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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF PAUL M. MERSHON, JR., FOR AN) CASE NO. 4089
UNORTHODOX GAS WELL LOCATION,)
EDDY COUNTY, NEW MEXICO)

APPLICATION OF MARATHON OIL COMPANY
FOR HEARING DE NOVO

Comes now Marathon Oil Company by its attorneys and states:

1. By application filed in Case No. 4089, Paul M. Mershon, Jr. sought authority to drill a gas well at an unorthodox gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool 990 feet from the North and East lines of Section 21, Township 22 South, Range 23 East, Eddy County, New Mexico.

2. On March 26, 1969, the said application was heard before Examiner Elvis A. Utz, and on April 22, 1969, the Commission entered its Order No. R-3737 approving the said application.

3. Marathon Oil Company is the owner and operator of leasehold interests in Section 21 and in other sections offsetting Section 21 that will be adversely affected if Order No. R-3737 is permitted to stand. Marathon Oil Company appeared at the Examiner Hearing in Case No. 4089 in opposition to the application. Marathon Oil Company is a party adversely affected by the Commission's decision in Case No. 4089, Order No. R-3737, and hereby applies to the Commission to have the application in Case No. 4089 heard de novo before the Commission pursuant to Section 65-3-11.1 N.M.S.A.

4. Commission Order No. R-3737 will cause waste and will impair the correlative rights of Marathon Oil Company and other owners of mineral interest in the Indian Basin-Upper Pennsylvanian Gas Pool

WHEREFORE, Marathon Oil Company requests that the Commission vacate its Order No. R-3737 and set the application in Case No. 4089 for hearing de novo before the Commission.

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & MORRIS

By:

Richard S. Morris
P. O. Box 2307
Santa Fe, New Mexico 87501
Attorneys for Marathon Oil Company

CERTIFICATE OF MAILING

I hereby certify that I caused to be mailed a true and correct copy of the foregoing Application of Marathon Oil Company For Hearing De Novo to Mr. A. J. Losee, P. O. Box 239, Artesia, New Mexico 88210, Attorney for Paul M. Mershon, Jr., on this 21st day of May, 1969.

Richard S. Morris

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BEFORE THE
OIL CONSERVATION COMMISSION
OF NEW MEXICO

IN THE MATTER OF THE
APPLICATION OF PAUL M. MERSHON JR.
FOR AN UNORTHODOX GAS WELL LOCATION,
INDIAN BASIN-UPPER PENNSYLVANIAN
GAS POOL, EDDY COUNTY, NEW MEXICO

Case No. 4089
Order No. R-3737

APPLICATION FOR HEARING DE NOVO

Come now Hanagan Petroleum Corporation and Robert N. Enfield and applie to the Oil Conservation Commission, pursuant to the provisions of Section 65-3-11.1, New Mexico Statutes Annotated, 1953 Comp., as amended, for a hearing de novo before the Commission in Case No. 4089, and in support thereof would show the Commission:

1. The applicant, Paul M. Mershon, Jr., applied to the Oil Conservation Commission for an order approving an unorthodos well location in the Indian Basin-Upper Pennsylvanian Gas Pool, to permit the drilling of a well at an unorthodox gas well location 990 feet from the North and East lines of Section 21, Township 22 South, Range 23 East, N.M.P.M.
2. Said application was heard before the Commission's duly appointed examiner on March 26, 1969, at which hearing Hanagan Petroleum Corporation, an owner of interests in and under Section 21, Township 22 South, Range 23 East, expressed opposition to the proposed well location.
3. By its order No. R-3737, entered on April 22, 1969, the Commission approved the well location proposed by the applicant, limiting the acreage to be dedicated to said well to the N/2, N/2 N/2 S/2 of said Section 21, Township 22 South, Range 23 East.
4. Approval of the unorthodox well location, with the dedica-
tion of the acreage authorized will permit the applicant Paul M. Mershon, Jr., to produce more than his fair share of the gas under-
lying the tract dedicated to the well, and will result in the
drainage of off-set acreage, contrary to the provisions of law
and the rules and regulations of this commission.

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2. The applicants in this petition, Hannagan Petroleum Corporation and Robert N. Enfield are the owners of mineral interests in the Indian Basin-Upper Pennsylvanian Gas Pool, and are adversely affected by the order of the Commission approving the unorthodox well location.

WHEREFORE applicants pray that the Commission set this matter for hearing de novo before the Commission as provided by law, and that after notice and hearing, the Commission enter its order denying the application of Paul M. Mershon, Jr., for an unorthodox well location in the Indian Basin-Upper Pennsylvanian Gas Pool.

Respectfully submitted,

HANNAGAN PETROLEUM CORPORATION
ROBERT N. ENFIELD

By Jasen W. Kellahin

KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANTS
HANNAGAN PETROLEUM CORPORATION
AND ROBERT N. ENFIELD

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BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
PAUL M. MERSHON, JR. FOR AN UNORTHODOX :
GAS WELL LOCATION, INDIAN BASIN-UPPER :
PENNSYLVANIAN GAS POOL, EDDY COUNTY, :
NEW MEXICO :

Case No. 4089

APPLICATION

COMES PAUL M. MERSHON, JR. by his attorney and in support hereof, respectfully states:

1. That concurrently herewith Applicant has filed an application with the Oil Conservation Commission of New Mexico (the "Commission") to pool all of the mineral interests in the Upper Pennsylvanian Formation underlying Section 21, Township 22 South, Range 23 East, N.M.P.M. to form a 640 acre gas proration unit and to be named as Operator of said unit and the well proposed to be drilled thereon.

2. The well proposed to be drilled by Applicant in said Section 21 to the Upper Pennsylvanian Formation is located within one mile of the Indian Basin-Upper Pennsylvanian Gas Pool, and subject to the special pool rules and regulations promulgated by Commission Order Nos. R-2440 and R-2440-A, providing in part, that each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

3. That Applicant seeks an exception to the special rules and regulations for the Indian Basin-Upper Pennsylvanian Gas Pool to drill the proposed well at an unorthodox location

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Date 3-14-69

990 feet from the North line and 990 feet from the East line of
said Section 21.

4. That a standard 640 acre gas proration unit comprising all of said Section 21 should be dedicated to said well or such lesser portion of said Section 21 as is reasonably shown to be presumed to be productive of gas from said pool should be dedicated to said well.

5. The approval of this application will afford applicant the opportunity to produce its just and equitable share of the gas in the Indian Basin-Upper Pennsylvanian Gas Pool and will protect correlative rights.

WHEREFORE, Applicant prays:

(A) That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

(B) That upon hearing the Commission enter its order granting to Applicant an exception to the special rules and regulations for the Indian Basin-Upper Pennsylvanian Gas Pool to permit the drilling of Applicant's proposed well at an unorthodox location 990 feet from the North line and 990 feet from the East line of said Section 21 and dedicate that portion of said Section 21 which is reasonably presumed to be productive of gas from said pool.

(C) And for such other relief as may be just in the premises.

PAUL M. MERSHON, JR.

By: 

A. J. Losee
P.O. Drawer 239
Artesia, New Mexico 88210

Attorney for Applicant

CASE 4088: (De Novo)

Application of Paul M. Mershon, Jr., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying Section 21, Township 22 South, Range 23 East, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the North and East lines of said Section 21, and within one mile of the Indian Basin-Upper Pennsylvanian Gas Pool. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well. Upon application of Marathon Oil Company, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4089: (De Novo)

Application of Paul M. Mershon, Jr. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations governing the Indian Basin-Upper Pennsylvanian Gas Pool to permit the drilling of a well at an unorthodox gas well location 990 feet from the North and East lines of Section 21, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Upon the applications of Hanagan Petroleum Corporation, Robert N. Enfield, and Marathon Oil Company, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4150: Southeastern nomenclature case calling for an order for the creation and extension of certain pools in Lea and Chaves Counties, New Mexico.

(a) Create a new pool in Chaves County, New Mexico, classified as an oil pool for Mississippian production and designated as the Lone-Mississippian Pool. The discovery well is B.W.P., Inc., General American Federal No. 1 located in Unit E of Section 7, Township 7 South, Range 31 East, NMPM. Said pool described as:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
SECTION 7: NW/4

(b) Extend the vertical limits of the North Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include all of the "Bough" zones (entire Cisco formation of the Pennsylvanian) in the interval from 9590 feet to 9979 feet on the log of the Pan American Petroleum Corporation State DL Well No. 1 located in Unit L of Section 13, Township 13 South, Range 32 East, NMPM.

DOCKET: REGULAR HEARING - FRIDAY - JUNE 13, 1969

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

ALLOWABLE: (1) Consideration of the oil allowable for July, 1969;

(2) Consideration of the allowable production of gas for July, 1969, from fourteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for July, 1969; also presentation of purchaser's nominations for the six-month period beginning August 1, 1969, for that area.

CASE 4017:

(De Novo) (Continued from the May 14, 1969 Regular Hearing) Application of Corinne Grace 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 Section 8, Township 21 South, Range 24 East, North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled in the SE/4 of said Section 8. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well. Upon application of David Fasken, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4043:

(De Novo) (Continued from the May 14, 1969, Regular Hearing) Application of David Fasken 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 Section 8, Township 21 South, Range 24 East, North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled 1980 feet from the North line and 2105 feet from the East line of said Section 8. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well. Upon application of David Fasken, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4086: Application of Hanson Oil Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its CSA Federal Well No. 1 located in Unit L of Section 29, Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico, in such a manner as to permit production of oil from the Yates formation and the disposal of produced salt water into the Seven Rivers formation through parallel strings of tubing.

CASE 4087: Application of Solar Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its McCallister Well No. 1 located in Unit C of Section 7, Township 22 South, Range 38 East, Lea County, New Mexico, to produce oil from undesignated Drinkard and Abo oil pools through parallel strings of tubing.

CASE 4071: (Continued from the March 19, 1969, Regular Hearing)
Application of T. J. Sivley for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete his Federal Silver Well No. 4 located in the SW/4 SE/4 of Section 28, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool, in such a manner as to permit production of oil from the Yates-Seven Rivers formations and the disposal of produced salt water into the Lower Seven Rivers formation.

CASE 4088: Application of Paul M. Mershon, Jr., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying Section 21, Township 22 South, Range 23 East, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the North and East lines of said Section 21, and within one mile of the Indian Basin-Upper Pennsylvanian Gas Pool. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4089: Application of Paul M. Mershon, Jr., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations governing the Indian Basin-Upper Pennsylvanian Gas Pool to permit the drilling of a well at an unorthodox gas well location 990 feet from the North and East lines of Section

Docket No. 9-69

Examiner Hearing - March 26, 1969

21, Township 22 South, Range 23 East, Indian Basin-
Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

CASE 4090: Application of Getty Oil Company for an exception to Commission Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the potash-oil area casing and cementing rules as set forth in Commission Order No. R-111-A. Applicant proposes to re-enter and deepen approximately 3500 feet in the Yates formation four wells located in Sections 19 and 30 of Township 20 South, Range 34 East, Lea County, New Mexico, in such a manner as to eliminate the necessity of running the salt protection string provided the production string would be cemented to the surface.

CASE 4091: Application of Union Oil Company of California for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elliott Federal Well No. 1 located in Unit O of Section 27, Township 11 South, Range 38 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Field Ranch-Wolfcamp Pool and the disposal of produced salt water into the San Andres, Glorieta, Blinberry, Tubb and Abo formations in the open-hole interval from approximately 4458 feet to 8050 feet.