

CASE 5262: Application of PETRO-
LEWIS FOR POOL CONTRACTION, CREA-
TION & POOL RULES, SANDOVAL COUNTY

Const 9/29/76

CASE No.

5262

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 29, 1976

EXAMINER HEARING

IN THE MATTER OF:

Case 5262 being reopened pursuant to)	CASE
the provisions of Order R-4822-B, which)	5262
order extended the special pool rules)	(Reopened)
for Southwest Media-Entrada Oil Pool,)	
Sandoval County, New Mexico.)	

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	William F. Carr, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

For the Applicant:	Jason W. Kellahin, Esq.
	KELLAHIN & FOX
	Attorneys at Law
	500 Don Gaspar
	Santa Fe, New Mexico

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1 MR. NUTTER: We will call Case Number 5262.

2 MR. CARR: Case 5262 in the matter of Case 5262
3 being reopened pursuant to the provisions of Order No. R-4822-B,
4 which order extended the special pool rules for the Southwest
5 Media-Entrada Oil Pool, Sandoval County, New Mexico, including
6 a provision for one hundred and sixty acre spacing and
7 proration units and a special depth bracket allowable of
8 seven hundred and fifty barrels of oil per day.

9 MR. KELLAHIN: If the Examiner please, Jason Kellahin,
10 Kellahin and Fox, appearing on behalf of Petro-Lewis Corporation,
11 the operator of the Southwest Media-Entrada Pool. We have one
12 witness to be sworn.

13 (THEREUPON, the witness was duly sworn.)

14
15 J. D. LANG

16 called as a witness, having been first duly sworn, was
17 examined and testified as follows:

18
19 DIRECT EXAMINATION

20 BY MR. KELLAHIN:

21 Q Would you state your name, please?

22 A I'm J. D. Lang.

23 Q By whom are you employed and in what position,
24 Mr. Lang?

25 A I'm employed by Petro-Lewis Corporation in Denver.

1 I'm the project engineer handling their West Texas and New
2 Mexico production.

3 Q Are you a petroleum engineer?

4 A Yes, sir.

5 Q Have you ever testified before the Oil Conservation
6 Commission of New Mexico?

7 A No, I haven't.

8 Q For the benefit of the Examiner would you briefly
9 outline your education and your experience as a petroleum
10 engineer?

11 A All right. I was graduated from the University of
12 Wyoming in May of 1973. I was employed by Amoco Production
13 Company from June of 1973 to May of 1976 as a production and
14 reservoir engineer. In June of 1976 I went to work for Petro-
15 Lewis Corporation and as I said, I'm a project engineer.

16 Q And you went to work for them in June?

17 A In June of this year.

18 Q Now, since you have been working for Petro-Lewis
19 have you made a study of the operations in the Southwest Media-
20 Entrada Pool?

21 A Yes, I have.

22 Q Have you reviewed the previous cases before the
23 Commission involved in this Pool?

24 A Yes, I have.

25 Q Are you familiar with the background of the existing

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1 order which is before the Commission here today?

2 A. Yes, sir.

3 MR. KELLAHIN: Are the witness' qualifications
4 acceptable?

5 MR. NUTTER: Yes, they are.

6 Q. (Mr. Kellahin continuing.) Mr. Lang, referring
7 to what has been marked as Petro-Lewis Exhibit Number One,
8 would you identify that exhibit, please?

9 A. Exhibit One is a structure map showing the Media-
10 Entrada Unit Pool and the Southwest Media-Entrada Pool. I
11 would like to point out the location of the three wells we
12 have completed in the Southwest Media Pool, being the Bone
13 Federal No. 5 and Bone Federal No. 6, both located in the
14 northwest quarter of Section 22. The third well completed in
15 the Media-Entrada is the Miller Federal No. 722 which is
16 located in the northeast quarter of Section 22.

17 Q. So there is presently three wells completed in that
18 pool?

19 A. Yes, that's correct.

20 Q. Two on one one-hundred-and-sixty-acre unit and one
21 on the other?

22 A. Right, the Miller Federal 722 is on a hundred-and-
23 forty-acre tract.

24 Q. A hundred-and-forty-acre unit because that was cut
25 out to be included in the Media-Entrada Pool, is that correct?

1 A. Yes, sir.

2 Q. Now, the two pools were separated on the basis of a
3 geological separation, do you find any evidence that that is
4 not still the case?

5 A. No, I don't.

6 Q. In your opinion they are two separate pools?

7 A. That's right.

8 Q. Now, referring to what has been marked as Exhibit
9 Number Two, would you identify that exhibit and discuss the
10 information shown on it?

11 A. All right, Exhibit Number Two is a tabulation of
12 production from the Bone Federal No. 6 Well completed in the
13 Southwest Media-Entrada Pool. I might note here that I have
14 only included production history from this well, although we
15 have three wells. Our Bone Federal No. 5 Well has virtually
16 been shut in all of this past year.

17 Q. Now, for what reason has it been shut in?

18 A. The No. 5 Well was originally perforated throughout
19 almost the whole oil column. There was about thirty-five
20 foot oil pay and they perforated thirty foot and I believe this
21 is the reason it has always been a high water producer. We
22 attempted to work over that well by squeezing with a soft
23 sensitive cement we hoped to set up in the water zone there
24 and eliminate a lot of the water production. What happened
25 instead was it really restricted all fluid production. So we

1 have plans for that well to probably re-perforate and possibly
2 an acid job to increase production but for the time being
3 we haven't and it has been, as I said, shut in virtually all
4 of this last year.

5 Q Go ahead and discuss your Exhibit Number Two.

6 A The Miller Federal 722 Well was the most recently
7 drilled well. It was completed the first of this year. We
8 didn't have it on production until March and then starting in
9 June we have had some market problems so this well hasn't been
10 produced that much and we don't feel like we have enough data
11 on it to really present at this time so I have left it off this
12 tabulation also.

13 Q Now, on the basis of the experience you have had with
14 that well up-to-date, does it conform to the production from
15 the other wells?

16 A Yes, it does.

17 Q That is a high water volume with increasing oil
18 production as you increased the overall fluid production?

19 A That's right. That well was initially -- upon
20 initial completion it was equipped with a submersible pump so
21 we haven't been able to evaluate the effects of the increase
22 in the fluid withdrawal rates but having the submersible in
23 it the oil cut stayed up higher than we've seen in these other
24 wells.

25 Q Now, what about the Bone No. 6, the production appears

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1 to have dropped off, can you explain that?

2 A. The drop in production shown on the tabulation here
3 beginning in June is the result of the market problems we have
4 had there in the field. Up until that time we have had four
5 crude purchasers trucking our oil there and in June one quit
6 taking oil and the other three have cut back some which has
7 resulted in a drastic -- we've had a drastically reduced
8 production in the field there and this Bone Federal No. 6 Well
9 has actually been shut in about half of the time.

10 Q. Now, how is the oil production from this pool being
11 handled? Do you have a pipeline there?

12 A. No, we do not have a pipeline. As I said, all of
13 the oil in the past has been trucked from the field. We do
14 feel like we've just about got this marketing problem solved
15 and we are close to making a new agreement for crude purchasing
16 and the new agreement will also be trucked but only as far,
17 I believe, as the Texas-New Mexico Pipeline.

18 Q. Does the quality of the oil involved have any
19 effect on your available market?

20 A. Well, it's got a relatively high pour point of
21 approximately fifty degrees, so it is important to keep the
22 oil above that temperature. We have also been experimenting
23 with a chemical, a pour point depressant, to help make the oil
24 easier to handle.

25 Q. Is that one of the reasons, though, that the

1 purchasers declined to take all of your production at this
2 time?

3 A. There has been a problem. Also the nature of the oil
4 is such that the refineries in the area, this New Mexico area,
5 aren't equipped to get good products, the higher INTS, from
6 the oil. It really takes a refinery that has hydro-crackers
7 that can break out these lighter INTS. The oil would typically
8 be better refined in a Gulf Coast type refinery.

9 Q. But that's not available to you?

10 A. No, if we get into the Texas-New Mexico Pipeline
11 they can reach the refinery.

12 Q. And that would solve your problem?

13 A. Yes, sir.

14 Q. Do you anticipate that you will have this contract
15 in the near future?

16 A. Yes, it will be real soon.

17 Q. Now, referring to what has been marked as Exhibit
18 Number Three would you identify that exhibit?

19 A. Exhibit Three is a plot of the percent oil cut
20 versus cumulative oil production for this Bone Federal No. 6
21 Well of which I tabulated production on Exhibit Two. What
22 this shows is the effect of our withdrawal rates on the percent
23 oil cut that we see in the well. The graph like this
24 has been shown you before and I merely up date it by showing
25 another year's production and what we have seen. My review

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1 of what this graph shows, as you can see at the top there,
2 it was initially completed with a beam pump and produced an
3 average of six hundred and fifty barrels a day. And you can
4 see that we saw a drastic decrease in oil cut through this
5 period. In June of 1975 after producing approximately forty-
6 five thousand barrels of oil, we changed the two-and-a-half-
7 inch tubing to three-inch tubing and put in a larger pump,
8 increasing the fluid withdrawal rate to a thousand and fifty
9 barrels a day on the average and the effect of this was to
10 arrest the decline or slow down the decline of oil percentage.
11 Then in March of this year, after producing a hundred thousand
12 barrels of oil, we pulled the beam pump and we've equipped
13 the well with a submersible pump and now it produces eighteen
14 hundred barrels of fluid a day.

15 And here although we can see an increase in oil
16 cut the oil has remained pretty stable.

17 I would like to explain the last three points on
18 this graph which refer to the oil cuts calculated for June,
19 July and August. As I said, these months are the ones we
20 have had this marketing problem and this Bone Federal No. 6
21 Well has been shut in roughly half of the time. The way these
22 oil cuts are figured or calculated to be plotted on this
23 graph, you look at the total oil and water production monthly
24 for oil and water production and you calculate the percent
25 oil cut from those numbers. What we found happening in the

1 field when these wells were shut in for a few days and put
2 back on production they will produce almost a hundred percent
3 water maybe for a couple of days before the oil cut comes back
4 up and we see the past performance so we produced a lot of
5 extra water by having to shut this well in and having to bring
6 it back on and this water is calculated here which reduces the
7 oil cut.

8 MR. NUTTER: Is that the drastic increase or decrease
9 in oil cut that is shown from about a hundred and thirty-nine
10 thousand barrels up to a hundred and fifty thousand barrels?

11 A Yes, it is.

12 MR. NUTTER: And that's the interval that you have
13 shown here on Exhibit Number Two, three months of two to three
14 thousand barrels per month?

15 A Yes, these last three points on Exhibit Three
16 correspond to the June, July and August calculations of oil
17 cut and that is the three months that we have had drastically
18 reduced production.

19 MR. NUTTER: Thank you.

20 Q (Mr. Kellahin continuing.) Mr. Lang, on the basis
21 of your testimony in regard to this exhibit, does this reflect
22 that the special depth bracket allowable is necessary for the
23 successful operation of this pool?

24 A I believe it shows that.

25 Q The depth bracket allowable is seven hundred and

1 fifty barrels per day at the present time, is that adequate?

2 A. Yes, it is.

3 Q. In your opinion should it be continued?

4 A. Yes, it should.

5 Q. What is the result if it is decreased?

6 A. Well, I believe we have seen from our analysis of this
7 oil cut versus the withdrawal rates, with lower withdrawal
8 rates you see a steeper decline in the oil cut which we feel
9 will result in less reserves being recovered so in that manner
10 I believe it is important.

11 Q. Now, the spacing in this pool is a hundred and sixty
12 acre spacing proration units. In your opinion would it be
13 economical to produce this pool on the basis of forty acre
14 units?

15 A. I don't believe so, assuming reservoir characteristics
16 which are good, we have good porosity ranging about a twenty-
17 three percent average, good permeability in the order of
18 three hundred millidarcy and an active water drive. I feel
19 the hundred and sixty acre spacing is adequate to officially
20 drain the reservoir. Also being an active water drive I'm
21 afraid that the wells, if you were to develop on forty acre
22 spacing, the wells drilled on the flank of the field there
23 really wouldn't be economical.

24 Q. Would they go to water very quickly?

25 A. I believe they would.

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1 Q Would drilling the pool on the basis of forty acre
2 units result in the recovery of any additional oil?

3 A I don't believe so.

4 Q Were Exhibits One, Two and Three prepared by you
5 or under your supervision?

6 A Yes, they were.

7 MR. KELLAHIN: At this time I offer into evidence
8 Exhibits One, Two and Three.

9 MR. NUTTER: Applicant's Exhibits One through Three
10 will be admitted into evidence.

11 (THEREUPON, Applicant's Exhibits One through
12 Three were admitted into evidence.)

13 MR. KELLAHIN: That's all we have on direct examina-
14 tion, Mr. Nutter.

15
16 CROSS EXAMINATION

17 BY MR. NUTTER:

18 Q Mr. Lang, you mentioned that the 722 has not produced
19 very much, what has been the nature of the problem with that
20 well?

21 A I'm sorry, you misunderstood me. The 722 well is
22 being produced only the reduction in production has been due
23 to this marketing problem the last year. This well was just
24 drilled in January of this year and they had it on production
25 in March.

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1 Q Well, now, March was a pretty good month as far as
2 the No. 6 was concerned, was it a good month for the 722 also?

3 A Yes, it was. Our initial potential test on that well
4 was nine hundred oil and two hundred water per day.

5 Q How did this do during April and May then, those
6 were good months for the No. 6 also?

7 A Well, presently it produces about five hundred oil
8 and seven hundred water and it has been a gradual decrease in
9 oil, it was top allowable there for two or three months.

10 Q The number 722?

11 A The 722. Now, the water cut has increased to a
12 point where we would need to put a bigger pump in it to make
13 the total allowable.

14 Q It's time for one of these changes like you showed
15 for the No. 6?

16 A Right. We want to be sure our market problem is
17 resolved before we spend money on this equipment, though.

18 Q Well, now, it appears that for the last almost
19 hundred thousand barrels of production from the No. 6 that
20 the oil cut has leveled off at about twenty-five percent oil
21 and seventy-five percent water, is that about what the 722
22 makes?

23 A No, the oil cut on it is still up around thirty
24 percent, so it is a little higher on this and it has produced
25 to date about sixty thousand barrels of oil so if you compared

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1 it it's running a little bit higher than this Bone Federal 6.

2 Q I see. And the No. 5 will be reworked some day?

3 A We plan to -- that hinges on our marketing problem
4 also. Right now the No. 5 and No. 6 being in the same proration
5 unit they share the same allowable and the No. 6 is the more
6 capable well. Given a market we may well rework the No. 5
7 Well.

8 MR. NUTTER: Are there any other questions of the
9 witness? He may be excused.

10 (THEREUPON, the witness was excused.)

11 MR. NUTTER: Do you have anything further, Mr.
12 Kellahin?

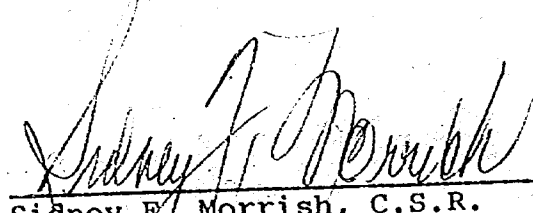
13 MR. KELLAHIN: Yes, Mr. Nutter, at this time I
14 don't think it's really necessary to offer the record in the
15 previous hearings, this being the same case, 5262. We have had
16 three orders issued up to the present time, that is Order
17 R-4822 and 4822-A and B and this is then the fourth time we
18 have been before the Commission and I believe, although it's
19 not advertised as such, I think it would be proper at this
20 time to enter a permanent order with whatever provision might
21 be indicated for filing any special reports that the Commission
22 might want in order to keep track of this operation.

23 MR. NUTTER: I see. Thank you. Does anyone else have
24 anything to offer in Case 5262? We will take the case under
25 advisement.

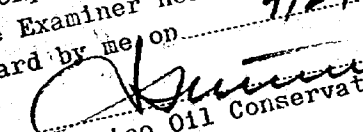
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REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill and
7 ability.

8
9 
10 Sidney F. Morrish, C.S.R.

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11
12
13 I do hereby certify that the foregoing is
14 a complete record of the proceedings in
15 the Examiner hearing of Case No. 5262
16 heard by me on 9/29, 1976.
17 
18 New Mexico Oil Conservation Commission
19
20
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22
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25

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 1, 1976

EXAMINER HEARING

IN THE MATTER OF:

Case 5262 being reopened pursuant to the provisions of Order No. R-4822-B, which order extended the special pool rules for Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico.

CASE
5262

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
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For the Applicant: Jason W. Kellahin, Esq.
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1 MR. NUTTER: We will now Call Case Number 5262.

2 MR. CARR: Case 5262, in the matter of Case 5262
3 being reopened pursuant to the provisions of Order No. R-4822-B
4 which order extended the special pool rules for the Southwest
5 Media-Entrada Oil Pool, Sandoval County, New Mexico.

6 MR. KELLAHIN: If the Examiner please, these pool
7 rules were adopted on the application of the Petro-Lewis
8 Corporation and when this was placed on the docket we did
9 notify the engineer with whom we had been dealing in the past.
10 I just called Petro-Lewis and that engineer has left the
11 company and our letter apparently went astray so we do ask
12 that this case also be continued as ~~nd~~ they would like to appear
13 in support of the rules.

14 MR. NUTTER: We could continue it to the hearing
15 scheduled for September 15th, Mr. Kellahin, but that's a
16 heavy docket.

17 MR. KELLAHIN: They have a new engineer on here
18 and it would help if he could have until the 29th to prepare
19 for this if that's agreeable.

20 MR. NUTTER: That would be helpful to us, too, sir.

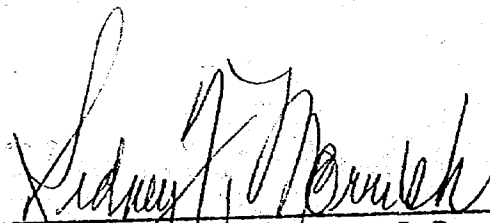
21 Case Number 5262 will be continued to the examiner
22 hearing scheduled to be held at this same place at nine o'clock
23 A.M., September 29th, 1976.

24 MR. KELLAHIN: Thank you, Mr. Nutter.

25 MR. NUTTER: The hearing is adjourned.

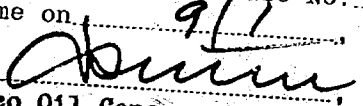
REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 526-2
heard by me on 9/1, 1976.

, Examiner
New Mexico Oil Conservation Commission

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 13, 1975

EXAMINER HEARING

IN THE MATTER OF:

Case No. 5262 being reopened pursuant to the provisions of Order No. R-4822-A, which order promulgated special pool rules for the Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, including a provision for 160-acre proration units.

CASE
5262

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Thomas Derryberry, Esq.
Legal Counsel for the Commission
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Santa Fe, New Mexico

For the Applicant: Thomas W. Kellahin, Esq.
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I N D E X

JOHN SOMERS

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1 MR. NUTTER: We will call Case Number 5262.

2 MR. DERRYBERRY: Case 5262 in the matter of Case
3 No. 5262 being reopened pursuant to the provisions of Order
4 No. R-4822-A, which order promulgated special pool rules for
5 the Southwest Media-Entrada Oil Pool, Sandoval County, New
6 Mexico.

7 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox
8 Santa Fe, New Mexico, appearing on behalf of Petro-Lewis
9 Corporation and I have one witness.

10 MR. NUTTER: Are there other appearances in Case
11 5262? Please proceed.

12 MR. KELLAHIN: Mr. Examiner, I would like the
13 record to reflect that the witness is already under oath.

14
15 JOHN SOMERS

16 called as a witness, having been previously sworn, was
17 examined and testified as follows:

18 DIRECT EXAMINATION

19 BY MR. KELLAHIN:

20 Q Please state your name, by whom employed and in
21 what capacity?

22 A John Somers, I'm employed by Petro-Lewis Corporation
23 as the Denver Division Manager.

24 Q Are you a petroleum engineer?

25 A Yes, I am.

1 Q And you have previously testified before this
2 Commission and had your qualifications as an expert witness
3 accepted and made a matter of record?

4 A Yes, I have.

5 Q Have you made a study of the Southwest Media-Entrada
6 Pool?

7 A Yes, I have.

8 Q Have you previously testified in other hearings
9 on this pool?

10 A Yes, I have.

11 MR. KELLAHIN: If the Examiner please, are the
12 witness's qualifications acceptable?

13 MR. NUTTER: Yes.

14 Q (Mr. Kellahin continuing.) Mr. Somers, referring
15 to Exhibit Number One, would you identify it and state
16 what information it contains?

17 A Exhibit Number One is a tabulation of the
18 production from the two wells in the Southwest Media-Entrada
19 Pool, Bowling Number Five and Bowling Number Six. It shows
20 the oil and water production from June of 1974 through June
21 1975.

22 The Bowling Number Six being a well which was
23 completed shortly after the last hearing on the special
24 allowable and spacing in the field.

25 Q What conclusions do you draw from this Exhibit,

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1 Mr. Somers?

2 A. Basically this is just a history and it just
3 shows -- one thing that it does show is the increased produc-
4 tion on Bowling Number Six which has been accomplished through
5 the installation of larger tubing and a larger pump on the
6 well to test the feasibility of installing submersible
7 pumping equipment on this well to increase its productivity
8 to the top allowable rate.

9 Although it is not reflected on this exhibit, I
10 might add that Bowling Federal Number Six was potentialed
11 for six hundred and sixty barrels of oil a day with beam
12 pumping equipment in August of 1974.

13 Q Please refer to Exhibit Number Two and identify it?

14 A. Exhibit Number Two is an exhibit showing the rate
15 versus water-cut performance on Bowling Number Six. It
16 shows the rate at which we were producing the well for the
17 four months prior to June 1975, that rate being one hundred
18 and fifty barrels of oil a day and four hundred and eighty
19 barrels of water a day and an oil percent of twenty-three
20 percent. We then installed -- replaced the two and seven-
21 eighths inch tubing with three inch tubing and installed a
22 larger pump. The subsequent rate was three hundred barrels
23 of oil per day and fifty barrels of water per day, so our
24 oil percent went from twenty-three to twenty-six percent,
25 confirming the same performance that we have seen in the

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1 other pools that with higher withdrawal rates we get
2 a higher oil percent.

3 Also this test in the installation of this higher
4 volume pumping equipment showed us that we could increase
5 the production substantially without actually effecting a
6 very substantial draw down on the well. The producing fluid
7 level on the well at a hundred and fifty barrels of oil a
8 day and four hundred and eighty barrels of water a day was
9 nine hundred and sixty feet from the surface.

10 MR. NUTTER: When was this larger pump installed,
11 by the way?

12 A In June of '75. And subsequent to the installation
13 of that larger pump we have shot fluid levels and the fluid
14 level is now twelve hundred and seventy feet from the surface.

15 So more than doubling the production rate has only
16 produced a three hundred foot draw down which is roughly
17 one hundred and twenty feet psi draw down in the reservoir
18 pressure, indicating a substantial capacity from this well
19 and a psi which is comparable to the other wells in the
20 Media and Southwest Media.

21 Q (Mr. Kellahin continuing.) In conclusion then,
22 Mr. Somers, in your opinion will one well be able to
23 effectively and economically drain the one hundred and sixty
24 acre proration unit?

25 A Yes, sir.

1 Q Were Exhibits One and Two prepared by you or
2 under your direction and supervision?

3 A Yes, they were.

4 Q In your opinion will continuation of the one
5 hundred and sixty acre proration unit for the Southwest
6 Media-Entrada be in the best interest of conservation, the
7 prevention of waste and the protection of correlative rights?

8 A Yes, sir.

9 MR. KELLAHIN: We move the introduction of Exhibits
10 One and Two.

11 MR. NUTTER: Petro-Lewis' Exhibits One and Two will
12 be admitted into evidence.

13
14 CROSS EXAMINATION

15 BY MR. NUTTER:

16 Q Mr. Somers, you have been authorized to drill a
17 third well in this reservoir, haven't you?

18 A Yes, sir.

19 Q Has this well been started or is it completed?

20 A No, we have contracted for a drilling contractor
21 to drill that well and we should be drilling it next month.
22 We received approval at the hearing of August 3rd.

23 MR. KELLAHIN: The last Examiner Hearing, I
24 believe on August 3rd.

25 A On August 3rd for the unorthodox well location,

1 so we haven't been able to go ahead and drill that well.

2 Q (Mr. Nutter continuing.) Do you expect that well
3 is going to be drilled this summer?

4 A Yes, it should be drilled, as I say, probably next
5 month in September because we should have a rig available.
6 There are four rigs working in the area, actually drilling
7 Entrada tests at the present time. It is a matter of rig
8 availability right now.

9 Q I noticed some inconsistencies in the production
10 characteristics of Bowling Federal Number Five here on
11 Exhibit One. First the well was making water and then it quit
12 making water, then it started making water again and then it
13 quit making water, what's the deal there?

14 A Bowling Federal Number Five is a well which was
15 drilled on the flank of the reservoir and of the Southwest
16 Media structure and it was completed originally through the
17 oil-water contact and into the water producing zone. So this
18 well was then subsequently treated with a treatment to try
19 to selectively shut off the water. The problem is that it
20 almost shut off everything and as a result it only produces
21 at a very low rate of production.

22 When we have had problems with disposal capacity
23 this has been one of the wells that has been shut in. That
24 is the reason for the erratic performance of Bowling Number
25 Five.

1 Q Does the water that is produced here go to the
2 same disposal source that the Media-Entrada Pool does?

3 A Yes, it does.

4 Q It does?

5 A So both fields are really limited by that disposal
6 system which is presently disposing of water into the
7 shallow Gallup formation.

8 Q So then the injection program that you proposed
9 for the other reservoir will help this reservoir too?

10 A Definitely. It will allow us to get Bowling
11 Number Five on and keep it on steadily and actually as we
12 presently plan to work the well over to try to increase its
13 oil production rate. It will allow us to go ahead and install
14 submersible pumping equipment in Number Six to increase its
15 rate to the top allowable rate.

16 Q Are these two wells being pumped at the present
17 time?

18 A Yes, they are, both of them.

19 MR. NUTTER: Are there further questions of Mr.
20 Somers?

21 MR. HUNKER: Mr. Examiner, I'm George Hunker and
22 I would like to point out to the Examiner that we are late
23 in arriving for the hearing. We flew up from Roswell this
24 morning and the docket showed that there were about four
25 or five cases ahead of these particular cases and I would

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1 like to ask whether or not the Examiner has heard the matter
2 involving 5152 at this particular time or has that case
3 been called?

4 MR. NUTTER: We have heard 5152 and your appearance
5 was noted in the record in that case, in your letter that
6 you sent us.

7 MR. HUNKER: Could we put on some testimony in
8 regard to that particular case before you close?

9 MR. NUTTER: I think that we can probably reopen
10 the case, Mr. Hunker.

11 MR. HUNKER: I think everyone knew that we were
12 interested and were coming and I thought we would have at
13 least an hour's time before the matter was considered.

14 But it was not taken out of order, is that
15 correct?

16 MR. NUTTER: No, sir, the case was heard just
17 immediately prior to the one that we are concluding at this
18 time. We have proceeded in order. The only case that hasn't
19 been heard to date now is the nomenclature case.

20 MR. HUNKER: Very well. We will have a witness
21 to call in connection with 5152, if the Examiner please.

22 MR. NUTTER: Does anyone have anything further?
23 Did we excuse the witness in this case?

24 MR. KELLAHIN: No, sir.

25 MR. NUTTER: If not, we excuse the witness. Do

1 you have anything further in this case, Mr. Kellahin?

2 MR. KELLAHIN: No, sir.

3 MR. NUTTER: Does anyone have anything to offer
4 in Case 5262?

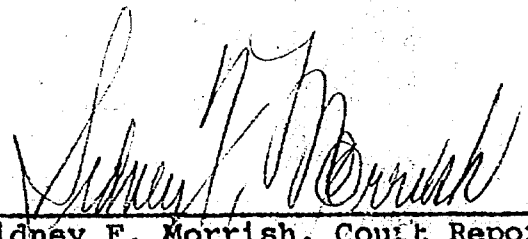
5 We will take the Case under advisement.
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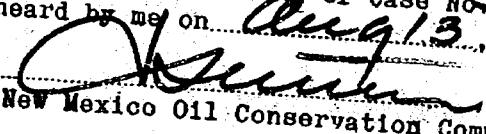
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State of New Mexico)
) ss.
County of Santa Fe)

I, SIDNEY F. MORRISH, a court reporter, do hereby
certify that the foregoing and attached Transcript of Hearing
before the New Mexico Oil Conservation Commission was reported
by me, and the same is a true and correct record of the said
proceedings to the best of my knowledge, skill and ability.


Sidney F. Morrish, Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5263
heard by me on Aug 13, 1975.
 Examiner
New Mexico Oil Conservation Commission

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Phone (505) 982-9212

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 19, 1974

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of Petro-Lewis Corporation)
for pool contraction, creation, and)
special pool rules, Sandoval County,)
New Mexico.)

Case No.
5262

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
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I N D E X

PAGE

JOHN B. SOMERS

Direct Examination by Mr. Kellahin
Cross Examination by Mr. Stamets

3
11

E X H I B I T S

Marked Admitted

Applicant's Exhibit No. 1

-- 11

MR. STAMETS: The Hearing will please come to order. We'll call the next case, Case 5262.

MR. DERRYBERRY: Case 5262. Application of Petro-Lewis Corporation for pool contraction, creation, and special pool rules, Sandoval County, New Mexico.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox appearing on behalf of the Applicant, Petro-Lewis Corporation, and I have one witness to be sworn.

MR. STAMETS: Are there any other appearances in this Case? The Witness will stand and be sworn, please.

(Witness sworn.)

JOHN B. SOMERS

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Please state your name, by whom you are employed, and in what capacity.

A My name is John Somers, I'm employed by Petro-Lewis Corporation as Manager of Production Operations, Western Division.

Q Have you previously testified before this Commission and had your qualifications as an expert accepted

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SOMERS-DIRECT

CASE 5262

Page 4

and made a matter of record?

A Yes, I have.

Q What is your education degree in?

A I have a Professional Petroleum Engineering Degree from the Colorado School of Mines.

Q Have you made a study of the facts surrounding this particular Application by Petro-Lewis Corporation?

A Yes, I have.

Q Have you previously testified in other Commission cases involving this same Media-Entrada Oil Pool?

A Yes, I have.

MR. KELLAHIN: If the Examiner please, are the Witness' qualifications acceptable?

MR. STAMETS: They are.

BY MR. KELLAHIN:

Q Mr. Somers, would you refer to what has been marked as Applicant's Exhibit No. 1, identify it, and then state briefly what Petro-Lewis is seeking by this Application?

A Exhibit No. 1 is a map of the Media Pool area which actually shows the two pools, or sources of supply, which have been defined by drilling to date. We are calling these Media Proper and Southwest Media. The map has an

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overlay which shows the original conditions before any oil production, showing all of the producing wells in the Entrada, the structure on top of the Entrada sand, the original oil-water contact, and initial potential and geologic information. There is also a cross section A-A' across this map which is shown sematically at the base of the map to show the tilted oil-water contact which was, and is present, in the two fields. Also shown are the cumulative productions as of the first of June, 1974, and shown as a dashed line is the original oil-water contact on this schematic cross section in the present oil-water contact as of 6/1/74.

Q Now, Mr. Somers, your opinion that this is a two-reservoir concept, is this a new geological interpretation by you or what is this?

A No, it is not. This is basically the same interpretation which Mr. Val Reece who worked with and for Fluid Power Pump Company had originally; it's just that we have refined it to the extent of the tilted oil-water contact and then added, as is shown on the base map, the present condition, which is our present oil-water contact where you can see that the -- what we call Media Proper -- has contracted in size as this 568,000 barrels of oil has

been produced and the water has replaced that oil which has been produced.

Q Why is Petro-Lewis seeking the contraction of the present configuration of the Media-Entrada Oil Pool as applied for in this Application?

A Well, there are basically three reasons, the first of which is they are two separate sources of supply, two separate reservoirs; second of all we would like to initiate a pressure maintenance project utilizing Fluid Power No. 4 Well initially as an injection well to return produced water to the Entrada formation. We presently have a disposal problem with the 12,000 barrels of water per day being produced. It is being disposed of in a shallower zone and we feel that it will be a benefit in increasing recovery and reduce the risk of pollution or problems in these shallower reservoirs, which are relatively tight compared to the Entrada which is a very permeable sand.

Q Do you anticipate any adverse effect to the interest owners in the northwest quarter of Section 2 by the contraction of this pool and the designation of a new pool for that acreage?

A Not at all.

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Q Will there be any advantage to those interest owners?

A Yes. We would be able to, by separating these pools and defining these as separate pools right now, we would be able to proceed before Southwest Media is completely drilled and developed, be able to proceed with pressure maintenance, and this would allow us to both increase production and recovery from Media Proper without any delay.

Q All right. In your opinion, then, there would be no adverse effect to the interest owners of the contracted Media-Entrada Pool?

A That is correct.

Q All right. What about the interest owners in the portion of the pool to be deleted from the existing pool?

A There would be no adverse effect on them whatsoever.

Q What are your plans for what in effect amounts to your new pool here?

A We plan to drill and define and develop this reservoir and actually have an application in to the USGS for approval to drill a well in the southeast quarter

of the northwest quarter of Section 22. This well is in the present 160-acre proration unit which was set up for Fluid Power 5 and in essence is another well in there so that we can replace this well which is mechanically -- not a failure -- but we have mechanical problems which don't allow us to produce the well at optimum production rates, because of the initial completion.

After the drilling of that well we plan another well if that proves the extent to which the reservoir is presently shown on this map.

Q In Petro's Application, Mr. Somers, in addition to the contraction of the existing pool you further ask for the inclusion of a 600-acre proration unit for the new pool area.

A 160 acres.

Q I'm sorry, 160-acre spacing. What evidence do you have to support that one well will effectively and economically drain 160 acres?

A We have cor~~e~~d two of these wells shown on the map, which would be in the southwest Media Pool, the Fluid Power Pump No. 5 and the Federal Media No. 3 and the average permeability in those pools, or in those wells, was 286 millidarcies, and with excellent porosity and permeability

we feel that there would be no problem at all draining 160-acre field with one well.

Q Do you have any porosity figures for your pool?

A Yes. The average porosity is 23.3 percent from the 53 core samples that we took.

Q And how do those reservoir properties compare to the existing reservoir?

A They compare almost exactly with the existing reservoir in terms of porosity. A little bit lower in terms of permeability, but I think this is principally because this well which was a dry hole, Federal Media No. 3, was included in the average because it had relatively low permeability.

Q In your Application you have further asked for a provision to allow you to drill more than one well per 160-acre proration unit. Why have you asked for that?

A For several reasons really. First of all for a situation such as Fluid Power Pump No. 5, which cannot mechanically be produced because of the initial completion. The other thing is this is a water-drive field and we can more optimally locate the wells and therefore increase recovery with more than one well as we get better definition.

Q In your Application you further ask for the establishment of a special depth bracket allowable. Why have you asked for that?

A Because the wells are capable of production far in excess of the allowable and we feel that it would actually result in greater economic benefit and increased recovery actually. We have indications from production in Media Proper Field that the higher production rates will result in increased recovery.

Q Do you have a recommended allowable?

A We feel that the 750-barrel-a-day allowable, which was granted for the Media Dome Field in April, would be sufficient.

Q Do you anticipate any adverse effect from granting of an increased allowable?

A No, not at all, the contrary. It should increase our recovery and prevent waste.

Q Are there any other operators in this proposed pool?

A No, there are not.

Q Petro-Lewis is the only operator?

A That and our 50-percent partner, Fluid Power Pump Company.

Q In your opinion, Mr. Somers, will approval of this Application be in the best interests of conservation, the prevention of waste and the protection of correlative rights?

A Yes, it will.

Q Was Exhibit 1 prepared by you or under your direction and supervision?

A Yes, it was.

MR. KELLAHIN: If the Examiner please, we move the introduction of Exhibit 1.

MR. STAMETS: Without objection, Exhibit 1 will be admitted into evidence.

(Whereupon, Applicant's Exhibit

No. 1 was admitted into evidence.)

BY MR. KELLAHIN:

Q Do you have anything else you would like to add at this time?

A No.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Somers, you did not outline the proration units now in the Media Field. If I remember rightly, and you can correct me if I'm wrong, there is one proration

unit that consists of the south half of the southeast of Section 15?

A Right.

Q And the north half of the northeast of Section 22 immediately to the south?

A That's correct.

Q And, if I read your Exhibit No. 1 properly, that would indicate that that proration unit overlaps both pools.

A That is correct

Q Or both reservoirs?

A Both reservoirs.

Q Can you have proposed only that the northwest quarter of Section 22 be deleted from the Media Field, is that correct?

A That's correct.

Q But yet your Exhibit No. 1 seems to show that the reservoir, which you have identified or called the Southwest Media Reservoir, covers not only the northwest quarter, Section 22, but say the west half of the northeast quarter as well.

A Correct. That's correct.

Q So what we would wind up with here is --

A (Interrupting) That needs to be expanded to include the west half of the northeast quarter as well. It was applied for in that way because of the way that the proration units were presently set up. This was the only proration unit which was set up in the Media Field and we would have to split the other proration unit and we didn't know exactly how you would propose to do that.

Q In other words, the proration unit we referred to earlier, consisting of part of Section 15, part of Section 22, is productive in both pools and to separate the pools we would have to achieve some separation of the proration unit as well?

A I don't know that that would be necessary because we have already -- a dry hole was already drilled in Section 22 and the only producing well is in Section 15, so there would be, unless another well is subsequently drilled in the north half of the northeast quarter of Section 22, which is somewhat doubtful with the pay thicknesses that you are talking about, then there is actually no way that we can produce from that portion of the reservoir.

Q Mr. Somers, it seems to me that it would be quite a difficult proposition for all of us concerned to

dedicate acreage in one pool to a well in another pool. You indicate that there are two isolated oil reservoirs and that there always were two isolated oil reservoirs here, being the northeast reservoir and the southwest reservoir. You have also indicated that both of these reservoirs are connected through the water-bearing sands.

A That is correct.

Q So that the same drive mechanism affects both reservoirs, oil reservoirs.

A The Entrada is a blanket sand which covers the Basin.

Q I believe, Mr. Somers, the only alternative the Commission has in establishing a new pool for the southwest reservoir would be to create a pool consisting of the northwest quarter and the west half of the northeast quarter, Section 22. Would this be agreeable to Petro-Lewis and would this be a workable situation?

A Yes, it would.

Q Then you would have to work out some new dedication of acreage involving --

A (Interrupting) However reduced allowable under this particular unit.

Q There would have to be something done about the

proration unit we discussed earlier. Now, you have discussed special pool rules for the new proposed pool. At the present time these are actually the rules that this acreage is operating under?

A That is correct.

Q So there would really be no change in the rules that you propose for the acreage involved?

A No.

MR. STAMETS: Are there other questions of this Witness?

(Whereupon a discussion was held off the record.)

MR. STAMETS: Mr. Long?

MR. LONG: Jerry Long, USGS. If I remember, there is another well in 22; I think it's in the southwest quarter of the northeast quarter. I was wondering the status of it.

MR. SOMERS: Yes. That's the Gallup Well; it only went to the Gallup formation which was around 3700 feet deep so it did not penetrate the Entrada. That well is presently completed and producing from the Gallup. There are also two other wells in that northeast quarter of 22: The Federal Media No. 8 which is a Menefee

producing well, and the Federal Media No. 6 which we are presently completing as a menefee producing well. This map only was made to show the Entrada penetration

BY MR. STAMETS:

Q Mr. Somers, if these two areas were not separated and two pools were not created here, what would happen?

A Well, we would have to continue to restrict our production because of, first of all, disposal capacity. We would not be able to unitize the area until this was completely developed. In other words, these owners could not achieve equity by including such a large, and actually probable or possible, reservoir out here until this was actually drilled and developed. As a result there would be a delay, a considerable delay in actually putting anything together and initiating a secondary recovery project and increasing our production.

Q If the oil-bearing portions of the reservoir are isolated in there, how would this delay your secondary recovery, your pressure maintenance? If the oil is indeed isolated, it would seem that you could start pressure maintenance in the northeast without affecting the southwest?

A Well we would have to have it unitized before

we could do that.

Q Have you ever seen any units that were formed that did not include the whole field?

A Yes, where you're going to expand a participating area basis. We could possibly approach it from that angle, where we would unitize it on a particular basis, but this could be, again, detrimental to these owners if something like cumulative production or some factor like this was used as the basis for participation, and this is a factor which we are considering for participation in this area.

Q Have you considered the possibility of forming two separate units?

A Yes, this is what we intend to do; to form this unit, and as soon as this reservoir is defined, form a second and separate unit for Southwest Media so that we can begin to put water in the ground, not only in Fluid Power No. 4 but probably in Federal Media No. 3 and Federal Media No. 4.

Q Could this not be done without separating the pools, separating the reservoirs?

A I don't know. It would be rather difficult. We could physically do it, there is no limitation there, but

within a time frame which we may be talking about a year or more. We are going to be curtailed in production, we're not going to be able to initiate the project; where we have a reservoir here which is in an advance state of completion and we have a reservoir here which is substantially uncompleted. We would like to get it underway as soon as possible.

MR. STAMETS: Any other questions of the Witness?

He may be excused. Anything further in this Case?

MR. KELLAHIN: No, sir.


MR. STAMETS: We will take the Case under advisement.

STATE OF NEW MEXICO)

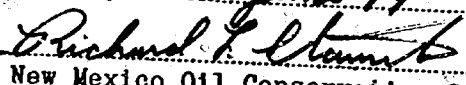
COUNTY OF SANTA FE)

SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5262, heard by me on June 19, 1974.


Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

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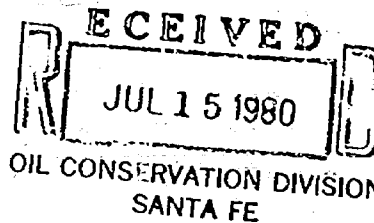
BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

July 11, 1980

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

R-4822
Case 5262



Mr. J.R. Harrison
Petro-Lewis Corporation
P.O. Box 507
Levelland, Texas 79336

Re: Water Cut and Fluid Level Reports, Certain Entrada Pools

Dear Mr. Harrison:

Orders R-4713, R-4822, and R-5118, directed that you submit water cut and/or fluid level reports on wells which you operate in certain Entrada pools. It now appears that these tests have served their purpose and may be discontinued.

These test requirements may be reinstituted at any time that the Division feels that they are necessary.

If you have any questions, please contact this office.

Yours truly,

Frank Chavez
District Supervisor

FC/lis

Xc: OCD Santa Fe
Reading File
U.S.G.S. Farmington



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

July 2, 1980

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BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

Mr. Frank T. Chavez
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Re: Water Cut and Fluid Level Reports,
Certain Entrada Pools

Dear Frank:

We have reviewed the statistics relating to oil and water production in the Media-Entrada, Southwest Media-Entrada, and Eagle Mesa-Entrada Oil Pools and concur with your opinion that the producing characteristics in these reservoirs have been well enough established that continuation of the monthly fluid level tests and water cut reports is unnecessary.

These tests were required when the operators in said pools were granted a special 750-BOPD allowable in order to lift large volumes of water to keep the oil moving in the reservoir. At the time there was some apprehension that water coning and subsequent loss of oil would result.

It now appears that the tests have served their purpose and may be discontinued, and you may so notify the operators in the subject pools.

Very truly yours,

JOE D. RAMEY,
Director

JDR/DSN/dr

cc: Case File 5574
Case File 5262
Case File 5152

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. 5262
Order No. R-4822-B

IN THE MATTER OF CASE NO. 5262 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-4822-A,
WHICH ORDER CREATED THE SOUTHWEST MEDIA-ENTRADA
OIL POOL, SANDOVAL COUNTY, NEW MEXICO AND PROMULGATED
SPECIAL RULES THEREFOR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 13, 1975,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of September, 1975, 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 by Order No. R-4822-A, dated September 3, 1974,
the Commission created and defined the Southwest Media-Entrada
Oil Pool, Sandoval County, New Mexico, and promulgated temporary
special rules and regulations therefor, including a provision
for 160-acre spacing and proration units and a special depth
bracket allowable of 750 barrels of oil per day.

(3) That pursuant to the provisions of Order No. R-4822-A,
this case was reopened to permit all interested parties to
appear and show cause why the Southwest Media-Entrada Oil Pool
should not be developed on 40-acre spacing with a depth bracket
allowable in accordance with the statewide rules.

(4) That the evidence presently available indicates that
continuation of the temporary special rules and regulations
for the Southwest Media-Entrada Oil Pool for a period of one
year is in the interest of conservation, will not cause waste,
and will not impair correlative rights.

-2-

Case No. 5262

Order No. R-4822-B

(5) That said rules should be continued in full force and effect for a one-year period, and that this case should be reopened at an examiner hearing during the month of September, 1976, at which time all interested parties may appear and show cause why said pool should not be developed on 40-acre spacing with a depth bracket allowable assigned in accordance with the statewide rules.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, promulgated by Order No. R-4822-A, shall remain in full force and effect for an additional period of one year.

(2) That this case shall be reopened at an examiner hearing in September, 1976, at which time all interested parties may appear and show cause why the Southwest Media-Entrada Oil Pool should not be developed on 40-acre spacing and why the special depth bracket allowable should not be rescinded.

(3) That each operator in the Southwest Media-Entrada Oil Pool shall report monthly to the Aztec District Office of the Commission the previous month's water-oil cut for each producing well in the Southwest Media-Entrada Oil Pool.

(4) That the Secretary-Director of the Commission may, at any time that it appears that premature water encroachment or water coning is occurring, or other evidence of reservoir damage is apparent, rescind the provisions of this order and cause the top unit allowable for the Southwest Media-Entrada Oil Pool to revert to 347 barrels of oil per day.

(5) That jurisdiction of this cause is hereby retained for 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

PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

SEAL

dr/

Dockets Nos. 27-76 and 28-76 are tentatively set for hearing on October 13 and 27, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 29, 1976

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 5768: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Service Drilling Company, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Gonzales-Pittman Well No. 1, located in Unit M of Section 24, Township 21 North, Range 21 East, Mora County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5769: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Juanita Frank, The Aetna Casualty and Surety Company, and all other interested parties to appear and show cause why the Greathouse Frank Well No. 2, located in Unit C of Section 10, Township 23 North, Range 1 West, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5770: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit George H. Krause, The Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the Krause Beck Well No. 1, located in Unit J of Section 10, Township 29 North, Range 12 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5771: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 22, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to its Tom Brown CO Com Well No. 1 to be drilled at an unorthodox location 660 feet from the North line and 1980 feet from the West line of said Section 22. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5772: Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal B2 Well No. 16 to be drilled at a point 1980 feet from the North line and 660 feet from the East line of Section 28, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the N/2 of said Section 28 to be dedicated to the well.
- CASE 5773: Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Millman Unit Area comprising 2,017 acres, more or less, of State lands in Township 19 South, Range 28 East, Eddy County, New Mexico.
- CASE 5774: Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Well No. 1 to be drilled at an unorthodox location 1100 feet from the North line and 1500 feet from the East line of said Section 31. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5775: Application of Cities Service Oil Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 30, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Tracy "E" Well No. 1 to be drilled at an unorthodox location 1880 feet from the North line and 660 feet from the West line of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5776: Application of Continental Oil Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its James Ranch Unit Well No. 9 to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.

CASE 5777: Application of Gifford & Mitchell and M. B. Wisenbaker for pool creation, pool rules, and a non-standard gas spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Atoka production for its Horseback Well No. 1 located 1000 feet from the South line and 1980 feet from the East line of Section 33, Township 26 South, Range 36 East, Lea County, New Mexico, the promulgation of pool rules therefor, including a provision for 640-acre spacing and approval for a 589.52-acre non-standard gas spacing unit comprising all of partial Sections 33 and 34 of the aforesaid Township.

CASE 5778: Application of Gas Company of New Mexico for underground gas storage findings, Eddy County, New Mexico. Applicant, in the above-styled cause, pursuant to Section 65-9-5 NMSA 1953 Comp., seeks a decision from the Commission containing findings as to the propriety of utilization for underground gas storage of the sub-surface strata from the top of the Morrow elastic stratum to the top of the Barnett stratum underlying Sections 15, 16, 17, 20, 21, 22, 27, 28, and 29, Township 16 South, Range 27 East, Eddy County, New Mexico.

CASE 5779: Application of Agua, Inc. for an extension of time and amendment of Order No. R-4495-A, as amended by R-4495-D, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4495-A, as amended by Order No. R-4495-D to permit disposal, after the current October 1, 1976, deadline, of produced salt water through perforations from 4230 feet to 4320 feet in its SWD Well No. C-2, located in Unit C of Section 2, Township 22 South, Range 32 East, Lea County, New Mexico. Applicant seeks the amendment of said order to permit such disposal for an additional 30-day period or until it is able to get electrical power to its Blinberry-Drinkard SWD System Well No. A-22, located in Unit A of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico, whichever comes later.

CASE 5262: (Reopened) (Continued from September 1, 1976, Examiner Hearing)

In the matter of Case 5262 being reopened pursuant to the provisions of Order No. R-4822-B, which order extended the special pool rules for Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, including a provision for 160-acre spacing and proration units and a special depth bracket allowable of 750 barrels of oil per day. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and why the special depth bracket allowable should not be rescinded.

CASE 5736: (Continued from September 1, 1976, Examiner Hearing)

Application of BCO Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.

- CASE 5776: Application of Continental Oil Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its James Ranch Unit Well No. 9 to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.
- CASE 5777: Application of Gifford & Mitchell and M. B. Wisenbaker for pool creation, pool rules, and a non-standard gas spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Atoka production for its Horseback Well No. 1 located 1000 feet from the South line and 1980 feet from the East line of Section 33, Township 26 South, Range 36 East, Lea County, New Mexico, the promulgation of pool rules therefor, including a provision for 640-acre spacing and approval for a 589.52-acre non-standard gas spacing unit comprising all of partial Sections 33 and 34 of the aforesaid Township.
- CASE 5778: Application of Gas Company of New Mexico for underground gas storage findings, Eddy County, New Mexico. Applicant, in the above-styled cause, pursuant to Section 65-9-5 NMSA 1953 Comp., seeks a decision from the Commission containing findings as to the propriety of utilization for underground gas storage of the sub-surface strata from the top of the Morrow elastic stratum to the top of the Barnett stratum underlying Sections 15, 16, 17, 20, 21, 22, 27, 28, and 29, Township 16 South, Range 27 East, Eddy County, New Mexico.
- CASE 5779: Application of Agua, Inc. for an extension of time and amendment of Order No. R-4495-A, as amended by R-4495-D, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4495-A, as amended by Order No. R-4495-D to permit disposal, after the current October 1, 1976, deadline, of produced salt water through perforations from 4230 feet to 4320 feet in its SWD Well No. C-2, located in Unit C of Section 2, Township 22 South, Range 32 East, Lea County, New Mexico. Applicant seeks the amendment of said order to permit such disposal for an additional 30-day period or until it is able to get electrical power to its Blinbry-Drinkard SWD System Well No. A-22, located in Unit A of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico, whichever comes later.
- CASE 5262: (Reopened) (Continued from September 1, 1976, Examiner Hearing)
- In the matter of Case 5262 being reopened pursuant to the provisions of Order No. R-4822-B, which order extended the special pool rules for Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, including a provision for 160-acre spacing and proration units and a special depth bracket allowable of 750 barrels of oil per day. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and why the special depth bracket allowable should not be rescinded.
- CASE 5736: (Continued from September 1, 1976, Examiner Hearing)
- Application of BCO Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.

Dockets Nos. 25-76 and 26-76 are tentatively set for hearing on September 15 and 29, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 1, 1976

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 5747: Application of Atlantic Richfield Company for a non-standard gas proration unit, unorthodox location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a previously established 185-acre non-standard Eumont gas proration unit comprising the SW/4 and NW/4 of Section 19, Township 21 South, Range 36 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "F" DE Wells Nos. 1 and 3, at unorthodox locations in Units E and K, respectively, of said Section 19.

CASE 5748: Application of TERRAPET Management Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled at a point 990 feet from the South and West lines of Section 31, Township 14 South, Range 28 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.

CASE 5749: Application of Southern Union Supply Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Gallagher State "8" Well No. 3, proposed to be drilled at a point 660 feet from the South line and 1980 feet from the East line of Section 8, Township 17 South, Range 34 East, West Vacuum Field, Lea County, New Mexico.

CASE 5750: Application of Cities Service Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Southeast Maljamar G-SA Unit-Tract 1 Well No. 4 to be located 1355 feet from the South line and 1135 feet from the East line of Section 30, Township 17 South, Range 33 East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

CASE 5751: Application of Phillips Petroleum Company for a special allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a capacity allowable for its U. S. Minerals Well No. 4 located in Unit O of Section 30, Township 17 South, Range 33 East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico, said well being a direct offset to an active waterflood project.

CASE 5752: Application of Bettis, Boyle & Stovall for a special allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a capacity allowable for its V. H. Justis Well No. 2 located in Unit D of Section 20, Township 25 South, Range 37 East, Jalmat Oil Pool, Lea County, New Mexico, said well being a direct offset to an active waterflood project.

CASE 5262: (Reopened)

In the matter of Case 5262 being reopened pursuant to the provisions of Order No. R-4822-B, which order extended the special pool rules for Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, including a provision for 160-acre spacing and proration units and a special depth bracket allowable of 750 barrels of oil per day. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and why the special depth bracket allowable should not be rescinded.

CASE 5737: (Continued & Readvertised)

Application of Howard Boatright for amendment of Order No. R-5208, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5208 which authorized salt water disposal into the Delaware formation through applicant's State CS Well No. 1, located in Unit L of Section 17, Township 21 South, Range 27 East, Eddy County, New Mexico. Applicant seeks to increase the maximum injection pressure for said well from 400 psi to 800 psi, and also to amend the specified packer setting depth from 2975 feet to 2585 feet.

CASE 5736: (Continued from August 18, 1976, Examiner Hearing)

Application of BCO Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.



OIL CONSERVATION COMMISSION

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

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

September 3, 1974

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

Re: CASE NO. 5262 & 5152
ORDER NO. R-4713-A
R-4822-A
Applicant:
Petro-Lewis 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	<u></u>
Aztec OCC	<u>X</u>

Other _____



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

I. R. TRUJILLO

CHAIRMAN

LAND COMMISSIONER

ALEX J. ARMIJO

MEMBER

STATE GEOLOGIST

A. L. PORTER, JR.

SECRETARY - DIRECTOR

July 16, 1974

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

Re: CASE NO. 5262

ORDER NO. R-4822

Applicant:

Petro-Lewis Corporation

DOCKET MAILED

Date 8-9-74

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 x

Artesia OCC

Aztec OCC x

Other Mr. William J. Cooley

DOCKET MAILED

Date 8-9-74

OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
September 23, 1975

STATE GEOLOGIST
EMERY C. ARNOLD

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

Re: CASE NO. 5262
ORDER NO. R-4822-B

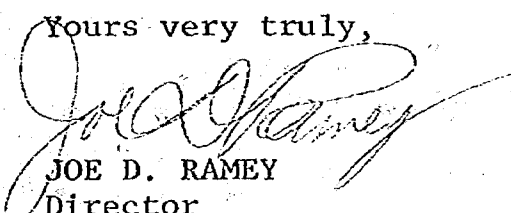
Applicant:

Petro-Lewis Corporation

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC ☒
Artesia OCC _____
Aztec OCC ☒

Other _____



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
October 28, 1976



STATE GEOLOGIST
EMERY C. ARNOLD

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

Re: CASE NO. 5262
ORDER NO. R-4822-C

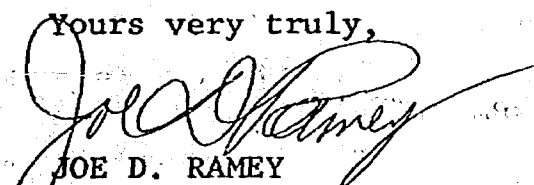
Applicant:

OCC (Petro-Lewis)

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	<u>x</u>
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. 5262 (REOPENED)
Order No. R-4822-C

IN THE MATTER OF CASE NO. 5262 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-4822-B, WHICH ORDER EXTENDED
THE SPECIAL POOL RULES FOR THE SOUTHWEST
MEDIA-ENTRADA OIL POOL, SANDOVAL COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 29, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of October, 1976, 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 by Order No. R-4822-B, dated September 23, 1975, the Commission extended the special pool rules for the Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, as promulgated by Order No. R-4822-A, dated September 3, 1974.

(3) That pursuant to the provisions of Order No. R-4822-B, this case was reopened to permit all interested parties to appear and show cause why the Southwest Media-Entrada Oil Pool should not be developed on 40-acre spacing with a depth bracket allowable in accordance with the statewide rules.

(4) That the evidence presently available indicates that further continuation of the special rules and regulations for the Southwest Media-Entrada Oil Pool is in the interest of conservation, will not cause waste, and will not impair correlative rights.

-2-

Case No. 5262 (Reopened)
Order No. R-4822-C

(5) That said rules should be continued in full force and effect until further order of the Commission, provided however, that the Secretary-Director of the Commission should have the authority to suspend the special allowable provisions of Order No. R-4822-A without notice and hearing if it appears that waste is resulting therefrom.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, extended by Order No. R-4822-B, shall remain in full force and effect until further order of the Commission.

(2) That each operator in the Southwest Media-Entrada Oil Pool shall report monthly to the Aztec district office of the Commission the previous month's water-oil cut for each producing well in the Southwest Media-Entrada Oil Pool.

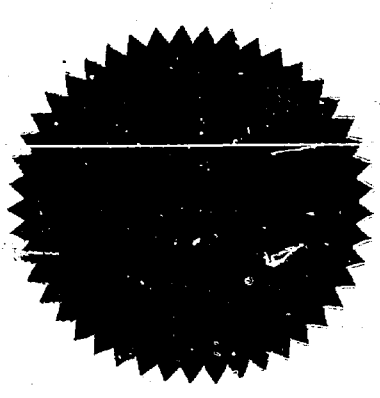
(3) That the Secretary-Director of the Commission may, at any time that it appears that premature water encroachment or water coning is occurring, or other evidence of reservoir damage is apparent, rescind the special allowable provisions of Order No. R-4822-A and cause the top unit allowable for the Southwest Media-Entrada Oil Pool to revert to 347 barrels of oil per day.

(4) That jurisdiction of this cause is hereby 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

PHIL R. LUCERO, Chairman



Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramby
JOE D. RAMBY, Member & Secretary

S E A L

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. 5262 DE NOVO
Order No. R-4822-A

Nomenclature

APPLICATION OF PETRO-LEWIS CORPORATION
FOR POOL CONTRACTION, CREATION, AND
SPECIAL POOL RULES, SANDOVAL COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 19, 1974, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 3rd day of September, 1974, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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, Petro-Lewis Corporation, seeks an order contracting the horizontal limits of the Media-Entrada Oil Pool as presently defined and described by the deletion of the NW/4 of Section 22, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, and the creation of a new pool for Entrada production comprising all of said quarter section.

(3) Applicant further seeks the promulgation of special pool rules for the new pool thus created, including a provision for 160-acre proration units and the establishment of a special depth bracket allowable for said pool of up to 750 barrels per day.

(4) That this matter came on for hearing before Examiner Richard L. Stamets, on June 19, 1974, and pursuant to this hearing Order No. R-4822 was issued on July 16, 1974, which denied the application of Petro-Lewis Corporation for the aforesaid pool contraction, creation, and special pool rules.

-2-

Case No. 5262 de novo
Order No. R-4822-A

(5) That on July 23, 1974, application for hearing De Novo was made by Petro-Lewis Corporation and the matter was set for hearing before a quorum of the Commission.

(6) That the matter came on for hearing De Novo on August 19, 1974.

(7) That subsequent to the original hearing of Case No. 5262, additional reservoir information has become available which indicates that the oil-bearing portion of the Entrada formation underlying that part of the Media-Entrada Oil Pool sought to be deleted and the oil-bearing portion of the Entrada formation underlying that part of the Media-Entrada Oil Pool which would remain after such deletion, while in communication with a common water aquifer, do not appear to be in effective communication with each other.

(8) That the oil-bearing portion of the Entrada formation underlying the NW/4 of Section 22, Township 19 North, Range 3 West, constitutes a separate common source of supply from the oil-bearing portion of the Entrada formation underlying the S/2 NW/4 and SW/4 of Section 14, the S/2 NE/4 and SE/4 of Section 15, the NE/4 NE/4 of Section 22, and the N/2 NW/4 of Section 23, all in Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico.

(9) That the NW/4 of said Section 22 should be deleted from the Media-Entrada Oil Pool as presently defined and that a new pool for Entrada oil production designated the Southwest Media-Entrada Oil Pool should be established comprising the land so deleted.

(10) That the Media-Entrada Oil Pool from which is being created the Southwest Media-Entrada Oil Pool is governed by special pool rules which include a provision for 160-acre spacing and proration units and a special depth bracket allowable of 750 barrels of oil per day.

(11) That inasmuch as the reservoir characteristics of the two pools are similar, similar pool rules should govern each.

(12) That special pool rules for the Southwest Media-Entrada Oil Pool, including a provision for 160-acre spacing and proration units and a special depth bracket allowable of 750 barrels of oil per day, should be promulgated.

(13) That the Commission at a future hearing should consider the deletion of the NW/4 NE/4 of Section 22, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico, from the horizontal limits of the Media-Entrada Oil Pool inasmuch as said quarter-quarter section appears to be underlain by the Southwest Media-Entrada Pool rather than the Media-Entrada Oil Pool as presently defined.

-3-

Case No. 5262 De Novo
Order No. R-4822-A

IT IS THEREFORE ORDERED:

(1) That the horizontal boundaries of the Media-Entrada Oil Pool, Sandoval County, New Mexico, are hereby contracted by the deletion therefrom of the NW/4 of Section 22, Township 19 North, Range 3 West, NMPM, Sandoval County, New Mexico.

(2) That a new pool in Sandoval County, New Mexico, classified as an oil pool for Entrada production is hereby created and designated as the Southwest Media-Entrada Oil Pool consisting of the following described area:

TOWNSHIP 19 NORTH, RANGE 3 WEST, NMPM
Section 22: NW/4

(3) That effective September 1, 1974, Temporary Special Rules and Regulations for the Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, are hereby promulgated as follows:

TEMPORARY SPECIAL RULES AND REGULATIONS
FOR THE
SOUTHWEST MEDIA-ENTRADA OIL POOL

RULE 1. Each well completed or recompleted in the Southwest Media-Entrada Oil Pool or in the Entrada formation within one mile thereof and not nearer to or within the limits of another designated Entrada oil pool shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres more or less substantially in the form of a square which is a quarter section being a legal subdivision of the United State's Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United State's Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail and the application can state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit nor nearer than 330 feet to any governmental quarter-quarter section line nor nearer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 120 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre depth bracket allowable of 750 barrels subject to the market demand percentage factor for allowable purposes and in the event there is more than one well on a 160-acre proration unit the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

RULE 7. A limiting gas-oil ratio of 2000 cubic feet of gas per barrel of oil is established for the pool.

IT IS FURTHER ORDERED:

(1) That the location of all wells presently drilling to the Southwest Media-Entrada Oil Pool are hereby approved; the operator of any well having an unorthodox location shall notify the Aztec District Office of the Commission in writing of the name and location of the well on or before October 1, 1974.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Southwest Media-Entrada Oil Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

-5-

Case No. 5262 De Novo
Order No. R-4822-A

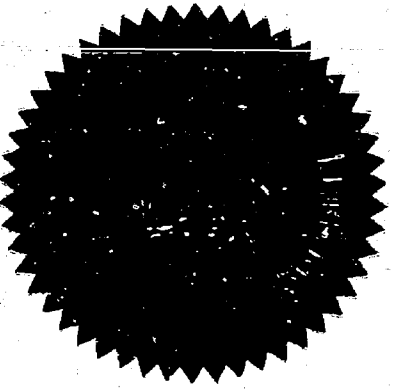
Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable.

(3) That this cause shall be reopened at an examiner hearing during the month of August, 1975, at which time the operators in the Southwest Media-Entrada Oil Pool may appear and show cause why said pool should not be developed on 40-acre spacing with a depth bracket allowable in accordance with the statewide rules.

(4) 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



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

ALEX J. ARMIJO, Member

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

S E A L

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. 5262
Order No. R-4822

APPLICATION OF PETRO-LEWIS CORPORATION
FOR POOL CONTRACTION, CREATION, AND
SPECIAL POOL RULES, SANDOVAL COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 19, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of July, 1974, 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, Petro-Lewis Corporation, seeks an
order contracting the horizontal limits of the Media-Entrada Oil
Pool as presently defined and described by the deletion of the
NW/4 of Section 22, Township 19 North, Range 3 West, NMPM,
Sandoval County, New Mexico, and the creation of a new pool
for Entrada production comprising all of said quarter section.

(3) Applicant further seeks the promulgation of special
pool rules for the new pool thus created, including a provision
for 160-acre proration units and the establishment of a special
depth bracket allowable for said pool of up to 750 barrels per
day.

(4) That the applicant has advanced as the reasons for the
proposed pool contraction, creation, and special pool rules the
following:

- a. That the Entrada formation underlying the portion
of the Media-Entrada Oil Pool sought to be deleted,
and the Entrada formation underlying the portion
of the Media-Entrada Oil Pool which would remain,
constitute sources of supply separate from one
another.

- b. That without such pool contraction, creation, and special pool rules, the institution of a pressure maintenance project in the Media-Entrada Oil Pool would be delayed.
- c. That without such pool contraction, creation, and special pool rules, institution of water disposal operations in the Media-Entrada Oil Pool would be delayed.

(5) That the evidence establishes that the Entrada formation underlying the portion of the Media-Entrada Oil Pool sought to be deleted is in communication with the Entrada formation underlying the remainder of that oil pool as presently defined.

(6) That the applicant has failed to establish that failure to order the requested contraction, creation, and special pool rules will in fact delay the institution of pressure maintenance and water disposal operations in the Media-Entrada Oil Pool as presently defined.

(7) That approval of the application would not prevent waste nor protect correlative rights in the Media-Entrada Oil Pool as that pool is presently defined.

(8) That the application for pool contraction, pool creation and special pool rules should be denied.

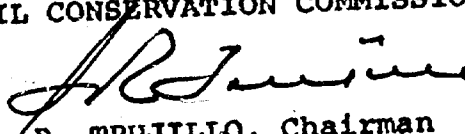
IT IS THEREFORE ORDERED:


(1) That the application of Petro-Lewis Corporation for pool contraction, creation, and special pool rules as set forth in Findings (2) and (3) of this order is hereby denied.

(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


I. R. TRUJILLO, Chairman

ALEX J. ARMILLO, Member

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

dr/

Dockets Nos. 20-75 and 21-75 are tentatively set for hearing on August 27 and September 10, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 13, 1975

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for September, 1975.
 - (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for September, 1975.

CASE 5533: Application of Southern Union Production Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ellenburger formation underlying the N/2 of Section 21, Township 12 South, Range 26 East, Chaves County, New Mexico, to be dedicated to a well to be drilled at an orthodox location in Unit F of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as the operator of the well and a charge for the risk involved in drilling said well.

CASE 5534: Application of Texaco Inc. for three unorthodox oil well locations and an administrative procedure, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox oil well locations of its West Vacuum Unit Well Nos. 51, 52, and 53 to be drilled, respectively, 1310 feet from the South line and 10 feet from the East line of Section 33; 1310 feet from the South and West lines of Section 34; and 1310 feet from the South line and 2630 feet from the West line of Section 34, all in Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico. Applicant further seeks the establishment of an administrative procedure whereby additional wells at unorthodox locations in the West Vacuum Unit could be approved without notice and hearing.

CASE 5535: Application of Coquina Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow gas well located 660 feet from the North and East lines of Section 5, Township 19 South, Range 27 East, Eddy County, New Mexico, the N/2 of said Section 5 to be dedicated to the well.

CASE 5536: Application of Petroleum Development Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its McKay-West Federal Well No. 1 located in Unit F of Section 34, Township 18 South, Range 32 East, Lea County, New Mexico, to produce oil from the Bone Spring formation and gas from the Morrow formation through parallel strings of tubing.

CASE 5537: Application of Cotton Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 10, Township 21 South, Range 25 East, adjacent to the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location in Unit I of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as the operator of the well and a charge for the risk involved in drilling said well.

CASE 5538: Application of Phillips Petroleum Company for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Luther-A Well No. 1, located in Unit N of Section 18, Township 8 South, Range 32 East, to produce oil from the Lonesome-San Andres Pool and to dispose of produced water into the Glorieta formation in the open-hole interval from 4584 feet to 4720 feet through parallel strings of tubing.

CASE 5152: (Reopened & Readvertised)

In the matter of Case No. 5152 being reopened pursuant to the provisions of Order No. R-4713, as amended by Order No. R-4713-A, which order established a special depth bracket allowable for the Media-Entrada Oil Pool, Sandoval County, New Mexico. All interested parties may appear and show cause why said special depth bracket allowable should remain in effect.

CASE 5262: (Reopened & Readvertised)

In the matter of Case No. 5262 being reopened pursuant to the provisions of Order No. R-4822-A, which order promulgated special pool rules for the Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, including a provision for 160-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing.

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CASE 5539: Southeastern nomenclature case calling for the creation, contraction, and extensions of certain pools in Lea and Chaves Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Devonian production and designated as the Custer-Devonian Gas Pool. The discovery well is the Shell Oil Company State B Com Well No. 1 located in Unit C of Section 36, Township 24 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM
Section 36: N/2

(b) CONTRACT the Bagley-Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 10: W/2 SE/4

(c) EXTEND the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 10: W/2 SE/4

(d) EXTEND the Casey-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 34: NE/4

(e) EXTEND the South Flying M-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM
Section 36: N/2

(f) EXTEND the West Knowles-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 34: SW/4

(g) EXTEND the Maljamar-Grayburg, San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 14: NW/4

(h) EXTEND the Tom Tom- San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 34: S/2 SW/4 and SW/4 SE/4

T8SR31E: S/2 4
NW/4 9

Examiner Hearing - Wednesday - August 13, 1975

Docket No. 19-75
-4-

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 3: NW/4
Section 4: NE/4

(1) EXTEND the Tulk-Pennsylvanian Pool in Lea County, New Mexico,
to include therein:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM
Section 32: E/2
Section 33: SW/4
Section 35: NE/4

sent 9-27-74
Jm

LAW OFFICES OF
HUNKER, FEDRIC & HIGGINBOTHAM, P.A.

210 KINPLE BUILDING

POST OFFICE BOX 1837

GEORGE H. HUNKER, JR.
DON M. FEDRIC
RONALD M. HIGGINBOTHAM

ROSWELL, NEW MEXICO 88201

TELEPHONE 622-2700
AREA CODE 505

September 25, 1974

Mr. Bill Carr
Legal Department
Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

4822-R
443-A

Re: Consolidated Cases 5262 & 5152
Hearing of August 19, 1974

Dear Bill:

Diana has sent me a copy of the transcript in connection with the above cases, but she did not send me copies of the two Orders which were entered in these two cases by the Commission. Will you please ask her to make xerox copies of them so that I may have them for our clients' files.

Thank you very much for your assistance and cooperation.

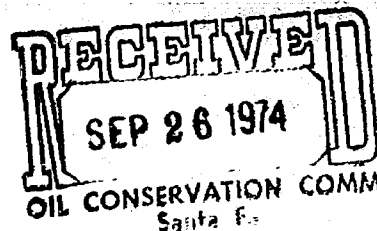
Sincerely yours,

HUNKER, FEDRIC & HIGGINBOTHAM, P.A.

George H. Hunker, Jr.
George H. Hunker, Jr.

GHH:dd

cc: Mr. John K. Reimer
cc: Mr. R. E. McKenzie, Jr.



Docket No. 23-74

DOCKET: COMMISSION HEARING - MONDAY - AUGUST 19, 1974

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

CASE 5262: (DE NOVO)

Application of Petro-Lewis Corporation for pool contraction, creation, and special pool rules, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Media-Entrada Oil Pool by the deletion of the NW/4 of Section 22, Township 19 North, Range 3 West, Sandoval County, New Mexico, and the creation of a new pool for Entrada production comprising said lands. Applicant further seeks the promulgation of special rules for said pool, including a provision for 160-acre proration units and the establishment of a special depth bracket allowable for said pool of up to 750 barrels per day.

Upon application of Petro-Lewis Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 5152: (Reopened) Continued from July 24, 1974 Examiner Hearing

In the matter of Case No. 5152 being reopened pursuant to the provisions of Order No. R-4713, which order established a special depth bracket allowable for the Media-Entrada Oil Pool, Sandoval County, New Mexico. All interested parties may appear and show cause why said special depth bracket allowable should not be rescinded.

ir/

Dockets Nos. 25-74 and 26-74 are tentatively set for hearing on September 4 and September 18. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 21, 1974

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner

CASE 5294: Application of Shenandoah Oil Corporation for a buffer zone allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of a special buffer zone allowable to its Gissler "A" Wells Nos. 1 and 3, located 430 feet from the North line and 1720 feet from the West line, and 1320 feet from the North line and 2310 feet from the West line, respectively, of Section 23, Township 17 South, Range 30 East, Grayburg Jackson Pool, Eddy County, New Mexico. These wells offset an active waterflood project and have received an apparent response to water injection.

CASE 5295: Application of Amoco Production Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 24, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Gillully Federal Gas Com Well No. 4 and its Gillully "A" Federal Well No. 7 located in Units B and O, respectively, of said Section 24.

CASE 5296: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Vacuum-Upper Pennsylvanian production with the presently commingled North Vacuum-Abo and North Vacuum-Wolfcamp production in the wellbore in its New Mexico "Q" State Well No. 4 located in Unit P of Section 25, Township 17 South, Range 34 East, Vacuum Field, Lea County, New Mexico.

CASE 5297: Application of Exxon Corporation for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 35, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Eumont Gas Com 3 Well No. 1 and its Popeano Federal A/C Well No. 7, located in Units A and G, respectively, of said Section 35.

CASE 5298: Application of General American Oil Company of Texas for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 29, Township 17 South, Range 29

CASE 5259: Application of Read & Stevens, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for a well proposed to be drilled 660 feet from the South line and 990 feet from the East line of Section 30, Township 20 South, Range 25 East, Eddy County, New Mexico, in exception to the pool rules for the Indian Basin-Morrow Gas Pool or the Cemetary-Morrow Gas Pool, whichever is applicable.

CASE 5260: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit R & G Drilling Company and all other interested parties to appear and show cause why Order No. DC-1026, which authorized dual completion in the Blanco-Mesaverde and Basin-Dakota Pools, should not be rescinded and the Hammond Well No. 47 located in Unit K, Section 35, Township 27 North, Range 8 West, San Juan County, New Mexico, be recompleted as a single zone well.

CASE 5261: Application of Amerada Hess Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the openhole interval from 11,160 feet to 11,230 feet of its H. C. Posey "A" Well No. 1 located in Unit O of Section 11, Township 12 South, Range 32 East, East Caprock-Devonian Pool, Lea County, New Mexico.

CASE 5262: Application of Petro-Lewis Corporation for pool contraction, creation, and special pool rules, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Media-Entrada Oil Pool by the deletion of the NW/4 of Section 22, Township 19 North, Range 3 West, Sandoval County, New Mexico, and the creation of a new pool for Entrada production comprising said lands. Applicant further seeks the promulgation of special rules for said pool, including a provision for 160-acre proration units and the establishment of a special depth bracket allowable for said pool of up to 750 barrels per day.

CASE 5263: Application of Reading & Bates Oil and Gas Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for a well proposed to be drilled at a point 660 feet from the South and West lines of Section 8, Township 18 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 8 to be dedicated to the well.

CASE 5251: (Continued from the June 5, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for the Amendment of Order No. R-4560, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4560 to provide for an extension of time in which to comply with the schedule set forth in said order for the drilling and completion of the third well covered by said order, to be located in the NE/4 of Section 24, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico.

Docket No. 17-74

Dockets Nos. 19-74 and 20-74 are tentatively set for hearing on July 16 and July 24. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 19, 1974

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

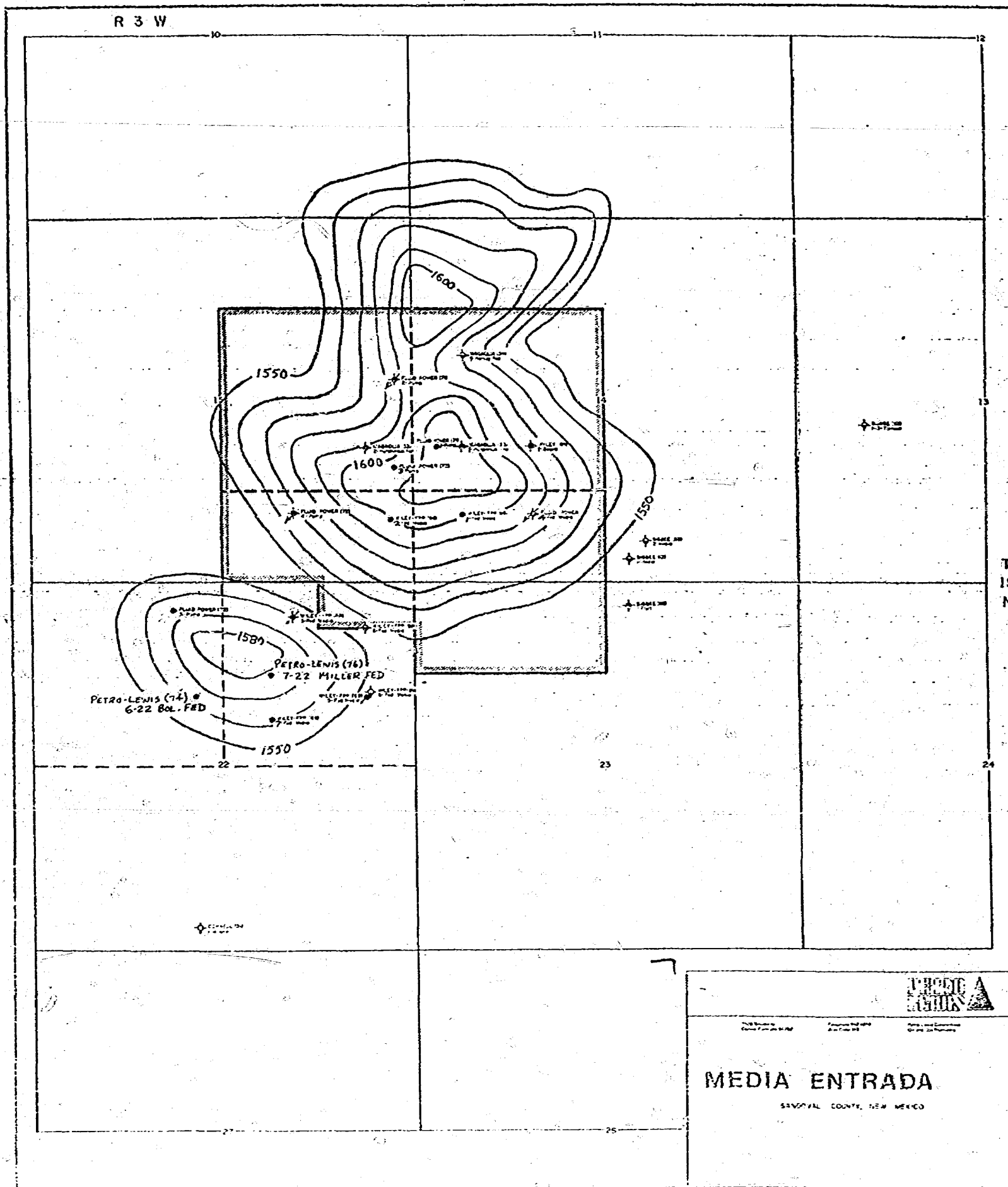
CASE 5256: Application of Monsanto Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to plug back its Arco Federal Well No. 2 located 990 feet from the North line and 2310 feet from the East line of Section 13, Township 21 South, Range 26 East, Burton Flats Field, Eddy County, New Mexico, to a depth of 9314 feet and to set a whipstock and directionally drill said well in such a manner as to bottom it in the Morrow formation within a 50-foot radius of a point 660 feet from the North line and 1980 feet from the East line of said Section 13.

CASE 5257: Application of Mobil Oil Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 12 Com Well No. 1 to be drilled to the Morrow formation at a point 1300 feet from the South line and 660 feet from the East line of Section 12, Township 21 South, Range 26 East, Eddy County, New Mexico, the E/2 of said Section 12 to be dedicated to the well.

CASE 5258: Application of Texas Pacific Oil Company for two waterflood projects and downhole commingling or dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "A" Act. 1 Well No. 42 located in Unit A of Section 4, Township 23 South, Range 36 East, Lea County, New Mexico, for the purpose of injecting water into the Upper Seven-Rivers formation of the Jalmat Pool and the Lower Seven-Rivers formation of the Langlie-Mattix Pool for the purpose of secondary recovery. Applicant further seeks approval for the downhole commingling in the wellbore of Jalmat and Langlie-Mattix production in the off-setting wells Nos. 44, 45, and 87, located in Units B, H, and G, respectively, of said Section 4; in the alternative applicant seeks approval for the dual completion of the aforesaid three wells to produce oil from said pools through parallel strings of tubing.

CASE 3608: (Reopened)

In the matter of Case No. 3608 being reopened pursuant to the provisions of Order No. R-3282, which order established temporary rules for the Carlsbad Permo-Penn Gas Pool, Eddy County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.



BEFORE EXAMINED NUTTER
 OIL CONSERVATION COMMISSION
 Petro-Lewis EXHIBIT NO. 1
 CASE NO. 5262

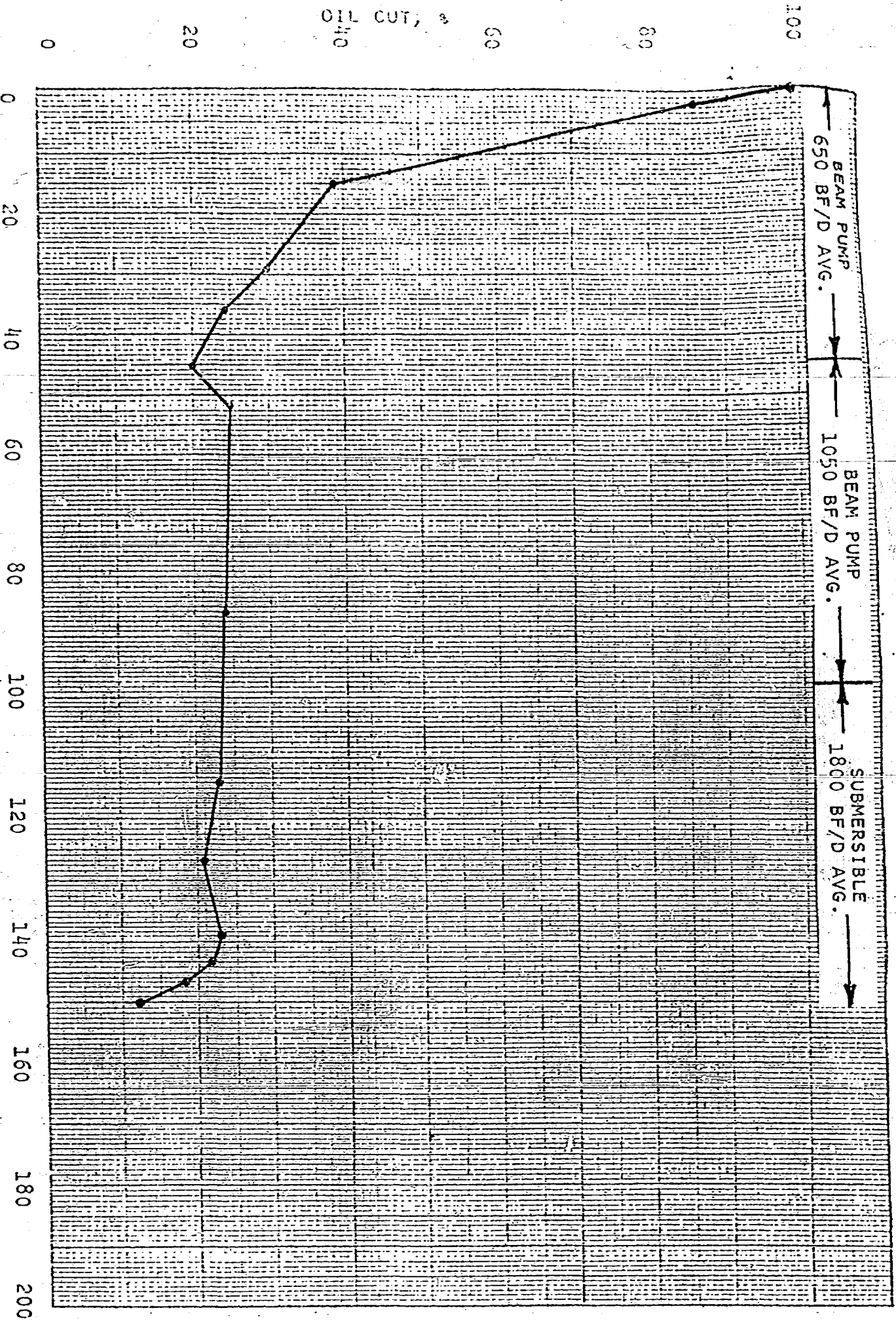
SOUTHWEST MEDIA ENTRADA PRODUCTION

August 1975 through August 1976
(Barrels per Month)

	<u>Boling Federal #6</u>	
	<u>Oil</u>	<u>Water</u>
August 1975	5887	20,900
September	5402	16,600
October	2230	6800
November	4343	6800
December	7828	25,100
January 1976	7077	20,550
February	5950	14,900
March	14,708	48,500
April	13,460	51,000
May	12,355	40,500
June	4283	15,500
July	3379	15,500
August	2590	19,592

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Petro-Lewis EXHIBIT NO. 2
CASE NO. 5262

CUMULATIVE OIL PRODUCTION, MBO



OIL CUT
VS
CUMULATIVE OIL PRODUCTION
BOLING FEDERAL NUMBER 6
MEDIA ENTRADA, SOUTHWEST
SANDOVAL COUNTY, NEW MEXICO

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 5362

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

RECEIVED
JUL 23 1974
OIL CONSERVATION COMM.
Santa Fe

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

Case No. 5262
Order No. R-4822


APPLICATION OF PETRO-LEWIS CORPORATION
FOR POOL CONTRACTION, CREATION, AND
SPECIAL POOL RULES, SANDOVAL COUNTY,
NEW MEXICO

APPLICATION FOR HEARING DE NOVO

COMES NOW, Petro-Lewis Corporation an interested
party adversely affected by the order entered in the above
captioned case, and pursuant to the provisions of Rule
1220 of the Rules and Regulations of the New Mexico Oil
Conservation Commission applies to the Oil Conserva-
tion Commission of New Mexico for a Hearing De Novo of
the above captioned Case No. 5262, and Order No. R-4822
issued pursuant thereto.

Respectfully submitted,
PETRO-LEWIS CORPORATION

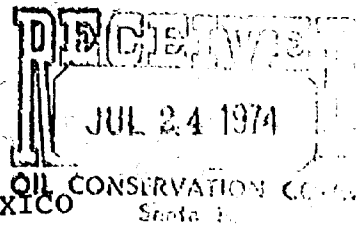
BY


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

DOCKET MAILED

Date 8-9-74

BEFORE THE
OIL CONSERVATION COMMISSION 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. 5262
Order No. R-4822

APPLICATION OF PETRO-LEWIS CORPORATION
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Respectfully submitted,
PETRO-LEWIS CORPORATION

BY

W. F. Kellahin

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

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

RECEIVED
MAY 22 1964
OIL CONSERVATION COMM
Santa Fe

IN THE MATTER OF THE APPLICATION OF PETRO-LEWIS CORPORATION FOR CREATION OF A POOL AND POOL RULES FOR PRODUCTION FROM AN ENTRADA FORMATION INCLUDING 160 ACRE PRORATION UNITS AND A SPECIAL DEPTH BRACKET ALLOWABLE, SANDOVAL COUNTY, NEW MEXICO

Page 5262

A P P L I C A T I O N

COMES NOW Petro-Lewis Corporation, by and through its attorneys KELLAHIN & FOX, and applies to the Oil Conservation Commission of New Mexico for the designation of a new pool for production from the Entrada formation and for adoption of pool rules, including a provision for 160 acre proration units, and a provision for a Special Depth Bracket allowable and in support thereof would show the Commission:

1. Applicant is the operator of the Fluid Power Pump #5 well located in the NW/4 of Section 22, Township 19 North, Range 3 West, N.M.P.M., Sandoval County, New Mexico, completed for production from the Entrada formation.
2. Applicant seeks the creation of a new pool for production of this subject well from the Entrada formation and proposes to dedicate the NW/4 of Section 22 to said well.
3. Present information available indicates that subject well is producing from a separate and distinct source of supply.

DOCKET MAILED

Date 6-7-74

4. That one well will economically and efficiently drain and develop a proration unit of not less than 160 acres and that a 160 acre allowable be assigned to each 160 acre proration unit.

5. That applicant foresees the possibility of drilling more than one well on each proration unit and would request a provision in the order allowing more than one well to be drilled on a proration unit.

6. The subject well makes large volumes of water, as the result of an active water drive, and in order to efficiently produce the well, it must be produced at a high rate. At higher rates of production the ratio of water to oil is greatly reduced.

7. That subject well is capable of producing in excess of the normal allowable without waste.

8. The applicant is the only operator in the proposed pool, and there are no offset operators that would be affected by approval of this application.

9. Approval of the application will result in the recovery of oil that would not otherwise be recovered, will prevent waste and protect correlative rights.

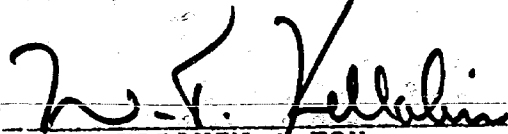
WHEREFORE applicant prays that this application be set for hearing before the Commissions duly appointed examiner

and that after notice and hearing as required by law,
the Commission enter its order granting the application
as requested.

Respectfully submitted,

PETRO-LEWIS CORPORATION

By



KELLAHIN & FOX

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

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. 5262 (Reopened)
Order No. R-4822-C

IN THE MATTER OF CASE NO. 5262 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-4822-B, WHICH ORDER EXTENDED
THE SPECIAL POOL RULES FOR THE SOUTHWEST
MEDIA-ENTRADA OIL POOL, SANDOVAL COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 29, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 29 day of September, 1976, 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 by Order No. R-4822-B, dated September 23, 1975, the Commission extended the special pool rules for the Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, as promulgated by Order No. R-4822-A, dated September 3, 1974.

(3) That pursuant to the provisions of Order No. R-4822-B, this case was reopened to permit all interested parties to appear and show cause why the Southwest Media-Entrada Oil Pool should not be developed on 40-acre spacing with a depth bracket allowable in accordance with the statewide rules.

(4) That the evidence presently available indicates that ^{further} continuation of the ~~temporary~~ special rules and regulations for the Southwest Media-Entrada Oil Pool ~~for a period of one year~~ is in the interest of conservation, will not cause waste, and will not impair correlative rights.

-2-

Case No. 5262 (Reopened)
Order No. R-4822-C

(5) That said rules should be continued in full force and effect ~~for a one-year period, and that this case should be reopened that the Secretary-Director of the Commission should have the at an examiner hearing during the month of September, 1977, at authority to suspend the special allowable provisions of Order No. R-4822-A without notice and hearing if it appears that waste said pool should not be developed on 40-acre spacing with a depth is resulting therefrom.~~
~~bracket allowable assigned in accordance with the statewide rules.~~

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, extended by Order No. R-4822-B, shall remain in full force and effect ~~for an additional period of one year,~~
until further order of the Commission

~~(2) That this case shall be reopened at an examiner hearing in September, 1977, at which time all interested parties may appear and show cause why the Southwest Media-Entrada Oil Pool should not be developed on 40-acre spacing and why the special depth bracket allowable should not be rescinded.~~

²
(2) That each operator in the Southwest Media-Entrada Oil Pool shall report monthly to the Aztec district office of the Commission the previous month's water-oil cut for each producing well in the Southwest Media-Entrada Oil Pool.

²
(3) That the Secretary-Director of the Commission may, at any time that it appears that premature water encroachment or water coning is occurring, or other evidence of reservoir damage is apparent, rescind the ^{special allowable} provisions of ^{Order No. R-4822-A} ~~this order~~ and cause the top unit allowable for the Southwest Media-Entrada Oil Pool to revert to 347 barrels of oil per day.

²
(4) That jurisdiction of this cause is hereby 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 herein-
above designated.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Petro-land EXHIBIT NO. 2
CASE NO. 5262

SOUTHWEST MEDIA FIELD

Sandoval County

New Mexico

for Baling # 6:

Rate-Water Cut Performance

Rate - 150 BOPD
480 BOPD
Oil 8-23

Work-Install larger tubing
and pump *in June 75*

Subsequent Rate
300 BOPD
850 BOPD
Oil 8-26

fluid level 1270' from surface

S. W. MEDIA ENTRADA PRODUCTION

June 1974 through June 1975
(Barrels per Month)

	<u>Oil</u>	<u>Water</u>
June 1974	633	4985
July	437	5285
August	225	1729
September	310	-0-
October	219	-0-
November	290	-0-
December	-0-	-0-
January 1975	-0-	-0-
February	159	1920
March	-0-	-0-
April	-0-	-0-
May	276	-0-
June	495	-0-

	<u>Oil</u>	<u>Water</u>
	-	-
	-	-
	2302	358
	7114	13277
	5523	14415
	3428	-0-
	4763	12786
	5721	13465
	3427	9725
	4046	12650
	3698	16210
	4971	15280
	7507	25555

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Petro-leum EXHIBIT NO. 1
CASE NO. 5262

DRAFT

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. 5262

Order No. R- 4822-B

IN THE MATTER OF CASE NO. 5262 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-4822-A,
WHICH ORDER CREATED THE SOUTHWEST MEDIA-ENTRADA
OIL POOL, SANDOVAL COUNTY, NEW MEXICO AND
PROMULGATED SPECIAL RULES THEREFOR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 13,
19 75, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of September, 1975, 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 by Order No. R-4822-A, dated September 3, 1974,
the Commission created and defined the Southwest Media-Entrada
Oil Pool, Sandoval County, New Mexico, and promulgated temporary
special rules and regulations therefor, including a provision
for 160-acre spacing and proration units and a special depth
bracket allowable of 750 barrels of oil per day.

(3) That pursuant to the provisions of Order No. R-4822-A,
this case was reopened to permit all interested parties to appear
and show cause why the Southwest Media-Entrada Oil Pool should
not be developed on 40-acre spacing with a depth bracket allowable
in accordance with the statewide rules.

(4) That the evidence presently available indicates that continuation of the temporary special rules and regulations for the Southwest Media-Entrada Oil Pool for a period of one year is in the interest of conservation, will not cause waste, ~~and will not-cause-waste,~~ and will not impair correlative rights.

(5) That said rules should be continued in full force and effect for a one-year period, and that this case should be reopened at an examiner hearing during the month of September, 1976, at which time all interested parties may appear and show cause why said pool should not be developed on 40-acre spacing with a depth bracket allowable assigned in accordance with the statewide rules.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, promulgated by Order No. R-4822-A, shall remain in full force and effect for an additional period of one year.

(2) That this case shall be reopened at an examiner hearing in September, 1976, at which time all interested parties may appear and show cause why the Southwest Media-Entrada Oil Pool should not be developed on 40-acre spacing and why the special depth bracket allowable should not be rescinded.

(3) That each operator in the Southwest Media-Entrada Oil Pool shall report monthly to the Aztec District Office of the Commission the previous month's water-oil cut for each producing well in the Southwest Media-Entrada Oil Pool.

-3-

Case No. 5262

Order No. R-4822-B

(4) That the Secretary-Director of the Commission may, at any time that it appears that premature water encroachment or water coning is occurring, or other evidence of reservoir damage is apparent, rescind the provisions of this order and cause the top unit allowable for the Southwest Media-Entrada Oil Pool to revert to 347 barrels of oil per day.

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

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

DRAFT

jr/

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. 5262

Order No. R-4822

APPLICATION OF PETRO-LEWIS CORPORATION
FOR POOL CONTRACTION, CREATION, AND
SPECIAL POOL RULES, SANDOVAL COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 19, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of July, 1974, 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, Petro-Lewis Corporation, seeks an
order contracting the horizontal limits of the Media-Entrada Oil
Pool by the deletion of the NW/4 of Section 22, Township 19 North,
Range 3 West, NMPM, Sandoval County, New Mexico, and the creation
of a new pool for Entrada production comprising said lands
of said quarter section.

-2-
CASE NO. 5262
Order No. R-

(3) Applicant further seeks the promulgation of special pool rules for the new pool thus created, including a provision for 160-acre proration units and the establishment of a special depth bracket allowable for said pool of up to 750 barrels per day.

(4) That the applicant has advanced as the reasons for the proposed pool contraction, creation, and special pool rules the following:

- a. That the Entrada formation underlying the portion of the Media-Entrada Oil Pool sought to be deleted, and the Entrada formation underlying the portion of the Media-Entrada Oil Pool which would remain, constitute sources of supply separate from one another.
- b. That without such pool contraction, creation, and special pool rules, the ~~initiation~~ institution of a pressure maintenance project in the Media-Entrada Oil Pool would be delayed.
- c. That without such pool contraction, creation, and special pool rules, institution of ~~salt~~ water disposal operations in the Media-Entrada Oil Pool would be delayed.

5
(4) That the evidence establishes that the Entrada formation underlying the portion of the Media-Entrada Oil Pool sought to be deleted is in communication with the remainder of that oil pool as presently defined.
Entrada formation underlying the

6
(5) That the applicant has failed to establish that failure to order the requested contraction, creation, and special pool rules will in fact delay the institution of pressure maintenance and ~~salt~~ water disposal operations in the Media-Entrada Oil Pool as presently defined.

7
(6) That approval of the application would not ^{prevent waste nor} protect correlative rights in the Media-Entrada Oil Pool as that pool is presently defined.

8
(7) That the application for pool contraction, pool creation and special pool rules should be denied.

-3-

CASE NO. 5262

Order No. R-

IT IS THEREFORE ORDERED:

(1) That the application of Petro-Lewis Corporation for pool contraction, creation, and special pool rules as set forth in findings (2) and (3) of this order is hereby denied.

(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 herein-
above designated.

Application of Petro-Lewis Corporation
for pool contraction, creation, and
special pool rules, Sandoval County,
New Mexico

Case No. 5262

RHS. - June 19, 1974

Findings:

(1) Jurisdiction

(2) That the applicant, Petro-Lewis Corporation, seeks an order contracting the horizontal limits of the Media-Entrada Oil Pool by the deletion of the NW 1/4 of Section 22, Township 19 North, Range 3 West, Sandoval County, New Mexico and the creation of a new pool for Entrada production comprising said lands.

(3) Applicant further seeks the promulgation of special pool rules for the new pool thus created, including a provision for 160-acre proration units and the establishment of a special depth bracket allowable for said pool of up to 750 barrels per day.

(4) That the applicant has advanced as the reasons for the proposed pool contraction, creation, and special pool rules the following:

a. That the Entrada formation underlying the portion of the Media-Entrada Oil Pool sought to be deleted and the Entrada formation underlying the portion of the Media-Entrada Oil Pool which would remain constitute sources of supply separate from one another.

b. That without such pool contraction, creation, and special pool rules, the institution of a pressure maintenance project in the ~~Media-Entrada~~ ^{Media-Entrada} Oil Pool would be delayed.

^{Institution of} c. That without such pool contraction, creation, and special pool rules, salt water disposal operations in the ~~Media-Entrada~~ Oil Pool would be delayed.

(4) That the evidence establishes that the Entrada formation underlying the portion of the ~~Media-Entrada~~ Oil Pool ^{sought to be deleted} in communication with the remainder of that Oil Pool as presently defined.

(5) That the applicant has failed to establish that failure to order the requested contraction, creation, and special pool rules will in fact delay the institution of pressure maintenance and salt water disposal operations in the Media-Entrada Oil Pool as presently defined.

(6) That approval of the application would not protect correlative rights in the Media-Entrada Oil Pool as that pool is presently defined.

7. That the application for pool contraction, pool creation and special pool rules should be denied.

Ordered

(1) That the application of Petro-Lewis Corporation for pool contraction, creation and special pool rules

as set forth in findings (2) and (3) of this order
is hereby denied.

(2) Jurisdiction

DRAFT

jr/

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. 5262 DE NOVO

Order No. R- 4822-A

Nomenclature

APPLICATION OF PETRO-LEWIS CORPORATION
FOR POOL CONTRACTION, CREATION, AND
SPECIAL POOL RULES, SANDOVAL COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 19, 1974
at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission."

NOW, on this September day of August, 1974, the Commission,
a quorum being present, having considered the testimony presented
and the exhibits received at said hearing, 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, Petro-Lewis Corporation, seeks an
order contracting the horizontal limits of the Media-Entrada Oil
Pool as presently defined and described by the deletion of the
NW/4 of Section 22, Township 19 North, Range 3 West, NMPM, Sandoval
County, New Mexico, and the creation of a new pool for Entrada
production comprising all of said quarter section.

(3) Applicant further seeks the promulgation of special
pool rules for the new pool thus created, including a provision for
160-acre proration units and the establishment of a special
depth bracket allowable for said pool of up to 750 barrels per day.

1 -2-

2 CASE NO. 5262 DE NOVO
3 Order No. R-4822-A

4 (4) That this matter came on for hearing before Examiner
5 Richard L. Stamets, on June 19, 1974, and pursuant to this hearing
6 Order No. R-4822 was issued on July 16, 1974, which denied the
7 application of Petro-Lewis Corporation for the aforesaid pool
8 contraction, creation, and special pool rules.

9 (5) That on July 23, 1974, application for hearing De Novo
10 was made by Petro-Lewis Corporation and the matter was set for
11 hearing before a quorum of the Commission.

12 (6) That the matter came on for hearing De Novo on August
13 19, 1974.

14 (7) That subsequent to the original hearing of Case No. 5262,
15 additional reservoir information has become available which
16 indicates that the ~~portion~~ ^{oil-bearing portion of the Entrada formation underlying that} of the Media-Entrada Oil Pool sought to
17 be deleted and the ~~portion~~ ^{oil-bearing portion of the Entrada formation underlying that part} of the Media-Entrada Oil Pool which
18 would remain after such deletion, while in communication with ~~the~~ ^{effective} a
19 common water ~~aquifer,~~ ^{aquifer,} do not appear to be in ~~effect of~~ ^{effect of} communica-
20 tion with each other.

21 (8) That the oil-bearing portion of the Entrada formation
22 underlying the NW/4 of Section 22, Township 19 North, Range 3 West,
23 constitutes a separate common source of supply from the oil-bearing
24 portion of the Entrada formation underlying the S/2 NW/4 and SW/4
25 of Section 14, the S/2 NE/4 and SE/4 of Section 15, ~~the~~ ^{the} NE/4 NE/4 of
26 Section 22, and ~~the~~ ^{the} N/2 NW/4 of Section 23, all in Township 19 North,
27 Range 3 West, NMPM, Sandoval County, New Mexico.

28 (9) That the NW/4 of said Section 22 should be deleted from
29 the Media-Entrada Oil Pool as presently ~~constituted~~ ^{defined} and that a new
30 pool for Entrada oil production designated the South ~~Media-Entrada~~ ^{West} Media-Entrada
31 Oil Pool should be established comprising the land so deleted.
32

1 -3-
2 CASE NO. 5262 DE NOVO
3 Order No. R-4822-A

4 (10) That the Media-Entrada Oil Pool from which is being
5 created the South ^{west}Media-Entrada Oil Pool is governed by special
6 pool rules which include a provision for 160-acre spacing and
7 proration units ^{and} ~~in~~ a special depth bracket allowable of 750
8 barrels of oil per day.

9 (11) That inasmuch ~~as~~ the reservoir characteristics of the
10 two pools are similar, similar pool rules should govern each.

11 (12) That special pool rules for the South ^{west}Media-Entrada
12 Oil Pool, including a provision for 160-acre spacing and proration
13 units ^{and} ~~at~~ a special depth bracket allowable of 750 barrels of oil
14 per day, should be promulgated.

15 (13) That the Commission at a future hearing should consider
16 the deletion of the NW/4 NE/4 of Section 22, Township 19 North,
17 Range 3 West, NMPM, Sandoval County, New Mexico, from the horizontal
18 limits of the Media-Entrada Oil Pool ^{inasmuch as} ~~and inasmuch as~~ said quarter-
19 quarter section appears to be underlain by the South ^{west}Media-Entrada
20 Pool rather than the Media-Entrada Oil Pool as presently defined.

21 IT IS THEREFORE ORDERED:

22 (1) That the horizontal boundaries of the Media-Entrada Oil
23 Pool, Sandoval County, New Mexico, are hereby contracted by the
24 deletion ^{therefrom} of the NW/4 of Section 22, Township 19 North, Range 3 West,
25 NMPM, Sandoval County, New Mexico.

26 (2) That a new pool in Sandoval County, New Mexico, classified
27 as an oil pool for Entrada production is hereby created and designated
28 as the South ^{west}Media-Entrada Oil Pool consisting of the following
29 described area:
30
31
32

1 -4-

2 CASE NO. 5262 DE NOVO
3 Order No. R-4822-A

4 TOWNSHIP 19 NORTH, RANGE 3 WEST, NMPM
5 Section 22: NW/4

6 (3) That effective September 1, 1974, Temporary Special Rules
7 and Regulations for the South Media-Entrada Oil Pool, Sandoval County,
8 New Mexico, are hereby promulgated as follows:

9 TEMPORARY SPECIAL RULES AND REGULATIONS
10 FOR THE
11 SOUTH MEDIA-ENTRADA OIL POOL

12 RULE 1. Each well completed or recompleted in the Southwest
13 Media-Entrada Oil Pool or in the Entrada formation within
14 one mile thereof and not nearer to or within the limits of
15 another designated Entrada oil pool shall be spaced, drilled,
16 operated and produced in accordance with the Special Rules
17 and Regulations hereinafter set forth.

18 RULE 2. Each well shall be located on a standard unit
19 containing 160-acres more or less substantially in the
20 form of a square which is a quarter section being a legal
21 subdivision of the United State's Public Land Surveys.

22 RULE 3. The Secretary-Director of the Commission may grant an
23 exception to the requirements of Rule 2 without notice and
24 hearing when an application has been filed for a non-standard
25 unit consisting of less than 160-acres or the unorthodox
26 size or shape of the tract is due to a variation in the
27 legal subdivision of the United State's Public Land Surveys.

28 All operators offsetting the proposed non-standard unit shall
29 be notified of the application by registered or certified mail
30 and the application can state that such notice has been
31 furnished. The Secretary-Director may approve the application
32 upon receipt of written waivers from all offset operators or
if no offset operator has entered an objection to the
formation of the non-standard unit within 30 days after the

1 -5-

2 CASE NO. 5262 DE NOVO
3 Order No. R-4822-A

4 Secretary-Director has received the application.

5 RULE 4. Each well shall be located no nearer than 660 feet
6 to the outer boundary of the proration unit nor nearer than
7 330 feet to any governmental quarter quarter section line
8 nor nearer than 1320 feet to the nearest well drilling
9 to or capable of producing from the same pool.

10 RULE 5. The Secretary-Director may grant an exception to
11 the requirements of Rule 4 without notice and hearing when
12 an application has been filed for an unorthodox location
13 necessitated by topographical conditions or the recompletion
14 of a well previously drilled to another horizon. All operators
15 offsetting the proposed location shall be notified of the
16 application by registered or certified mail and the
17 application shall state that such notice has been furnished.
18 The Secretary-Director may approve the application upon
19 receipt of written waivers from all operators offsetting the
20 proposed location or if no objection to the unorthodox location
21 has been entered within 120 days after the Secretary-Director
22 has received the application.

23 RULE 6. A standard proration unit (158 ^{through} 162 acres) shall
24 be assigned a 160-acre depth bracket allowable of 750 barrels
25 subject to the market demand percentage factor for allowable
26 purposes and in the event there is more than one well on a
27 160-acre proration unit the operator may produce the allowable
28 assigned to the unit from the wells on the unit in any propor-
29 tion.

30 The allowable assigned to a non-standard proration unit
31 shall bear the same ratio to a standard allowable as the
32 acreage in such non-standard unit bears to 160-acres.

1 -6-

2 CASE NO. 5262 DE NOVO
3 Order No. R-4822-A

4 RULE 7. A limiting gas-oil ratio of 2000 cubic feet of gas
5 per barrel of oil is established for the pool.

6 IT IS FURTHER ORDERED:

7 (1) That the location of all wells presently drilling to the
8 South Media-Entrada Oil Pool are hereby approved; the operator of
9 any well having an unorthodox location shall notify the Aztec
10 District Office of the Commission in writing of the name and
11 location of the well on or before October 1, 1974.

Media-Entrada North Shoe Bar Wolfcamp Oil Pool
(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA
1953, contained in Chapter 271, Laws of 1969, existing wells in the Southwest
in accordance with the foregoing pool rules; or pursuant to Paragraph
C. of said Section 65-3-14.5, existing wells may have non-standard
spacing or proration units established by the Commission and dedicated
thereto.

Failure to file new Forms C-102 with the Commission dedicating
160 acres to a well or to obtain a non-standard unit approved by the
Commission within 60 days from the date of this order shall subject
the well to cancellation of allowable.

12 (3) That this cause shall be reopened at an examiner hearing
13 during the month of August, 1975, at which time the operators in
14 the South Media-Entrada Oil Pool may appear and show cause why
15 said pool should not be developed on 40-acre spacing with a
16 depth bracket allowable in accordance with the statewide rules.

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

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

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