

CASE 6952: EXXON CORPORATION FOR A NON-  
STANDARD GAS PRORATION UNIT, EDDY  
COUNTY, NEW MEXICO

CASE NO.

6957

---

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.



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. Conrad Coffield  
Hinkle, Cox, Eaton, Coffield  
& Hensley  
Attorneys at Law  
P. O. Box 3580  
Midland, Texas 79702

Re: CASE NO. 6952  
ORDER NO. R-6403

**Applicant:**

**Exxon 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	

**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. 6952  
Order No. R-6403

APPLICATION OF EXXON CORPORATION  
FOR A NON-STANDARD GAS PRORATION  
UNIT, EDDY 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 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, Exxon Corporation, 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, NMPM, Eddy County, New Mexico, to be dedicated to its  
Milepost Federal Com 2 Well No. 1, located in Unit A of said  
Section 31.

(3) That the entire non-standard proration unit may reason-  
ably be presumed productive of gas from the Morrow formation  
and that the entire non-standard gas proration unit can be effi-  
ciently and economically drained and developed by the aforesaid  
well.

(4) That approval of the subject application will afford  
the applicant the opportunity to produce his just and equitable  
share of the gas in an undesignated Morrow gas pool, will prevent

-2-

Case No. 6952  
Order No. R-6403

the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Exxon Corporation is hereby granted a 378.11-acre non-standard gas proration unit in an undesignated Morrow gas pool 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, NMPM, Eddy County, New Mexico, to be dedicated to its Milepost Federal Com 2 Well No. 1, located in Unit A of said Section 31.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

  
S E A L

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 Exxon Corporation for a ) CASE  
non-standard gas proration unit, Eddy ) 6952  
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

DALE BEIKIRCH

Direct Examination by Mr. Coffield 3

E X H I B I T S

Applicant Exhibit One, Plat 5

Applicant Exhibit Two, Log 6

Applicant Exhibit Three, Log 6

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.

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

1 MR. STAMETS: We'll call next Case 6952.  
2 MR. PADILLA: Application of Exxon Cor-  
3 poration for a non-standard gas proration unit, Eddy County,  
4 New Mexico.  
5 MR. STAMETS: Call for appearances in  
6 this case.  
7 MR. COFFIELD: I'm Conrad Coffield with  
8 the Hinkle Law Firm, in Midland, Texas, appearing on behalf  
9 of the Applicant, and I have one witness to be sworn.  
10  
11 (Witness sworn.)  
12  
13 DALE BEIKIRCH  
14 being called as a witness and having been duly sworn upon his  
15 oath, testified as follows, to-wit:  
16  
17 DIRECT EXAMINATION  
18 BY MR. COFFIELD:  
19 Q Mr. Beikirch, for the record would you  
20 please state your name, address, occupation, and employer?  
21 A My name is Dale William Beikirch. I re-  
22 side in Andrews, Texas. I'm a senior geologist employed by  
23 Exxon Company, USA.  
24 Q Have you previously testified before the  
25 Division as a geologist?



1 A. No, I have not.

2 Q Would you please give the Examiner a  
3 brief resume of your educational background and work experience,  
4 Mr. Beikirch?

5 A I received my Bachelor's and Master's  
6 of Science degree from Kent State University in Kent, Ohio.  
7 I have been working at Exxon's Andrews District Office for  
8 approximately a year and seven months.

9 My present responsibilities include  
10 handling Exxon's properties in Eddy, Lea, and Chaves Counties,  
11 New Mexico.

12 My professional organizations include  
13 the AAPG, and Paleontological Society.

14 Q Mr. Beikirch, are you familiar with Exxon's  
15 application in this case?

16 A Yes, I am.

17 Q And are you familiar with the property  
18 involved and have you familiarized yourself with the proposed  
19 well location?

20 A Yes, I have.

21 MR. COFFIELD: Mr. Examiner, do you have  
22 any other questions of this witness?

23 MR. STAMETS: No. The witness is consid-  
24 ered qualified.

25 Q Mr. Beikirch, what is it that Exxon seeks

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

1 by this application?

2 A. Exxon seeks approval of a non-standard  
3 unit consisting of 378.11 acres for its Milepost Federal Com  
4 No. 2 Well No. 1, located 660 feet from the north line and  
5 660 feet from the east line of Section 31, Township 26 South,  
6 Range 26 East, Eddy County, New Mexico, with dedication of  
7 Lots 1 and 2 in the north half of the northeast half of Sec-  
8 tion 31, and Lots 1, 2, 3, 4 in the north half of the north  
9 half section of 32, of Township 26 South, Range 26 East, with  
10 the producing interval to be the Morrow formation.

11 Q Mr. Beikirch, would you please now refer  
12 to what we've marked as Exhibit One and explain this exhibit  
13 to the Examiner?

14 A Exhibit One is a land plat of the Milepost  
15 area. The heavy dashed blue line denotes the outline of the  
16 Milepost working interest unit. The acreage within and imme-  
17 diately surrounding the unit has been coded; Federal acreage  
18 being shown with diagonal lines; State of New Mexico acreage  
19 being shown in the horizontal lines; and the uncoded acreage  
20 in the center of the unit is fee acreage.

21 The orange line denotes the proposed 378.11  
22 acre non-standard proration unit and shows the location, the  
23 proposed location.

24 The green dashed line outlines the 377.57  
25 acre non-standard proration unit which is dedicated to the

1 Milepost Federal Com 1, Well No. 1, established in Case  
2 Number 6666, Order Number R-6135, on October 10th, 1979.

3 Q Mr. Beikirch, is the south boundary of the  
4 subject acreage the New Mexico/Texas state line?

5 A Yes, it is.

6 Q Will you please refer to what we've  
7 marked as Exhibit Two and explain this to the Examiner?

8 A Exhibit Two is a portion of a compensated  
9 neutron formation density log over the completion interval  
10 of the Exxon Scheidt Federal No. 1, located 1880 feet from  
11 the south line and 825 feet from the west line of Township  
12 26 South, Range 26 East, Section 30, Eddy County, New Mexico.

13 On the lefthand side of this exhibit is  
14 gamma ray, showing the net thickness of sands that were pene-  
15 trated by this well and they are colored in yellow.

16 To the right of those sands are the poro-  
17 sities of those sands with a zero, five, and seven percent  
18 porosity cutoff. Porosit[ greater than five percent is col-  
19 ored in red.

20 The Scheidt Federal No. 1 was completed  
21 in December, 1978. Its current producing rate is 5-million  
22 cubic feet of gas per day, and has a cumulative production  
23 of .55 Bcf.

24 Q Refer now to what we've marked as Exhibit  
25 Three, and describe that to the Examiner.

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.

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

1           A.           Exhibit Three is a gamma ray portion of  
2 a compensated neutron formation density log run over the com-  
3 pletion interval of the Exxon Milepost Federal Com No. 1 Well  
4 No. 1, located 660 feet from the north line and 660 feet from  
5 the east line of Township 26 South, Range 25 East, Section  
6 36, Eddy County, New Mexico.

7                       Again, on the lefthand side of the exhibit  
8 is shown the net thickness of the sands that were penetrated,  
9 and to the right the porosity development of those sands.

10                      The Milepost Federal Com No. 1 Well No. 1  
11 is completed in November of 1979. This past week it went on  
12 line and is presently producing at a current rate of 4-million  
13 cubic feet of gas per day.

14           Q           Mr. Beikirch, what geological conclusions  
15 do you draw from these two exhibits relative to the proposed  
16 well and the subject application?

17           A           Based on Exhibits Two and Three, one can  
18 reasonably conclude that there is good sand development in  
19 the immediate area of these two wells and that these sands  
20 are proven hydrocarbon-bearing, and also the gas is in a  
21 sufficient quantity to be commercial.

22           Q           Mr. Beikirch, do you have a structure  
23 map to offer into evidence in this case?

24           A           No, I do not.

25           Q           Why is that?

SALLY W. BOYD, C.S.R.

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

1 A If I could refer you to Exhibit One, the  
2 wells which are circled in red, to the best of my knowledge,  
3 represent the total sum of all the wells that have been  
4 drilled deep enough to penetrate the geologic objective.  
5 We do have seismic data in this area; however, in the area  
6 of the unit this data is quite weak and we feel unable at  
7 this time to provide an accurate and confident structural  
8 interpretation in the unit area.

9 Q Mr. Beikirch, you have already made re-  
10 ference to Case 6666 and the resulting Order R-6135. I be-  
11 lieve you are aware of the fact that there was admitted in  
12 that particular case an exhibit which was identified as  
13 Exhibit Two, which was a structure map of this area, is  
14 that correct?

15 A Yes, it is.

16 Q Would you please give the Examiner your  
17 assessment of the geological interpretation represented by  
18 that exhibit?

19 A The structural interpretation that was  
20 presented as Exhibit Two in the Case 6666 was made prior to  
21 the drilling of the two unit wells. It was based on seismic  
22 data, which as I stated previously is questionable in the  
23 unit area. We have conducted additional seismic activity  
24 earlier this year in the hopes of confirming this original  
25 structural interpretation; however, this data was likewise

1 nondefinitive in the unit area.

2 Q Accordingly, then, Mr. Beikirch, will  
3 this proposed well, if authorized in accordance with the  
4 application, will that well provide some additional needed  
5 well control in order to assess the development of the acreage  
6 to the north?

7 A Yes, it would.

8 Q Mr. Beikirch, is there any logical alter-  
9 native to the acreage configuration sought in this particular  
10 application?

11 A No, there is not.

12 Q Why is that?

13 A The creation of the existing non-standard  
14 proration unit has in effect created another non-standard  
15 unit within the Milepost Unit, which is a result of the ir-  
16 regular sections formed by the Texas/New Mexico border, and  
17 approval of this proposed non-standard proration unit would  
18 completely develop, and orderly develop, our acreage in the  
19 southern portion of this unit and would also allow for order-  
20 ly development of our acreage to the north.

21 Q Accordingly, then, the acreage to the  
22 north would not -- you do not foresee that that would be  
23 developed on irregular patterns, such as the subject case?

24 A That's correct.

25 Q Mr. Beikirch, were these exhibits One,

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 Two, and Three prepared by you or under your supervision?

2 A. Yes, they were.

3 Q. In your opinion will the approval of this  
4 application be in the interest of conservation, prevention  
5 of waste, and protection of correlative rights?

6 A. Yes.

7 MR. COFFIELD: Mr. Examiner, I move the  
8 admission of Exhibits One, Two, and Three.

9 MR. STAMETS: These exhibits will be  
10 admitted.

11 MR. COFFIELD: And I have no further  
12 questions of Mr. Beikirch on direct examination.

13 MR. STAMETS: Are there any other ques-  
14 tions of the witness? He may be excused.

15 Anything further in this case?

16 The case will be taken under advisement.

17  
18 (Hearing concluded.)  
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.

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. 6953 heard by me on 6-25 1980,  
Richard L. Stamm, 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 Exxon Corporation for a ) CASE  
non-standard gas proration unit, Eddy ) 6952  
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:

Honest 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) 435-7409

I N D E X

DALE BEIKIRCH

Direct Examination by Mr. Coffield 3

E X H I B I T S

Applicant Exhibit One, Plat 5

Applicant Exhibit Two, Log 6

Applicant Exhibit Three, Log 6

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.

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MR. STAMETS: We'll call next Case 6952.

MR. PADILLA: Application of Exxon Corporation for a non-standard gas proration unit, Eddy County, New Mexico.

MR. STAMETS: Call for appearances in this case.

MR. COFFIELD: I'm Conrad Coffield with the Hinkle Law Firm, in Midland, Texas, appearing on behalf of the Applicant, and I have one witness to be sworn.

(Witness sworn.)

DALE BEIKIRCH

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

A. My name is Dale William Beikirch. I reside in Andrews, Texas. I'm a senior geologist employed by Exxon Company, USA.

Q Have you previously testified before the Division as a geologist?

SALLY W. BOYD, C.S.R.

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

A. No, I have not.

Q Would you please give the Examiner a brief resume of your educational background and work experience, Mr. Beikirch?

A. I received my Bachelor's and Master's of Science degree from Kent State University in Kent, Ohio. I have been working at Exxon's Andrews District Office for approximately a year and seven months.

My present responsibilities include handling Exxon's properties in Eddy, Lea, and Chaves Counties, New Mexico.

My professional organizations include the AAPG, and Paleontological Society.

Q Mr. Beikirch, are you familiar with Exxon's application in this case?

A. Yes, I am.

Q And are you familiar with the property involved and have you familiarized yourself with the proposed well location?

A. Yes, I have.

MR. COFFIELD: Mr. Examiner, do you have any other questions of this witness?

MR. STAMETS: No. The witness is considered qualified.

Q Mr. Beikirch, what is it that Exxon seeks

1 by this application?

2 A. Exxon seeks approval of a non-standard  
3 unit consisting of 378.11 acres for its Milepost Federal Com-  
4 No. 2 Well No. 1, located 660 feet from the north line and  
5 660 feet from the east line of Section 31, Township 26 South,  
6 Range 26 East, Eddy County, New Mexico, with dedication of  
7 Lots 1 and 2 in the north half of the northeast half of Sec-  
8 tion 31, and Lots 1, 2, 3, 4 in the north half of the north  
9 half section of 32, of Township 26 South, Range 26 East, with  
10 the producing interval to be the Morrow formation.

11 Q Mr. Beikirch, would you please now refer  
12 to what we've marked as Exhibit One and explain this exhibit  
13 to the Examiner?

14 A. Exhibit One is a land plat of the Milepost  
15 area. The heavy dashed blue line denotes the outline of the  
16 Milepost working interest unit. The acreage within and imme-  
17 diately surrounding the unit has been coded; Federal acreage  
18 being shown with diagonal lines; State of New Mexico acreage  
19 being shown in the horizontal lines; and the uncoded acreage  
20 in the center of the unit is fee acreage.

21 The orange line denotes the proposed 378.11  
22 acre non-standard proration unit and shows the location, the  
23 proposed location.

24 The green dashed line outlines the 377.57  
25 acre non-standard proration unit which is dedicated to the

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

1 Milepost Federal Com 1, Well No. 1, established in Case  
2 Number 6666, Order Number R-6135, on October 10th, 1979.

3 Q Mr. Beikirch, is the south boundary of the  
4 subject acreage the New Mexico/Texas state line?

5 A Yes, it is.

6 Q Will you please refer to what we've  
7 marked as Exhibit Two and explain this to the Examiner?

8 A Exhibit Two is a portion of a compensated  
9 neutron formation density log over the completion interval

10 of the Exxon Scheidt Federal No. 1, located 1080 feet from  
11 the south line and 825 feet from the west line of Township  
12 26 South, Range 26 East, Section 30, Eddy County, New Mexico.

13 On the lefthand side of this exhibit is  
14 gamma ray, showing the net thickness of sands that were pene-  
15 trated by this well and they are colored in yellow.

16 To the right of those sands are the poro-  
17 sities of those sands with a zero, five, and seven percent  
18 porosity cutoff. Porosity greater than five percent is col-  
19 ored in red.

20 The Scheidt Federal No. 1 was completed  
21 in December, 1978. Its current producing rate is 5-million  
22 cubic feet of gas per day, and has a cumulative production  
23 of .55 Bcf.

24 Q Refer now to what we've marked as Exhibit  
25 Three, and describe that to the Examiner.

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.

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

1 A Exhibit Three is a gamma ray portion of  
2 a compensated neutron formation density log run over the com-  
3 pletion interval of the Exxon Milopost Federal Com No. 1 Well  
4 No. 1, located 660 feet from the north line and 660 feet from  
5 the east line of Township 26 South, Range 25 East, Section  
6 36, Eddy County, New Mexico.

7 Again, on the lefthand side of the exhibit  
8 is shown the net thickness of the sands that were penetrated,  
9 and to the right the porosity development of those sands.

10 The Milopost Federal Com No. 1 Well No. 1  
11 is completed in November of 1979. This past week it went on  
12 line and is presently producing at a current rate of 4-million  
13 cubic feet of gas per day.

14 Q Mr. Beikirch, what geological conclusions  
15 do you draw from these two exhibits relative to the proposed  
16 well and the subject application?

17 A Based on Exhibits Two and Three, one can  
18 reasonably conclude that there is good sand development in  
19 the immediate area of these two wells and that these sands  
20 are proven hydrocarbon-bearing, and also the gas is in a  
21 sufficient quantity to be commercial.

22 Q Mr. Beikirch, do you have a structure  
23 map to offer into evidence in this case?

24 A No, I do not.

25 Q Why is that?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7499

1. If I could refer you to Exhibit One, the wells which are circled in red, to the best of my knowledge, represent the total sum of all the wells that have been drilled deep enough to penetrate the geologic objective. We do have seismic data in this area; however, in the area of the unit this data is quite weak and we feel unable at this time to provide an accurate and confident structural interpretation in the unit area.

Q Mr. Beikirch, you have already made reference to Case 6666 and the resulting Order R-6135. I believe you are aware of the fact that there was admitted in that particular case an exhibit which was identified as Exhibit Two, which was a structure map of this area, is that correct?

A. Yes, it is.

Q Would you please give the Examiner your assessment of the geological interpretation represented by that exhibit?

A. The structural interpretation that was presented as Exhibit Two in the Case 6666 was made prior to the drilling of the two unit wells. It was based on seismic data, which as I stated previously is questionable in the unit area. We have conducted additional seismic activity earlier this year in the hopes of confirming this original structural interpretation; however, this data was likewise



1 nondefinitive in the unit area.

2 Q Accordingly, then, Mr. Beikirch, will  
3 this proposed well, if authorized in accordance with the  
4 application, will that well provide some additional needed  
5 well control in order to assess the development of the acreage  
6 to the north?

7 A Yes, it would.

8 Q Mr. Beikirch, is there any logical alter-  
9 native to the acreage configuration sought in this particular  
10 application?

11 A No, there is not.

12 Q Why is that?

13 A The creation of the existing non-standard  
14 proration unit has in effect created another non-standard  
15 unit within the Milepost Unit, which is a result of the ir-  
16 regular sections formed by the Texas/New Mexico border, and  
17 approval of this proposed non-standard proration unit would  
18 completely develop, and orderly develop, our acreage in the  
19 southern portion of this unit and would also allow for order-  
20 ly development of our acreage to the north.

21 Q Accordingly, then, the acreage to the  
22 north would not -- you do not foresee that that would be  
23 developed on irregular patterns, such as the subject case?

24 A That's correct.

25 Q Mr. Beikirch, were these exhibits One,

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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

1 Two, and Three prepared by you or under your supervision?  
2 A Yes, they were.  
3 Q In your opinion will the approval of this  
4 application be in the interest of conservation, prevention  
5 of waste, and protection of correlative rights?  
6 A Yes.  
7 MR. COFFIELD: Mr. Examiner, I move the  
8 admission of Exhibits One, Two, and Three.  
9 MR. STAMETS: These exhibits will be  
10 admitted.  
11 MR. COFFIELD: And I have no further  
12 questions of Mr. Beikrich on direct examination.  
13 MR. STAMETS: Are there any other ques-  
14 tions of the witness? He may be excused.  
15 Anything further in this case?  
16 The case will be taken under advisement.  
17  
18 (Hearing concluded.)  
19  
20  
21  
22  
23  
24  
25

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 and correct copy of the proceedings in the Examination of Case No. \_\_\_\_\_ heard by me on \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_, Examiner

Oil Conservation Division

EXXON NO. 1 Scheldt Fed.  
T 26S R 26E Sec. 30  
1880' FSL & 825' FWL  
Eddy County, New Mexico

Compensated Neutron-Formation Density Log

BEFORE EXAMINER, FIELDS  
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 6952

Submitted by Exxon

Hearing Date 4/25/80

7% 5% 0% Sand Porosity

Morrow Perf. 10150-10255  
CAOF 3.7 MMCFG/D

10100

10200

EXXON NO. 1 Milepost Fed. Com. Unit

T 26 S R 25 E Sec. 36

660' FNL & 660 FEL

Eddy County, New Mexico

10000

Morrow Perfs. 10,014-10,203  
IP 2.9 MMCFG/D

Compensated Neutron-Formation Density Log

WELL NO. 10000  
CIL 3

CASE NO. 6932

Submitted by Exxon

Heard Date 6/25/80

7% 5% 0% Sand Porosity

10100

10200

EXXON NO. 1 Scholdt Fed.  
T 26S R 26E Sec. 30  
1880' FSL & 825' FWL  
Eddy County, New Mexico

Compensated Neutron-Formation Density Log

TELETYPE EXAMINER NAME IS  
OIL LOG UNIT NUMBER 1001

CASE NO. 6933

Submitted by Exxon

Hearing Date 6/25/80

7% 5% 0% Sand Porosity

Morrow Perf. 10150-10255  
CAOF 3.7 MMCFG/D

10100

10200



EXXON NO. 1 Milepost Fed. Com. Unit

T 26 S R 25 E Sec. 36

660' FNL & 660 FEL

Eddy County, New Mexico

Morrow Perfs. 10,014-10,203

IP 2.9 MMCFG/D

Compensated Neutron-Formation Density Log

7% 5% 0% Sand Porosity

CASE NO. 6952

Submitted by Exxon

Hearing Date 6/25/80

10100

10200

- 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.



LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART A. 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  
G. RAY ALLEN  
JACQUELINE W. ALLEN  
T. CALDER EZZELL, JR.  
WILLIAM S. BURFORD  
JOHN S. NELSON  
RICHARD E. OLSON  
PHILLIP T. BREWER

LAW OFFICES  
HINKLE, COX, EATON, COFFIELD & HENSLEY

1000 FIRST NATIONAL BANK TOWER

Post Office Box 3580

MIDLAND, TEXAS 79702

(915) 683-4691

RECEIVED  
MAY 26 1980  
OIL CONSERVATION DIVISION

OF COURSE  
CLARENCE E. HINKLE  
ROBERT A. COX  
W. E. BONDURANT, JR.  
ROSSELL, NEW MEXICO OFFICE  
600 HINKLE BUILDING  
(805) 622-6510

AMARILLO, TEXAS OFFICE  
1701 AMERICAN NATIONAL BANK BUILDING  
(806) 372-5369

ONLY ATTYS. EATON, COFFIELD, MARTIN, BOZARTH,  
BOHANNON, FINNEY, FOSTER, ALLEN, ALLEN,  
BURFORD, BREWER & STONE  
LICENSED IN TEXAS

March 28, 1980

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

Case 6952

Re: Exxon Corporation Oil  
Conservation Case re  
Exception to Field Rules  
in Eddy County, New Mexico

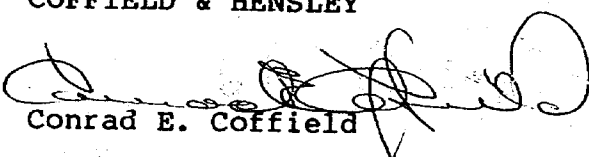
Dear Dan:

I am transmitting herewith, executed in triplicate, copies of an Application for Exxon Corporation for a non-standard unit in connection with a well located 660 feet from the North line and 660 feet from the East line of Section 31, Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico

It is my understanding that the June 25, 1980 docket is available, and we would appreciate your setting this case on that docket.

Very truly yours,

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

  
Conrad E. Coffield

CEC:rh  
Enclosures

xc: Mr. Marvin Wigley  
xc: Mr. Jack Lytle  
xc: Mr. Jack A. Dalious

RECEIVED  
MAY 26 1980  
OIL CONSERVATION DIVISION  
SANTA FE

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

APPLICATION OF EXXON CORPORATION FOR AN EXCEPTION TO FIELD RULES, EDDY COUNTY, NEW MEXICO )  
)  
)  
)

Case 6952

APPLICATION

Exxon Corporation hereby makes application for an exception to the field rules in connection with certain lands in Eddy County, New Mexico and states:

1. Applicant seeks approval of a non-standard unit consisting of 378.11 acres for its Milepost Federal Com No. 2 - Well No. 1 located 660 feet from the North line and 660 feet from the East line of Section 31, Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

2. That the following lands are to be dedicated to this well:

Township 26 South, Range 26 East, N.M.P.M.

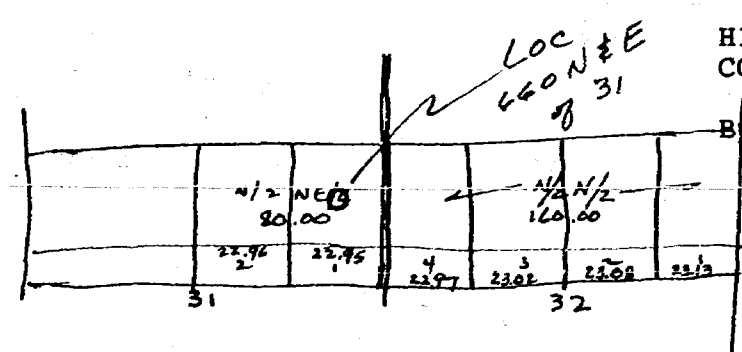
Section 31:	Lot 1	(22.95 acres)
	Lot 2	(22.96 acres)
	N $\frac{1}{2}$ NE $\frac{1}{4}$	(80.00 acres)
Section 32:	Lot 1	(23.13 acres)
	Lot 2	(23.08 acres)
	Lot 3	(23.02 acres)
	Lot 4	(22.97 acres)
	N $\frac{1}{2}$ N $\frac{1}{2}$	(160.00 acres)

Containing a total of 378.11 acres, more or less.

3. The producing interval is expected to be in the Morrow formation.

4. Approval of the requested non-standard 378.11 acre unit will be in the interest of conservation, prevention of waste and protection of correlative rights.

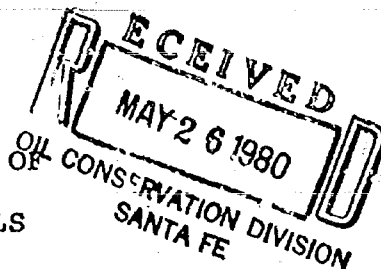
5. Applicant requests that this matter be heard at the June 25, 1980 Examiner's hearing.



HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By:   
Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702  
Attorneys for Exxon Corporation

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



APPLICATION OF EXXON  
CORPORATION FOR AN  
EXCEPTION TO FIELD RULES,  
EDDY COUNTY, NEW MEXICO

Case 6952

APPLICATION

Exxon Corporation hereby makes application for an exception to the field rules in connection with certain lands in Eddy County, New Mexico and states:

1. Applicant seeks approval of a non-standard unit consisting of 378.11 acres for its Milepost Federal Com No. 2 - Well No. 1 located 660 feet from the North line and 660 feet from the East line of Section 31, Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

2. That the following lands are to be dedicated to this well:

Township 26 South, Range 26 East, N.M.P.M.

Section 31:	Lot 1	(22.95 acres)
	Lot 2	(22.96 acres)
	N $\frac{1}{2}$ NE $\frac{1}{4}$	(80.00 acres)
Section 32:	Lot 1	(23.13 acres)
	Lot 2	(23.08 acres)
	Lot 3	(23.02 acres)
	Lot 4	(22.97 acres)
	N $\frac{1}{2}$ N $\frac{1}{2}$	(160.00 acres)

Containing a total of 378.11 acres, more or less.

3. The producing interval is expected to be in the Morrow formation.

4. Approval of the requested non-standard 378.11 acre unit will be in the interest of conservation, prevention of waste and protection of correlative rights.

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

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By: 

Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702  
Attorneys for Exxon Corporation

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

RECEIVED  
MAY 25 1980  
OIL CONSERVATION DIVISION  
SANTA FE

APPLICATION OF EXXON  
CORPORATION FOR AN  
EXCEPTION TO FIELD RULES,  
EDDY COUNTY, NEW MEXICO

Case 6952

APPLICATION

Exxon Corporation hereby makes application for an exception to the field rules in connection with certain lands in Eddy County, New Mexico and states:

1. Applicant seeks approval of a non-standard unit consisting of 378.11 acres for its Milepost Federal Com No. 2 - Well No. 1 located 660 feet from the North line and 660 feet from the East line of Section 31, Township 26 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

2. That the following lands are to be dedicated to this well:

Township 26 South, Range 26 East, N.M.P.M.

Section 31:	Lot 1	(22.95 acres)
	Lot 2	(22.96 acres)
	N $\frac{1}{2}$ NE $\frac{1}{4}$	(80.00 acres)
Section 32:	Lot 1	(23.13 acres)
	Lot 2	(23.08 acres)
	Lot 3	(23.02 acres)
	Lot 4	(22.97 acres)
	N $\frac{1}{2}$ N $\frac{1}{2}$	(160.00 acres)

Containing a total of 378.11 acres, more or less.

3. The producing interval is expected to be in the Morrow formation.

4. Approval of the requested non-standard 378.11 acre unit will be in the interest of conservation, prevention of waste and protection of correlative rights.

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

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By: 

Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702  
Attorneys for Exxon Corporation

DRAFT

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. 6952

Order No. R- 6403

APPLICATION OF EXXON CORPORATION  
GAS  
FOR A NON-STANDARD/PRORATION UNIT,  
EDDY 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. 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, Exxon Corporation  
seeks approval of a 378.11 -acre non-standard gas proration unit  
N/2 NE/4 and Lots 1, 2, 3, 4,  
comprising ~~the~~ Lots 1 and 2 and the/ of Section 31/~~and~~  
and the N/2 N/2 of Section 32, all in Town-Eddy County, New Mexico,  
ship 26 South, Range 26 East, NMPM, to be dedicated to  
its Milepost Federal Com 2 Well No. 1, located in  
Unit A of said Section 31.

(3) That the entire non-standard proration unit may reasonably  
be presumed productive of gas from the Morrow formation  
~~Gas Pool~~ and that the entire non-standard gas proration unit can  
be efficiently and economically drained and developed by the  
aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in <sup>an</sup> ~~the~~ Undesignated Morrow Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED: Exxon Corporation is hereby granted

(1) That a 378.11 -acre non-standard gas proration unit in ~~the~~ an Undesignated Morrow Gas Pool comprising ~~the~~ 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 <sup>in</sup> of Section 32, all in Township 26 South, Range 26 East, NMPM, Eddy County, New Mexico, <sup>to be</sup> ~~is hereby established~~ and dedicated to its Milepost Federal Com 2 Well No. 1, located in Unit A of said Section 31.

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

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