

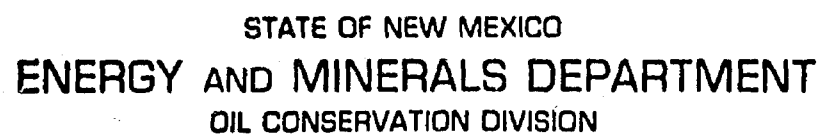
CASE 6948: MARALO, INC. FOR DUAL COM-
PLETIONS AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO

CASE NO.

6948

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.



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

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. 6948
Order No. R-6419

APPLICATION OF MARALO, INC. FOR
DUAL COMPLETIONS AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 25, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of August, 1980, 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, Maralo, Inc., seeks approval for the dual completion (conventional) and simultaneous dedication of four wells in its Jalmat Yates Unit, Jalmat Pool, Lea County, New Mexico, as follows: to inject water into its Jalmat Yates Waterflood Project and to produce oil from the Seven Rivers formation from Unit Wells Nos. 19 and 20 located in Units C and D, and to inject water into said waterflood project and produce gas from the Seven Rivers from Unit Wells Nos. 25 and 31 located in Units F and K, all in Section 18, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the mechanics of the proposed dual completions are feasible and in accord with good conservation practices.

(4) That pending actual completion of Wells Nos. 25 and 31 in the Seven Rivers formation as oil wells or gas wells and dedication of acreage, the application for simultaneous dedication of said wells is premature and should be dismissed.

-2-
Case No. 6948
Order No. R-6419

(5) That approval of the subject application for dual completions will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Maralo, Inc., is hereby authorized to complete four wells in its Jalmat Yates Unit as dual completions (conventional) to inject water in the Yates formation and to produce oil from the Seven Rivers formation from Unit Wells Nos. 19 and 20 located in Units C and D and to produce gas from the Seven Rivers from Unit Wells Nos. 25 and 31 located in Units F and K, all in Section 18, Township 25 South, Range 37 East, NMPH, Lea County, New Mexico.

(2) That each of said wells shall be equipped with parallel strings of tubing with packers set between the Yates and Seven Rivers formations and within 100 feet of the top of the Yates formation and that the Yates zone tubing shall be plastic coated internally.

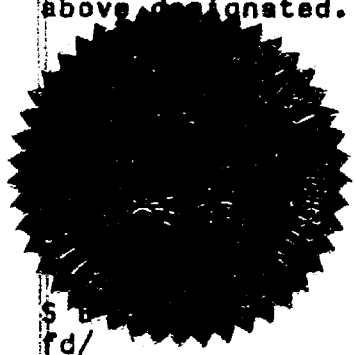
(3) That the applicant shall complete, operate, and produce said wells in accordance with the provisions of Rule 112-A of the Division Rules and Regulations insofar as said rule is not inconsistent with this order.

(4) That the applicant shall take packer leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for gas wells in Southeastern New Mexico.

(5) That that part of this application seeking simultaneous dedication for Unit Wells Nos. 25 and 31 is hereby dismissed.

(6) 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
fd/

Memo

From

MELBA CARPENTER

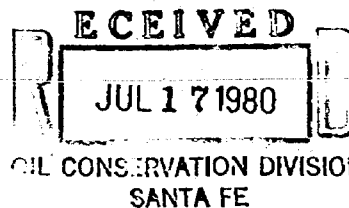
To Dick

I hope that this is the info you need. (Attached)

It appears that since Well No. 25 produces from the upper Seven Rivers and the oil wells produce from the Yates, there will be no dual dedication in the event that Well No. 25 is in fact a gas well.

With Well No. 31, it is difficult to make a determination since it is not completed. If it is completed in the Yates as a gas well, there will be dual dedication with #29, only, if they shut in #30 and rededicate the acreage for the Maggie Rose #1.

If this is not clear, I will take your name and address and pray for you!



OIL CONSERVATION COMMISSION-HOBBS

Dick----

Re: Maralo, Inc.
Jalmat Yates Unit
18-25-37

Well No. 25 Unit F

We have completion as gas well producing from upper Seven Rivers, only (JWR)
They do not have good test, but think it will remain gas (Verbal from Lowery w/Maralo)
If it remains gas, will dedicate S/2 NW/4

Other wells in S/2 NW/4:

No. 23 Unit E--oil well producing from Yates, only (JWR)

No. 24 Unit F--oil well producing from Yates, only (JWR)

No. 26 Unit E--not completed, projected to Yates

Well No. 31 Unit K

Not completed, projected to Yates be

If Well No. 25 is gas, this will probably, gas, also (Verbal from Lowery w/Maralo)

If gas well, will dedicate N/2 SW/4

Other wells in N/2 SW/4:

No. 30 Unit K--gas well producing from Yates, only (JWR) Has E/2 SW/4 dedicated
Will probably water out and not be produced if #30 is completed
as gas well (Verbal from Lowery w/Maralo)

No. 29 Unit L--oil well producing from Yates, only (JWR)

Maggie Rose No. 1 Unit M--gas well producing from Yates--presently has W/2 SW/4
dedicated, but will change to S/2 SW/4 (Verbal from
Lowery w/Maralo)

Well No. 19 Unit C

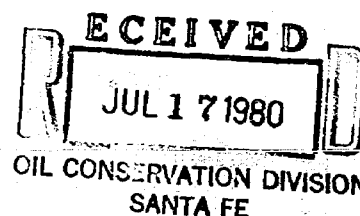
Oil Well producing from Upper Seven Rivers (JWR)

No. 17 Unit C--Oil well on same unit

Well No. 20 Unit D

Oil well producing from upper Seven Rivers (JWR)

No. 16 Unit D--oil well on same unit



Memo

From
R. L. STAMETS
Technical
Support Chief

To Melba

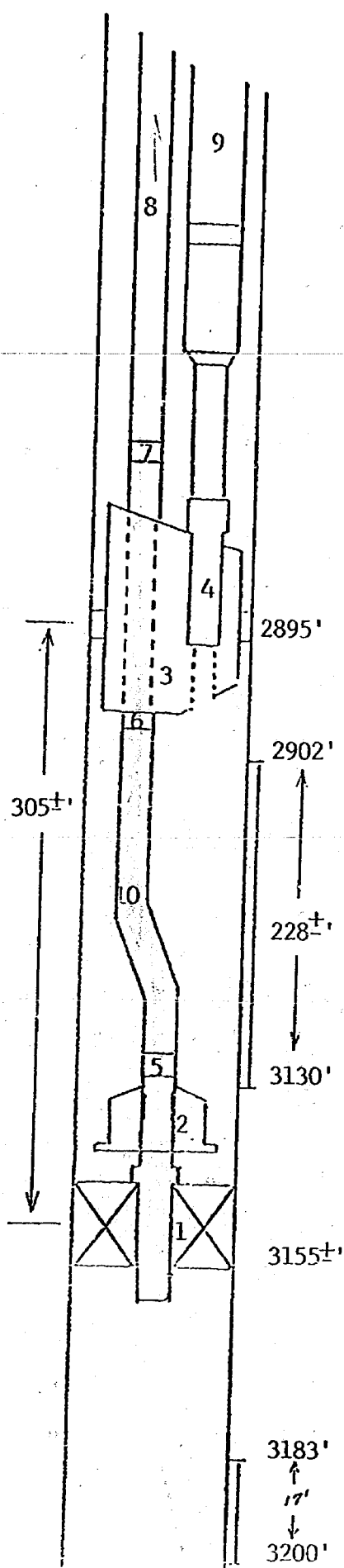
There are the exhibits
on Maralo that we
discussed July 3rd.

I need to know
what if any simultaneous
dedication is going on
here.

OIL CONSERVATION DIVISION SANTA FE

oil
 DUAL PACKER ASSEMBLY FOR
 SEVEN RIVERS ~~88~~ PRODUCTION AND
 YATES WATER INJECTION

5 1/2" 15.5# Casing - Cement, Circulate
 BAKER PACKERS



1. #45-B Model "A2" Lok-Set Packer
2. 3 3/4" x 1.5" x 2 3/8" Model "FL" ON-OFF Sealing Connector
3. #45-B Snap-Set Dual Tension Packer w/2 1/16" IJ B & P
4. 1.87" Model "C" J-Lock Seal Nipple w/2 1/6" IJ Box
5. 2 3/8" EU 8rd Box x 2 1/16" IJ Box
6. 2 1/16" IJ Pin x 1.9" NU Box
7. 2 1/16" IJ Box x 1.9" NU Box
8. 2 1/16" Tubing, long string for gas production
9. 2 1/16" tubing, short string "plastic coated" for injection service
10. 2 1/16" tubing, exterior protected from injection water

NOTE: Change Tong Dies Immediately Before
 Running Item #10, Fiberglass Coated
 Tubing

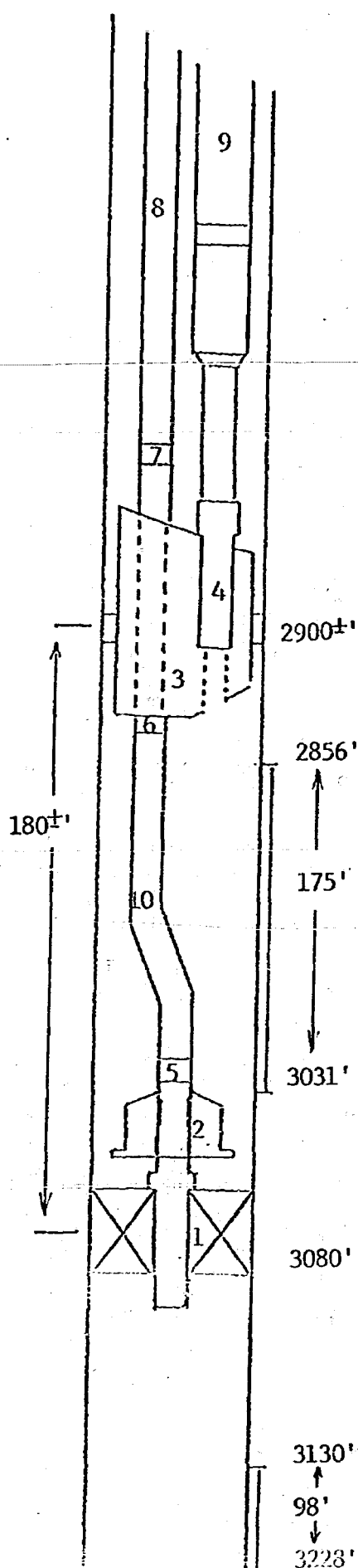
BEFORE EXAMINER STAMETS
 OIL CONSERVATION DIVISION
 EXHIBIT NO. 4
 CASE NO. 6948
 Submitted by MARALO
 Hearing Date 6-25-80

5-23-80
 DKN

DUAL PACKER ASSEMBLY FOR
SEVEN RIVERS GAS PRODUCTION AND
YATES WATER INJECTION

5 1/2" 15.5# Casing - Cement, Circulate

BAKER PACKERS



1. #45-B Model "A2" Lok-Set Packer
2. 3 3/4" x 1.5" x 2 3/8" Model "FL" ON-OFF Sealing Connector
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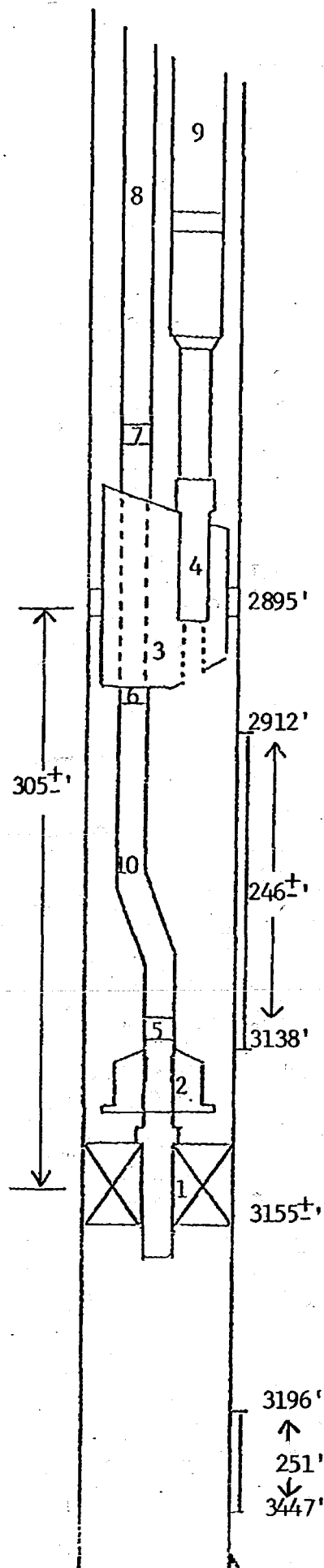
NOTE: Change Tong Dies Immediately Before Running Item #10, Fiberglass Coated Tubing

5-23-80
DEN

oil
DUAL PACKER ASSEMBLY FOR
SEVEN RIVERS ~~28~~ PRODUCTION AND
YATES WATER INJECTION

5 1/2" 15.5# Casing - Cement, Circulate

BAKER PACKERS



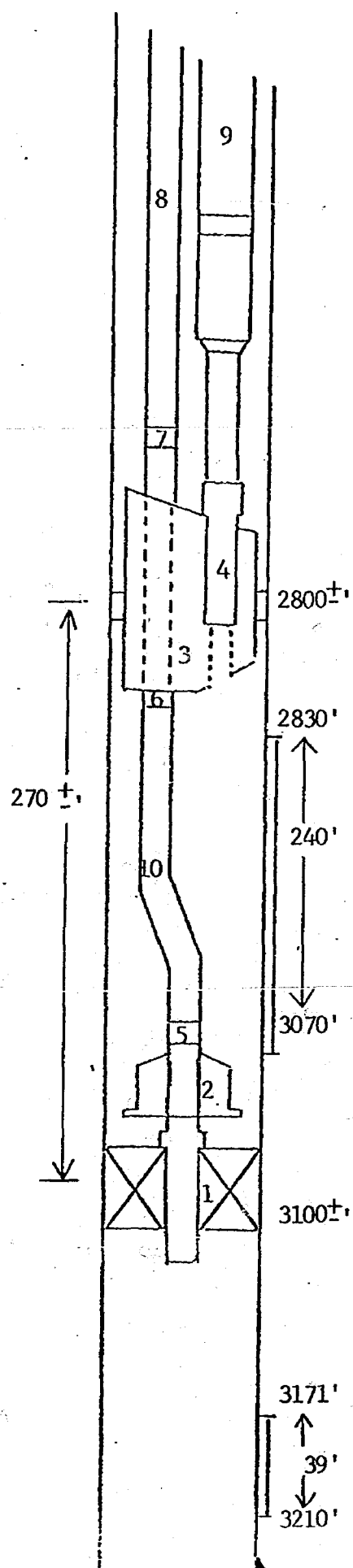
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9. 2 1/16" tubing, short string "plastic coated" for injection service
10. 2 1/16" tubing, exterior protected from injection water

NOTE: Change Tong Dies Immediately Before Running Item #10, Fiberglass Coated Tubing

DUAL PACKER ASSEMBLY FOR
SEVEN RIVERS GAS PRODUCTION AND
YATES WATER INJECTION

5 1/2" 15.5# Casing - Cement, Circulate

BAKER PACKERS



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Running Item #10, Fiberglass Coated
Tubing

- CASE 6944: Application of Benson-Montin-Greer Drilling Corporation for a pressure maintenance project, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of gas, air, LPG, water, or chemicals into the Mancos formation thru 7 wells on its East Puerto Chiquito-Mancos Unit Area.
- CASE 6945: Application of ARCO Oil and Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formation in the interval from 3550 feet to 4000 feet in its Fletcher Well No. 4 in Unit J of Section 27, Township 20 South, Range 34 East, Lynch Field.
- CASE 6946: Application of Knox Industries, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be recompleted in the Morrow formation at a point 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 34 East, the N/2 of said Section 1 to be dedicated to the well.
- CASE 6947: Application of Knox Industries, Inc. for pool contraction and creation and an NCPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order deleting certain lands from the La Rica-Morrow Gas Pool and creating a new gas pool from said lands together with a determination that applicant's NM State Well No. 1 located in Unit F of Section 2, Township 19 South, Range 34 East, has discovered a new onshore reservoir pursuant to Section 102 of the NCPA.
- CASE 6948: Application of Maralo, Inc. for dual completions and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) and simultaneous dedication in the Jalmat Pool of four wells in its Jalmat Yates Unit to produce oil from, and later on to inject water into, its Yates formation waterflood, and to produce oil from the Seven Rivers formation from two of the wells, the Nos. 19 and 20 located in Units C and D and to produce gas from the Seven Rivers from the other two wells, the Nos. 25 and 31 located in Units F and K, all in Section 18, Township 25 South, Range 37 East.
- CASE 6949: Application of Grace Petroleum Corporation for four compulsory poolings, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Escrito-Gallup Pool underlying four 80-acre proration units, being the E/2 NE/4, the S/2 NW/4, and the W/2 NW/4 of Section 28, and the W/2 SE/4 of Section 29, all in Township 24 North, Range 7 West, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.
- CASE 6950: Application of Bass Enterprises Production 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 drilled 660 feet from the North line and 1980 feet from the East line of Section 4, Township 25 South, Range 31 East, the E/2 of said Section 4 to be dedicated to the well.
- CASE 6951: Application of Bass Enterprises Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 21, Township 22 South, Range 30 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6952: Application of Exxon Corporation for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 378.11-acre non-standard gas proration unit comprising Lots 1 and 2 and the N/2 NE/4 of Section 31, and Lots 1, 2, 3, 4, and the N/2 N/2 of Section 32, all in Township 26 South, Range 26 East, Morrow formation, to be dedicated to its Milepost Federal Com 2 Well No. 1 located in Unit A of said Section 31.
- CASE 6925: (Readvertised)
- Application of Caribou Four Corners, Inc. for two exceptions to Rule 306, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 306 of the Division Rules and Regulations to permit the permanent flaring of gas from its Kirtland Wells Nos. 1 and 2, located in Units A and B, respectively, of Section 13, Township 29 North, Range 15 West.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Maralo, Inc., for) CASE
dual completions and simultaneous) 6948
dedication, 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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Conrad E. Coffield, Esq.
HINKLE LAW FIRM
P. O. Box 3580
Midland, Texas 79701

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I N D E X

KYLE NEILL

Direct Examination by Mr. Coffield	3
Cross Examination by Mr. Stamets	16

E X H I B I T S

Applicant Exhibit One, Plat	7
Applicant Exhibit Two, Cross Section	10
Applicant Exhibit Three, Cross Section	11
Applicant Exhibit Four, Data	12
Applicant Exhibit Five, Forms	15

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Santa Fe, New Mexico 87501

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1 MR. STAMETS: We'll call next Case 6948.
2
3 MR. PADILLA: Application of Maralo, Inc.,
4 for dual completion and simultaneous dedication, Lea County,
5 New Mexico.

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

8 MR. COFFIELD: I am Conrad Coffield, with
9 the Hinkle Law Firm in Midland, Texas, appearing on behalf of
10 the applicant and I have one witness.

11 (Witness sworn.)

12 KYLE NEILL

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

15 DIRECT EXAMINATION

16 BY MR. COFFIELD:

17 Q Mr. Neill, for the record would you please
18 state your name, address, occupation, and employer?

19 A Kyle Neill, Midland, Texas. I'm an in-
20 dependent consultant petroleum engineer, employed by Maralo
21 to analyze and present certain information to the Oil Conser-
22 vation Division.

23 Q Mr. Neill, have you previously testified

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1 before the Division as a petroleum engineer?

2 A I have not.

3 Q Would you please give the Examiner a brief
4 resume of your educational background and work experience as
5 a petroleum engineer?

6 A Two plus years of academic undergraduate
7 study at Texas A&M, thirty plus years of association with
8 Shell Oil Company in varying capacities, including a senior
9 engineering technician with responsibilities commensurate with
10 a staff engineer, and venture into senior management.

11 Q And your educational experience was your
12 educational background, the two plus years you mentioned, was
13 that in an engineering area?

14 A Yeah, it was the study of electrical en-
15 gineering.

16 Q And have you had --

17 A Preceding the war, military service.

18 Q And in your engineering duties with the
19 various companies and so on and so forth, in these number of
20 years that you have been doing this, Mr. Neill, has that in-
21 cluded analysis of logs and cross sections and generally making
22 engineering recommendations to management?

23 A It has, west Texas, East Texas, North
24 Texas, and New Mexico.

25 Q Are you familiar with Maralo's application

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1 in this particular case?

2 A. I am.

3 Q And are you familiar with the property
4 and the well locations involved?

5 A. I am.

6 MR. COFFIELD: Mr. Examiner, do you have
7 any other questions of Mr. Neill.

8 MR. STAMETS: Just a couple, Mr. Neill.
9 Were -- your time with Shell, were you assigned the responsibi-
10 lity for drilling and completion of wells?

11 A. The engineering completion made recommend-
12 ations; the preparation of AFE's; the justification of the
13 drilling; the economics; the presentation; justification; the
14 geological cross sections; log analysis, et cetera.

15 MR. STAMETS: Did your work include
16 making recommendations for downhole equipment and completion
17 techniques?

18 A. It did.

19 MR. STAMETS: Procedures? Purchasing of
20 equipment, and so on?

21 A. Purchasing? No, not purchasing. Shell
22 had a -- generally had a facilities group that did much of
23 this.

24 MR. STAMETS: Well, I mean recommending
25 purchasing particular items of equipment for the use -- would

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1 you characterize --

2 A I did not do any purchasing. I had nothing
3 to do with purchasing.

4 MR. STAMETS: Would you characterize
5 yourself as --

6 A I would recommend a type of equipment.

7 MR. STAMETS: Would you characterize your-
8 self as a practical oil man?

9 A Yes.

10 MR. STAMETS: Okay. The Division for
11 many, many years has recognized practical oil men and so long
12 as you don't get too far afield, I think it will be all right
13 in this case.

14 That's a qualified acceptance of qualifi-
15 cations.

16 Q Mr. Neill, along those lines, was there
17 any distinction between the -- or is there any distinction
18 between the duties that you perform now as a consulting en-
19 gineer and those of a consulting engineer who happens to hold
20 an engineering degree?

21 A Well, I am reviewing and doing work that
22 was previously -- commensurate work in other localities. I'm
23 not asked to do, nor is there anything to do, that I haven't
24 previously been doing for these major oil companies.

25 Q Which would be the same as a petroleum

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1 engineer --

2 A. That's right.

3 Q. -- does?

4 MR. COFFIELD: So is he considered quali-
5 fied?

6 MR. STAMETS: A qualified qualification
7 is --

8 MR. COFFIELD: Qualified. Okay.

9 Q. Mr. Neill, would you please explain what
10 it is that Maralo seeks by its application?

11 A. Maralo seeks approval for the dual com-
12 pletion, conventional, and the simultaneous dedication in the
13 Jalmat Pool of four wells in its Jalmat Yates Unit to produce
14 oil from, and later on to inject water into the Yates forma-
15 tion waterflood, and to produce oil from the Seven Rivers
16 formation for two of the wells, No. 19 and No. 20, on the
17 Exhibit Number One plat, located in Unit C and D, and to pro-
18 duce gas from the Seven Rivers from the other two wells, Nos.
19 25 and 31, located in Units F and K, all in Section 18, 25
20 South, 37 East.

21 Q. Mr. Neill --

22 A. Lea County.

23 Q. -- would you refer to what we've marked
24 as Exhibit One and explain that exhibit to the Examiner, please?

25 A. Exhibit One is the outline of the 560-acre

1 Yates Seven Rivers Jalmat waterflood unit, exemplifying the
2 existing wells, as well as the proposed injectors and the fin-
3 ished center injectors, seven wells.

4 Q Are you familiar with the fact that the
5 Jalmat Yates Unit has been the subject of certain prior orders,
6 Mr. Neill?

7 A Yes.

8 Q Of the Commission? Could you explain
9 those for the edification of the Examiner and for the record,
10 as well?

11 A Well, in September '78, Case 6328, justi-
12 fied the Yates Unit; the 6313 in R-5816 instituted waterflood
13 authorization; and in February the 27th of '80 the request of
14 an amendment to R-5816 to permit the seven waterflood injector
15 wells, those previously designated as infield injectors, to be
16 permitted to produce from an unorthodox location as flush
17 production, or until such time as they would not flow or pump
18 oil.

19 Q All right, Mr. Neill, would you explain
20 to the Examiner, just what is the status of these injector
21 wells? Have they all been drilled and just generally, what is
22 the situation?

23 A The interior injectors, those referred to
24 as 4, 9, 15, 20, 19, 25, and 31, have been drilled.

25 Q And what is their condition -- status

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1 right now?

2 A. Their condition now, four of them, number
3 19, 20, 25, and 31, are not completed.

4 The 4, 9, 15, and 31 are ready for in-
5 jection.

6 Q. Okay, all of these, then, that are the
7 subject of this particular application are ready for injection,
8 is that correct?

9 A. That's right.

10 Q. Okay. Would you please explain to the
11 Examiner the 40-acre distinction and the 80-acre distinction
12 between the wells that are covered by the application?

13 A. Well, in requesting that we be -- that
14 Maralo be permitted to produce gas from the Seven Rivers, apart
15 from the Yates, we're prepared to dedicate 80 acres, and those
16 wells that produce oil in the Seven Rivers, we're prepared, if
17 approved, to dedicate 40 acres.

18 Q. And this is to coincide with the spacing
19 requirements that are established by the Commission?

20 A. Yes.

21 Q. But in fact, Mr. Neill, isn't it true
22 that all of this acreage that is the subject of this applica-
23 tion, and the wells, are all committed to the unit and accord-
24 ingly whether the oil-gas, gas-oil ratio indicates the well
25 is a gas well or indicates that the well is an oil well, the

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1 ownership is common throughout?

2 A. The ownership is unitized.

3 Q Okay. Okay, let's go on to Exhibit Two
4 and please explain that to the Examiner.

5 A. Exhibit Two is a cross section of those
6 seven interior wells and the logs thereof, and indication of
7 the formation tops.

8 This cross section was previously pre-
9 sented and I'll call the Examiner's attention to the fact that
10 we stand corrected on the geologic top of the Queen as indi-
11 cated in the lower righthand log, and have not corrected the
12 erroneous indications in the basic cross section.

13 Q Maybe you'd better elaborate on that a
14 little bit. You say you stand corrected on the top of the
15 Queen.

16 A. In the lower righthand corner, when this
17 was presented in February, the geological staff had picked the
18 top of the Queen; did not coincide with the pick that's recog-
19 nized by the Commission, or the Division, Oil Conservation
20 Division.

21 Q And accordingly, you have so noted the
22 log at the far righthand --

23 A. The far righthand column.

24 Q -- as to the recognized Queen top in ac-
25 cordance with the Oil Conservation Division?

1 A. That is correct.

2 Q. Okay. What other features do you have on
3 this particular exhibit that you want to bring to the attention
4 of the Examiner?

5 A. We'd like to draw attention to the lenti-
6 cularness or the total distance of the sands that are not --
7 they are correlative probably in structural depth but the tops
8 as it moves to the west or to the east in the fold against the
9 reef, the recognized reef, the accumulations come in a little
10 higher, and we find gas productive from the Seven Rivers that
11 had not previously been produced, or productive.

12 Q. Was this a development anticipated in any
13 way when you first drilled these wells?

14 A. It was not. The earlier information and
15 a few offset wells that went deeper, but most of them were
16 drilled to the top of the Yates, casing set, open hole com-
17 pleted.

18 Q. Did you have anything else on this exhibit?

19 A. No, sir.

20 Q. Let's go on to Exhibit Three, please, Mr.
21 Neill, and discuss that exhibit for the Examiner.

22 A. Exhibit Three exemplifies the gas wells,
23 Yates wells, that exist in the southeast central -- well, it's
24 across the central part of Section 18, but it's the southeast
25 part of the Jalmat Unit. Maralo's Jalmat Unit, and these --

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1 these wells are -- the only one that's within the unit is
2 essentially depleted. We envision making an injector out of
3 it.

4 Q In connection, Mr. Neill, and I don't
5 know that with this exhibit, but also referring likewise to
6 Exhibit One, if you want to, to identify the matter, does
7 Reserve Oil and Gas have a well which you believe to have had
8 an order similar to the one sought here?

9 A Immediately east is the Reserve Oil's
10 Langlie Mattix Unit, in which I'm led to understand their
11 Unit 21 is injecting in the tubing and producing -- or can be
12 produced gas up the annulus.

13 Q Is that something relatively recently?

14 A No, it's my understanding it was approved
15 some time ago, but for their own reasons they're not -- they
16 are not injecting. I mean -- yeah, they're not injecting or
17 producing gas.

18 Q You do not have any reference to the
19 order number, do you?

20 A No, sir.

21 Q Okay. Are you through with this exhibit?
22 Let's go on to Exhibits Four-A, B, C, and D.

23 Would you please discuss those?

24 A Exhibit Four is illustrated by Four-A, it
25 is our proposed sketch of the downhole equipment for dually

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1 injecting water into the Yates and producing gas from the
2 Seven Rivers.

3 We are requesting for economic purposes
4 that we propose to only complete Wells 19 and 25 with this
5 dual equipment and if our projection is economic, we will
6 move this equipment at a later date and make subsequent ap-
7 plication to move this equipment to the other four wells, in-
8 dicated as Four-C and D.

9 Q Let me understand that, Mr. Neill. You
10 said move this equipment to the other four wells.

11 A Other two wells.

12 Q Other two wells, okay. So you're saying
13 your equipment that you will put into Exhibit Four-A, for
14 example, will be identical to what is otherwise being -- will
15 subsequently be put into Well Four-C?

16 A Yes, sir.

17 Q And likewise, what you have represented
18 in Four-B is the identical equipment that will go into Four-D.

19 A Or vice versa.

20 Q Okay, are there any particular distinctive
21 features of these injection wells and the equipment as re-
22 presented in these exhibits that you believe needs to be
23 brought to the attention of the Examiner?

24 A I think not. The fiberglass coating and
25 the plastic lining is standard in most flood installations.

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1 Q With respect to the fiberglass coating,
2 is it your opinion that that will be entirely adequate to
3 protect against potential or possible corrosion which could
4 occur?

5 A It is. Experiencewise it's been -- been
6 quite successful.

7 Q Do you think there is any particular
8 danger or likelihood of there being communication between the
9 gas producing zone and the water injection zone if this equip-
10 ment is used in the fashion that you've represented?

11 A No, sir, I don't.

12 Q Okay, Mr. Neill, I think you've covered
13 this, but do you propose to dually complete all four of these
14 wells immediately upon being granted permission to do so,
15 assuming that this order is actually issued?

16 A We're not requesting to dually complete
17 all four of them now. We're simply providing for the moving
18 of the equipment upon the depletion of these small accumula-
19 tions to the other two wells.

20 Q Mr. Neill, your application does call for
21 the dual completion of all four wells, asking for dual com-
22 pletion.

23 A Yes.

24 Q My question to you was if that order is
25 authorized, if that order issues, do you propose to immediately

1 go in and do all four? Previously you said those first two
2 and then two, is that true?

3 A. Two and two, yes, sir.

4 Q. And then upon the depletion of the pro-
5 ducing reservoir as to the first two that you complete, you
6 will then move on to the other two unproduced wells.

7 A. Upon the depletion of 19 and 25 in the
8 Seven Rivers, we'll move the equipment -- we propose that
9 we'll move the equipment to 20 and 31.

10 Q. Okay. As to wells 20 and 31, do you pro-
11 pose to be injecting water into those wells at this time?

12 A. We -- yes.

13 Q. Prior to the --

14 A. But the Seven Rivers is protected below
15 a packer and the injection will be in the zone above it.

16 Q. Okay. Has Maralo prepared the appropriate
17 forms for approval of this waterflood and dual completion?

18 A. We've prepared the Commission's Forms 107
19 and 108.

20 Q. And is this included as Exhibit Five?

21 A. Exhibit Five is evidence that we notified
22 the offset operators.

23 Q. Have you had any indication of objection
24 from any of the offset operators?

25 A. We have not.

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1 Q Ultimately do you expect Maralo will in-
2 ject salt water into the producing zone?
3 A Ultimately I think you could expect them
4 to. In my experience with previous waterfloods the cycling
5 of water becomes excessive.
6 Q Do you have anything further to add to
7 your testimony?
8 A No, sir.
9 Q Were these exhibits One through Five pre-
10 pared by you or under your supervision?
11 A They were.
12 Q In your opinion will the approval of this
13 application by Maralo prevent waste and protect correlative
14 rights, and otherwise permit the recovery of hydrocarbons
15 which could not be economically produced?
16 A It will.
17 MR. COFFIELD: Mr. Examiner, I move the
18 admission of Exhibits One through Five and I don't have any
19 other questions of Mr. Neill on direct examination.
20 MR. STAMETS: These exhibits will be ad-
21 mitted.
22
23 CROSS EXAMINATION
24 BY MR. STAMETS:
25 Q I got a little lost with all the wells

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1 and all the different tubing strings here and there, so maybe
2 if we take these one at a time --
3 A. All right.
4 Q. -- and let me ask you some questions --
5 A. Okay.
6 Q. -- and see if I can get this clear in my
7 mind.
8 Let's take Well No. 19 first, since that's
9 right on top.
10 You've got two strings of tubing proposed
11 here, a packer, and then some sort of a, oh, a dual tension
12 packer at the top.
13 Now, is it your intention to complete
14 this well in this fashion soon?
15 A. As soon as approved.
16 Q. Okay. Now, does that mean that you will
17 inject water into the upper zone right away?
18 A. As soon as approved. We'll inject water.
19 Q. Okay, so you are prepared to begin, so
20 what you'll have is a dual saltwater disposal, or injection
21 well, and producing oil.
22 A. Right.
23 Q. And that will be producing gas from the
24 Seven Rivers?
25 A. Right.

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- 1 Q Okay. Now let's go on to Well No. 25.
- 2 Are you prepared to go into that well right away or is that
- 3 one of the wells that will be later?
- 4 A No. 25 is the one we would do upon approval.
- 5 Q Okay, 19 and 25 are going to be basically
- 6 the same set-up as far as equipment is concerned --
- 7 A Identical.
- 8 Q -- and injecting water into the upper
- 9 zone and producing gas from the lower zone.
- 10 Okay, now what will be the status of Well
- 11 No. 20?
- 12 A Well No. 20 will be purely an injector.
- 13 The Seven Rivers is protected by a packer.
- 14 Q Okay. And then when you have depleted the
- 15 Seven Rivers in one of these other wells you can move the
- 16 equipment over into Well No. 20.
- 17 A We envision being able to exchange the
- 18 equipment, yes, sir.
- 19 Q Okay, and then the same thing with Well
- 20 No. 31. Okay.
- 21 A May I make the correction that the 20 tests
- 22 now as a qualified oil well, by ratio.
- 23 Q Okay.
- 24 A Not gas.
- 25 Q Okay.

1 A. That's the reason for the terminology in
2 the request.

3 Q All right, and then how about Well No.
4 31, will that be gas?

5 A. That 31 we envision will be no more oil
6 than 25. It will be a gas well.

7 Q Okay, so you'll have three gas --

8 A. Two oil and two gas.

9 Q Okay, which is the other oil?

10 A. 19. That's the one I was striving to
11 correct.

12 Q Okay, 19 is oil, which other well is oil?

13 A. It would be 20.

14 Q 19 and 20 are oil; 25 and 31 are gas.
15 19 and 25 will start right away and 20 and 31 will be later.

16 Does that sound right?

17 A. Yes, sir.

18 Q Okay. Could you submit copies of the
19 Form C-102 showing what acreage will be dedicated to each
20 well and which other wells will be simultaneously dedicated
21 with these wells?

22 A. The actual form, drilling form, in the
23 survey puts Well 19 -- this representation here shows it
24 perhaps in the 40 acres to the northeast shaded area there.
25 It actually physically is 1350 from the west line of 13, but

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1 we'll submit the plat again.

2 Q If you will do that, I think that would
3 be very helpful to set out exactly what acreage is going to
4 dedicated to which wells and which ones are involved in
5 simultaneous dedication.

6 A Okay.

7 MR. STAMETS: Any other questions of this
8 witness? He may be excused.

9 Anything further in this case?

10 The case will be taken under advisement.

11
12 (Hearing concluded.)
13
14
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

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I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6948 heard by me on 6-29 1986.
Richard L. Smith, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Maralo, Inc., for dual completions and simultaneous dedication, Lea County, New Mexico. CASE 6948

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Conrad E. Coffield, Esq.
HINKLE LAW FIRM
P. O. Box 3580
Midland, Texas 79701

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KYLE NEILL

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MR. STAMETS: We'll call next Case 6948.

MR. PADILLA: Application of Maralo, Inc.,
for dual completion and simultaneous dedication, Lea County,
New Mexico.

MR. STAMETS: Call for appearances in
this case.

MR. COFFIELD: I am Conrad Coffield, with
the Hinkle Law Firm in Midland, Texas, appearing on behalf of
the applicant and I have one witness.

(Witness sworn.)

KYLE NEILL

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q Mr. Neill, for the record would you please
state your name, address, occupation, and employer?

A Kyle Neill, Midland, Texas. I'm an in-
dependent consultant petroleum engineer, employed by Maralo
to analyze and present certain information to the Oil Conser-
vation Division.

Q Mr. Neill, have you previously testified

1 before the Division as a petroleum engineer?

2 A. I have not.

3 Q. Would you please give the Examiner a brief
4 resume of your educational background and work experience as
5 a petroleum engineer?

6 A. Two plus years of academic undergraduate
7 study at Texas A&M, thirty plus years of association with
8 Shell Oil Company in varying capacities, including a senior
9 engineering technician with responsibilities commensurate with
10 a staff engineer, and venture into senior management.

11 Q. And your educational experience was your
12 educational background, the two plus years you mentioned, was
13 that in an engineering area?

14 A. Yeah, it was the study of electrical en-
15 gineering.

16 Q. And have you had --

17 A. Preceding the war, military service.

18 Q. And in your engineering duties with the
19 various companies and so on and so forth, in these number of
20 years that you have been doing this, Mr. Neill, has that in-
21 cluded analysis of logs and cross sections and generally making
22 engineering recommendations to management?

23 A. It has, west Texas, East Texas, North
24 Texas, and New Mexico.

25 Q. Are you familiar with Maralo's application

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1 in this particular case?

2 A I am.

3 Q And are you familiar with the property
4 and the well locations involved?

5 A I am.

6 MR. COFFIELD: Mr. Examiner, do you have
7 any other questions of Mr. Neill.

8 MR. STAMETS: Just a couple, Mr. Neill.
9 Were -- your time with Shell, were you assigned the responsibi-
10 lity for drilling and completion of wells?

11 A The engineering completion made recommend-
12 ations; the preparation of AFE's; the justification of the
13 drilling; the economics; the presentation; justification; the
14 geological cross sections; log analysis, et cetera.

15 MR. STAMETS: Did your work include
16 making recommendations for downhole equipment and completion
17 techniques?

18 A It did.

19 MR. STAMETS: Procedures? Purchasing of
20 equipment, and so on?

21 A Purchasing? No, not purchasing. Shell
22 had a -- generally had a facilities group that did much of
23 this.

24 MR. STAMETS: Well, I mean recommending
25 purchasing particular items of equipment for the use -- would

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1 you characterize ---

2 A. I did not do any purchasing. I had nothing
3 to do with purchasing.

4 MR. STAMETS: Would you characterize
5 yourself as --

6 A. I would recommend a type of equipment.

7 MR. STAMETS: Would you characterize your-
8 self as a practical oil man?

9 A. Yes.

10 MR. STAMETS: Okay. The Division for
11 many, many years has recognized practical oil men and so long
12 as you don't get too far afield, I think it will be all right
13 in this case.

14 That's a qualified acceptance of qualifi-
15 cations.

16 Q. Mr. Neill, along those lines, was there
17 any distinction between the -- or is there any distinction
18 between the duties that you perform now as a consulting en-
19 gineer and those of a consulting engineer who happens to hold
20 an engineering degree?

21 A. Well, I am reviewing and doing work that
22 was previously -- commensurate work in other localities. I'm
23 not asked to do, nor is there anything to do, that I haven't
24 previously been doing for these major oil companies.

25 Q. Which would be the same as a petroleum

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1 engineer --

2 A That's right.

3 Q -- does?

4 MR. COFFIELD: So is he considered quali-
5 fied?

6 MR. STAMETS: A qualified qualification
7 is --

8 MR. COFFIELD: Qualified. Okay.

9 Q Mr. Neill, would you please explain what
10 it is that Maralo seeks by its application?

11 A Maralo seeks approval for the dual com-
12 pletion, conventional, and the simultaneous dedication in the
13 Jalmat Pool of four wells in its Jalmat Yates Unit to produce
14 oil from, and later on to inject water into the Yates forma-
15 tion waterflood, and to produce oil from the Seven Rivers
16 formation for two of the wells, No. 19 and No. 20, on the
17 Exhibit Number One plat, located in Unit C and D, and to pro-
18 duce gas from the Seven Rivers from the other two wells, Nos.
19 25 and 31, located in Units F and K, all in Section 18, 25
20 South, 37 East.

21 Q Mr. Neill --

22 A Lea County.

23 Q -- would you refer to what we've marked
24 as Exhibit One and explain that exhibit to the Examiner, please?

25 A Exhibit One is the outline of the 560-acre

1 Yates Seven Rivers Jalmat waterflood unit, exemplifying the
2 existing wells, as well as the proposed injectors and the fin-
3 ished center injectors, seven wells.

4 Q Are you familiar with the fact that the
5 Jalmat Yates Unit has been the subject of certain prior orders,
6 Mr. Neill?

7 A Yes.

8 Q Of the Commission? Could you explain
9 those for the edification of the Examiner and for the record,
10 as well?

11 A Well, in September '78, Case 6328, justi-
12 fied the Yates Unit; the 6313 in R-5816 instituted waterflood
13 authorization; and in February the 27th of '80 the request of
14 an amendment to R-5816 to permit the seven waterflood injector
15 wells, those previously designated as infield injectors, to be
16 permitted to produce from an unorthodox location as flush
17 production, or until such time as they would not flow or pump
18 oil.

19 Q All right, Mr. Neill, would you explain
20 to the Examiner, just what is the status of these injector
21 wells? Have they all been drilled and just generally, what is
22 the situation?

23 A The interior injectors, those referred to
24 as 4, 9, 15, 20, 19, 25, and 31, have been drilled.

25 Q And what is their condition -- status

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1 right now?

2 A. Their condition now, four of them, number
3 19, 20, 25, and 31, are not completed.

4 The 4, 9, 15, and 31 are ready for in-
5 jection.

6 Q Okay, all of these, then, that are the
7 subject of this particular application are ready for injection,
8 is that correct?

9 A That's right.

10 Q Okay. Would you please explain to the
11 Examiner the 40-acre distinction and the 80-acre distinction
12 between the wells that are covered by the application?

13 A Well, in requesting that we be -- that
14 Maralo be permitted to produce gas from the Seven Rivers, apart
15 from the Yates, we're prepared to dedicate 80 acres, and those
16 wells that produce oil in the Seven Rivers, we're prepared, if
17 approved, to dedicate 40 acres.

18 Q And this is to coincide with the spacing
19 requirements that are established by the Commission?

20 A Yes.

21 Q But in fact, Mr. Neill, isn't it true
22 that all of this acreage that is the subject of this applica-
23 tion, and the wells, are all committed to the unit and accord-
24 ingly whether the oil-gas, gas-oil ratio indicates the well
25 is a gas well or indicates that the well is an oil well, the

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1 ownership is common throughout?

2 A. The ownership is unitized.

3 Q. Okay. Okay, let's go on to Exhibit Two
4 and please explain that to the Examiner.

5 A. Exhibit Two is a cross section of those
6 seven interior wells and the logs thereof, and indication of
7 the formation tops.

8 This cross section was previously pre-
9 sented and I'll call the Examiner's attention to the fact that
10 we stand corrected on the geologic top of the Queen as indi-
11 cated in the lower righthand log, and have not corrected the
12 erroneous indications in the basic cross section.

13 Q. Maybe you'd better elaborate on that a
14 little bit. You say you stand corrected on the top of the
15 Queen.

16 A. In the lower righthand corner, when this
17 was presented in February, the geological staff had picked the
18 top of the Queen; did not coincide with the pick that's recog-
19 nized by the Commission, or the Division, Oil Conservation
20 Division.

21 Q. And accordingly, you have so noted the
22 log at the far righthand --

23 A. The far righthand column.

24 Q. -- as to the recognized Queen top in ac-
25 cordance with the Oil Conservation Division?

1 A That is correct.

2 Q Okay. What other features do you have on
3 this particular exhibit that you want to bring to the attention
4 of the Examiner?

5 A We'd like to draw attention to the lenti-
6 cularness or the total distance of the sands that are not --
7 they are correlative probably in structural depth but the tops
8 as it moves to the west or to the east in the fold against the
9 reef, the recognized reef, the accumulations come in a little
10 higher, and we find gas productive from the Seven Rivers that
11 had not previously been produced, or productive.

12 Q Was this a development anticipated in any
13 way when you first drilled these wells?

14 A It was not. The earlier information and
15 a few offset wells that went deeper, but most of them were
16 drilled to the top of the Yates, casing set, open hole com-
17 pleted.

18 Q Did you have anything else on this exhibit?

19 A No, sir.

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21 Neill, and discuss that exhibit for the Examiner.

22 A Exhibit Three exemplifies the gas wells,
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1 these wells are -- the only one that's within the unit is
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3 it.

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7 Reserve Oil and Gas have a well which you believe to have had
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9 A Immediately east is the Reserve Oil's
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11 Unit 21 is injecting in the tubing and producing -- or can be
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13 Q Is that something relatively recently?

14 A No, it's my understanding it was approved
15 some time ago, but for their own reasons they're not -- they
16 are not injecting. I mean -- yeah, they're not injecting or
17 producing gas.

18 Q You do not have any reference to the
19 order number, do you?

20 A No, sir.

21 Q Okay. Are you through with this exhibit?
22 Let's go on to Exhibits Four-A, B, C, and D.

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3 We are requesting for economic purposes
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7 plication to move this equipment to the other four wells, in-
8 dicated as Four-C and D.

9 Q Let me understand that, Mr. Neill. You
10 said move this equipment to the other four wells.

11 A Other two wells.

12 Q Other two wells, okay. So you're saying
13 your equipment that you will put into Exhibit Four-A, for
14 example, will be identical to what is otherwise being -- will
15 subsequently be put into Well Four-C?

16 A Yes, sir.

17 Q And likewise, what you have represented
18 in Four-B is the identical equipment that will go into Four-D.

19 A Or vice versa.

20 Q Okay, are there any particular distinctive
21 features of these injection wells and the equipment as re-
22 presented in these exhibits that you believe needs to be
23 brought to the attention of the Examiner?

24 A I think not. The fiberglass coating and
25 the plastic lining is standard in most flood installations.

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1 Q With respect to the fiberglass coating,
2 is it your opinion that that will be entirely adequate to
3 protect against potential or possible corrosion which could
4 occur?

5 A It is. Experiencewise it's been -- been
6 quite successful.

7 Q Do you think there is any particular
8 danger or likelihood of there being communication between the
9 gas producing zone and the water injection zone if this equip-
10 ment is used in the fashion that you've represented?

11 A No, sir, I don't.

12 Q Okay, Mr. Neill, I think you've covered
13 this, but do you propose to dually complete all four of these
14 wells immediately upon being granted permission to do so,
15 assuming that this order is actually issued?

16 A We're not requesting to dually complete
17 all four of them now. We're simply providing for the moving
18 of the equipment upon the depletion of these small accumula-
19 tions to the other two wells.

20 Q Mr. Neill, your application does call for
21 the dual completion of all four wells, asking for dual com-
22 pletion.

23 A Yes.

24 Q My question to you was if that order is
25 authorized, if that order issues, do you propose to immediately

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87301
Phone (505) 455-7409

1 go in and do all four? Previously you said those first two
2 and then two, is that true?

3 A. Two and two, yes, sir.

4 Q. And then upon the depletion of the pro-
5 ducing reservoir as to the first two that you complete, you
6 will then move on to the other two unproduced wells.

7 A. Upon the depletion of 19 and 25 in the
8 Seven Rivers, we'll move the equipment --- we propose that
9 we'll move the equipment to 20 and 31.

10 Q. Okay. As to wells 20 and 31, do you pro-
11 pose to be injecting water into those wells at this time?

12 A. We -- yes.

13 Q. Prior to the --

14 A. But the Seven Rivers is protected below
15 a packer and the injection will be in the zone above it.

16 Q. Okay. Has Maralo prepared the appropriate
17 forms for approval of this waterflood and dual completion?

18 A. We've prepared the Commission's Forms 107
19 and 108.

20 Q. And is this included as Exhibit Five?

21 A. Exhibit Five is evidence that we notified
22 the offset operators.

23 Q. Have you had any indication of objection
24 from any of the offset operators?

25 A. We have not.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 Q Ultimately do you expect Maralo will in-
2 ject salt water into the producing zone?

3 A Ultimately I think you could expect them
4 to. In my experience with previous waterfloods the cycling
5 of water becomes excessive.

6 Q Do you have anything further to add to
7 your testimony?

8 A No, sir.

9 Q Were these exhibits One through Five pre-
10 pared by you or under your supervision?

11 A They were.

12 Q In your opinion will the approval of this
13 application by Maralo prevent waste and protect correlative
14 rights, and otherwise permit the recovery of hydrocarbons
15 which could not be economically produced?

16 A It will.

17 MR. COFFIELD: Mr. Examiner, I move the
18 admission of Exhibits One through Five and I don't have any
19 other questions of Mr. Neill on direct examination.

20 MR. STAMETS: These exhibits will be ad-
21 mitted.

22
23 CROSS EXAMINATION

24 BY MR. STAMETS:

25 Q I got a little lost with all the wells

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 and all the different tubing strings here and there, so maybe
2 if we take these one at a time --

3 A. All right.

4 Q --- and let me ask you some questions --

5 A. Okay.

6 Q -- and see if I can get this clear in my
7 mind.

8 Let's take Well No. 19 first, since that's
9 right on top.

10 You've got two strings of tubing proposed
11 here, a packer, and then some sort of a, oh, a dual tension
12 packer at the top.

13 Now, is it your intention to complete
14 this well in this fashion soon?

15 A. As soon as approved.

16 Q Okay. Now, does that mean that you will
17 inject water into the upper zone right away?

18 A. As soon as approved. We'll inject water.

19 Q Okay, so you are prepared to begin, so
20 what you'll have is a dual saltwater disposal, or injection
21 well, and producing oil.

22 A. Right.

23 Q And that will be producing gas from the
24 Seven Rivers?

25 A. Right.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 Q Okay. Now let's go on to Well No. 25.
2 Are you prepared to go into that well right away or is that
3 one of the wells that will be later?
4 A No. 25 is the one we would do upon approval.
5 Q Okay, 19 and 25 are going to be basically
6 the same set-up as far as equipment is concerned ---
7 A Identical.
8 Q --- and injecting water into the upper
9 zone and producing gas from the lower zone.
10 Okay, now what will be the status of Well
11 No. 20?
12 A Well No. 20 will be purely an injector.
13 The Seven Rivers is protected by a packer.
14 Q Okay. And then when you have depleted the
15 Seven Rivers in one of these other wells you can move the
16 equipment over into Well No. 20.
17 A We envision being able to exchange the
18 equipment, yes, sir.
19 Q Okay, and then the same thing with Well
20 No. 31. Okay.
21 A May I make the correction that the 20 tests
22 now as a qualified oil well, by ratio.
23 Q Okay.
24 A Not gas.
25 Q Okay.

1 A That's the reason for the terminology in
2 the request.

3 Q All right, and then how about Well No.
4 31, will that be gas?

5 A That 31 we envision will be no more oil
6 than 25. It will be a gas well.

7 Q Okay, so you'll have three gas --

8 A Two oil and two gas.

9 Q Okay, which is the other oil?

10 A 19. That's the one I was striving to
11 correct.

12 Q Okay, 19 is oil, which other well is oil?

13 A It would be 20.

14 Q 19 and 20 are oil; 25 and 31 are gas.

15 19 and 25 will start right away and 20 and 31 will be later.

16 Does that sound right?

17 A Yes, sir.

18 Q Okay. Could you submit copies of the
19 Form C-102 showing what acreage will be dedicated to each
20 well and which other wells will be simultaneously dedicated
21 with these wells?

22 A The actual form, drilling form, in the
23 survey puts Well 19 -- this representation here shows it
24 perhaps in the 40 acres to the northeast shaded area there.
25 It actually physically is 1350 from the west line of 13, but

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 we'll submit the plat again.

2 Q If you will do that, I think that would
3 be very helpful to set out exactly what acreage is going to
4 dedicated to which wells and which ones are involved in
5 simultaneous dedication.

6 A Okay.

7 MR. STAMETS: Any other questions of this
8 witness? He may be excused.

9 Anything further in this case?

10 The case will be taken under advisement.

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

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

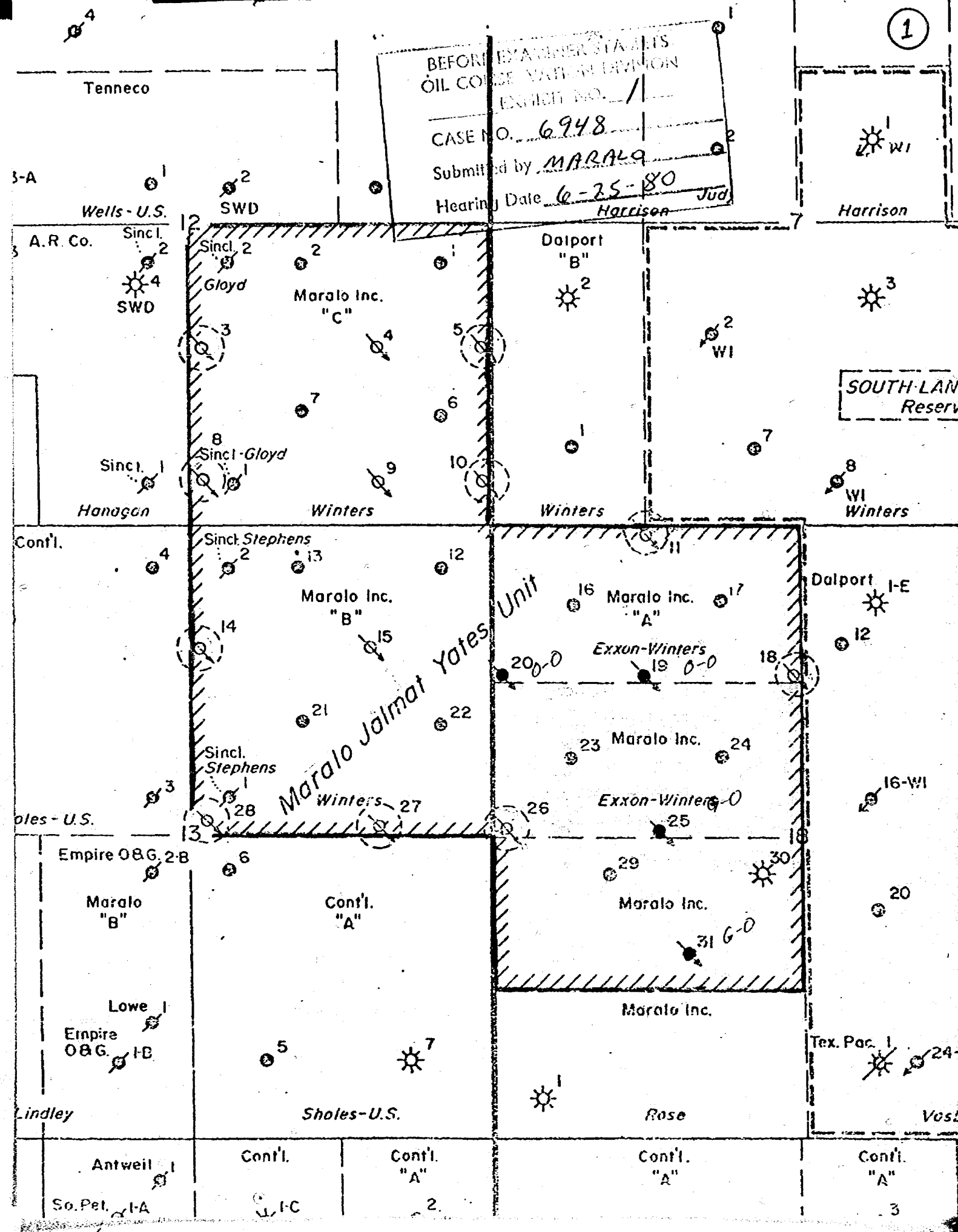
Santa Fe, New Mexico 87501

Phone (505) 455-7409

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

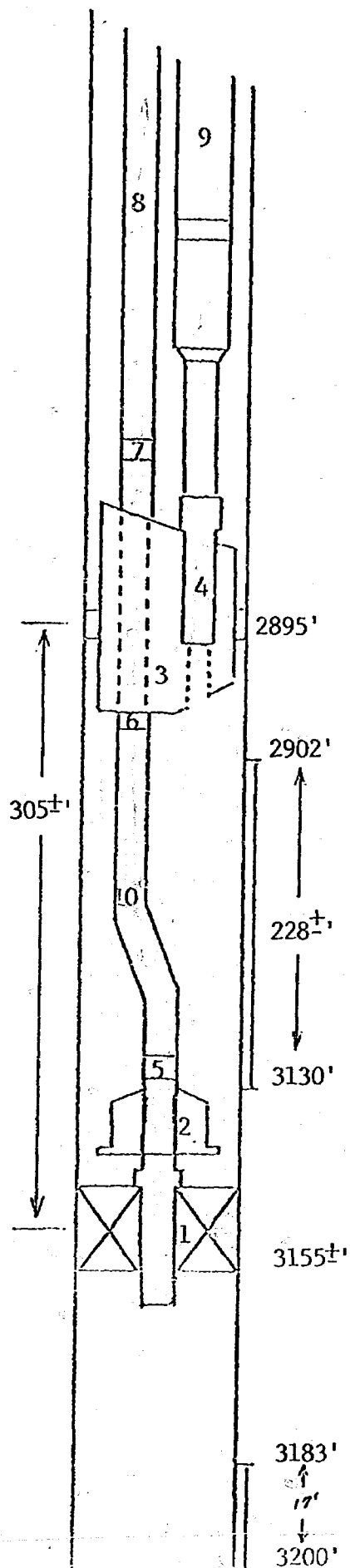
Hearing Date 6-25-80
Harrison



oil
DUAL PACKER ASSEMBLY FOR
SEVEN RIVERS PRODUCTION AND
YATES WATER INJECTION

5 1/2" 15.5# Casing - Cement, Circulate

BAKER PACKERS



1. #45-B Model "A2" Lok-Set Packer
2. 3 3/4" x 1.5" x 2 3/8" Model "FL" ON-OFF Sealing Connector
3. #45-B Snap-Set Dual Tension Packer w/2 1/16" IJ B & P
4. 1.87" Model "C" J-Lock Seal Nipple w/2 1/6" IJ Box
5. 2 3/8" EU 8rd Box x 2 1/16" IJ Box
6. 2 1/16" IJ Pin x 1.9" NU Box
7. 2 1/16" IJ Box x 1.9" NU Box
8. 2 1/16" Tubing, long string for gas production
9. 2 1/16" tubing, short string "plastic coated" for injection service
10. 2 1/16" tubing, exterior protected from injection water

NOTE: Change Tong Dies Immediately Before
Running Item #10, Fiberglass Coated
Tubing

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 4

CASE NO. 6948

Submitted by MARALO

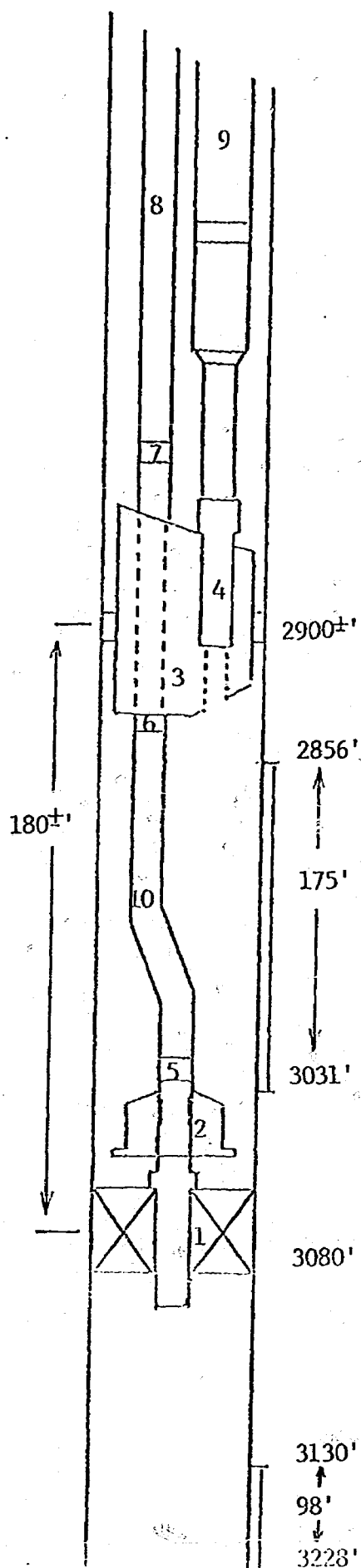
Hearing Date 6-25-80

5-23-80
DKN

DUAL PACKER ASSEMBLY FOR
SEVEN RIVERS GAS PRODUCTION AND
YATES WATER INJECTION

5 1/2" 15.5# Casing - Cement, Circulate

BAKER PACKERS



1. #45-B Model "A2" Lok-Set Packer
2. 3 3/4" x 1.5" x 2 3/8" Model "FL" ON-OFF Sealing Connector
3. #45-B Snap-Set Dual Tension Packer w/2 1/16" IJ B & P
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10. 2 1/16" tubing, exterior protected from injection water

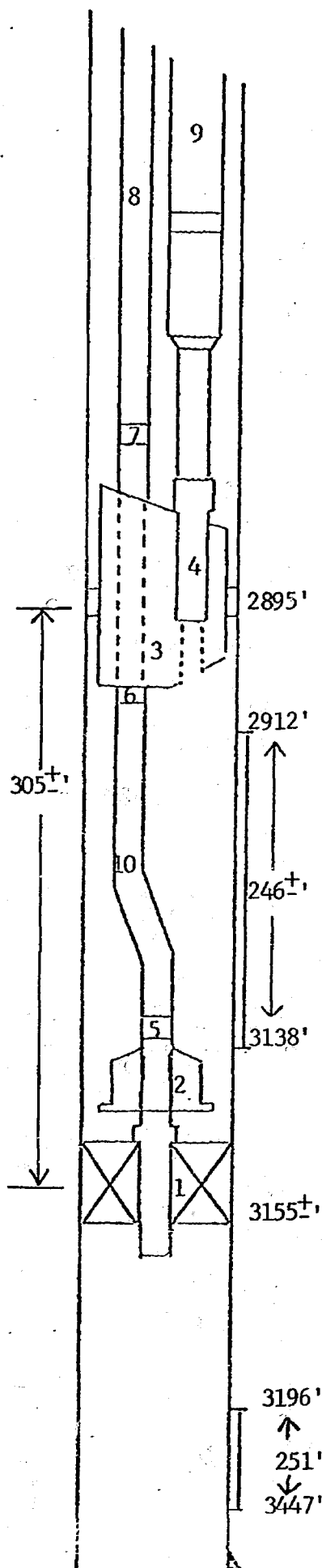
NOTE: Change Tong Dies Immediately Before Running Item #10, Fiberglass Coated Tubing

5.23-80
DKN

DUAL PACKER ASSEMBLY FOR
SEVEN RIVERS ~~OS~~ PRODUCTION AND
YATES WATER INJECTION

5 1/2" 15.5# Casing - Cement, Circulate

BAKER PACKERS



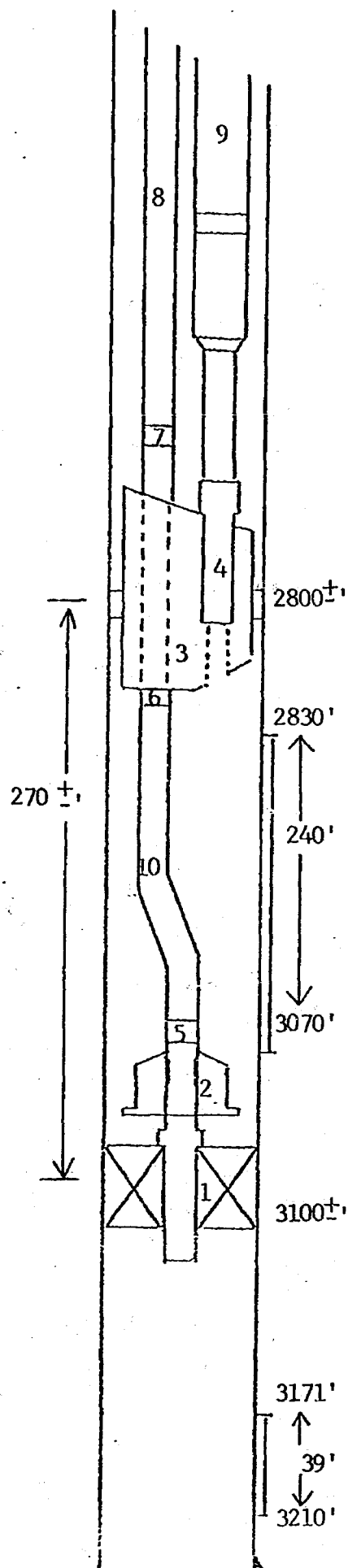
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7. 2 1/16" IJ Box x 1.9" NU Box
8. 2 1/16" Tubing, long string for gas production
9. 2 1/16" tubing, short string "plastic coated" for injection service
10. 2 1/16" tubing, exterior protected from injection water

NOTE: Change Tong Dies Immediately Before
Running Item #10, Fiberglass Coated
Tubing

DUAL PACKER ASSEMBLY FOR
 SEVEN RIVERS GAS PRODUCTION AND
 YATES WATER INJECTION

5 1/2" 15.5# Casing - Cement, Circulate

BAKER PACKERS:



1. #45-B Model "A2" Lok-Set Packer
2. 3 3/4" x 1.5" x 2 3/8" Model "FL" ON-OFF Sealing Connector
3. #45-B Snap-Set Dual Tension Packer w/2 1/16" IJ B & P
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7. 2 1/16" IJ Box x 1.9" NU Box
8. 2 1/16" Tubing, long string for gas production
9. 2 1/16" tubing, short string "plastic coated" for injection service
10. 2 1/16" tubing, exterior protected from injection water

NOTE: Change Tong Dies Immediately Before Running Item #10, Fiberglass Coated Tubing

BEFORE EXAMINED CLAIMS
OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 6948

Submitted by MARALO

Hearing Date 6-25-80

June 23, 1980

maralo inc.

Offset Operators - Attached

Gentlemen:

Maralo, Inc. as operator of the Jalmat Yates Unit (NMCC Case No. 6328, Order No. R-5817, top Yates formation 100 feet below the base of the Queen formation) is making application (C. C. Form C-107) for dually completing Unit well No. 19 and No. 25 to produce oil-gas from the Seven Rivers and inject water into the Yates.

If you have no objection to our application, please approve the waiver below and return one signed copy to Maralo, Inc., P. O. Box 832, Midland, Texas.

Sincerely,

R. A. Lowery

R. A. Lowery
Production Manager

DKN:JB

WAIVER :

As offset operator, we have no objection to Maralo's application to dual their Jalmat Yates Unit wells No. 19 and No. 25.

COMPANY _____

TITLE _____

DATE _____

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

Operator Maralo, Inc.		County Lea		Date 6-23-80
Address P. O. Box 832, Midland, TX 79702		Lease Maralo Jalmat Yates Ut		Well No. 19
Location of Well C	Unit 18	Section 25S	Township 37E	Range

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES ☒ NO ☐

2. If answer is yes, identify one such instance: Order No. _____; Operator Lease, and Well No.:
Reserve Oil, Inc. (Getty) South Langlie Jal Unit

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Jalmat-Yates	Seven Rivers	--
b. Top and Bottom of Pay Section (Perforations)	2902 (+257') 3130 (+29')	3183' (-24') 3288' (-29')	-- --
c. Type of production (Oil or Gas)	Water Injection	Oil	--
d. Method of Production (Flowing or Artificial Lift)	Injection	Flow	--

4. The following are attached. (Please check YES or NO)

- | Yes | No | |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease. |
| <input type="checkbox"/> | <input type="checkbox"/> | c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.* |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.) |

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

See attached list

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES ☐ NO ☒. If answer is yes, give date of such notification _____.

CERTIFICATE: I, the undersigned, state that I am the _____ of the _____ (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

R. A. Lawery
Signature

Appropriately given at previous hearing, Case No. 6328.
*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard perforation unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

Operator Maralo, Inc.		County Lea	Date 6-23-80
Address P. O. Box 832, Midland, TX 79702		Lease Maralo Jalmat Yates Ut.	Well No. 25
Location of Well F	Unit 18	Township 25S	Range 37E

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES ☒ NO ☐

2. If answer is yes, identify one such instance: Order No. _____; Operator Lease, and Well No.:
Reserve Oil, Inc. (Getty) South Langlie Jal Unit

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Jalmat-Yates	Seven Rivers	--
b. Top and Bottom of Pay Section (Perforations)	2856' (+280') 3131' (+105')	3131' (+6') 3226' (-90')	--
c. Type of production (Oil or Gas)	Water Injection	Gas	--
d. Method of Production (Flowing or Artificial Lift)	Injection	Flow	--

4. The following are attached. (Please check YES or NO)

- | | | |
|-------------------------------------|--------------------------|---|
| Yes | No | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease. |
| <input type="checkbox"/> | <input type="checkbox"/> | c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.* |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.) |

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

See attached list.

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES ☐ NO ☒. If answer is yes, give date of such notification _____.

CERTIFICATE: I, the undersigned, state that I am the _____ of the _____ (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

R. A. Lavery
Signature

Appropriately given at previous hearing, Case No. 6328.

*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unauthorized well location and/or a non-standard production unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

Certified To Offset Owners:

Mr. David W. Sipperly
ATLANTIC RICHFIELD COMPANY
Box 1610
Midland, Texas 79702

Mr. David M. Goodfellow
CONTINENTAL OIL CO.
Box 1959
Midland, Texas 79702

World Wide Energy Corp.
1100 Western Federal Savings Bldg.
Denver, Colorado 80202

TENNECO OIL COMPANY
220 W. Texas St., Rm. 208
Midland, Texas 79701

DALPORT OIL CORPORATION
3471 First National Bank Bldg.
Dallas, Texas 75202

GETTY OIL COMPANY
P. O. Box 1231
Midland, Texas 79702

Doyle Hartman
C & K Petroleum Bldg.
Midland, Texas 79701

Not Certified To Working Interest Owners:

Estate of R. S. Bremmand, Jr.
Box 1546
Midland, Texas 79702
Mr. Tom SEaly

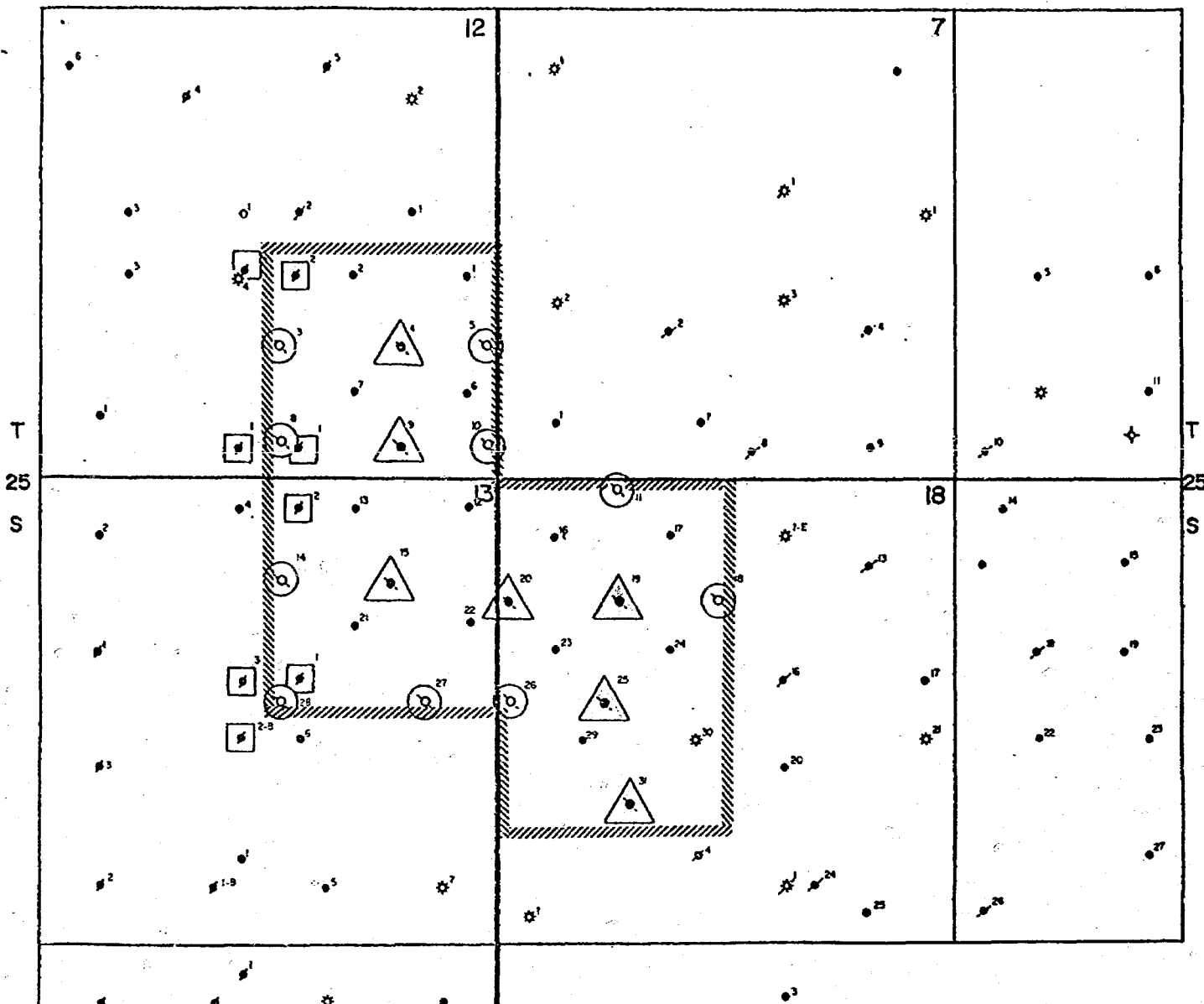
CITIES SERVICE OIL CO.
Box 1919
Midland, TX 79702

Mr. T. J. Brown
R. DeChicchis Estate
Box 1251
Midland, Texas 79702

Mr. Leroy Esterak
FLUOR OIL AND GAS CORP.
615 Midland, Tower Bldg.
Midland, Texas 79701

Mr. E. R. Frazier
MOBIL OIL CORP.
Suite 800
9 Greenway Plaza
Houston, Texas 77046

Mr. R. A. Lowery
MARALO INC. & Erma Lowe
Box 832
Midland, Texas 79702



R-36-E

R-37-E



Proposed dual Yates
injections on Seven Rivers
producers

LEGEND

- Abandoned Well to be Re-plugged Initially
- Phase 2 Injection Well
- △ Phase 1 Injection Well

MARALO, INC.

LEA COUNTY, NEW MEXICO
JALMAT YATES UNIT

Scale: 1" = 1000'

Date: 9-11-79

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 6948

Submitted by MARALO

Hearing Date 6-25-80

maralo inc.

June 23, 1980

Offset Operators - Attached

Gentlemen:

Maralo, Inc. as operator of the Jalmat Yates Unit (NMCC Case No. 6328, Order No. R-5817, top Yates formation 100 feet below the base of the Queen formation) is making application (C. C. Form C-107) for dually completing Unit well No. 19 and No. 25 to produce oil-gas from the Seven Rivers and inject water into the Yates.

If you have no objection to our application, please approve the waiver below and return one signed copy to Maralo, Inc., P. O. Box 832, Midland, Texas.

Sincerely,

R. A. Lowery

R. A. Lowery
Production Manager

DKN:JB

WAIVER :

As offset operator, we have no objection to Maralo's application to dual their Jalmat Yates Unit wells No. 19 and No. 25.

COMPANY _____

TITLE _____

DATE _____

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

Operator Maralo, Inc.		County Lea		Date 6-23-80
Address P. O. Box 832, Midland, TX 79702		Lease Maralo Jalmat Yates Ut		Well No. 19
Location of Well C	Unit 18	Section 25S	Township 37E	Range

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES X NO

2. If answer is yes, identify one such instance: Order No. ; Operator Lease, and Well No.:
Reserve Oil, Inc. (Getty) South Langlie Jal Unit

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Jalmat-Yates	Seven Rivers	--
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c. Type of production (Oil or Gas)	Water Injection	Oil	--
d. Method of Production (Flowing or Artificial Lift)	Injection	Flow	--

4. The following are attached. (Please check YES or NO)

- | | | |
|-------------------------------------|--------------------------|---|
| Yes | No | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent. |
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5. List all offset operators to the lease on which this well is located together with their correct mailing address.

See attached list

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES NO X. If answer is yes, give date of such notification

CERTIFICATE: I, the undersigned, state that I am the of the (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

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Signature

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*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard production unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

Operator Maralo, Inc.		County Lea	Date 6-23-80
Address P. O. Box 832, Midland, TX 79702		Lease Maralo Jalmat Yates Ut.	Well No. 25
Location of Well F	Unit 18	Township 25S	Range 37E

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES ☒ NO ☐

2. If answer is yes, identify one such instance: Order No. _____; Operator Lease, and Well No.: Reserve Oil, Inc. (Getty) South Langlie Jal Unit

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Jalmat-Yates	Seven Rivers	--
b. Top and Bottom of Pay Section (Perforations)	2856' (+280')	3131' (+6')	--
	3131' (+105')	3226' (-90')	--
c. Type of production (Oil or Gas)	Water Injection	Gas	--
d. Method of Production (Flowing or Artificial Lift)	Injection	Flow	--

4. The following are attached. (Please check YES or NO)

- | | | |
|-------------------------------------|--------------------------|---|
| Yes | No | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease. |
| <input type="checkbox"/> | <input type="checkbox"/> | c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.* |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.) |

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

See attached list.

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES ☐ NO ☒. If answer is yes, give date of such notification _____.

CERTIFICATE: I, the undersigned, state that I am the _____ of the _____ (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

R. A. Lavery
Signature

Appropriately given at previous hearing, Case No. 6328.

*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard perforation unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

Certified To Offset Owners:

Mr. David W. Sipperly
ATLANTIC RICHFIELD COMPANY
Box 1610
Midland, Texas 79702

Mr. David M. Goodfellow
CONTINENTAL OIL CO.
Box 1959
Midland, Texas 79702

World Wide Energy Corp.
1100 Western Federal Savings Bldg.
Denver, Colorado 80202

TENNECO OIL COMPANY
220 W. Texas St., Rm. 208
Midland, Texas 79701

DALPORT OIL CORPORATION
3471 First National Bank Bldg.
Dallas, Texas 75202

GETTY OIL COMPANY
P. O. Box 1231
Midland, Texas 79702

Doyle Hartman
C & K Petroleum Bldg.
Midland, Texas 79701

Not Certified To Working Interest Owners:

Estate of R. S. Bremmand, Jr.
Box 1546
Midland, Texas 79702
Mr. Tom SEaly

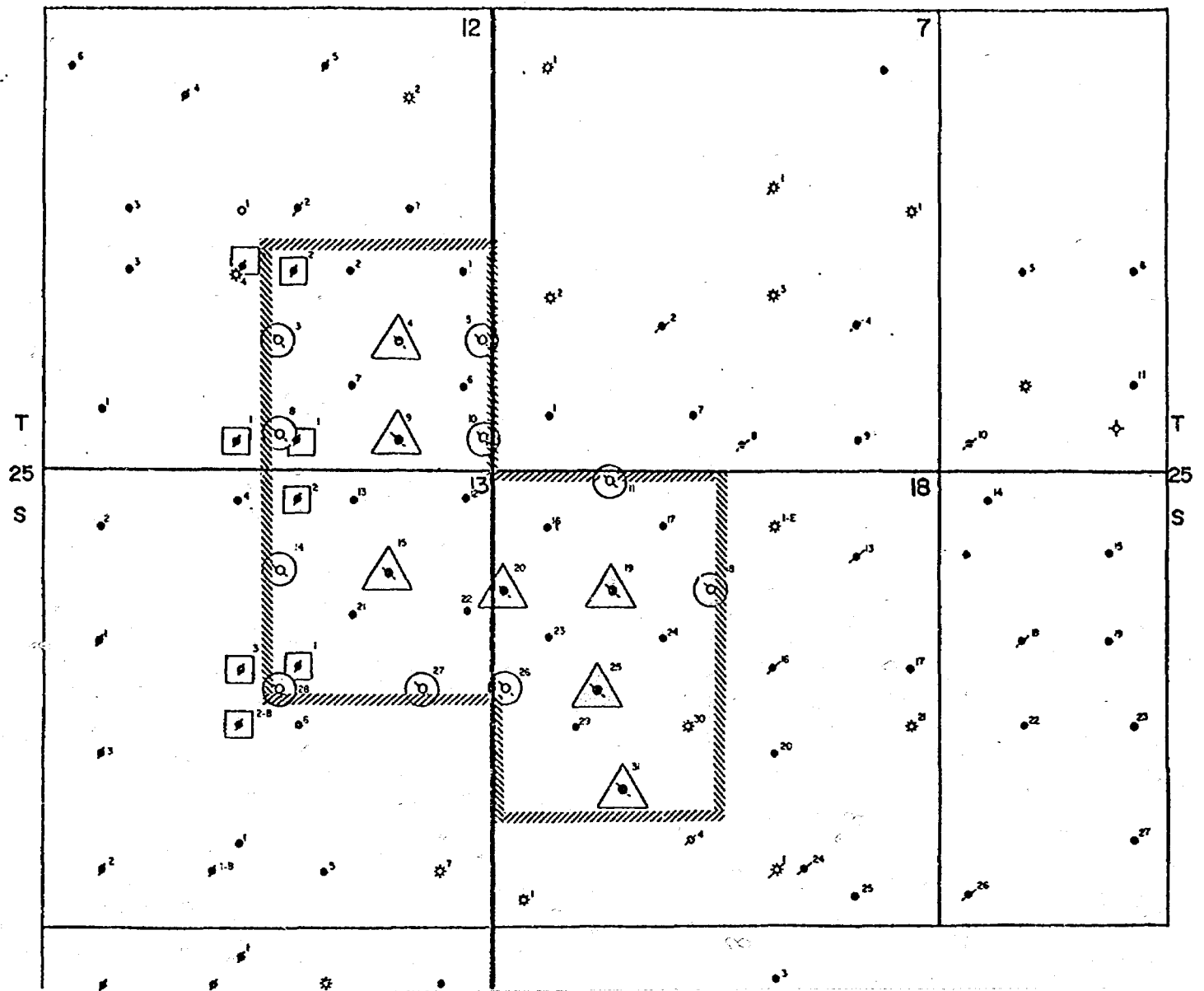
CITIES SERVICE OIL CO.
Box 1919
Midland, TX 79702

Mr. T. J. Brown
R. DeChicchis Estate
Box 1251
Midland, Texas 79702

Mr. Leroy Esterak
FLUOR OIL AND GAS CORP.
615 Midland, Tower Bldg.
Midland, Texas 79701

Mr. E. R. Frazier
MOBIL OIL CORP.
Suite 800
9 Greenway Plaza
Houston, Texas 77046

Mr. R. A. Lowery
MARALO INC. & Erma Lowe
Box 832
Midland, Texas 79702



R-36-E

R-37-E



Proposed dual Yates
injections on Seven Rivers
producers

LEGEND

- Abandoned Well to be Re-plugged Initially
- Phase 2 Injection Well
- △ Phase 1 Injection Well

MARALO, INC.

LEA COUNTY, NEW MEXICO
JALMAT YATES UNIT

Scale: 1" = 1000'

Date: 9-11-79

LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
JAMES H. BOZARTH
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON

ERNEST R. FINNEY, JR.
J. DOUGLAS FOSTER
K. DOUGLAS PERRIN
C. RAY ALLEN
JACQUELINE W. ALLEN
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD
JOHN S. NELSON
RICHARD E. OLSON
PHILLIP M. BREWER

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY

1000 FIRST NATIONAL BANK TOWER

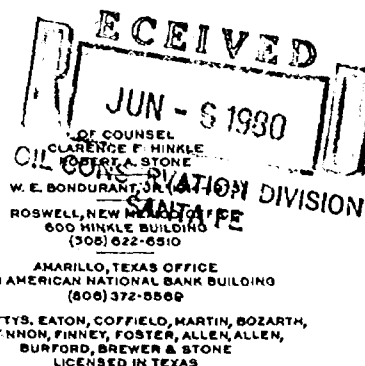
Post Office Box 3580

MIDLAND, TEXAS 79702

(915) 683-4691

May 30, 1980

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501



Case 6948

Re: Maralo Application for
Simultaneous Dedication and
Dual Completion -- Jalmat
Yates Wells

Dear Dan:

In accordance with our recent telephone conversations, I am transmitting herewith, in triplicate, an Application in connection with the above referenced matter. Per your suggestion, my Application calls for an entirely new case to be considered by the Oil Conservation Division relative to the dual completion and simultaneous dedication matters. However, I have also specified that to the extent it is necessary or desirable, the Applicant also seeks an amendment to a prior Order relative to the authority granted for production of gas to continue only until injection procedures are commenced into the wells. We want to have authority to continue to produce even after water injection commences. Perhaps an amendment to that particular Order is unnecessary and if so, please proceed in accordance with whatever the best practice might be.

I trust the enclosed copies of the Application are all that will be needed in order to put this matter on the docket for hearing on June 25. However, if anything further is needed or additional details are required, please call.

With best regards.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rh
Enclosures



BEFORE THE OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

APPLICATION BY MARALO, INC. FOR)
DUAL COMPLETION AND SIMULTANEOUS)
DEDICATION, LEA COUNTY, NEW)
MEXICO)

Case 6948

APPLICATION FOR HEARING

COMES NOW, the undersigned, as attorney on behalf of Maralo, Inc. and files this written application for hearing to be set on the docket for June 25, 1980. In connection therewith, the undersigned, on behalf of Maralo, Inc., submits the following data:

1. Name of Applicant: Maralo, Inc.
2. Area Affected by the Order Sought:

Township 25 South, Range 37 East, N.M.P.M.
Lea County, New Mexico

Section 18: NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$

3. General Nature of Order Sought: Applicant seeks authority to dually complete its Jalmat Yates Unit Wells No. 19, 20, 25 and 31 with said dual completion as to Wells 19 and 20 to be as to the Seven Rivers Formation, producing oil therefrom and as to the Yates Formation, injecting water therein for the Jalmat Yates Water Flood Project; and said dual completion as to Wells 25 and 31 to be as to the Seven Rivers Formation, producing gas therefrom and as to the Yates Formation injecting water therein, in connection with the Jalmat Yates Waterflood Project. Said production and water injection is to be by way of a conventional dual completion as to each of said wells.

In addition, Applicant seeks the simultaneous dedication of acreage in connection with each of the foregoing wells as follows:

As to Well No. 19, the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 18, Township 25 South, Range 37 East, N.M.P.M., Jalmat Pool for production of hydrocarbons and injection of water as specified above.

As to Well No. 20, the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 18, Township 25 South, Range 37 East, N.M.P.M., Jalmat Pool for production of oil therefrom and injection of water as specified above.

As to Well No. 25, the S $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 18, Township 25 South, Range 37 East, N.M.P.M., for production of gas, Jalmat Pool, and injection of water therein.

As to Well No. 31, the N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 18, Township 25 South, Range 37 East, N.M.P.M., Jalmat Pool for production of gas therefrom and injection of water as specified above.

4. Other Matters to be noted in connection with Order Sought:
Said Wells Nos. 19, 20, 25 and 31 are located at unorthodox locations as follows:

Jalmat Unit
Well No.

Location

19	1300' FNL and 1350' FWL Section 18, T25S, R37E
20	1250' FNL and 70' FWL Section 18, T25S, R37E
25	2500' FNL and 1550' FWL Section 18, T25S, R37E
31	1650' FSL and 1700' FWL Section 18, T25S, R37E


Said locations were authorized in accordance with Order R-5816 entered in Case No. 6313 previously heard by the Oil Conservation Division September 11, 1978.

Heretofore in accordance with Order R-5816-A entered in Case No. 6812 after hearing before the Oil Conservation Division on February 27, 1980, the Oil Conservation Division authorized the production of hydrocarbons from said injection wells pending the commencement of injection activities into said wells. To the extent necessary or desirable, Applicant also seeks an amendment to said Order R-5816-A in order to authorize the continued production of hydrocarbons from the above wells notwithstanding the fact that injection operations may be undertaken into the Yates Formation in accordance with other prior orders by the Oil Conservation Division.

Dated this 30th day of May, 1980.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

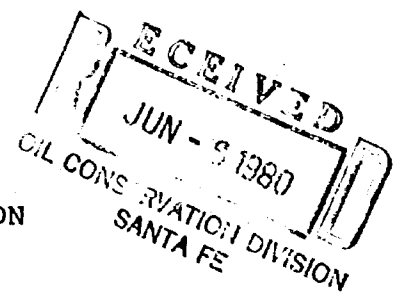
By: 
Conrad E. Coffield
Attorneys for Maralo, Inc.

BEFORE THE OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

APPLICATION BY MARALO, INC. FOR)
DUAL COMPLETION AND SIMULTANEOUS)
DEDICATION, LEA COUNTY, NEW)
MEXICO)



Case 6948

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Lea County, New Mexico

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Said Wells Nos. 19, 20, 25 and 31 are located at unorthodox locations as follows:

<u>Jalmat Unit</u> <u>Well No.</u>	<u>Location</u>
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Dated this 30th day of May, 1980.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: 
Conrad E. Coffield
Attorneys for Maralo, Inc.

RECEIVED
JUN - 3 1980
OIL CONSERVATION DIVISION
SANTA FE

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

Case 6948

APPLICATION BY MARALO, INC. FOR)
DUAL COMPLETION AND SIMULTANEOUS)
DEDICATION, LEA COUNTY, NEW)
MEXICO)

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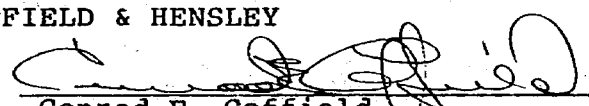
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Dated this 30th day of May, 1980.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: 
Conrad E. Coffield
Attorneys for Maralo, Inc.

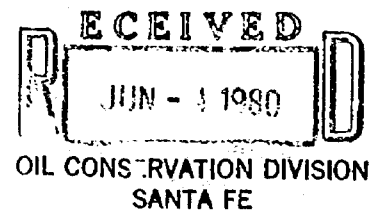
BEFORE THE OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY AND MINERALS

Case 6948

STATE OF NEW MEXICO

APPLICATION BY MARALO, INC. FOR)
DUAL COMPLETION AND SIMULTANEOUS)
DEDICATION, LEA COUNTY, NEW)
MEXICO)



APPLICATION FOR HEARING

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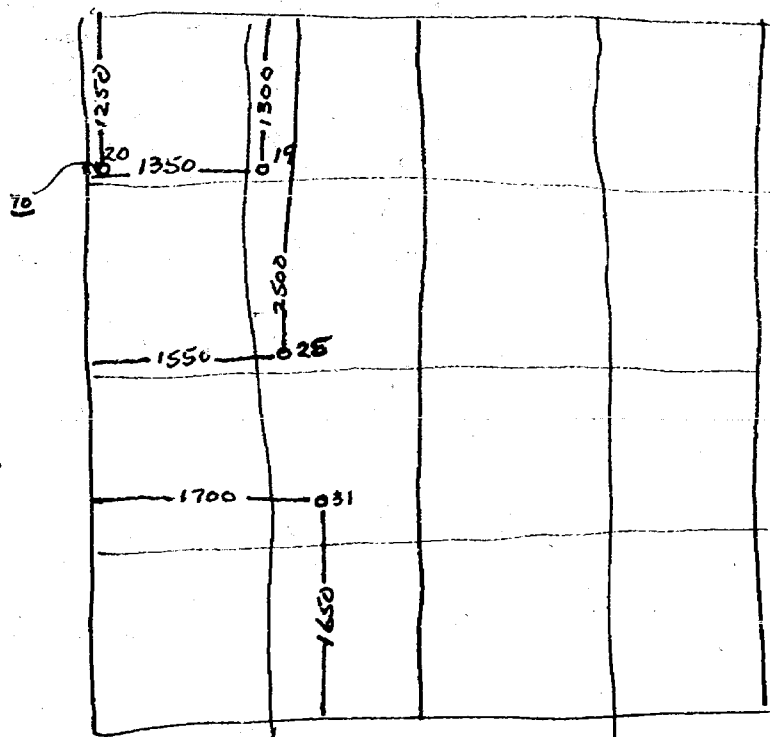
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Dated this 30th day of May, 1980.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: Conrad E. Coffield
Conrad E. Coffield
Attorneys for Maralo, Inc.



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. 6948

Order No. R-6419

APPLICATION OF MARALO, INC.
FOR ~~A~~ DUAL COMPLETIONS AND SIMULTANEOUS DEDICATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 o'clock a.m. on
June 25, 19 80, at Santa Fe, New Mexico, before
Examiner Richard L. Stamets.

NOW, on this day of June, 19 80, 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, Maralo, Inc.,

(conventional)
seeks approval for the dual completion and
simultaneous dedication of four wells in its
Jalmat Yates Unit, Jalmat Pool, Lea County, Jalmat
New Mexico, as follows: to inject water into its Yates
waterflood project and to produce oil from the Seven Rivers

formation from ~~the~~ ^{Unit} the Wells Nos. 19 and 20 located in

Units C and D, and ^{inject water into said waterflood project and} to produce gas from the Seven Rivers from ~~the~~

~~Unit~~ ^{Unit} the Wells Nos. 25 and 31 located in Units F and K,
all in Section 18, Township 25 South, Range 37 East, NMPM, Lea
County, New Mexico.

(3) That the mechanics of the proposed dual completions

(4) That pending ^{actual} ~~determination~~ of completion of ~~the proposed~~ ^{Wells Nos. 25 and 31} wells in the Seven Rivers formation as oil wells or gas wells and ~~assignment~~ dedication of acreage, the application for simultaneous dedication ^{of said wells} is premature and should be dismissed.

are feasible and in accord with good conservation practices.

(5) That approval of the subject application will prevent waste and protect correlative rights. ^{for dual}

IT IS THEREFORE ORDERED:

(1) That the applicant, Marab, Inc., is hereby authorized to complete four wells in its Jalmat Yates Unit as dual completions (conventional) to inject water in the Yates formation and to produce oil from the Seven Rivers formation from Unit Wells Nos. 19 and 20 located in Units C and D and to produce gas from the Seven Rivers from Unit Wells Nos. 25 and 31 located in Units F and H, all in Section 18, ^{Township 25} South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That each of said wells shall be equipped with parallel strings of tubing with packers set between the ~~the~~ Yates and Seven Rivers formations and within 100 feet of the top of the Yates formation and that the Yates zone tubing shall be plastic coated internally.

(3) ~~PROVIDED HOWEVER~~ that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Division Rules and Regulations insofar as said rule is not inconsistent with this order;

(4) ~~PROVIDED FURTHER~~ That the applicant shall take packer leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure ~~Shut-In~~ Test Period for the gas wells in Southeastern New Mexico ~~Pool~~.

(6) 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.

(5) That that part of this application for Unit Wells Nos. 25 and 31 seeking simultaneous dedication is hereby dismissed.

CASE 6949: GRACE PETROLEUM CORPORATION
FOR FOUR COMPULSORY POOLINGS, RIO ARRIBA
COUNTY, NEW MEXICO

DISMISS

CASE NO.

6949

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

July 23, 1980

Mr. Douglas L. Lunsford
Hinkle, Cox, Eaton, Coffield
& Mensley
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: CASE NO. 6949
ORDER NO. R-6401

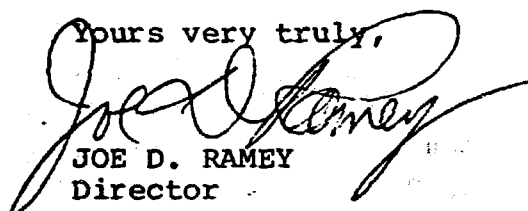
Applicant:

Grace 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 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. 6949
Order No. R-6401

APPLICATION OF GRACE PETROLEUM
CORPORATION FOR FOUR COMPULSORY
POOLINGS, RIO ARRIBA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 25, 1980,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of July, 1980, the Division
Director, having considered the record and the recommendations
of the Examiner, and being fully advised in the premises,

FINDS:

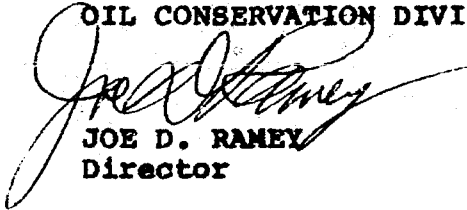
That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 6949 is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L
fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Grace Petroleum Corpor-)
ation for four compulsory poolings,)
Rio Arriba County, New Mexico.)

CASE
6949

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 MR. STAMETS: We'll call next Case 6949.
2
3 MR. PADILLA: Application of Grace Petro-
4 leum Corporation for four compulsory poolings, Rio Arriba
5 County, New Mexico.

6 MR. STAMETS: At the request of the
7 applicant this case will be dismissed.

8 (Hearing concluded.)
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SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6949.
heard by me on 6-25 1980.

Richard H. Hunt, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Grace Petroleum Corpor-
ation for four compulsory poolings,
Rio Arriba County, New Mexico.

CASE
6949

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

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3 leum Corporation for four compulsory poolings, Rio Arriba
4 County, New Mexico.

5 MR. STAMETS: At the request of the
6 applicant this case will be dismissed.

7
8 (Hearing concluded.)
9

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SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

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

LEWIS O. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
O. D. MARTIN
PAUL J. KELLY, JR.
JAMES H. BOZARTH
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON

ERNEST R. FINNEY, JR. *
J. DOUGLAS FOSTER
K. DOUGLAS PERRIN
C. RAY ALLEN *
JACQUELINE W. ALLEN *
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD *
JOHN S. NELSON
RICHARD E. OLSON
PHILLIP T. BREWER *

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY

600 HINKLE BUILDING

Post Office Box 10

ROSWELL, NEW MEXICO 88201

(505) 622-6510

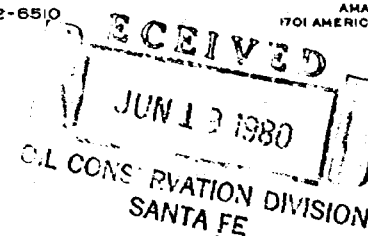
OF COUNSEL
CLARENCE E. HINKLE
ROBERT A. STONE *

W. E. BONDURANT, JR. (914-1973)

MIDLAND, TEXAS OFFICE
1000 FIRST NATIONAL BANK TOWER
(915) 683-4691

AMARILLO, TEXAS OFFICE
1701 AMERICAN NATIONAL BANK BUILDING
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*LICENSED IN
TEXAS ONLY



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

Re: Grace Petroleum Corporation
OCD Case No. 6949

Gentlemen:

Grace Petroleum Corporation has resolved its differences with Dr. Burdette J. Goff and wishes to have its application for compulsory pooling which was assigned case No. 6949 dismissed. This application had been set for hearing on June 25, 1980.

Yours very truly,

HINKLE, COX, EATON, COFFIELD & HENSLEY

Doug Lunsford
Douglas L. Lunsford

DLL:er

cc: Grace Petroleum Corporation
Three Park Central, Suite 200
1515 Arapahoe Street
Denver, Colorado 80202
Attention Mr. Robert L. McHenry

RL

- CASE 6944:** Application of Benson-Montin-Greer Drilling Corporation for a pressure maintenance project, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of gas, air, LPG, water, or chemicals into the Mancos formation thru 7 wells on its East Puerto Chiquito-Mancos Unit Area.
- CASE 6945:** Application of ARCO Oil and Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formation in the interval from 3550 feet to 4000 feet in its Fletcher Well No. 4 in Unit J of Section 27, Township 20 South, Range 34 East, Lynch Field.
- CASE 6946:** Application of Knox Industries, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be recompleted in the Morrow formation at a point 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 34 East, the N/2 of said Section 1 to be dedicated to the well.
- CASE 6947:** Application of Knox Industries, Inc. for pool contraction and creation and an NCPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order deleting certain lands from the La Rica-Morrow Gas Pool and creating a new gas pool from said lands together with a determination that applicant's NM State Well No. 1 located in Unit F of Section 2, Township 19 South, Range 34 East, has discovered a new onshore reservoir pursuant to Section 102 of the NCPA.
- CASE 6948:** Application of Maralo, Inc. for dual completions and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) and simultaneous dedication in the Jalmat Pool of four wells in its Jalmat Yates Unit to produce oil from, and later on to inject water into, its Yates formation waterflood, and to produce oil from the Seven Rivers formation from two of the wells, the Nos. 19 and 20 located in Units C and D and to produce gas from the Seven Rivers from the other two wells, the Nos. 25 and 31 located in Units F and K, all in Section 18, Township 25 South, Range 37 East.
- CASE 6949:** Application of Grace Petroleum Corporation for four compulsory poolings, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Escrito-Gallup Pool underlying four 80-acre proration units, being the E/2 NE/4, the S/2 NW/4, and the W/2 NW/4 of Section 28, and the W/2 SE/4 of Section 29, all in Township 24 North, Range 7 West, each 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.
- CASE 6950:** Application of Bass Enterprises Production 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 drilled 660 feet from the North line and 1980 feet from the East line of Section 4, Township 25 South, Range 31 East, the E/2 of said Section 4 to be dedicated to the well.
- CASE 6951:** Application of Bass Enterprises Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 21, Township 22 South, Range 30 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6952:** Application of Exxon Corporation for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 378.11-acre non-standard gas proration unit comprising Lots 1 and 2 and the N/2 NE/4 of Section 31, and Lots 1, 2, 3, 4, and the N/2 N/2 of Section 32, all in Township 26 South, Range 26 East, Morrow formation, to be dedicated to its Milepost Federal Com 2 Well No. 1 located in Unit A of said Section 31.
- CASE 6925:** (Readvertised)
- Application of Caribou Four Corners, Inc. for two exceptions to Rule 306, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 306 of the Division Rules and Regulations to permit the permanent flaring of gas from its Kirtland Wells Nos. 1 and 2, located in Units A and B, respectively, of Section 13, Township 29 North, Range 15 West.

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

600 HINKLE BUILDING

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

(505) 622-6510

May 13, 1980

LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
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* LICENSED IN
TEXAS ONLY

Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 88201

Case 6949

Gentlemen:

We enclose herewith in triplicate an Application of Grace Petroleum Corporation for an order for Compulsory Pooling of the Gallup formation underlying certain lands in Sections 28 and 29, Township 24 North, Range 7 West, N.M.P.M., Rio Arriba County. This will replace our prior application in Case No. 6910 which we are requesting that you dismiss.

Confirming my telephone conversation of this date with Mrs. Davidson, it is our understanding that this matter and the hearing on Case No. 6911 will be set down for the examiner's hearing on June 25.

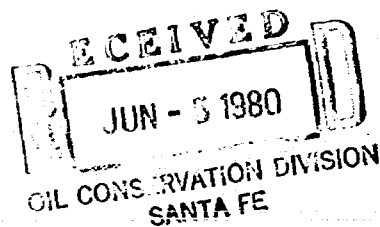
Please call me collect if you have any questions concerning either of these Applications. Thank you for your assistance in this matter.

Yours very truly,

Douglas L. Lunsford
Douglas L. Lunsford

DLL/sao

cc: Grace Petroleum Corporation
3 Park Central, Suite 200
1515 Arapahoe Street
Denver, Colorado 80202
Attention: Mr. Robert L. McHenry



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

RECEIVED

JUN - 3 1980

OIL CONSERVATION DIVISION
SANTA FE

APPLICATION OF GRACE PETROLEUM)
CORPORATION FOR COMPULSORY)
POOLING, RIO ARriba COUNTY,)
NEW MEXICO.)

No. 6949

Grace Petroleum Corporation, by its undersigned attorneys,
hereby makes application for an Order pooling all mineral
interests in the Gallup formation underlying the following
described lands located in Township 24 North, Range 7 West,
N.M.P.M., Rio Arriba County, New Mexico:

Tract Description	Acres	Proposed Well Location
1. E $\frac{1}{2}$ NE $\frac{1}{4}$ Section 28	80	1850' FNL, 475' FEL
2. S $\frac{1}{2}$ NW $\frac{1}{4}$ Section 28	80	1750' FNL, 1800' FWL
3. W $\frac{1}{2}$ NW $\frac{1}{4}$ Section 28	80	660' FNL, 660' FWL
4. W $\frac{1}{2}$ SE $\frac{1}{4}$ Section 29	80	2200' FEL, 660' FSL

In support of its application, Applicant would show:

1. Applicant is the owner of an oil and gas leasehold
interest in the above described lands. Burdett J. Goff, Vaun T.
Floyd, L. H. Wilkinson and El Pamco, Inc. are the owners of the
remaining oil and gas leasehold interests in said lands.

2. Applicant proposes to drill wells on the above lands at
the location specified in connection with each to a depth suf-
ficient to test the Gallup formation and seeks to dedicate the 40
acre tract specified in connection with each location to each
such well. Applicant has requested owners of the other oil and
gas leasehold interests to join in the drilling of each of said
wells, and all have agreed to do so except for Burdett J. Goff,
3446 Cromwell Place, San Diego, California 92116.

3. The pooling of all mineral interests in the Gallup
formation underlying the above described lands will avoid the
drilling of unnecessary wells, prevent waste and protect correla-
tive rights.

4. Applicant requests that the Oil Conservation Division
consider the cost of drilling and completing each of said wells,

the proper allocation of said costs, as well as actual operating costs, charges for supervision and charges for the risk involved in drilling each of said wells. Applicant also requests that it be designated as Operator of each of said wells.

5. Applicant requests that this matter be heard at the June 25, 1980 Examiner's hearing.

HINKLE, COX, EATON, COFFIELD & HENSLEY

By:

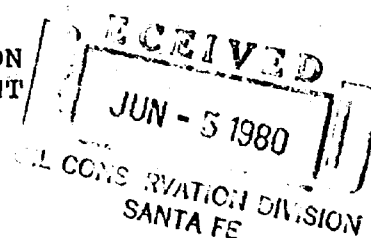
Douglas L Lunsford
Post Office Box 10

Roswell, New Mexico 88201

(505) 622-6510

Attorneys for Grace Petroleum
Corporation

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



APPLICATION OF GRACE PETROLEUM)
CORPORATION FOR COMPULSORY)
POOLING, RIO ARRIBA COUNTY,)
NEW MEXICO.)

No. 6949

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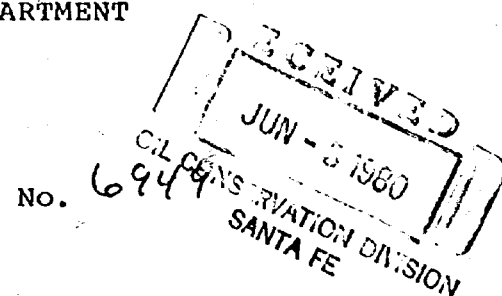
HINKLE, COX, EATON, COFFIELD & HENSLEY

By: 

Post Office Box 10
Roswell, New Mexico 88201
(505) 622-6510
Attorneys for Grace Petroleum
Corporation

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

APPLICATION OF GRACE PETROLEUM)
CORPORATION FOR COMPULSORY)
POOLING, RIO ARriba COUNTY,)
NEW MEXICO.)



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HINKLE, COX, EATON, COFFIELD & HENSLEY

By:

Douglas L. Lunsford
Post Office Box 10

Roswell, New Mexico 88201

(505) 622-6510

Attorneys for Grace Petroleum
Corporation

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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

CASE NO. 6949

Order No. R- 6401

APPLICATION OF GRACE PETROLEUM
CORPORATION FOR FOUR COMPULSORY
POOLINGS, RIO ARriba COUNTY,
NEW MEXICO.


ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 25,
19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stames

NOW, on this _____ day of June, 1980, the Division
Director, having considered the record and the recommendations of
the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 6949 is hereby dismissed.

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