

CASE 2021: Application of Small for
Antidote to recombinant DNA
DNA VILL NO. 2 (Firmly in Blue)
Unit Well No. 2.)

Case No.

2021

Application, Transcript,
and 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. 2021
Order No. R-1727

APPLICATION OF SHELL OIL COMPANY
FOR AUTHORITY TO RECOMPLETE A WELL
AT AN UNORTHODOX OIL WELL LOCATION
IN THE BLUITT-PENNSYLVANIAN POOL,
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 27, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 4th day of August, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Shell Oil Company, is the owner and operator of the State BUA Well No. 2 (formerly known as the Bluit Unit Well No. 2), located 1980 feet from the North line and 660 feet from the West line of Section 16, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico.
- (3) That the subject well was originally drilled to the Devonian formation and was plugged and abandoned.
- (4) That the applicant proposes to re-enter the subject well and attempt to complete the same in the Pennsylvanian formation.
- (5) That the above-described location is within one mile of the Bluit-Pennsylvanian Pool and is an unorthodox location under the provisions of the Special Rules and Regulations for said Pool.
- (6) That inasmuch as the subject well was located and was drilled prior to the promulgation of the Special Rules and

-2-

CASE No. 2021
Order No. R-1727

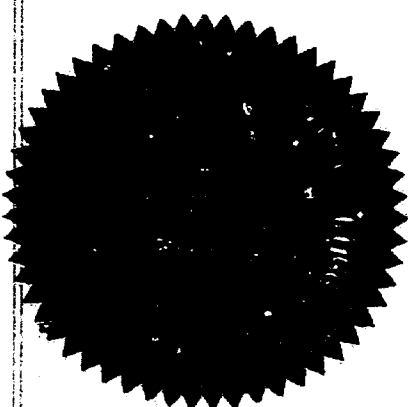
Regulations for the Bluit-Pennsylvanian Pool, and inasmuch as all offset operators have either consented to or presented no objection to the proposed unorthodox location, the application should be approved.

IT IS THEREFORE ORDERED:

That the applicant, Shell Oil Company, be and the same is hereby authorized to recomplete its State BUA Well No. 2 (formerly known as the Bluit Unit Well No. 2), at an unorthodox oil well location in the Bluit-Pennsylvanian Pool at a point 1980 feet from the North line and 660 feet from the West line of Section 16, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER



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

P. O. BOX 871
SANTA FE
August 4, 1960

Mr. Bill Federici
301 Don Gasper Avenue
Santa Fe, New Mexico

Re: Case No. 2021
Order No. R-1727
Applicant:

Shell Oil Company

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC
Aztec OCC

Other

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date July 28, 1960

CASE 2021

Hearing Date DSN, Santa Fe, 9 A.M. 7/27

My recommendations for an order in the above numbered cases are as follows:

Ok to approve Shell's application for an exception to Rule 3 of the special rules and regulations for the Bluit-Pennsylvanian formation as promulgated by Order R-1472 for an unorthodox oil well location 1980 feet from the North line and 660 feet from the West line of Section 16, Township 8 South, Range 37 East, Roosevelt County, New Mexico. Necessity for approval of this non-standard location is the recompletion of the well formerly drilled to the Devonian formation which was plugged and abandoned in 1956. To recomplete this well will result in the saving of some \$80,000 .

Steff Harbor

DOCKET: EXAMINER HEARING JULY 27, 1960

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Cliver E. Payne, Attorney, as alternate Examiner:

CASE NOS. 2023 through 2033 will not be heard before 1 p.m. on July 27, 1960.

CASE NOS. 2034 through 2040 will not be heard before 9 a.m. on July 28, 1960.

CASE 2017: Application of Continental Oil Company for an order authorizing an automatic custody transfer system to handle the Maljamar Pool production from its Miller "BX" lease comprising in pertinent part the E/2 of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico.

CASE 2018: Application of Continental Oil Company for an order authorizing the triple completion of its Jicarilla Apache Well No. 27-2, located in the NW/4 NW/4 of Section 27, Township 25 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of oil from the Gallup formation, the production of oil from the Greenhorn formation and the production of oil from the Dakota formation through parallel strings of 4½ inch, 2 7/8 inch, and 4½ inch casing cemented in a common well bore. Applicant proposes to install tubing to the Gallup and the Dakota formations.

CASE 2019: Application of Continental Oil Company for an order authorizing the triple completion of its Northeast Haynes Apache Well No. 9-1, located in the NW/4 SW/4 of Section 9, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Mesaverde formation, the production of gas from the Gallup formation and the production of gas from the Greenhorn formation through parallel strings of 2 7/8 inch, 4½-inch, and 4½-inch casing respectively, cemented in a common well bore. Applicant also proposes to install tubing in the latter two zones.

CASE 2020: Application of Amerada Petroleum Corporation for an order authorizing the triple completion of its Wimberly Well No. 13, located in Unit M, Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Langlie Mattix Pool, the disposal of salt water into the Grayburg and San Andres formations in the interval from 3500 feet to 4200 feet, and the production of oil from the Justis-Blaine Pool by means of two parallel strings of 3½-inch casing cemented in a common well bore. Applicant would dispose of the salt water through one string of casing, produce the Blaine oil through 1½-inch tubing set in the second string of casing, and produce Langlie Mattix gas through the annulus of the 1½-inch tubing and the second casing string.

CASE 2021: Application of Shell Oil Company for authority to recomplete its State BUA Well No. 2 (formerly its Bluit Unit Well No. 2) at an unorthodox oil well location in the Pennsylvanian formation within one mile of the Bluit Pennsylvanian Pool. Said well is located 1980 feet from the North line and 660 feet from the West line of Section 16, Township 8 South, Range 37 East, Roosevelt County, New Mexico.

CASE 2022: Application of Sinclair Oil & Gas Company for an order authorizing the dual completion of its Turner "B" SP Well No. 67, located in Unit L, Section 20, Township 17 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Grayburg-Jackson Pool and the production of oil from an undesignated Abo pool through parallel strings of 2-inch tubing.

The following cases will not be heard before 1 p.m. on July 27, 1960:

CASE 2023: Application of Honolulu Oil Corporation for an order authorizing it to institute a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into the Gallup formation through its Navajo Well No. 4, located in the SE/4 SE/4 of Section 5, Township 31 North, Range 17 West, San Juan County, New Mexico; applicant further seeks the adoption of special rules governing the operation of said project.

CASE 2024: Application of Humble Oil & Refining Company for an order authorizing it to institute a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into the Gallup formation through 29 wells located in Sections 3, 4, 9, 10, and 11, Township 31 North, Range 17 West, San Juan County, New Mexico; Applicant further seeks the adoption of special rules governing the operation of said project.

CASE 2025: Application of Socony Mobil Oil Company for permission to convert to water injection its Navajo "A" Well No. 9, located in NE/4 NW/4 of Section 14, Township 31 North, Range 17 West, Rio Arriba County, New Mexico, in conjunction with a proposed adjacent pressure maintenance project in the Horseshoe-Gallup Oil Pool.

CASE 2026: Application of The British American Oil Producing Company for an order authorizing the "slim-hole" completion of its Fullerton Well No. 7, located 1850 feet from the South and West lines of Section 11, Township 27 North, Range 11 West, Dakota Producing Interval, San Juan County, New Mexico, utilizing 2 7/8-inch tubing as casing.

- CASE 2027: Application of Hondo Oil & Gas Company for an amendment of Order No. R-1643 to provide an alternative to the fail-safe features required in the automatic custody transfer system authorized therein for the Hondo-Western-Yates State 647 lease, Empire-Abo Pool, Eddy County, New Mexico.
- CASE 2028: Application of Pan American Petroleum Corporation for an order authorizing it to commingle the production from the Empire-Abo Pool from all wells on eight separate leases in Sections 27 and 34, Township 17 South, Range 28 East, Eddy County, New Mexico. Applicant also seeks authorization of an automatic sustody transfer system to handle said commingled production.
- CASE 2029: Application of Pan American Petroleum Corporation for an amendment of Order R-1399 to permit the commingling of Empire-Abo Pool production from Federal Lease No. LC-064050-A, E/2 SE/4 of Section 34 and NW/4 SW/4 of Section 35, Township 17 South, Range 27 East, with the Empire-Abo Pool production from those leases for which commingling was approved by paragraph one of said order and to permit the commingling of Empire-Abo Pool production from Federal Lease No. NM-025602, NW/4 and N/2 SW/4 of Section 15, Township 18 South, Range 27 East with the Empire-Abo Pool production from those leases for which commingling was approved by paragraph two of said order. Applicant also seeks an amendment of Order No. R-1399-A to permit production from the above-described leases in Eddy County, to be handled by the automatic custody transfer systems authorized in said order.
- CASE 2030: Application of Pan American Petroleum Corporation for permission to commingle the Empire-Abo Pool production from eleven separate State leases in Townships 17 and 18 South, Range 28 East, Eddy County, New Mexico. Applicant further seeks permission to install automatic custody transfer facilities to handle said commingled production.
- CASE 2031: Application of Union Oil Company of California for approval of its South Caprock Queen Unit Agreement, which unit is to embrace 9526 acres in Townships 14 and 15 South, Ranges 30 and 31 East, Caprock Queen Pool, Chaves County, New Mexico.
- CASE 2032: Application of Union Oil Company of California for an order authorizing it to institute a waterflood project in the Caprock-Queen Pool on its proposed South Caprock Queen Unit by the injection of water into the Queen formation through ten wells located in Township 15 South, Range 31 East, Chaves County, New Mexico, and for authority to drill a water injection well at an unorthodox location, being 330 feet West of the East line and 1320 feet South of the North line of Section 18, Township 15 South, Range 31 East.

CASE 2033: Application of Cabeen Exploration Corporation for permission to complete its State 1-K Well located 1980 feet from the South and West lines of Section 11, Township 10 South, Range 32 East, in an undesignated Permo-Pennsylvanian pool in Lea County, New Mexico as a "slim-hole" completion, using 2-7/8 inch casing.

The following cases will not be heard before 9 a.m. on July 28, 1960

CASE 2034: Application of Gulf Oil Corporation for an order authorizing the dual completion of its J. N. Carson Well No. 6, located 330 feet from the South line and 965 feet from the East line of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Penrose-Skelly Pool and the production of gas from the Blinebry Gas Pool through parallel strings of 2 3/8-inch tubing.

CASE 2035: Application of Gulf Oil Corporation for an order authorizing the dual completion of its W. T. McCormack Well No. 12, located 554 feet from the North line and 1874 feet from the East line of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard Pool and the production of oil from the Wantz-Abo Pool through parallel strings of 2 3/8-inch tubing.

CASE 2036: Application of Charles Loveless, Jr., for the establishment of a 280-acre non-standard gas unit in the Atoka-Pennsylvanian Gas Pool consisting of the NE/4, N/2 NW/4 and SW/4 NW/4 of Section 21, Township 18 South, Range 26 East, Eddy County, New Mexico. Applicant proposes that said unit be dedicated to the Brunner No. 1 Dayton Townsite Well to be located on an unorthodox location at a point 1650 feet from the North line and 2310 feet from the East line of said Section 21.

CASE 2037: Application of Sun Oil Company for the creation of a new oil pool for Wolfcamp production to be designated as the Jenkins-Wolfcamp pool and to consist of Sections 2, 3, 4, 8, 9, 10 and 11 of Township 9 South, Range 34 East, Lea County, and Sections 34 and 35, Township 8 South, Range 34 East, Roosevelt County, New Mexico. Applicant further seeks the promulgation of special rules and regulations for said pool including a provision for 80-acre drilling and proration units.

CASE 2038: Application of Benson-Montin-Greer Drilling Corporation for an order authorizing the dual completion of the Jones Well No. 1, located in Unit P, Section 17, Township 28 North, Range 13 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup Pool and the production of gas from the West Kutz-Dakota Pool through parallel strings of 1 1/2-inch OD tubing.

CASE 2039:

Application of Southwest Production Company for approval of an unorthodox oil well location in the Gallegos-Gallup Oil Pool for its Rummel Federal Well No. 1, located 790 feet from the North line and 1190 feet from the West line of Section 36, Township 27 North, Range 12 West, San Juan County, New Mexico.

CASE 2040:

Application of Neville G. Penrose, Inc., for an order authorizing the dual completion of its Grizzel Well No. 1, located in Unit G, Section 5, Township 22 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Tubb Gas Pool and the production of oil from the Drinkard Pool through the casing-tubing annulus and 2 3/8-inch tubing respectively.

LAND OFFICE OCC
1960 JUL 22 PM 1:21

W A I V E R

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

We have been notified of Shell Oil Company's application for an exception to Rule 3 of the Commission's Order No. 1472, "Special Field Rules, Bluit-Pennsylvanian Pool", Roosevelt County, to permit an unorthodox location for an old well in the SW/4 of the NW/4, Section 16, T-8-S, R-37-E, N.M.P.M. Survey, Roosevelt County, and hereby waive objection to this application.

The Ohio Oil Co
Company

By:

Asst. S. Mill

Date:

7-17-60

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
GEORGE A. GRAHAM, JR.

SETH, MONTGOMERY, FEDERICI & ANDREWS
ATTORNEYS AND COUNSELORS AT LAW
301 DON GASPAR AVENUE
SANTA FE, NEW MEXICO

POST OFFICE BOX 828
TELEPHONE YU 3-7315

July 11, 1960

Oil Conservation Commission
State Capitol
Santa Fe, New Mexico

Re: Application of Shell Oil
Company - Unorthodox
Location, Bluitt-
Pennsylvania Pool

Gentlemen:

Enclosed are two more copies of above appli-
cation which were requested on Friday when said appli-
cation was filed.

Very truly yours,

Oliver Seth _{eb}

OS:lb
Enclosures

*Doyle
Miles
7-15-60*

1960 JUL 14 AM 8:22
MAIN OFFICE 000

MAIN OFFICE 850

RECEIVED JUN 3 1951

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
SHELL OIL COMPANY FOR AN EXCEPTION TO
RULE 3 OF THE COMMISSION'S ORDER NO.
1472, "SPECIAL FIELD RULES BLUITT-
PENNSYLVANIA POOL" TO PERMIT AN UN-
ORTHODOX LOCATION IN THE SW $\frac{1}{4}$ OF THE
NW $\frac{1}{4}$, SECTION 16, TOWNSHIP 8 SOUTH,
RANGE 37 EAST, N.M.P.M., ROOSEVELT
COUNTY, NEW MEXICO.

Case 302

APPLICATION

Application is hereby made by Shell Oil Company for an excep-
tion to Rule 3 of the Commission's Order No. 1472, "Special Field
Rules Bluitt-Pennsylvania Pool", Roosevelt County, to permit an
unorthodox location for a well in the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$, Section 16,
Township 8 South, Range 37 East, N.M.P.M., Roosevelt County.

Applicant shows the Commission that there is an old well at
the unorthodox location indicated above, and Shell Oil Company de-
sires to re-enter and re-work this well, and if production is en-
countered, to have such well approved at this unorthodox location.

If permission is granted for this unorthodox location, the
well will be named and referred to by Shell as the Shell BUA No.
2. This well has formerly been known as the Bluitt Unit No. 2.

Applicant, therefore, prays that this matter be set down for
an Examiner's Hearing.

Respectfully submitted,

SHELL OIL COMPANY

By:

Oliver Sells

SETH, MONTGOMERY, FEDERICI & ANDREWS
Attorneys for Applicant

*Robert
Montgomery
7-15-51*

SHELL STATE EUA-2 (FORMERLY BLUEBE LANE NO. 2)
 1980' HNL & 660' FVL, SECTION 16; T-24-S, R-37-E
 ROOSEVELT COUNTY, NEW MEXICO
 BLUEBE LANE FIELD

4042' DE Elevation
 4030' SHF

13 3/8" C
 347' 400' sx

RESERVE EXAMINER NUTTER
 CONSERVATION COMMISSION
App EXHIBIT NO. 2-a
 CASE NO. 2021

9 5/8" C
 4140' 2000' sx

8500' Est. Top of Cement
 (-4458')

8915'
 (-4873') Wolfcamp

9337'
 (-5295') Penn.

9402'
 (-5360') Bough C

5 1/2" Casing

5 1/2" C
 9540' 275' sx

Open Hole Bridge Plug
 9550'

9540'

50' sx

9550'

11,560'

200' sx

12,000'

8 3/4" Hole

12,595' (-8553') T.T.

Spudded 8-31-55
 Completed P&A 1-5-56

W A I V E R

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

We have been notified of Shell Oil Company's application for an exception to Rule 3 of the Commission's Order No. 1472, "Special Field Rules, Bluit-Pennsylvanian Pool", Roosevelt County, to permit an unorthodox location for an old well in the SW/4 of the NW/4, Section 16, T-8-S, R-37-E, N.M.P.M. Survey, Roosevelt County, and hereby waive objection to this application.

FELMONT OIL CORPORATION
Company

By:

Nathaniel H. Halm
Vice President

Date:

18 July 60

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
App. EXHIBIT NO. 3
CASE NO. 2021

W A I V E R

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

We have been notified of Shell Oil Company's application for an exception to Rule 3 of the Commission's Order No. 1472, "Special Field Rules, Bluit-Pennsylvanian Pool", Roosevelt County, to permit an unorthodox location for an old well in the SW/4 of the NW/4, Section 16, T-8-S, R-37-E, N.M.P.M. Survey, Roosevelt County, and hereby waive objection to this application.

Company

By: _____

Date: _____

18 July 60 to the acreage north.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
App EXHIBIT NO. 4
CASE NO. 2071

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

EXAMINER HEARING

IN THE MATTER OF:

Application of Shell Oil Company for authority to recomplate its State BUA Well No. 2 (formerly its Bluitt Unit Well No. 2) at an unorthodox oil well location in the Pennsylvanian formation within one mile of the Bluitt Pennsylvanian Pool. Said well is located 1980 feet from the North line and 660 feet from the West line of Section 16, Township 8 South, Range 37 East, Roosevelt County, New Mexico.

Case 2021

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. PAYNE: Application of Shell Oil Company for authority to recomplete its State BUA Well No. 2 (formerly its Bluitt Unit Well No. 2) at an unorthodox oil well location in the Pennsylvanian formation within one mile of the Bluitt Pennsylvanian Pool.

(Shell Oil Company's Exhibits
1 through 4 marked for
identification.)

MR. FEDERICI: Are we ready to proceed?

MR. NUTTER: Yes, sir. At the outset we might ask if there are any appearances to be made.

MR. FEDERICI: William Federici of Seth, Montgomery,



Federici and Andrews for Shell Oil Company. I have one witness, Mr. Lowery.

(Witness sworn.)

R. E. LOWERY

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

DIRECT EXAMINATION

BY MR. FEDERICI:

Q Would you state your name, please?

A R. E. Lowery.

Q By whom are you employed? A Shell Oil Company.

Q In what capacity?

A As a District Exploitation Engineer in our Roswell office.

Q Have you testified before this Commission before?

A No, sir.

Q Will you state for the Commission your educational background and qualifications?

A I graduated from the Colorado School of Mines in 1952 with a degree of Mining Engineering. Since that time I have been employed by Shell Oil Company; for the last five years I have worked as an exploitation engineer in West Texas and Southeastern, New Mexico, and I'm currently District Exploitation Engineer for Shell in Roswell.

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



MR. FEDERICI: Are the qualifications of the witness satisfactory?

MR. NUTTER: Yes, sir, please proceed.

Q Are you acquainted with the application in this case, No. 2021?

A Yes, sir.

Q What is the purpose of the application?

A It's the application by Shell Oil Company for an unorthodox well location in the Bluitt Pennsylvanian field.

Q I show you what has been marked Exhibit No. 1 and ask you if that was prepared under your supervision?

A Yes, sir.

Q Will you state to the Examiner what Exhibit No. 1 shows?

A This is a plat of the Bluitt Pennsylvanian field area, Roosevelt County, New Mexico. It shows the location of the Shell Bluitt No. 2, which in the future will be called the State BUA No. 2. With relation to the lease lines and existing production in the Bluitt Field, you will note that the location is 1980 feet from the North line and 660 feet from the West line of Section 16, which is in the Southwest Quarter of the Quarter section. Field rules established in 1959 state that any well completed in or recompleted in the Bluitt Pennsylvanian pay shall fall in the Northwest Quarter or the Southeast Quarter of the Quarter section. I would like to point out that Bluitt Unit No. 2 was plugged

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ALBUQUERQUE, NEW MEXICO

PHONE CN 3-6691

and abandoned in January of 1956. The first Pennsylvanian production in the Bluitt Pennsylvanian field was established in 1959 and the field rules which called for 80-acre spacing were established also in 1959, so our well was drilled to the Ellenberger and plugged prior to the discovery of the Bluitt Pennsylvanian field.

Q Now, with reference to Exhibit No. 2, what does that show?

A Exhibit No. 2 shows the diagram of the well as it now exists, indicates where the surface pipe was set, the intermediate string with cement plugs were spotted. It also indicates the Pennsylvanian Bough C pay at 9400, which is where we propose to re-enter and test.

Q How do you propose to reenter and test this?

A That is indicated on Exhibit No. 3.

Q You don't have Exhibit No. 3.

A I stand corrected, we do have another diagram.

MR. NUTTER: We can label the second diagrammatic sketch No. 2-A.

(Whereupon, Shell's Exhibit No. 2-A, was marked for identification.)

Q Will you explain to the Examiner Exhibit 2-A?

A We propose to drill out the cement plug in the top of the intermediate pipe and also the one in the bottom of the intermediate feet which is at 4,420 and go on and clean out to 9700



and set an open hole bridge plug and spot a 50 sack cement plug on top of that and then run the 5½-inch production string.

Q Have you obtained any waivers or statements of no objection from surrounding interest owners?

A We contacted all of the offset operators, of which there are three, W. H. Walne to the North and Felmont to the Northwest and West and Ohio to the Southwest and South. We do have signed waivers from Felmont and from W. H. Walne, but we have not received any signed waiver from Ohio. However, they did indicate that they were not opposed to the application.

Q Will you explain to the Examiner the difference in cost of drilling a new well or going in and reworking this well?

A To drill a new well at a regular location we estimate it would cost \$140,000 for a completed well. The estimated cost for reentering the existing well and completing it would be \$60,000, or a savings of \$80,000.

Q Would you state in what zone you anticipate production?

A The Pennsylvanian formation Bough C pay.

Q In your opinion, would approval of this application be in the interest of conservation?

A Yes, it would. There is considerable dry hole risk associated with this reentry, and we do not believe that we could justify drilling a new well in this portion of the field. We figure the chances of a completion are pretty poor, but because

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



of the nominal amount of money required to reenter the dry hole, we feel we are justified in treating a completion in this manner.

Q If the application is approved, would the rights of interest owners be protected, in your opinion?

A Yes, sir.

MR. FEDERICI: I think that's all.

MR. NUTTER: Any questions of Mr. Lowery?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Lowery, as a general proposition, where you have oblong units, do you think you get more ultimate oil by having wells diagonally offsetting each other or do you think it makes any difference which 40 you drill on in an 80-acre pool?

A I would say that would vary with the pool, the drainage characteristics of the particular pay we're talking about, but the Pennsylvanian Bough C pay is an extremely permeable limestone pay and I don't think it would matter where the well was located.

Q Do you think the ultimate oil recovery would be approximately the same under a fixed pattern or under a flexible pattern?

A I do.

MR. NUTTER: In this particular pool you mean?

A In this particular pool, right, restricted to the

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ALBUQUERQUE, NEW MEXICO



Pennsylvanian Pool in the Bluit Field.

Q (By Mr. Payne) If you get a dry hole at this proposed location, would you then drill a well on orthodox location on this 80?

A No. I'm quite convinced that we would not.

Q And you are proposing this not because this is better structurally, but because you have already got the hole here?

A That's right.

Q So far as Shell is concerned, if the application is denied, you probably wouldn't drill a well on this 80?

A That's our belief.

MR. PAYNE: I believe that's all. Thank you.

BY MR. NUTTER:

Q Has that No. 1 well been completed yet?

A No, sir. It's still drilling. It should be down in a couple of weeks.

MR. PAYNE: Does Ohio have any wells in the pool that are completed on unorthodox locations?

A Not to my knowledge. I take that back, there's one in Section 20.

MR. NUTTER: I believe that well was drilled and completed prior to the promulgation of the pool rules.

MR. FEDERICI: Right.

A Right.

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ALBUQUERQUE, NEW MEXICO

PHONE CH 3-1691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q (By Mr. Nutter) When this well was originally plugged and abandoned, was any casing pulled in the well?

A No.

Q So it does have the string of 13-3/8 in the well and cemented and also a string of 9-5/8 to approximately 4140?

A That's right. Both strings were cemented to the circulation and circulated on each one.

Q In addition, you propose to run a string of 5-1/2 inch pipe?

A Yes, sir.

Q This Exhibit No. 4 is a waiver. What company is that waiver from?

A The lease is in the name of W. H. Walne who is the man that signed the waiver. It's a private individual.

Q This is the waiver representing the acreage to the North of your proposal, to the North of the Section 16. Now, he is also the Vice President for Felmont, and they have acreage to the West and Northwest in the name of Felmont and he signed their waiver in their name, and we have a waiver from all the offsetting operators except Ohio and Intex along the Southeast Quarter of Section 17?

A That's right.

MR. NUTTER: Any further questions of Mr. Lowery? He may be excused.

(Witness excused.)



MR. FEDERICI: We offer in evidence Exhibits No. 1, 2, 2-A, 3 and 4.

MR. NUTTER: Shell's Exhibits 1, 2, 2-A, 3 and 4 will be entered in evidence.

MR. NUTTER: Do you have anything further, Mr. Federici?

MR. FEDERICI: I have nothing further.

MR. NUTTER: Does anyone have anything further for Case 2021? We will take the case under advisement and take Case 2022.

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 1st day of August, 1960.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2021 heard by me on 1/27, 1960.

[Signature], Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6691

ALBUQUERQUE, NEW MEXICO

