

Case NO.

6588

Application

Transcripts

Small Exhibits

ETC.

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 a non-standard proration unit, San) 6588
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 Weems, Esq.
2901 East 20th Street
Farmington, New Mexico 87401

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (988) 471-2482
Santa Fe, New Mexico 87501

I N D E X

DENNY FOUST

Direct Examination by Mr. Weems 3

Cross Examination by Mr. Stamets 5

E X H I B I T S

Applicant Exhibit A, Document 3

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 411-2403
Santa Fe, New Mexico 87501

1 MR. STAMETS: We'll call next Case 6588.

2 MR. PADILLA: Application of Caribou Four
3 Corners, Inc., for a non-standard proration unit, San Juan
4 County, New Mexico.

5 MR. STAMETS: Call for appearances.

6 MR. WEEMS: Mr. Examiner, Damon Weems,
7 attorney for Caribou Four Corners, Incorporated, and we'll
8 have the same witness and same exhibit.

9 Will his qualifications be accepted?

10 MR. STAMETS: Yes. The record will show
11 that the witness is still under oath and is qualified.

12
13 DENNY FOUST
14 being called as a witness and having been duly sworn upon
15 his oath, testified as follows, to-wit:

16
17 DIRECT EXAMINATION

18 BY MR. WEEMS:

19 Q Denny, would you please describe the pur-
20 pose for this application for non-standard proration unit?

21 A The purpose of this application for a
22 non-standard proration unit is to exclude from the 80-acre
23 well spacing approximately 12.63 acres of Navajo Tribal
24 lands, which are covered by a spacing unit order for a pro-
25 duction unit numbered R-2145, Northwest Cha-Cha, which in-

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3924 Plaza Blanca (SSE) 471-4402
Santa Fe, New Mexico 87501

1 cludes among other things the entire Section 18 south of
2 the mid-channel of the San Juan River.

3 Q And have you or any of your agents been in
4 contact with the operator of the Northwest Cha-Cha Unit?

5 A Yes, sir, we've been in contact with Sub-
6 urban Propane of San Antonio, which is the operator of the
7 Northwest Cha-Cha Unit.

8 Q And what indications, if any, have they
9 given you in regard to their opposition or consent to the
10 application for the non-standard unit?

11 A Seem to be no objections on their part to
12 excluding this 12.63 acres from our spacing unit.

13 Q Who is the lessee of record of the land
14 south of the mid-channel of the San Juan River?

15 A The lessee of record is Clinton Oil, which
16 is now Energy Reserves Group.

17 Q Has there been any indication by Energy
18 Reserves Group as to whether they would consent to this
19 application for a non-standard proration unit?

20 A Their indications would be that they will
21 strictly follow the operator's recommendation.

22 Q In your professional opinion would it be
23 in the interest of conservation and the prevention of
24 waste and not violative of correlative rights to grant this
25 application?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (S95) 471-2462
Santa Fe, New Mexico 87501

1 A I believe that this would be true.

2 MR. WEEMS: No further questions. Do you
3 have any questions?
4

5 CROSS EXAMINATION

6 BY MR. STAMETS:

7 Q Mr. Foust, did you indicate that this
8 Order R-2145 does place this 12.63 acres that you're
9 proposing to leave out in another proration unit?

10 A Well, I believe that it is in a production
11 unit, and I may be in a terminology problem here. It is
12 a unitized area that includes everything south of the
13 mid-channel of the San Juan River in Section 18.

14 Q I see, it's in a unit.

15 A Yes, that's --

16 Q But it may or may not be dedicated to a
17 well.

18 A Yes, sir.

19 Q Producing well. Okay.

20 A Uh-huh.

21 MR. STAMETS: Any other questions of the
22 witness? He may be excused.

23 Anything further in this case?

24 The case will be taken under advisement.

25 (Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3026 Plaza Blanca (695) 471-2462
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Court Reporter, DO HEREBY
CERTIFY that the foregoing and attached Transcript of
Hearing before the Oil Conservation Division was reported
by me; that 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. 6588
heard by me on 7-11-77 1977.
Richard L. Starn, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-4462
Santa Fe, New Mexico 87501



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

August 17, 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 Street
Farmington, New Mexico 87401

Re: CASE NO. 6588
ORDER NO. R-6065

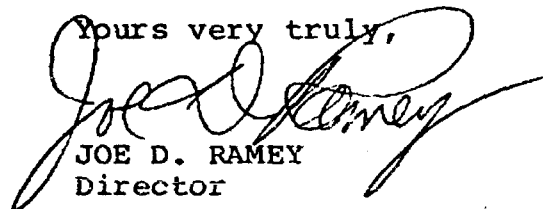
Applicant:

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. 6588
Order No. R-6065

APPLICATION OF CARIBOU FOUR CORNERS, INC.
FOR A NON-STANDARD PRORATION UNIT,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 16th day of August, 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 of a 64.32-acre non-standard oil proration unit com-
prising 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, NMPM, to be dedicated to its Kirtland Well No. 4, to be
located in Unit E of said Section 18.
- (3) That the entire non-standard proration unit may reason-
ably be presumed productive of oil from the Cha Cha-Gallup Oil
Pool and that the entire non-standard oil proration unit can be
efficiently and economically drained and developed by the afore-
said well.
- (4) That approval of the subject application will afford
the applicant the opportunity to produce his just and equitable
share of the oil in the Cha Cha-Gallup Oil 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.

-2-

Case No. 6588

Order No. R-6065

IT IS THEREFORE ORDERED:

(1) That a 64.32-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool 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, NMPM, San Juan County, New Mexico, is hereby established and dedicated to the Caribou Four Corners, Inc. Kirtland Well No. 4, to be located in Unit E of said Section 18.

(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
JOE D. RAMEY
Director

S E A L

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
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11 July 1979

EXAMINER HEARING

IN THE MATTER OF:

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

For the Applicant:

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

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (N.E.) 471-4493
Santa Fe, New Mexico 87501

I N D E X

DENNY FOUST

Direct Examination by Mr. Weems 3

Cross Examination by Mr. Stamets 5

E X H I B I T S

Applicant Exhibit A, Document 3

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-4462
Santa Fe, New Mexico 87501

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24 lands, which are covered by a spacing unit order for a pro-
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (N.E.) 471-4493
Santa Fe, New Mexico 87501

1 cludes among other things the entire Section 18 south of
2 the mid-channel of the San Juan River.

3 Q And have you or any of your agents been in
4 contact with the operator of the Northwest Cha-Cha Unit?

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6 urban Propane of San Antonio, which is the operator of the
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Elmore (602) 471-2462
Santa Fe, New Mexico 87501

1 A I believe that this would be true.

2 MR. WEEMS: No further questions. Do you
3 have any questions?
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5 CROSS EXAMINATION

6 BY MR. STAMETS:

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8 Order R-2145 does place this 12.63 acres that you're
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20 A Uh-huh.

21 MR. STAMETS: Any other questions of the
22 witness? He may be excused.

23 Anything further in this case?

24 The case will be taken under advisement.

25 (Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3036 Plaza Blanca (G-95) 471-2482
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
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 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.
 heard by me on 19

 , Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 3028 Plaza Blanca (S.E.) 471-2482
 Santa Fe, New Mexico 87501

DAMON L. WEEMS
ATTORNEY AT LAW
2901 EAST 20TH STREET
FARMINGTON, NEW MEXICO 87401
(505) 327-4469

July 16, 1979

Case 6588

Department of Energy & Minerals
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Richard L. Stamets

Dear Mr. Stamets:

Enclosed please find the original consent of Suburban Propane Gas Corporation, the operator of the Northwest Cha Cha Unit, to the creation of a non-standard proration unit in the W/2 of the NW/4 of Section 18, Township 29 North, Range 14 West, N.M.P.M., San Juan County, New Mexico.

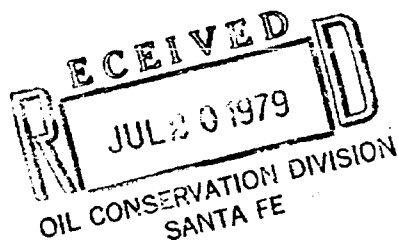
Thank you for your consideration and cooperation.

Sincerely,

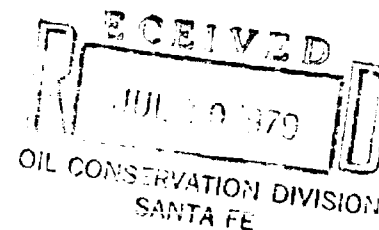

Damon L. Weems

DLW:lb

enclosures



DAMON L. WEEMS
ATTORNEY AT LAW
2901 EAST 20TH STREET
FARMINGTON, NEW MEXICO 87401
(505) 327-4469



June 29, 1979

Suburban Propane Gas Corporation
P.O. Box 17689
San Antonio, Texas 78217

Re: W/2 of the NW/4 of Section 18, T29N, R14W, N.M.P.M.,
San Juan County, New Mexico

Attn: Mr. Tom McGauhy

Dear Mr. McGauhy:

I represent Caribou Four Corners, Inc., who proposes to drill a well in the Cha Cha Gallup Field in the above-referenced section, township and range in San Juan County, New Mexico.

Approximately 15.68 acres in the W/2 of the NW/4 of said section, township and range lies south of the mid-channel of the San Juan River and is included in the Northwest Cha Cha unit. Your corporation is operator of said unit.

Pursuant to our telephone conversation of June 28, 1979, it is my understanding that your corporation would not oppose the creation of a non-standard proration unit in the W/2 of the NW/4 of said section, township and range which would exclude the 15.68 acres lying south of the San Juan River and included in the Northwest Cha Cha unit. Further, it is my understanding that your corporation would have no objection to a well location which is 1,440' FNL and 595' FWL of said section, township and range. *50 SK*

If my understanding is correct please indicate your assent by signing in the space provided below. Thank you in advance for your cooperation in this matter.

Sincerely,


Damon L. Weems

Suburban Propane Gas Corporation has no objection to the creation of a non-standard proration unit in the W/2 of the NW/4 of Section 18, T29N, R14W, N.M.P.M., San Juan County, New Mexico which would exclude 15.68 acres approximately which lie south of the mid-channel of the San Juan River and which are a part of the Northwest Cha Cha unit. Suburban Propane Gas is the operator of the Northwest Cha Cha unit. Further, Suburban Propane Gas Corporation has no objection to a well location which is 1450' FNL and 595' FWL of Section 18, T29N, R14W, N.M.P.M., San Juan County, New Mexico.

SUBURBAN PROPANE GAS CORPORATION

by 
Vice-President of Drilling and Production
July 10, 1979

DLW:1b

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.

Docket No. 26-79

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 18, 1979

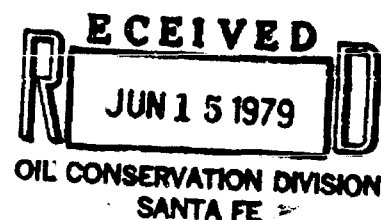
9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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.

DAMON L. WEEMS
ATTORNEY AT LAW
2801 EAST 20TH STREET
FARMINGTON, NEW MEXICO 87401
(505) 327-4489

June 14, 1979



State of New Mexico
Dept. of Energy; Mineral
Oil Conservation Division
PO Box 2088
Santa Fe, New Mexico 87501

Re: Caribou Four Corners, Inc., Applicant
Kirtland #2,3, and 4.

Dear Sirs:

Enclosed find:

- 1) Application for Unorthodox Well Location
West 2 Northeast Quarter of Section 13, Township 29 North,
Range 15 West, N.M.P.M. San Juan County, New Mexico
 - 2) Application for Unorthodox Well Location
North 2 Northeast Quarter Section 18, Township 29 North,
Range 14 West, N.M.P.M. San Juan County, New Mexico
 - 3) Application for Unorthodox Well Location
West 2 Northwest Quarter Section 18, Township 29 North,
Range 14 West, N.M.P.M. San Juan County, New Mexico
 - 4) Application for non-standard Proration Unit
NW 4 NW 4 Section 18, Township 29 North, Range 14 West,
N.M.P.M. San Juan County, New Mexico, and Lot 5, Township
29 North, Range 14 West, N.M.P.M. San Juan County, New Mexico.
- I understand that these applications will be heard July 11, 1979
at 9:00 a.m.

Thank you in advance for your consideration and cooperation.

Sincerely,


Damon L. Weems

DW/nw

enc

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

Application of
CARIBOU FOUR CORNERS, INC.,
for the creation of a
NON-STANDARD PRORATION UNIT
in SECTION 18, TOWNSHIP 29
NORTH, RANGE 14 WEST, N.M.P.M.,
in SAN JUAN COUNTY, NEW MEXICO

Case No. 6588

APPLICATION FOR NON-STANDARD PRORATION UNIT

Applicant, Caribou Four Corners, Inc., respectfully requests that the Oil Conservation Division grant an exception to Rule 2 of the Special Pool Rules for the Cha Cha-Gallup Oil Pool in creation of a Non-standard Proration Unit containing less than eighty (80) acres, stating as grounds therefore:

1. Applicant proposes to dedicate 64.32 acres consisting of the NW/4 of the NW/4 of Section 18, Township 29 North, Range 14 West and Lot 5 consisting of 24.32 acres in the SW/4 of the NW/4 of said Section, Township and Range which lies north of the San Juan River.

2. The entire Non-standard Proration Unit may reasonably be presumed to be productive of oil from the Cha Cha-Gallup Oil Pool.

3. There are numerous owners of small plats of fee land adjoining the acreage to be dedicated. The 15.68 acres in the SW/4 of the NW/4 of said Section, Township, and Range is under lease to Energy Reserves Group, Denver, Colorado, by the Navajo Tribe of Indians.

4. Energy Reserves Group, Denver, Colorado has been notified by certified mail of this Application.

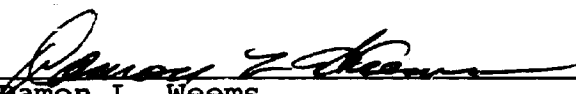
5. Applicant requests a hearing in this matter.

Respectfully submitted.

64.32
40.00

24.32
15.68

40.00


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Inc., Applicant
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DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

dr/

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

CASE NO. 6588

Order No. R- 6065

APPLICATION OF CARIBOU FOUR CORNERS, INC.

FOR A NON-STANDARD PRORATION UNIT,

SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 11
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of July, 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 of a 64.32 ^{oil}-acre non-standard ~~gas~~ 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
ship 29 North, Range 14 West, NMPM, to be dedicated to
its Kirtland Well No 4 ^{to be} located in
Unit E of said Section 18.

(3) That the entire non-standard proration unit may reasonably
be presumed productive of ^{oil} ~~gas~~ from the Cha Cha-Gallup Oil Pool
~~Gas~~ Pool and that the entire non-standard ^{oil} ~~gas~~ proration unit can
be efficiently and economically drained and developed by the
aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the ^{oil} ~~gas~~ in the Cha Cha-Gallup Oil Pool ~~oil 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 a 64.32-acre non-standard ^{oil} ~~gas~~ proration unit in the Cha Cha-Gallup Oil ~~oil pool~~ comprising the NW/4 NW/4 and that part of Lot 5 lying all in Section 18, north of the San Juan River, ~~Section~~, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, is hereby established and dedicated to ~~its~~ The Caribou Four Corners, Inc.
Birchland Well No 4, to be located in Unit E of said Section 18.

(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.