

1675

Poplication, Transcript,

[mail Exhibits, Etc.

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. 1675 Order No. R-1415

APPLICATION OF HILL AND MEEKER
FOR SIX NON-STANDARD OIL
PRORATION UNITS IN AN UNDESIGNATED
DELAWARE POOL, LEA COUNTY, NEW
MEXICO, AND FOR FOUR UNORTHODOX
OIL WELL LOCATIONS

ORDER OF THE COMMISSION

BY THE COMMISSION

This cause came on for hearing at 9 o'clock a,m. on May 20, 1959, at Santa Fe, New Mexico, before E. J. Fischer, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of June, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, E. J. Fischer, 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, Hill and Meeker, is the owner and operator of partial Section 36, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico, which partial section contains 259.8 acres.
- (3) That the applicant proposes to divide said partial Section 36 into six more or less equal oil proration units of approximately 43,3 acres each. Three of said proration units are to lie north of a line traversing said partial Section 36 from East to West, and three of said proration units are to lie south of said line.
 - (4) That the applicant proposes that the unit wells be located as follows:

Well No. 1, located 330 feet from the North line and 330 feet from the West line of said partial Section 36

Weil No. 2, located 543 feet from the North line and 2108 feet from the West line of said partial Section 36

-2-Case No. 1675 Order No. R-1415

> Weil No. 3, located 544 feet from the North line and 1448 feet from the East line of said partial Section 36

Well No. 4, located 542 feet from the South line and 330 feet from the West line of said partial Section 36

Well No. 5, located 543 feet from the South line and 2108 feet from the West line of said partial Section 36

Well No. 6, located 544 feet from the South line and 1448 feet from the East line of said partial Section 36

ail in Township 26 South, Range 32 East, NMPM, Lea County, New Mexico.

- (5) That four of the above-described well locations are unorthodox for oil wells and the applicant seeks approval of these unorthodox locations.
- (6) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

- (1) That six 43.3-acre non-standard oil proration units in an undesignated Delaware pool in partial Section 36, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico, be and the same are hereby established. Said non-standard oil proration units shall be formed by dividing said partial Section 36, which contains 259.8 acres, into six more or less equal parts with three of such proration units lying morth of a line traversing said partial Section 36 from East to West and three of such proration units lying South of said line.
- (2) That the unit wells for the aforementioned six non-standard oil proration units shall be located as follows:

Well No. 1, located 330 feet from the North line and 330 feet from the West line of said partial Section 36

Weil No. 2, located 543 feet from the North line and 2108 feet from the West line of said partial Section 36

Well No. 3, located 544 feet from the North line and 1448 feet from the East line of said partial Section 36

Well No. 4, located 542 feet from the South line and 330 feet from the West line of said partial Section 36

Well No. 5, located 543 feet from the South line and 2108 feet from the West line of said partial Section 36

Well No. 6, located 544 feet from the South line and 1448 feet from the East line of said partial Section 36

all in Township 26 South, Range 32 East, NMPM, Lea County, New Mexico.

Case No. 1675 Order No. R-1415

- (3) That such of these locations as are unorthodox for oil wells be and the same are hereby approved.
- (4) That each of the above-described wells shall be granted an allowable in the proportion that the acreage in the unit dedicated to the well bears to a standard 40-acre oil proration unit.

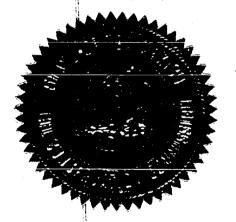
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

> STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

L. PORTER, Jr., Member & Secretary



cwm/

OIL CONSERVATION COMMISSION P. O. BOX 871 SANTA FE, NEW MEXICO

June 5, 1959

Mr. Thomas F. McKenna 302 E. Palace Avenue Santa Fe, New Mexico

Dear Mr. McKenna:

On behalf of your client, Mill and Meeker, we enclose two copies of Order No. R-1415 issued June 5, 1959, by the Oil Conservation Cosmission in Case No. 1675.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

1r/

Enclosures

OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

	Date May 20,1959
CASE NO. 1675	HEARING DATE MAY 50, 1959
as follows:	order in the above numbered case(s) are
Enter an	den 36, Twisto 26 South
Partial Se	deon 36, Twisty 26 Douth
Pauge 32.	Elest into 6 equal
6 Apt. 43.	3- acres) and granting
anstroval of	the morthodox oel
ia locate	our as are required 3, 4,5 £6, ()
(Wells #2	3, 4, 5 = 6

Est Member Staff Member

DOCKET: EXAMINER HEARING MAY 20, 1959

Oil Conservation Commission, 9 a.m., Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before E. J. Fischer, Examiner

- Application of Standard Oil Company of Texas for an amendment of Order Nos. R-1067 and R-1124. Applicant, in the above-styled cause, seeks an amendment of Order Nos. R-1067 and R-1124 to permit the utilization of dump type meters in lieu of positive displacement meters on certain leases in the Atoka Pool, Eddy County, New Mexico.
- Application of Continental Oil Company for a gas-oil dual completion.

 Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its M. E. Wantz Well No. 4-A located in the SW/4 SE/4 of Section 21, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Blinebry Gas Pool and the production of oil from the Wantz-Abo Pool through the casing-tubing annulus and the tubing respectively.
- CASE 1675: Application of Hill and Meeker for six non-standard oil proration units. Applicant, in the above-styled cause, seeks an order establishing six non-standard oil proration units for Delaware production on its State "36" Lease comprising all of partial Section 36, Township 26 South, Range 32 East, Lea County, New Mexico, with each of said non-standard oil proration units to consist of approximately 44 acres.
- CASE 1676: Application of Humble Oil & Refining Company for permission to produce more than sixteen wells into a common tank battery and to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks permission to commingle the Gallup production from its Navajo "F" Lease comprising Sections 3, 4, 9, and 10 with the Gallup production from its Navajo "G" Lease comprising Sections 1, 2, 11, and 12, all in and adjoining the Chimney Rock-Gallup Oil Pool, Township 31 North, Range 17 West, San Juan County, New Mexico. Applicant further seeks authority to produce more than sixteen wells into said common tank battery.
- CASE 1677:

 Application of The Texas Company for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its V. M. Henderson Well No. 2 located in the NE/4 NE/4 of Section 30, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Paddock Pool and the production of gas from the Blinebry formation adjacent to the Blinebry Gas Pool.
- CASE 1678:

 Application of Rice Engineering and Operating, Inc. for a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing it to recomplete its Gulf Oberholtzer Well No. 2 as a salt water disposal well in the Devonian formation; said well is located 1980 feet from the North line and 2310 feet from the West line of Section 7, Township 12 South, Range 38 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water into the Devonian formation in the interval from 12,206 feet to 12,400 feet.

- Application of Western Oil Fields, Inc., for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of an 80-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the NW/4 SE/4 and the NE/4 SW/4 of Section 4, Township 21 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's Gulf Hill Well No. 1, located 1980 feet from the South and East lines of said Section 4.
- CASE 1680: Application of Graridge Corporation for capacity allowables for eight wells in a water flood project. Applicant, in the above-styled cause, seeks an order authorizing capacity allowables for eight wells situated in the project area of its water flood project in the Caprock-Queen Pool in Lea and Chaves Counties, New Mexico.
- CASE 1681: Application of The Ibex Company for a capacity allowable for one well in a water flood project. Applicant, in the above-styled cause, seeks an order authorizing a capacity allowable for its Welch Duke State Well No. 18 in the project area of its Artesia Water Flood Project No. 2, Artesia Pool, Eddy County, New Mexico.

LAW OFFICES

MCKENNA & SOMMER

NASON BUILDING

302 E.PALACE AVENUE

THOMAS F. MCKENNA, SR. JOSEPH A.SOMMER

SANTA FE, NEW MEXICO

YUCCA 2-1897 TELEPHONE

May 28, 1959

Mr. A. L. Porter, Jr. Oil Conservation Commission State Capitol Santa Fe, New Mexico

> Re: Case No. 1675 Examiner Hearing May 20, 1959 - Mr. Fischer Examiner

Dear Sir:

In connection with the above hearing held on May 20, the petitioners Hill & Meeker advise that they would submit an amended plat showing the location of the wells, particularly unorthodox locations 3, 4, 5 and 6, and also showing the amount of acreage in each proposed location based upon the acreage reflected by the public land surveys, namely 259.76 acres.

Enclosed find what may be referred to as the amended plat in duplicate.

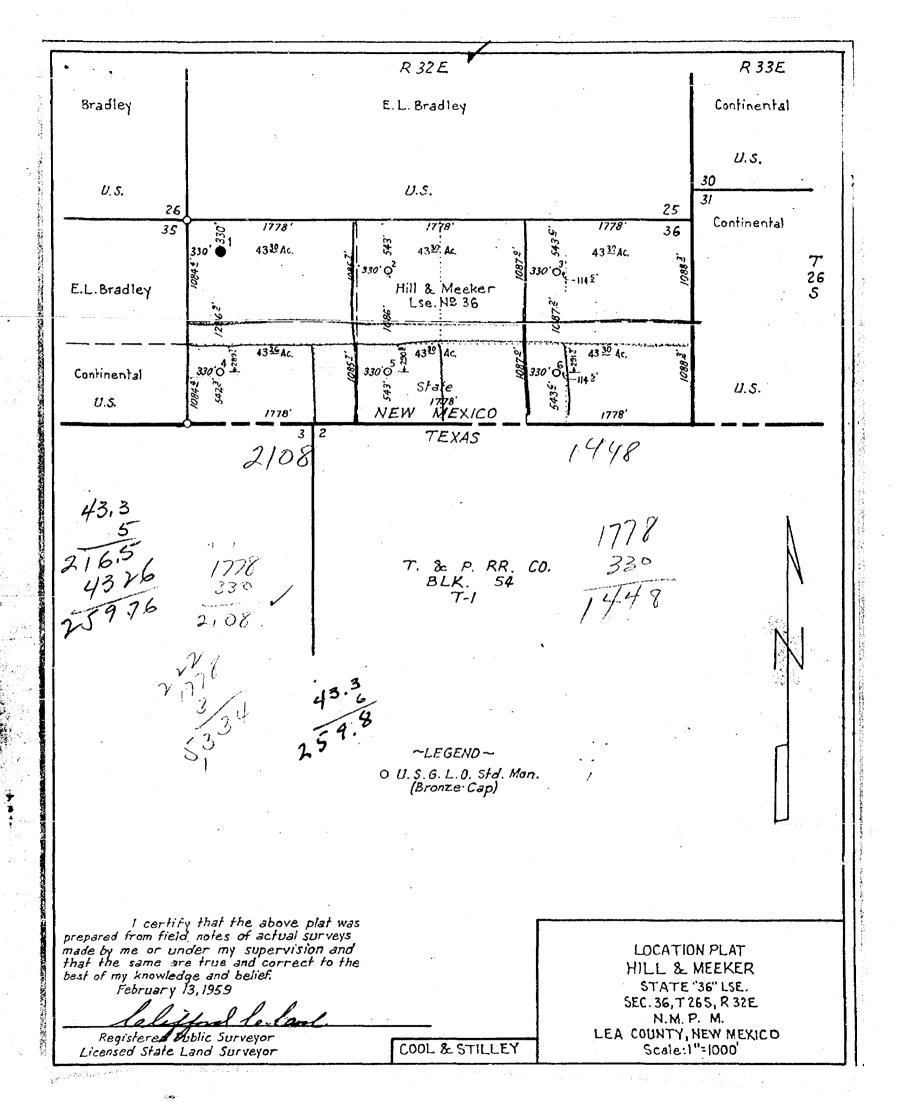
Yours very truly

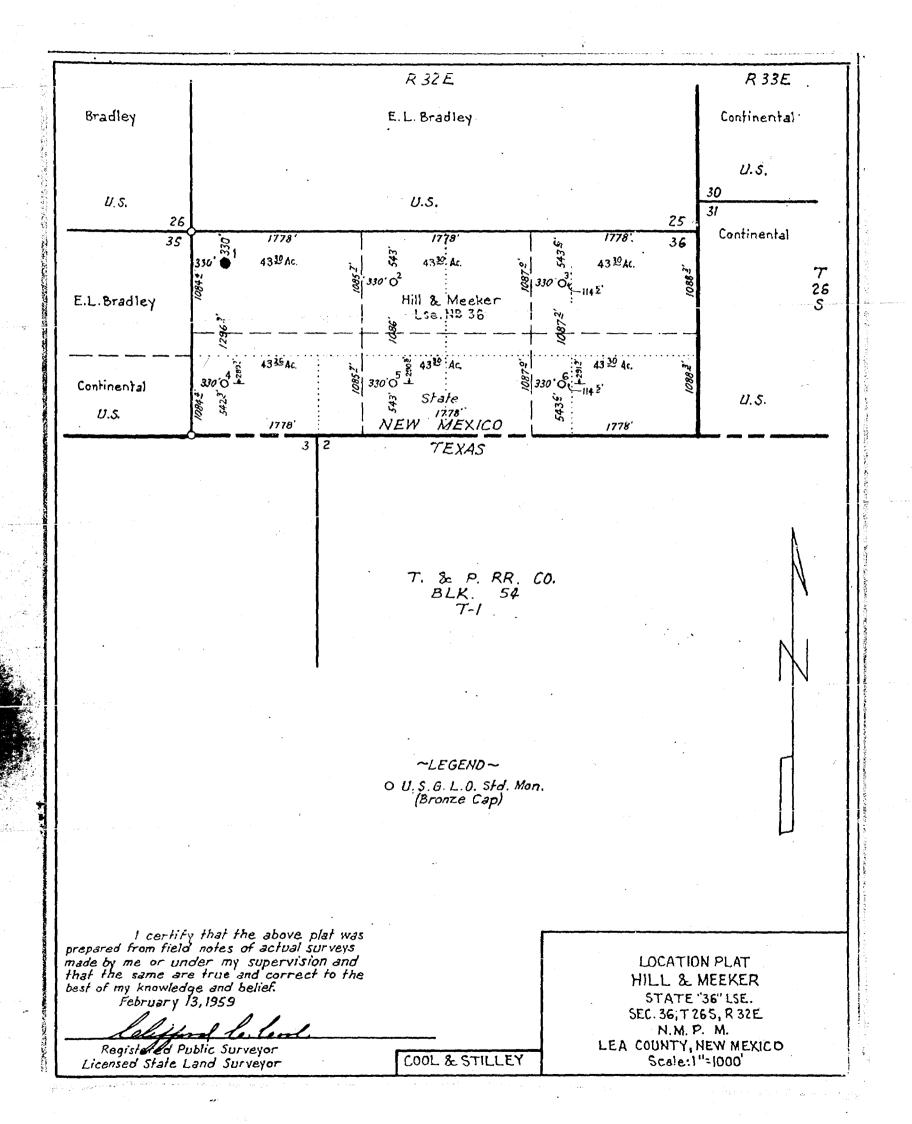
McKenna & Sommer

TFMcK:b enclosureplat in duplicate

cc-Mr. Joe S. Hill Hill & Meeker 140 Central Bldg.

Midland, Texas





JOE S. HILL

(Das 1615 TELEPHONE MUTUAL 2-5204

Mariner .

SECHMENT SOLUTION

OIL PRODUCERS

140 CENTRAL BUILDING

MIDLAND, TEXAS

April 22, 1959

Mr. A. L. Porter, Jr., Secretary-Director Oil Conservation Commission Santa Fe, New Mexico.

Dear Sir:

We are interested in the establishment of a spacing pattern and pro-ration units on the following described acreage:

HILL & MEEKER - State 36 Lease Section 36, Township 26 South, Range 32 East N.M.P.M., Lea County, New Mexico

Therefore, we would like to request a non-standard proration unit hearing before an Examiner, to establish this spacing and pro-ration unit pattern on the above described acreage. We would appreciate that this hearing be set as soon as possible, due to the fact that we have already completed our number one well on this tract, in the NW/4 of NW/4 of Section 36, and under the terms of our assignment from the lease owner we are required to continuously develop this acreage, and it is imperative that we establish these units as soon as possible for a more orderly development of the acreage involved and to perform under our contract.

It is our understanding, after consulting rules of the Conservation Commission, that we will be permitted to drill six wells on this acreage, and we have, therefore, divided the acreage into six equal parts and have attempted to space these wells so that we will have a uniform drainage program, and at the same time protect the State of New Mexico to the maximum from any drainage that might be effected by offset wells on the Texas side of the line.

Based on the geological information that we have at present, we believe such a pattern would completely drain this acreage and at the same time minimize the possibility of drilling a dry hole, which would create waste to the State and to ourselves as producers.

A Charles of the

We are attaching hereto a certified plat prepared by Cool & Stilley, Surveyors, showing the proposed pro-ration units and spacing on this lease. If there is any further information you may need, please call on us.

Yours very truly,

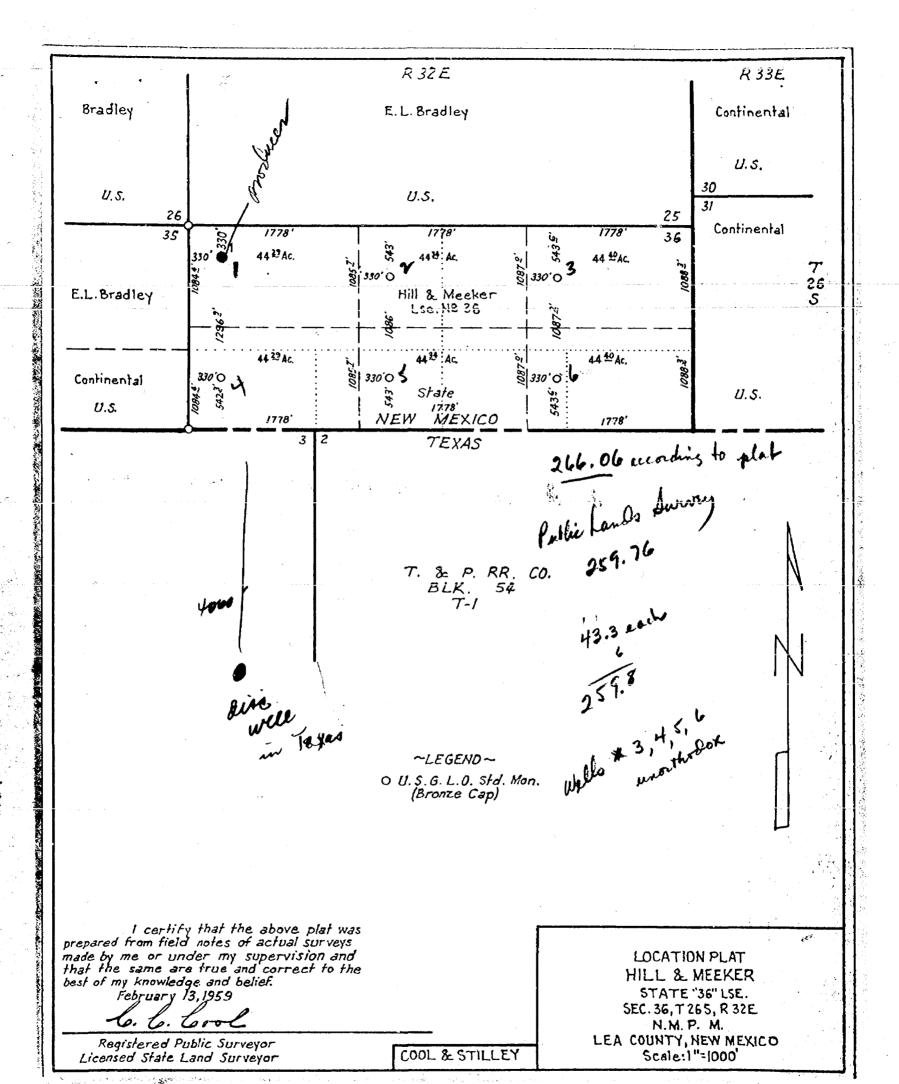
HILL & MEEKER

Joe S. Hill

JSH/el

(enc)

cc - Mr. R. F. Montgomery Box 2045 Hobbs, New Mexico.



MAIN OFFICE OCC

1959 JN 10 AH 8:03

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico
May 20, 1959

EXAMINER HEARING

IN THE MATTER OF:

Case 1675

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

BEFORE THE

OIL CONSERVATION COMMISSION Santa Fe, New Mexico May 20, 1959

EXAMINER HEARING

IN THE MATTER OF:

Application of Hill and Meeker for six nonstandard oil proration units. Applicant, in the above-styled cause, seeks an order establishing six non-standard oil proration units for Delaware production on its State "36" Lease comprising all of partial Section 36, Township 26 South, Range 32 East, Lea County, New Mexico, with each of said nonstandard oil proration units to consist of approximately 44 acres.

Case 1.675

BEFORE:

Mr. E. J. Fischer, Examiner

TRANSCRIPT OF HEARING

MR. FISCHER: The next case, 1675.

MR. PAYNE: "Application of Hill and Meeker for six non-standard oil proration units."

MR. McKenna: Mr. Examiner, my name is Thomas F.

McKenna, attorney-at-law here in Santa Fe, and representing Hill

and Meeker in this petition. May I at the outset, for the

purpose of convenience, request that on our plat which is a part

of our application, if we might number the well and the proposed

well locations reading from left to right and again from left

to right as Nos. 1, 2, 3, 4, 5 and 6.

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone Chapel 3-6691

Gentlemen, I would like to first move some technical oral amendments to our application. If the Examiner would note the plat which we have submitted, the acreage would be computed as 266.06 acres. Now, our surveyor advises us, and apparently his computation is correct howsomever, the United States Public Land Surveys would show that there would be a total of only 259.76 acres. Accordingly, the divisions on the plat would be reduced approximately to 43.30 acres each rather than the 44.29 to 40 acres mentioned.

We would like, however, to be understood that we intend to request the Cadastro Engineer of the United States Public Lands System to enter into a dependent resurvey of that Section 36 so that we can have the exact acreage reflected, and if such be the case and if our surveyor is correct, we would like, so-to-speak, preserve the rights of Hill and Meeker as to what we believe is the correct acreage, 266.06. However, this morning we wish to proceed on the Public Lands Survey 259.76 acres.

In addition, the Commission Examiner might note that as we have divided the acreage with what might be referred to as artificial boundary lines, none of the proposed locations, five proposed locations nor the producing well is unorthodox, but by virtue of the extension of the inner boundary lines of the survey system, the Public Land Survey System, it would appear that the proposed locations 3. 4. 5 and 6 might be unorthodox

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

due to the 330 foot factor. We would like to so move that our application include permission for these unorthodox locations.

MR. PAYNE: You wouldn't be crowding any offset operators, is that right?

MR. McKENNA: No. I would like to move that that amendment be accepted.

MR. FISCHER: The amendment will be accepted if there are no objections.

MR. McKENNA: I have one witness, Mr. Charles R. Grice, whom I would like to have the Commission swear as a witness, please.

CHARLES GRICE

called as a witness, having been previously duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. McKENNA:

Q Mr. Grice, have you testified before an Examiner or before this Commission?

A No.

Q Will you state your age, your educational experience, where you went to school, your working experience and your degrees and so forth for the Commission?

A I am forty-one years old. I went to the University of Texas, have B.S. Degree in geology, and I worked for five years

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

for the Standard Uil Company of Texas as a geologist and for the past eight years have worked as a consultant geologist.

- Q With whom, various people?
- A Various people. Independent.
- Q What is your particular connection at this point with Hill and Meeker?
 - A I do their consulting work in the Delaware Basin.
- Q Are you familiar with this particular petition and the proposed locations to be presented this morning to the Examiner?
 - A Yes.
- Q Are you also familiar with the other particular

 Delaware production of Hill and Meeker in the approximate area?
 - A Yes.

MR. McKENNA: I move that the gentleman's qualifications be accepted.

MR. FISCHER: They are accepted.

Q Mr. Grice, referring to the plat and application which is before the Examiner this morning, would you discuss from your opinion the proposed plan for the non-standard units from the standpoint of drainage, correlative rights and conservation, please?

A We feel that the proposed division of the acreage could more effectively drain the block. One of the problems in the Delaware is effectively draining the oil from the reservoir

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

and to set this up on six units, we feel that we can get hore oil out of the block.

Q Do you think that the pattern which is established will result in uniform drainage pattern?

A I do.

Q Do you see any problem to conservation or correlative rights?

A No.

Q Is it true that the acreage in Section 36 being an irregular section, would compute according to the Public Land Surveys, a total of 259.76 acres?

A Would you repeat the question?

Q Is it your opinion that the Public Land Surveys would show, and from your own knowledge, that there would be a total of 259.76 acres?

A As far as I know, there would, yes.

Q That would be how many normal well locations according to the rules of this Commission?

A Six.

Q At this point y asking for six well locations each of the approximate amount of acreage, right?

A Correct.

Q With the exception that Well No. 1 is at this point a producing well, is that correct?

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone Chapel 3-6691

That's correct.

MR. McKENNA: That is all I have.

MR. FISCHER: The only exhibit you have then is this one that is attached to the application?

MR. McKENNA: May I say this, that these folks will submit an amended plat to show the Public Land breakdown of 259.76 acres, which in effect would reduce the locations to approximately, as I mentioned, 43.30 acres, but we do wish to submit that amended plat and we will do so for the Commission records.

MR. PAYNE: That will show the location of each of the wells, the footage description?

MR. McKENNA: Yes, it will.

MR. PAYNE: All right, sir.

MR. FISCHER: We'll accept this as your Exhibit No. 1 so far.

MR. McKENNA: Fine, with the amendments.

MR. FISCHER: With the amendments. Any questions of Mr. Grice?

MR. KELLAHIN: Jason Kellahin, Kellahin, and Fox, Santa Fe, New Mexico appearing for Continental Oil Company. I would like to ask the witness some questions, but before doing so we would like to look at the plat. We have not seen it yet.

MR. FISCHER: In the meantime let Mr. Payne ask his

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE. NEW MEXICO
Phone CHapel 3-6691

CROSS EXAMINATION

BY MR. PAYNE:

Q The No. 1 Well that you say is the producer now, what acreage is dedicated to that well at present?

A I can't answer that. I don't know what acreage is dedicated to that.

MR. McKENNA: I believe it would be 40 acres. My client advised me it is a producing well, at this point 40 acres is dedicated to the producing well.

MR. PAYNE: That would not be a standard quarter quarter section that's dedicated at present?

MR. McKENNA: Yes, it is a standard quarter quarter section. For the information of the Examiner, the producing well is located in the normal Northwest Quarter, Northwest Quarter of Section 36.

Q Do you have enough data to show that this area is a portion of the Delaware Field in Texas?

A Well, I don't have enough data to say definitely it is. I have assumed all along it is.

Q You are not attempting to establish that today, are you?

A No, sir.

Q Do you have the footage location at this time on

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE. NEW MEXICO
Phone CHapel 3-6691

wells 3, 4, 5 and 6, not on the basis of your resurvey, but on the basis of the Public Lands Survey?

- A No, sir.
- Q That will be shown on your amended plat, however?
- A Yes, sir.

MR. PAYNE: That's all. Thank you.

BY MR. KELLAHIN:

Q As I understand it, there will be an amendment to this plat on account of the difference in the surveys, is that correct?

- A Yes.
- Q Will that amendment to the plat affect the well locations and in what regard?
- A It won't affect, well, I don't think it will affect wells 1, 2 and 3, that is correct, but will affect wells 4, 5 and 6.
- Q Then your wells 1, 2 and 3 would be no closer to the lease line than are shown on your exhibit, that is the lease line toward the north?
 - A Correct.
- Q In other words, your Well No. 1 is presently drilled at 330 foot location?
 - A That's right.
 - O As I understand it, your other wells would be 543 feet

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone Chapei 3-6691

back from the lease line?

A Yes, sir.

Q Is that correct?

A Yes, sir.

Q Mr. Grice, do you have any objection to specifying that this will meet the location on these wells, particularly those wells 1, 2 and 3?

A No.

MR. McKENNA: So it may be clearly understood, there will be, because of that shortage of acres, some of the proration units, well, they'll all be reduced to approximately an acre, so that it will be crystal clear to Continental and to the Examiner, Wells 2 and 3 will be 330 and 543 at least.

MR. KELLAHIN: The acreage to be dedicated to the wells may vary slightly?

MR. McKENNA: Yes.

MR. KELLAHIN: It will be less?

MR. McKENNA: It will be less, with the exception that I mentioned to the Commission this morning that we think there are, as an actual matter of fact, 266. But at this point we don't wish to get into a problem of contesting the Public Land Surveys.

MR. KELLAHIN: That's all the questions I have.

MR. FISCHER: Any other questions?

BY MR. PAYNE

Q Has the Public Lands been approached about doing a resurvey?

MR. McKENNA: Not yet, but I believe it's the intention of Hill and Meeker to do so.

BY MR. FISCHER:

Q As I understand it, you say that all six of these tracts would be reduced approximately to one acre each?

A I think they will come out to approximately 43.30 acres each. I do that by dividing 259.76 into 6. Now, my arithmetic may be horrible. That's the formula I tried to use, I came out with 43.30 acres to each drilling tract.

MR. PAYNE: The actual location of all six wells physically will be right where it's shown on this plat?

MR. McKENNA: Yes.

Q Mr. Grice, do you know of any offset operators that might have or are contemplating at this time right now offset locations to these wells?

A There are at the present time three offset wells. I think to the No. 1, one of them is drilling and two of them are supposedly in.

- Q Are these wells all in the State of New Mexico?
- A Yes, sir.
- Q Are you offset in the State of Texas to your 4, 5

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHopel 3-6691

A No, sir.

Q Where is the closest Texas well, could you tell us, please?

A In Section 3 just below there approximately, it's down in the south part approximately, or 4,000 feet south into Texas in Section 3.

MR. PAYNE: Does that well still draw a discovery allowable in Texas?

A It has up till to date, but it's going on to field allowable because there have been six or seven wells in there.

MR. PAYNE: Thank you.

Q Your No. 1 well here, as I understand it, the location of it will not be changed, is that right? I mean it's footage.

A No, sir.

MR. McKENNA: That's right.

- Q How is it producing now?
- A You mean how much?
- Q What, the mechanics of the production are and how much.
- A Well, I can't answer how much. The last time I heard it was producing approximately 120 barrels off a 964 choke.
 - Q Then it's producing a New Mexico top allowable?
 - A Well, it's producing top allowable, yes.

MR. FISCHER: Any other questions of the witness?

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone Chappl 3-6691

If not, the witness may be excused. Any statements to be made?

(Witness excused.)

MR. KELLAHIN: If the Commission please, Continental Oil Company has no objection to the proposal which has been submitted by Hill and Meeker, who appear in this case, for two reasons. We foresee that there will probably be a water flood project in this area and we were interested in the well locations for that reason. We have no objection to the proposal so long as the well locations are pinned down as testified to by the witness.

There is, however, a precedent in the state line leases for a combination of lots along the state line for development, and the northern portion of the lease in a situation such as this would be developed on a normal standard pattern.

Continental Oil Company, as owner of the offsetting lease, has a peculiar problem in that the leases which they operate is actually two separate leases, and it would not be possible for them to develop their acreage on a similar pattern, but to follow the conventional plan of combining the lots along the southern tier and develop them on two wells rather than spacing them as proposed here. Aside from that we do feel that the drainage pattern as proposed by the witness is a satisfactory one, and we have no objection to it.

MR. FISCHER: Any other statements to be made in this case? The case will be taken under advisement.

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone Chapel 3-6691

MR. MCKENNA: II I understand correctly, Continental

is the only offset operator of concern here in this matter?

MR. PAYNE: The only one that has appeared here today yes, sir.

MR. McKENNA: Yes.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this / day of June, 1959.

Notary Public-Court Reporter

My Commission Expires:
June 19, 1959.

OIL CONSERVATION COMMISSION

Exhibit No. 1675

Conservation Commission

Conservation

Conservation Commission

Conservation Commission

Conservation

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHopel 3-6691