

Case Number

4685

Application

Transcripts

Small Exhibits

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
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BEFORE THE
 NEW MEXICO OIL CONSERVATION COMMISSION
 CONFERENCE ROOM, STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO
 April 5, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Fluid Power
 Pump Company for two non-
 standard oil proration units,
 Sandoval County, New Mexico.

Case No. 4685

BEFORE: Daniel S. Nutter
 Alternate Examiner.

TRANSCRIPT OF HEARING

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1 MR. NUTTER: We'll call next case number
2 4685.

3 MR. HATCH: Case 4685, Application of Fluid
4 Power Pump Company for two non-standard oil proration units,
5 Sandoval County, New Mexico.

6 MR. KELLAHIN: If the Examiner please, Jason
7 Kellahin, Kellahin and Fox, Santa Fe, appearing for the
8 applicant, and we have one witness.

9 (THEREUPON, the witness was duly sworn.)

10
11 VAL R. REESE

12 was called as a witness on behalf of the applicant, and having
13 been first duly sworn, testified upon his oath as follows,
14 to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Would you state your name, please?

19 A Val R. Reese.

20 Q And what business are you engaged in, Mr. Reese?

21 A Consulting geologist.

22 Q And in connection with your work as consulting
23 geologist, have you done any work for Fluid Power Pump
24 Company, the applicant in this case?

25 A Yes, sir, I have.

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1 Q Have you testified before the Oil Conservation
 2 Commission or one of its examiners and made your qualifica-
 3 tions a matter of record?

4 A Yes, sir, I have.

5 MR. KELLAHIN: Are the witness's qualifications
 6 acceptable?

7 MR. NUTTER: Yes, they are.

8 Q Mr. Reese, what is proposed by the applicant
 9 in case number 4685?

10 A The proposal is to establish two non-standard
 11 one hundred and sixty acre blocks.

12 Q As proration units?

13 A As proration units, yes.

14 Q And is that in the Media-Entrada oil pool in
 15 Sandoval County?

16 A That's correct. Township 19 North, Range 3
 17 West, sir.

18 MR. KELLAHIN: If the Examiner please, this is
 19 a companion case to case number 4673, in which the Commission
 20 entered its order R-4724 approving two non-standard units,
 21 and in that case the Commission made a finding that the
 22 application in this case had been filed, so I would ask the
 23 Commission to take notice of the record in case 4673, in
 24 connection with the hearing on this case.

25 MR. NUTTER: We will take administrative notice

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1 of that record, and also order number R-4274.

2 MR. KELLAHIN: And order number R-4277.

3 Q Now, will you describe, Mr. Reese, the non-
 4 standard units that are proposed by Fluid Power Pump Company?

5 A Do you want me to cover these first?

6 Q Yes, uh-huh.

7 A The number one unit is located in the south half
 8 of the southwest quarter of Section 14, and the north half of
 9 the northwest quarter of Section 23, and the second unit is
 10 located in the south half of the southeast of Section 15 and
 11 the north half of the northeast of Section 22.

12 Q And will that essentially complete your spacing
 13 pattern for the pool as it is presently developed?

14 A Yes, it will.

15 Q Do you propose to drill any further wells out-
 16 side these particular units at the present time?

17 A Yes, we are preparing to drill additional wells
 18 in the northeast and the northwest of Section 22 and our
 19 proposed acreage outline for that well would be the northwest
 20 quarter of Section 22.

21 Q So that would not be a non-standard unit, then,
 22 in that case?

23 A That would be a standard unit.

24 Q That would be a standard unit?

25 A Yes.

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Q Now, it was originally proposed to unitize this area? Has anything been done in connection with that?

A Yes, sir, it has. We have, since our last hearing here, visited with the U.S.G.S. in Roswell, and the U.S.G.S. there examined what we have done and gone over this, and their recommendation, at least for the present, is that we continue to use these one hundred and sixty acre drilling tracts and defer the unitization. They feel this is satisfactory, due to the fact that the land is all federal land, and for that reason that they -- they do not believe that it is necessary for us at this time to go ahead with the unitization.

Q But they will communitize, is that correct?

A That is correct. They gave us the communitization forms for the one hundred and sixty acre blocks, and we are in the process of communitizing them.

Q Now, in your opinion, would the communitization of these one hundred and sixty acre blocks fully protect the overriding royalties that are involved?

A In my opinion it will. We are preparing the overriding royalty under the communitization of the one hundred and sixty acre tracts.

Q Now, at the present time you do have producing wells on both of these tracts, is that correct?

A That's correct. The federal Media number one

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1 well and the federal Media number two well -- and since the
 2 Commission order, this was a common tank battery at the time
 3 the order came out, and we have separated the number of federal
 4 Media number one and the federal Media number two in at least
 5 two separate tank batteries.

6 Q Now, you have completed an additional well, have
 7 you not, in one of these units?

8 A Yes, and the unit termed block three on the map,
 9 we have drilled and set casing in the well in the southwest
 10 of the southeast of Section 15. The well is not completed yet
 11 but we have swabbed it and we are preparing to set a pump jack
 12 on it.

13 Q Now, do you propose to drill that well on the
 14 unit that is marked number four?

15 A Yes, we do. The federal Media number one has
 16 four and a half inch casing in it, and we are unable to set
 17 a large pump unit on it. We have it at its maximum capacity
 18 now. We have, since the date of this order, moved a larger
 19 pumping unit on the well. It is a 456, but -- and we are
 20 producing the well now at the rate of a hundred and -- approx-
 21 imtaely a hundred and seventy-five barrels per day, which has
 22 shown an increase.

23 However, we are planning a well, a second well,
 24 in the northwest of the northwest of Section 23, and we will
 25 stake both wells that we are planning here in the next few days.

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1 Q Was exhibit number one prepared by you or under
 2 your supervision?

3 A Yes, sir, they were.

4 MR. KELLAHIN: At this time, I would offer in
 5 evidence, exhibit number one.

6 MR. NUTTER: Applicant's Exhibit Number One
 7 will be admitted in evidence.

8 MR. KELLAHIN: That's all I have of this wit-
 9 ness, Mr. Nutter.

10

11

CROSS EXAMINATION

12

BY MR. NUTTER:

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Q Mr. Reese, now, order number R-4274 approved
 the non-standard unit which you have identified here on this
 exhibit as block one, correct?

A Yes, sir, that's correct.

Q And it also authorized the proration unit you
 have identified as block two?

A That's correct.

Q So what you are seeking here is block three and
 four today, now, for the time being, until an additional well
 has been drilled on block three, your Federal Media number
 two will be the well that is dedicated to that proration unit?

A That's correct.

Q But you are proposing well number four, which

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1 would be the second well on the property -- proration unit,
 2 correct?

3 A. That's correct. That's right. It will produce
 4 into the number --

5 Q. I mean, you are not proposing it, you have
 6 already set casing on that one?

7 A. We have set casing on it.

8 Q. So you will have two wells on that unit, now,
 9 for block number four, for the time being, you will have
 10 that dedicated to well Federal Media number one?

11 A. That's correct.

12 Q. And you are proposing another well in the north-
 13 west northwest of Twenty-three for that unit, later?

14 A. Yes, sir.

15 Q. All right. And also, you are proposing a well
 16 in the northeast northwest of Twenty-two, but that will be a
 17 standard proration unit with no problem there at all?

18 A. That will be a standard proration unit, right.

19 MR. NUTTER: Are there any further questions
 20 of Mr. Reese? He may be excused.

21 (THEREUPON, the witness was excused.)

22 MR. NUTTER: Do you have anything further,
 23 Mr. Kellahin?

24 MR. KELLAHIN: That's all, Mr. Nutter. Thank
 25 you.

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MR. NUTTER:

Does anyone have anything they

wish to offer in case number 4685? We'll take the case
under advisement.

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1 STATE OF NEW MEXICO)
 2) SS.
 3 COUNTY OF BERNALILLO)

4 I, LINDA MALONE, a Certified Shorthand Reporter, do
 5 hereby certify that the foregoing and attached transcript of
 6 hearing before the New Mexico Oil Conservation Commission was
 7 reported by me; and that the same is a true and correct record
 8 of the said proceedings, to the best of my knowledge, skill
 9 and ability.

10
 11 *Linda Malone*
 12 CERTIFIED SHORTHAND REPORTER
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I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Bernalillo hearing of Case No. 4685
 heard by me on 4/5, 1972

Linda Malone, Reporter
 New Mexico Oil Conservation Commission

dearnley-meier reporting

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I N D E X

PAGE

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OIL CONSERVATION COMMISSION

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

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

**STATE GEOLOGIST
A. L. PORTER, JR.**

SECRETARY - DIRECTOR

April 17, 1972

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4685
Order No. R-4287
Applicant:
Fluid Power Pump Company

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.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	
Aztec OCC	<u>x</u>

Other _____

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. 4685
Order No. R-4287

APPLICATION OF FLUID POWER PUMP
COMPANY FOR TWO NON-STANDARD OIL
PRORATION UNITS, SANDOVAL COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 5, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of April, 1972, 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, Fluid Power Pump Company, seeks approval of two 160-acre non-standard oil proration units in the Media-Entrada Oil Pool, comprising the S/2 SW/4 of Section 14 and the N/2 NW/4 of Section 23; and the S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22, all in Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico.

(3) That each of the proposed non-standard proration units can reasonably be presumed to be productive of oil and can be efficiently and economically drained and developed by the wells to which the units are to be dedicated.

(4) That approval of the subject application 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 a 160-acre non-standard oil proration unit comprising the S/2 SW/4 of Section 14 and the N/2 NW/4 of Section 23 and a 160-acre non-standard oil proration unit

-2-

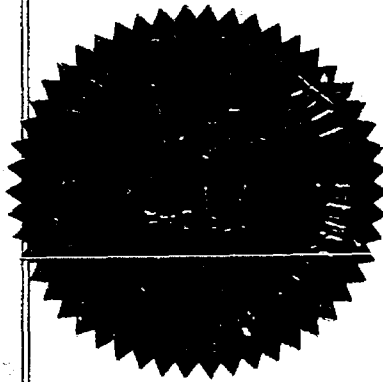
CASE NO. 4685

Order No. R-4287

comprising the S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22, all in Township 19 North, Range 3 West, NMPM, Media-Entrada Oil Pool, Sandoval County, New Mexico, are hereby established.

(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

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

TO WHOM IT MAY CONCERN:

I, A. L. PORTER, Jr., Secretary-Director of the New Mexico Oil Conservation Commission, do hereby certify that the attached is a true and correct copy of Commission Order No. R-4287.

A. L. PORTER, Jr.
Secretary-Director

October 16, 1972

IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 16th day of October, 1972.

Notary public

My Commission Expires:

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. 4685
Order No. R-4287

APPLICATION OF FLUID POWER PUMP
COMPANY FOR TWO NON-STANDARD OIL
PRORATION UNITS, SANDOVAL COUNTY,
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(2) That the applicant, Fluid Power Pump Company, seeks approval of two 160-acre non-standard oil proration units in the Media-Entrada Oil Pool, comprising the S/2 SW/4 of Section 14 and the N/2 NW/4 of Section 23; and the S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22, all in Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico.

(3) That each of the proposed non-standard proration units can reasonably be presumed to be productive of oil and can be efficiently and economically drained and developed by the wells to which the units are to be dedicated.

(4) That approval of the subject application 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 a 160-acre non-standard oil proration unit comprising the S/2 SW/4 of Section 14 and the N/2 NW/4 of Section 23 and a 160-acre non-standard oil proration unit

-2-
CASE NO. 4685
Order No. R-4287

comprising the S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22, all in Township 19 North, Range 3 West, NMPM, Media-Entrada Oil Pool, Sandoval County, New Mexico, are hereby established.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

(Case 4683 Continued)

seeks the creation of a new pool for the production of oil to be designated the Metts Permo-Pennsylvanian Pool for its three wells located in Unit L of Section 29, Unit P of Section 30 and Unit D of Section 32, Township 14 South, Range 34 East, Lea County, New Mexico. Applicant further seeks the promulgation of special rules for the pool including a provision for 160-acre spacing and proration units.

CASE 4684: Application of The Petroleum Corporation for creation of a new gas pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for its Tenneco Federal Well No. 1 located 990 feet from the South line and 2310 feet from the West line of Section 12, Township 26 South, Range 37 East, Lea County, New Mexico. Applicant further seeks the promulgation of special rules therefor, including a provision for 640-acre spacing and proration units.

CASE 4689: Application of Petroleum Corporation of Texas for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose into unlined surface pits water produced by its Dexter Federal Well No. 15 located in Unit J of Section 15, and all of its wells located or to be located in the NW/4 of Section 20, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 4685: Application of Fluid Power Pump Company for two non-standard oil proration units, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard oil proration units in Township 19 North, Range 3 West, Media-Entrada Oil Pool, Sandoval County, New Mexico, comprising the following-described acreage:

1. S/2 SW/4 of Section 14 and the N/2 NW/4 of Section 23;
2. S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22.

JASON W. KELLAHIN
ROBERT E. FOX

KELLAHIN AND FOX
ATTORNEYS AT LAW
54 1/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

March 8, 1972

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OIL CONSERVATION COMMT.
SANTA FE

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

Case 4685

Re: Fluid Power Pump Company

Gentlemen:

Enclosed in original and two copies is application of Fluid Power Pump Company for approval of two non-standard proration units, Media-Entrada Pool, Sandoval County, New Mexico.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

JWK:abs

Encls: as stated

cc: Mr. Richard S. Morris (w/enc.)
Montgomery, Federici, Andrews,
Hannahs & Morris

DOCKET NEEDED

Date 3/23/72

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF FLUID POWER PUMP COMPANY FOR
APPROVAL OF TWO NON-STANDARD PRO-
RATION UNITS, MEDIA-ENTRADA POOL,
SANDOVAL COUNTY, NEW MEXICO.

RECEIVED

MAR 8 1972

OIL CONSERVATION COM. N.M.

Case 4685

A P P L I C A T I O N

Comes now Fluid Power Pump Company and applies to the Oil Conservation Commission of New Mexico for approval of two non-standard oil proration units in the Media-Entrada Pool, Sandoval County, New Mexico, and in support thereof would show the Commission:

1. Applicant proposes to form non-standard units, as follows:
 - A. The S/2 SW/4 of Section 14, and the N/2 NW/4 of Section 23, all in Township 19 North, Range 3 West, N.M.P.M.
 - B. The S/2 SE/4 of Section 15, and the N/2 NE/4 of Section 22, all in Township 19 North, Range 3 West, N.M.P.M.
2. Applicant has made application for approval of a pressure maintenance project, and for approval of two non-standard oil proration units in the same pool.
3. Applicant is the owner of the entire working interest in the area involved, and all of the acreage is federally-owned.
4. In order to protect the correlative rights of some owners of overriding royalty interests, it is necessary to dedicate additional acreage to producing wells in the pool, and the non-standard units is an appropriate way to achieve dedication of the entire productive area of the pool as it presently exists.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission approve the non-standard proration units as applied for.

Respectfully submitted,

FLUID POWER PUMP COMPANY

By Jason W. Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

gmh GMH/dr *(initials)*

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. 4685

Order No. R- 4287

APPLICATION OF FLUID POWER PUMP
COMPANY FOR TWO NON-STANDARD OIL
PRORATION UNITS, SANDOVAL COUNTY,
NEW MEXICO.

dm

ORDER OF THE COMMISSION

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This cause came on for hearing at 9 a.m. on April 5, 192,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of April, 1972, 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, Fluid Power Pump Company, seeks
approval of two 160-acre non-standard oil proration units in
the Media-Entrada Oil Pool, comprising the S/2 SW/4 of Section 14
and the N/2 NW/4 of Section 23; and the S/2 SE/4 of Section 15 and
N/2 NE/4 of Section 22, ^{*all*} ~~both~~ in Township 19 North, Range 3 West,
NMPM, Sandoval County, New Mexico.

each of
(3) That ^{each of} the proposed non-standard proration units ^{Can reasonably be presumed to be productive of oil and} can be efficiently and economically drained and developed by the subject wells *to which the units are to be dedicated*.

(4) That approval of the subject application 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 ^a ~~two~~ 160-acre non-standard oil proration units ^{comprising} in ~~the Media-Entrada Oil Pool~~ comprising the S/2 SW/4 of Section 14 ^{and a 160-acre non-standard oil proration unit comprising} and the N/2 NW/4 of Section 23 ^{all} and the S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22, ~~both~~ ^{Media-Entrada oil Pool,} in Township 19 North, Range 3 West, NMPM, ^A Sandoval County, New Mexico, are hereby established.

(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.