

CASE 2944: Application of SOCONY
MOBIL OIL CO. for an unorthodox
location for a proposed completion.

CASE No.

2044

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. B. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

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

December 10, 1963

Mr. James E. Sperling
Post Office Box 466
Simms Building
Albuquerque, New Mexico

Re: Case No. 2944
Order No. R-2614
Applicant:
Socony Mobil 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 handwritten signature in cursive script that reads "A. L. Porter, Jr.".

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Antec OCC

OTHER Mr. Charlie White

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 20, 1963

9:00 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or
Elvis A. Utz, Alternate Examiner:

- CASE 2939: Application of Texaco Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Square Lake 31 Unit Area comprising 480 acres, more or less, of Federal land in Section 31, Township 16 South, Range 30 East, Eddy County, New Mexico.
- CASE 2940: Application of Texaco Inc. for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Square Lake Pool, Eddy County, New Mexico, by the injection of water into the Premier Sand through six wells located in Section 31, Township 16 South, Range 30 East.
- CASE 2941: Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (tubingless) of its L. R. Kershaw Well No. 9, located in Unit B of Section 13, Township 20 South, Range 37 East, Lea County, New Mexico, to produce oil from the Skaggs Glorieta and East Weir Blinebry Pools and gas from the Weir Tubb Gas Pool through parallel strings of 2 7/8 inch casing cemented in a common well bore.
- CASE 2942: Application of Sunray DX Oil Company for the creation of a new oil pool and for special temporary pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Bough "C" Oil Pool for its New Mexico State "AO" Well No. 1, located in Unit M of Section 16, Township 10 South, Range 34 East, Lea County, New Mexico, and the establishment of temporary pool rules therefor, including a provision for 160-acre proration units and for fixed well locations.
- CASE 2943: Application of Gulf Oil Corporation to combine two existing gas pools, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of the Monument-Ellenburger and Monument-McKee Gas Pools, Lea County, New Mexico, into a single pool to be operated and prorated under the existing rules for the Monument-McKee Pool.

PAGE -2-
Docket No. 34-63

CASE 2944: Application of Socony Mobil Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for a proposed triple completion in the Vacuum-Devonian, Vacuum-Wolfcamp and North Vacuum-Abo Pools, Lea County, New Mexico, said well to be drilled at a point 600 feet East of the center of the NW/4 SW/4 of Section 36, Township 17 South, Range 34 East.

Oil Conservation Commission

ir/

DRAFT

JMD/esr

December 3, 1963

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

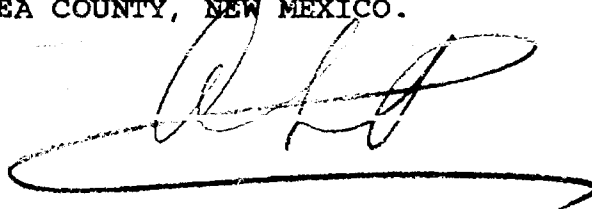
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

*See order for
transcript
C.L. Add to please
expedite same*

CASE No. 2944

Order No. R- 2614

APPLICATION OF SOCONY MOBIL OIL
COMPANY FOR AN UNORTHODOX LOCA-
TION, LEA COUNTY, NEW MEXICO.



ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 20, 1963, 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 day of December, 1963, 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, Socony Mobil Oil Company, seeks an exception to the Special Rules and Regulations governing the Vacuum-Devonian, Vacuum-Wolfcamp, and North Vacuum-Abo Pools, Lea County, New Mexico, to drill a well at an unorthodox location 600 feet east of the center of the NW/4 SW/4 of Section 36, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the temporary Special Rules and Regulations governing the three subject pools provide for 80-acre spacing, and that the proposed location would be extremely close to a quarter-quarter section line if any of the subject pools should subsequently revert to 40-acre spacing.

(4) That the applicant has not established that there is a necessity for the proposed location.

(5) That the applicant proposes to dedicate the N/2 SW/4 of said Section 36 to the proposed well.

(6) That the applicant has not established the productivity of the proposed 80-acre unit.

(7) That the applicant has not established that approval of the subject application will either prevent waste or protect correlative rights.

(8) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

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

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

MAIN OFFICE 000

1963 OCT 30 PM 3:06

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF SOCONY MOBIL OIL COMPANY, INC.)
REQUESTING EXCEPTION TO THE)
TEMPORARY RULES IN EFFECT IN THE)
VACUUM DEVONIAN, VACUUM WOLFCAMP)
AND NORTH VACUUM ABO POOLS RELATING)
TO WELL LOCATIONS.)

CASE NO. 1

		36

APPLICATION

Socony Mobil Oil Company, Inc. requests exception to the temporary operating rules in effect in the Vacuum Devonian, Vacuum Wolfcamp and North Vacuum Abo Pools for the location of a proposed triple completion at a location 600 feet east of the center of the NW/4 of SW/4 of Section 36, Township 17 South, Range 34 East, N.M.P.M., Lea County, New Mexico. The proposed multiple completion will be in the Pools hereinabove designated. Exception to the temporary rules which provide for a well to be located within 200 feet of the center of the NW/4 of a governmental section is necessary because of topography and terrain. The proposed location is a standard 80 acre unit made up of the N/2 of SW/4 of said Section 36. Applicant requests that this matter be set for hearing as provided by the rules and regulations of this Commission.

Dated this 28th day of October, 1963.

SOCONY MOBIL OIL COMPANY, Applicant
by its attorneys:

MODRALL SEYMOUR SPERLING ROEHL & HARRIS

By

James E. Harris
P. O. Box 466
Simm Building
Albuquerque, New Mexico

EXXON MAILED

11-9-63

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-60)

SYMBOLS

DL = Day Letter

NL = Night Letter

LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

LA091 KB295

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K TUD090 PD=FAX TULSA OKLA 19 332P CST=

1963 NOV 19 PM 4:38

NEW MEXICO OIL CONSERVATION COMMISSION=

STATE LAND OFFICE BLDG SANTA FE NMEX=

RE: CASE 2944 AMERADA PETROLEUM CORPORATION, OWNER OF THE
LEASE COVERING NE/4 SW/4 SECTION 36 T17S R34E, LEA
COUNTY, NEW MEXICO, CONCURS IN MOBIL OIL COMPANY'S
APPLICATION FOR AN UNORTHODOX LOCATION AS DESCRIBED IN
NOTICE FOR CASE 2944 TO BE HEARD NOVEMBER 20, 1963=

J E LOW AMERADA PETROLEUM CORPORATION==

2944 NE/4 SW/4 36 T17S R34E 2944 20 1963•

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 11/22/63

CASE 2944

Hearing Date 9am 11/20/63

DSN @ SF

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

Enter an order denying the ~~new~~
unorthodox location requested by
Socomey Mobil Oil Co in this case.

They request a location in exception
to ^{Zone 4 of} R 2421, R 2422, R 2423, special
pool rules for u. Vacuum-Abo, Vacuum
Wolfcamp, & Vacuum Devonian
pools, respectively, for a triple completion
projected to these pools at a point
600' E of the center of the NW 1/4 SW 1/4
of 36-17S-34E.

Find that there is insufficient evidence both
as to the ~~need~~ necessity for the proposed
location and the productivity of the proposed
80 acre unit to be dedicated, i.e., the NW 1/2 SW 1/4
of sec 36.

mention that pools are on temporary Acen Miller
80-acre spacing and well would be
extremely close to 40 acre line if pool(s) revert to 40 acre spacing

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. 2944
Order No. R-2614

APPLICATION OF SOCONY MOBIL OIL
COMPANY FOR AN UNORTHODOX LOCA-
TION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 20, 1963, 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 10th day of December, 1963, 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, Socony Mobil Oil Company, seeks an exception to the Special Rules and Regulations governing the Vacuum-Devonian, Vacuum-Wolfcamp, and North Vacuum-Abo Pools, Lea County, New Mexico, to drill a well at an unorthodox location 600 feet east of the center of the NW/4 SW/4 of section 36, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the temporary Special Rules and Regulations governing the three subject pools provide for 80-acre spacing, and the proposed location would be extremely close to a quarter-quarter section line if any of the subject pools should subsequently revert to 40-acre spacing.

(4) That the applicant has not established that there is a necessity for the proposed location.

(5) That the applicant proposes to dedicate the N/2 SW/4 of said Section 36 to the proposed well.

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CASE No. 2944
Order No. R-2614

(6) That the applicant has not established the productivity of the proposed 80-acre unit.

(7) That the applicant has not established that approval of the subject application will either prevent waste or protect correlative rights.

(8) That the subject application should be denied.

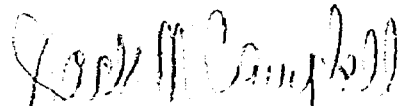
IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



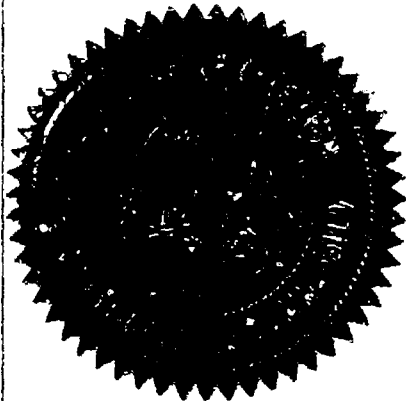
JACK M. CAMPBELL, Chairman



E. S. WALKER, Member



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



esr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 20, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Socony Mobil Oil Company
for an unorthodox location, Lea County,
New Mexico.

Case No. 2944

BEFORE: DANIEL S. HUTTER, EXAMINER

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 963-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 20, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Socony Mobil Oil Company) CASE NO. 2944
for an unorthodox location, Lea County,)
New Mexico.)

BEFORE: MR. DANIEL S. NUTTER, EXAMINER

TRANSCRIPT OF HEARING

MR. NUTTER: Call Case 2944.

MR. DURRETT: Application of Socony Mobil Oil Company
for an unorthodox location, Lea County, New Mexico.

MR. SPERLING: Jim Sperling of Rodrall, Seymour,
Sperling, Roehl & Harris, Albuquerque, New Mexico, appearing on
behalf of the applicant. We have one witness, Mr. Callaway.

(Witness sworn)

C. A. CALLAWAY,

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



DIRECT EXAMINATION

BY MR. SPERLING:

Q Would you state your full name, please, by whom you are employed, and what capacity?

A I am Curtis H. Callaway, I am employed by Mobil Oil Company as a Production Engineer, Hobbs, New Mexico.

Q Have you testified before the Commission on any previous hearings or occasions, Mr. Callaway?

A No, sir.

Q Would you give us a brief resume of your educational background and your professional qualifications, please?

A I was graduated from Southern Methodist University in 1952 with the degree of Bachelor of Science in Civil Engineering. Since that time, I have one year experience with Phillips Petroleum Company in surveying and construction and nine years with Mobil Oil Company in surveying and construction. I am a registered professional engineer and land surveyor in New Mexico. I am also registered in Texas as a professional engineer.

Q Mr. Callaway's qualifications acceptable?

MR. NUTTER: Yes, sir.

Q (By Mr. Sperling) Mr. Callaway, you stated that your title was Production Engineer. Does that refer to your duties in connection with actual production of oil and gas, or is that a classification which is somewhat misleading in view of the work that you actually do?

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General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691



A. It is a topographical map showing the Northwest of the Southwest of Section 35, Township 37 South, Range 34, and it is the civil engineering work of the Civil Engineer, Bureau of Land Management, Albuquerque, New Mexico.

MR. BUTLER: Your work is in civil engineering rather than Petroleum Engineering, actually, isn't it? What do you think?

Q. (by Mr. Spurling) Now, would you please refer to what has been marked as Exhibit One for the purposes of this hearing, Mr. Callaway, and explain to us what that portrays?

A. This is a topographical map showing the Northwest of the Southwest of Section 35 on this map. On this map is shown two locations, which I surveyed. One of this is within an outlined location, and the other one being, 500 feet east of the center of this Northwest of Southwest, Section 35, on this map. And on the ground, I did define the limits of this dry lake, as being that point where there was a definite change in vegetation, and I did locate these on the ground, and this map represents this. On this map I have shown this point, which I referred to as the water line. This is a point where an average rainfall would create that water level in the dry lake.

Q. If I understand your explanation of the exhibit, the irregular line, which appears approximately in the center of the exhibit, and which is circular, that is roughly circular in area, defines what you have discovered on the ground to be the limits of a dry lake in the area of the center of the Northwest quarter of the Southwest quarter of Section 35, Township 37 South, Range 34.



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Albuquerque, New Mexico
Suite 1120 Simms Building
Phone 243-6691

East: 100 feet

circle with in the center of the quarter section is that of the center of the quarter section. That is correct.

In that connection, Mr. Callaway, I might call your attention to the existing spacing rules applicable to the three pools which are named in the application. Those orders being R-2421, R-2422, and R-2423, which respectively prescribe temporary field rules for the North Vacuum-Edo Oil Pool, for the Vacuum Wolfcamp Oil Pool, and for the Vacuum-Povenian Oil Pool. Those temporary rules specifying so far as well locations are concerned, that a well shall be drilled within 200 feet of the center of either the Northwest Quarter, or the Southeast Quarter of any governmental quarter section. In this case, the application, of course, is requesting for topographical reasons an exception to those rules, with a view toward moving from the center of the section directly east 600 feet. Now, would you again refer, Mr. Callaway, to Exhibit Number One, and actually explain what this reflects with reference to the work that you did on the ground? I notice that you have elevation points indicated here, which I assume reflect differences in elevation as you proceed from the center of this quarter quarter section toward the outer boundaries;



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PAGE

is that correct?

A Yes, sir.

Q Would you continue now and explain those elevation points and having reference also to the TWA section which is referred to as "TWA", which appears at the upper right-hand corner of the exhibit?

A In this section "TWA", this is a profile showing topographical features in the direction east of the center of this 40 acre tract. The bottom of the lake, I use as a datum, to be 100. Our proposed location located 600 feet east of the center of the Northwest of the Southwest, is 3.2 feet higher than the bottom of the lake. This, as you see, on this profile, I have marked what I refer to as a water line, which is that point where there is a definite difference in vegetation. This being 101.5, or 15 inches higher than the bottom of the lake. As you can see, to move in a easterly direction from the center of the tract, the most feasible spot to drill would be up on the high, or that elevation, 103.2. You will note I have also shown a point there at elevation 102.9. This point represents the level at which the water occasionally rises to, during heavy rains or high intensity rains. I arrived at this elevation by talking to the production foreman previous to the survey, and he showed me a spot on the ground, on the foundation of an old abandoned heater treater that he has observed, that occasionally the water does reach that level. I then proceeded to determine the elevation of this point



with respect to my datum of 100 at the bottom of the lake. This point is 102.8 elevation, as seen on the picture, or 2.8 feet higher than the bottom of the lake.

Q Now, you have indicated this as a dry lake. Is it dry for a substantial portion of the time, or does it actually provide water for cattle in this area?

A It does provide water for the cattle, but it is also at normal times a very good grazing area, and at most times, the lake is dry, except when it rains.

Q I notice that there is a well located in the center of this quarter quarter section, which appears to have been designated on the exhibit as Well Number One; is that right?

A That is correct.

Q That is a single completion well?

A Yes, sir.

Q Have production difficulties actually been experienced at this well location due to water coming into this low spot?

A There have been some difficulties, but this is a flowing well, and not what I would call undue difficulties. However, there have been times when a pumper would have to use a boat to reach this well location.

Q You mean he actually went in a boat to the location?

A Yes, sir.

Q Would you indicate on the exhibit the areas from which the drainage into this low spot or dry lake comes from?



Drilling into the 145 foot hole, and then northeast.

Q Now, the location that has been proposed in this application is for a triple completion as distinguished from the single completion as represented by Well Number One. Do you know whether, or not a triple completion ordinarily requires more attention than the single flowing well completions?

A Yes, sir, they do. You could expect almost three times as much difficulty with a triple as you would a single.

Q Is the location at which you propose the triple completion considered by you to be an all weather location?

A The location that we have proposed would be an all weather location, since this location is located 5.2 feet higher than the bottom of the lake, and about five feet higher than that level which the water has been observed to rise.

Q What area is ordinarily needed for a location pad in the vicinity of a triple completion, considering the drilling and so forth?

A On this depth hole, we would require a drilling pad at least 145 feet in an easterly direction, 145 feet in a southerly direction, 90 feet in a westerly direction, and approximately 200 feet in a northerly direction to accommodate a reserve pit.

Q If the well which is proposed as a triple location were located within the area as described by the 200 foot circle, that



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Suite 1120 Simms Building

A well 200 feet deep, at least 10 inches in diameter, would be quite a drilling job if the lake I have said was 100 feet deep. This well would be built up at least 10 inches of concrete wall. And this 10 inches, would bring the water level of what I would call an average level of this lake during average rainfall. After completion of this well, we could then build a permanent pad of lesser dimensions than this drilling pad to a height 3.0 feet above the bottom of the lake.

This for this good

Q Would that reduce the surface area available for this gold grass that you described there?

A Yes, sir, it would. I might add that the reserve pit would also be located in the limits of this dry lake, creating possible contamination of the lake.

Q Do you have anything else to add, Mr. Callaway?

A I might add that any future installations at this well, such as pumping units and such, would have to be elevated at quite an expense, up to a level higher than 2.0 feet from the bottom of the lake.

Q. Was this Exhibit One prepared by you or under your
 vision?

A Yes, Sir.

MR. SPEALING: At this time we offer Applicant's Exhibit Number One, Mr. A. and Mrs. A.

MR. RUTTER: Applicant's exhibit One will be admitted in evidence. Does anyone have any questions of the witness?

MR. WHITE: Appearing on behalf of Texaco, Inc., one of the offset operators, I would like to ask a few questions, if I may.

EXAMINATION

BY MR. WHITE:

Q Mr. Callaway, is it not true that Texaco has a lease on the south half of the Northwest Quarter which joins you on the north?

A I don't have my map with me, but from memory, I would say that it was true.

Q Is it not also true that Texaco is the owner of a lease consisting also of the South Half of the Northwest Quarter?

A Yes, sir.

Q And all of the Southwest Quarter?

A Yes, sir.

Q And the South Half of the Southwest Quarter?

A Yes, sir.

Q And the South Half of the Southwest Quarter. I asked you that. Now, referring to the Southwest Quarter, would it be possible for you to deflect that water to the Southwest Quarter, is it not?

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PAGE 12

A Yes, sir.

Q Could you deflect that water to other parts of the area?

A No, sir, it would not be possible.

Q Why?

A This dry lake drains an area of many directions from this dry lake, from both west, north and northeast.

Q You stated that your water level on occasion is 2.0 feet above the center of the 40 acres; is that correct?

A Yes, sir.

Q Can you state what occasions that has occurred?

A This was from conversations with our production foreman who, I am quoting him, has observed it to be at this level on many occasions.

Q Can you state, many occasions, do you know of your own knowledge how many occasions?

A I would guess once a year.

Q What time of the year would you say?

A Well, I just wouldn't know.

Q And other times, how high has the water been; do you know?

A You mean at average times?

Q Yes. Is it high?

A That would be at this level indicated on the 161.5 where we have definitely. I mean we have noticed, or I have defined on here this definite change in vegetation.



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PAGE

Q Now, you said that the water level in the pits has been one and a half feet below the surface for one year, do you?

A No, sir.

Q Now, you stated the reason that you would need to use a boat to get out there?

A Yes, sir.

Q Do you know whether that just was one occasion, or more occasions?

A The production foreman told me.

Q Do you know of your own knowledge?

A No, sir.

Q You don't know of your own knowledge what the water depth is at various periods of time during the year, do you?

A No, sir.

Q You say that the pits would be polluted or would cause pollution, is that correct?

A That is a possibility of pollution due to the pits.

Q Isn't it true that you stop this seepage very easily by using this modern plastic sheeting that is very cheap?

A I believe that could be investigated. We have not investigated that in this particular application.

Q But, you know that such a material is available and very successful, do you not?

A Not for that application, I do not know.



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Q You haven't investigated the possibility of how much it would cost to avoid any pollution?

A No, sir.

Q Now, this drilling platform, or pad, of being 18 inches high, that would be made out of caliche?

A Yes, sir.

Q What would be the estimated cost of putting in such a drilling pad?

A About \$4,100.00.

Q That would be minimum cost?

A I would say that would be minimum cost.

Q All right. Now, is there any reason why you couldn't move, say, 600 feet south? Where would that put you?

A I didn't investigate moving in a southerly direction.

Q Is there any reason why you couldn't move 600 feet north?

A Yes, sir. We have a tank battery installation, as you see, on Exhibit One, to the north.

Q How about west then?

A I did not investigate moving in a westerly direction.

Q Isn't it true that if you move 600 feet east, you are gaining considerably up structure?

A That I do not know.

Q Do you know whether, or not you would be crowding the structure?

A My concern in this location was survey and construction



only.

Q Do you know what wells have been drilled to the North or to the West that failed to produce in the Dominican and the Gulf of Mexico?

A No, sir.

Q Do you know what wells are successfully completed to the east?

A No, sir.

MR. WHITE: I have no further questions.

* * * * *

REDIRECT EXAMINATION

BY MR. SPENGLING:

Q I have one other question. Mr. Callaway, in response to Mr. White's questions, you indicated a definite difference between the type of grass or vegetation which appears within what you show to be the confines of this dry lake and what you have indicated here as Upland grasses; is that right?

A Yes, sir.

Q Do you know whether, or not the grasses within the dry lake area so-called, require a considerable moisture, more than those of the Upland grasses?

A In my opinion, this area would have to be under water at frequent times during the year to cause this type of vegetation just from experience of knowing and noticing other dry lakes.



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MR. WHITE: That is all, Mr. Nutter.

* * * * *

EXAMINATION

BY MR. WHITE:

Q If you were to put in this drilling pad, or put in a permanent pad, that would deflect the water toward the Upland grasses, would it not?

A Drilling pad would not have an appreciable effect on the water level in the dry lake.

Q Water would have to go some place.

A You would have to calculate the volume of the pad in relation to the volume of the lake, which would be almost negligible.

Q The water would be dispersed some place else in place of where the pad is?

A The amount of displacement by the pad.

Q Is it a fact that Upland grasses are much more nourishing and beneficial to livestock than marine grasses?

A According to what you call marine grasses. These, what I refer to as marine grasses in here are some of the better grazing lands in this area.

Q All right.

MR. WHITE: That is all.

* * * * *

EXAMINATION

BY MR. NUTTER:

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Q Mr. Callaway, do you know what acreage would be dedicated to this well, if it were approved?

A I assume this would be 80 acres.

Q Which would be the 80 acres?

A This would be the North Half of the Southwest Quarter, Section 36.

MR. SPERLING: Mr. Examiner, in this connection, the application does state that it is proposed that the 80 acres just described would be dedicated to the well, which would include the Amerada acreage, and I believe at an appropriate time, Mr. Durrett will call the examiner's attention to the concurrence of Amerada in the proposed location.

Q (By Mr. Nutter) Which would be the 80 acres with the lake in it and 40 acres directly east?

MR. SPERLING: Yes, sir.

Q (By Mr. Nutter) However, would you have to move your location north to be out of the marine grass land, approximately 250 feet?

A We have a location 200 foot north of the center of this tract.

Q Is that the circle indicated with a two there?

A Yes, sir.

Q Is that a well or just a stake?

A That is a well, being completed now, I understand. We could not drill a location north without being too close to our



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tank battery. In other words, we wouldn't have room for our normal size pad between this tank - well, the fire wall at the tank and the reserve pit at the Well Number Two.

Q Number Two is presently drilling, you say?

A Yes, sir.

Q Did you build a pad for it?

A Yes, sir.

Q And elevated above the 2.9 foot level of the lake?

A Yes, sir. We elevated it - No, we elevated it 18 inches above the bottom of the lake at that elevation, 101.5.

Q Could that pad be extended to the east somewhat and used as part of the same pad for drilling another well?

A Well, a well located north and east of the center, is that what you mean?

Q Well, you have got this little dotted line around this location Number Two, the pad that you built for this well.

A Yes, sir.

Q Now, would it be possible to build your pad up on the east side, say, fifty or 75 feet and have another location there on that same pad?

A If we had another location on the same pad, we would not have room to get on this well Number Two.

MR. SPERLING: Excuse me. I think I can clarify this. What the Examiner is speaking of is extending the pad, as I understand it, to the east, existing.



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(By Mr. Dearnley): ... looking at the ... number two, ... Now, if you ordered the drilling ... east, you would in effect be ... two well can be drilled. Now, you can drill ... with this pad at this location is that correct?

- Q Yes, sir.
- A That is the outline of the pad.
- Q Yes, sir.
- A Now, if you built this pad up, to the east 10 feet, in effect, moving the pad to the east, you could drill a well approximately here, couldn't you, and it would be on the pad?

- Q My ...
- A Or, by the same distance that this well is on the pad, my supervisor would require me to locate this well approximately 90 feet from the east edge of this pad to prevent interference. Actually, your rig tracks are located to the east of a drilling well.

- Q Is there any flexibility in the arrangement in which you set your rig up? That is, does it always have to be with the dog house in a certain direction, or can you rotate the rig around?
- A If you are talking to a ... construction, is. There



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Q Now, you're saying that the well is not a water well, it's a gas well, is that right?

A Yes, sir.

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A Yes, sir.

MR. HUBBARD: Does anyone else have any questions?

MR. DURNATH: Yes, sir.

BY MR. DURNATH:

Q Mr. Callaway, I am looking at No. 10, which has been designated on the map as a reserve pit, elevation 101.2, which should be the north of this well number ten. Now, is that right, I



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any solution in this area.

A There will be drilling in this reserve pit here.

Q What is the danger of pollution there?

A There is a danger of pollution if the water level ever reaches this -- when this water level does reach the elevation, 102.9. The reserve pit wall is built up higher than this, but there is a danger of seepage.

Q Well, would be the same danger that you were testifying on your direct examination that would occur on the well that you are proposing to drill; is that correct?

A No, sir. In that the water level wouldn't reach the level of the original ground at the reserve pit. Normally, it won't reach that elevation above 101.8, except those occasional -- occasionally when it does reach the 102.9. In other words, at any time we have water in this dry lake, we would have danger of contamination because the water level would be up on the pit wall. Whereas, this reserve pit for Well Number Two, the water level would have to reach the level, 101.5, before it would have ever reached the reserve pit wall.

Q But, there would be similar danger involved at that time, would there not?

A There would be similar danger when your water level did exceed 101.5, but the frequency of dangers would be less at this Well Number Two reserve pit than a reserve pit located in the middle of the lake.



MR. DURRETT: Thank you.

* * * *

MR. NUTTER: Mr. Callaway, what formation is that Well Number Two that is presently drilling projected to, do you know?

A I would have to -- I don't remember.

Q But, there is a well drilling there at the present time?

A Yes, sir.

MR. DURRETT: Along that same line, Mr. Callaway, what formation is this Well Number One completed in; do you know that?

MR. SPERLING: San Andres.

MR. NUTTER: Are there any other questions of the witness? He may be excused. Do you have anything further, Mr. Sperling?

MR. SPERLING: No, sir.

MR. NUTTER: Does anyone have anything further they wish to offer in Case 2944?

MR. DURRETT: The Commission has received a telegram from Amerada stating that they concur in Mobil's application in this case.

MR. NUTTER: Thank you. If there is nothing further, we will take the case under advisement.

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STATE OF NEW MEXICO X

COUNTY OF BERNALILLO X

I, ROY D. WILKINS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

WITNESS my hand and Seal of Office, this the 9th day of December, 1963.

R. D. Wilkins
NOTARY PUBLIC

My Commission Expires:

September 6, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2944 heard by me on Nov. 20, 1963.

[Signature] Examiner
New Mexico Oil Conservation Commission

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