

ROBERTSON, LISA COURTNEY, 1980-1983

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CASE No.

5089

Application,

Transcripts,

Small Exhibits

ETC.

dearnley, meier & associates

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
Wednesday, October 31, 1973

IN THE MATTER OF:

Application of Coquina Oil Corporation for an
unorthodox oil well location, Lea County,
New Mexico. 1325 feet from the South line
and 660 feet from the East line of Section
27, Township 14 South, Range 34 East,
High Plains-Pennsylvanian Pool, Lea County,
New Mexico.

Case No.
5089

BEFORE: RICHARD L. STAMETS
Examiner

TRANSCRIPT OF EXAMINER HEARING

1 MR. STAMETS: Call next Case 5086.

2 MR. DERRYBERRY: Case 5086, Application of Skelly
3 Oil Company for a Unit Agreement, Lea County, New
4 Mexico.

5 MR. STAMETS: At this point, I would like to state
6 that Case 5088, the Amini Case, will be heard after the
7 coffee break this morning. Call for appearances in
8 Case 5086.

9 MR. BLODGETT: C. E. Blodgett, Tulsa, representing
10 Skelly Oil Company, and I believe you have heretofore
11 been given an Entry of Appearance, copy of it, from
12 Louis White, L. C. White.

13 MR. STAMETS: Mr. Blodgett, I notice Case 5087
14 concerns the same area, would you like those
15 consolidated?

16 MR. BLODGETT: Yes, we would like to have those
17 consolidated for purposes of hearing.

18 MR. STAMETS: Cases 5086 and 5087 will be
19 consolidated for purposes of testimony. Are there any
20 other appearances in these cases?

21 (No response.)

22 MR. BLODGETT: We have two witnesses.

23 MR. STAMETS: They may stand and be sworn, please.

24 FRANK D. MCATEE,

25 a witness, having been first duly sworn according to law, upon

1 his oath testified as follows:

2 DIRECT EXAMINATION

3 BY MR. BLODGETT:

4 MR. BLODGETT: Before we get into the formal part
5 of this hearing, I would like to note that in Application
6 5087 we had listed 84 wells as injection wells, and we
7 wanted to add one, delete one, in our listing.

8 MR. STAMETS: Is that in the form of an exhibit or
9 just an Application?

10 MR. BLODGETT: It's in the Application and it will
11 go the same way. I've made the ink notation on one of
12 the exhibits that I will hand to you, but we will add it--

13 MR. STAMETS: You do have an exhibit that reflects
14 this?

15 MR. BLODGETT: Yes.

16 MR. STAMETS: We will just take it up at that time.

17 Q (By Mr. Blodgett) All right. Will you please state your
18 name, your occupation, and by whom you are employed?

19 A Frank D. McAtee, employed by Skelly Oil Company in its
20 West Central District Office at Midland, Texas. I'm
21 a Senior Production Engineer for Skelly.

22 Q Mr. McAtee, have you testified before this Commission
23 a previous time and your qualifications been accepted?

24 A Yes, they have.

25 Q What are your duties and responsibilities of your

1 position with Skelly Oil Company?

2 A My principal duties are handle unitization work for
3 Skelly Oil Company in Texas and in New Mexico. I act
4 as the expeditor where Skelly is going to operate the
5 unit and I act as the company's representative in all
6 instances where other companies will operate the units.

7 Q Are you familiar with the Unit Agreement which is proposed
8 for the Langlie-Mattix Unit Area, Meyers Langlie-Mattix
9 Unit?

10 A Yes, I am.

11 Q Was it prepared by you or under your direction and
12 supervision?

13 A Yes, sir.

14 Q Should the Commission approve that Unit Agreement, what
15 kind of operation will be conducted with respect to the
16 Langlie-Mattix formation?

17 A Initially, it would be a water injection project for
18 additional recovery of oil in the Langlie-Mattix
19 Reservoir.

20 Q Now, in your position with Skelly, are you familiar with
21 that agreement that is being proposed in the unitization
22 project?

23 A Yes, sir, I am.

24 Q Was this Unit Agreement prepared specifically for this
25 Meyers Langlie-Mattix Unit?

- 1 A Yes.
- 2 Q I hand you a copy or call to your attention an instrument
- 3 that has been marked Exhibit Number 1, and I ask you
- 4 what that is?
- 5 A Exhibit Number 1 is the Unit Agreement for the Meyers
- 6 Langlie-Mattix Unit, an instrument to which we've
- 7 previously made reference.
- 8 Q Did all of the Lessees who have committed their interest
- 9 to the plan do so by ratifying this unit Agreement?
- 10 A Yes, sir.
- 11 Q I call your attention to what has been marked as Exhibit
- 12 Number 2 and ask you what that is?
- 13 A Exhibit Number 2 is a map showing each individual tract
- 14 within the area of the proposed unit, along with the
- 15 schedule showing the percent of working interest and
- 16 the percent of royalty interest in each tract that's
- 17 been assigned and committed to this unit.
- 18 Q That percentage is outlined what, on the right-hand side
- 19 of that exhibit?
- 20 A That's right.
- 21 Q Was this exhibit prepared by you or under your direction
- 22 and supervision?
- 23 A Yes, it was.
- 24 Q What percentage of the Lessees of record on the surface
- 25 acreage basis have signed or ratified the Unit Agreement?

- 1 A We've secured signature of 97 one-half percent of the
2 Lessee ownership of the surface acreage and this would
3 represent 92 percent of the unit participation as of this
4 time.
- 5 Q What percent of the royalty owners have signed this
6 or ratified this Unit Agreement?
- 7 A We have both Federal, State, and additional fee land in
8 the unit; 45 percent are Federal lands, 16 percent are
9 State lands, and the agencies responsible for those
10 lands have extended preliminary approval subject to
11 final approval after approval of the unit by this
12 Commission. The remaining 28 percent of acreage is
13 owned in fee and we have secured approximately 88 percent
14 of the signatures for the fee royalty.
- 15 Q Does that Unit Agreement designate the area that is
16 covered thereby?
- 17 A Yes, the Unit Agreement has an exhibit marked Exhibit A,
18 which is a plat showing the unit boundary and the area
19 within the boundary. Exhibit B in the Unit Agreement
20 describes each of the separately owned tracts in the
21 unit area and the entire area outlined by the proposed
22 unit boundary comprises 9,923.68 acres.
- 23 Q How many separately-owned tracts are covered by the
24 Unit Agreement?
- 25 A There are 82, and each of these tracts are shown and

- 1 numbered on Exhibits A and B of the Unit Agreement.
- 2 Q Will all of these tracts that are included in Exhibit A
- 3 and B be qualified for inclusion on the effective date of
- 4 the unit?
- 5 A No, they will not.
- 6 Q Will this adversely affect the unit operations?
- 7 A No, we don't anticipate that it would do so. In those
- 8 areas where nonjoinder could have an adverse effect on
- 9 our operations, we have secured indication from each of
- 10 the working interest owners there that they are willing
- 11 and would like to execute lease line injection agreements
- 12 and compensating objections.
- 13 Q Does the unit provide for such agreement?
- 14 A Yes, that provision is made in Section 40 of the Unit
- 15 Agreement.
- 16 Q How will the operations of the unit be managed?
- 17 A The actual operations in the unit area will be carried
- 18 on by the unit operator who will be under the
- 19 supervision of the working interest owners in the unit
- 20 at all times.
- 21 Q Who has been designated in the Unit Agreement as the
- 22 initial unit operator?
- 23 A Skelly Oil Company.
- 24 Q What authority will the working interest owners have over
- 25 the unit operator?

- 1 A The unit operator at all times will be acting under the
2 supervision and direction and subject to the approval
3 of the working interest owners.
- 4 Q Does the Unit Agreement establish a method for allocations
5 of unit production among and to the separately-owned
6 tracts in the unit?
- 7 A Yes, the method of allocating unitized substances is
8 described in detail in Section 16 of the Unit Agreement.
- 9 Q Are the tract participation percentages shown in the
10 Unit Agreement?
- 11 A Percentages of tract participation are expressed in
12 Exhibit C to the Unit Agreement and this exhibit will
13 be revised to account for those tracts that may not
14 qualify on the effective date. We will revise those
15 participation factors using the same factors and the
16 same formula that was used to arrive at the present
17 Exhibit C.
- 18 Q How will the unit production allocated to the separately-
19 owned tract be distributed to the individual owners of
20 the royalty and the Lessees in that tract?
- 21 A Unit participation allocated in any separately-owned
22 tract will be distributed among the various interest
23 owners in that tract on the same basis as if the
24 allocated production were actually produced from that
25 tract.

1 Q Who pays the cost and expenses of the unit?

2 A All unit costs and expenses will be borne solely by the
3 working interest owners.

4 Q Under the terms of the Unit Agreement, is the owner of
5 the normal royalty interest obligated to pay any part of
6 the unit or expenses?

7 A No.

8 Q When will the Unit Agreement become effective if the
9 Commission issues an order approving it?

10 A On the first day of the month next following the date
11 when final approval has been secured from the Commissioner
12 of Public Lands and from the United States Geological
13 Survey.

14 Q Does the Unit Agreement provide for a method by which the
15 unit shall or may be dissolved and its affairs wound up?

16 A Yes, provision is made for that in Section 24 of the
17 Unit Agreement.

18 Q Are you familiar with the formula for allocating unit
19 production for the separately-owned tracts within the
20 unit?

21 A Yes, I am.

22 Q Would you explain that formula, please?

23 A Phase I Tract Participation percentages represent 100
24 percent of the ratio which is oil and gas income
25 attributed to each tract during the year 1968, bears to

1 the oil and gas income attributed to all the tracts
2 during the year 1968. However, the term of Phase I
3 has not expired and Phase II will be effective on the
4 effective date of the unit. Phase II Tract Participation
5 percentages represent the sum of 85 percent of the ratio
6 which the ultimate primary oil volume attributed to all
7 tracts, or to each tract, bears to the total for all
8 tracts, plus 10 percent of the ratio which accumulative
9 oil production, attributed to each tract as of July 1,
10 1966, bears for the accumulative oil production to all
11 tracts as of July 1, 1966, plus five percent of the
12 ratio which tract acreage bears to the acreage of all
13 the tracts in the unit.

14 Q Does that formula which you have just explained give
15 weight and take into account, either directly or
16 indirectly, all the factors that should be considered?

17 A Yes, the formula gives consideration and weight to the
18 contribution of each tract to the unit in relation to
19 the contribution made by all other tracts in the unit.

20 Q And will the formula that you have explained apportion
21 and allocate to each separately-owned tract within the
22 unit that tract's fair, equitable, and reasonable share
23 of the unit production or the benefits from the unit
24 production?

25 A Yes, in my opinion, the formula will allocate to each

1 tract its fair, reasonable, and equitable share of the
2 unit participation.

3 Q Mr. McAtee, in your opinion, will this Unit Agreement
4 protect the correlative rights of all parties concerned,
5 and the operators, and the operations, in accordance
6 therewith, increase the recovery of the oil from the
7 properties covered?

8 A In my opinion, it will.

9 MR. BLODGETT: We move the admission of Exhibits
10 1 and 2, and we pass the witness.

11 MR. STAMETS: Without objection, these exhibits
12 will be admitted. Are there any questions of this
13 witness?

14 (No response.)

15 MR. STAMETS: He may be excused.

16 CHARLES W. DEER,
17 a witness, having first been duly sworn according to law, upon
18 his oath testified as follows:

19 MR. BLODGETT: We also have an Entry of Appearance
20 by Mr. White in this case as local counsel. I believe
21 you have the original in your files.

22 DIRECT EXAMINATION

23 BY MR. BLODGETT:

24 Q Would you please state your name, your occupation, by
25 whom you are employed?

1 A My name is Charles Deer and I'm employed by Skelly Oil
2 Company as an Advance Petroleum Engineer in their West
3 Central District.

4 Q Have you heretofore testified before this Commission and
5 your qualifications been accepted?

6 A Yes, sir.

7 Q I call your attention to what has been marked Exhibit
8 Number 3 and ask you what that is and what it shows.

9 A Exhibit 3 is a map showing the proposed unit area. It
10 shows the Lessees, the location of the wells included
11 in the project, location of the proposed injection wells,
12 and all other wells within a radius of two miles from the
13 proposed injection wells. This exhibit also shows the
14 formation from which these wells are producing or have
15 produced. The exhibit was presented with the Application
16 for Permit to inject into the 84 wells.

17 Skelly proposes to inject into the Langlie-Mattix
18 formation on a full-scale basis, to stimulate recovery
19 of secondary reserves.

20 New Mexico Oil Conservation Commission nomenclature
21 designates the limits of the Langlie-Mattix pool as
22 those formations between the lower 100 feet of the
23 Seven Rivers formation and the base of the Queen
24 formation, and this is our primary proposed unitized
25 interval. The proposed injection pattern is primarily

1 an 80-acre five-spot which has been modified along the
2 unit boundaries and the areas of decreased development.

3 I might mention that there are 36 undrilled
4 locations within the proposed unit. The proposed
5 pattern will require converting 84 wells into injection
6 wells. The injection rate anticipated is 27,300 barrels
7 per day or an average of 325 barrels of water per
8 injection well. Maximum well head pressures of
9 approximately 2,000 pounds are anticipated.

10 You might also include on this exhibit the
11 waterflood projects in the area which have already been
12 approved by the Commission and are currently in operation.
13 In the southern portion of your map, you might note
14 the George Buckles Knight-Jamison waterflood which was
15 started back in April of 1964, and also the Shell Oil
16 Company black waterflood in the Langlie-Mattix
17 waterflood unit. This was also started in 1964. In
18 the northwestern part of your map is the Continental
19 Oil Company's Langlie Lynn Queen Unit and this was
20 initiated in August of this year. Also, the Samedan
21 which is in the northern part of your map, the Samedan
22 Langlie-Mattix, Penrose Queen San Andres Unit, and it
23 was started in April of '73. Then, one other unit that
24 borders the proposed unit is the Reserve Cooper Jal Unit,
25 and this is the Jalmat Unit, and they are producing from

1 the Yates and Upper Seven Rivers formation.

2 Q Now, Mr. Deer, you mentioned there would be 84 injection
3 wells, and you are familiar with the Application that
4 Skelly filed in this case, are you not?

5 A Yes.

6 Q Now, is there any difference between the wells that were
7 outlined in the Application and the 84 wells that
8 are marked on this Exhibit Number 3?

9 A Yes, sir, there is three changes.

10 Q Would you outline those changes, please?

11 A Yes, the first one is the Continental Oil Company
12 Strawn B Number 3, B-1 Number 3, excuse me. That should
13 be included.

14 Q That's added?

15 A That is added.

16 MR. STAMETS: That's in Section 1 of 24,36?

17 THE WITNESS: Yes, sir.

18 A Then, the Skelly Oil Company J. W. Cooper lease, that
19 should be the Number 1 Well instead of the Number 2 Well,
20 and the unit on that is Unit K in the same section and
21 township, range.

22 MR. STAMETS: Then Number 1-K is substituted for
23 Number 2-K?

24 THE WITNESS: Yes.

25 A And then one well should be deleted, and that's the

1 Texas Pacific Oil Company Blinbry Federal-A Number
2 3, that's in Unit L of Section 29, Township 23 South,
3 Range 37 East.

4 MR. STAMETS: The net result is you still have 84
5 wells scheduled for injection?

6 A Yes, sir.

7 Q Mr. Deer, I call your attention to what has been
8 designated Exhibit Number 4. Would you outline what
9 that is and shows?

10 A Yes, sir, Exhibit 4 is downhole diagramatic sketches of
11 three typical proposed injection wells. The first
12 sketch shows a typical injection well with an openhole
13 completion. The second sketch is a typical injection
14 well with a cased hole completion, and the third is a
15 dually completed injection well with a Jalmat gas zone.

16 All three of these sketches show all the casing
17 strings, diameters, setting depths, quantity of cement
18 used, tops of cement, perforated or openhole intervals,
19 the tubing strings including the diameters and setting
20 depths, and also the type and location of the packer.
21 These sketches were presented with the Application for
22 the permit to inject.

23 Q Where will the injected fluid be confined?

24 A Injected fluid will be confined to the unitized interval.
25 Injection will be down internally lined tubing set on a

1 packer approximately 50 feet above the casing seat or
2 uppermost perforation. Periodic injectivity surveys
3 will be run to monitor injection and check for channels
4 behind the pipe. The spacing between the tubing and
5 casings in the completed wells will be filled with
6 inhibited fluid. Any mechanical failure that we note
7 downhole will be promptly repaired when it is detected.

8 Q I call your attention to Exhibit Number 5. Would you
9 explain what that is, please?

10 A Exhibit 5 is well completion data for wells in the unit
11 area, and shown in this tabulation are the operator, the
12 current operator, the lease and well number, completion
13 date, location, elevation, well total depth, casing data,
14 and their diameter and weight and setting depth, volume
15 of cement used, top of cement, whether it's calculated or
16 whether it was actual measure, top of cement, present
17 completion intervals, and the type of well proposed.

18 We list here 198 proposed unit wells, and out of
19 these, 139 are completed openhole intervals, 55 are
20 completed through perforations, four are completed with
21 both perforations and openhole sections. We anticipate
22 that 29 of these wells will be dually completed with the
23 Jalmat gas zone and 11 of these will be injection wells.

24 Q I call your attention to what has been marked as Skelly's
25 Exhibit Number 6. Would you explain what that is, please?

dearnley, meier & associates

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1 A Exhibit 6 is the primary performance graph for the unit
2 area. This graph shows average monthly oil production
3 from the unit area for the years 1967 through 1972,
4 and also actual oil production by months for January
5 through July 1973.

6 Development history of the Langlie-Mattix Zone
7 within the unit area began on March 1, 1936, with a
8 completion of Crown Centrals, which was formerly M & G
9 Carter, M. A. Merrin Number 1. A total of 206 wells
10 have been completed in the Langlie-Mattix Zone in the
11 proposed unit area. R. W. Cal Number 2 was completed
12 on March 9, 1966, and this was the last well drilled
13 in the unit area.

14 Of the 206 wells completed in the Langlie-Mattix
15 interval, 37 wells are currently producing, 81 wells are
16 shut-in or temporarily abandoned, 29 wells are producing
17 from the Jalmat Gas Zone, one well is servicing as an
18 injection well, and eight wells have been plugged and
19 abandoned. The monthly oil production rate for the
20 unit area for July of 1973 was 4,423 barrels, and this
21 is an average of 1.6 barrels of oil per day per
22 producing well. Primary recovery in the unit area is
23 considered to be approximately 100 percent complete,
24 ultimate primary was established at 8,691,311 barrels
25 of oil by the Engineering Subcommittee Study in February

1 of 1966. Cumulative production from the unit area to
2 August 1, 1973, has been 2,732,391 barrels of oil, or
3 42,390 barrels per well.

4 Q You state, then, that this zone is in a state of
5 depletion at this time, is that correct, as far as
6 primary recovery is concerned?

7 A Yes, sir.

8 Q I call your attention to Exhibit 7, what does that show?

9 A Exhibit 7 is completion well data showing the completion
10 data, initial current producing rates, and cumulative
11 oil production to January 1, 1973, for all wells in the
12 unit area. Current daily oil production from producing
13 oil wells in the unit area ranges from zero to 6.5 with
14 an average of 1.6 barrels of oil per day per well.
15 This also shows the cumulative oil production to January
16 1 of 1973 to be 2,699,406 barrels.

17 Q I call your attention to what has been marked as Exhibit
18 8, and would you explain that, please?

19 A Exhibit 8 is available well logs on the proposed
20 injection wells.

21 Q Have you made a tabulation of those wells?

22 A Yes, sir.

23 Q I call your attention to what has been marked Skelly's
24 Exhibit Number 9. Would you tell us what those exhibits
25 are?

1 A Yes, the Exhibit 9 is an analysis of produced water
2 from the unit area from the water supply source. The
3 water supply source is Skelly's Jal Water System, and
4 this system is presently delivering produced water
5 from the Seven Rivers Formation and Capitan Reef
6 Formation to several units and projects in the immediate
7 area. The Seven Rivers water is produced in association
8 with oil production from wells located in Section 3 and
9 the Capitan Water Reef is produced from supply wells
10 located in Sections 4, 5, and 16, and all these wells
11 are located in Township 23 South, Range 36 East. The
12 Jal Water System facility is located approximately four
13 miles west of the proposed unit area.

14 MR. BLODGETT: Mr. Examiner, we move the admission
15 of Exhibits 3 through 8 and pass the witness.

16 MR. STAMETS: Without objections, these exhibits
17 will be admitted.

18 CROSS-EXAMINATION

19 BY MR. STAMETS:

20 Q Mr. Deer, would it be possible for Skelly to furnish
21 us with another listing of the proposed injection wells
22 putting on there the unit name and the unit well number
23 as well as the original name and number?

24 A Yes, sir.

25 Q Okay. If you would furnish that to us as soon after the

1 as possible, that would be very helpful. I believe you
2 stated where the packers would be set. Did you say
3 within 100 feet?

4 A 50 feet. That would be above the casing seat or the
5 uppermost perforation.

6 Q Mr. Deer, if the Commission's District Supervisor was
7 not satisfied with the completion of any of these
8 particular wells as far as the casing and cementing goes,
9 would Skelly have any objections to working with him to
10 get the completion up to standards before starting
11 injection?

12 A Yes, sir, we would certainly comply with what he
13 requested.

14 Q As far as you know, they are all in good shape, as you
15 have indicated here on your exhibits?

16 A Well, all we know is just what their completion intervals
17 are and the cement that was used and this sort of stuff.

18 Q Okay. Turning to your Exhibit Number 4, the first page
19 of that does show a completion in a well with an
20 openhole interval. In this case, you would have 2 and
21 3/8-inch tubing internally coated, the annulus would be
22 loaded, packer would be within 50 feet of casing shute?

23 A Yes, sir.

24 Q The second page of that shows with cased hole and this
25 is completed essentially the same way except for casing

1 perforations and the annulus would be loaded in this
2 hole as well?

3 A Yes, sir.

4 Q In the third instance, you show one that is dually
5 completed. In this case, there would be no fluid in
6 the annulus?

7 A No, sir. In this particular case, it would produce
8 from the Jalmat Gas Zone through the casing tubing
9 annulus, which has been practiced in that particular
10 area.

11 Q And the leak would be detected in this case by finding
12 water in your gas line?

13 A Yes, sir, the well loading up or something like that.

14 Q If that should happen, you would notify the District
15 Office of the Commission?

16 A Yes, sir.

17 Q How many of these injectivity surveys do you anticipate
18 that you will be running in a normal year?

19 A Well, initially, I'm sure that we will run injectivity
20 profiles on every well that we convert to injection.

21 Q Would it be possible to furnish a copy of this to the
22 District Office of the Commission?

23 A Yes, if they requested it.

24 Q They would be available?

25 A Yes, sir.

1 Q The maximum pressure you exhibit is 2,000.

2 A 2,000 pounds.

3 MR. STAMETS: Are there any other questions of
4 this witness?

5 REDIRECT EXAMINATION

6 BY MR. BLODGETT:

7 Q Mr. Deer, in your opinion, will the proposed waterflood
8 project prevent waste by enabling the recovery of
9 additional oil that would otherwise not be recovered?

10 A Yes, sir.

11 Q Do you have any information or estimate of how much
12 more oil would possibly be recovered by this waterflood
13 project?

14 A The secondary oil reserves by waterflood of proposed
15 Meyers Langlie-Mattix Unit have been estimated at 6.9
16 million barrels. These reserves assume that
17 recoverable secondary oil will be close to 80 percent of
18 the estimated primary recovery. Waterflood performance
19 is estimated to yield a peak producing rate of 2,460
20 barrels of oil per day in three years after starting
21 injection, and the life of the waterflood project is
22 estimated to be 15 years.

23 MR. BLODGETT: I have no further questions.

24 MR. STAMETS: Are there any other questions of
25 the witness?

(No response.)

MR. STAMETS: Take the case under advisement.

Is there anything further in this case?

(No response.)

* * * * *

C E R T I F I C A T E

I, JOHN DE LA ROSA, a Court 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.

John De La Rosa
COURT REPORTER

October 31 5089
73
Richard L. Hunt
New Mexico Oil Conservation Commission

dearnley, meier & associates

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FRANK D. MCATEE

Direct Examination by Mr. Blodgett

3

CHARLES W. DEER

Direct Examination by Mr. Blodgett

11

Cross-Examination by Mr. Stamets

19

Redirect Examination by Mr. Blodgett

22

E X H I B I T SOFFEREDADMITTED

Exhibit Number 1

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Exhibit Number 2

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Exhibit Number 3

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Exhibit Number 4

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Exhibit Number 5

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Exhibit Number 6

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Exhibit Number 7

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Exhibit Number 8

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OIL CONSERVATION COMMISSION

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

L. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

October 25, 1973

Mr. Jim L. Harben
Coquina Oil Corporation
Building of the Southwest
Midland, Texas 79701

Re: CASE NO. 5089

ORDER NO. R-4647

Applicant:

Coguina Oil Corporation

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	

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. 5089
Order No. R-4647

APPLICATION OF COQUINA OIL
CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause was to come on for hearing at 9 a.m. on October 31, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of October, 1973, the Commission, a quorum being present, and being fully advised in the premises,

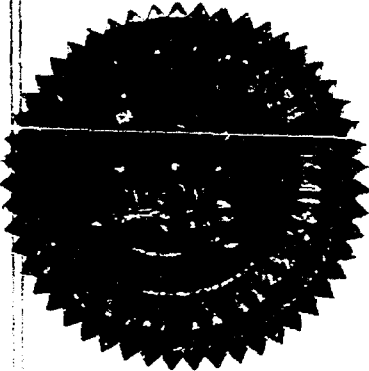
FINDS:

(1) That at the request of applicant the above-described order should be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 5089 is hereby dismissed.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. Trujillo
I. R. TRUJILLO, Chairman

Alex J. Armijo
ALEX J. ARMIGO, Member

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

S E A L

de/

Case 5089

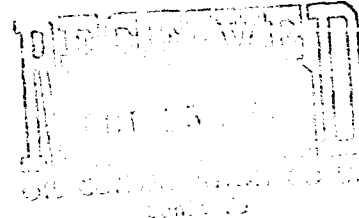


COQUINA OIL CORPORATION

Building of the Southwest Midland, Texas 79701 Telephone (515) 683-4561

October 12, 1973

was to come on for try
Oct 31 but all
request of appl
should be
dismissed



Mr. D. S. Nutter
Chief Engineer
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Unorthodox Location
High Plains Field
T-14-S, R-34-E, Section 27
Lea County, New Mexico

Dear Mr. Nutter:

Since our letter of October 2nd., in which we requested an Unorthodox Location for the Coquina No. 3 Cities Service-State, we have completed the drilling of our No. 2 Cities Service-State. The geological information gained from this well has changed our interpretation of the area.

Therefore, The Coquina Oil Corporation respectfully requests dismissal of the requested hearing for the Unorthodox Location as described in previous correspondence.

We will now drill at a standard location, being:

T-14-S, R-34-E
Section 27, 1980' FSL & 510' FEL

Thank you for your consideration in this matter.

Very truly yours,

COQUINA OIL CORPORATION

Jim L. Harben

Jim L. Harben

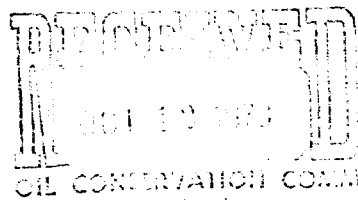
JLH:tc

cc: Mr. H. R. Huey
Regional Manager Conservation
Sun Oil Company



COQUINA OIL CORPORATION

Building of the Southwest Midland, Texas 79701 Telephone (915) 683-4661



October 10, 1973

Mr. D. S. Nutter
Chief Engineer
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Unorthodox Location
High Plains Field
T-14-S, R-34-E, Section 27
Lea County, New Mexico

Dear Mr. Nutter:

I have enclosed a copy of Sun Oil Company's letter waiving objection to our Unorthodox Location as set out in my letter of October 8th.

This copy is for your files. I will have the original with me at the October 31st. hearing.

Yours very truly,

COQUINA OIL CORPORATION

James L. Harben

James L. Harben

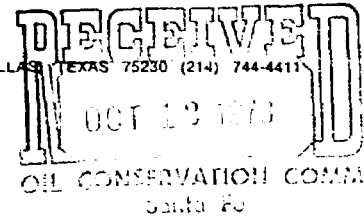
JLH:tc
encls.



NORTH AMERICAN EXPLORATION AND PRODUCTION GROUP
Dallas Production Region

SUN OIL COMPANY HILLCREST 635 OFFICE PARK, 12850 HILLCREST ROAD, DALLAS, TEXAS 75230 (214) 744-4411

October 8, 1973



Mr. James L. Harben
Coquina Oil Corporation
Building of the Southwest
Midland, Texas 79701

Re: Unorthodox Location
High Plains Field
T-14-S, R-34-E Section 27
Lea County, New Mexico

Dear Sir:

We have received your letter of October 2, 1973 in which you request a waiver for a location 660' FEL and 1320' FSL, Section 27, T-14-S, R-34-E, Lea County, New Mexico.

Sun Oil Company, as an operator in the area, has no objection to the exception location.

Yours very truly,

SUN OIL COMPANY

H. R. Huey
Regional Manager Conservation

HRH/af



High Plains

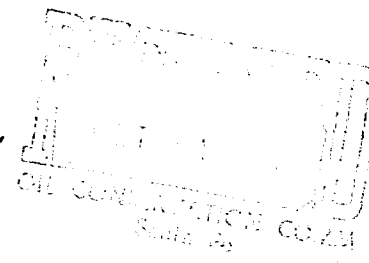
COQUINA OIL CORPORATION

Building of the Southwest Midland, Texas 79701 Telephone (915) 683-4661

October 2, 1973

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 5089



Re: Unorthodox Location
High Plains Field
T-14-S, R-34-E, Section 27
Lea County, New Mexico

Dear Mr. Porter:

The Coquina Oil Corporation respectfully requests administrative approval for the following Unorthodox Location in the above named field:

1315
Coquina Oil Corporation No.3 Cities Service-State
660' FEL & ~~1320'~~ FSL
Section 27, T-14-S, R-34-E
Lea County, New Mexico

This Unorthodox Location is requested in order to provide the most favorable development pattern for this field. It is our opinion that a well located at either of the standard locations would result in the following:

A location in the SW/4 of the SE/4 would probably be dry due to the stratigraphic nature of the reservoir.

A location in the NE/4 of the SE/4 would result in inadequate drainage and prevent maximum recovery of reserves.

A plat is enclosed showing all operators in this area, our proposed locations for future development and the acreage block which we hold as operator.

Offset operators have been notified of our intention to drill this Unorthodox Location by certified mail.

We anticipate receiving a waiver of objection from Sun Oil Company and will forward some to you as soon as possible.

Yours very truly,

COQUINA OIL CORPORATION

James L. Harben

James L. Harben

JLH:tc

DOCKET MARKED

Date _____

DRAFT

DSN/dr

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. 5089
Order No. R- 14647

APPLICATION OF COQUINA OIL
CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause was to come on for hearing at 9 a.m. on October 31,
1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of October, 1973, the Commission,
a quorum being present, and being fully advised in the premises,

FINDS:

(1) That at the request of applicant the above-described
order should be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 5089 is hereby dismissed.

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