

CASE 6624: BELCO PETROLEUM CORPORATION
FOR APPROVAL OF INFILL DRILLING, LEA *lin*
COUNTY, NEW MEXICO

CASE NO.

6624

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

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. 6624
Order No. R-6099

APPLICATION OF BELCO PETROLEUM
CORPORATION FOR APPROVAL OF INFILL
DRILLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on 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, Belco Petroleum Corporation, seeks
a finding that the drilling of a well to be located in Unit K of
Section 31, Township 9 South, Range 33 East, NMPM, Flying "M"-
San Andres Pool, Lea County, New Mexico, is necessary to effec-
tively and efficiently drain a portion of the reservoir covered
by the proration unit which cannot be so drained by the existing
well.
- (3) That the applicant further seeks approval of a waiver
of existing well-spacing requirements.
- (4) That the standard spacing unit in the Flying "M"-San
Andres Pool is 80 acres.
- (5) That Belco Petroleum Corporation is the operator of an
80-acre standard proration unit consisting of the E/2 SW/4 of
said Section 33 in said Flying "M"-San Andres Pool.

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Case No. 6624

Order No. R-6099

(6) That said 80-acre proration unit is dedicated to the applicant's Federal 31 Well No. 1 located in Unit N of said Section 33.

(7) That the evidence presented demonstrated that said Federal 31 Well No. 1 cannot effectively and efficiently drain said 80-acre proration unit.

(8) That the evidence presented further demonstrated that the drilling and completion of applicant's said new well should result in the production of an additional 50,000 to 125,000 barrels of oil and from 35,000 to 144,000 MCF of gas from said proration unit which would not otherwise be recovered from the proration unit.

(9) That such additional recovery will result in said unit being more efficiently and economically drained.

(10) That said new well is to be drilled as an "infill" well on the existing 80-acre standard proration unit.

(11) That in order to permit the drainage of a portion of the reservoir covered by said 80-acre standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for infill drilling should be approved as an exception to the standard well spacing requirements for said Flying "M"-San Andres Pool.

IT IS THEREFORE ORDERED:

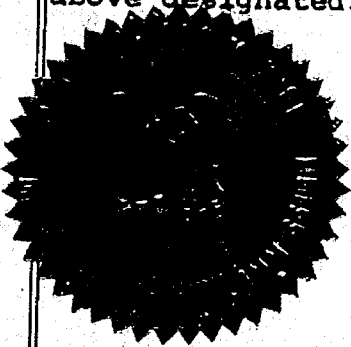
(1) That the applicant, Belco Petroleum Corporation, is hereby authorized to drill a well to be located in Unit K of Section 31, Township 9 South, Range 33 East, NMPM, as an infill well on an existing 80-acre standard proration unit being the E/2 SW/4 of said Section 33, Flying "M"-San Andres Pool, Lea County, New Mexico. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by the existing 80-acre proration unit which cannot efficiently and economically be drained by any existing well thereon.

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

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Case No. 6624
Order No. R-6099

DONE at Santa Fe, New Mexico, on the day and year herein-
above 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
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Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6624
ORDER NO. R-6099

Applicant:

Belco Petroleum Corporation

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other _____

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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 Belco Petroleum Cor-) CASE
poration for approval of infill) 6624
drilling, Lea 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:

W. Thomas Kellahin, Esq.
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I N D E X

LEE G. NERING

Direct Examination by Mr. Kellahin 3

E X H I B I T S

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1 MR. STAMETS: We'll call next Case Number
2 6624, being the application of Belco Petroleum Corporation
3 for approval of infill drilling, Lea County, New Mexico.

4 Call for appearances in this case.

5 MR. KELLAHIN: Tom Kellahin of Santa Fe,
6 New Mexico, appearing on behalf of Belco Petroleum Corpor-
7 ation, and I have one witness.

8
9 (Witness sworn.)

10
11 LEE G. NERING

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

14
15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Would you please state your name, by whom
18 you are employed, and in what capacity?

19 A My name is Lee Nering. I'm employed by
20 Belco Petroleum Corporation, Houston, Texas, in the capacity
21 of Administrative Geologist.

22 Q Mr. Nering, have you previously testified
23 before the Oil Conservation Division and had your qualifi-
24 cations as an expert geologist accepted and made a matter
25 of record?

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1 A. Yes.

2 MR. KELLAHIN: We tender Mr. Nering as an
3 expert geologist.

4 MR. STAMETS: He is considered qualified.

5 Q (Mr. Kellahin continuing.) Would you
6 refer to Belco Exhibit Number One, Mr. Nering, identify that
7 for us and tell us what Belco is seeking?

8 A. Exhibit Number One is the New Mexico NMOCD
9 Form C-102, the survey plat. It identifies the location of
10 the subject well, this well being the Belco 31 No. 2 Well,
11 located in Section 31, Township 9 South, Range 33 East in
12 the Flying "M"-San Andres Pool of Lea County, New Mexico.

13 The plat also shows that the acreage to
14 be dedicated to this well is an 80-acre tract comprising
15 the east half of the southwest quarter of Section 31.

16 Belco is seeking a demonstration that this
17 well is necessary to effectively drain that portion of the
18 proration unit, this being the east half of the southwest
19 quarter, since it appears unable -- that the existing well
20 on the proration unit is not capable of doing so.

21 Q Would you refer to Exhibit Number Two now?

22 A. Exhibit Number Two is a base map, an area
23 map, of the southwestern portion of the Flying "M" Pool.
24 It illustrates the location of the proposed Federal No. 2
25 Well. It also shows the proration unit in which we desire

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1 that it be assigned as the second well on that proration
2 unit. It also shows the location of the Belco Federal No.
3 1 Well, located in the southeast of the southwest quarter
4 of Section 31.

5 Q The proposed location has not been spudded
6 at this stage?

7 A No. In keeping with the Exhibit Number
8 One, the application shows that this was signed on July
9 2nd. It was made an application to the U. S. Geological
10 Survey, this being a Federal lease, on July 3rd of 1979.

11 The Federal government in the form of the
12 U. S. Geological Survey is at present holding the applica-
13 tion in suspension. It is at their request that we make
14 this application to the New Mexico Oil Conservation Divi-
15 sion to permit the drilling of this well, the Federal No.
16 2 Well, on this same proration unit, prior to commencement
17 of drilling.

18 Q Now, would you explain to the Examiner
19 why the USGS has withheld the permit approval for the No.
20 2 Well?

21 A Has not?

22 Q Has withheld approval --

23 A Has withheld --

24 Q -- of the permit?

25 A Yes. There are actually two reasons. We

1 are at the time negotiating with a surface owner which is
2 different from the mineral owner, but more pertinent to this
3 matter, the USGS has not demanded, but certainly has re-
4 quested that we make this application prior to the commence-
5 ment of the drilling of the well, in keeping with one of
6 the USGS's directives, in keeping with the policies of,
7 and the regulations, of the Natural Gas Policy Act of 1978,
8 before this well can qualify for any gas pricing under the
9 new regulations of FERC.

10 Q Does the existing well in the south half
11 of this proration unit make any gas?

12 A Yes. This -- this well does produce some
13 gas. It is recorded on the State reports as TSTM, TSTM
14 meaning too small to measure; however, upon the completion
15 report it can be shown that the well made upon completion
16 17 Mcf per day.

17 Q There are no gas sales from that well, are
18 there?

19 A There are no gas sales from this well at
20 this time.

21 Q All right. It's principally an oil well
22 from the Flying "M"-San Andres Pool?

23 A That is correct.

24 Q Would you refer to Exhibit Number Three
25 and identify that, please?

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1 A. Exhibit Number Three is again the base
2 map of the area, and on it is superimposed structural con-
3 tours in the southwest part of the area, illustrating that
4 the proposed location will be at a relatively high structural
5 position to the other existing San Andres Wells in the
6 immediate vicinity, as well as being somewhat higher and
7 approximately on strike with certain wells to the northeast
8 of the area of the 31-2 Well that are presently selling gas.
9 These wells are shown on this exhibit with a red color.
10 The average -- back up just a minute. That's not an aver-
11 age figure. That is a recorded figure of production in
12 Mcf per month for each well, and for each one of the tracts
13 I have indicated the larger number with an underline, as
14 shown in the legend, the average GOR for that tract or
15 lease. These GORs being in the order of, in the sales
16 area, from 279 GOR to a high of 1190 GOR.

17 In the east half of Section 31 where our
18 figures are shown for certain wells operated in that area
19 by Coastal States Producing Company, very low figures for
20 total gas lease use yielding a GOR of only 48 cubic feet
21 per barrel, which is somewhat in contrast to the original
22 GOR as recorded by the completion of the Belco 31-1 Well,
23 which was the first well on the subject proration unit.

24 By comparison, the GORS recorded for the
25 other adjacent well to the subject well, the Coastal States

No. 1 Well in the northwest of the southeast of Section 31, reported on completion that there was no GOR; however, the figures of present production tend to belie that and furthermore, this production as shown in the east half of Section 31 has only been recorded since September of 1978.

I cannot give a satisfactory answer for another company's operations as to these figures.

Q. What, if any, significance does the structure map have with regards to potential gas production from the second well?

A. The second well, as indicated slightly earlier in the testimony, the Federal No. 2 Well undoubtedly will be in a higher structural position and equivalent to those wells to the north that have sales and have a, let's say, a moderate rate of production, keeping in mind that in every instance we're speaking of relatively low order production. In general it can be said that the average oil production in the San Andres Pool, at least in this area, is of stripper quality; therefore the amount of gas to be recovered is of rather low volume. We're not speaking of large volumes in either oil or gas.

Q. Will you identify Exhibit Number Four and explain what information it contains?

A. Exhibit Number Four is a map that has been contoured in the area of the immediate vicinity of the pro-

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1 posed Federal No. 2 Well, which shows the March, 1979 pro-
2 duction in barrels of oil.

3 The significance of this is that the Feder-
4 al No. 2 Well is plotted on this and had this well been
5 producing at this time, the Isopaching would indicate that
6 the well at that time, had there been a well there, would
7 have been producing in the order of 650 barrels of oil per
8 month.

9 If one were to apply the -- the GOR that --
10 it's very likely then that the well would also have been
11 producing in March of 1979 at a rate of approximately 459
12 Mcf per month, which is in contrast to the figures in the
13 adjacent east half section as shown on Exhibit Number Three.

14 Q All right, let's turn to Exhibit Number
15 Five and have you identify it.

16 A Exhibit Number Five is a similar type of
17 Isopaching as shown on Exhibit Number Four, only in this
18 instance the Isopach is the illustrating the cumulative
19 oil production for the wells in the immediate vicinity of
20 the Federal 31-2. Also shown are the dates of first pro-
21 duction from each of these wells, indicating that the wells
22 have, let's say, within approximately one year, a commence-
23 ment date so that there is not too much influence from the
24 completion of the wells in terms of the cumulative pro-
25 duction.

1 Looking at the position of the proposed
2 Federal -2 Well, the aspects indicate that this well had it
3 been producing through the lifetime of the other wells in
4 the immediate vicinity, this being in the order of six and
5 seven years, it would have had at this time, being 4-1-79,
6 a cumulative of around 75,000 barrels.

7 Q Would you identify Exhibit Number Six.

8 A Exhibit Number Six is a tabulation of the
9 figures that were utilized in the construction of the Iso-
10 paching on a monthly basis, and Isopaching on a cumulative
11 basis.

12 Q Let's look at Exhibits Number Seven and
13 Eight together, Mr. Nering, if we could.

14 A All right.

15 Q And let's start with Exhibit Number Eight
16 and have you explain the two different approaches you have
17 used in order to support your opinion that there will be
18 additional gas recovered from the second well that would
19 not be recovered from the first well.

20 A It -- well, I can do it this way; however,
21 I think it would be a little more important to recognize
22 that I'm -- I'm dealing with minimum and maximums, since
23 I have no way of calculating precisely how much gas might
24 be recovered from the Federal No. 2 Well.

25 The figures of minimum and maximum oil

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1 recoveries from which a gas recovery can be estimated, are
2 shown by Exhibit Number Seven.

3 MR. STAMETS: I would point out at this
4 time that currently the FERC recognizes that increased oil
5 recovery is just as valid a reason for approving an infill
6 well as increased gas recoveries, so if you have figures
7 that you consider better as oil figures, we can certainly
8 use these and then check your estimates of gas.

9 A. They have a relationship. This is the
10 point of the testimony in which the GOR of the well versus
11 the amount of oil from the Isopaching, so that the two
12 figures are relative, other than I've made some estimates
13 for minimum and maximum recoveries.

14 Q. In summary, with regards to the estimate
15 on additional gas recoveries, you've used two approaches
16 in your analysis. One, is to look at the amount of oil
17 being produced by offsetting wells and assign to it a cor-
18 responding amount of gas in Mcfs per barrel being recovered,
19 within certain minimum and maximum ranges.

20 A. Yes. I wouldn't say in Mcf. It would be
21 in terms of cubic feet per barrel, the GOR.

22 Q. And then the other approach was to look
23 at the gas sales on the offsetting wells to determine what
24 a minimum and maximum figure might be attainable from this
25 well.

A. That is correct. Yes, those two methods.

Q. Now would you look at Exhibit Number Seven and show us your analysis of how you reached your conclusion about the additional oil that would be recovered from the infill well?

A. Yes. Exhibit Number Seven is a graph of the Belco 31- Well in the same proration unit, and on it is plotted two curves, the quarterly production which has been measured and shows an annual decline rate of 17-1/2 per annum decline, and it's declined to two places a four barrel of oil per day rate and a two barrel of oil per day rate. At the same time there is a cumulative curve shown in which case it is projected to a point to where it appears to be at a level position indicating essentially no more oil in ultimate recovery to be recovered by this well.

The two projections indicate that the well will recover in the order of 44,000 barrels of oil, somewhere in the order of the four barrel of oil limiting factor, and perhaps another 4000 barrels more to where the well has declined to two barrels of oil a day.

If we could turn to the northwest portion of the graph, there's an area in there in which I've utilized the relatively standard engineering procedure for determining the stock tank barrels in place within 80 acres, and I'm using parameters taken -- reservoir parameters taken from

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1 the Federal 31-1 Well, utilizing 80 acres, plus the thick-
2 ness of 20 feet, a porosity of 13 percent, a water satura-
3 tion of 32 percent, and the figure of 7758 is the barrels
4 within any one acre foot for the reduction due to contraction,
5 et cetera, I'm using a formation volume factor of 1.25,
6 which is reasonably standard.

7 Utilizing these parameters, it appears
8 that within 80 acres there should be in the order of 877,833
9 barrels in place.

10 Turning over to the east side of the graph,
11 where we've projected out the ultimate recovery on the
12 basis of 44,000 barrels, it can be seen that this 44,000
13 barrels constitute only 5 percent of the oil in place.
14 Now this, on the face of it, is an exceedingly low ultimate
15 recovery factor on a primary basis just on -- just on the
16 basis of experience factor; however, I examined this also
17 on the basis of a procedure in reservoir engineering, in
18 company with the Belco reservoir engineer in Houston,
19 utilizing an API bulletin No. D-14, and from this we're
20 calculating that for this reservoir and with these para-
21 meters, the Federal 31-1 Well should only -- should have
22 recovered 10 percent of the oil in place, and in fact it's
23 only recovering approximately 5 percent, which indicates
24 that a second well is deemed necessary for this proration
25 unit to at least get the 10 percent.

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1 There's a small map of Section 31 included
2 on this graph and I've taken at this point to estimate what
3 would be the case involving -- had there been a drainage
4 effect from our Federal 31-1 Well and the Coastal 31-3 Well,
5 which can be seen from Exhibit Number Four has recovered
6 a total of 131,000 plus barrels of oil, quite a bit differ-
7 ent, and therefore I'm attempting to arrive at how much
8 oil might be in place there considering whether or not
9 some drainage is occurring in the north half of that pro-
10 ration unit, and as such I took each of the presently
11 existing wells in Section 31, knowing their current cumu-
12 lative, as shown by Exhibit Number Five, and declined each
13 of these wells to a, let's say, a 2-barrel per day limiting
14 factor. And as such, I've arrived at figures which are
15 shown in this little map area of in each case an increase,
16 of course, and then determined a percentage of oil which
17 has been recovered to the date of 4-1-79, this being an
18 attempt to determine how much more oil could be recovered
19 from the Federal 31-2 Well in the area that we feel is not
20 being drained properly by the 31-1 Well.

21 On the left side of the little map you'll
22 see an explanation of how I arrive at this. I'm employing
23 a relatively straightforward algebraic equation to arrive
24 at a figure that if the Federal 31-1, excuse me, 31-2 Well
25 has not been affected by a drainage, but that it would be

1 affected with at least 60 percent at this time, the ultimate
2 should be in the order of 125,000 barrels of oil and then
3 subtracting the figure of 75,000 barrels of oil, which is
4 the figure taken from our Exhibit Number Four, Five, Exhibit
5 Number Five, it shows the cumulative figures, that a well
6 in this position on this Isopach indicates that it, had
7 that well been producing through that period of time, it
8 would have produced in the order of 75,000, and the differ-
9 ence between the maximum recovery, 125, and 75 is 50,000
10 barrels, so this leaves me with the minimum anticipated
11 recovery factor, and in that case then the figures that are
12 employed in Exhibit Number Eight become a little more
13 meaningful in the method by which I used the -- employing
14 a GOR, an average GOR to be anticipated, I can see that on
15 this basis, using the minimum oil recovered, 50,000 barrels,
16 I can anticipate that this well will ultimately recover
17 35,000,362 cf, or that if the area of 31-2 Well has not
18 been affected by drainage, the maximum should be in the
19 order of 88,000,375 cf.

20 The other method, the estimated sales
21 method, is taken simply by averaging from the wells that
22 are currently producing to the north of us, and approxi-
23 mately on the same structural strike, a figure which is in,
24 keeping with the original anticipation from the 37 Mcf a
25 day, yielding 459, one could expect that a sales of appro-

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1 ximately 400 Mcf a day times 180 months, and 180 months is
2 taken directly from Exhibit Number Seven, counting the
3 number of years, 12 times 15, 180 months, yields 72,000,000
4 Mcf, or if I'm going to use the average GOR -- I'm sorry,
5 the average production of the wells to the north, in the
6 order of 800 Mcf per month, multiplying that again by the
7 anticipated life of the well, 180 months, I yield 144,000,000
8 Mcf.

9 Again I say these are relatively, very
10 moderate figures for gas production. This is an oil field
11 and it is a stripper oil field, but nonetheless, in keeping
12 with the extreme differences in gas pricing these days,
13 these figures yield a considerable amount of money, since
14 the July price for category 103 gas is \$2.067 per Mcf.

15 Q Okay, in conclusion, then, Mr. Nering, in
16 your opinion will the proposed Federal 31-2 Well be
17 necessary to effectively and efficiently drain a portion
18 of the reservoir --

19 A Yes.

20 Q -- covered by the proration unit, which
21 cannot effectively and efficiently be drained by any
22 existing well within that proration unit?

23 A That is my conclusion from the data I've
24 put together.

25 Q Were Exhibits One through Eight either

1 prepared by you directly or compiled under your direction
2 and supervision?

3 A Yes, they were.

4 Q And in your opinion will granting of
5 this application be in the best interests of conservation,
6 the preventiob of waste, and the protection of correlative
7 rights?

8 A Yes.

9 MR. KELLAHIN: That concludes our exam-
10 ination.

11 MR. STAMETS: Are there any further ques-
12 tions of this witness? He may be excused.

13 Anything further in this case?

14 Take the case under advisement.

15
16 (Hearing concluded.)
17
18
19
20
21
22
23
24
25

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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, 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. 6624
 heard by me on 8-8 1979
Richard L. Starn, Examiner
 Oil Conservation Division

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Page 1

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 Belco Petroleum Cor-
poration for approval of infill
drilling, Lea County, New Mexico.

CASE
6624

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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I N D E X

LEE G. NERING

Direct Examination by Mr. Kellahin

3

E X H I B I T S

Applicant Exhibit One, C-102

4

Applicant Exhibit Two, Map

4

Applicant Exhibit Three, Map

7

Applicant Exhibit Four, Isopach

8

Applicant Exhibit Five, Isopach

9

Applicant Exhibit Six, Tabulation

10

Applicant Exhibit Seven, Graph

10

Applicant Exhibit Eight, Document

10

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Page 3

1
2 MR. STAMETS: We'll call next Case Number
3 6624, being the application of Belco Petroleum Corporation
4 for approval of infill drilling, Lea County, New Mexico.

5 Call for appearances in this case.

6 MR. KELLAHIN: Tom Kellahin of Santa Fe,
7 New Mexico, appearing on behalf of Belco Petroleum Corpor-
8 ation, and I have one witness.

9
10 (Witness sworn.)

11
12 LEE G. NERING

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

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Would you please state your name, by whom
19 you are employed, and in what capacity?

20 A My name is Lee Nering. I'm employed by
21 Belco Petroleum Corporation, Houston, Texas, in the capacity
22 of Administrative Geologist.

23 Q Mr. Nering, have you previously testified
24 before the Oil Conservation Division and had your qualifi-
25 cations as an expert geologist accepted and made a matter
of record?

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1 A Yes.

2 MR. KELLAHIN: We tender Mr. Nering as an
3 expert geologist.

4 MR. STAMETS: He is considered qualified.

5 Q (Mr. Kellahin continuing.) Would you
6 refer to Belco Exhibit Number One, Mr. Nering, identify that
7 for us and tell us what Belco is seeking?

8 A Exhibit Number One is the New Mexico NMOCB
9 Form C-102, the survey plat. It identifies the location of
10 the subject well, this well being the Belco 31 No. 2 Well,
11 located in Section 31, Township 9 South, Range 33 East in
12 the Flying "M"-San Andres Pool of Lea County, New Mexico.

13 The plat also shows that the acreage to
14 be dedicated to this well is an 80-acre tract comprising
15 the east half of the southwest quarter of Section 31.

16 Belco is seeking a demonstration that this
17 well is necessary to effectively drain that portion of the
18 proration unit, this being the east half of the southwest
19 quarter, since it appears unable -- that the existing well
20 on the proration unit is not capable of doing so.

21 Q Would you refer to Exhibit Number Two now?

22 A Exhibit Number Two is a base map, an area
23 map, of the southwestern portion of the Flying "M" Pool.
24 It illustrates the location of the proposed Federal No. 2
25 Well. It also shows the proration unit in which we desire

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1 that it be assigned as the second well on that proration
2 unit. It also shows the location of the Belco Federal No.
3 1 Well, located in the southeast of the southwest quarter
4 of Section 31.

5 Q The proposed location has not been spudded
6 at this stage?

7 A No. In keeping with the Exhibit Number
8 One, the application shows that this was signed on July
9 2nd. It was made an application to the U. S. Geological
10 Survey, this being a Federal lease, on July 3rd of 1979.

11 The Federal government in the form of the
12 U. S. Geological Survey is at present holding the applica-
13 tion in suspension. It is at their request that we make
14 this application to the New Mexico Oil Conservation Divi-
15 sion to permit the drilling of this well, the Federal No.
16 2 Well, on this same proration unit, prior to commencement
17 of drilling.

18 Q Now, would you explain to the Examiner
19 why the USGS has withheld the permit approval for the No.
20 2 Well?

21 A Has not?

22 Q Has withheld approval --

23 A Has withheld --

24 Q -- of the permit?

25 A Yes. There are actually two reasons. We

1 are at the time negotiating with a surface owner which is
2 different from the mineral owner, but more pertinent to this
3 matter, the USGS has not demanded, but certainly has re-
4 quested that we make this application prior to the commence-
5 ment of the drilling of the well, in keeping with one of
6 the USGS's directives, in keeping with the policies of,
7 and the regulations, of the Natural Gas Policy Act of 1978,
8 before this well can qualify for any gas pricing under the
9 new regulations of FERC.

10 Q Does the existing well in the south half
11 of this proration unit make any gas?

12 A Yes. This -- this well does produce some
13 gas. It is recorded on the State reports as TSTM, TSTM
14 meaning too small to measure; however, upon the completion
15 report it can be shown that the well made upon completion
16 17 Mcf per day.

17 Q There are no gas sales from that well, are
18 there?

19 A There are no gas sales from this well at
20 this time.

21 Q All right. It's principally an oil well
22 from the Flying "M"-San Andres Pool?

23 A That is correct.

24 Q Would you refer to Exhibit Number Three
25 and identify that, please?

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1 A Exhibit Number Three is again the base
2 map of the area, and on it is superimposed structural con-
3 tours in the southwest part of the area, illustrating that
4 the proposed location will be at a relatively high structural
5 position to the other existing San Andres Wells in the
6 immediate vicinity, as well as being somewhat higher and
7 approximately on strike with certain wells to the northeast
8 of the area of the 31-2 Well that are presently selling gas.
9 These wells are shown on this exhibit with a red color.
10 The average -- back up just a minute. That's not an aver-
11 age figure. That is a recorded figure of production in
12 Mcf per month for each well, and for each one of the tracts
13 I have indicated the larger number with an underline, as
14 shown in the legend, the average GOR for that tract or
15 lease. These GORs being in the order of, in the sales
16 area, from 279 GOR to a high of 1190 GOR.

17 In the east half of Section 31 where our
18 figures are shown for certain wells operated in that area
19 by Coastal States Producing Company, very low figures for
20 total gas lease use yielding a GOR of only 48 cubic feet
21 per barrel, which is somewhat in contrast to the original
22 GOR as recorded by the completion of the Belco 31-1 Well,
23 which was the first well on the subject proration unit.

24 By comparison, the GORS recorded for the
25 other adjacent well to the subject well, the Coastal States

No. 1 Well in the northwest of the southeast of Section 31, reported on completion that there was no GOR; however, the figures of present production tend to belie that and furthermore, this production as shown in the east half of Section 31 has only been recorded since September of 1978.

I cannot give a satisfactory answer for another company's operations as to these figures.

Q What, if any, significance does the structure map have with regards to potential gas production from the second well?

A The second well, as indicated slightly earlier in the testimony, the Federal No. 2 Well undoubtedly will be in a higher structural position and equivalent to those wells to the north that have sales and have a, let's say, a moderate rate of production, keeping in mind that in every instance we're speaking of relatively low order production. In general it can be said that the average oil production in the San Andres Pool, at least in this area, is of stripper quality; therefore the amount of gas to be recovered is of rather low volume. We're not speaking of large volumes in either oil or gas.

Q Will you identify Exhibit Number Four and explain what information it contains?

A Exhibit Number Four is a map that has been contoured in the area of the immediate vicinity of the pro-

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1 posed Federal No. 2 Well, which shows the March, 1979 pro-
2 duction in barrels of oil.

3 The significance of this is that the Feder-
4 al No. 2 Well is plotted on this and had this well been
5 producing at this time, the Isopaching would indicate that
6 the well at that time, had there been a well there, would
7 have been producing in the order of 650 barrels of oil per
8 month.

9 If one were to apply the -- the GOR that --
10 it's very likely then that the well would also have been
11 producing in March of 1979 at a rate of approximately 459
12 Mcf per month, which is in contrast to the figures in the
13 adjacent east half section as shown on Exhibit Number Three.

14 Q All right, let's turn to Exhibit Number
15 Five and have you identify it.

16 A Exhibit Number Five is a similar type of
17 Isopaching as shown on Exhibit Number Four, only in this
18 instance the Isopach is the illustrating the cumulative
19 oil production for the wells in the immediate vicinity of
20 the Federal 31-2. Also shown are the dates of first pro-
21 duction from each of these wells, indicating that the wells
22 have, let's say, within approximately one year, a commence-
23 ment date so that there is not too much influence from the
24 completion of the wells in terms of the cumulative pro-
25 duction.

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1 Looking at the position of the proposed
2 Federal -2 Well, the aspects indicate that this well had it
3 been producing through the lifetime of the other wells in
4 the immediate vicinity, this being in the order of six and
5 seven years, it would have had at this time, being 4-1-79,
6 a cumulative of around 75,000 barrels.

7 Q Would you identify Exhibit Number Six.

8 A Exhibit Number Six is a tabulation of the
9 figures that were utilized in the construction of the Iso-
10 paching on a monthly basis, and Isopaching on a cumulative
11 basis.

12 Q Let's look at Exhibits Number Seven and
13 Eight together, Mr. Nering, if we could.

14 A All right.

15 Q And let's start with Exhibit Number Eight
16 and have you explain the two different approaches you have
17 used in order to support your opinion that there will be
18 additional gas recovered from the second well that would
19 not be recovered from the first well.

20 A It -- well, I can do it this way; however,
21 I think it would be a little more important to recognize
22 that I'm -- I'm dealing with minimum and maximums, since
23 I have no way of calculating precisely how much gas might
24 be recovered from the Federal No. 2 Well.

25 The figures of minimum and maximum oil

1 recoveries from which a gas recovery can be estimated, are
2 shown by Exhibit Number Seven.

3
4 MR. STAMETS: I would point out at this
5 time that currently the FERC recognizes that increased oil
6 recovery is just as valid a reason for approving an infill
7 well as increased gas recoveries, so if you have figures
8 that you consider better as oil figures, we can certainly
9 use these and then check your estimates of gas.

10 A They have a relationship. This is the
11 point of the testimony in which the GOR of the well versus
12 the amount of oil from the Isopaching, so that the two
13 figures are relative, other than I've made some estimates
14 for minimum and maximum recoveries.

15 Q In summary, with regards to the estimate
16 on additional gas recoveries, you've used two approaches
17 in your analysis. One, is to look at the amount of oil
18 being produced by offsetting wells and assign to it a cor-
19 responding amount of gas in Mofs per barrel being recovered,
20 within certain minimum and maximum ranges.

21 A Yes. I wouldn't say in Mcf. It would be
22 in terms of cubic feet per barrel, the GOR.

23 Q And then the other approach was to look
24 at the gas sales on the offsetting wells to determine what
25 a minimum and maximum figure might be attainable from this
well.

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A. That is correct. Yes, those two methods.

Q. Now would you look at Exhibit Number Seven and show us your analysis of how you reached your conclusion about the additional oil that would be recovered from the infill well?

A. Yes. Exhibit Number Seven is a graph of the Belco 31- Well in the same proration unit, and on it is plotted two curves, the quarterly production which has been measured and shows an annual decline rate of 17-1/2 per annum decline, and it's declined to two places a four barrel of oil per day rate and a two barrel of oil per day rate. At the same time there is a cumulative curve shown in which case it is projected to a point to where it appears to be at a level position indicating essentially no more oil in ultimate recovery to be recovered by this well.

The two projections indicate that the well will recover in the order of 44,000 barrels of oil, somewhere in the order of the four barrel of oil limiting factor, and perhaps another 4000 barrels more to where the well has declined to two barrels of oil a day.

If we could turn to the northwest portion of the graph, there's an area in there in which I've utilized the relatively standard engineering procedure for determining the stock tank barrels in place within 80 acres, and I'm using parameters taken -- reservoir parameters taken from

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1 the Federal 31-1 Well, utilizing 80 acres, plus the thick-
2 ness of 20 feet, a porosity of 13 percent, a water satura-
3 tion of 32 percent, and the figure of 7758 is the barrels
4 within any one acre foot for the reduction due to contraction,
5 et cetera, I'm using a formation volume factor of 1.25,
6 which is reasonably standard.

7 Utilizing these parameters, it appears
8 that within 80 acres there should be in the order of 877,833
9 barrels in place.

10 Turning over to the east side of the graph,
11 where we've projected out the ultimate recovery on the
12 basis of 44,000 barrels, it can be seen that this 44,000
13 barrels constitute only 5 percent of the oil in place.
14 Now this, on the face of it, is an exceedingly low ultimate
15 recovery factor on a primary basis just on -- just on the
16 basis of experience factor; however, I examined this also
17 on the basis of a procedure in reservoir engineering, in
18 company with the Belco reservoir engineer in Houston,
19 utilizing an API bulletin No. D-14, and from this we're
20 calculating that for this reservoir and with these para-
21 meters, the Federal 31-1 Well should only -- should have
22 recovered 10 percent of the oil in place, and in fact it's
23 only recovering approximately 5 percent, which indicates
24 that a second well is deemed necessary for this proration
25 unit to at least get the 10 percent.

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There's a small map of Section 31 included on this graph and I've taken at this point to estimate what would be the case involving -- had there been a drainage effect from our Federal 31-1 Well and the Coastal 31-3 Well, which can be seen from Exhibit Number Four has recovered a total of 131,000 plus barrels of oil, quite a bit different, and therefore I'm attempting to arrive at how much oil might be in place there considering whether or not some drainage is occurring in the north half of that production unit, and as such I took each of the presently existing wells in Section 31, knowing their current cumulative, as shown by Exhibit Number Five, and declined each of these wells to a, let's say, a 2-barrel per day limiting factor. And as such, I've arrived at figures which are shown in this little map area of in each case an increase, of course, and then determined a percentage of oil which has been recovered to the date of 4-1-79, this being an attempt to determine how much more oil could be recovered from the Federal 31-2 Well in the area that we feel is not being drained properly by the 31-1 Well.

On the left side of the little map you'll see an explanation of how I arrive at this. I'm employing a relatively straightforward algebraic equation to arrive at a figure that if the Federal 31-1, excuse me, 31-2 Well has not been affected by a drainage, but that it would be

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1 affected with at least 60 percent at this time, the ultimate
2 should be in the order of 125,000 barrels of oil and then
3 subtracting the figure of 75,000 barrels of oil, which is
4 the figure taken from our Exhibit Number Four, Five, Exhibit
5 Number Five, it shows the cumulative figures, that a well
6 in this position on this Isopach indicates that it, had
7 that well been producing through that period of time, it
8 would have produced in the order of 75,000, and the differ-
9 ence between the maximum recovery, 125, and 75 is 50,000
10 barrels, so this leaves me with the minimum anticipated
11 recovery factor, and in that case then the figures that are
12 employed in Exhibit Number Eight become a little more
13 meaningful in the method by which I used the -- employing
14 a GOR, an average GOR to be anticipated, I can see that on
15 this basis, using the minimum oil recovered, 50,000 barrels,
16 I can anticipate that this well will ultimately recover
17 35,000,362 cf, or that if the area of 31-2 Well has not
18 been affected by drainage, the maximum should be in the
19 order of 88,000,375 cf.

20 The other method, the estimated sales
21 method, is taken simply by averaging from the wells that
22 are currently producing to the north of us, and approxi-
23 mately on the same structural strike, a figure which is in
24 keeping with the original anticipation from the 37 Mcf a
25 day, yielding 459, one could expect that a sales of appro-

1 ximately 400 Mcf a day times 180 months, and 180 months is
2 taken directly from Exhibit Number Seven, counting the
3 number of years, 12 times 15, 180 months, yields 72,000,000
4 Mcf, or if I'm going to use the average GOR -- I'm sorry,
5 the average production of the wells to the north, in the
6 order of 800 Mcf per month, multiplying that again by the
7 anticipated life of the well, 180 months, I yield 144,000,000
8 Mcf.

9
10 Again I say these are relatively, very
11 moderate figures for gas production. This is an oil field
12 and it is a stripper oil field, but nonetheless, in keeping
13 with the extreme differences in gas pricing these days,
14 these figures yield a considerable amount of money, since
15 the July price for category 103 gas is \$2.067 per Mcf.

16 Q Okay, in conclusion, then, Mr. Nering, in
17 your opinion will the proposed Federal 31-2 Well be
18 necessary to effectively and efficiently drain a portion
19 of the reservoir --

20 A Yes.

21 Q -- covered by the proration unit, which
22 cannot effectively and efficiently be drained by any
23 existing well within that proration unit?

24 A That is my conclusion from the data I've
25 put together.

Q Were Exhibits One through Eight either

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1 prepared by you directly or compiled under your direction
2 and supervision?

3 A Yes, they were.

4 Q And in your opinion will granting of
5 this application be in the best interests of conservation,
6 the prevention of waste, and the protection of correlative
7 rights?

8 A Yes.

9 MR. KELLAHIN: That concludes our exam-
10 ination.

11 MR. STAMETS: Are there any further ques-
12 tions of this witness? He may be excused.

13 Anything further in this case?

14 Take the case under advisement.

15
16 (Hearing concluded.)
17
18
19
20
21
22
23
24
25

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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, 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, _____.

Oil Conservation Division, Examiner

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NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-126
Effective 1-1-65

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

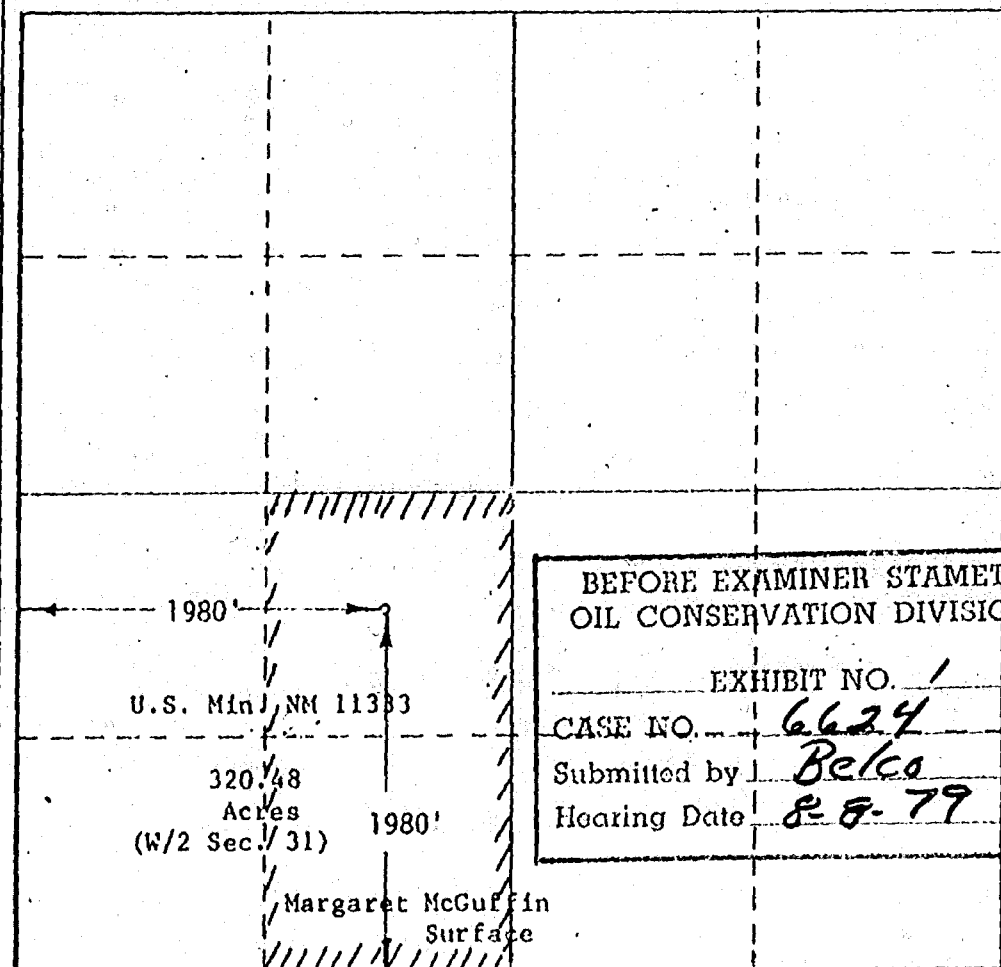
Operator BELCO PETROLEUM CORPORATION		Lease FEDERAL 31		Well No. 2
Tract Letter K	Section 31	Township 9-S	Range 33-E	County LEA COUNTY, NEW MEXICO
Actual Footage Location of Well: 1980' feet from the SOUTH line and 1980' feet from the WEST line				
Ground Level Elev. 4243'	Producing Formation San Andres	Pool Flying "M"	Dedicated Acreage: 80 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.



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. **1**
CASE NO. **6624**
Submitted by **Belco**
Hearing Date **8-8-79**

CERTIFICATION

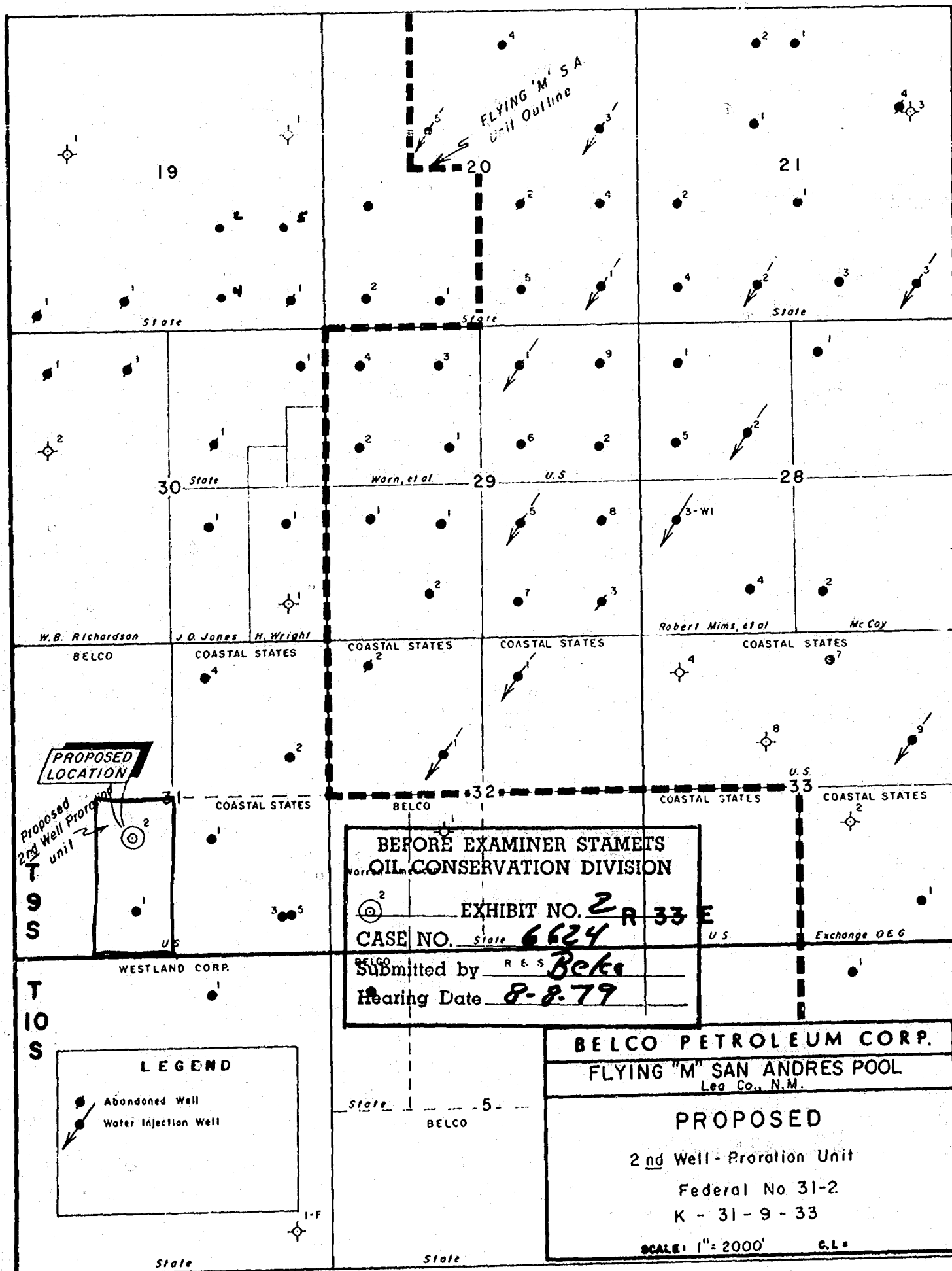
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

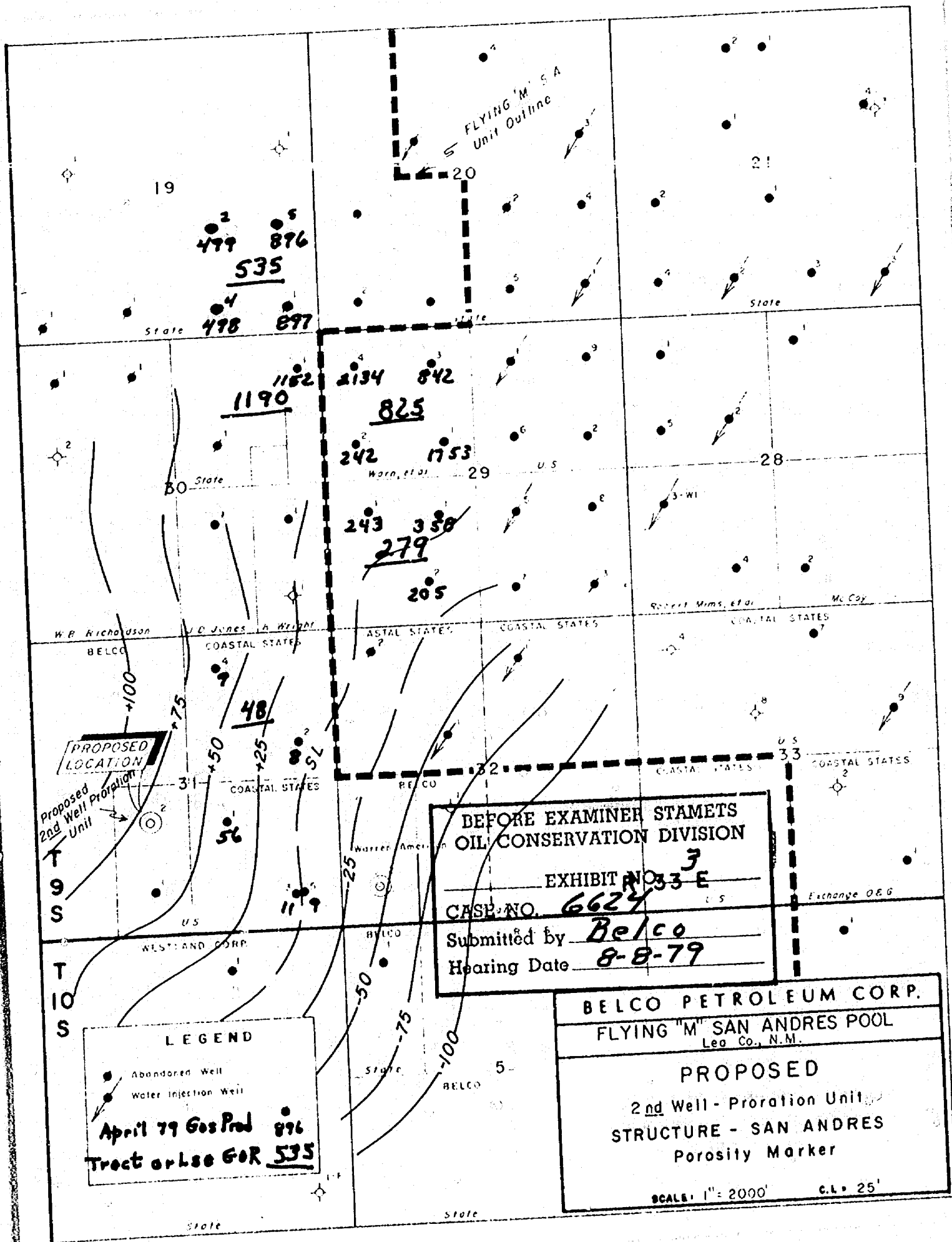
Lee G. Nering
Name
Lee G. Nering
Position
Administrative Geologist
Company
Belco Petroleum Corp.
Date
July 2, 1979

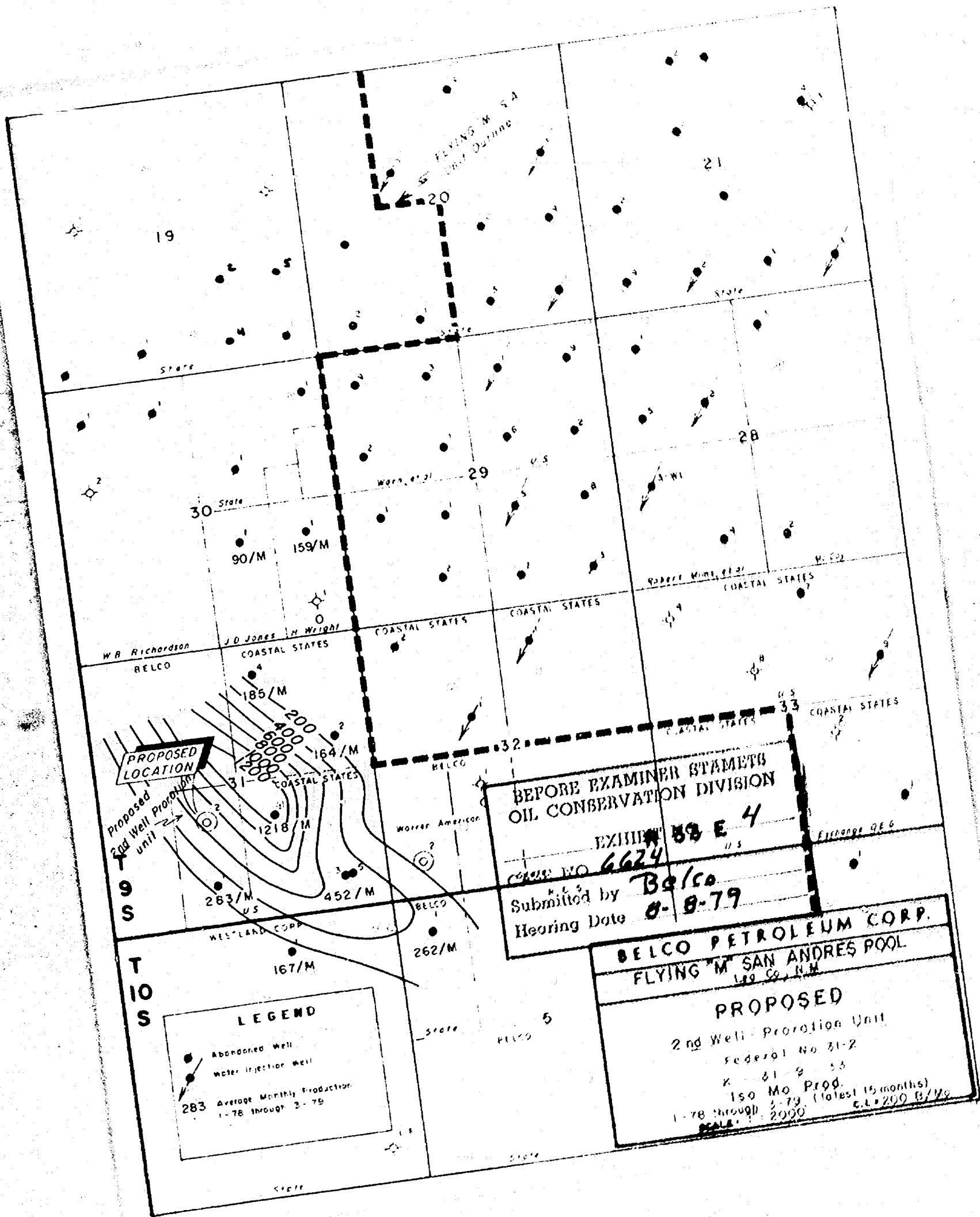
I hereby certify that the well location shown on this plat is plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

GARY D. BOSWELL
NO. 6689
JUL 25 1979
Date Survey
GARY D. BOSWELL
Registered Professional Engineer and/or Land Surveyor

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







BEFORE EXAMINER STAMETH
OIL CONSERVATION DIVISION

EXHIBIT 53 E 4

FILE NO 6624

Submitted by Belco

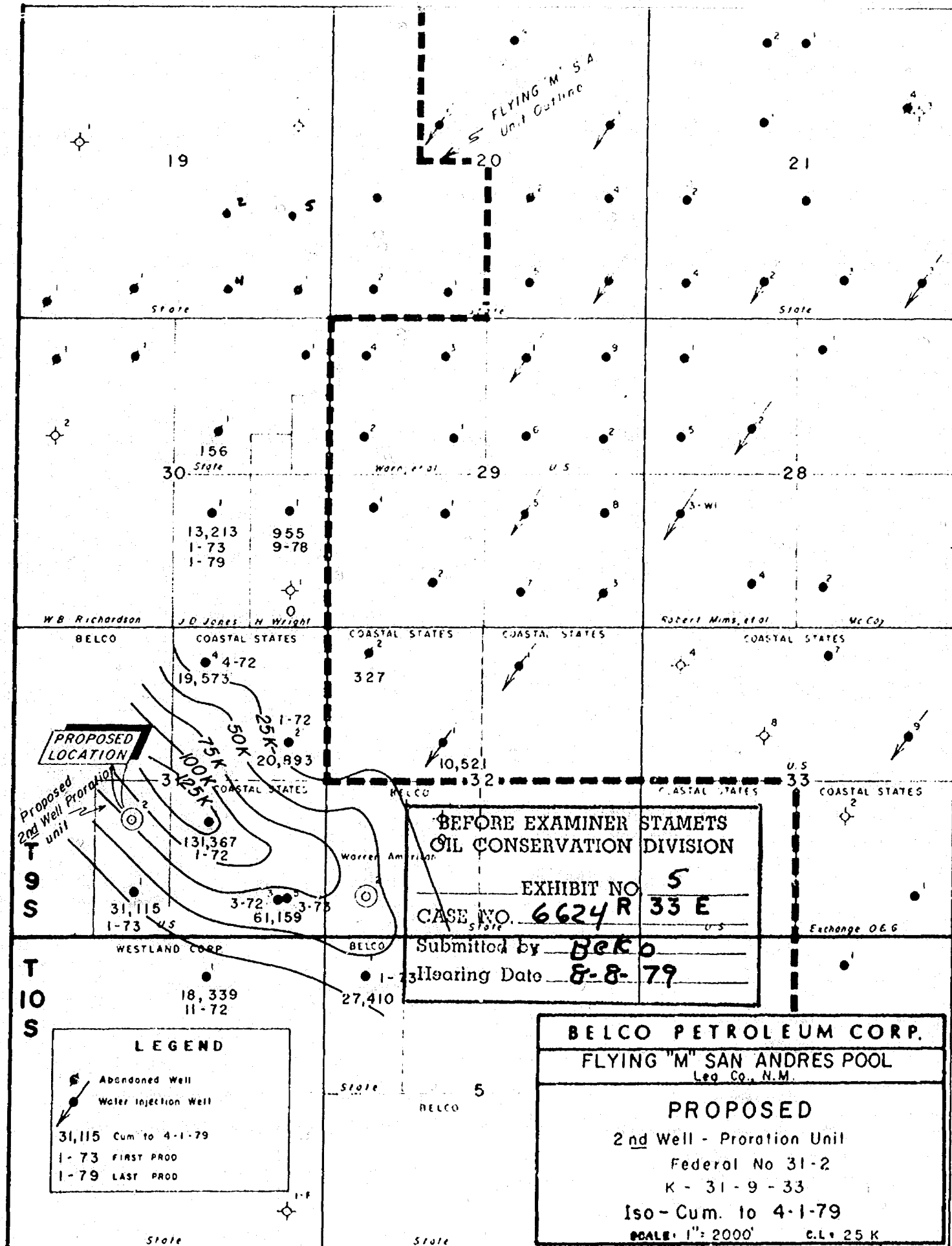
Hearing Date 8-8-79

BELCO PETROLEUM CORP.
FLYING "M" SAN ANDRES POOL
149 S. 21. N.W.

PROPOSED
2nd Well - Proration Unit
Federal No 31-2
K - 31-9 53
150 Mo Prod.
1-78 through 3-79 (latest 15 months)
SCALE: 1" = 2000'
G.L. 200 B/W

LEGEND

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



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

1978

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

																		
		312	273	287	250	295	284	284	283	281	278	34300	30337						
BELCO PETROLEUM CORPORATION																			
FEDERAL	312	289	273	287	250	295	284	284	283	281	278	34300	30337						
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INS	312	289	273	287	250	295	284	284	283	281	278	34300	30337						
INS	112	112	124	124	124	124	124	170	93	170	174	1429							
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INS	112	112	124	124	124	124	124	170	93	170	174	1429							
INS	312	289	273	287	250	295	284	284	283	281	278	34300	30337						
INS	112	112	124	124	124	124	124	170	93	170	174	1429							
INS	312	289	273	287	250	295	284	284	283	281	278	34300	30337						
INS	112	112	124	124	124	124	124	170	93	170	174	1429							
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INS	112	112	124	124	124	124	124	170	93	170	174	1429							
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INS	112	112	124	124	124	124	124	170	93	170	174	1429							
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INS	312	289	273	287	250	295	284	284	283	281	278	34300	30337						
INS	112	112	124	124	124	124	124	170	93	170	174	1429							
INS	312	289	273	287	250	295	284	284											

COASTAL STATES GAS PRODUCING COMPANY

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WESTLAND OIL DEVELOPMENT CORP

[illegible]

1979

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

BEFORE EXAMINER STATEMENTS
OIL CONSERVATION DIVISION

EXHIBIT NO. 6

CASE NO. 6624

Submitted by BE/co

Hearing Date 8-6-79

CALCULATION OF:
Potential Natural Gas To Be Recovered
in
Belco Federal 31-2
K - 31 - 9 - 33
Lea Co., NM

A. GOR Method

Avg GOR of Sales Gas (707) x Min Oil Recovered (50,000)

1. 35,362 MCF

x Max Oil Recovered (125,000)

2. 88,375 MCF

B. Est. Sales Method

Min. (400 MCF/mo) x 180 mo.

1. 72,000 MCF

Max. (800 MCF/mo) x 180 mo

2. 144,000 MCF

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 8

CASE NO. 6624

Submitted by Belco

Hearing Date 8-8-79

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

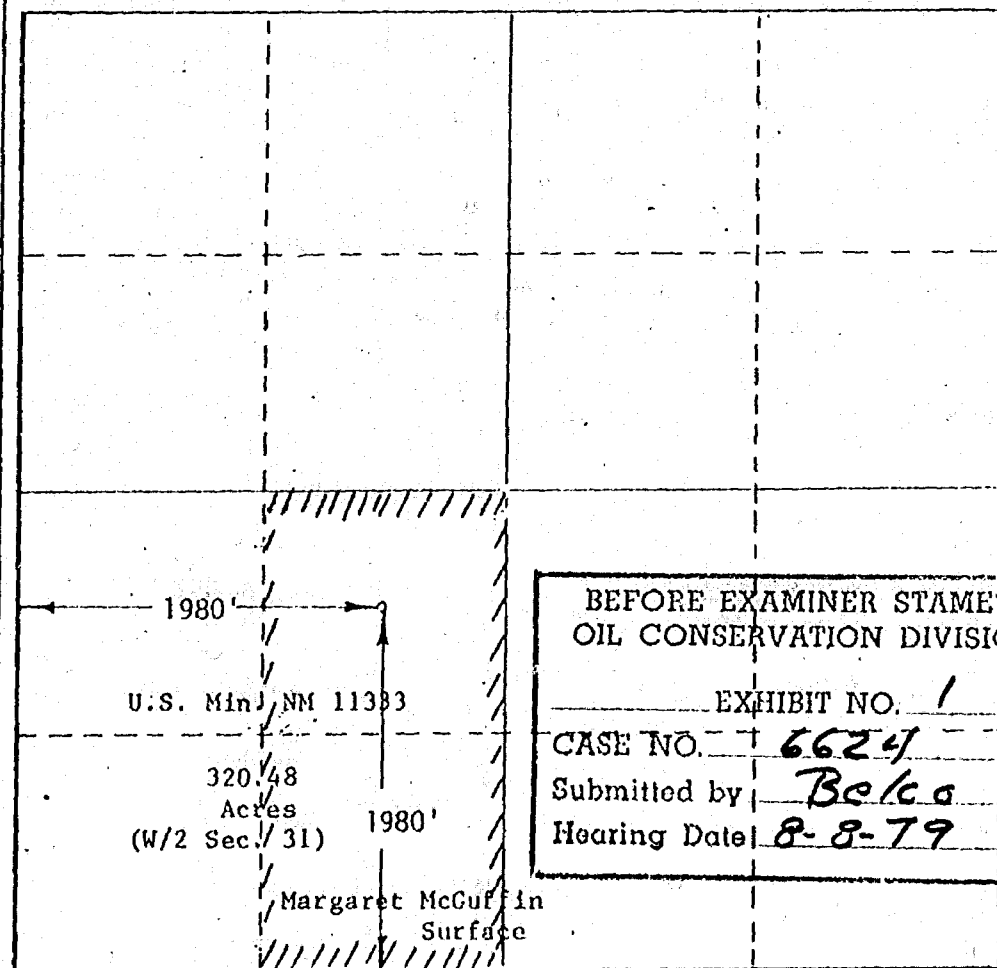
Operator BELCO PETROLEUM CORPORATION			Lease FEDERAL 31		Well No. 2
Unit Letter K	Section 31	Township 9-S	Range 33-E	County LEA COUNTY, NEW MEXICO	
Actual Footage Location of Well:					
1980' feet from the SOUTH line and		1980' feet from the WEST line			
Ground Level Elev. 4243'	Producing Formation San Andres	Pool Flying "M"	Dedicated Acreage: 80 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.



BEFORE EXAMINER STAMEN'S
OIL CONSERVATION DIVISION
EXHIBIT NO. 1
CASE NO. 6624
Submitted by Belco
Hearing Date 8-8-79

CERTIFICATION

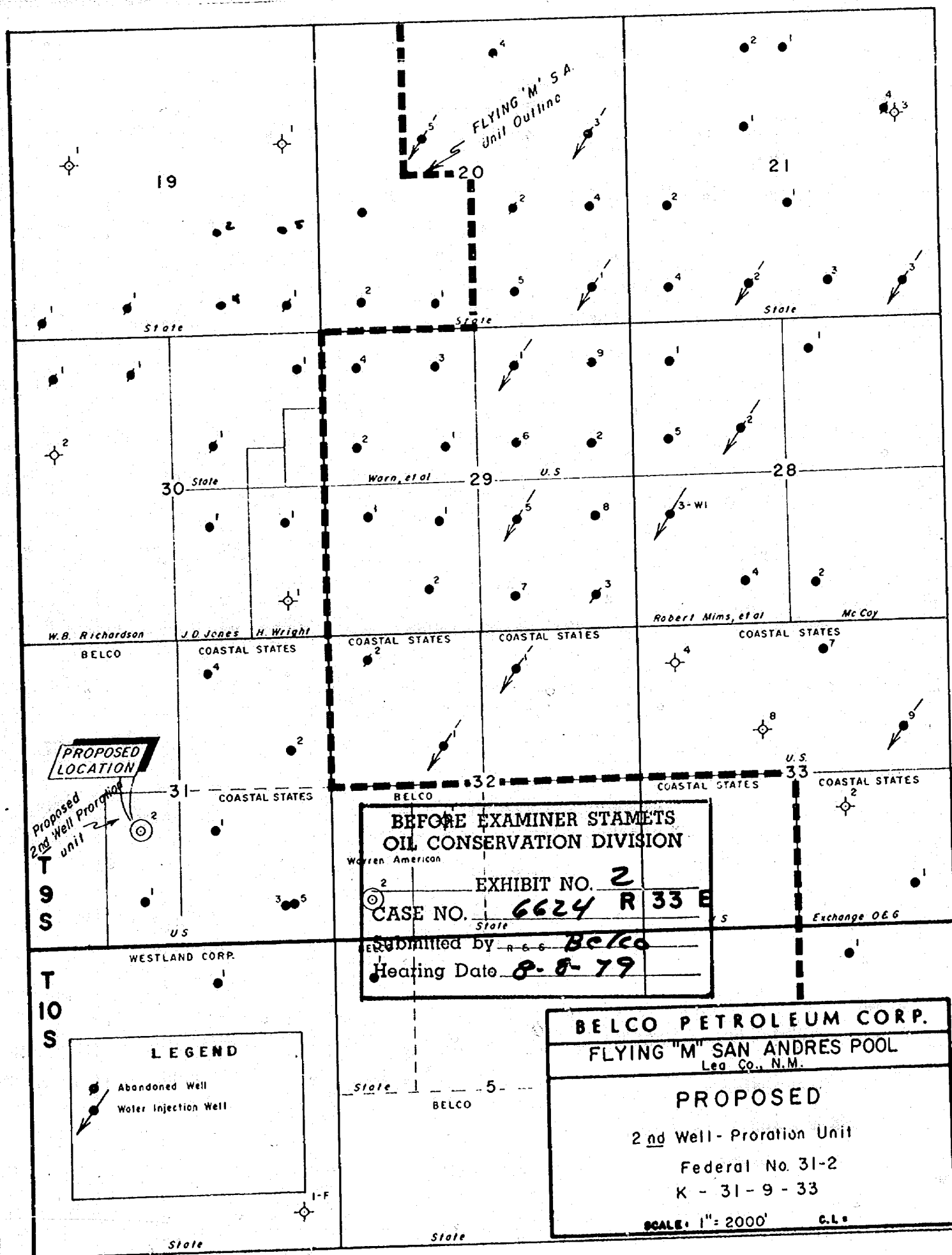
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

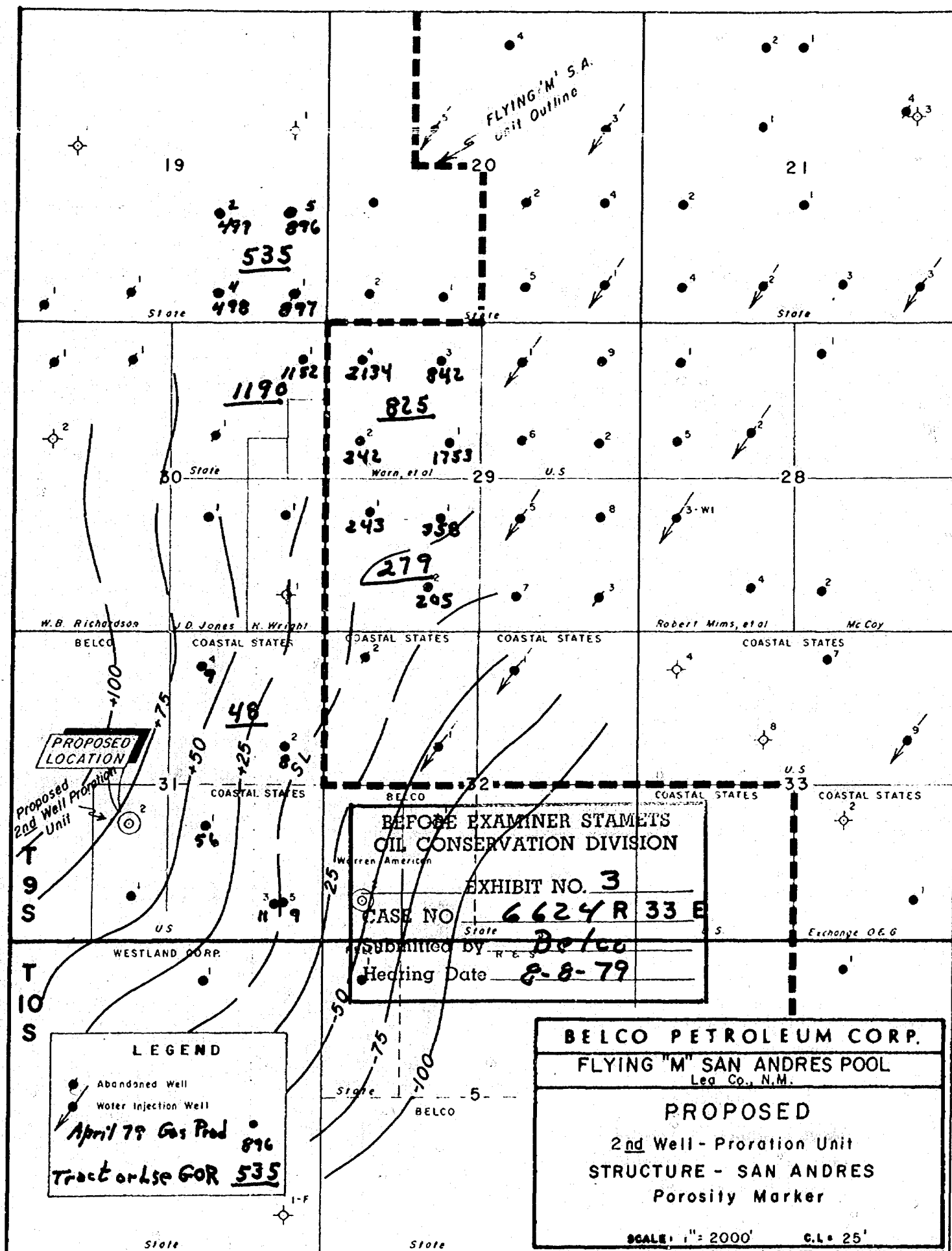
Name
Lee G. Nering
Position
Administrative Geologist
Company
Belco Petroleum Corp.
Date
July 2, 1979

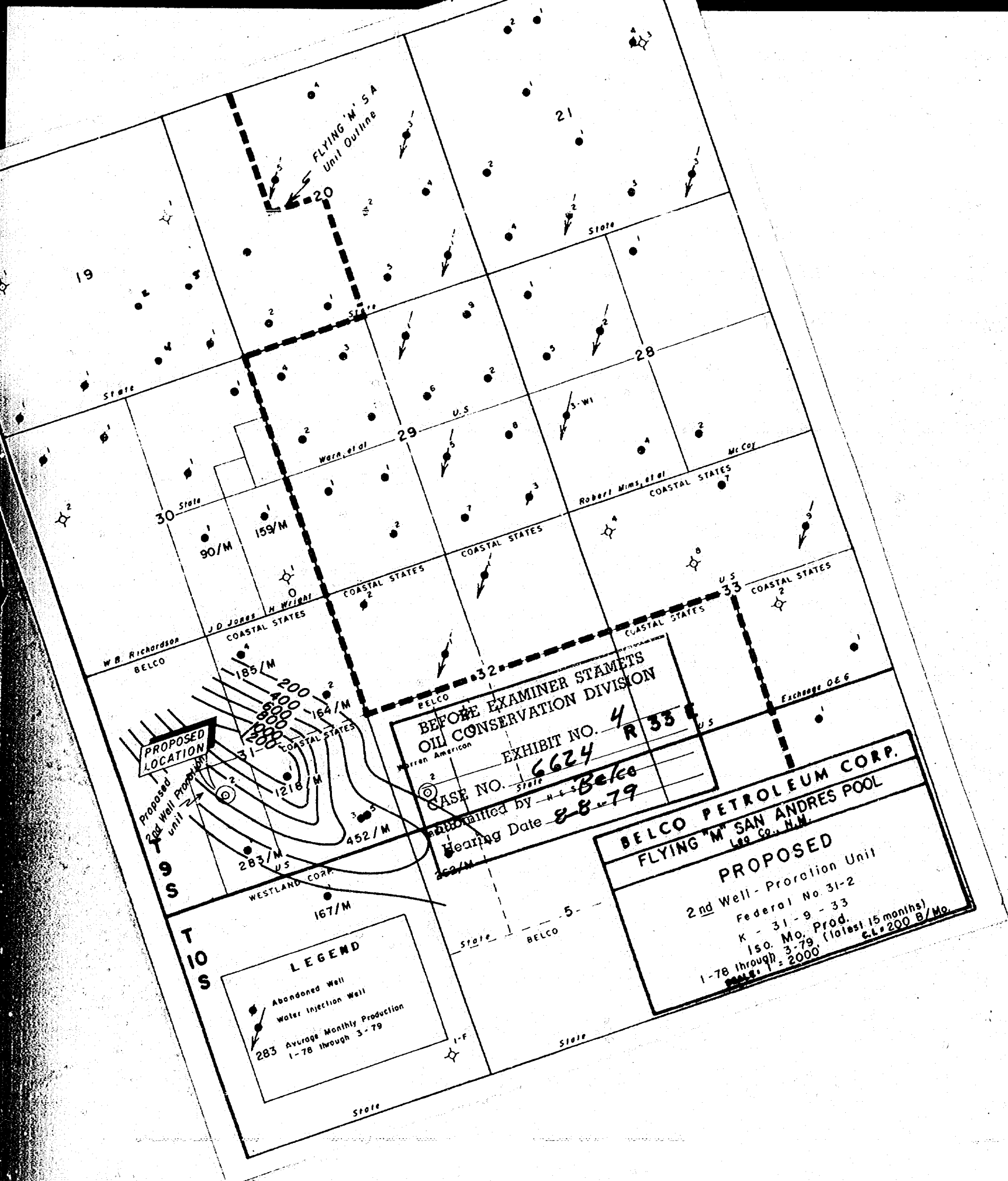
I hereby certify that the well location shown on this plat is based on field notes, actual surveys, made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

GARY D. BOSWELL
NO. 6689
JUL 25 1979
Date Surveyed
GARY D. BOSWELL
Registered Professional Engineer
and/or Land Surveyor

Gary D. Boswell
Certified No. 6689







PROPOSED LOCATION

Proposed 2nd Well Proration Unit

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
Warren American

EXHIBIT NO. 4 R 33

CASE NO. 6624

Submitted by BELCO

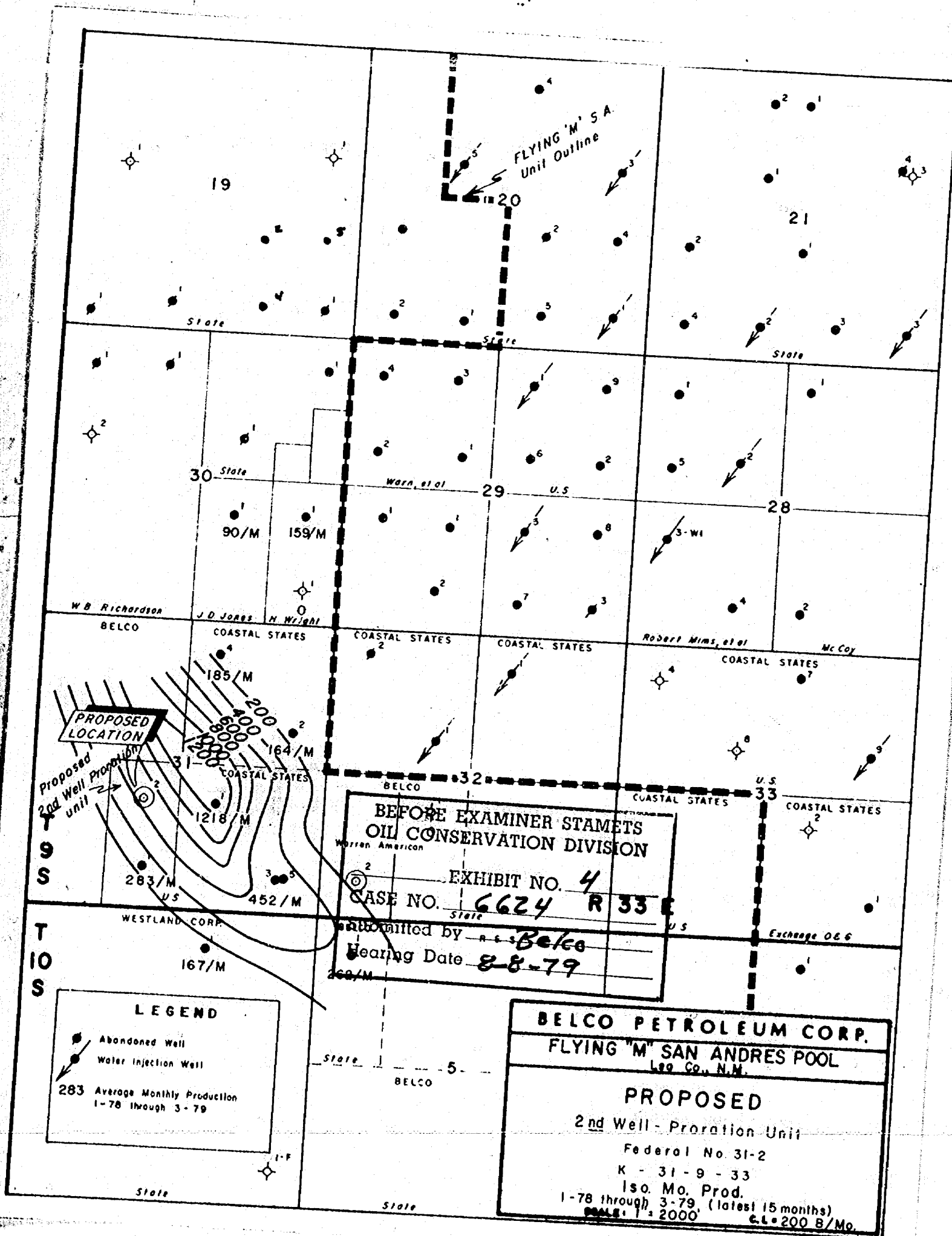
Hearing Date 8-8-79

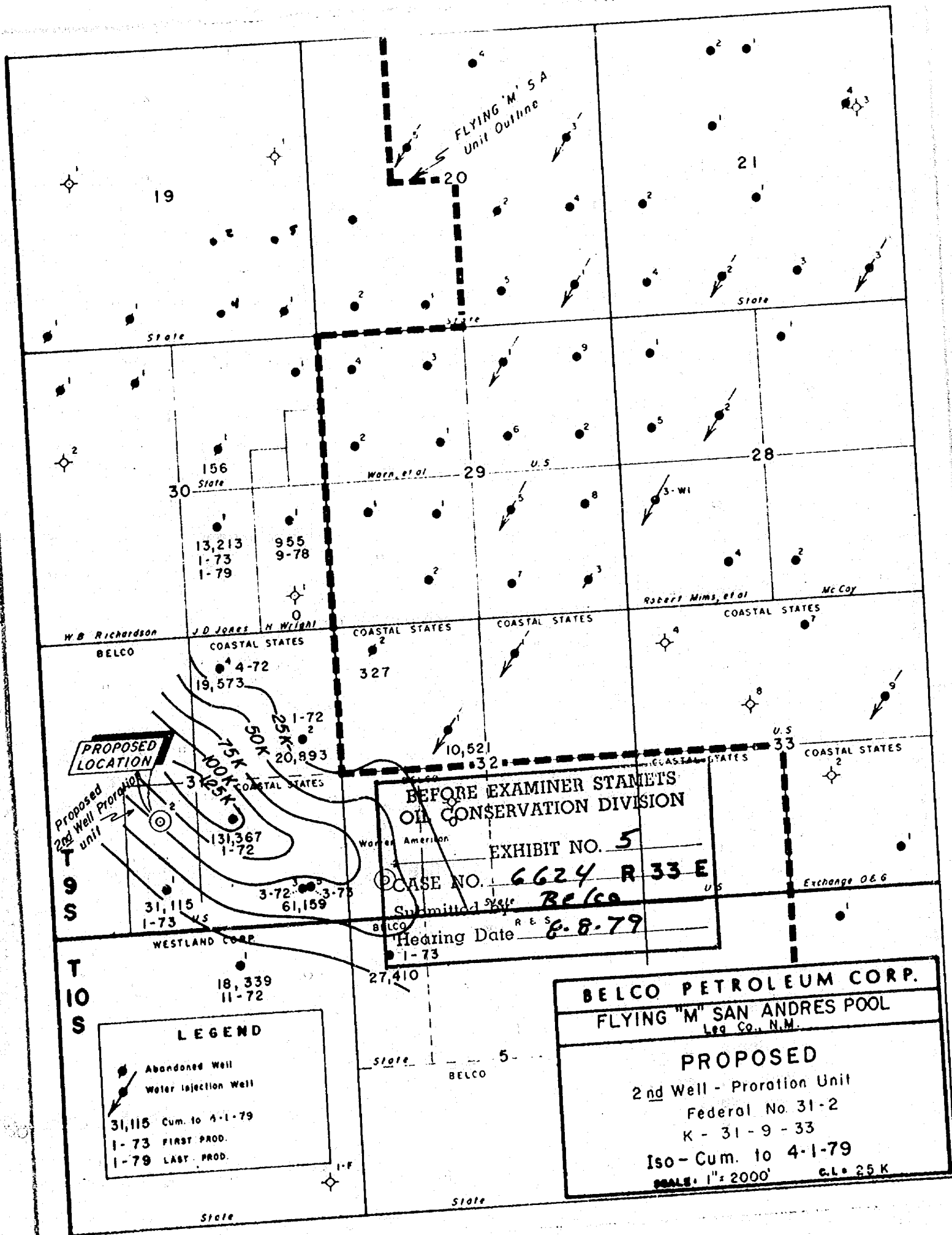
BELCO PETROLEUM CORP.
FLYING M' SAN ANDRES POOL
Log Co., N.M.

PROPOSED
2nd Well - Proration Unit
Federal No 31-2
K - 31 - 9 - 33
Iso. Mo. Prod.
1-78 through 3-79 (latest 15 months)
2000 B/Mo.

LEGEND

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





BEFORE EXAMINER STATES
OIL CONSERVATION DIVISION
EXHIBIT NO. 5
CASE NO. 6624 R 33 E
Submitted by BELCO
Hearing Date 8-8-79
1-73

BELCO PETROLEUM CORP.
FLYING "M" SAN ANDRES POOL
Lea Co., N.M.
PROPOSED
2nd Well - Proration Unit
Federal No. 31-2
K - 31-9-33
Iso - Cum. to 4-1-79
SCALE: 1" = 2000' G.L. 25 K

LEA CO., N.M.

1978

BELCO PETROLEUM CORPORATION		*****															
FEDERAL 31	317	289	312	273	287	250	245	284	284	283	281	278	341 ⁰⁰	30337			
1431 95338 OIL	124	112	124	120	124	120	124	124	120	93	120	124	1429				
ATAC INC STEVENSON STATE																	
10 105338 OIL	289	282	257	255	278	254	268	252	269	284	259	259	3726 ⁰	26707			
10 105338 OIL	217	156	217	203	217	210	186	217	224	248	210	234	2519				

GA	1415	31	1	DIAL	1256	1430	1043	1201	1229	1231	1237	1238	1161	1213	1167	1207	1421P	12703
1331	5532E	OIL											57	60	59	214	2265	
		GA											177	180	178	160	20417	
		WAT											152	163	153	1955		
		GA											7	8	7	2747		
2431	5533E	WAT			210	185	160	183	189	185	186	190	217	230	220	227	3221P	45049
		GA			193	200	143	163	164	165	167	162	233	233	245	255	31	
		WAT											264	264	264	13		
		GA			254	229	230	222	228	226	286	280	293	293	293	17	51	
		WAT			278	307	228	279	284	284	286	280	293	293	293	12	29	
		GA											26	26	26	2224P	15027	
3031	5531E	OIL											179	190	181	189	36	
		GA											192	192	192	4		
		WAT			27	24	25	24	24	24	25	26	26	26	26	26	2124	
		GA											174	186	180	2224P	14818	
4431	5522E	OIL			168	194	138	191	193	193	196	190	179	179	179	180	2017	
		GA											174	186	180	35		
		WAT			174	137	155	176	181	180	185	186	178	180	180	188		
		GA			196	204	146	191	192	192	195	189	178	180	180	188		
		OIL											9	9	9			
5031	9532E	GA											158	169	163	166		
		WAT			186	169	170	164	169	165	168	169						

[illegible]

1979

<u>Well</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Cum. to 4-1-79</u>	<u>1-78 through 3-79 Avg. Prod/Mo.</u>
Belco Fed. 31-1N-31	292	254	272	31,115	283
Coastal 1-J-31	1,232	1,164	1,168	131,367	1,218
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Coastal 2-H-31	167	150	159	20,893	164
Westland 1-B-6	179	157	166	18,339	167

EXHIBIT NO. 6

CASE NO. 6624

Submitted by Be/co

Hearing Date: 8-8-79

T 9 S. R 33 E



T 9 S, R 33 E, Lea Co., N.M.

From Current	Cumulative
--------------	------------

2 80 P 0 ?

10 4.79

PRODUCTION

17.5 % / Annum Decline

4 BOPD

Maximum Additional	
4000 ± Bbls	

CALCULATION OF:
Potential Natural Gas To Be Recovered
in
Belco Federal 31-2
K - 31 - 9 - 33
Lee Co., NM

A. GOR Method

Avg GOR of Sales Gas (707) x Min Oil Recovered (50,000)

1. 35,362 MCF

x Max Oil Recovered (125,000)

2. 88,375 MCF

B. Est. Sales Method

Min. (400 MCF/mo) x 180 mo.

1. 72,000 MCF

Max. (800 MCF/mo) x 180 mo

2. 144,000 MCF

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 8

CASE NO. 6624

Submitted by Belco

Hearing Date 8-8-79

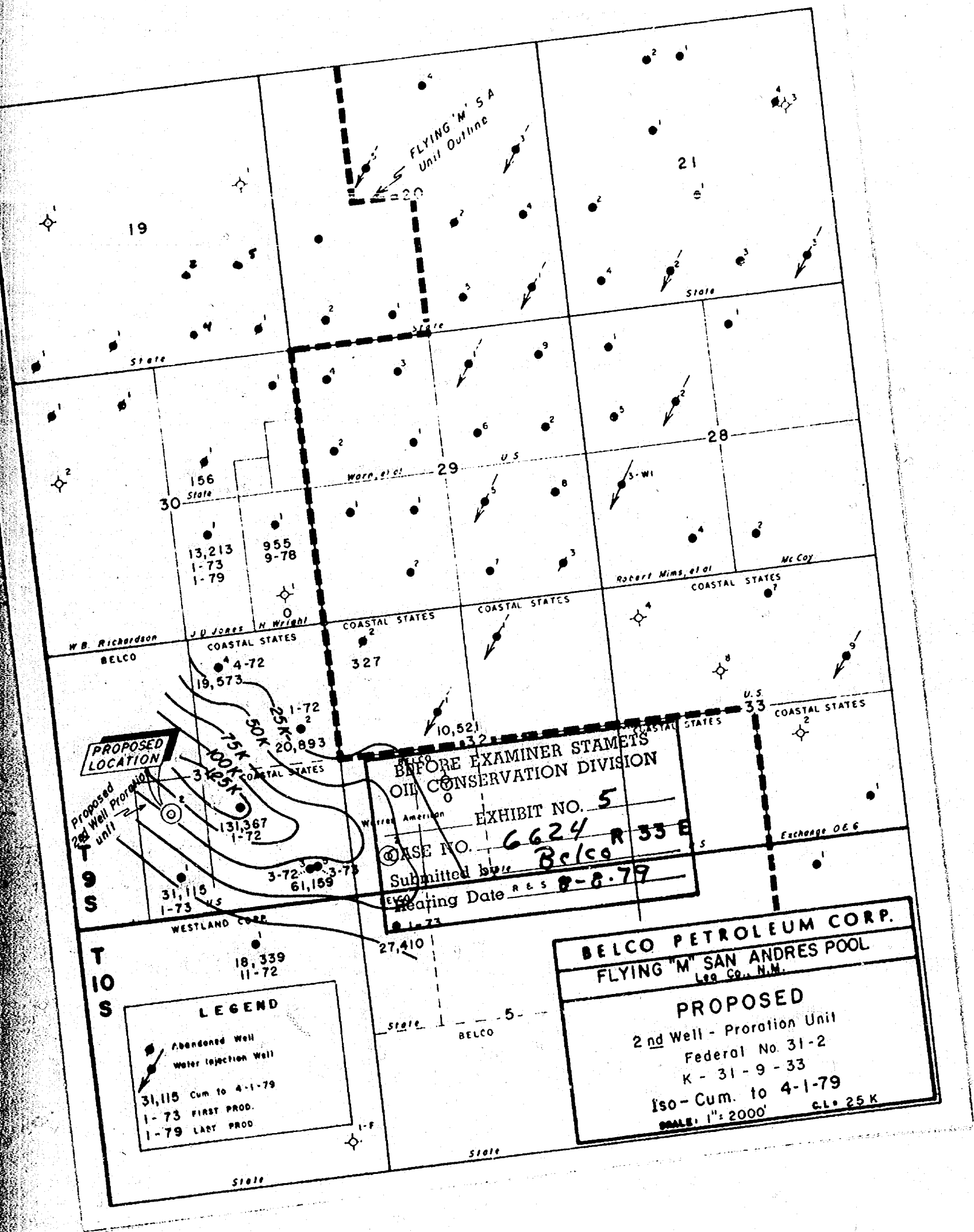
1978

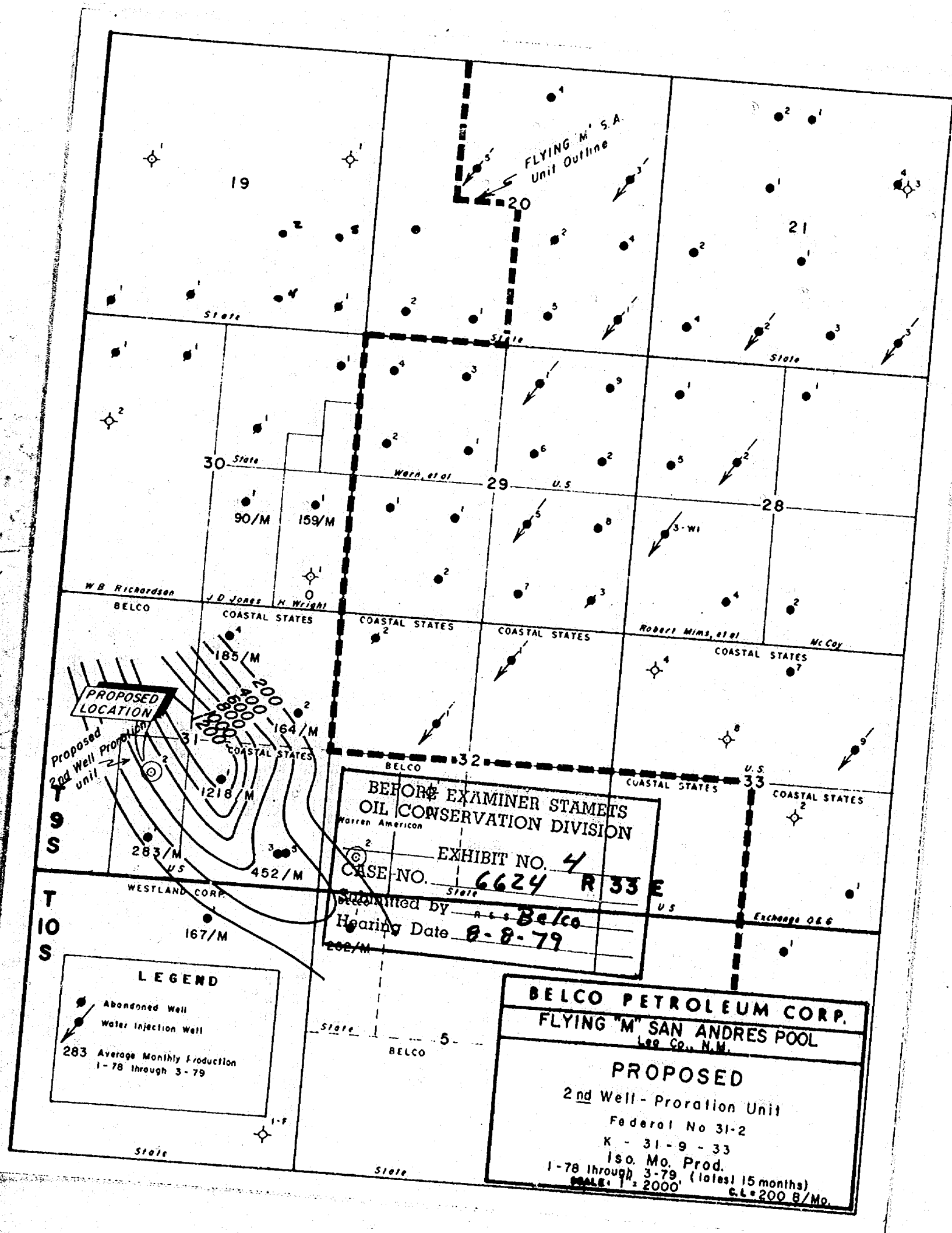
BELCO PETROFUM CORPORATION
GENERAL 21

COASTAL STATES GAS PROCESSING COMPANY

WESTLAND OIL DEVELOPMENT CORP

Hearing Date 8-8-79

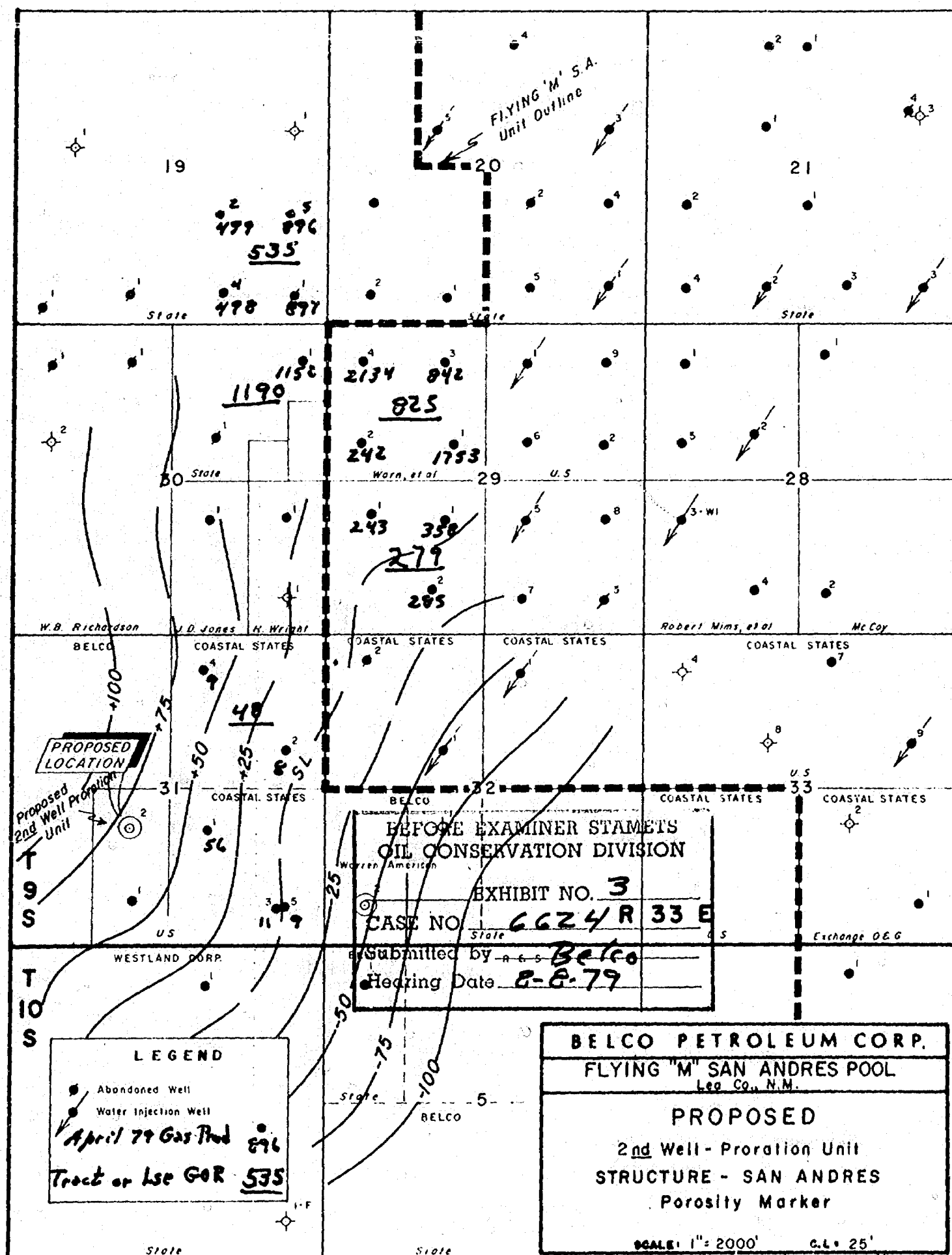


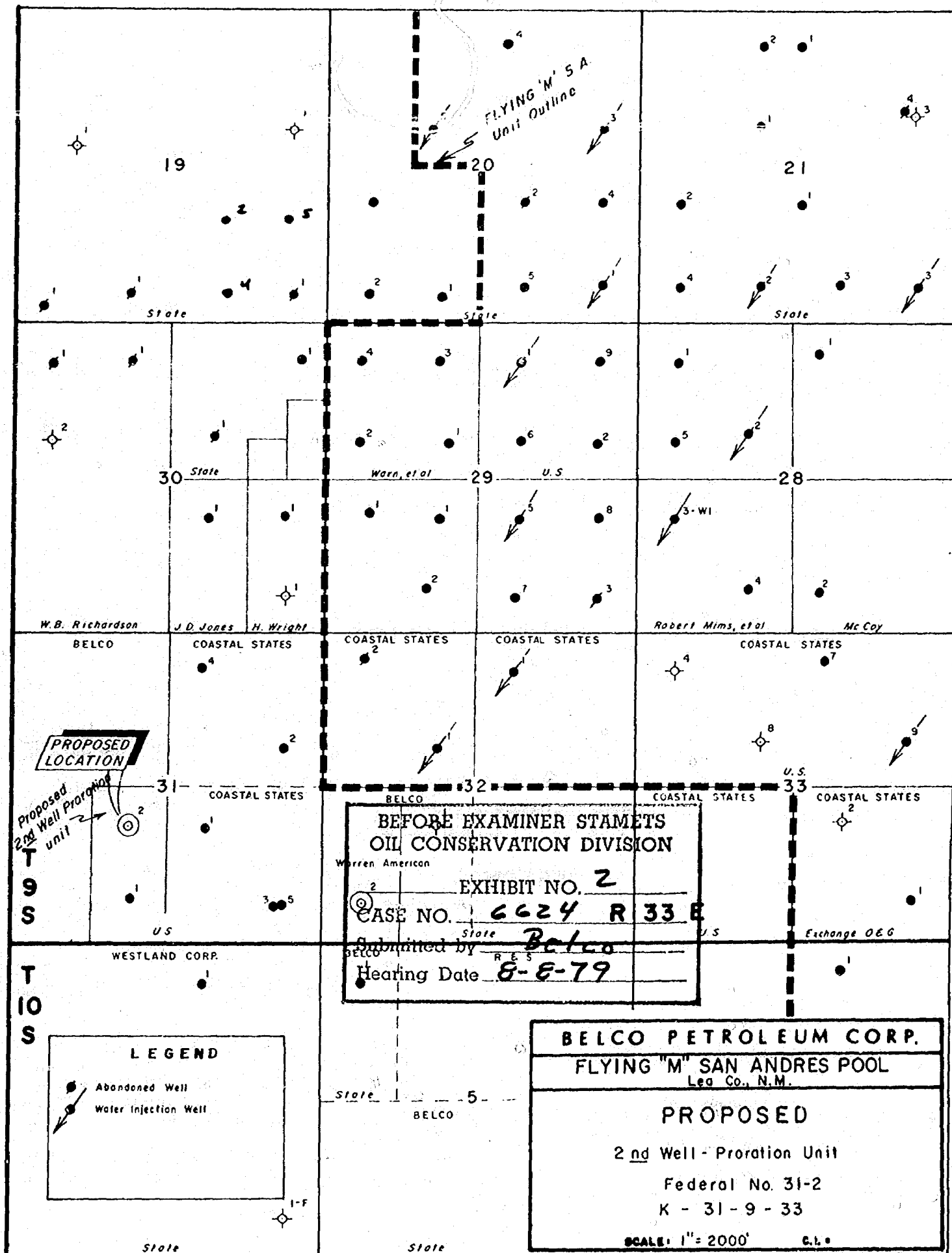


BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
Warren American
EXHIBIT NO. 4
CASE NO. 6624 R 33 E
Submitted by Belco
Hearing Date 8-8-79

BELCO PETROLEUM CORP.
FLYING "M" SAN ANDRES POOL
Lease Co. N.M.
PROPOSED
2nd Well - Proration Unit
Federal No 31-2
K - 31 - 9 - 33
Iso. Mo. Prod.
1-78 through 3-79, (latest 15 months)
2000' 1 = 2000'
CL = 200 B/Mo.

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





NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

Operator BELCO PETROLEUM CORPORATION				Lease FEDERAL 31		Well No. 2	
Unit Letter K	Section 31	Township 9-S	Range 33-E	County LEA COUNTY, NEW MEXICO			
Actual Footage Location of Well: 1980' feet from the SOUTH line and 1980' feet from the WEST line							
Ground Level Elev. 4243'		Producing Formation San Andres		Pool Flying "M"		Dedicated Acreage: 80 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
Lee G. Nering
Position
Administrative Geologist
Company
Belco Petroleum Corp.
Date
July 2, 1979

BEFORE EXAMINER STATES
OIL CONSERVATION DIVISION

EXHIBIT NO. **1**

CASE NO. **6624**

Submitted by **Belco**

Hearing Date **8-8-79**

I hereby certify that the well location shown on this plat was obtained from field notes, 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.

GARY D. BOSWELL
NO. 6689
JUL 25 1979
REGISTERED LAND SURVEYOR

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

Gary D. Boswell
Certificate No. **6689**

1980'
U.S. Min. NM 11383
320.48
Acres
(W/2 Sec. 31) 1980'

Margaret McGuffin
Surface

110 44 10 1320 164 1240 2310 284 2000 1500 1000 500 0

CALCULATION OF:
Potential Natural Gas To Be Recovered
in
Belco Federal 31-2
K - 31 - 9 - 33
Lea Co., NM

A. GOR Method

Avg GOR of Sales Gas (707) x Min Oil Recovered (50,000)

1. 35,362 MCF

x Max Oil Recovered (125,000)

2. 88,375 MCF

B. Est. Sales Method

Min. (400 MCF/mo) x 180 mo.

1. 72,000 MCF

Max. (800 MCF/mo) x 180 mo

2. 144,000 MCF

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION	
EXHIBIT NO.	8
CASE NO.	6624
Submitted by	Belco
Hearing Date	8-8-79

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-129
Effective 1-1-65

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

Operator BELCO PETROLEUM CORPORATION			Lease FEDERAL 31		Well No. 2
Unit Letter K	Section 31	Township 9-S	Range 33-E	County LEA COUNTY, NEW MEXICO	
Actual Footage Location of Well:					
1980' feet from the SOUTH line and		1980' feet from the WEST line			
Ground Level Elev. 4243'	Producing Formation San Andres	Pool Flying "M"	Dedicated Acreage: 80 Acres		

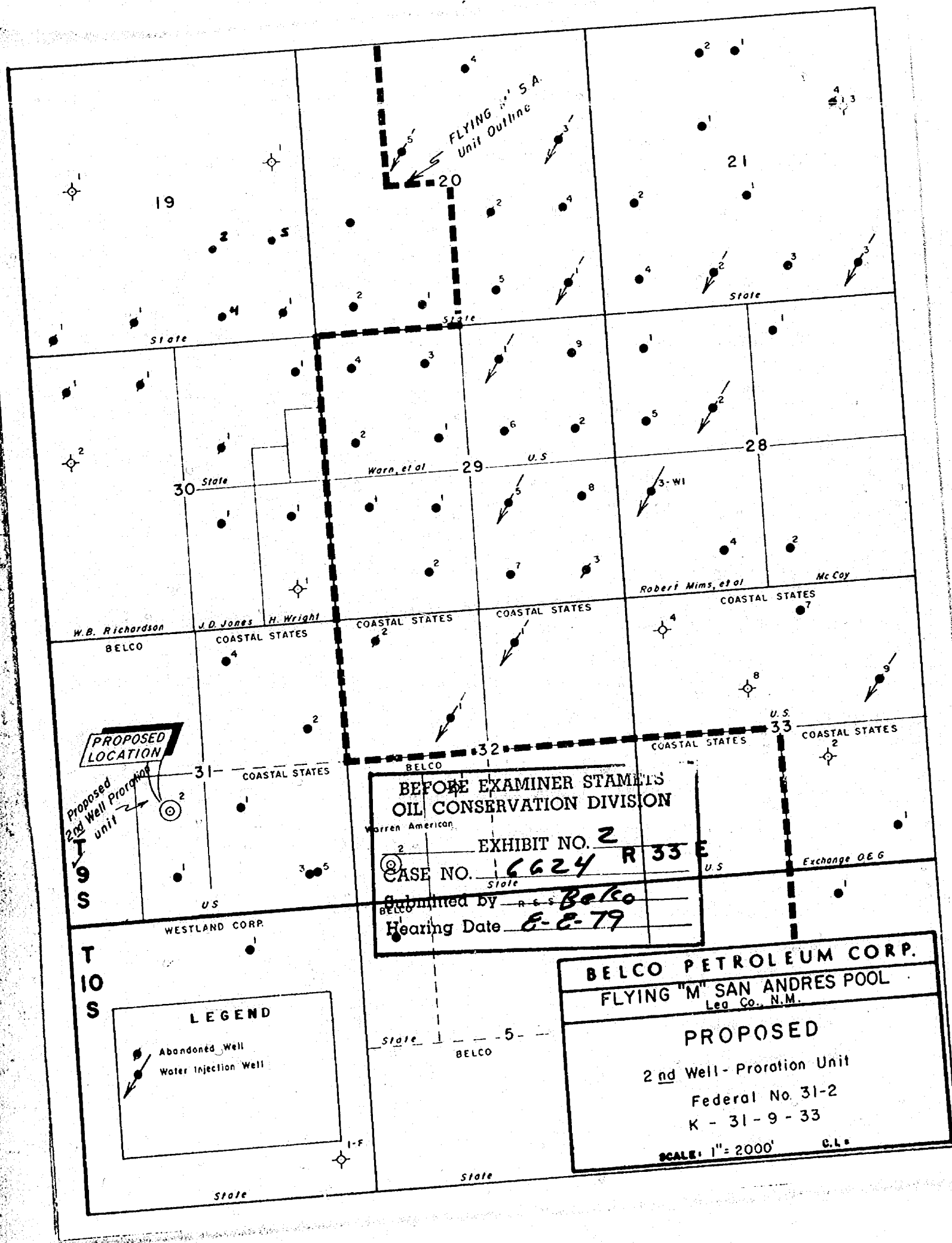
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is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

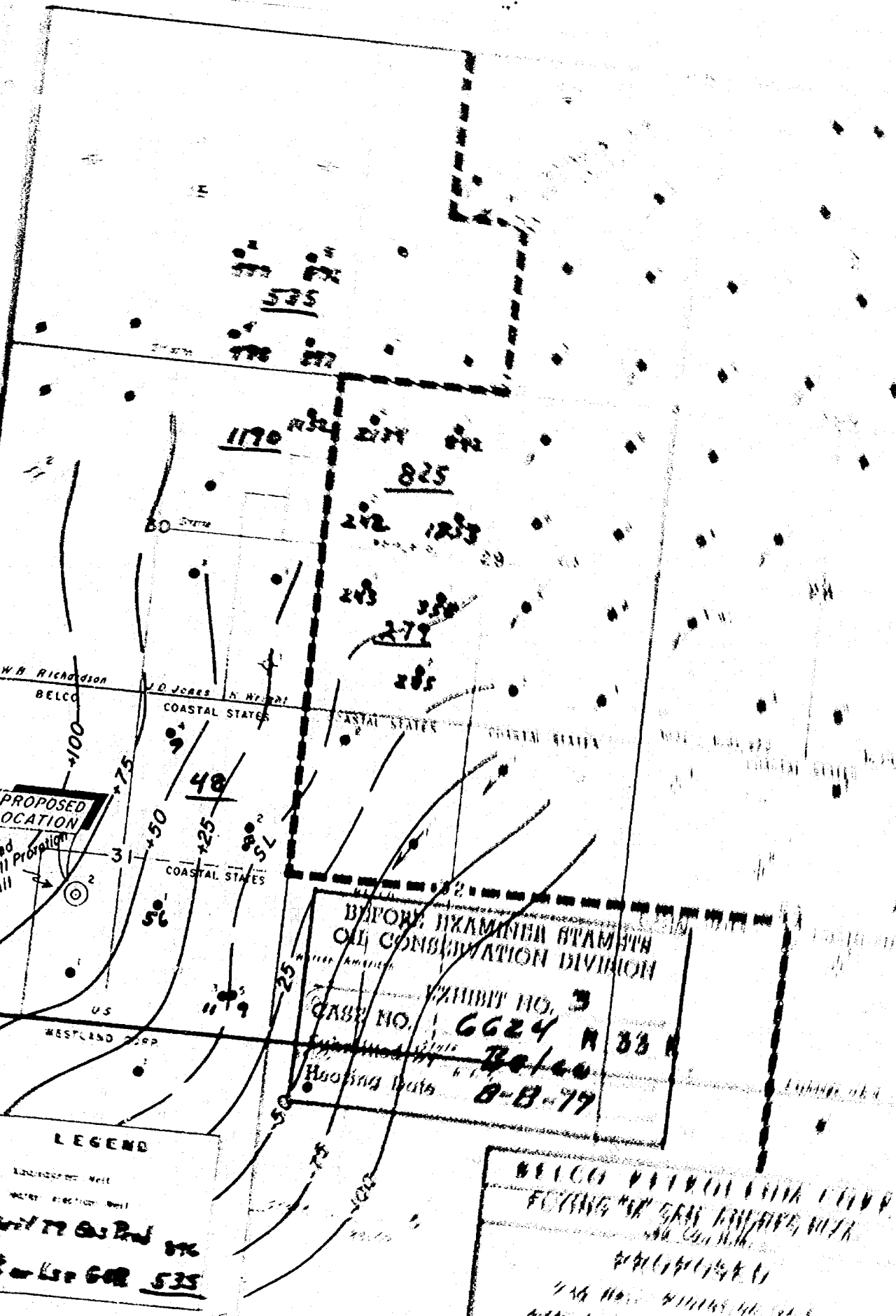
☐ Yes ☐ No If answer is "yes," type of consolidation _____

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.

<p>U.S. Min. NM 11383</p> <p>320.48 Acres (W/2 Sec. 31)</p> <p>1980'</p> <p>Margaret McGuffin Surface</p>	<p>BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION</p> <p>EXHIBIT NO. 1</p> <p>CASE NO. 6624</p> <p>Submitted by Belco</p> <p>Hearing Date 8-8-79</p>	<p>CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Lee G. Nering</i></p> <p>Name Lee G. Nering</p> <p>Position Administrative Geologist</p> <p>Company Belco Petroleum Corp.</p> <p>Date July 2, 1979</p>
	<p>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.</p> <p>GARY D. BOSWELL NO. 6689 JUL 5 1979 REGISTERED LAND SURVEYOR</p> <p>Date Surveyed JUL 5 1979</p> <p>GARY D. BOSWELL Registered Professional Engineer and/or Land Surveyor</p> <p><i>Gary D. Boswell</i></p> <p>Certifying No. 6689</p>	

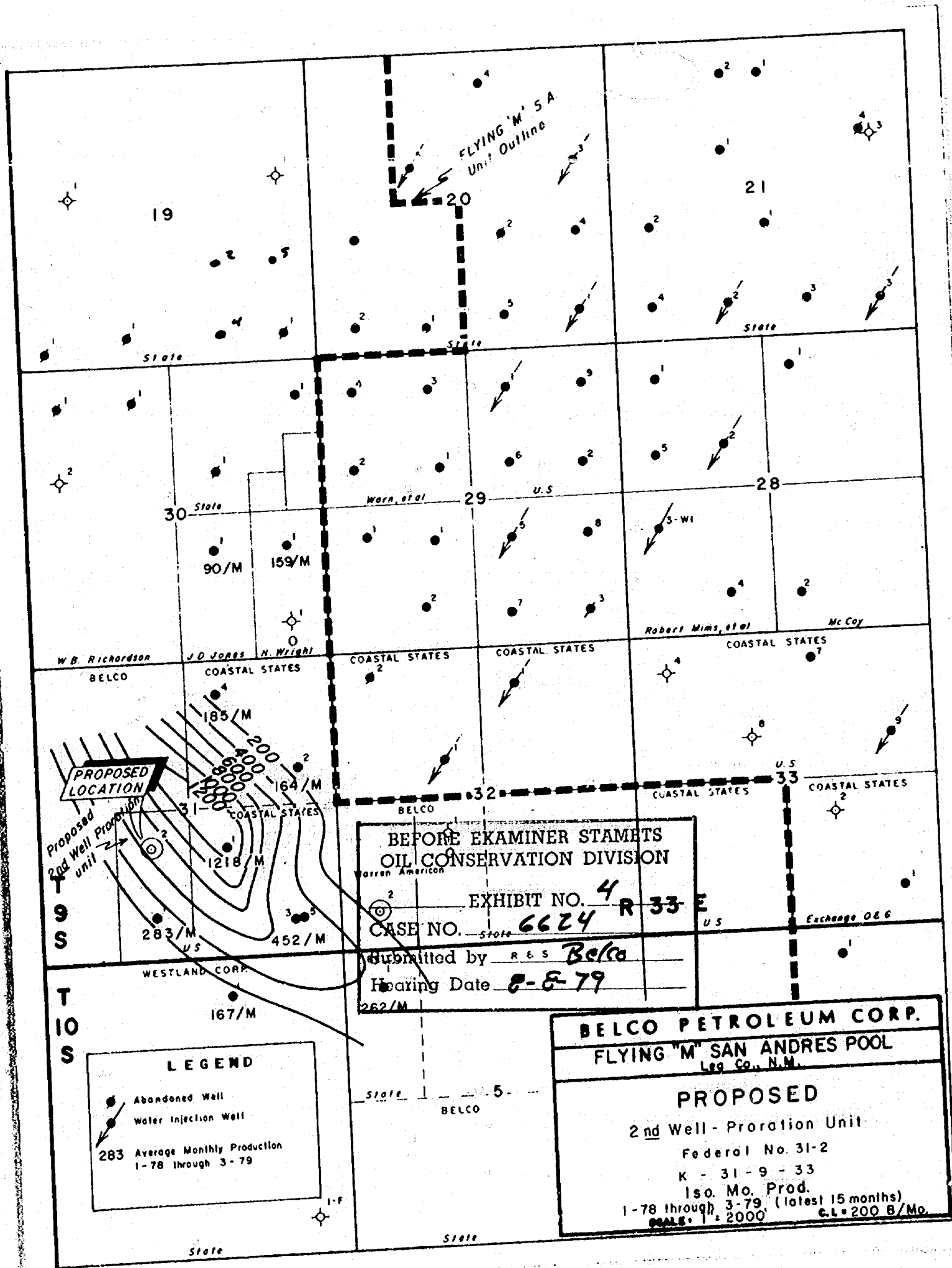




BEFORE EXAMINER STAMETH
OIL CONSERVATION DIVISION
EXHIBIT NO. 3
CASE NO. 6624 M 33
Hearing Date 8-8-77

BELCO PETROLEUM CORP.
FUTURE OIL AND GAS RIGHTS
SCHEDULE 1
THE OIL AND GAS RIGHTS
SCHEDULE 1
SCHEDULE 1
SCHEDULE 1

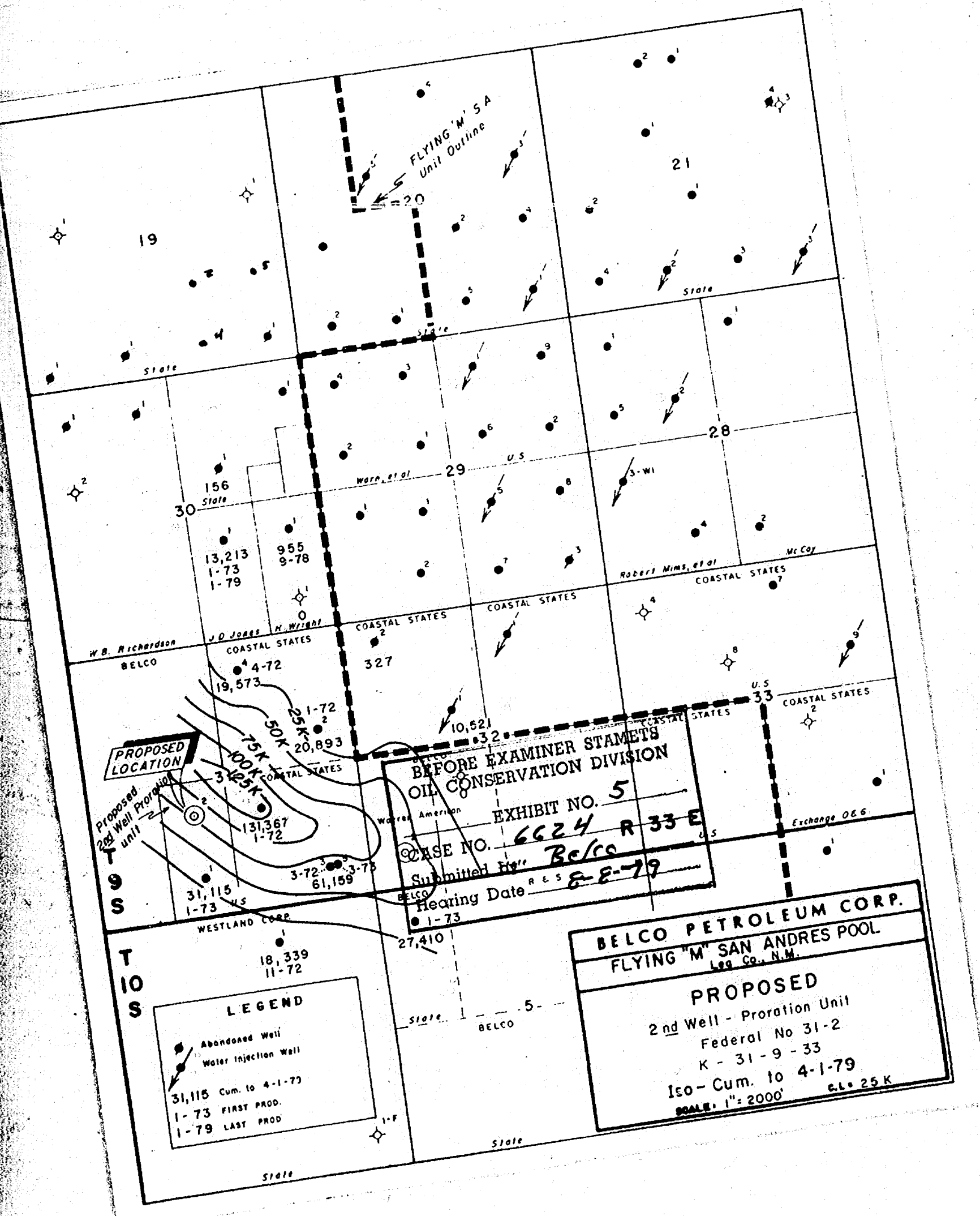
LEGEND
● EXISTING WELL
● PROPOSED WELL
April 77 Oil and Gas
Field - L-60R 535



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 4
CASE NO. 6624 R 33 E
Submitted by R & S Belco
Hearing Date 8-8-79

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

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



PROPOSED
LOCATION

Proposed
2nd Well - Proration
Unit

T
10
S

LEGEND
● Abandoned Well
● Water Injection Well
31,115 Cum. to 4-1-79
1-73 FIRST PROD.
1-79 LAST PROD.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 5
CASE NO. 6624 R 33 E
Submitted By Belco
Hearing Date 8-8-79
1-73

BELCO PETROLEUM CORP.
FLYING "M" SAN ANDRES POOL
Lea Co., N.M.
PROPOSED
2nd Well - Proration Unit
Federal No 31-2
K - 31-9-33
Iso-Cum. to 4-1-79
SCALE: 1" = 2000'
C.L. 25 K

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

1978
WELL 5 1 P JAN FEB MAR APRIL MAY JUNE JULY AUG SEPT OCT NOV DEC YEAR-TO-DATE ACCUM.

BELCO PETROLEUM CORPORATION														
1431 5533E OIL	317	289	312	273	287	230	295	284	284	283	287	278	3430P	30337
1431 5533E OIL	324	112	124	120	124	120	124	124	124	93	120	124	1424	
1431 5533E OIL	289	282	257	255	278	251	268	252	269	264	259	259	3226P	26701
1431 5533E OIL	217	146	217	203	217	210	186	217	224	248	210	234	2579	

COASTAL STATES GAS PRODUCING COMPANY

COASTAL STATES GAS PRODUCING COMPANY														
1231 5533E OIL	1356	1430	1043	1201	1229	1231	1237	1236	1161	1213	1167	1207	14111P	127803
1231 5533E OIL	210	185	150	163	189	185	188	190	177	190	184	190	224	
1231 5533E OIL	193	200	143	163	184	165	167	167	152	163	153	160	2245	20417
1231 5533E OIL	254	225	230	227	229	226	230	233	217	230	220	227	2747	
1231 5533E OIL	248	302	226	279	284	284	206	280	264	258	245	255	3251P	45046
1231 5533E OIL	27	24	25	24	24	24	25	26	13	13	13	13	51	
1231 5533E OIL	186	154	132	191	193	193	196	190	179	192	181	180	2724P	15023
1231 5533E OIL	174	157	155	176	181	180	185	186	174	186	180	186	2724P	
1231 5533E OIL	196	204	146	191	192	192	195	189	178	190	180	188	2241P	14814
1231 5533E OIL	186	169	170	164	169	165	168	169	158	169	163	166	2017	

WESTLAND OIL DEVELOPMENT CORP.

WESTLAND OIL DEVELOPMENT CORP.														
1431 5533E OIL	212	157	232	170	22	134	167	159	160	167	161	170	2008P	17837
1431 5533E OIL	45	40	32	45	39	48	39	49	67	35	39	47	565	

1979

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

BEFORE EXAMINER STAMET'S
OIL CONSERVATION DIVISION

EXHIBIT NO. 6

CASE NO. 6624

Submitted by Belco

Hearing Date 6-27-79

CALCULATION OF:
Potential Natural Gas To Be Recovered

in
Belco Federal (31-2)
K - 31 - 9 - 33
Lea Co., NM

(A) GOR Method

Avg GOR of Sales Gas (707) x Min Oil Recovered (50,000)
1. 35,362 MCF
x Max Oil Recovered (125,000)
2. 88,375 MCF CF gas / Bbl oil

(B) Est. Sales Method

Min. (400 MCF/mo) x 180 mo. \rightarrow [EX 7-] 15 years
1. 72,000 MCF
Max. (800 MCF/mo) x 180 mo
2. 144,000 MCF

Oil: 44,000 bbls recovery

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 8
CASE NO. 6624
Submitted by Belco
Hearing Date 8-8-79

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

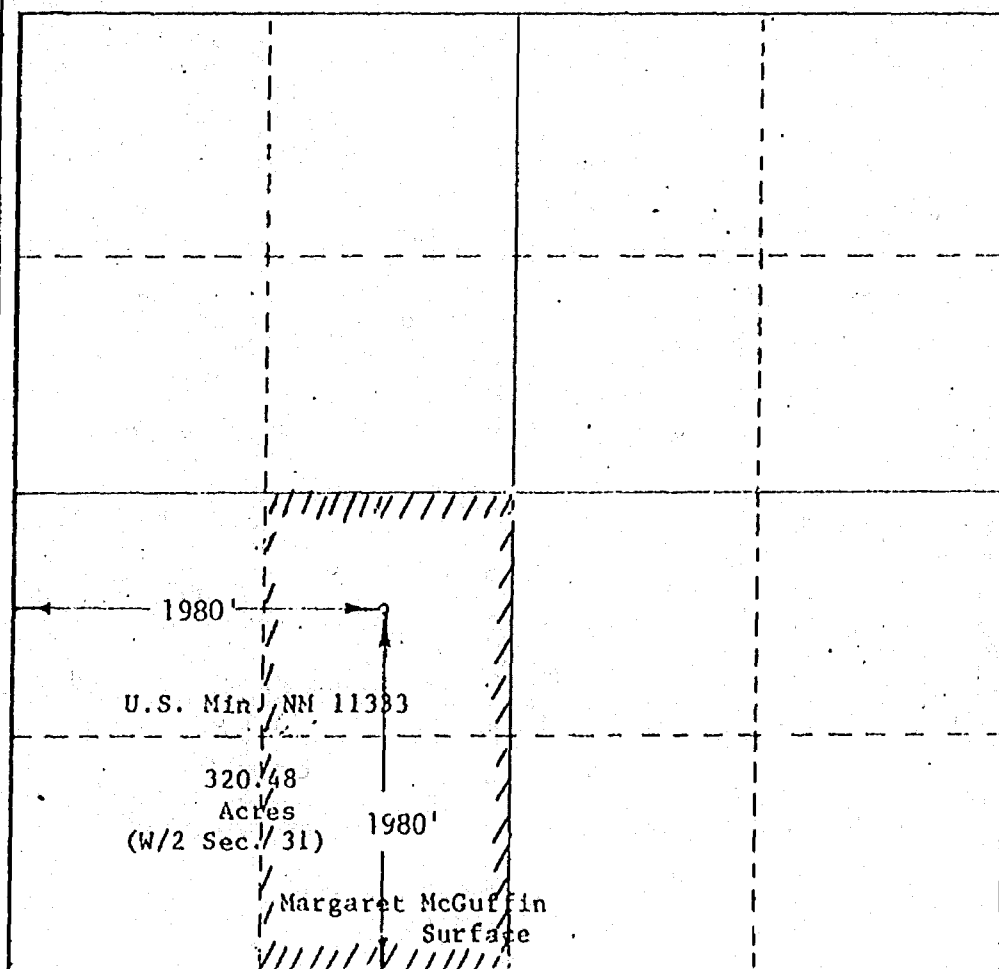
Operator BELCO PETROLEUM CORPORATION			Lease FEDERAL 31		Well No. 2
Unit Letter K	Section 31	Township 9-S	Range 33-E	County LEA COUNTY, NEW MEXICO	
Actual Footage Location of Well:					
1980' feet from the SOUTH line		1980' feet from the WEST line			
Ground Level Elev. 4243'	Producing Formation San Andres	Pool Flying "M"	Dedicated Acreage: 80 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.

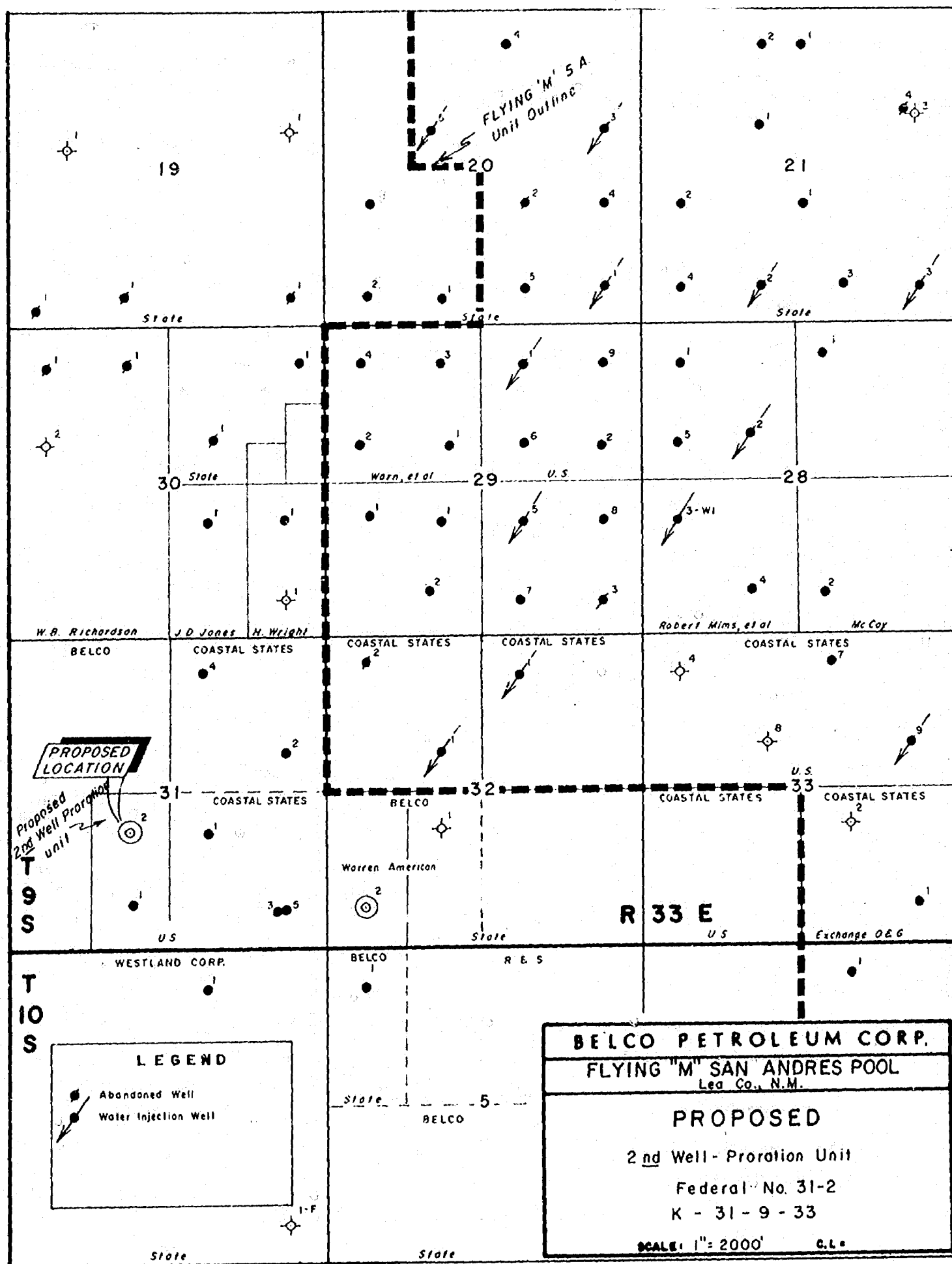
Name
Lee G. Nering
Position
Administrative Geologist
Company
Belco Petroleum Corp.
Date
July 2, 1979

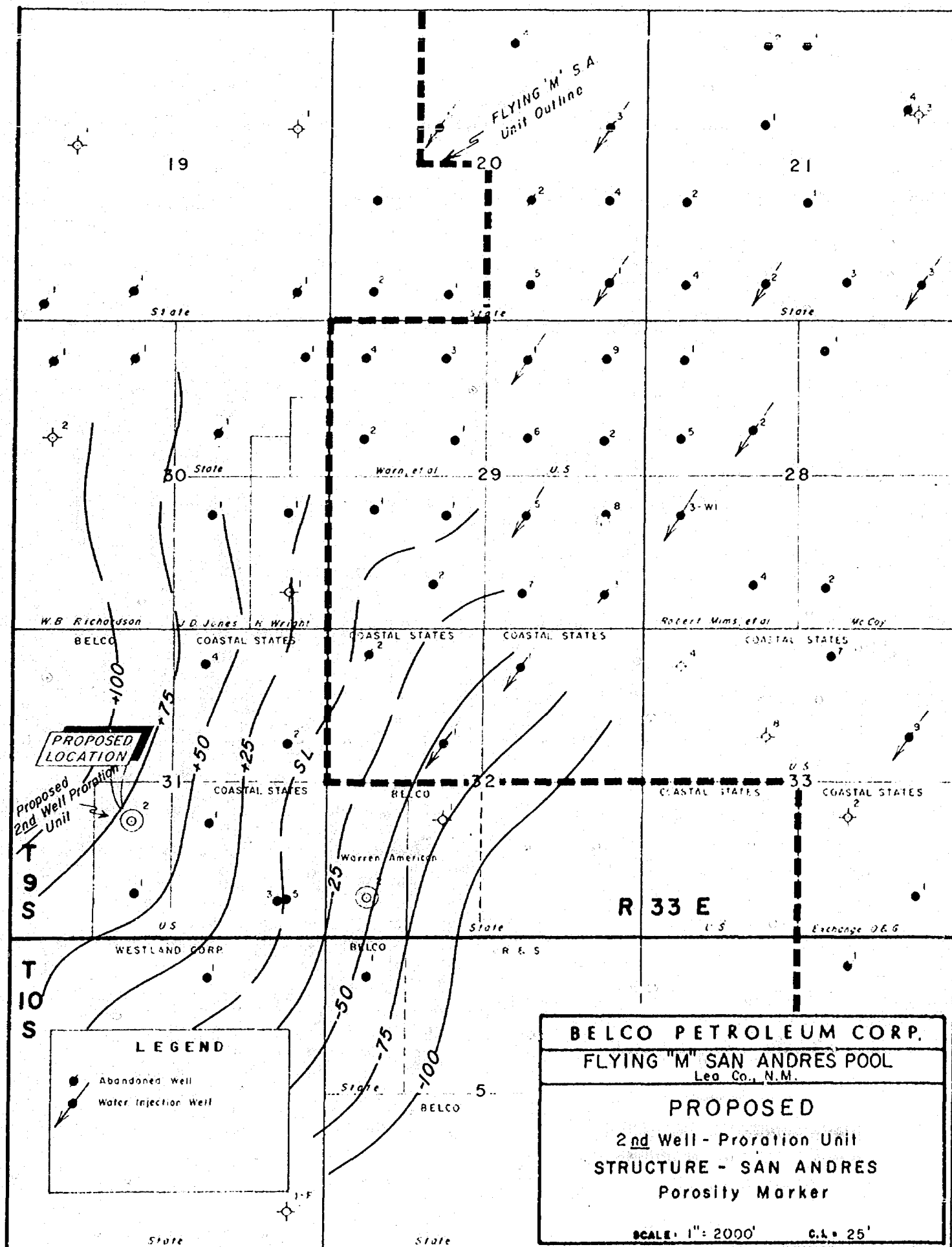
I hereby certify that the well location shown on this plat was plotted from field notes, actual surveys, maps, or other reliable information, and that the same is true and correct to the best of my knowledge and belief.

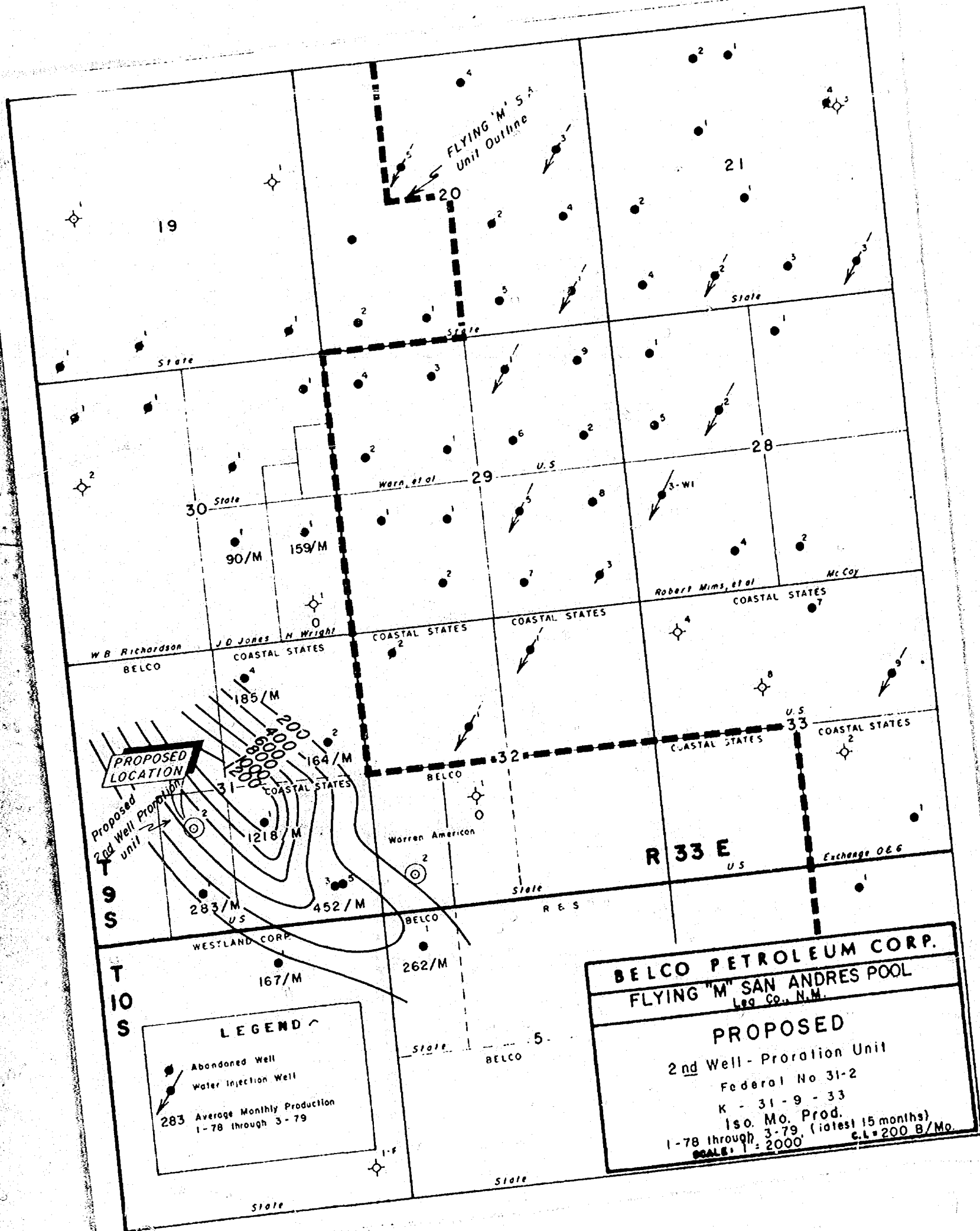
GARY D. BOSWELL
NO. 6689
JUL 2 1979
DATE SURVEYED
GARY D. BOSWELL
Registered Professional Engineer
and/or Land Surveyor

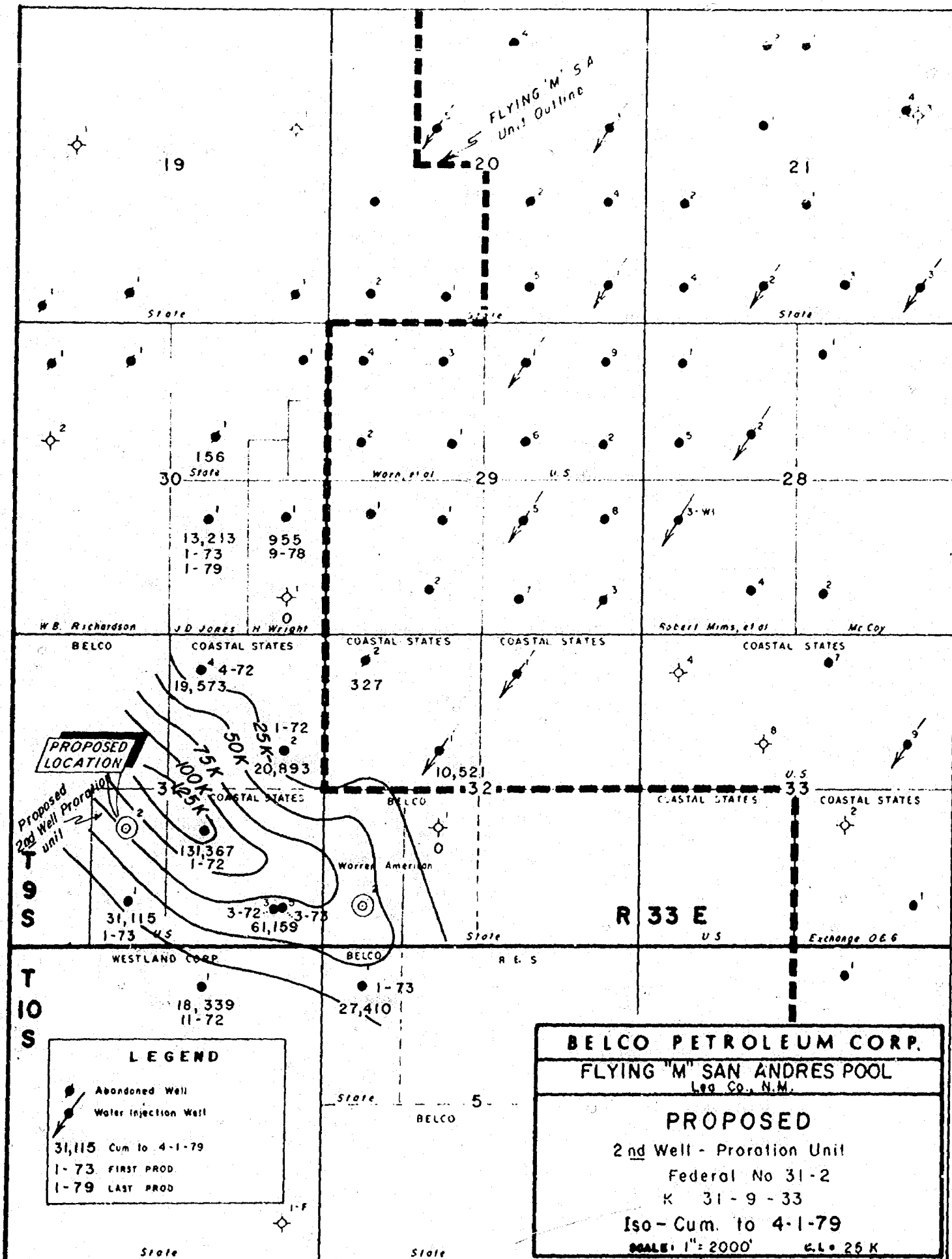
Gary D. Boswell
Certifying Plater

6689









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

1978
JAN FEB MAR APRIL MAY JUNE JULY AUG SEPT OCT NOV DEC YEAR-TO-DATE TOTAL

BELCO PETROLEUM CORPORATION													
FEDERAL 31-1N-31 OIL	317	289	312	273	287	250	295	284	284	283	287	278	3430P
1N-31 OIL	124	112	124	120	124	120	124	124	120	43	120	124	1420P
COASTAL STATES GAS PRODUCING COMPANY	289	282	257	255	274	254	288	269	264	250	250	250	3224P
1N-31 OIL	217	194	217	203	217	210	186	217	224	248	210	234	2570P

COASTAL STATES GAS PRODUCING COMPANY													
COASTAL STATES GAS PRODUCING COMPANY	3356	3430	3043	1201	1229	1231	1237	1236	1161	1213	1167	1207	14711P
1N-31 OIL	210	185	150	183	189	185	188	190	177	190	184	190	2234P
2-P-31 OIL	193	200	143	163	164	165	167	162	152	163	153	160	1985P
3-P-31 OIL	254	229	230	222	229	226	230	233	217	220	220	227	2147P
4-B-31 OIL	158	194	138	191	193	193	196	190	179	192	181	189	2224P
5-P-31 OIL	174	157	155	176	181	180	185	186	174	186	180	186	2124P
6-B-31 OIL	196	204	146	191	192	192	195	189	178	190	180	188	2241P
7-B-31 OIL	186	169	170	164	169	165	168	169	158	169	163	166	2017P

WESTLAND OIL DEVELOPMENT CORP.													
WESTLAND OIL DEVELOPMENT CORP.	212	157	215	170	92	134	167	159	160	167	166	170	2008P
1-B-6 OIL	45	40	52	45	36	48	39	40	67	35	39	47	565P

1979

Well	Jan.	Feb.	Mar.	Cum. to 4-1-79	1-78 through 3-79 Avg. Prod/Mo.
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Coastal 4-B-31	190	174	182	19,573	185
Coastal 2-H-31	167	150	159	20,893	164
Westland 1-B-6	179	157	166	18,339	167

No. 32-79 and 33-79 are tentatively set for hearing on August 22 and September 5, 1979. Applications 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 6590: (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 Osado-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.

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 Mewbourne 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.

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.

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

Telephone 982-4283
Area Code 505

July 27, 1979

Case 6624

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

Re: Belco Petroleum Application
for Well-Head Price Ceiling
Category Determination,
Lea County, New Mexico

Dear Mrs. Davidson:

As you may recall from our telephone conversation earlier this week, you had received a copy, not the original, of the referenced application, and had filed the copy and placed the matter on the August 8 docket. I now enclose the original of that application for your files.

Thank you very much for your courteous and efficient handling of this matter.

Sincerely,

Marilyn Forrest
Marilyn Forrest,
Secretary

RECEIVED
JUL 30 1979
OIL CONSERVATION DIVISION
SANTA FE
enclosure

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF BELCO PETROLEUM CORPORATION FOR
WELL-HEAD PRICE CEILING CATEGORY
DETERMINATION, LEA COUNTY, NEW
MEXICO

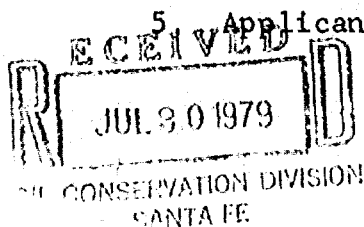
Case 6624

A P P L I C A T I O N

Comes now BELCO PETROLEUM CORPORATION and applies to the Oil Conservation Division of New Mexico for an order for well-head price ceiling category determination pursuant to Special Rules of the Division, and Part 271.305(b) Federal Energy Regulatory Commission's Regulations Implementing the Natural Gas Policy Act of 1978 and in support hereof would show the Division:

1. Applicant is the operator of the E/2 of SW/4 of Section 31, T9S, R33E, NMPM, Lea County, New Mexico, Flying "M" San Andres Pool.
2. Applicant operates the Dero Federal No. 1 well located 660 feet from the East line and 660 feet from the South line of said Section 35, a Morrow producer.
3. Applicant operates the Federal 31-1N-31 well located in the SE/4SW/4 of Section 31, which currently produces from the Flying "M" San Andres Pool.
4. Applicant desires approval to drill a well to said pool located in the NE/4SW/4 of Section 31 to be dedicated to the same proration unit as Federal 31-1N-31 well.

5. Applicant seeks a determination pursuant to F.E.R.C.



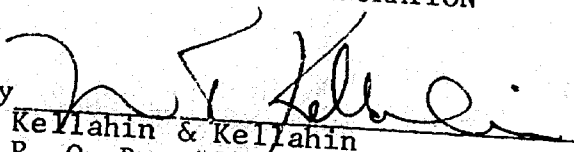
Rules, Part 271.305 that the subject well is necessary to effectively and efficiently drain a portion of the Flying "M" San Andres Pool covered by the existing proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit and will offer evidence in support of that determination.

Wherefore, Applicant respectfully requests that this matter be set for hearing at the August 8, 1979 Examiner Hearing and that after notice and hearing as required by law, the Division enter its order making the well-head price ceiling category determination as requested.

Respectfully submitted,

BELCO PETROLEUM CORPORATION

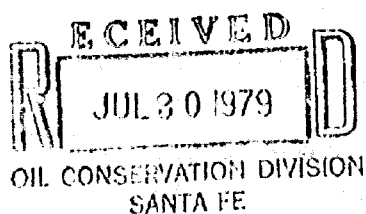
By


Kellahin & Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505

July 13, 1979

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

Re: Belco Petroleum Corporation

Dear Joe:

Please set the enclosed application for FERC infill
well determination for hearing on August 8, 1979.

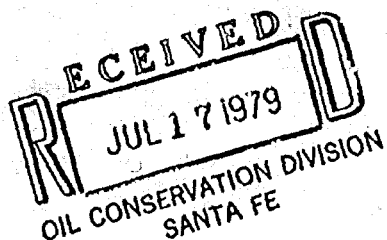
Very truly yours,

W. Thomas Kellahin

CC: Mr. Lee Nering

WTK:kfm

Enclosure



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

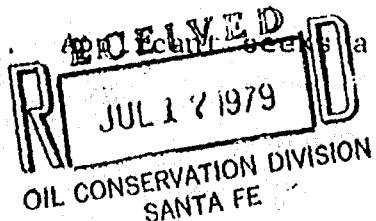
IN THE MATTER OF THE APPLICATION
OF BELCO PETROLEUM CORPORATION FOR
WELL-HEAD PRICE CEILING CATEGORY
DETERMINATION, LEA COUNTY, NEW
MEXICO

Case 6624

A P P L I C A T I O N

Comes now BELCO PETROLEUM CORPORATION and applies to the Oil Conservation Division of New Mexico for an order for well-head price ceiling category determination pursuant to Special Rules of the Division, and Part 271.305(b) Federal Energy Regulatory Commission's Regulations Implementing the Natural Gas Policy Act of 1978 and in support hereof would show the Division:

1. Applicant is the operator of the E/2 of SW/4 of Section 31, T9S, R33E, NMPM, Lea County, New Mexico, Flying "M" San Andres Pool.
2. Applicant operates the Dezo Federal No. 1 well located 660 feet from the East line and 660 feet from the South line of said Section 35, a Morrow producer.
3. Applicant operates the Federal 31-1N-31 well located in the SE/4SW/4 of Section 31, which currently produces from the Flying "M" San Andres Pool.
4. Applicant desires approval to drill a well to said pool located in the NE/4SW/4 of Section 31 to be dedicated to the same proration unit as Federal 31-1N-31 well.
5. Applicant seeks a determination pursuant to F.E.R.C.



Rules, Part 271.305 that the subject well is necessary to effectively and efficiently drain a portion of the Flying "M" San Andres Pool covered by the existing proration unit which cannot be effectively and efficiently drained by any existing well within the proration unit and will offer evidence in support of that determination.

Wherefore, Applicant respectfully requests that this matter be set for hearing at the August 8, 1979 Examiner Hearing and that after notice and hearing as required by law, the Division enter its order making the well-head price ceiling category determination as requested.

Respectfully submitted,
BELCO PETROLEUM CORPORATION

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

ATTORNEYS FOR APPLICANT

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. 6624

Order No. R-6099

APPLICATION OF BELCO PETROLEUM
CORPORATION FOR APPROVAL OF INFILL
DRILLING, LEA 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. Stammers

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, Belco Petroleum Corporation, seeks
a finding that the drilling of a well to be located in Unit K of
Section 31, Township 9 South, Range 33 East, NMPM, Flying "M"-
San Andres Pool, Lea County, New Mexico, is necessary to effectively

and efficiently drain a portion of the reservoir covered by the proration unit which cannot be so drained by the existing well.

(3) That the applicant further seeks approval of a waiver of existing well-spacing requirements.

(4) That the standard spacing unit in the Flying "M"-San Andres Pool is 80- acres.

(5) That Belco Petroleum Corporation is the operator of an 80-acre ~~non-standard~~ standard proration unit consisting of the East half of the Southwest Quarter of said Section 33 in said Flying "M"-San Andres Pool.

(6) That said 80-acre ~~non-standard~~ proration unit is dedicated to the applicant's Federal / 31 Well No. 1 located in Unit N of said Section 33.

(7) That the evidence presented demonstrated that said Federal / 31 Well No. 1 cannot ~~effectively~~ effectively and efficiently drain said ~~dedicated~~ 80-acre ~~non-standard~~ proration ~~unit as would a new well to be drilled thereon~~ ^{unit.} which may be completed and stimulated using modern techniques and processes.

(8) That the evidence presented further demonstrated that the drilling and completion of applicant's said new well should result in the production of an additional 50,000 to 125,000 barrels of oil and from 35,000 to 144,000 MCF of gas from said ~~non-standard~~ proration unit which would not otherwise be recovered from the proration unit.

(9) That such additional recovery will result in said unit being more efficiently and economically drained.

(10) That said new well is to be drilled as an "infill" well on the existing 80-acre ~~non-standard~~ standard proration unit.

(11) That in order to permit the drainage of a portion of the reservoir covered by said 80 -acre ~~non~~ standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for infill drilling should be approved as an exception to the standard well spacing requirements for said Flying "M"-San Andres Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Belco Petroleum Corporation, is hereby authorized to drill a well to be located in Unit K of Section 31, Township 9 South, Range 33 East, NMPM, as an infill well on an existing 80 -acre ~~non~~ standard proration unit being the East half of the Southwest Quarter of said Section 33, Flying "M"-San Andres Pool, Lea County, New Mexico. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by the existing 80 -acre ~~non-standard~~ proration unit which cannot efficiently and economically be drained by any existing well thereon.

(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.