

Case NO.

6587

Application

Transcripts

Small Exhibits

ETC.



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

September 12, 1979

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

Mr. Damon Weems  
Attorney at Law  
2901 East 20th  
Farmington, New Mexico 87401

Re: CASE NO. 6587  
ORDER NO. R-6090

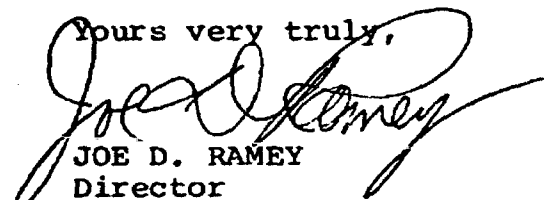
Applicant:

Caribou Four Corners, 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 OCD X  
Artesia OCD X  
Aztec OCD 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. 6587  
Order No. R-6090

APPLICATION OF CARIBOU FOUR CORNERS,  
INC., FOR THREE UNORTHODOX WELL  
LOCATIONS, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 11 and August 8, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of September, 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, Caribou Four Corners, Inc., seeks approval for the unorthodox locations of the following wells in the Cha Cha-Gallup Oil Pool:

Kirtland Wells Nos. 3 and 4 to be located 730 feet from the North line and 2250 feet from the East line and 1450 feet from the North line and 595 feet from the West line, respectively, of Section 18, Township 29 North, Range 14 West; and

Kirtland Well No. 2 to be located 260 feet from the North line and 2100 feet from the East line of Section 13, Township 29 North, Range 15 West, NMPM, all in San Juan County, New Mexico.

(3) That said unorthodox locations are necessitated due to topographical conditions.

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Case No. 6587  
Order No. R-6090

(4) That no offset operator objected to the proposed unorthodox locations.

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

IT IS THEREFORE ORDERED:

(1) That three unorthodox well locations for the following wells in the Cha Cha-Gallup Oil Pool are hereby approved:

Kirtland Wells Nos. 3 and 4 located 730 feet from the North line and 2250 feet from the East line and 1450 feet from the North line and 595 feet from the West line, respectively, of Section 18, Township 29 North, Range 14 West; and

Kirtland Well No. 2 located 260 feet from the North line and 2100 feet from the East line of Section 13, Township 29 North, Range 15 West, NMPM, all in San Juan County, New Mexico.

(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

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Caribou Four Corners, ) CASE  
Inc., for an unorthodox well loca- ) 6587  
tion, San Juan County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (606) 471-4462  
Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case 6587.

2 MR. PADILLA: Application of Caribou Four  
3 Corners, Inc., for an unorthodox well location, San Juan  
4 County, New Mexico.

5 MR. STAMETS: This case has previously  
6 been heard. It was continued and re-advertised for cor-  
7 recting the well location.

8 Is there any additional testimony in this  
9 case today?

10 There being none, the record in the pre-  
11 vious day's hearing will be the official record in this  
12 case, and the case is taken under advisement.

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14 (Hearing concluded.)  
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SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
1030 Plaza Blanca (SOS) 471-4493  
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 my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.  
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. 6582 heard by me on 8-8 1979.  
Richard L. Hamlett, Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (S.B.) 471-9462  
Santa Fe, New Mexico 87501

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Caribou Four Corners, ) CASE  
Inc., for an unorthodox well loca- ) 6587  
tion, San Juan County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

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



1 MR. STAMETS: We'll call next Case 6587.

2 MR. PADILLA: Application of Caribou Four  
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8 Is there any additional testimony in this  
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10 There being none, the record in the pre-  
11 vious day's hearing will be the official record in this  
12 case, and the case is taken under advisement.

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14 (Hearing concluded.)  
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SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3028 Plaza Blanca (985) 471-4482  
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 my notes taken 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. \_\_\_\_\_ heard by me on \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

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

Dockets Nos. 32-79 and 33-79 are tentatively set for hearing on August 22 and September 5, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - AUGUST 7, 1979

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

CASE 6592: (Continued from July 25, 1979, Examiner Hearing)

Application of Grace Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9, 10, 15, and 16 and the SE/4 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 6612: Application of Gulf Oil Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9 thru 16 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 6555: (DE NOVO)

Application of Jake L. Hamon for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 660 feet from the North line and 560 feet from the East line of Section 30, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, all of said Section 30 to be dedicated to the well.

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

CASE 6596: (Continued from July 24, 1979, Commission Hearing)

Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Upper Pennsylvanian gas pool to be designated as the Southeast Indian Basin-Upper Pennsylvanian Gas Pool for its Southeast Indian Basin Well No. 1 located in Unit A of Section 23, Township 22 South, Range 23 East, and special pool rules therefor including 320-acre gas well spacing.

CASE 6597: (Continued from July 24, 1979, Commission Hearing)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Southeast Indian Basin Well No. 2, an Upper Pennsylvanian well to be drilled 660 feet from the North and West lines of Section 24, Township 22 South, Range 23 East, with the N/2 or all of said Section 24 to be dedicated to the well, depending on the outcome of Case No. 6596.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 8, 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 6613: Application of Grace Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Smith Ranch Unit Area, comprising 1,600 acres, more or less, of State and federal lands in Township 20 South, Range 33 East.
- CASE 6602: (Continued from July 25, 1979, Examiner Hearing)
- Application of Tenneco Oil Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 33 C No. 2 Well 1010 feet from the North line and 1710 feet from the West line of Section 33, Township 17 South, Range 29 East, South Empire-Wolfcamp Pool, the E/2 NW/4 of said Section 33 to be dedicated to the well.
- CASE 6611: (Continued from July 25, 1979, Examiner Hearing)
- Application of Cabot Corp. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the disposal of produced salt water in the Devonian formation through the perforated interval from 12,156 feet to 12,574 feet in its Reed Well No. 1 located in Unit H of Section 35, Township 13 South, Range 37 East, King Field.
- CASE 6614: Application of Texaco Inc. for the amendment of Order No. R-4442, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4442 to remove the top unit allowable restriction from producing wells in the Vacuum Grayburg San Andres Unit which are offset by "lease line" injection wells.
- CASE 6615: Application of Southland Royalty Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Kutz-Gallup and Basin-Dakota production in the wellbore of its Frontier "E" Well No. 1 located in Unit O of Section 4, Township 27 North, Range 11 West.
- CASE 6616: Application of Watson Treating Plant for an oil treating plant permit, Roosevelt 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 SE/4 NW/4 of Section 34, Township 8 South, Range 35 East.
- CASE 6617: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Otero-Gallup production in the wellbore of its Jicarilla 67 Well No. 10 located in Unit M of Section 30, Township 25 North, Range 5 West.
- CASE 6618: Application of Harvey E. Yates Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Yates gas pool for its DEPCO Federal Well No. 1 located in Unit D of Section 19, Township 18 South, Range 29 East, and special rules therefor, including 80-acre gas well spacing.
- CASE 6619: Application of Harvey E. Yates Company for an unorthodox well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 62.75-acre non-standard Yates gas proration unit comprising Lots 1 and 2 of Section 19, Township 18 South, Range 29 East, to be dedicated to its DEPCO Federal Well No. 1 drilled 330 feet from the North line and 660 feet from the West line of said Section 19.
- CASE 6620: Application of Harvey E. Yates Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Austin Monteith Well No. 1 located in Unit K of Section 8, Township 14 South, Range 36 East.
- CASE 6621: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the S/2 of Section 4, Township 18 South, Range 29 East, 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. (This case will be dismissed.)

CASE 6601: (Continued from July 25, 1979, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the E/2 of Section 8, Township 14 South, Range 36 East, 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 6622: Application of Adams Exploration Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 15, Township 24 South, Range 28 East, 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 6623: Application of Penroc Oil Corporation for approval of infill drilling and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the recompletion in the Morrow formation of its Dero "A" Federal Well No. 1 located in Unit N of Section 35, Township 19 South, Range 28 East, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6624: Application of Belco Petroleum Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of a well to be located in Unit K of Section 31, Township 9 South, Range 33 East, Flying "M"-San Andres Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6625: Application of Newbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be located 660 feet from the North line and 1315 feet from the East line of Section 30, Township 20 South, Range 27 East, the E/2 of said Section 30 to be dedicated to the well.

CASE 6603: (Continued from July 25, 1979, Examiner Hearing)

Application of Conoco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Penrose Skelly and Eumont production in the wellbore of its Hawk B-1 Well No. 12 located in Unit O of Section 8, Township 21 South, Range 37 East.

CASE 6587: (Continued and Readvertised)

Application of Caribou Four Corners, Inc., for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Kirtland Well No. 4 located 1450 feet from the North line and 595 feet from the West line of Section 18, Township 29 North, Range 14 West.

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Docket No. 31-79

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 15, 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:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for September, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for September, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Dockets Nos. 27-79 and 28-79 are tentatively set for hearing on July 25 and August 8, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 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 6583:** Application of Amoco Production Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of B.S. Mesa-Gallup and Basin Dakota production in the wellbore of its Jicarilla Apache 102 Well No. 13 located in Unit B of Section 10, Township 26 North, Range 4 West.
- CASE 6584:** Application of Texas Oil & Gas Corp. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Shugart State Com. Well No. 2 660 feet from the South line and 1930 feet from the East line of Section 16, Township 18 South, Range 31 East, to test the Wolfcamp through Mississippian formations, the E/2 of said Section 16 to be dedicated to the well.
- CASE 6574:** (Continued from June 13, 1979, Examiner Hearing)
- Application of Texas Oil & Gas Corp. for an unorthodox gas well location and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Morrow formations underlying the E/2 of Section 6, Township 17 South, Range 35 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of said Section 6. 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 6563:** (Continued from June 27, 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 6585:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Fruitland and West Kutz-Pictured Cliffs production in the wellbores of its Paul Wells Nos. 1 and 2 located in Units G and C of Section 19, Township 27 North, Range 11 West.
- CASE 6586:** Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Conner-Fruitland and undesignated Pictured Cliffs production in the wellbores of the following wells: Big Field Well No. 2 in Unit C of Section 3; Big Field Well No. 5 in Unit P of Section 10; Dinero Well No. 1 in Unit H of Section 13; and Molly Pitcher Well No. 2 in Unit H of Section 14, all in Township 30 North, Range 14 West.
- CASE 6587:** Application of Caribou Four Corners, Inc., for three unorthodox well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following wells in the Cha Cha-Gallup Pool: Kirtland Wells Nos. 3 and 4 located 730 feet from the North line and 2250 feet from the East line and 1450 feet from the North line and 595 feet from the East line, respectively, of Section 18, Township 29 North, Range 14 West; and Kirtland Well No. 2 260 feet from the North line and 2100 feet from the East line of Section 13, Township 29 North, Range 15 West.
- CASE 6588:** Application of Caribou Four Corners, Inc., for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 64.32-acre non-standard oil proration unit comprising the NW/4 NW/4 and that part of Lot 5 lying north of the San Juan River, all in Section 18, Township 29 North, Range 14 West, Cha Cha-Gallup Oil Pool.
- CASE 6589:** Application of Atlantic Richfield Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "BV" No. 2 Well 2109 feet from the North line and 1778 feet from the West line of Section 25, Township 17 South, Range 28 East, to test the Morrow formation, the N/2 of said Section 25 to be dedicated to the well.

CASE 6590: Application of Grace Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9, 10, 15, and 16 and the SE/4 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 6591: Application of Exxon Corporation for vertical pool limit redefinition, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the vertical limits of the Langlie Mattix Pool to include the lowermost 165 feet of the Seven Rivers formation and the concomitant contraction of the vertical limits of the Jalmat Gas Pool underlying the NE/4 of Section 2, Township 24 South, Range 36 East.

CASE 6592: Application of Maddox Energy Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Malaga Well No. 1 located in Unit G of Section 3, Township 24 South, Range 28 East, to produce gas from the Atoka and Morrow formations through parallel strings of tubing.

CASE 6593: Application of Dyco Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the San Andres, Glorieta and Tubb formations in the open-hole interval from 4894 feet to 8725 feet in its C. S. Stone Well No. 3 located in Unit F of Section 22, Township 15 South, Range 38 East, Medicine Rock-Devonian Pool.

CASE 6594: Application of Flag-Redfern Oil Co. for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine in an unlined surface pit located in Unit K, Section 2, Township 19 South, Range 31 East, Shugart Field.

CASE 6595: Application of Stevens Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NW/4 SW/4 of Section 30, Township 8 South, Range 29 East, 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 6270: (Reopened and Readvertised)

In the matter of Case 6270 being reopened pursuant to the provisions of Order No. R-5771 which order created the South Peterson-Fusselman Pool, Roosevelt County, New Mexico, and provided for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

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Docket No. 26-79

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 18, 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:

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



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

EXAMINER HEARING

IN THE MATTER OF:

Application of Caribou Four Corners, Inc. ) CASE  
for three unorthodox well locations, San ) 6587  
Juan County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant:

Damon L. Weems, Esq.  
2901 East 20th Street  
Farmington, New Mexico 87401

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
8120 Plaza Blanca (505) 471-4452  
Santa Fe, New Mexico 87501



I N D E X

DENNY FOUST

Direct Examination by Mr. Weems 3

Cross Examination by Mr. Stamets 8

E X H I B I T S

Applicant Exhibit A, Document 5

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Santa Fe, New Mexico 87501

MR. STAMETS: We'll call next Case 6587.

MR. PADILLA: Application of Caribou Four  
Corners, Inc., for three unorthodox well locations, San  
Juan County, New Mexico.

MR. WEEMS: May it please the Division,  
I'm Damon Weems, Attorney, from Farmington, New Mexico,  
representing Caribou Four Corners, Incorporated. I'll have  
one witness and one exhibit, Mr. Denny Foust.

MR. STAMETS: I'd like to have the witness  
stand and be sworn, please.

(Witness sworn.)

DENNY FOUST

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

DIRECT EXAMINATION

BY MR. WEEMS:

Q Would you state your name, please?

A Denny Foust, F-O-U-S-T.

Q Your occupation?

A I'm a geologist with Caribou Four Corners  
out of the Billings office.

Q How long have you been employed in that

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1 capacity?

2 A A year and a half.

3 Q Have you previously testified before this

4 Division and had your qualifications as an expert accepted?

5 A I have.

6 MR. WEEMS: Will they be accepted?

7 MR. STAMETS: The witness is considered

8 qualified.

9 Q (Mr. Weems continuing.) Did you personally

10 prepare what has been marked as Exhibit A?

11 A Yes, sir.

12 Q Is the purpose of Exhibit A to explain the

13 need for the granting of the unorthodox well locations that

14 have been applied for?

15 A Yes, sir.

16 MR. WEEMS: I move the introduction of

17 Exhibit A.

18 MR. STAMETS: Let's discuss Exhibit A and

19 then at the conclusion of the discussion we will admit it.

20 Q What is the purpose of the application for

21 unorthodox well locations?

22 A Well, this area is a populated area bordering

23 on an irrigated agricultural area, and these unorthodox

24 locations enable us to avoid the irrigated agricultural

25 lands and yet give us some margin of location from the resi-

1 dences of the people of Kirtland.

2 In each case the land where the wells are  
3 to be located is not currently in use either as agricultural  
4 or residential property, and in my opinion, this allows us  
5 to achieve the best use of the surface with the safety of  
6 the residents in mind.

7 Q Would you describe what Exhibit A shows as  
8 to Kirtland No. 2?

9 A This shows the location of Kirtland No. 2,  
10 located 260 feet from the north line and 2100 feet from the  
11 east line of Section 13. This locates it in the northwest  
12 of the northeast of Section 13 on an 80-acre spacing, which  
13 has been determined for this area as an extension of the  
14 Cha-Cha Field.

15 It includes fee leases under lease to  
16 Caribou Four Corners, and additional Navajo Tribal lands  
17 in the amount of 26.73 acres, under lease to Continental,  
18 which has agreed to farm out Caribou Four Corners.

19 Q What is the date of that farm out?

20 A It's March 5th, 1979.

21 Q Would you describe the topographic condi-  
22 tions in and around Kirtland No. 2, proposed?

23 A Okay. If you examine Exhibit A, you will  
24 notice property lines which are indicated -- a set of  
25 property lines indicated as you come south from the highway.

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1 This set of property lines borders the -- what could be  
2 called the flood plain margin of the San Juan River, and  
3 there is an escarpment there 30 -- approximately 30 feet,  
4 and the well is located in a swampy area at the base of this  
5 escarpment.

6 Q Would you please give the same description  
7 for Kirtland Number 3?

8 A Okay. Kirtland No. 3 is located in an  
9 area which currently does not have residences built on it.  
10 It is an old orchard. This is not down in the flood plain  
11 of the river. It is up on the general level of the land.  
12 And this allows us to have some considerable clearnace from  
13 the Beavery subdivision to the east, which is highly popu-  
14 lated, and also from the original townsite block to the  
15 west.

16 Q Would you please describe Kirtland No. 4?

17 A Kirtland No. 4 is again located on the --  
18 what I would call the flood plain of the San Juan River.  
19 This is located at the base of the escarpment, as described  
20 for Kirtland No. 2, and this is in an area where we can  
21 have the least disturbance. It is in a very marginal pas-  
22 ture area, and we can come in here and set the rig down and  
23 we don't have to dig or grade any location. It's just a  
24 flat area.

25 Q Can you give me the distances from the

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Santa Fe, New Mexico 87501

1 north and west lines for Kirtland No. 4?

2 A Kirtland No. 4 is located 1450 feet from  
3 the north line of Section 18 and 595 feet from the west  
4 line of Section 18, and this locates it in the southwest of  
5 the northeast -- excuse me, southwest of the northwest of  
6 that section.

7 MR. STAMETS: The docket indicates that's  
8 595 feet from the east line, I believe.

9 MR. WEEMS: Mr. Examiner, we would like  
10 to move to amend. In that application we have stated on  
11 the face of the application that it's 595 feet from the  
12 east line, and attached and incorporated by reference Form  
13 C-102, which indicates that it's 595 from the west line.  
14 It's a secretarial error. We move to amend to 595 from the  
15 west line.

16 MR. STAMETS: Well, I'm not certain we can  
17 do that without re-advertising, but if that's necessary, we  
18 can do that.

19 MR. WEEMS: We would also appreciate the  
20 opportunity to present additional evidence in the way of  
21 consents from the operators of the northwest Cha-Cha Unit,  
22 and the lessee just to the south in the northwest Cha-Cha  
23 Unit.

24 MR. STAMETS: Okay.

25 MR. WEEMS: Such evidence was unavailable

1 due to our mail system.

2 Q (Mr. Weems continuing.) In your profes-  
3 sional opinion, Denny, would it be in the interest of con-  
4 servation and prevention of waste and not violative of any  
5 correlative rights to grant these applications?

6 A I do so believe.

7 MR. WEEMS: Do you have any questions of  
8 the witness?

9 MR. STAMETS: Yes.

10 CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q Mr. Foust, in general, now, does the slope  
13 into the flood plain more or less follow the lines that  
14 you've drawn on here as indicating the southernmost ex-  
15 tension of the lots? For example, there in the proration  
16 unit dedicated to the Kirtland No. 3 there is a line that  
17 runs roughly along the southern side of this 80-acre tract.  
18 Does that indicate where the slope of the flood plain is to  
19 the flood plain?  
20

21 A Okay, on the Kirtland No. 3, that is not  
22 located in the flood plain.

23 Q All right. Let me come down there and ex-  
24 plain to you what I mean.

25 A Okay.

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1 Q There's a line along the southern side  
2 that marks the southernmost boundary of these lots, and  
3 that line runs along roughly this area.

4 A Right.

5 Q And that, does that indicate where the  
6 slope is into the flood plain?

7 A Right. It would come along the base of  
8 this subdivision here.

9 Q Now, as to the Kirtland No. 2, are there  
10 inhabited dwellings in each of those lots that you've shown  
11 in the northern part of the proration unit?

12 A Yes, sir, there are.

13 Q And how close are you to the nearest  
14 dwelling?

15 A It would be on the order of 175 feet.

16 Q Can you safely drill at that location,  
17 safely drill, I mean protect the lives of the people in  
18 that dwelling?

19 A I believe that we can. We have encountered  
20 no pressure problems in the offsetting well which we did  
21 drill, the Kirtland No. 1, which was located in a similar  
22 location in the northeast northeast of the same Section 13.

23 Q And why do you not choose to drill that  
24 well further south between the point that you've selected  
25 and the river?

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1 A It is a matter of agricultural land in-  
2 volved. This is irrigated agricultural lands.

3 Q Do those include the area the well is  
4 located in or do they start somewhere to the south?

5 A If you notice the location of Kirtland  
6 No. 2 and another property line indicated to the south of  
7 it, this is approximately the border of the swampy, non-  
8 agricultural area at the base of the escarpment.

9 Q Okay. How about the Kirtland No. 3,  
10 what's the closest dwelling?

11 A The closest dwelling in this case is  
12 located about 350 feet to the northwest, west/northwest.  
13 It is the property owner, Mrs. Ella Thurland, her personal resi-  
14 dence.

15 Q And what about the No. 4?

16 A The No. 4, again we have about 175 foot  
17 clearance from the nearest residence and they are at the  
18 top of the escarpment indicated by the lots just to the  
19 north, the original town lots.

20 Q And why have you chosen not to move that  
21 well a little bit further to the south?

22 A We get into an extremely swampy area that  
23 is susceptible to a certain amount of flooding seasonally.  
24 And this also provides the least disturbance to the current  
25 landowner's dairy operation.

1 Q Is this all private land in there?

2 A Yes. This, as outlined by the hachure  
3 marks, is all fee land.

4 MR. STAMETS: Are there any other questions  
5 of the witness?

6 MR. WEEMS: Mr. Examiner, we'd move ad-  
7 mission of Exhibit A.

8 MR. STAMETS: Yes, we will accept Exhibit  
9 A, admit that into evidence.

10 Now, Mr. Weems, you indicated that you  
11 had some waivers as to Well No. 4.

12 A The operator --

13 MR. STAMETS: Which has been mis-advertised

14 MR. WEEMS: Yes. The operator of the  
15 northwest Cha-Cha Unit is sending to my office and would be  
16 willing to send a telegram to the Division, if necessary,  
17 because of the delay in the mails, a consent to the location  
18 as it sets, 595 from the west line and 1450 from the north  
19 line, and also for the establishment of a nonstandard pro-  
20 ration unit.

21 The lessee of record of that land also  
22 has signed the same consent form.

23 MR. STAMETS: Mr. Weems, I believe considering  
24 the fact that we do have dwellings in the area, that it  
25 will be necessary that we re-advertise this, because there

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Santa Fe, New Mexico 87501

1 is considerable difference between the two locations, 595  
2 from the east and 595 from the west.

3 MR. WEEMS: Yes, sir. The other one would  
4 put it right in the mid-channel of the San Juan River.

5 MR. STAMETS: I'm not exactly certain how  
6 we will re-advertise this but we will re-advertise for that  
7 one location, and I believe we can take care of you on the  
8 others.

9 Anything further in this case?

10 MR. PADILLA: I have one question here.  
11 The Kirtland No. 2 and the Kirtland No. 4 --

12 A Yes, sir.

13 MR. PADILLA: -- I think you've indicated  
14 well, going back to the Kirtland No. 3, I think you've in-  
15 dicated that the landowner on which the Kirtland No. 3 is  
16 being drilled, is the closest person who lives close to the  
17 proposed well location.

18 Now, on the Kirtland No. 2 and the Kirtland  
19 No. 4 are the landowners the closest people living to the--

20 A That is the case with the No. 2 and with  
21 the No. 4 the mineral owner happens to be, well, it's just  
22 about the closest residence there. That would be Mrs. Elsie  
23 Tanner is living on the lots directly to the northwest of  
24 the well location.

25 MR. PADILLA: That's all I have.

1  
2 case?

MR. STAMETS: Anything further in this

3 The case will be taken under advisement.

4  
5 (Hearing concluded.)  
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Baltimore, Md., New Mexico 81591

## 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 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.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6587  
heard by me on 7-11 1977.

Richard L. Howard Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3550 Plaza Blanca (S.E.) 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  
11 July 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Caribou Four Corners, Inc. ) CASE  
for three unorthodox well locations, San ) 6587  
Juan County, New Mexico. )

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant:

Damon L. Weems, Esq.  
2901 East 20th Street  
Farmington, New Mexico 87401

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I N D E X

DENNY FOUST

Direct Examination by Mr. Weems

3

Cross Examination by Mr. Stamets

8

E X H I B I T S

Applicant Exhibit A, Document

5

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Sandy 1st, New Mexico 87501

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MR. STAMETS: We'll call next Case 6587.

MR. PADILLA: Application of Caribou Four  
Corners, Inc., for three unorthodox well locations, San  
Juan County, New Mexico.

MR. WEEMS: May it please the Division,  
I'm Damon Weems, Attorney, from Farmington, New Mexico,  
representing Caribou Four Corners, Incorporated. I'll have  
one witness and one exhibit, Mr. Denny Foust.

MR. STAMETS: I'd like to have the witness  
stand and be sworn, please.

(Witness sworn.)

DENNY FOUST

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

DIRECT EXAMINATION

BY MR. WEEMS:

Q Would you state your name, please?

A Denny Foust, F-O-U-S-T.

Q Your occupation?

A I'm a geologist with Caribou Four Corners  
out of the Billings office.

Q How long have you been employed in that

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1 capacity?

2 A A year and a half.

3 Q Have you previously testified before this  
4 Division and had your qualifications as an expert accepted?

5 A I have.

6 MR. WEEMS: Will they be accepted?

7 MR. STAMETS: The witness is considered  
8 qualified.

9 Q (Mr. Weems continuing.) Did you personally  
10 prepare what has been marked as Exhibit A?

11 A Yes, sir.

12 Q Is the purpose of Exhibit A to explain the  
13 need for the granting of the unorthodox well locations that  
14 have been applied for?

15 A Yes, sir.

16 MR. WEEMS: I move the introduction of  
17 Exhibit A.

18 MR. STAMETS: Let's discuss Exhibit A and  
19 then at the conclusion of the discussion we will admit it.

20 Q What is the purpose of the application for  
21 unorthodox well locations?

22 A Well, this area 's a populated area bordering  
23 on an irrigated agricultural area, and these unorthodox  
24 locations enable us to avoid the irrigated agricultural  
25 lands and yet give us some margin of location from the resi-

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1 dences of the people of Kirtland.

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3 to be located is not currently in use either as agricultural  
4 or residential property, and in my opinion, this allows us  
5 to achieve the best use of the surface with the safety of  
6 the residents in mind.

7 Q Would you describe what Exhibit A shows as  
8 to Kirtland No. 2?

9 A This shows the location of Kirtland No. 2,  
10 located 260 feet from the north line and 2100 feet from the  
11 east line of Section 13. This locates it in the northwest  
12 of the northeast of Section 13 on an 80-acre spacing, which  
13 has been determined for this area as an extension of the  
14 Cha-Cha Field.

15 It includes fee leases under lease to  
16 Caribou Four Corners, and additional Navajo Tribal lands  
17 in the amount of 26.73 acres, under lease to Continental,  
18 which has agreed to farm out Caribou Four Corners.

19 Q What is the date of that farm out?

20 A It's March 5th, 1979.

21 Q Would you describe the topographic condi-  
22 tions in and around Kirtland No. 2, proposed?

23 A Okay. If you examine Exhibit A, you will  
24 notice property lines which are indicated -- a set of  
25 property lines indicated as you come south from the highway.

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2 called the flood plain margin of the San Juan River, and  
3 there is an escarpment there 30 -- approximately 30 feet,  
4 and the well is located in a swampy area at the base of this  
5 escarpment.

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7 for Kirtland Number 3?

8 A Okay. Kirtland No. 3 is located in an  
9 area which currently does not have residences built on it.  
10 It is an old orchard. This is not down in the flood plain  
11 of the river. It is up on the general level of the land.  
12 And this allows us to have some considerable clearnace from  
13 the Beavery subdivision to the east, which is highly popu-  
14 lated, and also from the original townsite block to the  
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20 for Kirtland No. 2, and this is in an area where we can  
21 have the least disturbance. It is in a very marginal pas-  
22 ture area, and we can come in here and set the rig down and  
23 we don't have to dig or grade any location. It's just a  
24 flat area.

25 Q Can you give me the distances from the

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1 north and west lines for Kirtland No. 4?

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22 and the lessee just to the south in the northwest Cha-Cha  
23 Unit.

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9326 Plaza D'Amas (988) 471-3482  
San Jose, New Mexico 87501

1 due to our mail system.

2 Q (Mr. Weems continuing.) In your profes-  
3 sional opinion, Denny, would it be in the interest of con-  
4 servation and prevention of waste and not violative of any  
5 correlative rights to grant these applications?

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12 Q Mr. Foust, in general, now, does the slope  
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25 A Okay.

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A Right.

Q And that, does that indicate where the slope is into the flood plain?

A Right. It would come along the base of this subdivision here.

Q Now, as to the Kirtland No. 2, are there inhabited dwellings in each of those lots that you've shown in the northern part of the proration unit?

A Yes, sir, there are.

Q And how close are you to the nearest dwelling?

A It would be on the order of 175 feet.

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1 A It is a matter of agricultural land in-  
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13 It is the property owner, Mrs. Ella Thurland, her personal resi-  
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17 clearance from the nearest residence and they are at the  
18 top of the escarpment indicated by the lots just to the  
19 north, the original town lots.

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25 landowner's dairy operation.

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San Antonio, New Mexico 87501

1 Q Is this all private land in there?

2 A Yes. This, as outlined by the hachure  
3 marks, is all fee land.

4 MR. STAMETS: Are there any other questions  
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15 northwest Cha-Cha Unit is sending to my office and would be  
16 willing to send a telegram to the Division, if necessary,  
17 because of the delay in the mails, a consent to the location  
18 as it sets, 595 from the west line and 1450 from the north  
19 line, and also for the establishment of a nonstandard pro-  
20 ration unit.

21 The lessee of record of that land also  
22 has signed the same consent form.

23 MR. STAMETS: Mr. Weems, I believe considering  
24 the fact that we do have dwellings in the area, that it  
25 will be necessary that we re-advertise this, because there

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2030 Plaza Blanca (95) 471-4462  
San Jose, New Mexico 87501



SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3928 Plaza Blanca (995) 471-2493  
Santa Fe, New Mexico 87501

1 is considerable difference between the two locations, 595  
2 from the east and 595 from the west.

3 MR. WEEMS: Yes, sir. The other one would  
4 put it right in the mid-channel of the San Juan River.

5 MR. STAMETS: I'm not exactly certain how  
6 we will re-advertise this but we will re-advertise for that  
7 one location, and I believe we can take care of you on the  
8 others.

9 Anything further in this case?

10 MR. PADILLA: I have one question here.  
11 The Kirtland No. 2 and the Kirtland No. 4 --

12 A Yes, sir.

13 MR. PADILLA: -- I think you've indicated --  
14 well, going back to the Kirtland No. 3, I think you've in-  
15 dicated that the landowner on which the Kirtland No. 3 is  
16 being drilled, is the closest person who lives close to the  
17 proposed well location.

18 Now, on the Kirtland No. 2 and the Kirtland  
19 No. 4 are the landowners the closest people living to the--

20 A That is the case with the No. 2 and with  
21 the No. 4 the mineral owner happens to be, well, it's just  
22 about the closest residence there. That would be Mrs. Elsie  
23 Tanner is living on the lots directly to the northwest of  
24 the well location.

25 MR. PADILLA: That's all I have.

MR. STAMETS: Anything further in this

case?

The case will be taken under advisement.

(Hearing concluded.)

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (S15) 471-3463  
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 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.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. \_\_\_\_\_,  
heard by me on \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner  
Oil Conservation Division

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

Dockets Nos. 27-79 and 28-79 are tentatively set for hearing on July 25 and August 8, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 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 6583: Application of Amoco Production Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of B.S. Mesa-Gallup and Basin-Dakota production in the wellbore of its Jicarilla Apache 102 Well No. 13 located in Unit B of Section 10, Township 26 North, Range 4 West.
- CASE 6584: Application of Texas Oil & Gas Corp. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Shugart State Com. Well No. 2 660 feet from the South line and 1930 feet from the East line of Section 16, Township 18 South, Range 31 East, to test the Wolfcamp through Mississippian formations, the E/2 of said Section 16 to be dedicated to the well.
- CASE 6574: (Continued from June 13, 1979, Examiner Hearing)
- Application of Texas Oil & Gas Corp. for an unorthodox gas well location and compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Morrow formations underlying the E/2 of Section 6, Township 17 South, Range 35 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of said Section 6. 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 6563: (Continued from June 27, 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 6585: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Fruitland and West Kutz-Pictured Cliffs production in the wellbores of its Paul Wells Nos. 1 and 2 located in Units G and C of Section 19, Township 27 North, Range 11 West.
- CASE 6586: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Conner-Fruitland and undesignated Pictured Cliffs production in the wellbores of the following wells: Big Field Well No. 2 in Unit C of Section 3; Big Field Well No. 5 in Unit P of Section 10; Dinero Well No. 1 in Unit H of Section 13; and Molly Pitcher Well No. 2 in Unit H of Section 14, all in Township 30 North, Range 14 West.
- Cont and Ready  
one well wrong*
- CASE 6587: Application of Caribou Four Corners, Inc., for three unorthodox well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following wells in the Cha Cha-Gallup Pool: Kirtland Wells Nos. 3 and 4 located 730 feet from the North line and 2250 feet from the East line and 1450 feet from the North line and 595 feet from the East line, respectively, of Section 18, Township 29 North, Range 14 West; and Kirtland Well No. 2 260 feet from the North line and 2100 feet from the East line of Section 13, Township 29 North, Range 15 West. *Case was heard*
- CASE 6588: Application of Caribou Four Corners, Inc., for a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 64.32-acre non-standard oil proration unit comprising the NW/4 NW/4 and that part of Lot 5 lying north of the San Juan River, all in Section 18, Township 29 North, Range 14 West, Cha Cha-Gallup Oil Pool.
- CASE 6589: Application of Atlantic Richfield Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "GV" No. 2 Well 2109 feet from the North line and 1778 feet from the West line of Section 25, Township 17 South, Range 28 East, to test the Morrow formation, the N/2 of said Section 25 to be dedicated to the well.

- CASE 6590:** Application of Grace Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Lots 9, 10, 15, and 16 and the SE/4 of Section 6, Township 21 South, Range 32 East, to be dedicated to a well to be drilled at an unorthodox location 4650 feet from the South line and 660 feet from the East line of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 6591:** Application of Exxon Corporation for vertical pool limit redefinition, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the vertical limits of the Langlie Mattix Pool to include the lowermost 165 feet of the Seven Rivers formation and the concomitant contraction of the vertical limits of the Jalmat Gas Pool underlying the NE/4 of Section 2, Township 24 South, Range 36 East.
- CASE 6592:** Application of Maddox Energy Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Malaga Well No. 1 located in Unit G of Section 3, Township 24 South, Range 28 East, to produce gas from the Atoka and Morrow formations through parallel strings of tubing.
- CASE 6593:** Application of Dyco Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the San Andres, Glorieta and Tubb formations in the open-hole interval from 4894 feet to 8725 feet in its C. S. Stone Well No. 3 located in Unit F of Section 22, Township 15 South, Range 38 East, Medicine Rock-Devonian Pool.
- CASE 6594:** Application of Flag-Redfern Oil Co. for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine in an unlined surface pit located in Unit K, Section 2, Township 19 South, Range 31 East, Shugart Field.
- CASE 6595:** Application of Stevens Oil Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NW/4 SW/4 of Section 30, Township 6 South, Range 29 East, 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 6270:** (Reopened and Readvertised)
- In the matter of Case 6270 being reopened pursuant to the provisions of Order No. R-5771 which order created the South Peterson-Fusselman Pool, Roosevelt County, New Mexico, and provided for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

\*\*\*\*\*

Docket No. 26-79

**DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 18, 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:

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for August, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for August, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

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

Application of:  
CARIBOU FOUR CORNERS, INC.,  
for an Unorthodox Well  
Location in SECTION 13,  
TOWNSHIP 29 NORTH, RANGE 15  
WEST, N.M.P.M., SAN JUAN COUNTY,  
NEW MEXICO

Case No. 6587


APPLICATION FOR UNORTHODOX WELL LOCATION

Caribou Four Corners, Inc., respectfully requests that the Division grant an exception to the well location requirements of the Cha Cha-Gallup Pool for the proposed Caribou/Kirtland #2 to be drilled in the above Section, Township, and Range, stating as grounds therefore that the topographical conditions make the unorthodox well location necessary.

The proposed location for Caribou/Kirtland #2 in the Caribou/Kirtland Project is two hundred sixty feet (260') from the North line and two thousand one hundred feet (2,100') from the East line of said Section, Township, and Range. Form C-102 is attached hereto as Exhibit I. A vicinity map is attached hereto as Exhibit II.

Applicant requests a hearing on this matter.

Respectfully submitted.

  
Damon L. Weems  
Attorney for Caribou Four Corners,  
Inc., Applicant  
2901 East 20th  
Farmington, New Mexico 87401  
505-327-4469

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

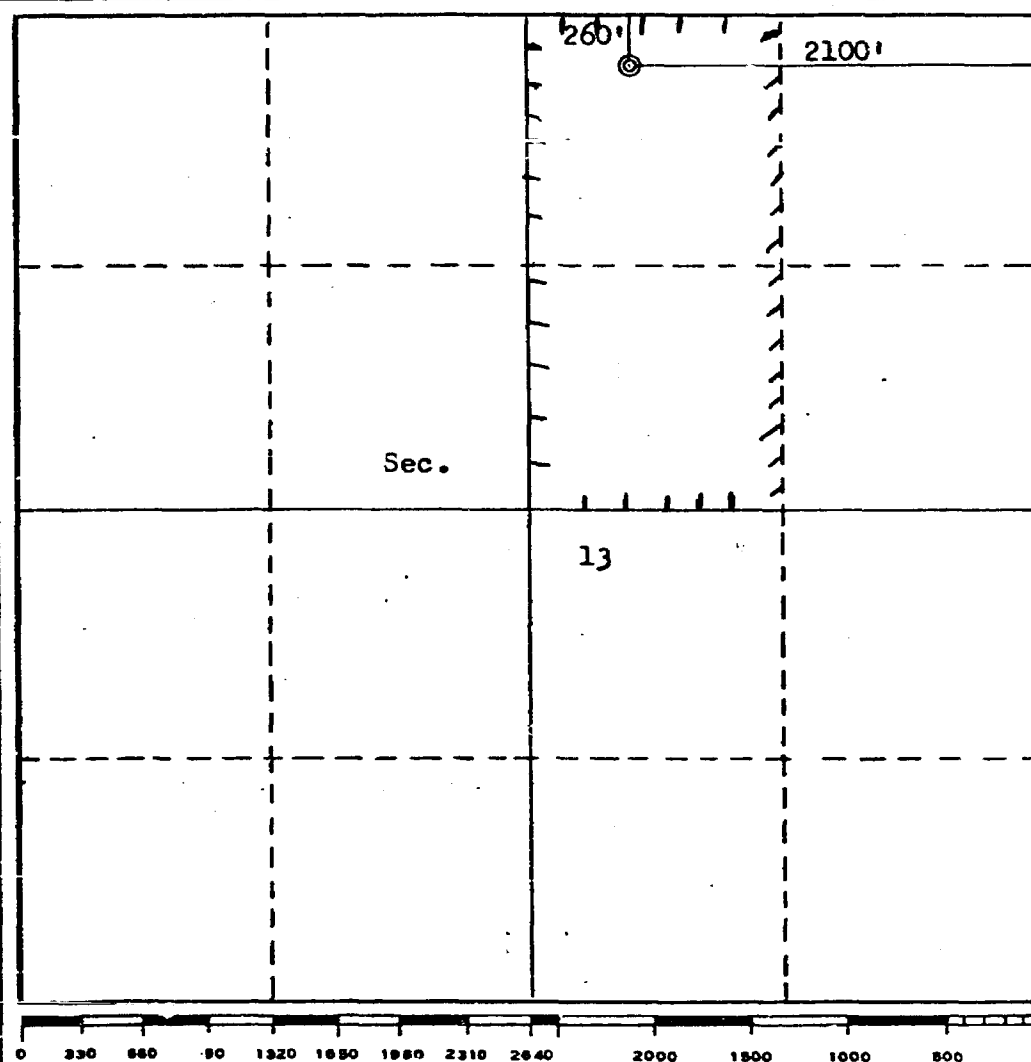
Operator <b>CARIBOU FOUR CORNERS, INCORPORATED</b>			Lease <b>KIRTLAND</b>		Well No. <b>2</b>
Unit Letter <b>B</b>	Section <b>13</b>	Township <b>29N</b>	Range <b>15W</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>260</b> feet from the <b>North</b> line and <b>2100</b> feet from the <b>East</b> line					
Ground Level Elev. <b>5145</b>	Producing Formation		Pool	Dedicated 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 was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

May 22, 1979

Registered Professional Engineer and/or Land Surveyor

Fred B. Kerr, Jr.

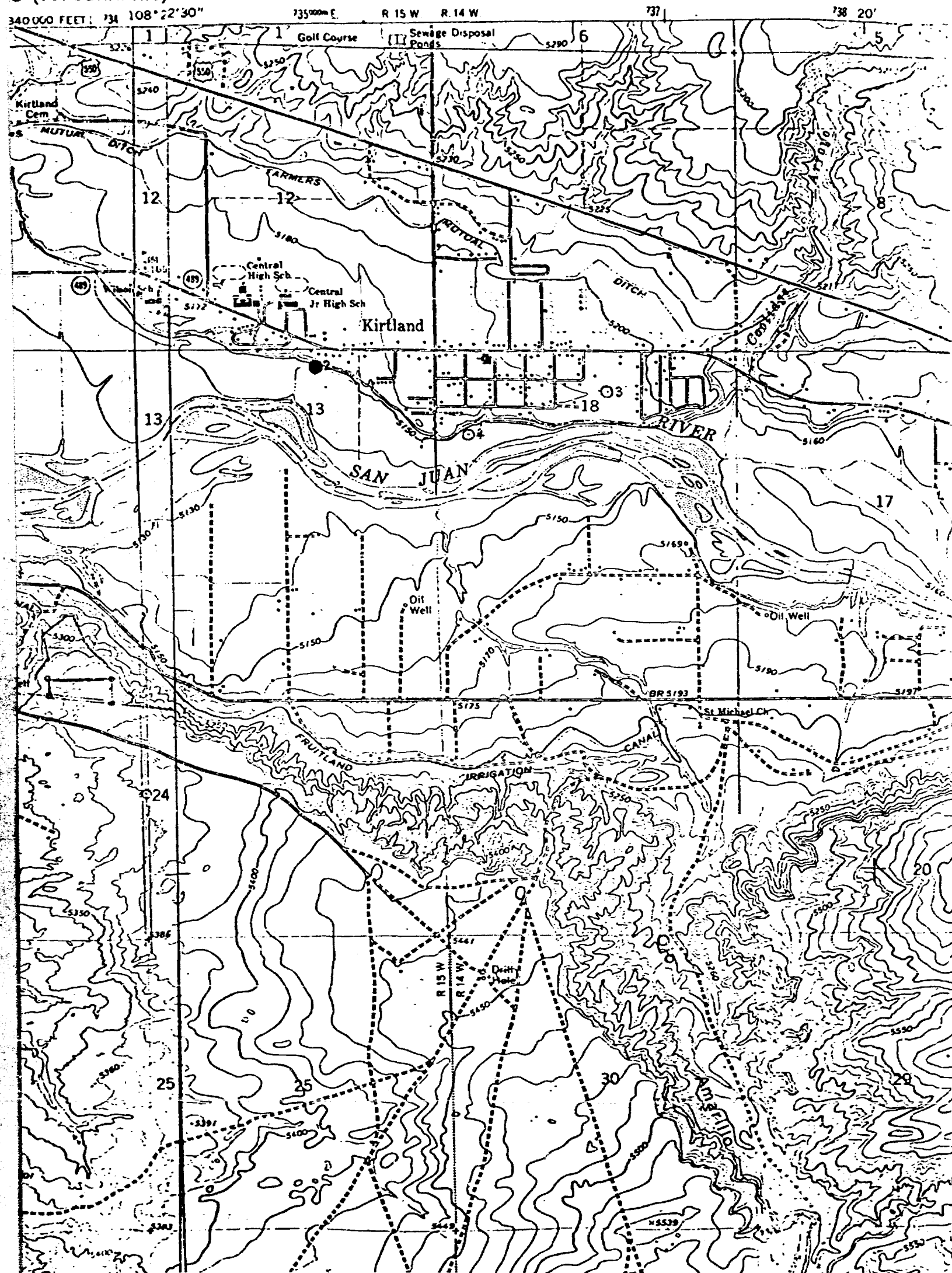
Certification No. B. KERR, JR.

3950

Exhibit I



QUADRANGLE  
SAN JUAN CO. S (TOPOGRAPHIC)  
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY



Vicinity Map for  
CARIBOU FOUR CORNERS, INC. #2 KIRTLAND  
260' FNL 2,100' FEL Sec 13-T29N-R15W  
SAN JUAN COUNTY, NEW MEXICO



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

Application of  
CARIBOU FOUR CORNERS, INC.,  
for an Unorthodox Well  
Location in SECTION 18,  
TOWNSHIP 29 NORTH, RANGE  
14 WEST, N.M.P.M., SAN JUAN  
COUNTY, NEW MEXICO

Case No. 6587


APPLICATION FOR UNORTHODOX WELL LOCATION

Caribou Four Corners, Inc., respectfully requests that the Division grant an exception to the well location requirements of the Cha Cha-Gallup Pool for the proposed Caribou/Kirtland #4 to be drilled in the above Section, Township, and Range, stating as grounds therefore that the topographical conditions make the unorthodox well location necessary.

The proposed location for Caribou/Kirtland #4 in the Caribou/Kirtland Project is one thousand four hundred fifty feet (1,450') from the North line and five hundred ninety-five feet (595') from the East line of said Section, Township and Range. Form C-102 is attached hereto as Exhibit I. A vicinity map is attached hereto as Exhibit II.

Applicant requests a hearing on this matter.

Respectfully submitted.

  
Damon L. Weems  
Attorney for Caribou Four Corners,  
Inc., Applicant  
2901 East 20th  
Farmington, New Mexico 87401  
505-327-4469

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

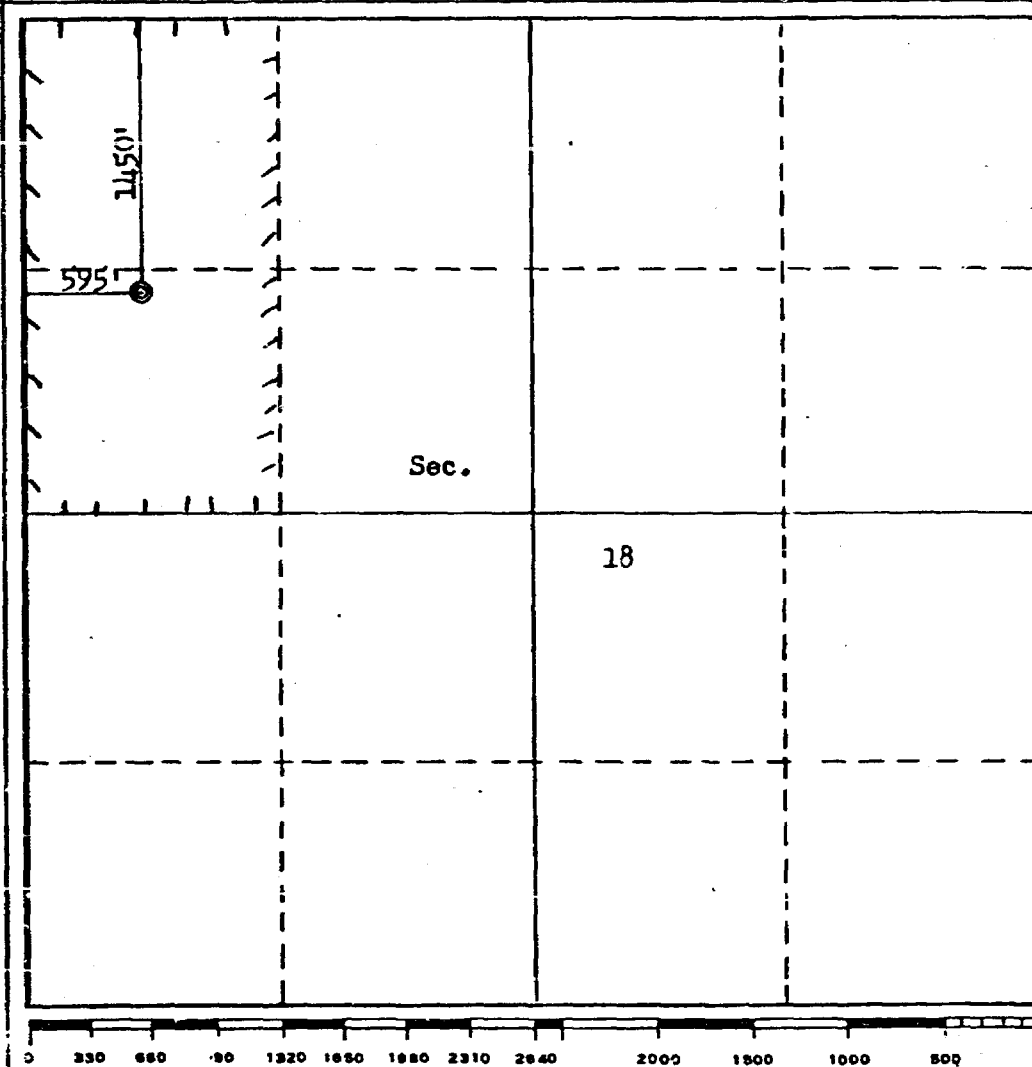
Operator <b>CARIBOU FOUR CORNERS, INCORPORATED</b>			Lease <b>KIRTLAND</b>		Well No. <b>1</b>
Unit Letter <b>E</b>	Section <b>18</b>	Township <b>29N</b>	Range <b>11W</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>1450</b> feet from the <b>North</b> line and <b>595</b> feet from the <b>West</b> line					
Ground Level Elev. <b>5143</b>	Producing Formation		Pool	Dedicated 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 was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

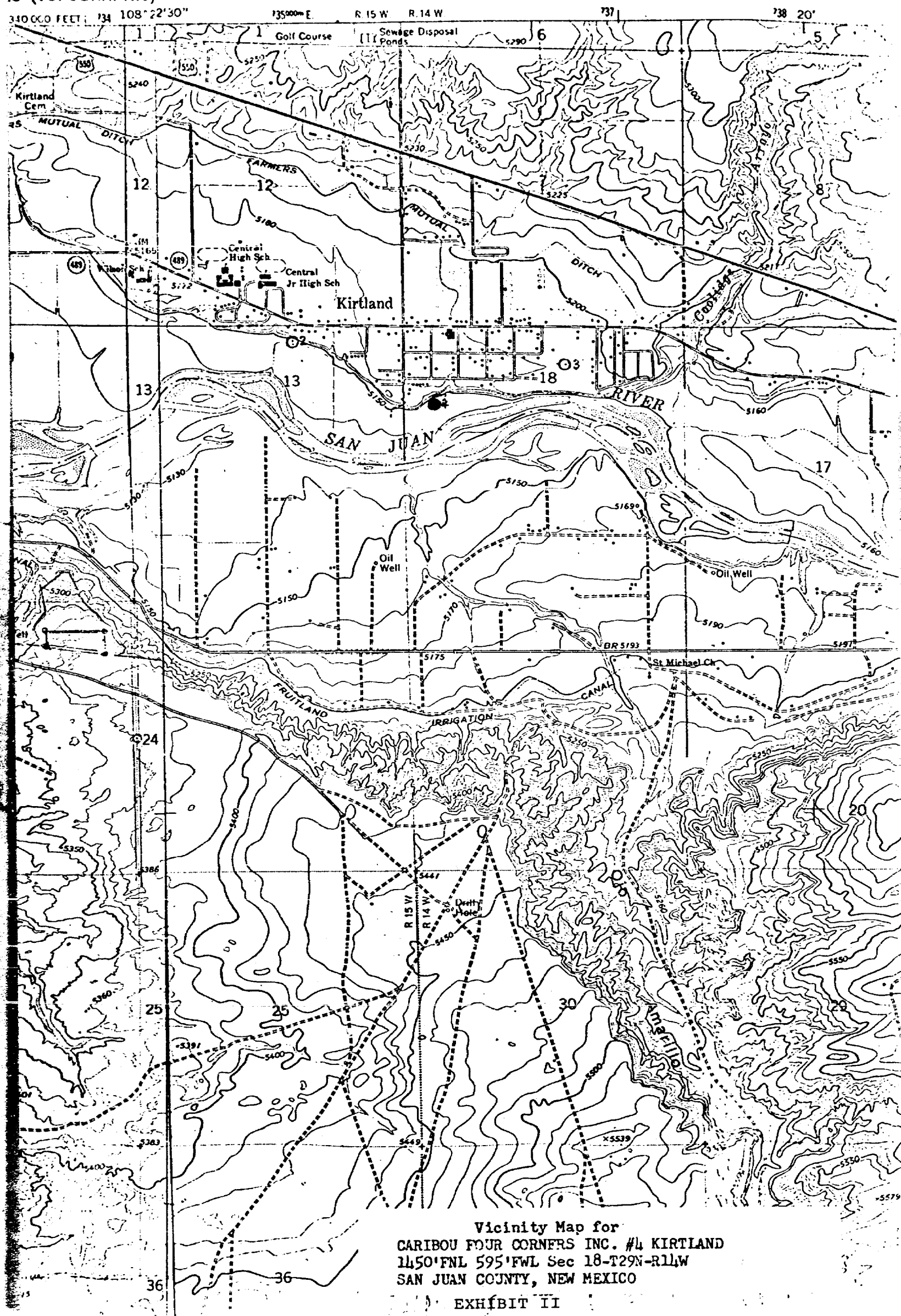
Date Surveyed

May 23 1979  
Registered Professional Engineer  
and Oil Field Supervisor  
Fred E. Kerr Jr.  
Certificate No. MEX 3950  
F. KERR, JR.

EXHIBIT I

QUADRANGLE  
SAN JUAN CO.  
S (TOPOGRAPHIC)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY



Vicinity Map for  
CARIBOU FOUR CORNERS INC. #4 KIRTLAND  
1450' FNL 595' FWL Sec 18-T29N-R14W  
SAN JUAN COUNTY, NEW MEXICO

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

Application of:  
CARIBOU FOUR CORNERS, INC.,  
for an Unorthodox Well  
Location in SECTION 18,  
TOWNSHIP 29 NORTH, RANGE  
14 WEST, N.M.P.M., SAN JUAN  
COUNTY, NEW MEXICO

Case No. 6587

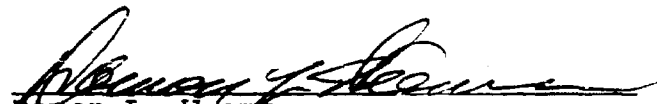
APPLICATION FOR UNORTHODOX WELL LOCATION

Caribou Four Corners, Inc., respectfully requests that the Division grant an exception to the well location requirements of the Cha Cha-Gallup Pool for the proposed Caribou/Kirtland #3 to be drilled in the above Section, Township and Range, stating as grounds therefore that the topographical conditions make the unorthodox well location necessary.

The proposed location for Caribou/Kirtland #3 in the Caribou/Kirtland Project is seven hundred thirty feet (730') from the North line and two thousand two hundred fifty feet (2,250') from the East line of said Section, Township and Range. Form C-102 is attached hereto as Exhibit I. A vicinity map is attached hereto as Exhibit II.

Applicant requests a hearing on this matter.

Respectfully submitted.

  
Damon L. Weems  
Attorney for Caribou Four Corners,  
Inc., Applicant  
2901 East 20th  
Farmington, New Mexico 87401  
505-327-4469

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

Operator <b>CARIBOU FOUR CORNERS, INCORPORATED</b>			Lease <b>KIRTLAND</b>		Well No. <b>3</b>
Unit Letter <b>B</b>	Section <b>18</b>	Township <b>29N</b>	Range <b>14W</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>730</b> feet from the <b>North</b> line and <b>2250</b> feet from the <b>East</b> line					
Ground Level Elev. <b>5193</b>	Producing Formation		Pool		Dedicated Acreage 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 plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
**May 23, 1979**

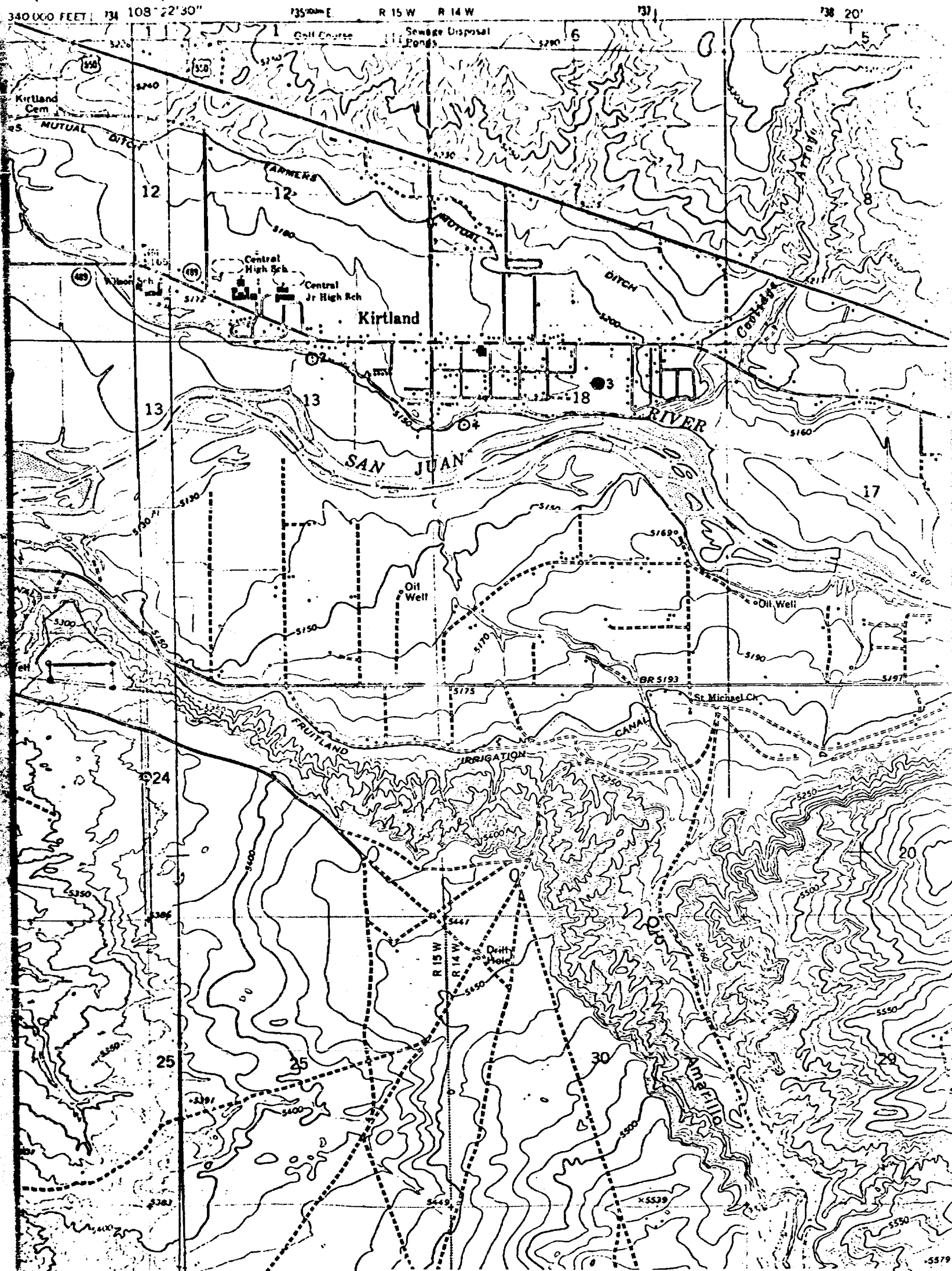
Registered Professional Engineer  
and/or Surveyor  
**Fred H. Kerr, Jr.**

Certification No. **3889**

**STATE OF NEW MEXICO**  
**FRED H. KERR, JR.**

Exhibit I

QUADRANGLE  
SAN JUAN CO. DEPARTMENT OF THE INTERIOR  
S (TOPOGRAPHIC) GEOLOGICAL SURVEY



Vicinity Map for  
CARIBOU FOUR CORNERS INC. #3 KIRTLAND  
730' FNL 2250' FEL Sec 18-T29N-R11W  
SAN JUAN COUNTY, NEW MEXICO



ROUGH

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. 6587

Order No. R-6090

APPLICATION OF CARIBOU FOUR CORNERS,  
INC., FOR THREE UNORTHODOX WELL  
LOCATIONS, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 8  
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this \_\_\_\_\_ day of August, 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, Caribou Four Corners, Inc., seeks  
approval for the unorthodox locations of the following wells in  
the Cha Cha-Gallup <sup>oil</sup> Pool:

Kirtland Wells Nos. 3 and 4 <sup>to be</sup> located 730 feet from the North line and 2250 feet from the East line and 1450 feet from the North line and 595 feet from the West line, respectively, of Section 18, Township 29 North, Range 14 West; and

Kirtland Well No. 2 <sup>to be located</sup> 260 feet from the North line and 2100 feet from the East line of Section 13, Township 29 North, Range 15 West, NMPM, all in San Juan County, New Mexico.

(3) That the \_\_\_\_\_ of said Section 19 and said Section 13, respectively, are to be dedicated to the wells.

(3) That ~~wells at~~ said unorthodox locations will better enable applicant to produce the \_\_\_\_\_ underlying the proration ~~unit.~~ *are necessitated due to topographical conditions.*

(4) That no offset operator objected to the proposed unorthodox locations.

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



IT IS THEREFORE ORDERED:

(1) That three unorthodox well locations for the following wells in the Cha Cha-Gallup Pool are hereby approved:

Kirtland Wells Nos. 3 and 4 located 730 feet from the North line and 2250 feet from the East line and 1450 feet from the North line and 595 feet from the West line, respectively, of Section 18, Township 29 North, Range 14 West; and

Kirtland Well No. 2 located 260 feet from the North line and 2100 feet from the East line of Section 13, Township 29 North, Range 15 West, NMPM, all in San Juan County, New Mexico.

(2) That the \_\_\_\_\_ of said Section 18 and said Section 13, respectively, shall be dedicated to the above-described wells.

(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.