

Case Number

4372

Application
Transcripts.

Small Exhibits

ETC.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 1, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of International
Hydrocarbons Incorporated for an
unorthodox gas well location, Lea
County, New Mexico.

Case No. 4372

BEFORE: Elvis A. Utz, Examiner.

APPEARANCES:

For the Applicant: Jason Kellahin, Esq. and
SCHUMAN, PRAY, SCOTT & LIVINGSTON, Esqs.
BY: Donald E. Pray, Esq.

For the Oil Commission: George N. Hatch, Esq.

TRANSCRIPT OF HEARING

MR. KELLAHIN: I am Jason Kellahin appearing for the Applicant in association with Mr. Donald E. Pray from the firm of Schuman, Pray, Scott and Livingston, Tulsa, Oklahoma. Mr. Pray is a member of the Oklahoma Bar and he will present the case.

MR. PRAY: Thank you, Mr. Kellahin.

I have one witness to be sworn; Mr. Henry Keplinger.

(Witness sworn.)

HENRY KEPLINGER

being duly sworn according to law, upon his oath, testified as follow:

DIRECT EXAMINATION

BY MR. PRAY:

Q Mr. Keplinger, you have been previously qualified before this Commission and testified in a proceeding of record, have you not?

A I have.

Q And, in fact, did you testify in Case 3158 which was the matter of the Application of Union Oil for establishing Field Rules in the Red Hills Field?

A I did.

Q An Order was entered on the 2nd of June, 1969, the same being R-3073. This is for an exception to those Field Rules and we would ask the Commission to take administrative

notice of all of the proceedings in that case in consideration of that Order, R-3073.

Mr. Keplinger, you are familiar with the Field Rules as adopted as a result of the Hearing which you testified?

A Yes, sir.

Q And subsequent to the adoption of these Field Rules was there an additional well drilled in the Red Hills Unit?

A There was.

Q And where was this well located?

A It was located in Section 5 Southeast of the Northwest, Northeast Section 5 -- 33 -- 26 South, 33 East.

MR. PRAY: Would you mark that Exhibit 1, please?

(Whereupon, Applicant's Exhibit 1 is marked for identification.)

Q (By Mr. Pray) All right. You are examining Exhibit 1 of the Applicant. Marked in red are two wells; one located in Section 32 and one in Section 5. These are the two wells referred to in the previous Order of the Commission. Both of these wells have location exceptions, is that correct?

A Yes, sir.

Q And in one well 330 feet from the Section line and the other one 990 feet from the Section line?

A Yes, sir, and the wells are located only about 1400 and some feet apart.

Q What formation are these wells producing from?

A The Wolfcamp.

Q The approximate depth of it?

A 13,500 feet, midpoint of perforation, approximately.

Q As a result of the drilling of the Red Hills No. 2 well subsequent to the Order entered in the case was anything new geologically or structurally learned as a result of this well?

A Since the drilling?

Q Yes, as a result of the drilling of the No. 2 well?

A Yes. No. There was not. Both these wells encountered the formation -- producing formation Wolfcamp at approximately the same sub-sea depth.

Q In the testimony which was given in the original case there were certain Exhibits introduced and testimony given regarding the general structural picture of the Red Hills-Wolfcamp Pool. In your opinion do the Exhibits introduced still represent the best knowledge and thinking on the development of the Pool?

A Yes, sir, because these two wells being located very close to each other and, in my interpretation of the logs -- the difference in the top of the Wolfcamp porosity is only one foot, so they didn't add anything to the structural interpretation or change the interpretation given at

the Hearing.

Q In that Hearing was there shown an Exhibit depicting a general structural trend of the field being in a Northeast, Southwest direction?

A I believe that is the trend of the structure. Yes, sir, and without having the Exhibit in front of me, it was in a Northeast, Southwest direction.

Q Where is the well location which has been applied for by International Hydrocarbons?

A The location is in Section 8 and it is in the Southeast -- to the Northwest of Section 8, 26 South, 33 East and is approximately a mile -- almost a mile and a quarter in distance Southwest of the No. 2 Red Hills well in Section 5.

Q Approximately how many feet is this well from each of the Section lines?

A 990 feet, sir, from the North line and from the West line.

Q Under the Order of the Commission establishing Field Rules the permitted location would be 1650 feet from each Section line, is that correct?

A That is correct.

Q Based on your examination of the well logs and of the information introduced at the previous Hearing and on

your knowledge of the area do you have an opinion about the most advantageous location in Section 8?

A Yes. I do.

Q Would you state that opinion, please?

A I feel that the location applied for is the most advantageous location that could be drilled.

Q Is this based on a structural interpretation?

A Yes, sir.

Q Will this well be substantially lower, in your opinion, than either the Wolfcamp No. 1 or Wolfcamp No. 2?

A By substantially I would say somewhere in around a hundred feet or more, if that is considered substantial. I just say I anticipate the top would be at least a hundred feet lower than the top encountered in the Wolfcamp -- the top in Red Hills No. 1, Red Hills No. 2 and the Wolfcamp. That would be about a minus 10,125 feet plus or minus the expected top of the Wolfcamp in the well in which the exception is asked for in this case.

Q Will there be any disadvantage to the correlative rights of other operators in the field by the establishment of this well location exception, in your opinion?

A No. I see no advantage to give the operator substantially the same structural position as the original location which would have been under the Rules and I see no

problem so far as correlative rights.

Q Would the proposed exception location be higher structurally than the one permitted under the General Field Rules?

A I think it would be slightly higher.

Q Would it reduce the economic risk attendant to drilling this well approximately a mile and a half from -- or a mile and a quarter from the next nearest production?

A Yes, sir. It would help reduce that risk.

Q Does the establishment of this location exception necessarily mean that the rest of the Section is unproductive?

A No. The entire Section probably will be productive, but this location would be reducing the risk of the stepout location.

Q Is the Wolfcamp known to be water bearing in this immediate area?

A No. The two present wells they have perforated to a depth of about 10,000 minus 10,250 feet and no water, so I anticipate no water in the Wolfcamp on Section 8 or under Section 8.

Q I direct your attention to the original two wells, both of which were exceptional locations; one of which was 330 feet from the Section line and one was 990 feet from the Section line. Were either of these wells, to your knowledge,

penalized on their permitted allowable?

A No. They were not.

Q Should a well located in the Application or in the location applied for by International Hydrocarbons be penalized?

A No, sir. It should not.

Q What will be the approximate cost of this well?

A In excess of \$500,000.

Q Will this well, in your opinion, prove or disprove substantial amounts of additional acreage?

A Yes, sir. If this well is productive as expected it should prove up around the peripheral areas of the Red Hills field of five or six sections which would be maybe 3,000 acres.

Q Would you classify this well by the general definition of being a stepout well then?

A Yes, sir.

MR. PRAY: I have no further questions.

MR. UTZ: Do you want the Exhibit offered in evidence?

MR. PRAY: Yes. I would offer Exhibit No. 1 at this time.

MR. UTZ: Exhibit No. 1 will be entered into the record in this case.

(Whereupon, Applicant's Exhibit 1 was offered and admitted in evidence.)

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Keplinger, was the original structure shown in the other case based on the two wells or one well or was it sub-surface data?

A It was seismic data solely, only.

Q The second well confirmed the seismic data?

A Well, the second well was just almost -- this is really so close together that it really didn't confirm the overall interpretation of the seismic information. The wells are only a little over 1400 feet apart and --

Q Those are the only two wells completed at this time in the Pool?

A Yes, in the Pool or adjacent to it.

Q Are these pretty good wells?

A Yes, sir.

Q I am sure you recall what kind of a dip you have to the Southeast on your side structure. Was it pretty steep or --

A No. The interpretation on the Pennsylvania zone which is around a thousand feet below the Wolfcamp, which is the producing zone here, there wasn't too much dip. It showed just a gradual dip to the Southeast -- Southwest -- sorry.

Q The strike of the structure did run Northeast

Southwest?

A Right.

Q This is a non-prorated pool, is it not?

A I cannot tell you.

Q I can tell you it is.

A Thank you.

Q Then insofar as dedicated acreage is concerned it wouldn't necessarily make much difference so far as takes until the wells are prorated?

A Correct.

MR. UTZ: Any other questions of the witness?

MR. PRAY: I would like to make one further statement in that we do have certain drilling commitments with Pan American Petroleum from whom we have obtained a farm out and we would ask that the Commission consider this with all due dispatch, if it would, please.

MR. UTZ: This is a 640 acre-space pool, isn't it?

THE WITNESS: Yes, sir.

MR. UTZ: And you have communitized the entire Section 8?

THE WITNESS: Correct.

MR. UTZ: The witness may be excused.

(Witness excused.)

MR. UTZ: Any statements?

GORDAN D. RYAN: Gordan D. Ryan appearing for PanAm Petroleum Corporation and we have no opposition to the granting of this Application.

MR. UTZ: The case will be taken under advisement.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
HENRY KEPLINGER	
Direct Examination by Mr. Pray	2
Cross Examination by Mr. Utz	9

<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Applicant's No. 1	3	8

STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO)

I, PETER A. LUMIA, Certified Shorthand Reporter, in
 and for the County of Bernalillo, State of New Mexico, do
 hereby certify that the foregoing and attached Transcript
 of Hearing before the New Mexico Oil Conservation Commission
 was reported by me and that the same is a true and correct
 record of the said proceedings, to the best of my knowledge,
 skill and ability.

Peter A. Lumia
 COURT REPORTER

 NOTARY PUBLIC

My Commission Expires:

I do hereby certify that the foregoing is
 a true and correct record of the proceedings
 taken at the hearing of Case No. 4372
 on July 19, 1970
[Signature]
 New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

July 2, 1970

AIR MAIL

Mr. Donald E. Pray
Schuman, Pray, Scott & Livingston
Attorneys at Law
Suite 2800 4th Natl. Bank Bldg.
Tulsa, Oklahoma 74119

Re: Case No. 4372
Order No. R-3986
Applicant:
International Hydrocarbons

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other Mr. Jason Kellahin

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4372
Order No. R-3986

APPLICATION OF INTERNATIONAL HYDROCARBONS
INCORPORATED FOR AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 1, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 2nd day of July, 1970, the Commission, a
quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, International Hydrocarbons Incor-
porated, seeks an exception to Rule 4 of the Special Rules and
Regulations governing the Red Hills-Wolfcamp Gas Pool as
promulgated by Order No. R-3073 to drill a well at an unorthodox
gas well location 990 feet from the North line and 990 feet from
the West line of Section 8, Township 26 South, Range 33 East, NMPM,
Lea County, New Mexico.

(3) That the evidence indicates that a well drilled at the
proposed non-standard location should encounter the productive
formation higher than a well drilled at a standard location and
should, therefore, result in greater ultimate recovery of gas,
thereby preventing waste.

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CASE No. 4372
Order No. R-3986

(4) That the evidence indicates that the entire subject section is productive of gas in the Red Hills-Wolfcamp Gas Pool.

(5) That the entire subject section can be efficiently and economically drained and developed by the subject well.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Red Hills-Wolfcamp 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 otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, International Hydrocarbons Incorporated, is hereby granted an exception to the well location requirements of the Red Hills-Wolfcamp Gas Pool as promulgated by Order No. R-3073 and is hereby authorized to drill a well at an unorthodox gas well location 990 feet from the North line and 990 feet from the West line of Section 8, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico.

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

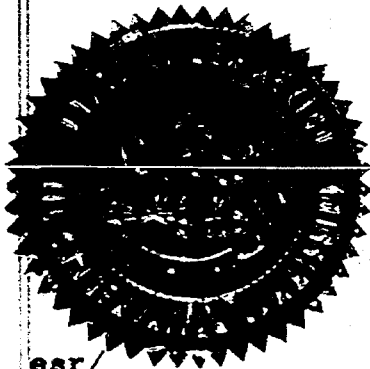
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


A. L. PORTER, Jr., Member & Secretary



esr/

Case 4372
Filed 7-1-70
Rec. 7-2-70

Grant. International Hydro-
carbons Inc. permission to
drill an oil well in Red Hill
Wolfecamp Gas Pool.
990/now lines 8-26-33,
Lea Co.

Thos. J. Lea

Docket No. 16-70

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 1, 1970

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4354: (Continued from the May 13, 1970, Examiner Hearing)

Application of Michael P. Grace and Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the N/2 of Section 11, Township 23 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, said acreage to be dedicated to a well to be drilled in either the NE/4 NW/4 or the NW/4 NE/4 of said Section 11. 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 4165: (Reopened):

In the matter of Case No. 4165 being reopened pursuant to the provisions of Order No. R-3795, which order established 160-acre spacing units and an 80-acre proportional factor of 4.77 for the East Bagley-Pennsylvanian Pool, Lea County, New Mexico. All interested parties may appear and show cause why the said pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.77 should or should not be retained.

CASE 4173: (Reopened):

In the matter of Case No. 4173 being reopened pursuant to the provisions of Order No. R-3811, which order established 80-acre spacing units and a limiting gas-oil ratio of 4000 cubic feet of gas per barrel of oil for the Hobbs-Drinkard Pool, Lea County, New Mexico. All interested parties may appear and show cause why the said pool should not be developed on 40-acre spacing units and why the limiting gas-oil ratio should not revert to 2000 to one.

CASE 4371: Application of Betty Oil Company for a waterflood expansion and amendment of Order No. R-2966, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Justis-McKee Unit Waterflood Project, Justis-McKee Pool, by the conversion to water injection of four additional wells in Units B and H of Section 24, Township 25 South, Range 37 East, and Units D and M of Section 19, Township 25 South, Range 38 East, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-2966, as amended, to permit administrative approval for the drilling or conversion of additional injection wells at orthodox or unorthodox locations without a showing of well response.

CASE 4372: Application of International Hydrocarbons Incorporated for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for a well to be drilled 990 feet from the North and West lines of Section 8, Township 26 South, Range 33 East, Red Hills-Wolfcamp Gas Pool, Lea County, New Mexico.

CASE 4373: Application of Benson-Montin-Greer Drilling Corporation for pool redelineation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the following-described acreage from the East Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico.

TOWNSHIP 26 NORTH, RANGE 1 EAST

Section 20: W/2
Section 29: All
Section 32: All
Section 33: W/2

TOWNSHIP 25 NORTH, RANGE 1 EAST

Section 4: W/2
Section 5: All
Section 8: All
Section 9: W/2
Section 17: All
Section 20: All
Section 29: W/2

and for the extension of the West Puerto Chiquito-Mancos Oil Pool to include the above-described acreage and the following-described acreage in said county:

(Case 4373 continued)

TOWNSHIP 24 NORTH, RANGE 1 WEST
Sections 1 through 36 - All

TOWNSHIP 24 NORTH, RANGE 1 EAST
Section 6: All
Section 7: All
Section 8: W/2
Section 17: W/2
Section 18: All
Section 19: All
Section 20: W/2
Section 30: All

CASE 4374: Application of Benson-Montin-Greer Drilling Corporation for expansion of a unit area, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the Canada Ojitos Unit Area, authorized by Order No. R-2544, to include some 20,480 additional acres, more or less, of Federal, State and Fee lands in Township 24 North, Ranges 1 East and 1 West, Township 25 North, Ranges 1 East and 1 West; and Township 26 North, Range 1 East, Rio Arriba County, New Mexico.

CASE 4366: (Readvertised)
Application of Mobil Oil Corporation for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp and Vacuum-Upper Pennsylvanian Pools in the well-bore of its Bridges State Well No. 109, a triple completion, located in Unit N of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 4375: Application of Pan American Petroleum Corporation for an exception to Rule 104 C. I, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception Rule 104 C. I of the Commission Rules and Regulations to permit the completion within 660 feet of another producing

CASE 4375 - Continued from Page 3 -

well of its Byers "A" Well No. 1 which is being directionally drilled in Unit C of Section 5, Township 19 South, Range 38 East, Hobbs Pool, Lea County, New Mexico, pursuant to Order No. R-3973.

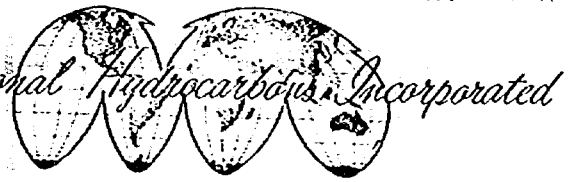
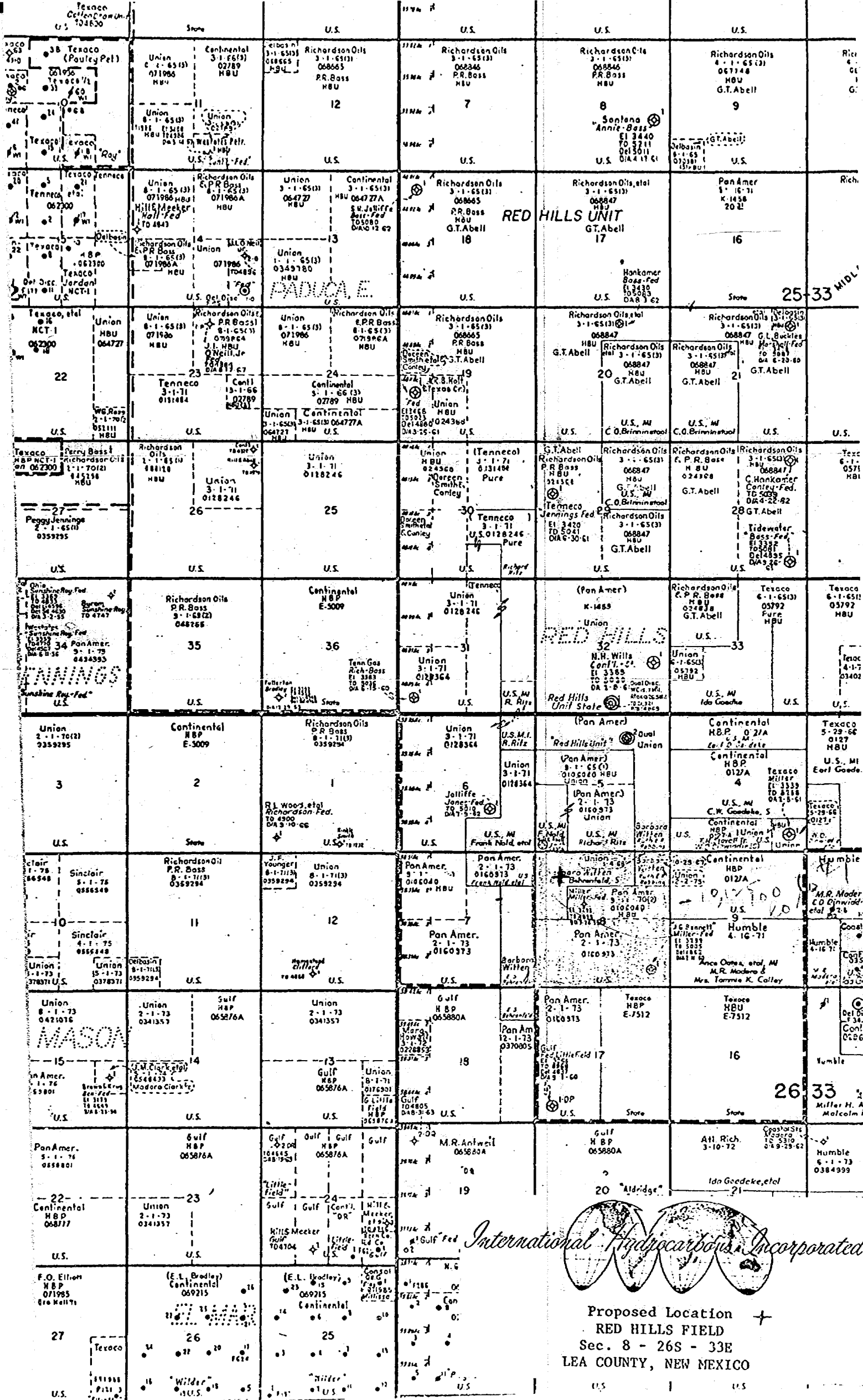
CASE 4376: Application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Lusk "A" Lease comprising the NE/4 of Section 6, Township 15 South, Range 30 East, Double L-Queen Pool, Chaves County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells on said lease in an unlined surface pit.

CASE 4377: Application of Champlin Petroleum Company for a unit agreement, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of the State 32-7-33 Unit Area comprising 640 acres, more or less, of State lands in Section 32, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

CASE 4378: Application of Champlin Petroleum Company for a waterflood expansion and amendment of Order No. R-3550, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its State 32 Waterflood Project, Chaveroo-San Andres Pool, by the conversion of water injection of one additional well located in Unit B of Section 32, Township 7 South, Range 33 East, Roosevelt County, New Mexico. Applicant further seeks the amendment of Order No. R-3550 to permit administrative approval for the drilling or conversion of additional injection wells without a showing of well response.

CASE 4379: Application of Hal M. Stierwalt for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, for himself and as agent for Southern Union Production Company, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico. Said exception would be for eight of Stierwalt's wells and four of Southern Union Production Company's wells located in Sections 1 and 2 of Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said wells in unlined surface pits located in the vicinity of said wells.

CASE 4380: Application of Shenandoah Oil Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Shugart Pool, Eddy County, New Mexico, by the injection of water into the Yates and Queen formations through its Shugart "B" Well No. 1 located in the SW/4 SE/4 of Section 33, Township 18 South, Range 31 East.



Proposed Location
RED HILLS FIELD
Sec. 8 - 26S - 33E
LEA COUNTY, NEW MEXICO

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
OFF. _____	EXHIBIT NO. <u>1</u>
CASE NO. <u>4372</u>	

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

OFFICE OF THE
CLERK OF THE COMMISSION

JUN 30 PM 12 58

IN THE MATTER OF THE APPLI-)
CATION OF INTERNATIONAL)
HYDROCARBONS INCORPORATED)
FOR AN EXCEPTION TO WELL)
LOCATION REQUIREMENTS OF)
SPECIAL POOL RULES FOR THE)
RED HILLS-WOLFCAMP GAS POOL,)
LEA COUNTY, NEW MEXICO.)

Case No. 4372

NOTICE OF HEARING

THE STATE OF NEW MEXICO -
TO ALL PERSONS INTERESTED:

NOTICE IS HEREBY GIVEN that on the 1st day of July, 1970, at ___ o'clock A.M., a hearing will be held before the Examiner of the New Mexico Oil Conservation Commission on the Application of International Hydrocarbons Incorporated for an exception to the special pool rules for the Red Hills-Wolfcamp gas pool, Lea County, New Mexico, wherein Applicant seeks a well location exception to the special pool rules permitting the drilling of a well 990 feet from the North line and 990 feet from the West line of Section 8, Township 26 Souty, Range 33 East, N.M.T.M. Lea County, New Mexico.

At the hearing on July 1, 1970, you may appear and give testimony and evidence why said Application may not be granted.

DONE AND PERFORMED this ___ day of June, 1970.

NEW MEXICO OIL CONSERVATION
COMMISSION

SCHUMAN, PRAY, SCOTT & LIVINGSTON
ATTORNEYS AND COUNSELORS AT LAW
SUITE 2800 FOURTH NATIONAL BANK BUILDING
TULSA, OKLAHOMA 74119
TELEPHONE 918 383-1366

JERALD M. SCHUMAN
DONALD E. PRAY
ROGER R. SCOTT
JOHN J. LIVINGSTON
W. BLAND WILLIAMSON
MICHAEL SHERIFF

GEORGE H. BOWEN
OF COUNSEL

June 9, 1970

Case 4372

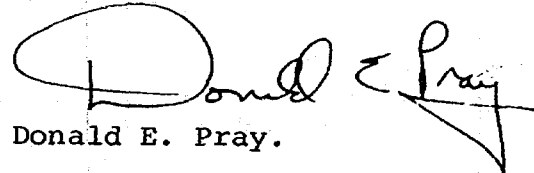
The Secretary
Oil Conservation Commission
Sante Fe, New Mexico

Gentlemen:

Enclosed is an Application for Well Location Exception to be heard at the Examiner Hearing on July 1, 1970. Would you please docket this Application and cause the necessary Notices to be published and/or mailed.

Your assistance and co-operation will be appreciated.

Very truly yours,


Donald E. Pray.

DEP:mpe
Enclosures.

cc: International Hydrocarbons,
Incorporated.

DOCKET MAILED

Date 6-18-70

PH 12 58

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLI-)
CATION OF INTERNATIONAL)
HYDROCARBONS INCORPORATED)
FOR AN EXCEPTION TO WELL)
LOCATION REQUIREMENTS OF)
SPECIAL POOL RULES FOR THE)
RED HILLS-WOLFCAMP GAS POOL,)
LEA COUNTY, NEW MEXICO.)

Case No. 4372

APPLICATION

COMES NOW International Hydrocarbons Incorporated, Applicant,
and shows the Commission as follows:

1. THAT it is the owner of certain oil and gas leasehold
interests in Section 8, Township 26 South, Range 33 East,
N.M.T.M., Lea County, New Mexico.

2. THAT on June 2, 1966, this Commission did establish
special pool rules for the Red Hills-Wolfcamp gas pool by virtue
of Order No. R-3073.


3. THAT subsequent to the establishment of special pool
rules, a Red Hills-Wolfcamp gas well was drilled and completed
approximately 990 feet from the North line and 1,650 feet from
the East line of Section 5, Township 26 South, Range 33 East,
Lea County, New Mexico, and under the provisions of Order No.
Case R-3158, Section 8 is within one (1) mile of the well of Section 5
and, accordingly, is governed by special pool rules.

4. THAT Applicant intends to drill a well in Section 8, to
test the Red Hills-Wolfcamp gas pool and, under the well location
requirements of Order No. R-3073, and particularly Rule No. 4,
each well in the Red Hills-Wolfcamp gas pool shall be located no
nearer than 1,650 feet to the outer boundary of any section line
and no nearer than 330 feet to any governmental quarter-quarter
section line.

5. THAT Applicant desires to locate its proposed well in
Section 8, 990 feet from the North line and 990 feet from the
West line of Section 8 at a location approximately in the center
of the SE NW NW of Section 8, Township 26 South, Range 33 East,
N.M.T.M., Lea County, New Mexico.

6. THAT Applicant is advised, and therefore believes, that
the geological interpretations indicate that a well located in
accordance with the special pool rules would be in a structurally
undesirable position involving a high degree of economic risk;
and Applicant further shows to this Commission that its proposed
location is over one (1) mile distant from the nearest producing
well in the Red Hills-Wolfcamp gas pool, and that no disadvantage
or detriment would be worked upon any of the adjacent land owners.
That in the interests of avoiding economic loss, the prevention
of waste and the protection of correlative rights, it is requested
that this Commission grant a well location exception as herein
prayed for and for such other relief as may be just and proper.

WHEREFORE, Applicant prays that this case be set for the Examiner's hearing on July 1, 1970, at ___ o'clock A.M., and that notice of the hearing be given as required by the law and regulations of the New Mexico Oil Conservation Commission, and that Applicant be granted permission to drill a well 990 feet from the North line and 990 feet from the West line of Section 8, Township 26 South, Range 33 East, N.M.T.M., Lea County, New Mexico, and that pursuant to the hearing the Applicant be granted such other relief as is just and proper in the premises.



Donald E. Pray, Attorney for
International Hydrocarbons
Incorporated.

DRAFT

GMH/esr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4372

Order No. R-3986

APPLICATION OF INTERNATIONAL HYDROCARBONS
INCORPORATED FOR AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 1, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of July, 1970, the Commission, a
quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.
- (2) That the applicant, International Hydrocarbons Incorporated,
seeks an exception to Rule 4 of the Special Rules and Regulations
governing the Red Hills-Wolfcamp Gas Pool as promulgated by Order
No. R-3073 to drill a well at an unorthodox gas well location 990
feet from the North line and 990 feet from the West line of Section
8, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico.
- (3) That the evidence indicates that a well drilled at the
proposed non-standard location should encounter the productive
formation higher than a well drilled at a standard location and
should, therefore, result in greater ultimate recovery of gas,
thereby preventing waste.

(4) That the evidence indicates that the entire subject section is productive of gas in the Red Hills-Wolfcamp Gas Pool.

(5) That the entire subject section can be efficiently and economically drained and developed by the subject well.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Red Hills-Wolfcamp 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 otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, International Hydrocarbons Incorporated, is hereby granted an exception to the well location requirements of the Red Hills-Wolfcamp Gas Pool as promulgated by Order No. R-3073 and is hereby authorized to drill a well at an unorthodox gas well location 990 feet from the North^{line} and 990 feet from the West line of Section 8, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico.

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

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

**CASE 4373: Application of BENSON-
MONTIN-GREER DRUG. CORP. FOR POOL
REDELINEATION, RIO ARRIBA COUN**