

CASE 5462: Application of
GENERAL AMERICAN OIL CO. for an
unorthodox location and adminis-
trative procedure, Eddy County

CASE No.

5462

Application,
Transcripts,
Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 30, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of General American
Oil Company for an unorthodox
location and administrative
procedure, Eddy County, New Mexico.

CASE NO. 5462

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:

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

For the Applicant:

Clarence Hinkle, Esq.
HINKLE, BONDURANT, COX & EATON
Hinkle Building
Roswell, New Mexico

CASE 5462

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I N D E X

PAGE

ROY CROW

Direct Examination by Mr. Hinkle
Cross Examination by Mr. Stamets

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E X H I B I T S

Applicant's Exhibits Nos. 1, 2 and 3

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MR. STAMETS: Case 5462.

MR. CARR: Case 5462. Application of General American Oil Company for an unorthodox location and administrative procedure, Eddy County, New Mexico.

MR. HINKLE: Clarence Hinkle of Hinkle, Bondurant, Cox and Eaton, appearing on behalf of General American Oil Company. We have one witness and three exhibits.

MR. STAMETS: I believe the record should show that the witness is the same Mr. Crow who testified previously and has previously been sworn and is still.

ROY CROW

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence, and by whom you are employed?

A My name is Roy Crow. I reside in Loco Hills, New Mexico. I am employed by General American Oil Company of Texas.

Q You are a graduate geologist?

A I am.

Q Have you previously qualified before the Commission

as a petroleum geologist?

A I have.

Q Your qualifications are a matter of record?

A Yes.

Q Have you made a study of the area that is involved in this case?

A I have.

MR. HINKLE: Are his qualifications sufficient?

MR. STAMETS: They are.

BY MR. HINKLE:

Q Are you familiar with the Application of General American in this case?

A I am.

Q What is General American seeking to accomplish?

A General American seeks approval for an unorthodox oil well location which would fall 825 feet from the north line, 1295 feet from the west line of Section 13, Township 16 South, Range 29 East, within the East High Lonesome Penrose Unit, Eddy County, New Mexico. The Applicant further seeks the establishment of an administrative procedure whereby additional unorthodox producing and injection well locations could be approved without a hearing.

Q Have you prepared what has been marked Exhibits

Nos. 1, 2 and 3 for introduction into this case?

A Those were prepared under my direction.

Q Refer to Exhibit 1 and explain that?

A Exhibit 1 is a map with the outline of the East High Lonesome Penrose Sand Unit, and at this point, I would point out that in the Application, I believe the Unit was said to consist of 1240 acres, and just as a matter of record, it should have been only 1200 acres, which is the outlined area on the plat. This is a waterflood unit, and the effective date was April 1st, 1965. It only covers a unitized zone in the Penrose Sand which is a member of the Queen Formation. The plat also shows the location of all wells which have been drilled inside the unit area. The wells with the solid circle, of course, are the producing oil wells, and the ones that are temporarily abandoned have a slash through them, and the injection wells have a small circle around the solid circle, and the shut-in wells have a slash through those.

Q Does General American own all the leasehold interest within the unit?

A They do.

Q And is the operator of the unit?

A That is correct.

CROW-DIRECT

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Also, the map indicates with a red arrow the proposed infill location, unorthodox location.

Q Does General American contemplate the drilling of other infill wells in the event this well proves successful?

A Yes, if this well proves successful, there would probably be, maybe as many as four or five, other infill wells drilled. In the fact that originally this was a peripheral-type flood, pushing oil to the middle, and as you will note, there have been quite a few other wells converted to injection at a later date, but still the area that we will refer to on Exhibit 2, most of the oil has come from the infill row of wells which we are not sure that we have drained completely, but if it is commercial, there would possibly be other wells.

Q Refer to Exhibit 2 and explain what this shows?

A Exhibit 2 is merely a recap of the primary production which was 1,379,842 barrels from the 30 wells. It also indicates the secondary recover cumulative oil of 1,139,907. As you see, we have produced approximately one-time primary production and the current production of the unit is only about 25 to 30 barrels a day, so, we are currently approaching economic limits and it is necessary at this time to determine if any additional oil is left.

CROW-DIRECT

Listed is the cumulative production of each individual well of secondary oil only, and cumulative water injection of each well.

Q On your first column, there are three wells that have an unusually large production. How do you account for that?

A As you will note, Well 6 has made 472,000 barrels and Well 9 has made 371,000 and Well 13 has made 179,000 barrels of secondary oil, and you will note that the proposed unorthodox infill lies between the two wells that have made the 472,000 and 371,000, No. 6 and No. 9, and the other well that has made the 179,000 is on that same trend on the west side of the field, so it is still inside the peripheral heart of the flood to where the most cumulative has been produced. Now, you will note the low cumulative on a lot of those wells are merely the delay from the time the unit was formed until those wells were converted to water injection. That is not an indication of their primary cumulative. That is just the cumulative oil that is considered secondary prior to their being converted to injection.

Q This exhibit also shows the amount of water that has been injected?

A Yes. It shows 11 million barrels of water has

CROW-DIRECT

been injected into this flood.

Q Now, refer to Exhibit 3 and explain what this is?

A Exhibit 3 is a copy of the approved Application to drill this well on an unorthodox location, and we submit this as the approval of the U.S.G.S. to this unorthodox location.

Q I believe you have testified that if this first well proves successful, you will probably drill several other infill wells. Would you like to have the Order or approval provide for administrative procedures to avoid additional hearings so that they can be approved without hearing?

A Yes, we would, and we would also state that if administrative approval were accomplished that, no well in any event would ever be made application to drill closer than 330 feet to any lease line, or I would state that any lease line other than General American's lease line, any outside operator.

Q In your opinion, would approval of this Application be in the interest of conservation and prevention of waste and protection of correlative rights?

A It would.

MR. HINKLE: We would like to offer Exhibits

CROW-CROSS

Nos. 1, 2 and 3.

MR. STAMETS: Exhibits 1, 2 and 3 will be admitted.

(Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were marked for identification, and were offered and admitted into evidence.)

MR. HINKLE: That's all we have.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Crow, I presume that you would be submitting a request along the lines of what the regular Commission Rules and Regulations call for for non-standard locations as far as plats and locations of offset operators?

A Just the fact that I don't believe there is any provision in the rules and regulations for an unorthodox oil well -- there is for an unorthodox gas well, I believe possibly -- but we would like such an order so that -- but we would go along the lines of such exhibits as we presented today.

Q Essentially in this situation, your 330 feet would be to the unit boundary?

A Right, the unit boundary.

Q Will that give you enough flexibility, say, for instance, along the west unit boundary. Will that enable

CROW-CROSS

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you to locate wells where you would like to recover any additional oil that might be along that line?

A Well, possibly, we might run into a problem if we developed it clear on over to Depco's edge line there, but in my current layout of five possible infill wells, the closest well would lie probably east of Well No. 13 instead of on the west side of Well No. 13.

MR. STAMETS: Are there any other questions of this witness? He may be excused.

(Witness dismissed.)

MR. STAMETS: Is there anything further in this case?

MR. HINKLE: No.

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

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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.


COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5462, heard by me on 4-30, 1975.


Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386



OIL CONSERVATION COMMISSION

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

I. R. TRUJILLO
CHAIRMAN

**LAND COMMISSIONER
PHIL R. LUCERO
MEMBER**

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

May 6, 1975

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: CASE NO. 5462

ORDER NO. R-5012

Applicant:

General American Oil Co.

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 _____ **X** _____
 Aztec OCC _____ _____

Other

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5462
Order No. R-5012

APPLICATION OF GENERAL AMERICAN OIL
COMPANY FOR AN UNORTHODOX LOCATION
AND ADMINISTRATIVE PROCEDURE, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 30, 1975,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of May, 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 the applicant, General American Oil Company, seeks
approval for an unorthodox oil well location 825 feet from the
North line and 1295 feet from the West line of Section 13,
Township 16 South, Range 29 East, East High Lonesome Penrose
Unit, High Lonesome Pool, Eddy County, New Mexico.
- (3) Applicant further seeks the adoption of an administra-
tive procedure whereby additional unorthodox producing and injec-
tion well locations could be approved for said unit area without
hearing.
- (4) That a well drilled at the proposed unorthodox location
will better enable the applicant to recover oil which might not
otherwise be recovered from the High Lonesome Pool, will prevent
waste, and will not violate correlative rights.
- (5) That an administrative procedure should be established
whereby additional wells in unorthodox locations may be approved
without the necessity of notice and hearing.

Case No. 5462
Order No. R-5012

IT IS THEREFORE ORDERED:

(1) That the applicant, General American Oil Company, is hereby authorized to drill an oil well 825 feet from the North line and 1295 feet from the West line of Section 13, Township 16 South, Range 29 East, East High Lonesome Penrose Unit, High Lonesome Pool, Eddy County, New Mexico.

(2) The Secretary-Director of the Commission is hereby authorized to approve additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of applicant's East High Lonesome Penrose Unit Area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 330 feet to the outer boundary of said unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

- (a) A plat showing the location of proposed well, all wells within the project area, and offset operators, locating wells which offset the project area.
- (b) A schematic drawing of any proposed injection well which fully describes the casing, tubing, perforated interval, and depth.
- (c) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

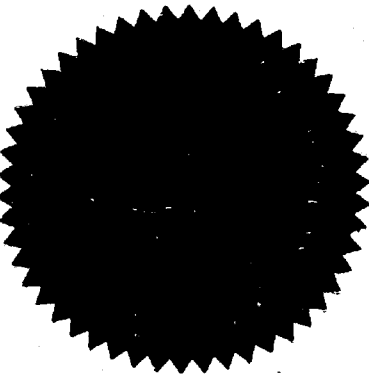
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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Case No. 5462
Order No. R-5012

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



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

PHIL R. LUCERO, Member

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

S E A L

jr/

EAST HIGH LONESOME (PENROSE SAND UNIT)
 DOBY COUNTY, NEW MEXICO

OPERATIONS Section 11, 12, 13 & 14 Township 16-South Range 29-East
Pecos County, New Mexico

TOTAL NO. WELLS: 30 CURRENTLY ACTIVE: 8 Wells

PRIMARY CUMULATIVE OIL: 1,379,842 barrels

SECONDARY CUMULATIVE OIL: 1,139,907 barrels as of 1-1-75

CUMULATIVE WATER PRODUCTION: 4,978,022 barrels as of 1-1-75

CUMULATIVE WATER INJECTION: 11,766,566 barrels as of 1-1-75

SECONDARY RECOVERY CUMULATIVE OIL		CUMULATIVE WATER INJECTION	
Brewer # 1	83,537	Brewer # 2	811,994
2	2,042	3	418,206
3	1,008	5	193,091
4	73,391	7	763,973
5	11,405	8	1,077,043
6	472,044 ✓	10	467,442
7	41,401	12	954,974
8	2,048	14	611,163
9	371,070 ✓	15	732,029
10	53,130	18	555,689
11	73,175	19	411,697
12	1,361	20	479,654
13	179,879 ✓	21	455,380
14	506	23	461,986
15	1,910	24	627,141
16	39,523	25	439,224
17	24,785	26	386,391
18	4,087	27	793,145
19	3,073	Bosworth # 1	420,045
20	912	2	43,484
21	706	3	322,995
23	209	4	339,819
25	6,186		
26	6,572		
Bosworth # 1	5,891		
2	17,985		
		TOTAL	11,766,565

BEFORE EXAMINER TESTS
OIL CONSERVATION COMMISSION

BEFORE EXAMINER TAMETS
OIL CONSERVATION COMMISSION
7-1 EXHIBIT NO. 2
CASE NO. 8762
Submitted by JOHN J. COUGHLIN

Form 9-3810
(May 1967)

OPERATOR'S WELL

SUBMIT IN TRIPlicate
(Other instructions on
reverse side)

Form approved
Budget Bureau No. 43-21488

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. LC - 061638	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR General American Oil Company of Texas			7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR P. O. Box 416 Loco Hills, New Mexico 88255			8. FARM OR LEASE NAME Brewer	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 825' FNL and 1295' FWL Section: 13, T-16S, R-29E At proposed prod. zone			9. WELL NO. 29	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 7 Miles North and 1-1/2 Miles West of Loco Hills, N. M. 88255			10. FIELD AND POOL, OR WILDCAT High Lonesome	
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 3985'			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 13, T-16S, R-29E	
16. NO. OF ACRES IN LEASE 1040			12. COUNTY OR PARISH Eddy	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40			13. STATE New Mexico	
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 635'			19. PROPOSED DEPTH 2200'	
20. ROTARY OR CABLE TOOLS Rotary			21. APPROX. DATE WORK WILL START* May 1, 1975	
22. APPROX. DATE WORK WILL START*				

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8"	20#	425'	100 sacks
7-7/8"	4-1/2"	9.5#	2200'	150 sacks

We propose to drill this well to 2200' and complete in the Penrose sand (Queen).

If necessary producing zone will be acidized or fraced.

Mud Program: Water and native mud will be used and approximately 200' from T.D.
We will mud up to get hole in shape to log.

A 10" 3000# Blowout preventor will be used in the drilling of this well.

RECEIVED

MAR 16 1975

D. S. DEWITT, JR., DISTRICT SUPERINTENDENT

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Ray Claus TITLE District Superintendent DATE March 17, 1975
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY

JUN 18 1975

*See Instructions On Reverse Side

TO DALLAS 3 27 75

Docket No. 10-75

Dockets Nos. 11-75 and 12-75 are tentatively set for hearing on May 14 and May 28, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 30, 1975

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 5459: Application of McClellan Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Henshaw Unit Area covering 1282 acres, more or less, of State and Federal lands in Township 16 South, Range 30 East, Eddy County, New Mexico.

CASE 5460: Application of McClellan Oil Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its East Henshaw Unit Area by the injection of water into the Grayburg formation through eight wells located in Sections 1 and 2, Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico.

CASE 5461: Application of General American Oil Company for pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the vertical limits of the Grayburg-Jackson (Queen-Grayburg-San Andres) Pool, Eddy County, New Mexico, to include the Seven Rivers formation excepting, however, that area of said Grayburg-Jackson Pool overlain by the Fren-Seven Rivers Pool.

CASE 5462: Application of General American Oil Company for an unorthodox location and administrative procedure, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 825 feet from the North line and 1295 feet from the West line of Section 13, Township 16 South, Range 29 East, East High Lonesome Penrose Unit, High Lonesome Pool, Eddy County, New Mexico. Applicant further seeks the establishment of an administrative procedure whereby additional unorthodox producing and injection well locations could be approved for said unit area without hearing.

CASE 5463: Application of J. Gregory Merrion for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle undesignated Mesaverde and Devils Fork-Gallup production in the wellbore of his Edna Well No. 4 located in Unit H of Section 7, Township 24 North, Range 6 West, Rio Arriba County, New Mexico.

- CASE 5464: Application of Petro-Lewis Corporation for a unit agreement, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Media Entrada Unit Area covering 580 acres of Federal lands, Media-Entrada Oil Pool, Township 19 North, Range 3 West, Sandoval County, New Mexico.
- CASE 5465: Application of Petro-Lewis Corporation for a pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its Media Entrada Unit Area by the injection of water into three wells, being the Fluid Power Pump Wells Nos. 4 and 2 located, respectively, 990 feet from the South line and 1650 feet from the East line, and 2310 feet from the North line and 330 feet from the East line, of Section 15, and the Federal Media Well No. 4 located 990 feet from the South line and 1650 feet from the West line of Section 14, all in Township 19 North, Range 3 West, Media-Entrada Oil Pool, Sandoval County, New Mexico.
- CASE 5466: Application of Mark Production 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 1650 feet from the South line and 1980 feet from the West line of Section 1, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, the W/2 of said Section 1 to be dedicated to the well.
- CASE 5467: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Colfax Carbon Dioxide Corporation, F. E. Sauble, American Surety Company of New York, and all other interested parties to appear and show cause why the Tex-Mex Cattle Co. Well No. 1 located in Unit D of Section 2, Township 26 North, Range 24 East, Colfax County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5468: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Kenneth M. Hankins, Great American Insurance Company, and all other interested parties to appear and show cause why the Virginia Branch Well No. 1 located in Unit D of Section 9, Township 10 North, Range 25 East, Guadalupe County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CLARENCE E. HINKLE
W.E. BONDURANT, JR. (84-1974)
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C.D. MARTIN
PAUL J. KELLY, JR.

JAMES H. BOZARTH
ANDREW ALLEN
RONALD G. HARRIS

LAW OFFICES
HINKLE, BONDURANT, COX & EATON

600 HINKLE BUILDING

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

March 31, 1975

TELEPHONE (505) 622-8510

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith in triplicate application of General American Oil Company of Texas for approval of an unorthodox in-fill well location in Section 13, Township 16 South, Range 29 East in the East High Lonesome Penrose Unit.

We would appreciate your placing this matter on the docket for the examiner's hearing to be held on April 23.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By Clarence E. Hinkle

CEH:cs

Enc.

cc: Roy Crow

cc: General American
Dallas office

DOCKET MAILED

Date 4-18-75

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF GENERAL AMERICAN
OIL COMPANY OF TEXAS FOR APPROVAL
OF AN UNORTHODOX IN-FILL WELL
LOCATION IN UNIT D, SECTION 13,
TOWNSHIP 16 SOUTH, RANGE 29 EAST,
EDDY COUNTY IN THE EAST HIGH LONESOME
PENROSE UNIT EMBRACING 1240 ACRES IN
SECTIONS 11, 12, 13 AND 14, TOWNSHIP
16 SOUTH, RANGE 29 EAST. APPLICANT
ALSO REQUESTS APPROVAL OF AN ADMINIS-
TRATIVE PROCEDURE FOR THE DRILLING
OF ADDITIONAL IN-FILL WELLS AT
UNORTHODOX LOCATIONS IN SAID UNIT.

Case 5462

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes now General American Oil Company of Texas and hereby makes application for approval of an unorthodox in-fill well location in Unit D, Section 13, Township 16 South, Range 29 East, Eddy County in the East High Lonesome Penrose Unit embracing 1240 acres in Sections 11, 12, 13 and 14, Township 16 South, Range 29 East. Applicant also requests approval of an administrative procedure for the drilling of additional in-fill wells at unorthodox locations in said unit, and in support thereof respectfully shows:

1. Applicant is the owner of all the oil and gas leases within the East High Lonesome Penrose Unit, which is a working interest unit consisting of the following described lands, all of which are federal lands:

Township 16 South, Range 29 East, N.M.P.M.
Section 11 - SE $\frac{1}{4}$ SE $\frac{1}{4}$
Section 12 - S $\frac{1}{2}$ S $\frac{1}{2}$
Section 13 - N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$
Section 14 - All
containing 1240 acres, more or less.

There is attached hereto, make a part hereof and for purposes of identification marked Exhibit "A" a plat showing the outlines of the

unit, together with all wells which have been drilled therein and indicating those which are input wells and those which are producing wells. Said plat also shows the proposed unorthodox location of the first in-fill well to be located in Unit D, Section 13, Township 16 South, Range 29 East.

2. The East High Lonesome Penrose working interest unit has been operated as a waterflood project for several years and the area is in the last stages of depletion and most of the production is being obtained from the two wells located in the N $\frac{1}{2}$ NW $\frac{1}{4}$ Section 13 and one well located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 14. The proposed in-fill well is to be located 825 feet from the north line and 1295 feet from the west line of Section 13. All of the wells shown on Exhibit "A" are producing from the Penrose Sand of the Queen formation in the High Lonesome Pool.

3. Due to the fact that applicant is the owner of all the leases within the unit, applicant owns all of the leasehold interests offsetting the proposed unorthodox location.

4. If the in-fill well proves to be economically feasible, applicant may desire to drill other in-fill wells in the unit area, none of which will be located closer than 330 feet to any lease line and applicant will be the owner of all offset leasehold interests. Applicant desires that a procedure be provided for the administrative approval of such additional unorthodox in-fill well locations without the necessity of additional hearings before the Commission.

5. Applicant believes that the approval of said unorthodox well location will be in the interests of conservation and the prevention of waste and will protect correlative rights.

6. Applicant requests that this matter be included on the examiner's docket for the hearing to be held on April 23, 1975.

Respectfully submitted,

GENERAL AMERICAN OIL COMPANY OF TEXAS

By 

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Attorneys for Applicant

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EXHIBIT "A"

Placed in by
Clarence Hinkle
3/31/75-

(2) Application of General American Oil Company of Texas for an unorthodox location and an administrative procedure, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location of its East High Sonoma Penrose Unit well No. _____, to be drilled _____ feet from the _____ line and _____ feet from the _____ line of Section 13, Township 16 South, Range 29 East, High Sonoma Queen Pool, Eddy County, New Mexico. Applicant further seeks the amendment of the special rules and regulations for said unit to provide for an administrative procedure whereby additional infill wells at unorthodox locations could be approved without notice and hearing.

DEAR

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

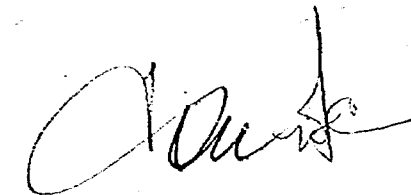
(S)

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

CASE NO. 5462

APPLICATION OF GENERAL AMERICAN OIL
COMPANY FOR AN UNORTHODOX LOCATION
AND ADMINISTRATIVE PROCEDURE, EDDY
COUNTY, NEW MEXICO.

Order No. R-5012



ORDER OF THE COMMISSION

BY THE COMMISSION:

75

This cause came on for hearing at 9 a.m. on April 30, 1975
at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of May, 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 the applicant, General American Oil Company,
seeks approval for an unorthodox oil well location 825 feet
from the North line and 1295 feet from the West line of
Section 13, Township 16 South, Range 29 East, East High
Lonesome Penrose Unit, High Lonesome Pool, Eddy County, New
Mexico.

(3) Applicant further seeks the adoption of an administrative procedure whereby additional unorthodox producing and injection well locations could be approved for said unit area without hearing.

(4) That a well drilled at the proposed unorthodox location will better enable the applicant to recover oil which might not otherwise be recovered from the High Lonesome Pool, will prevent waste, and will not violate correlative rights.

(5) That an administrative procedure should be established whereby additional wells in unorthodox locations may be approved without the necessity of notice and hearing.

IT IS THEREFORE ORDERED:

(1) That the applicant, General American Oil Company, is hereby authorized to drill an oil well 825 feet from the North line and 1295 feet from the West line of Section 13, Township 16 South, Range 29 East, East High Lonesome Penrose Unit, High Lonesome Pool, Eddy County, New Mexico.

Applicant's
East
High
Lonesome
Penrose
Unit
Area

(2) The Secretary-Director of the Commission is hereby authorized to approve ~~such~~ additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of the ~~Artasia State Unit Area~~ as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than ~~330~~ 330 feet to the outer boundary of said unit nor closer than 10 feet to any quarter-quarter section or subdivision inner boundary. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells

shall include the following:

- (a) A plat showing the location of proposed well, all wells within the project area, and offset operators, locating wells which offset the project area.
- (b) A schematic drawing of ~~the~~ ^{any} proposed ^{injection} well which fully describes the casing, tubing, perforated interval, and depth.
- (c) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed well if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

(7) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.