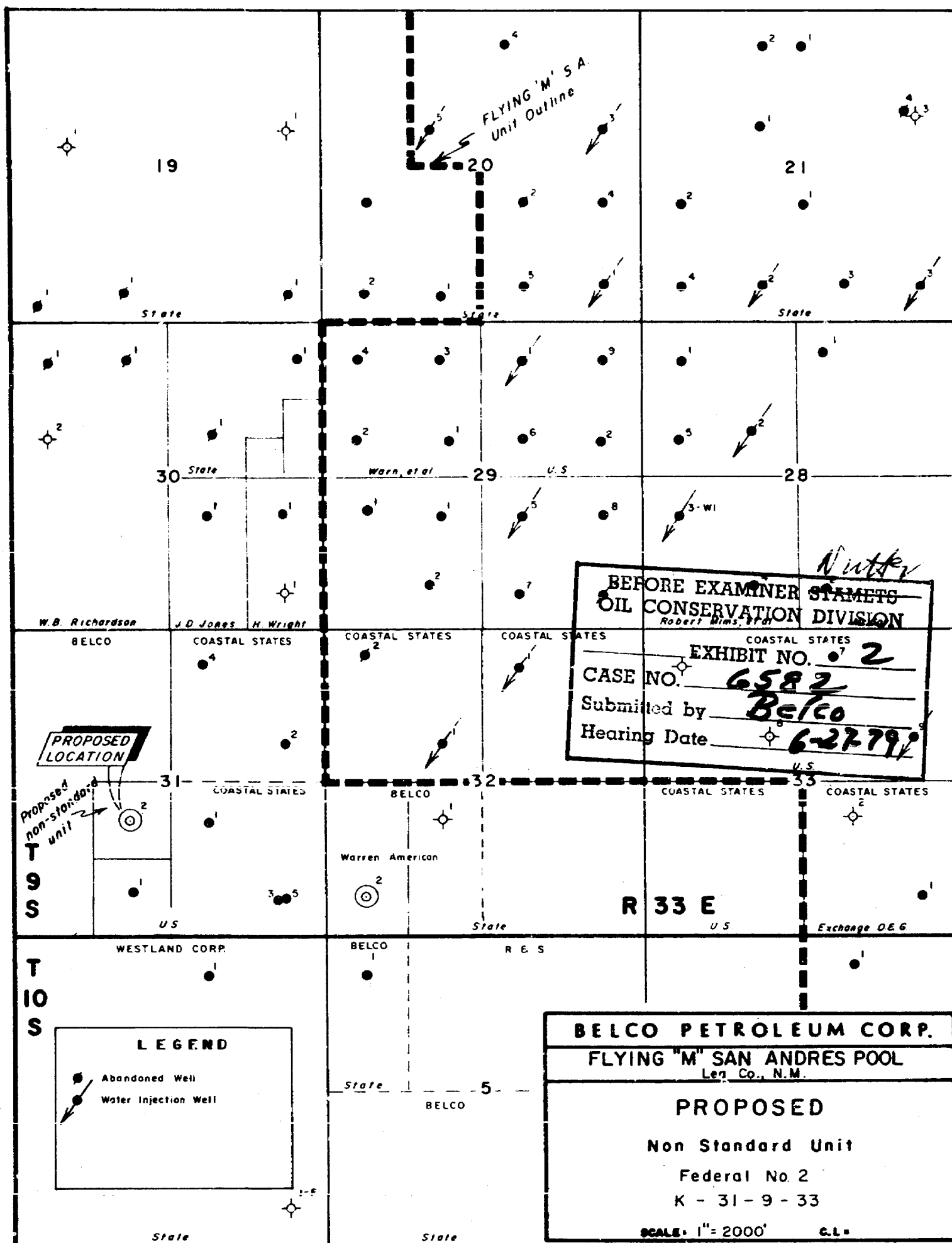
Date Surveyed \_\_\_\_\_

**GARY D. BOSWELL**

Registered Professional Engineer  
and/or Land Surveyor

*Gary D. Boswell*  
Certification No. \_\_\_\_\_

6689



10000 Old Katy Road  
Suite 100  
Houston, Texas 77055  
Telephone (713) 932-4700  
Cable BELPETEX

## Belco Petroleum Corporation

# Belco

June 19, 1979

Westland Oil Development Corporation  
P. O. Box 36389  
Houston, Texas 77036

Re: Waivers (2) for Belco Proposed  
Warren-American No. 2 well, and  
Federal 31, No. 2 well.  
Flying "M"  
San Andres Pool  
Lea County, New Mexico

Gentlemen:

Belco has applied to the New Mexico Oil Conservation Division for exception for the drilling of two wells in the Flying "M" San Andres Pool, Lea County, New Mexico.

Belco is requesting approval for an unorthodox location for the Warren American No. 2 well, SWSW 32, T9S, R33E as an exception to Rule 4 of the Flying "M" Special Rules which requires that the "first" well on a unit should be located in the SE/4 or NW/4 of a governmental 1/4 section.

In addition, Belco is requesting approval for a non-standard 40 acre Unit as an exception to Rule 2 of the Flying "M" Special Rules which require 80 acres as a "standard" unit, for Belco's Federal 31 No. 2 well in NESW 31, T9S, R33E.

We attach copies of NMOCD Form C-102 illustrating the staked locations for these wells.

We respectfully request that you, as an offsetting operator, waive any objection to Belco's applications for the above described locations. A suggested waiver form is enclosed along with a stamped addressed envelope to the NMOCD. Would you kindly sign the waiver and mail same to the NMOCD? We would certainly appreciate expeditious handling of this matter.

*Nutter*  
BEFORE EXAMINER ~~STAMPS~~  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 3 A  
CASE NO. 6582  
Submitted by Belco  
Enclosure  
Hearing Date 6-27-79

Sincerely,

BELCO PETROLEUM CORPORATION

*Lee G. Nering*  
Lee G. Nering  
Administrative Geologist

10000 Old Katy Road  
Suite 100  
Houston, Texas 77055  
Telephone (713) 932-4700  
Cable: BELPETEX

## Belco Petroleum Corporation

# Belco

June 19, 1979

Coastal States Gas Corporation  
Box 235  
Midland, Texas 79702

Attention: Elwin Clark

Re: Waivers (2) for Belco Proposed  
Warren-American No. 2 well, and  
Federal 31, No. 2 well  
Flying "M"  
San Andres Pool  
Lea County, New Mexico

Gentlemen:

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Sincerely,

BELCO PETROLEUM CORPORATION

Lee G. Nering  
Administrative Geologist

*W. H. C.*

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	<u>3 B</u>
CASE NO.	<u>6582</u>
Submitted by	<u>Belco</u>
Enclosing Date	<u>6-27-79</u>

LGN:lm  
Enclosure



PRODUCTION COMPARISON: OFFSETS TO PROPOSED BELCO FED. 31-2  
K-31-9-33  
LEA CO., N.M.

1978

WELL 31-2 P JAN FEB MAR APRIL MAY JUNE JULY AUG SEPT OCT NOV DEC YEAR-TOTAL NO. ACRES

BELCO PETROLEUM CORPORATION  
FEDERAL 31-2  
1981 95538 OIL 317 789 212 273 284 228 272 286 286 281 282 272 34100 30337  
HEAD AND 31-2 STATE 289 282 217 255 217 220 288 257 289 286 218 255 32280 26707  
10 310338 OIL CAT 217 282 217 255 217 220 288 257 289 286 218 255 32280 26707

COASTAL STATES GAS PRODUCING COMPANY

COASTAL 31-2 FEDERAL  
1981 95538 OIL 1256 1430 1043 1201 1229 1231 1237 1254 1161 1213 1167 1201 14114 127803  
CAT 210 185 150 183 185 185 187 190 177 183 184 180 224 20417  
2-31 95538 OIL 210 185 150 183 185 185 187 190 177 183 184 180 224 20417  
CAT 210 185 150 183 185 185 187 190 177 183 184 180 224 20417  
3-31 95538 OIL 254 229 220 227 229 229 230 233 217 230 220 227 224 45046  
CAT 254 229 220 227 229 229 230 233 217 230 220 227 224 45046  
4-31 95538 OIL 27 24 25 24 24 24 25 26 17 24 25 25 224 10027  
CAT 27 24 25 24 24 24 25 26 17 24 25 25 224 10027  
5-31 95538 OIL 174 157 156 171 181 180 185 186 174 185 180 186 2174 14814  
CAT 174 157 156 171 181 180 185 186 174 185 180 186 2174 14814  
6-31 95538 OIL 186 169 170 184 189 185 188 189 158 189 163 166 2017 2017  
CAT 186 169 170 184 189 185 188 189 158 189 163 166 2017 2017

WESTLAND OIL DEVELOPMENT CORP

WESTLAND 1-2 STATE  
1981 95538 OIL 212 157 215 170 92 134 187 159 160 167 166 170 20080 17837  
CAT 45 40 32 45 59 48 39 40 67 35 59 47 555 555

1979

Well	Jan.	Feb.	Mar.	Cum. to 4-1-79	1-78 through 3-79 Avg. Prod/Mo.
Belco Fed. 31-1N-31	292	254	272	31,115	283
Coastal 1-J-31	1,232	1,164	1,168	131,367	1,218
Coastal 3-P-31	263	239	248	45,797	266
Coastal 5-P-31	195	170	179	15,360	186
Coastal 4-B-31	190	174	182	19,573	185
Coastal 2-H-31	167	150	159	20,893	164
Westland 1-B-6	179	157	166	18,339	167

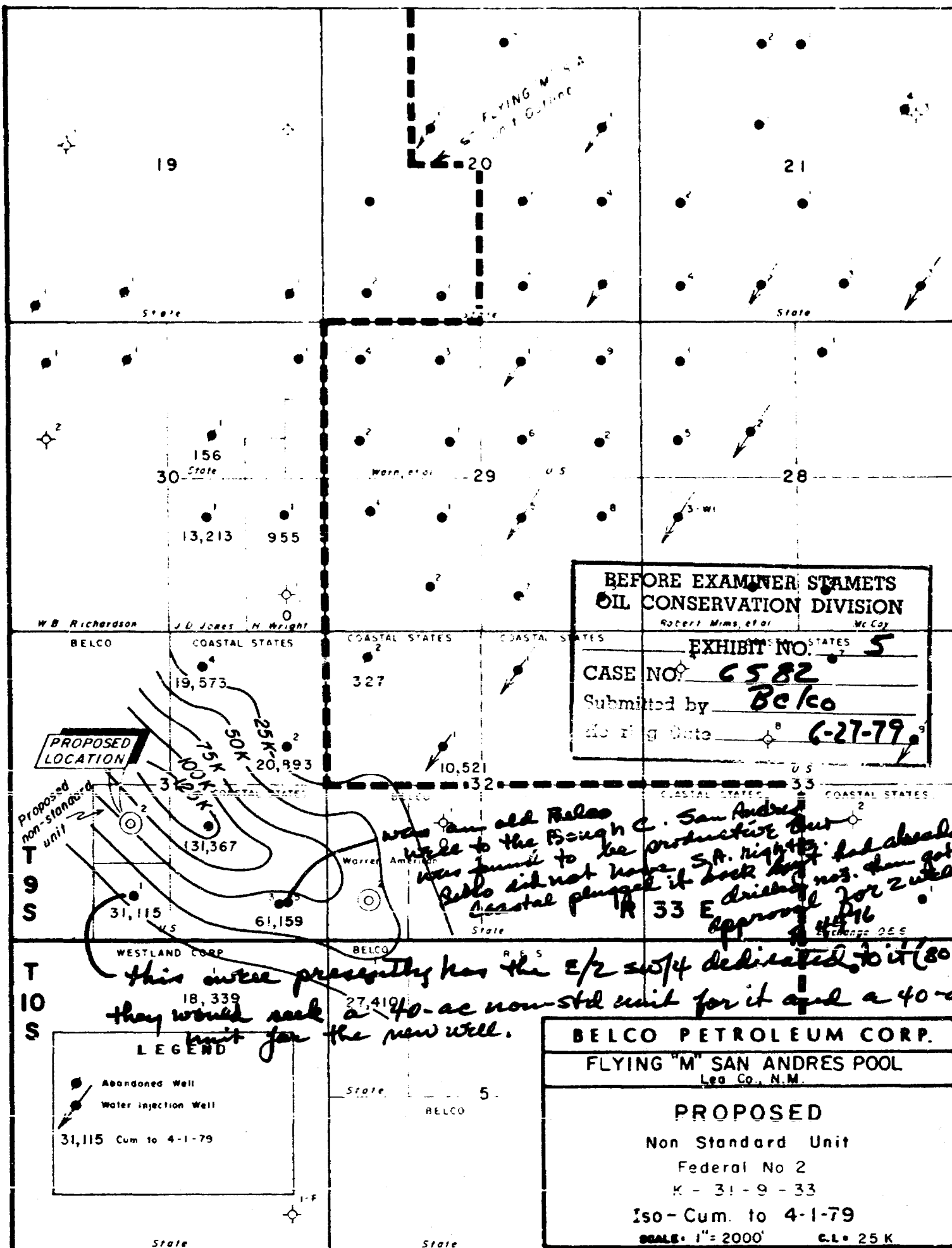
BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

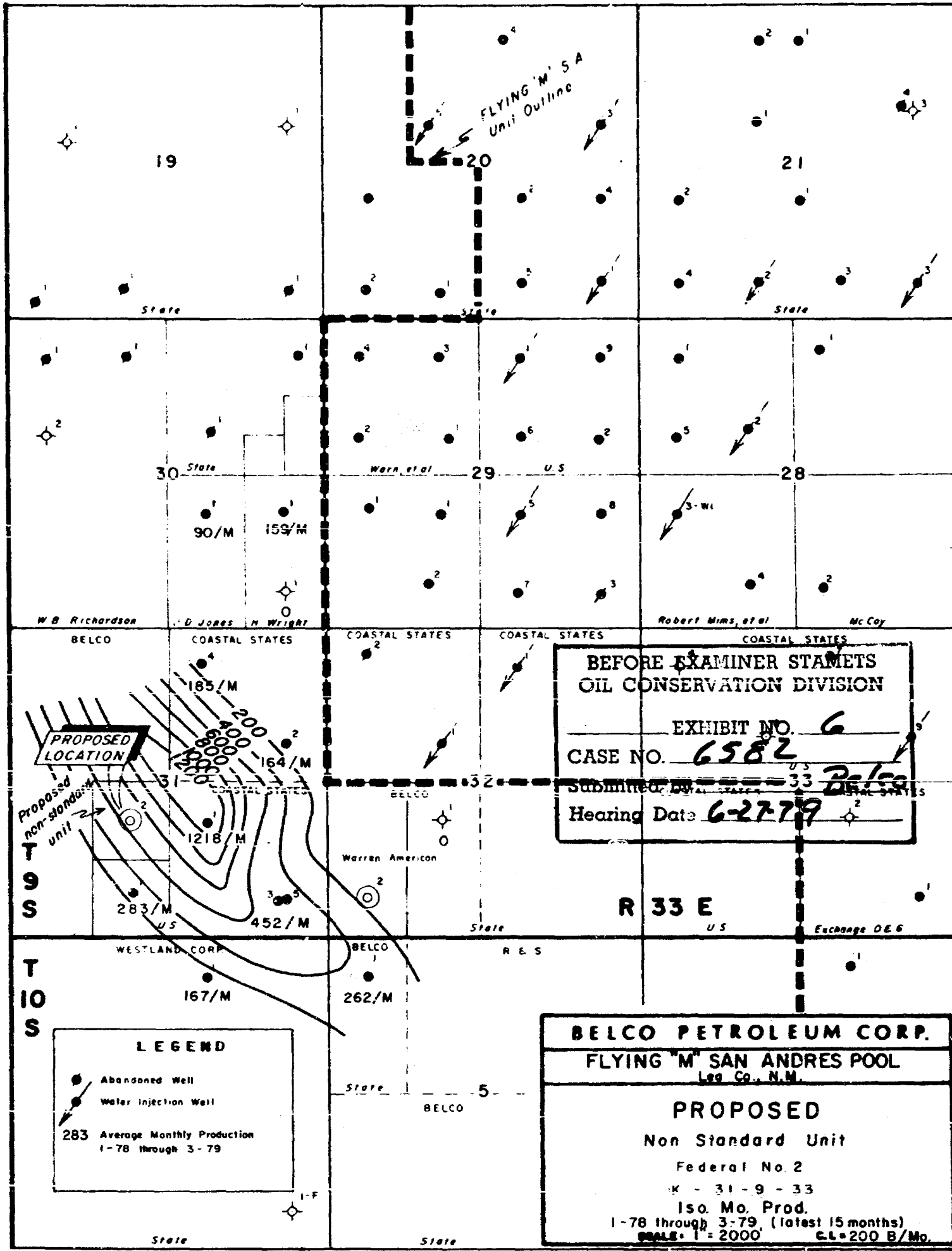
EXHIBIT NO. 4

CASE NO. 6582

Submitted by Belco

Hearing Date 6-27-79





BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 6  
CASE NO. 6582  
Submitted by BELCO  
Hearing Date 6-27-79

LEGEND  
● Abandoned Well  
● Water Injection Well  
283 Average Monthly Production  
1-78 through 3-79

BELCO PETROLEUM CORP.  
FLYING M' SAN ANDRES POOL  
Leg. Co., N.M.  
PROPOSED  
Non Standard Unit  
Federal No. 2  
K - 31 - 9 - 33  
Iso. Mo. Prod.  
1-78 through 3-79 (latest 15 months)  
SCALE: 1" = 2000' G.L. = 200 B/Mo.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4897  
Order No. R-4476

APPLICATION OF COASTAL STATES GAS  
PRODUCING COMPANY FOR AN UNORTHODOX  
LOCATION, LEA COUNTY, NEW MEXICO.

*Belco*

*7*

ORDER OF THE COMMISSION

*6582*

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 31, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of February, 1973, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Coastal States Gas Producing Company, is the owner and operator of the Gonzales Federal 31 Well No. 3 located 660 feet from the South line and 760 feet from the East line of Section 31, Township 9 South, Range 33 East, NMPM, Flying "M"-San Andres Pool, Lea County, New Mexico.

(3) That the applicant proposes to plug back and complete, in the Flying "M"-San Andres Pool, the former Belco Petroleum Corporation U. S. Coastal Well No. 1, located 660 feet from the South line and 660 feet from the East line of said Section 31 and to dedicate the E/2 of the SE/4 of the section to both wells.

(4) That the above-described wells are closer than 330 feet to each other.

(5) That the E/2 SE/4 of said Section 31 can be efficiently and economically drained and developed by said wells.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Coastal States Gas Producing Company, is hereby authorized to complete the former Belco Petroleum Corporation U. S. Coastal Well No. 1 at an unorthodox location in the Flying "M"-San Andres Pool, 660 feet from the South line and 660 feet from the East line of Section 31, Township 9 South, Range 33 East, NMFM, Lea County, New Mexico.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
OIL CONSERVATION COMMISSION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
Wednesday, January 31, 1973

EXAMINER HEARING

IN THE MATTER OF:  
Application of Coastal States  
Gas Producing Company for an  
unorthodox location, Lea  
County, New Mexico

Case No. 4897

BEFORE: Richard L. Stamets

Beleo 8  
6582

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

209 SIMAS BLDG., P.O. BOX 10929 PHONE 243-6691 ALBUQUERQUE, NEW MEXICO 87103  
1210 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 242-6681, ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

1 MR. STAMETS: The hearing will come to order, please.  
2 We will call first case 4897.

3 MR. CARR: Case 4897, Application of Coastal States  
4 Gas Producing Company for an unorthodox location, Lea County,  
5 New Mexico.

6 MR. STAMETS: Call for appearances in this case.

7 MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant, Cox  
8 and Eaton, Roswell, New Mexico, appearing on behalf of Coastal  
9 States.

10 MR. STAMETS: Are there other appearances in this  
11 case? Do you have a witness to be sworn in this case?

12 MR. HINKLE: We have one witness and four exhibits.

13 JACK McGRAW

14 was called as a witness and after being duly sworn, according  
15 to law, testified as follows:

16 MR. HINKLE: Here is the official exhibit.

17 MR. STAMETS: O. K.

18 DIRECT EXAMINATION

19 BY MR. HINKLE:

20 Q State your name, your residence, and by whom you are  
21 employed.

22 A My name is Jack McGraw. I work for Coastal States Gas  
23 Producing Company in Midland, , Texas, as Division  
24 Petroleum Engineer.

25 Q Have you previously testified before the Commission?

dearnley, meier &amp; mc cormick

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- 1 A Yes, I have.
- 2 Q Your qualifications as petroleum engineer are a matter of  
3 record with the Commission?
- 4 A Yes, they are.
- 5 Q Have you made a study of the area where the subject well  
6 is located?
- 7 A Yes, I have.
- 8 Q Are you familiar with the application of Coastal States  
9 in this case?
- 10 A Yes, sir.
- 11 Q Was this originally filed as an application for an  
12 administrative approval?
- 13 A Yes. It was.
- 14 Q What is Coastal States seeking to accomplish?
- 15 A Coastal States is seeking permission to complete a  
16 second well from the San Andres formation on a proration  
17 unit that has an existing San Andres well.
- 18 Q Have you prepared or has there been prepared under your  
19 direction certain exhibits for introduction in this  
20 case?
- 21 A Yes.
- 22 Q They have been marked one through four?
- 23 A Yes, sir.
- 24 Q Refer to Exhibit 1 and explain what this is and what it  
25 shows.



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1 A Exhibit 1 is a location plat showing the area of  
2 interest being the East half of the Southeast quarter of  
3 Section 31. This is in the vicinity of the Flying "M"  
4 San Andres Unit in Township 9 South, Range 33 East, in  
5 Lea County, New Mexico.

6 Q The outlines are shown of the Unit?

7 A The Unit boundaries are shown as the dark line. The  
8 surrounding wells outside the Unit area are indicated on  
9 this map. It also shows wells that are completed from  
10 deeper zones, and this is supposedly a land plat of the  
11 area.

12 Q Does Coastal States own the East half of the Southeast  
13 quarter of 31 which is colored in yellow?

14 A Yes, we do as to the San Andres formation.

15 Q Now, refer to Exhibit 2 and explain what that is, what it  
16 shows.

17 A Exhibit 2 is a well location and acreage dedication plat,  
18 form C-102, as filed originally by Belco Petroleum  
19 Corporation for a well to be drilled on the Bough "C"  
20 formation in the southeast quarter of the southeast  
21 quarter of Section 31. This well was drilled by Belco  
22 in, let's see, well, I don't have the exact date.

23 Q Seventy-one there is -

24 A Yes, September 15 was when the form was filed, 1971; and  
25 in the format agreement from Coastal States to Belco,

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1 Coastal States retained the rights to the San Andres  
2 formation and farmed out only rights to the  
3 Pennsylvanian formation. So, as the well was being  
4 drilled at Coastal States' expense, the San Andres  
5 formation was cored with the intent of checking its  
6 porosity and permeability in this area. The well, of  
7 course, did look favorable for a San Andres completion.  
8 However, the well was drilled on down to the Bough "C"  
9 formation and tested for several months actually, never  
10 having actually been completed as a Bough "C" producer.

11 Q It was finally abandoned as a Bough "C" producer?

12 A Yes. It was later on.

13 Q Has Coastal States acquired this well from Belco?

14 A Yes. We purchased the well at salvage value, the casing  
15 and tubing that was in the well, just recently as of  
16 November 15.

17 Q Now, refer to Exhibit 3 and explain what this shows.

18 A Exhibit 3 is a location plat, Form C-102, filed by  
19 Coastal States in February, 1972, for an area, Gonzales  
20 Federal 31, No. 3. This shows that our 31 No. 3 was  
21 drilled at a location one hundred feet west of the well  
22 drilled by Belco, and the reason that we went ahead and  
23 drilled the well is that they were, at that time we  
24 thought that they were going to make a well to complete  
25 their well in the Bough "C". And so we had already,

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- 1 based on the core information. obtained, we had already  
2 drilled 2 other wells, producers, and we had a  
3 producer on this location. So we drilled one hundred  
4 feet from their well.
- 5 Q What is the present status of this well?
- 6 A It is currently producing at the rate of about 25 to 30  
7 barrels a day.
- 8 Q Producing any water?
- 9 A Yes, sir. It produces some water.
- 10 Q Now, refer to Exhibit 4 and explain what this shows.
- 11 A Exhibit 4 is U S G S Form 9-331C, which is the application  
12 for permit to drill deeper or plug back, and this sets  
13 out our -
- 14 Q Now, this is the well that was drilled first there at the  
15 Bough "C"?
- 16 A Yes. This is Coastals' application to plug back the  
17 Belco well to the San Andres formation. It outlines the  
18 procedure that we planned to use, the plugs that we  
19 would set in plugging back the Bough "C" formation, and  
20 the casing in perforated intervals that we planned to  
21 complete in the San Andres.
- 22 Q You anticipate this will be completed as a producer  
23 comparable to your well on the same forty acres -
- 24 A Yes.
- 25 Q In the San Andres formation?

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- 1 A Yes, sir. We have received approval from the USGS  
2 with one amendment, and that was that cement plugs to be  
3 a minimum of one hundred feet in length or twenty-five  
4 sacks, and they requested that we place a national one  
5 hundred foot cement plug at 4500 to 5000.
- 6 Q Which meant then that you have cemented?
- 7 A That's right.
- 8 Q Are you requesting any additional allowable because of  
9 the two wells being located on this forty acres?
- 10 A No, sir. We would be quite happy if the two together  
11 would make the allowable that we already have for this  
12 forty, eighty acre location.
- 13 Q Your first well is not capable of making the allowable  
14 at the present time?
- 15 A No, sir. It was potentialled for 114 barrels a day, but  
16 it has declined and now produces in the neighborhood of  
17 25 to 30 barrels a day. We anticipate the new well will  
18 probably make 35 to 40 barrels a day for some time and  
19 then level off at 25 to 30, but since it is a very  
20 economical way to make a San Andres completion, we feel  
21 that it will be, make an economic success.
- 22 Q In your opinion, the recompletion of this well will be  
23 in the interest of conservation and prevention of waste?
- 24 A Yes, sir.
- 25 Q It will not tend to violate correlative rights in any

dearnley, meier & mc cormick

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1 way?

2 A No, sir.

3 MR. HINKLE: We'd like to offer Exhibits 1 through 4.

4 MR. STAMETS: Without objection, Exhibits 1 through  
5 4 will be admitted into evidence. Are there questions of the  
6 witness?

7 MR. HINKLE: That's all we have.

8 MR. STAMETS: Let the record show that the witness  
9 is qualified in this particular case to testify.

10 CROSS EXAMINATION

11 BY MR. STAMETS

12 Q Mr. McGraw, what is the spacing in this particular  
13 field?

14 A The Flying "M" San Andres Field has 80 acre spacing,  
15 and this is, of course, within a mile of the field and  
16 has been placed in the Flying "M" San Andres field.

17 Q So everything that you have colored in yellow on your  
18 Exhibit No. 1 will be dedicated to both of these wells?

19 A Yes, sir. This is true.

20 Q And both wells are located in standard locations. The  
21 only problem is that they are just too close to one  
22 another?

23 A Too close together. Yes, sir.

24 MR. STAMETS: Are there other questions of the  
25 witness? If not, he may be excused. Any further testimony

1 or statements in this case? The case will be taken under  
2 advisement.

3  
4 STATE OF NEW MEXICO )  
5 ) ss  
6 COUNTY OF BERNALILLO)

7 I, JANET RUSSELL, a Notary Public, in and for the  
8 County of Bernalillo, State of New Mexico do hereby certify  
9 that the foregoing and attached Transcript of Hearing before  
10 the New Mexico Oil Conservation Commission was reported by  
11 me; and that the same is a true and correct record of the  
12 said proceedings to the best of my knowledge, skill and  
13 ability.

14 *Janet Russell*  
15 NOTARY PUBLIC

16  
17  
18  
19  
20  
21  
22  
23 I do hereby certify that the foregoing is  
24 a complete record of the proceedings in  
25 the Examiner hearing of Case No. 4897  
heard by me on January 31, 19 73.  
*Richard L. Ham*, Examiner  
New Mexico Oil Conservation Commission

dearnley, meier & mc cormick

208 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6881, ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87102

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-85

All distances must be from the outer boundaries of the Section

Operator <b>BELCO PETROLEUM COMPANY</b>		Lease <b>FEDERAL 31</b>		Well No. <b>2</b>
Unit Letter	Section <b>31</b>	Township <b>9-S</b>	Range <b>33-E</b>	County <b>LEA COUNTY, NEW MEXICO</b>
Actual Footage Location of Well:				
1980' feet from the <b>SOUTH</b> line and		1980' feet from the <b>WEST</b> line		
Ground Level Elev. <b>4243'</b>	Producing Formation <b>San Andres</b>	Pool <b>Allying M-San Andres</b>	Dedicated Acreage: <b>40</b> 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 \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

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

**CERTIFICATION**

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

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Date \_\_\_\_\_

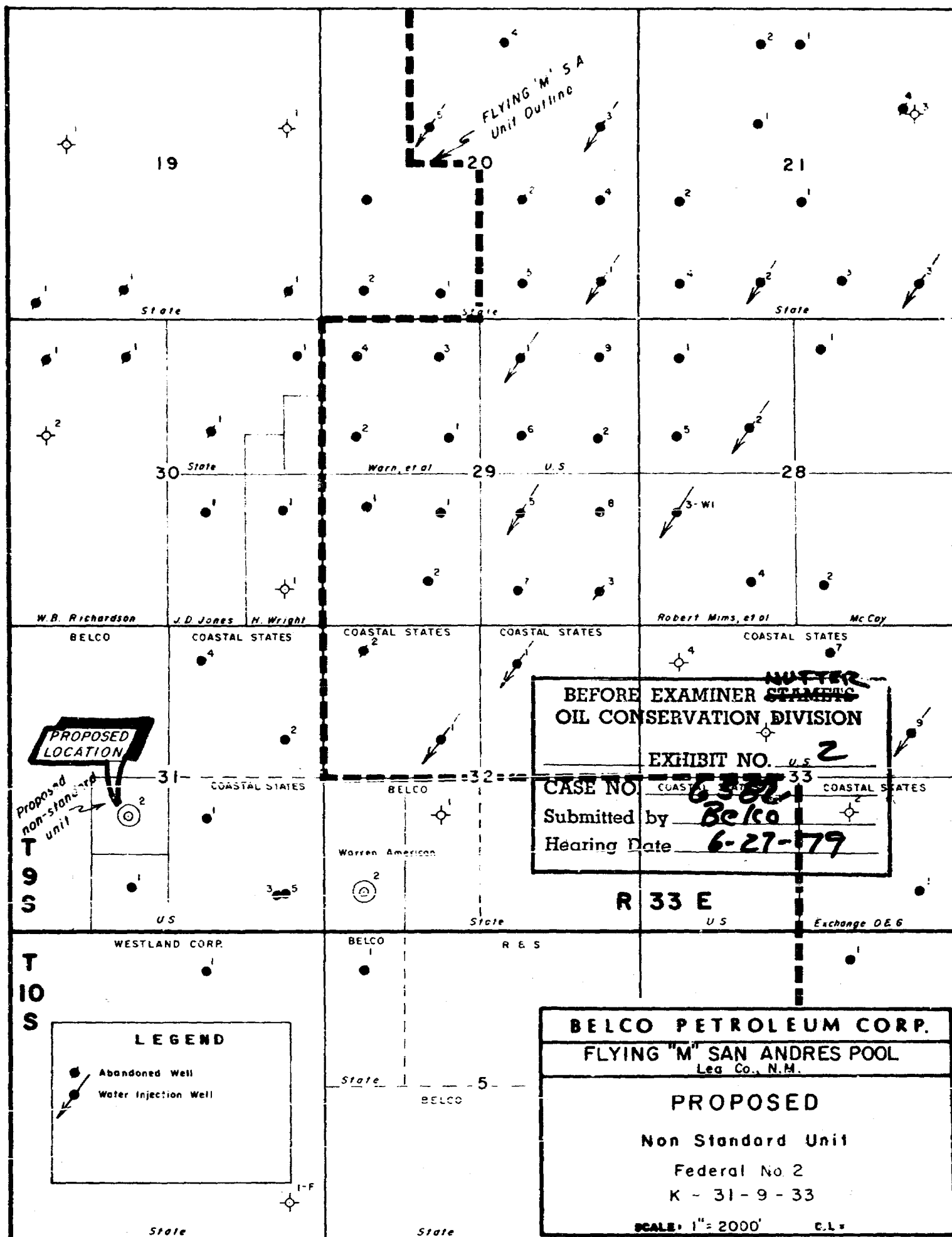
I hereby certify that the well location shown on this plat was obtained from field notes of a survey conducted by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

**STATE OF NEW MEXICO**  
**GARY D. BOSWELL**  
**NO. 6689**  
**JUN 25, 1979**  
**REGISTERED LAND SURVEYOR**

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

**GARY D. BOSWELL**  
Registered Professional Engineer  
and/or Land Surveyor

*Gary D. Boswell*  
Certification No. **6689**





10000 Old Katy Road  
Suite 100  
Houston, Texas 77055  
Telephone (713) 932-4700  
Cable: BELPETEX

## Belco Petroleum Corporation

# Belco

June 19, 1979

Westland Oil Development Corporation  
P. O. Box 36389  
Houston, Texas 77036

Re: Waivers (2) for Belco Proposed  
Warren-American No. 2 well, and  
Federal 31, No. 2 well.  
Flying "M"  
San Andres Pool  
Lea County, New Mexico

Gentlemen:

Belco has applied to the New Mexico Oil Conservation Division for exception for the drilling of two wells in the Flying "M" San Andres Pool, Lea County, New Mexico.

Belco is requesting approval for an unorthodox location for the Warren American No. 2 well, SWSW 32, T9S, R33E as an exception to Rule 4 of the Flying "M" Special Rules which requires that the "first" well on a unit should be located in the SE/4 or NW/4 of a governmental 1/4 section.

In addition, Belco is requesting approval for a non-standard 40 acre Unit as an exception to Rule 2 of the Flying "M" Special Rules which require 80 acres as a "standard" unit, for Belco's Federal 31 No. 2 well in NESW 31, T9S, R33E.

We attach copies of NMOCD Form C-102 illustrating the staked locations for these wells.

We respectfully request that you, as an offsetting operator, waive any objection to Belco's applications for the above described locations. A suggested waiver form is enclosed along with a stamped addressed envelope to the NMOCD. Would you kindly sign the waiver and mail same to the NMOCD? We would certainly appreciate expeditious handling of this matter.

BEFORE EXAMINER <del>STAMETS</del> <sup>NUTTER</sup>	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	3-A
CASE NO.	6582
Submitted by	Belco
Enclosure	
Heating Date	6-27-79

Sincerely,

BELCO PETROLEUM CORPORATION

*Lee G. Nering*  
Lee G. Nering  
Administrative Geologist

10000 Old Katy Road  
Suite 100  
Houston, Texas 77055  
Telephone (713) 932-4700  
Cable: BELPETEX

## Belco Petroleum Corporation

# Belco

June 19, 1979

Coastal States Gas Corporation  
Box 235  
Midland, Texas 79702

Attention: Elwin Clark

Re: Waivers (2) for Belco Proposed  
Warren-American No. 2 well, and  
Federal 31, No. 2 well  
Flying "M"  
San Andres Pool  
Lea County, New Mexico

Gentlemen:

Belco has applied to the New Mexico Oil Conservation Division for exception for the drilling of two wells in the Flying "M" San Andres Pool, Lea County, New Mexico.

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In addition, Belco is requesting approval for a non-standard 40 acre Unit as an exception to Rule 2 of the Flying "M" Special Rules which require 80 acres as a "standard" unit for Belco's Federal 31 No. 2 well in NESW 31, T9S, R33E.

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**NUTTER**  
BEFORE EXAMINER **STAMETS**  
OIL CONSERVATION DIVISION

EXHIBIT NO. **3-B**

CASE NO. **6582**

Submitted by **Belco**

Receiving Date **6-27-79**

Sincerely,

BELCO PETROLEUM CORPORATION

*Lee C. Nering*  
Lee C. Nering  
Administrative Geologist

PRODUCTION COMPARISON: OFFSETS TO PROPOSED BELCO FED. 31-2  
K-31-9-33  
LEA CO., N.M.

1978  
JAN FEB MAR APRIL MAY JUNE JULY AUG SEPT OCT NOV DEC

BELCO PETROLEUM CORPORATION FEDERAL 31 1N31 9523E OIL	317	289	312	273	287	290	275	286	286	283	283	278	3430P	30317
HEAD AND STEVENSON STATE 1D 510533E OIL	289	282	317	303	317	254	288	317	269	264	218	238	3276P	24707

COASTAL STATES GAS PRODUCING COMPANY

COASTAL 31 1105-01 1J31 9523E OIL	1256	1430	1043	1201	1229	1231	1237	1231	1161	1213	1167	1207	14711P	127403
2H31 9523E OIL	210	185	150	183	189	185	181	190	177	196	184	190	2785P	
3P31 9523E OIL	193	200	143	163	164	165	167	167	152	163	153	160	1985P	20417
4B31 9523E OIL	254	229	230	222	229	224	230	233	217	230	220	227	3147P	
5B31 9523E OIL	268	302	226	279	284	284	286	280	264	258	245	255	3251P	45045
6B31 9523E OIL	27	24	25	24	24	24	25	26	13	13	12	13	31	
7B31 9523E OIL	118	194	138	191	193	193	196	190	179	192	181	189	2724P	31027
8B31 9523E OIL	174	157	155	174	181	180	185	186	174	186	180	186	36	
9B31 9523E OIL	196	204	146	191	192	192	195	186	178	180	180	186	2124P	14816
10B31 9523E OIL	186	168	170	164	169	165	168	169	158	169	163	166	2017	

WESTLAND OIL DEVELOPMENT CORP

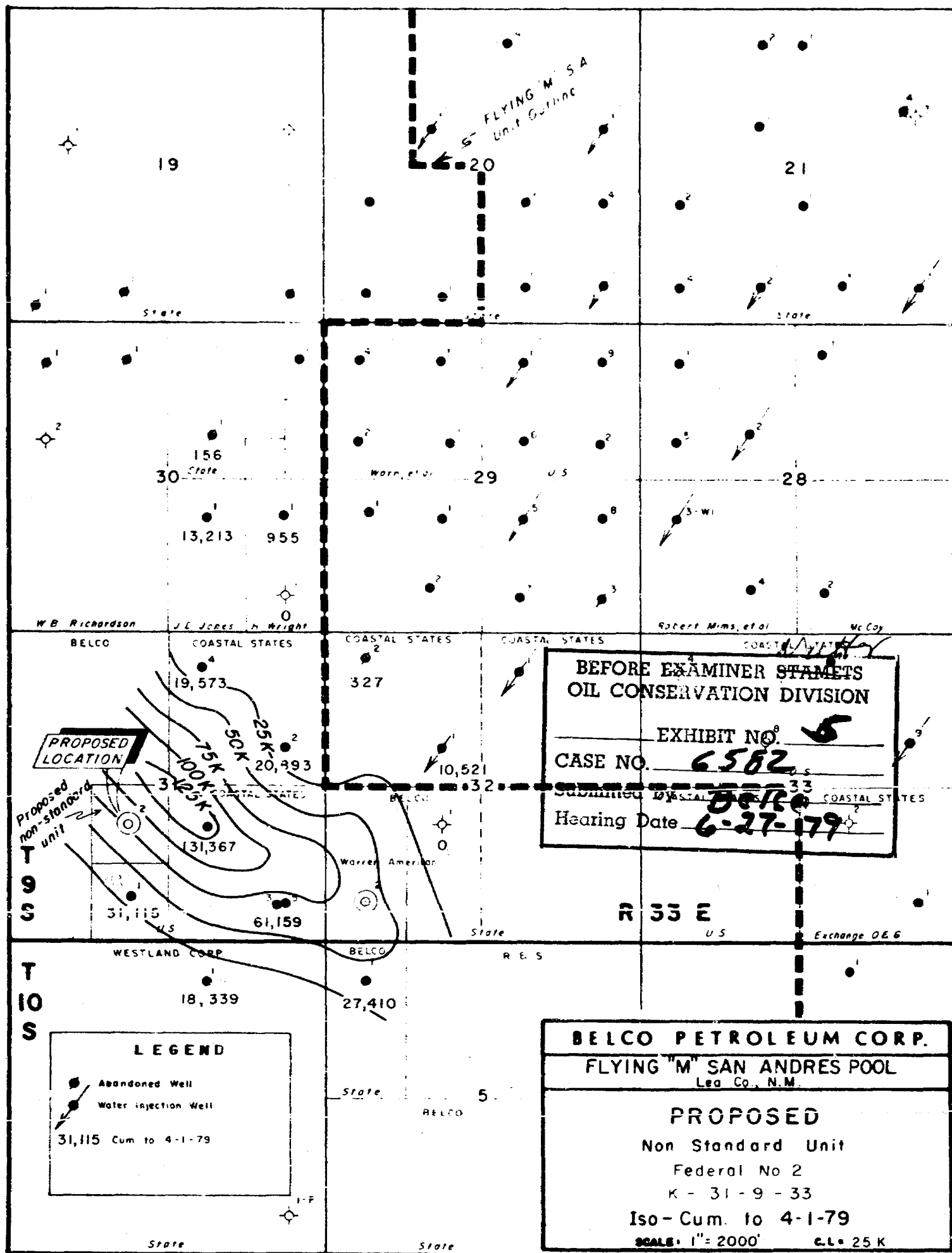
WESTLAND 1-B-6 1B 510533E OIL	212	157	214	170	92	134	167	159	160	167	266	170	2008P	17837
	45	40	52	45	59	48	39	49	67	35	39	47	565	

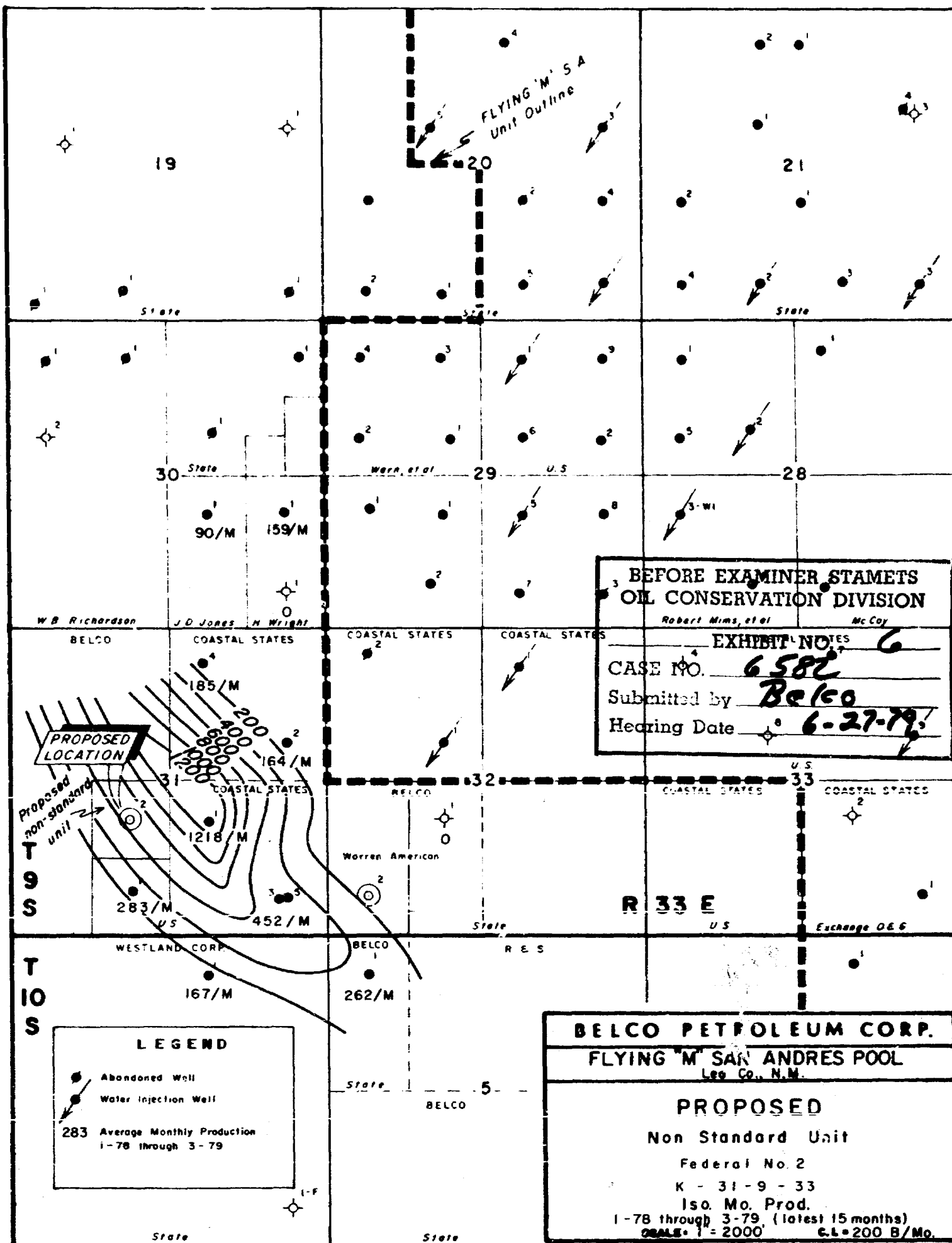
1979

Well	Jan.	Feb.	Mar.	Cum. to 4-1-79	1-78 through 3-79 Avg. Prod/Mo.
Belco Fed. 31-1N-31	292	254	272	31,115	283
Coastal 1-J-31	1,232	1,164	1,168	131,367	1,218
Coastal 3-P-31	263	239	248	45,797	266
Coastal 5-P-31	195	170	179	15,360	186
Coastal 4-B-31	190	174	182	19,573	185
Coastal 2-H-31	167	150	159	20,893	164
Westland 1-B-6	179	157	166	18,339	167

BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

EXHIBIT NO. 4  
CASE NO. 6582  
Submitted by Belco  
Hearing Date 6-27-79





Dockets Nos. 25-79 and 26-79 are tentatively set for hearing on July 11 and 25, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 27, 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 6545: (Continued from May 23, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace, Travelers Indemnity Company, and all other interested parties to appear and show cause why the Kuklah Baby Well No. 1 located in Unit G of Section 24, Township 22 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6549: (Continued from May 23, 1979, Examiner Hearing)

Application of Gulf Oil Corporation for pool creation, discovery allowable, and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new Bone Springs oil pool for its Lea "YH" State Well No. 1 located in Unit O of Section 25, Township 18 South, Range 34 East. Applicant also seeks a discovery allowable and promulgation of special pool rules, including a provision for 80-acre spacing.

CASE 6563: (Continued from June 13, 1979, Examiner Hearing)

Application of Roy L. McKay for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for his North Woolworth Ranch Unit Area, comprising 1,280 acres, more or less, of State lands in Township 23 South, Range 35 East.

CASE 6548: (Continued from May 23, 1979, Examiner Hearing)

Application of John F. Staver for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Dakota formation through the open hole interval from 1408 feet to 1412 feet in his Table Mesa Well No. 22 located in Unit N and from 1394 feet to 1400 feet in his Table Mesa Well No. 23 located in Unit O, both in Section 34, Township 28 North, Range 17 West, Table Mesa-Dakota Oil Pool.

CASE 6576: Application of Bass Enterprises Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Townsend Unit Area, comprising 320 acres, more or less, of State lands in Township 15 South, Range 34 East.

CASE 6577: Application of Oil Processing for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NE/4 SE/4 of Section 8, Township 20 South, Range 37 East.

CASE 6578: Application of Mesa Petroleum Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 28, Township 17 South, Range 27 East, to be dedicated to a well to be drilled in Unit G of said Section 28. 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 6579: Application of R. N. Hillin for an unorthodox well location and approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of a Morrow gas well at an unorthodox location 800 feet from the South line and 2000 feet from the East line of Section 34, Township 19 South, Range 28 East, is necessary to effectively and efficiently drain that portion of the E/2 of said Section 34 which cannot be so drained by the existing well.

CASE 6580: Application of Continental Oil Company for a carbon dioxide injection project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a pilot carbon dioxide injection project in the Grayburg-San Andres formation in Units H and I of Section 20, Township 17 South, Range 32 East, Maljamar Pool, for tertiary recovery purposes.

CASE 6581: Application of Belco Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Warren-American State Well No. 2 660 feet from the South and West lines of Section 32, Township 9 South, Range 33 East, Flying "M"-San Andres Pool, the W/2 SW/4 of said Section 32 to be dedicated to the well.

CASE 6582: Application of Belco Petroleum Corporation for a non-standard proration unit and unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 40-acre non-standard proration unit comprising the NE/4 SW/4 of Section 31, Township 9 South, Range 33 East, Flying "M"-San Andres Pool, to be dedicated to its Federal 31 Well No. 2 to be drilled at an unorthodox location 1980 feet from the South and West lines of said section.

KELLAHIN and KELLAHIN

*Attorneys at Law*

500 Don Gaspar Avenue

Post Office Box 1769

Santa Fe, New Mexico 87501

Telephone 982-4285

Area Code 505

Jason Kellahin  
W. Thomas Kellahin  
Karen Aubrey

June 7, 1979

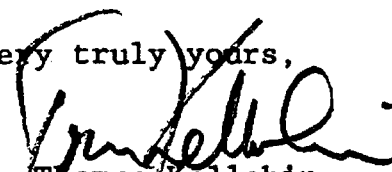
Mr. Joe Ramey  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Belco Petroleum Corporation

Dear Joe:

Please set the enclosed two applications for hearing  
on June 27, 1979.

Very truly yours,



W. Thomas Kellahin

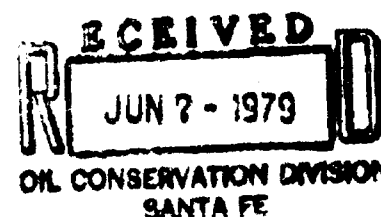
CC: Mr. Lee Nering

WTK:kfm

Enclosures



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



IN THE MATTER OF THE APPLICATION  
OF BELCO PETROLEUM CORPORATION  
FOR A NON-STANDARD PRORATION  
UNIT, LEA COUNTY, NEW MEXICO

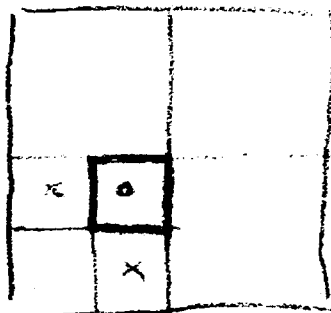
Case 6582

A P P L I C A T I O N

COMES NOW BELCO PETROLEUM CORPORATION, by and through its attorneys, and applies to the Oil Conservation Division of New Mexico for approval of a non-standard proration unit for its Federal 31 No 2 well to be located 1980 feet from the South and West lines of Section 31, T9S, R33E, NMPM, Flying "M" San Andres Pool, Lea County, New Mexico and in support thereof would show:

1. Applicant has the right to drill and develop the NE/4SW/4 of said Section 31 and proposes to dedicate said 40 acres to the subject well.
2. The Special Rules for the Flying "M" San Andres Pool provide for an 80 acre proration unit.
3. The proposed location 1980 feet from the South and West lines of Section 31 will be located in the NE/4SW/4 of said section and is a standard location. *no dev*
4. That approval of this application is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE Applicant requests that this matter be set for hearing before the Division's Examiner and that after notice and hearing, an order be entered approving the application as requested.

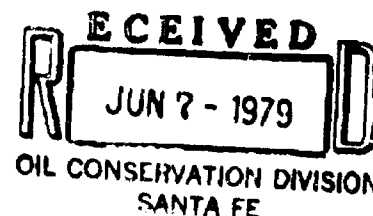


Respectfully submitted  
BELCO PETROLEUM CORPORATION

By   
Kellahin & Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

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



IN THE MATTER OF THE APPLICATION  
OF BELCO PETROLEUM CORPORATION  
FOR A NON-STANDARD PRORATION  
UNIT, LEA COUNTY, NEW MEXICO

Case 6582

A P P L I C A T I O N

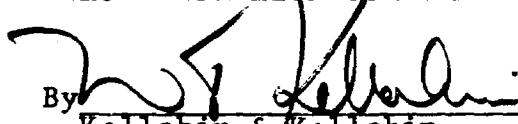
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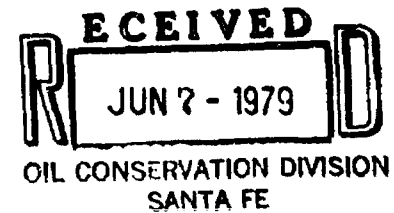
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Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

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



IN THE MATTER OF THE APPLICATION  
OF BELCO PETROLEUM CORPORATION  
FOR A NON-STANDARD PRORATION  
UNIT, LEA COUNTY, NEW MEXICO

Case 6582

A P P L I C A T I O N


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Respectfully submitted  
BELCO PETROLEUM CORPORATION

By

  
Kellahin & Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

dr/

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

CASE NO. 6582

Order No. R- 6049

APPLICATION OF BELCO PETROLEUM  
CORPORATION FOR A NON-STANDARD PRORATION  
UNIT AND UNORTHODOX OIL WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 27,  
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of July, 1979, the Division  
Director, having considered the record and the recommendations of  
the Examiner, and being fully advised in the premises,

FINDS:

That approval of this matter can be granted without  
necessity of a hearing and the case should be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 6582 is hereby dismissed.

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