

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P.A. CONSERVATION DIVISION

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE  
—  
DEAN B. CROSS  
MARY LYNN BOGLE

300 YATES PETROLEUM BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

RECEIVED

TELEPHONE  
(505) 746-3505  
TELECOPY  
(505) 746-6316

91 SEP 19 AM 8 46

September 16, 1991

Mr. Michael Stogner, Examiner  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Thomas Ray Sivley for an  
Unorthodox Oil Well Location, No. 10379

Dear Mr. Stogner:

Pursuant to our conversation of today, I am enclosing herewith a land plat, a letter from N. Raymond Lamb, Engineer, and a geological map which shows that the need for the unorthodox location is geologically motivated.

If there is anything else I can provide to you, do not hesitate to let me know.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth  
Enclosure



# N. RAYMOND LAMB

Petroleum Consultant  
First National Bank Building  
Suite 305  
Artesia, New Mexico 88210  
(505) 746-3651

September 16, 1991

Mr. Ernest L. Carroll  
Losee, Carson, Haas & Carroll, P. A.  
P. O. Drawer 239  
Artesia, New Mexico 88211-0239

Re: Application of T. R. Sivley for Unorthodox  
Location, Section 28, Township 20 South,  
Range 34 East, N.M.P.M., Lea County, New  
Mexico

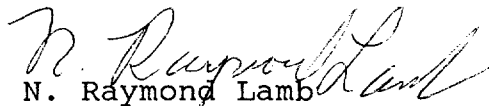
Dear Mr. Carroll:

The application for subject unorthodox location identified the producing zone as "Lynch Formation." This identity is commonly used in the field but for your records, the pool is "Lynch," the formation is primarily "Seven Rivers" and secondarily "Yates" formations.

The Seven Rivers is the usual dolomite with vuggy porosity some 75' below the top of formation.

The accumulation is from an anticlinal structure with an active water drive energy from the flank of the structure. The operator has proposed a well on the apex of the structure to recover oil that would otherwise not be recovered.

Very truly yours,

  
N. Raymond Lamb

SECTION 28  
TOWNSHIP 20 S  
RANGE 34 E  
FEDERAL SILVER LEASE  
LEA COUNTY, NEW MEXICO

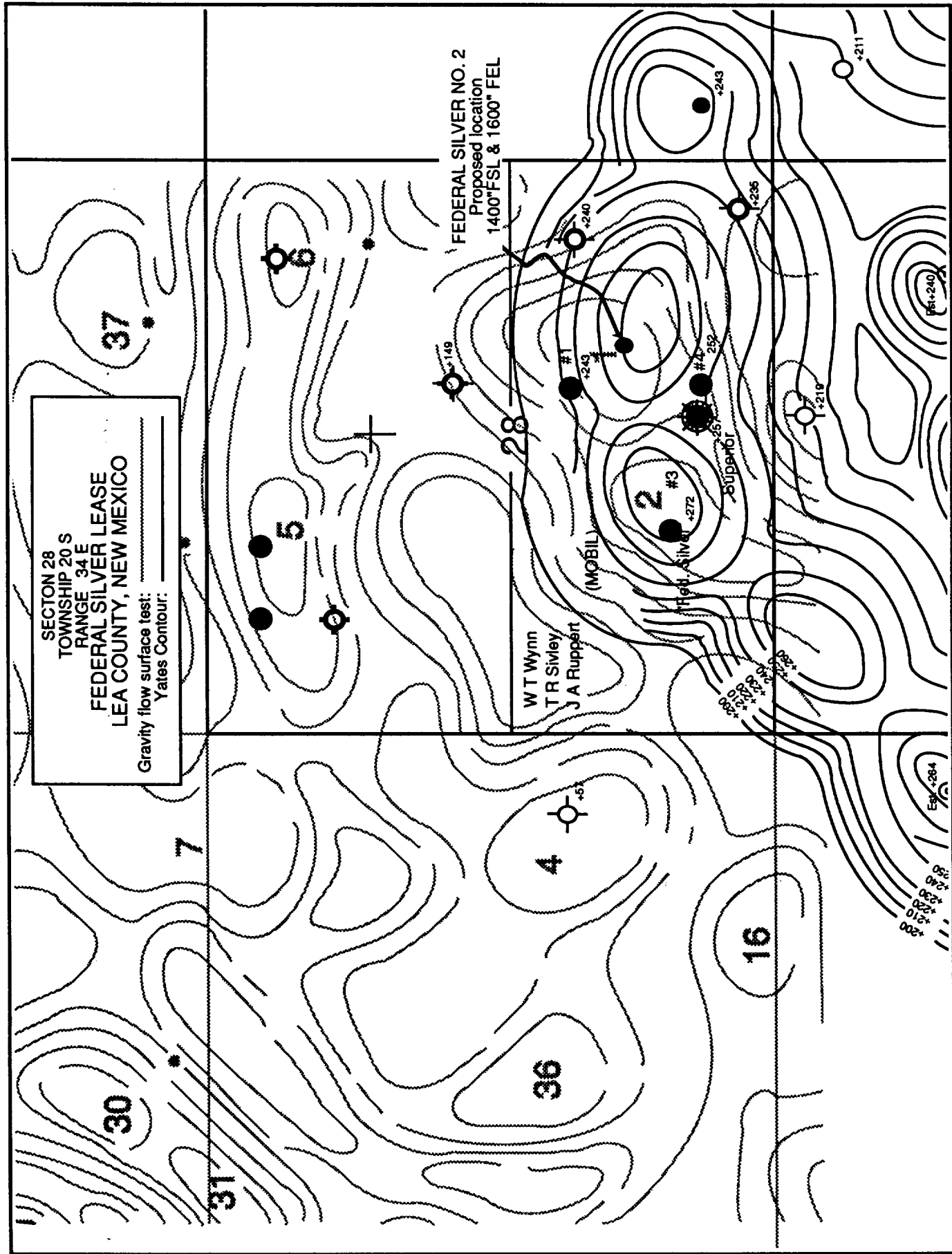
Gravity flow surface test: \_\_\_\_\_  
Yates Contour: \_\_\_\_\_

FEDERAL SILVER NO. 2  
Proposed location  
1400' FSL & 1600' FEL

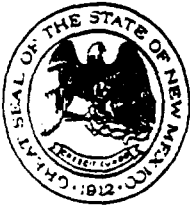
W T Wynn  
T R Sivley  
J A Ruppert

(MOBIL)

Superior







STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

MEMORANDUM

TO: GAS PRODUCERS (OPERATORS), PURCHASERS, AND  
TRANSPORTERS OF GAS FROM PRORATED GAS POOLS

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: CENTRAL POINT DELIVERY (CPD) VOLUMES

DATE: AUGUST 12, 1991

We recently compared sales volumes from operators' production reports (Form C-115) to volumes reported by transporters on Form C-111. Several errors were found in situations where the transporters are metering gas from more than one gas well through a single meter (CPD). For example, we found that transporters sometimes erroneously reported that all the gas metered through the CPD meter was produced from only one of the wells. The operators who meter each well separately ahead of the CPD meter apparently report production and disposition correctly on Form C-115.

Since we currently obtain sales volumes from the Form C-111 for gas proration purposes, the reporting procedures described above are introducing errors and inequities into the system. To eliminate these errors, transporters and operators are instructed to begin immediately to use the following reporting procedures when gas from more than one gas well is metered into the pipeline through a single meter.

Transporter's Form C-111

When the transporter has or can obtain sufficient information to allocate the metered gas volume to the individual wells, the volume for each well must be reported separately on Form C-111.

If the transporter is unable to allocate the total volume to the individual wells, the volume must be reported on the C-111 report as "Gas From Other Sources" identifying the source on Sheet 2 as required.

Operator Requirements for Reporting on Form C-111.

Operators who deliver gas from more than one well to a transporter through a single meter are responsible for ensuring that the gas delivered from each well is properly reported on Form C-111. If the transporter is unable to properly allocate the

metered gas volume and report the volume delivered from each well on Form C-111, then the operator must file Form C-111 to report the individual well volumes.

Volumes reported on Forms C-111 and C-115 must agree. Operators delivering gas into a transporter's system through a CPD meter as described above, must contact the transporter and determine who will file the C-111 and advise the Gas Proration Section in Santa Fe. Accurate C-111 filings are essential for the proper assignment of allowables and the production of gas from prorated gas pools.

Please comply with the above instructions beginning with the reports you file next month. Your cooperation will be appreciated.

dr/



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

BRUCE KING  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

MEMORANDUM

TO: ALL PRODUCERS, PURCHASERS AND TRANSPORTERS OF GAS  
WELL GAS IN NEW MEXICO

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: PROPOSAL OF LOW VOLUME GAS COMMITTEE FOR REVISION OF  
OCD GENERAL RULE NO. 403.

DATE: AUGUST 23, 1991

A Committee organized by OCD has reviewed metering costs for low volume gas wells. The Committee includes representatives from Industry, BLM, SLO, and OCD. Information developed by the Committee indicates that current metering costs exceed revenues for wells producing at rates of 15 MCF per day, or less. Unless alternate measurement methods are approved, many low volume wells may be shut-in or plugged causing reserves and revenues to be lost.

Data submitted by the Committee shows that 2150 San Juan Basin gas wells produced at rates of 15 MCF per day or less in 1990. Total production for these wells was over 5 BCF in 1990 (see attached tabulation). El Paso Natural Gas has submitted a proposal for alternate measurement methods for low volume gas wells which has support from other members of the Committee. A change in OCD General Rule No. 403, (attached) based on the proposal is being circulated for review and comment. A Commission hearing will be scheduled for October 10, 1991 to consider adoption of the rule changes. Comments may be submitted prior to the hearing or in the form of testimony at the hearing.

Procedures for lease commingling are also being reviewed to determine if modification of those requirements could provide additional relief in this area.

dr/

Of the wells that produced in the San Juan Basin in 1990, 776 wells averaged 5 MCFD or less for the months produced for a total of 446,613 MCF.

1,374 wells produced from 5 to 15 MCFD for the months produced for a total of 4,725,853 MCF for the year.

The land type breakdown of these wells is as follows:

	<5MCFD		5 to 15MCFD	
State	38	27,781 MCF	83	29,149,MCF
Jicarilla	131	90,251 MCF	295	1,011,602 MCF
Navajo	30	22,060 MCF	23	72,380 MCF
Ute	8	2,606 MCF	1	4,121 MCF
Federal	492	267,313 MCF	853	2,931,203 MCF
Private	77	36,602 MCF	119	415,128 MCF



## OCD GENERAL RULE 403

Proposed changes are contained in 403 B and C.

### RULE 403. - NATURAL GAS FROM GAS WELLS TO BE MEASURED

A. All natural gas produced shall be accounted for by metering or other method approved by the Division and reported to the Division by the transporter of the gas. Gas produced from a gas well and delivered to a gas transportation facility shall be reported by the owner or operator of the gas transportation facility. Gas produced from a gas well and required to be reported under this rule, which is not delivered to and reported by a gas transportation facility shall be reported by the operator of the well.

B. An operator may apply to the OCD District Supervisor, using form C-110, for approval of one of the following procedures for measuring gas:

(1) In the event a well is not capable of producing more than 15 MCFD, a measurement method agreed upon by the operator and pipeline whereby the parties establish by annual test the producing rate of said well under normal operating conditions and apply that rate to the period of time the well is in a producing status. In the event such well is capable of producing greater than 5 MCFD, a device shall be attached to the line which will determine the actual time period that the well is flowing.

(2) Any well which has a producing capacity of 100 MCFD or less and which is on a multi-well lease may be produced without being separately metered when the gas is measured using a lease meter at a Central Point Delivery. The ownership of the lease must be common throughout including working interest, royalty and overriding royalty ownership.

C. Operators and transporters shall report the well volumes on Forms C-115 and C-111 based upon the approved method of measurement and, in the case of a CPD, upon the method of allocation of production to individual wells approved by the District Supervisor.

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Road, Aztec, NM 87410

State of New Mexico  
Energy, Minerals & Natural Resources  
Department

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Form C-110  
Originated 8/23/91

Submit four copies to the  
appropriate district office.

**DRAFT**

APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD -  
Rule 403(B)(1) or (2)

Operator Name: \_\_\_\_\_ County: \_\_\_\_\_  
Address: \_\_\_\_\_ Pool: \_\_\_\_\_  
City/State/Zip Code: \_\_\_\_\_

APPROVAL PROCEDURE: RULE 403.B.(1)

Please file separate applications for each well to the appropriate district office.

- 1) Location of well: Unit Letter \_\_\_\_\_, Section \_\_\_\_\_, Township \_\_\_\_\_, Range \_\_\_\_\_.
- 2) One year production history of the well - show annual and daily volumes; attach separate sheet.
- 3) Established or agreed-upon daily producing rate for the well for next year.
- 4) Will well be equipped with a flow device (required for wells capable of producing 5 MCF per day or more)?
- 6) Gas transporter(s) connected to the well.

APPROVAL PROCEDURE: RULE 403.B.(2)

Please attach separate sheet.

Working interest, royalty and overriding royalty ownership must be common throughout the lease.

- 1) Lease plat showing all wells to be produced through this CPD. Show Section, Township and Range on plat.
  - a) List wells producing over 100 mcf/d.
  - b) List wells producing less than 100 mcf/d.
- 2) Proposed method of allocating production from non-metered wells.
- 3) One year production history of wells producing less than 100 mcf/d. Show annual and daily volumes.
- 4) Gas transporter(s) connected to this lease.

Operators requesting approval to use a measurement method  
other than the above should contact the district office for instructions.

**OPERATOR**

*I hereby certify that the rules and regulations of the Oil Conservation  
Division have been complied with and that the information given above is  
true and complete to the best of my knowledge and belief.*

Signature: \_\_\_\_\_

Printed Name & Title: \_\_\_\_\_

**OIL CONSERVATION DIVISION APPROVAL**

Approved Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

## LAW OFFICES

LOSEE, CARSON, HAAS &amp; CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE  
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MARY LYNN BOGLE

300 YATES PETROLEUM BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
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TELECOPY  
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August 23, 1991

Mr. Michael Stogner, Examiner  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

*Case 10379*

Re: Application of Thomas Ray Sivley for an  
Unorthodox Oil Well Location, Filed August 9,  
1991

Dear Mr. Stogner:

On August 9, 1991, the above-referenced application was received by the Oil Conservation Division. Applicant is the operator of all the proration units adjoining the subject proration unit to the east, south and west. Mr. Sivley in fact operates the entire south half of Section 28. The north half of Section 28 is operated by Union Oil Company. I am enclosing a waiver of objection to my client's application for an unorthodox well, executed on behalf of Union Oil Company. Pursuant to Rule 104(F)(4), we would request that the Commission approve said unorthodox location. If there is further information that you require before said application can be granted, please advise.

Very truly yours,

LOSEE, CARSON, HAAS &amp; CARROLL, P.A.

*Ernest L. Carroll*  
Ernest L. Carroll

ELC:kth  
Enclosure

cc: Thomas Ray Sivley

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
THOMAS RAY SIVLEY FOR AN UNORTHODOX  
OIL WELL LOCATION, LEA COUNTY,  
NEW MEXICO

---

CASE NO. \_\_\_\_\_

WAIVER

As an offset operator, UNION OIL COMPANY has no objections to Thomas Ray Sivley's proposal to his proposed Silver Federal Lease No. 2 Well at a location 1400' from the south line and 1600' from the east line of Section 28, Lea County, New Mexico.

UNION OIL COMPANY

By: Charles Pietsch

Advanced Petroleum Engineer  
Title

8-19-91  
Date

## LAW OFFICES

LOSEE, CARSON, HAAS &amp; CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE

300 YATES PETROLEUM BUILDING  
P. O. DRAWER 239  
ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3505

TELECOPY  
(505) 746-8316

DEAN B. CROSS  
MARY LYNN BOGLE

FAX TRANSMITTAL DATE: 9/03/91

PLEASE DELIVER THE FOLLOWING PAGE(S) TO:

NAME: Michael StagnerFIRM: NM OCDFAX NO. ( ) 827-5741 FIRM NO. \_\_\_\_\_SENDER: Ernest Carroll (Kandy)TOTAL NUMBER OF PAGES (INCLUDING THIS SHEET): 3

\*\*\*\*\*

IF YOU DO NOT RECEIVE ALL THE PAGES INDICATED ABOVE,  
PLEASE CALL US BACK AS SOON AS POSSIBLE AT:

(505) 746-3505

ASK FOR: Kandy

\*\*\*\*\*

MESSAGE: The original waiver was sent to youwith the original letter.

NOTE: The information contained in this facsimile message is attorney/client privileged and confidential information intended only for use by the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivery to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is in error. If you have received this facsimile in error, please immediately notify us by collect telephone call and return the original message to us at the above address via the U. S. Postal Service.

OIL CONSERVATION DIVISION  
RECEIVED

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL  
JOEL M. CARSON  
JAMES E. HAAS  
A. J. LOSEE

300 YATES PETROLEUM BUILDING

P. O. DRAWER 239

ARTESIA, NEW MEXICO 88211-0239

TELEPHONE  
(505) 746-3505

TELECOPY  
(505) 746-6316

DEAN B. CROSS  
MARY LYNN BOGLE

August 23, 1991

*Case 10379  
m.s.*

Mr. Michael Stogner, Examiner  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Application of Thomas Ray Sivley for an  
Unorthodox Oil Well Location, Filed August 9,  
1991

Dear Mr. Stogner:

On August 9, 1991, the above-referenced application was received by the Oil Conservation Division. Applicant is the operator of all the proration units adjoining the subject proration unit to the east, south and west. Mr. Sivley in fact operates the entire south half of Section 28. The north half of Section 28 is operated by Union Oil Company. I am enclosing a waiver of objection to my client's application for an unorthodox well, executed on behalf of Union Oil Company. Pursuant to Rule 104(F)(4), we would request that the Commission approve said unorthodox location. If there is further information that you require before said application can be granted, please advise.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

*Ernest L. Carroll*  
Ernest L. Carroll

ELC:kth  
Enclosure

cc: Thomas Ray Sivley

BEFORE THE OIL CONSERVATION DIVISION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
THOMAS RAY SIVLEY FOR AN UNORTHODOX  
OIL WELL LOCATION, LEA COUNTY,  
NEW MEXICO

---

CASE NO. \_\_\_\_\_

WAIVER

As an offset operator, UNION OIL COMPANY has no objections to Thomas Ray Sivley's proposal to his proposed Silver Federal Lease No. 2 Well at a location 1400' from the south line and 1600' from the east line of Section 28, Lea County, New Mexico.

UNION OIL COMPANY

By: Charles Pietsch

Advanced Petroleum Engineer  
Title

8-19-91  
Date



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION.



BRUCE KING  
GOVERNOR



POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

October 22, 1991

LOSEE, CARSON, HAAS & CARROLL  
Attorneys at Law  
P. O. Drawer 239  
Artesia, New Mexico 88211-0239

RE: CASE NO. 10379  
ORDER NO. R-9601

Dear Sir:

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

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson  
OC Staff Specialist

FD/sl

cc: BLM Carlsbad Office

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

September 26, 1991

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Thomas R. Sivley, Oil Operator  
c/o Ernest L. Carroll  
P.O. Drawer 239  
Artesia, New Mexico 88211-0239

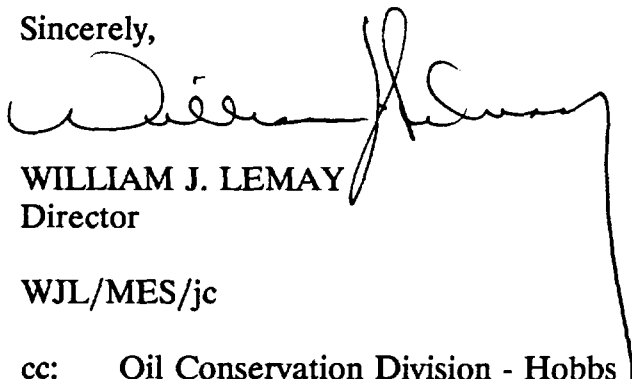
*Administrative Order NSL-3057*

Dear Mr. Carroll:

Reference is made to your applications dated August 7 and 23, and September 16, 1991 on behalf of Thomas R. Sivley for a non-standard oil well location to permit the completion of an efficient production pattern on the Federal Silver Lease. The proposed Well No. 2 is to be drilled 1400 feet from the South line and 1600 feet from the East line (Unit J) of Section 28, Township 20 South, Range 34 East, NMPM, Lynch Yates - Seven Rivers Pool, Lea County, New Mexico. Said well to be dedicated to the existing standard 40-acre oil spacing and proration unit comprising the NW/4 SE/4 of said Section 28, which is presently dedicated to the Silver Federal Well No. 1 located at a standard oil well location 1980 feet from the South and East lines of said Section 28.

By the authority granted me under the provisions of General Rule 104 F.(I), the above-described unorthodox oil well location is hereby approved.

Sincerely,



WILLIAM J. LEMAY  
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs  
U.S. BLM - Carlsbad  
File: Case No. 10379 ✓

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

October 30, 1991



POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

Thomas R. (Bob) Sivley  
Oil Operator  
6509 Wilton Avenue  
Forth Worth, Texas 76133

**AMENDED**  
*Administrative Order NSL-3057*

Dear Mr. Sivley:

Reference is made to your letter dated October 24, 1991 requesting an amendment to Division Administrative Order NSL-3057, which authorized the drilling of your Federal Silver Well No. 2 at an unorthodox oil well location 1400 feet from the South line and 1600 feet from the East line (Unit J) of Section 28, Township 20 South, Range 24 East, NMPM, Lynch Yates - Seven Rivers Pool, Lea County, New Mexico.

It is my understanding that a new location 100 feet north of the original request is needed to avoid an existing gathering line that was apparently overlooked.

Since the amended location is less unorthodox than the original, said Order No NSL-3057 shall be amended to reflect the well location as "1500 feet from the South line and 1600 feet from the East line (Unit J)". All other provisions in the original order shall remain in full force and effect until further notice.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Lemay".

WILLIAM J. LEMAY  
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs  
USBLM - Carlsbad  
File: Case No. 10379 ✓  
Ernest L. Carroll - Artesia