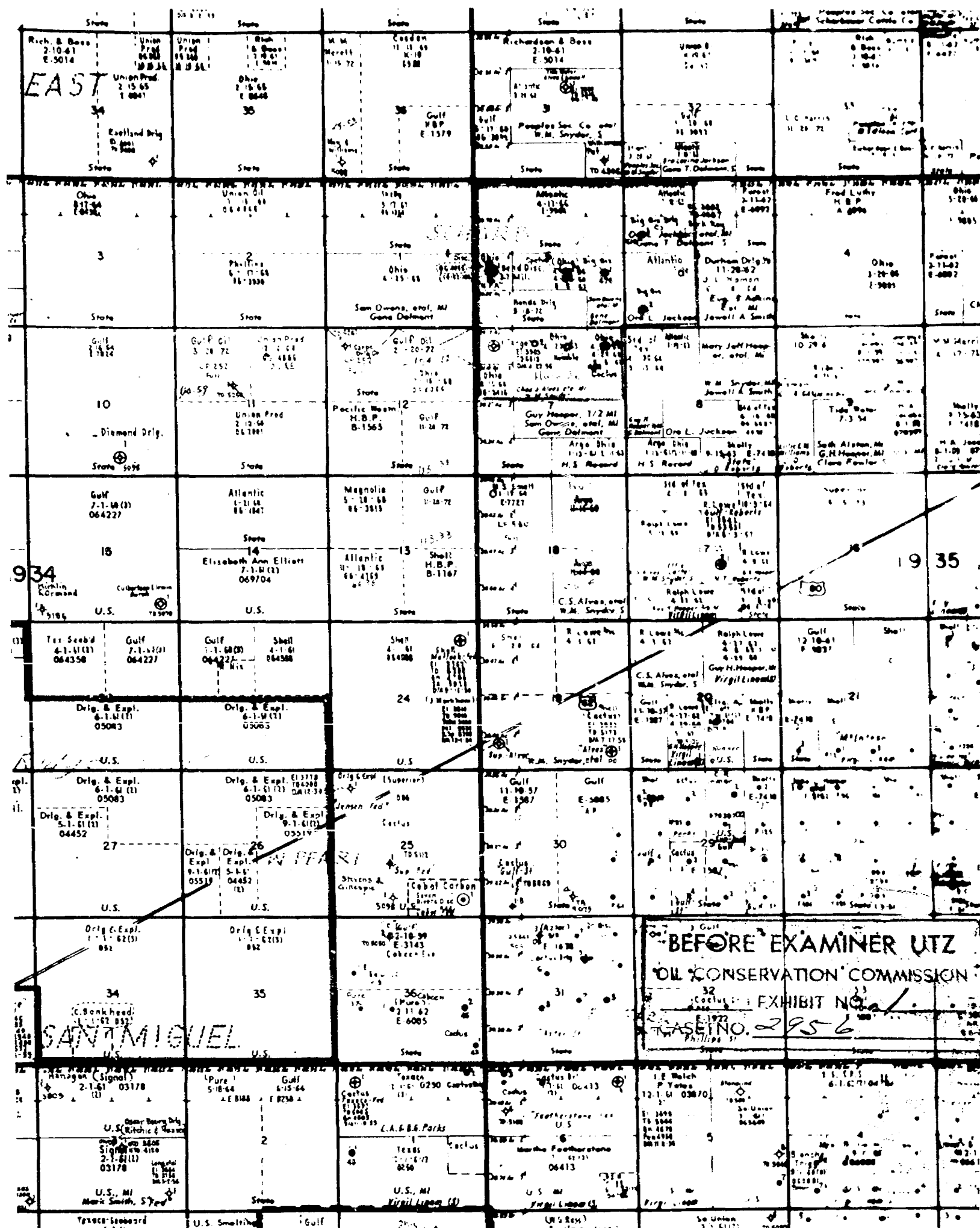
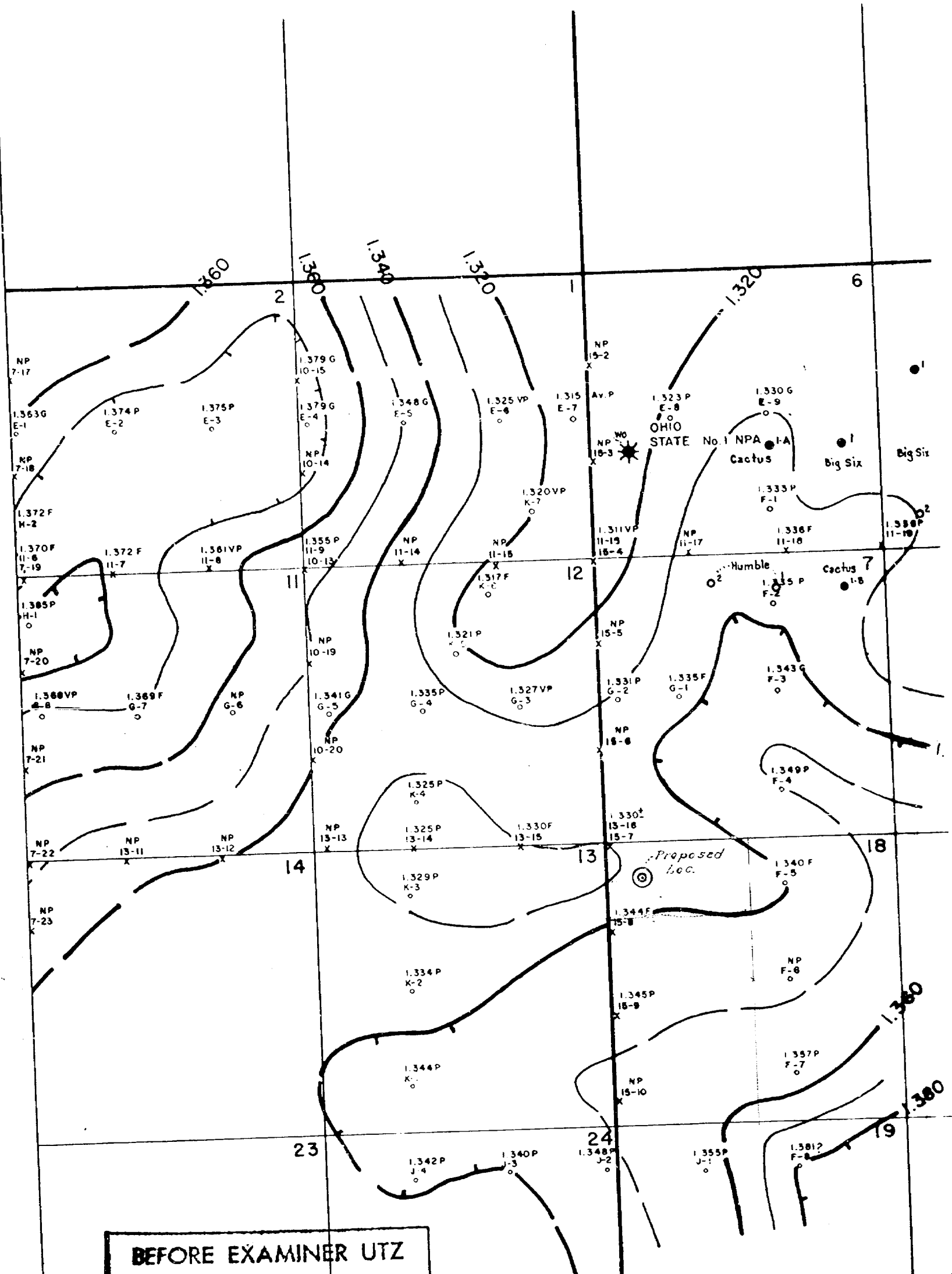


CASE 2956: Application of U.S.  
SMELTING RFG. & MINING CO. FOR  
AN UNORTHODOX LOCATION.

CASE No.  
2956

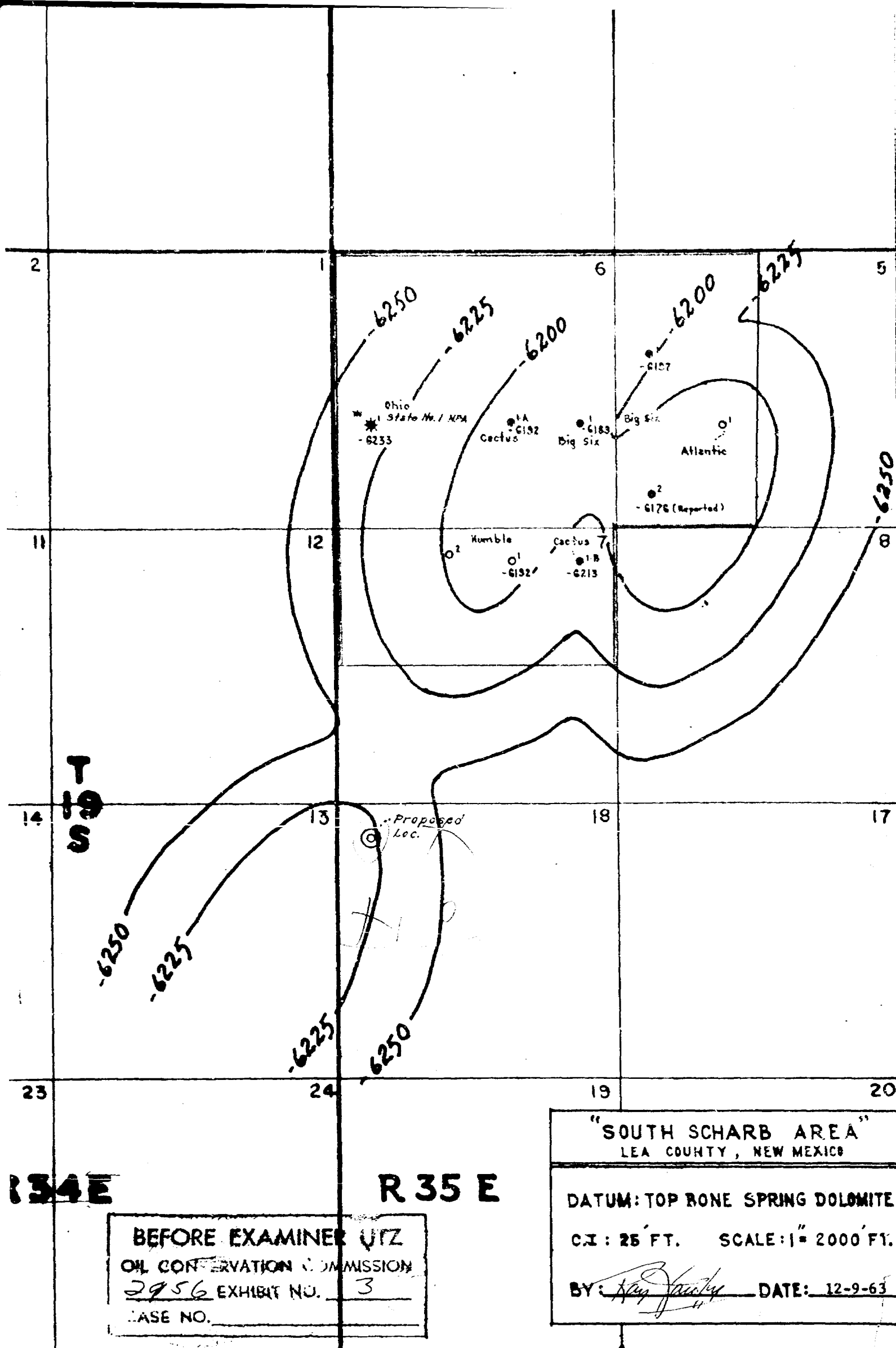
Application,  
TRANSCRIPTS,  
Small Exhibits  
ETC.





BEFORE EXAMINER UTZ  
C.I. CONSERVATION COMMISSION  
2956 EXHIBIT NO. 2  
CASE NO. \_\_\_\_\_

South Scharb Area  
Lea County, New Mexico  
Datum: Approximate top of Bone  
Spring Dolomite  
C. I.: .010 Seconds  
Date: 12-5-60 By: R.J.



"SOUTH SCHARB AREA"  
LEA COUNTY, NEW MEXICO

DATUM: TOP BONE SPRING DOLOMITE

C.I.: 25' FT. SCALE: 1" = 2000' FT.

BY: *Kay J. J. J.* DATE: 12-9-63

BEFORE EXAMINER UZ

OIL CONSERVATION COMMISSION

2956 EXHIBIT NO. 3

CASE NO.

Cad 2/10/19

Dec 1917

Noted  
J. D. St.

The

Application United States Smelting  
Refining and Mining Company  
for an ~~unorthodox~~ location,  
Lea County, New Mexico.

Applicant, in the above-styled  
case, seeks <sup>an exception to Rule 4 of Order No. R-2587</sup> ~~authority~~ to drill  
its State "B" Well No 1 at an  
unorthodox location 660 feet  
from the north and west lines  
of Section 18, Township 19 South,  
Range 35 East, Schack Bone  
Springs Pool, Lea County,  
New Mexico.

Box 1877 Midland

at B. J. Hinson

9am December 13 OCC Conf  
~~Land~~ Room  
Elvis A. Utz Examiner  
D. S. N alternate

(3) That although the proposed location is within one mile of the Scharb - Bone Springs Oil Pool the evidence presently available indicates that the Bone Springs formation underlying the proposed location may constitute a separate common source of supply.

(4) That approval of the subject application should result in greater ultimate recovery of oil, thereby preventing waste.

~~(4) That the subject application should be approved in order to allow the applicant~~

(5) That no object operator has entered an objection to approval of the subject application,

DRAFT

JMD/esr

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. 2956

Order No. R- 2632

APPLICATION OF UNITED STATES SMELTING  
REFINING AND MINING COMPANY FOR AN  
UNORTHODOX LOCATION, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
December 13, 1963, at Santa Fe, New Mexico, before Elvis A. Utz,  
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,  
Elvis A. Utz, 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, United States Smelting Refining and  
Mining Company, seeks an exception to the Special Rules and Regula-  
tions governing the Scharb-Bone Springs Oil Pool to drill its State  
"B" Well No. 1 at an unorthodox location 660 feet from the North  
line and 660 feet from the West line of Section 18, Township 19  
South, Range 35 East, NMPM, Lea County, New Mexico.



IT IS THEREFORE ORDERED:

(1) That the applicant, United States Smelting Refining and Mining Company, is hereby granted an exception to the Special Rules and Regulations governing the Scharb-Bone Springs Oil Pool and is hereby authorized to drill its State "B" Well No. 1 at an unorthodox location 660 feet from the North line and 660 feet from the West line of Section 18, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico, ~~provided, however, that said well shall not receive more than a 40-acre allowable unless greater productive acreage is established at a subsequent hearing.~~

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

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

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. 2910  
Order No. R-2589  
NOMENCLATURE

APPLICATION OF BIG (6) DRILLING COMPANY  
FOR EXTENSION OF AN EXISTING OIL POOL  
AND SPECIAL POOL RULES, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 18, 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 30th day of October, 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, Big (6) Drilling Company, seeks extension of the horizontal limits of the Scharb-Bone Springs Oil Pool to comprise the W/2 of Section 5, all of Section 6, and the N/2 of Section 7, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) That the applicant also seeks the promulgation of special rules and regulations governing said pool, including provisions for 80-acre spacing units comprising any two contiguous 40-acre tracts, and for fixed well locations.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk caused from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Scharb-Bone Springs Oil Pool.

-2-

CASE No. 2910  
Order No. R-2589

(5) That in order to encourage the orderly development of the subject pool, the temporary special rules and regulations should provide for 80-acre spacing units comprising the N/2, S/2, E/2, or W/2 of a single governmental quarter section; that due to the configuration of leases, the diversity of ownership, and the locations of wells previously drilled in the SW/4 and W/2 SE/4 of Section 6, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico, the operators in said area should be permitted to dedicate to wells within said area any two quarter-quarter sections contiguous by a common bordering side and lying wholly within said area.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That this case should be reopened at an examiner hearing in October, 1964, at which time the operators in the subject pool should appear and show cause why the Scharb-Bone Springs Oil Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Scharb-Bone Springs Oil Pool in Lea County, New Mexico, are hereby extended to include the following-described area:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM  
Section 5: W/2  
Section 6: All  
Section 7: N/2

(2) That Special Rules and Regulations for the Scharb-Bone Springs Oil Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
SCHARB-BONE SPRINGS OIL POOL

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

RULE 2. Each well completed or recompleted in the Scharb-Bone Springs Oil Pool shall be located on a standard unit containing approximately 80 acres comprising the N/2, S/2, E/2, or W/2 of a single governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a single quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. The first well drilled on every standard or non-standard unit in the Scharb-Bone Springs Oil Pool shall be located in the NE/4 or SW/4 of a governmental quarter section. All wells shall be located within 200 feet of the center of a governmental quarter-quarter section.

RULE 5. The Secretary-Director may grant an exception to the footage requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon, provided the well will be located no nearer than 330 feet to the outer boundary of the unit. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) in the Scharb-Bone Springs Oil Pool shall be assigned an 80-acre proportional factor of 5.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable in the Scharb-Bone Springs Oil Pool as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That an exception is hereby granted to the Special Rules and Regulations for the Scharb-Bone Springs Oil Pool to permit the operators in the SW/4 and W/2 SE/4 of Section 6, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico, to dedicate to existing and future wells within said area any two quarter-quarter sections contiguous by a common bordering side and lying wholly within said area.

(2) That any well drilling to or completed in the Bone Springs formation within the Scharb-Bone Springs Oil Pool or within one mile of the Scharb-Bone Springs Oil Pool on or before October 9, 1963, that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator of any such well shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before November 15, 1963.

(3) That any operator desiring to dedicate 30 acres to a well presently drilling to or completed in the Scharb-Bone Springs Oil Pool shall file a new Form C-128 with the Commission on or before November 15, 1963.

(4) That this case shall be reopened at an examiner hearing in October, 1964, at which time the operators in the subject pool may appear and show cause why the Scharb-Bone Springs Oil Pool should not be developed on 40-acre spacing units.

(5) 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

S E A L

esr/

CLASS OF SERVICE  
This is a fast message  
unless its deferred char-  
acter is indicated by the  
proper symbol.

# WESTERN UNION

## TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS  
DL=Day Letter  
NL=Night Letter  
LT=International  
Letter Telegram

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

LA085 DB183

1220  
(R 11:54)

D MDA110 LONG PD=FAX MIDLAND TEX 10 112P CST=

A L PORTER JR= NEW MEXICO OIL CONSERVATION COMMISSION  
LAND OFFICE BLDG SANTA FE NMEX=

IN REFERENCE TO CASE 2956, SET FOR HEARING ON DECEMBER  
13, 1963, HUMBLE OIL AND REFINING COMPANY OBJECTS TO  
THE GRANTING OF THE UNORTHODOX LOCATION REQUESTED BY  
U S SMELTING, REFINING, AND MINING COMPANY. OUR  
INFORMATION INDICATES THAT SUFFICIENT ACREAGE IS  
AVAILABLE TO THE APPLICANT TO PERMIT DRILLING UNDER  
THE RECENTLY ESTABLISHED FIELD RULES. IN ORDER TO  
PROVIDE EQUITABLE TREATMENT UNDER THESE RULES FOR  
FUTURE DEVELOPMENT OF THE SCHARB (BONE SPRING) POOL,  
EXCEPTIONS OF THIS TYPE SHOULD NOT BE GRANTED=

HUMBLE OIL AND REFINING COMPANY J M SHEPHERD==

2956 13 1963=

MAIN OFFICE 000  
1963 DEC 10 PM 11 51

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Case 2956

Heard 12-13-63

Rec. 12-13-63.

1. Grant N.S. Smelting an unorthodox location in exception to Rule 4 of R-2589, Special Pool rules for Leach.  
- Bone Springs oil Pool.
2. The N.S. Smelting - State "B" # 1 660 / NW lines sec. 18 - 195-355 will be unorthodox in that it is drilled in the NW 1/4 of the 1/4 section rather than NE or SW.
3. A provision that the applicant shall prove 80 productive acres on the ~~1/4~~ unit after the well is drilled should be put in the order. This should be done before an allowable is assigned to the well in excess of 240 acres allowable.

Thud P.

2956

UNITED STATES SMELTING REFINING AND MINING COMPANY

OIL OPERATIONS  
P. O. BOX 1877  
MIDLAND, TEXAS 79701

November 29, 1963

State of New Mexico  
Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico

Attention: Mr. Daniel S. Nutter  
Chief Engineer

Re: Application for an Unorthodox  
Location - United States Smelting  
Refining and Mining Company's  
State "B" No. 1  
Section 18, T-19-S, R-35-E  
Lea County, New Mexico

Gentlemen:

Please find attached an application in triplicate for a hearing on United States Smelting Refining and Mining Company's request for an exception to Rule 4 of Order No. R-2589 whereby our State "B" No. 1 may be drilled at an unorthodox location in Section 18, Township 19 South, Range 35 East, Lea County, New Mexico.

On my visit with Mr. A. L. Porter, Jr. and Mr. Daniel S. Nutter on November 26, 1963, the above application was assigned Case No. 2956 and placed on the docket for a special hearing before Mr. Elvis A. Utz, Examiner, at 9:00 A.M. on December 13, 1963, in the Oil Conservation Commission Conference Room.

Yours very truly,

*B. J. Hinson*  
B. J. Hinson

BJH:bm

Attachment

DOCKET MAILED

12-4-63  
Date



November 26, 1963

IN THE MATTER OF THE APPLICATION OF  
UNITED STATES SMELTING REFINING AND  
MINING COMPANY FOR AN EXCEPTION TO  
RULE 4 OF ORDER NO. R-2589 TO DRILL  
ITS STATE "B" WELL NO. 1 AT AN UN-  
ORTHODOX LOCATION 660 FEET FROM THE  
NORTH AND WEST LINES OF SECTION 18,  
T-19-S, R-35-E, SCHARB BONE SPRINGS  
POOL, LEA COUNTY, NEW MEXICO.

A P P L I C A T I O N

Applicant, United States Smelting Refining and Mining Company, states that:

1. Applicant is the owner and operator of the State "B" lease consisting of the W/2 of Section 18, T-19-S, R-35-E, Lea County, New Mexico.
2. Special rules and regulations, as given in Order No. R-2589 for the Scharb Bone Springs Pool, apply to subject lease only because the N/2 of said lease is within one mile of the horizontal limits of the Scharb Bone Springs Pool.
3. The location of subject well in the approximate center of the NW/4 NW/4 of Section 18, T-19-S, R-35-E rather than in the NE/4 or SW/4 of a governmental quarter section as specified in Rule 4 of Order No. R-2589, was based on seismic and geological data.
4. Subject well is located more than one mile from any oil well in the Scharb Bone Springs Pool and is considered an exploratory well.

Applicant requests that this matter be set for a special hearing before an examiner, that notice of the hearing be given as required by law, and that, upon conclusion of the hearing, the Commission enter its order authorizing the proposal set forth above.

Respectfully submitted,

United States Smelting Refining  
and Mining Company

By

E. J. Hinson

Petroleum Engineer for Applicant

BJH:bm

DOCKET: EXAMINER HEARINGS DECEMBER 13, 1963 AND DECEMBER 16, 1963

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

---

Examiner: Elvis A. Utz; Alternate Examiner: Daniel S. Nutter

## DOCKET NO. 36-63 - DECEMBER 13, 1963:

CASE 2956: Application of United States Smelting Refining and Mining Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 4 of Order No. R-2589 to drill its State "B" Well No. 1 at an unorthodox location 660 feet from the North and West lines of Section 18, Township 19 South, Range 35 East, Scharb Bone Springs Pool, Lea County, New Mexico.

## DOCKET NO. 37-63 - DECEMBER 16, 1963:

CASE 2959: Application of Texas Pacific Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 3 of Order No. R-2284, to drill its State AE Well No. 1 at an unorthodox location 2310 feet from the South line and 1980 feet from the West line of Section 10, Township 10 South, Range 36 East, South Cross-roads-Devonian Pool, Lea County, New Mexico.

CASE 2960: Application of the British American Oil Producing Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Wilson Deep Unit Area comprising 1,905 acres, more or less, of State land in Township 20 South, Range 36 East, and Township 21 South, Range 35 East, Lea County, New Mexico.

CASE 2961: Application of Amerada Petroleum Corporation for force-pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Morrow, or Atoka, zone of the Pennsylvanian formation underlying the SE/4 of Section 19, Township 9 South, Range 35 East, Lea County, New Mexico, to be dedicated to its S. E. Anderson "A" Well No. 1, a gas well located in Unit P of said Section 19.

CASE 2962: Application of Texaco Inc. for an oil-oil-salt water disposal triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the triple completion (tubingless) of its State of New Mexico "BZ" (NCT-10) Well No. 2 located in Unit N of Section 2, Township 25 South, Range 37 East, North Justis Field, Lea County, New Mexico, to produce oil from the North Justis-Blaine and North Justis-Drinkard Pools through parallel strings of 2 7/8-inch casing and to dispose of produced salt water into the interval from 4310 to 4390 feet, San Andres formation, through a third string of 2 7/8-inch casing. All casing strings would be cemented in a common well bore.

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. 2956  
Order No. R-2632

APPLICATION OF UNITED STATES SMELTING  
REFINING AND MINING COMPANY FOR AN  
UNORTHODOX LOCATION, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 13, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, 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 27<sup>th</sup> day of December, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, United States Smelting Refining and Mining Company, seeks an exception to the Special Rules and Regulations governing the Scharb-Bone Springs Oil Pool to drill its State "B" Well No. 1 at an unorthodox location 660 feet from the North line and 660 feet from the West line of Section 18, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.
- (3) That although the proposed location is within one mile of the Scharb-Bone Springs Oil Pool the evidence presently available indicates that the Bone Springs formation underlying the proposed location may constitute a separate common source of supply.
- (4) That approval of the subject application should result in greater ultimate recovery of oil, thereby preventing waste.
- (5) That no offset operator has entered an objection to approval of the subject application.

-2-

CASE No. 2956

Order No. R-2632

IT IS THEREFORE ORDERED:

(1) That the applicant, United States Smelting Refining and Mining Company, is hereby granted an exception to the Special Rules and Regulations governing the Scharb-Bone Springs Oil Pool and is hereby authorized to drill its State "B" Well No. 1 at an unorthodox location 660 feet from the North line and 660 feet from the West line of Section 18, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico.

(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*

JACK M. CAMPBELL, Chairman

*E. S. Walker*

E. S. WALKER, Member

*A. L. Porter, Jr.*

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

esr/

GOVERNOR  
JACK M. CAMPBELL  
CHAIRMAN

*State of New Mexico*  
**Oil Conservation Commission**



LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER

P. O. BOX 871  
SANTA FE

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

December 27, 1963

Mr. Charlie White  
Gilbert, White & Gilbert  
Attorneys at Law  
Box 787  
Santa Fe, New Mexico

Re: Case No. 2956  
Order No. R-2632  
Applicant:  
U. S. Smelting Refining & Mining 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, reading "A. L. Porter, Jr.", is written over the typed name.

A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC            x

Artesia OCC           

Antec OCC           

OTHER            Mr. B. J. Hinson

**DEARNLEY-MEIER REPORTING SERVICE, Inc.**

FARMINGTON, N. M.  
PHONE 325-1182

SANTA FE, N. M.  
PHONE 983-3971

ALBUQUERQUE, N. M.  
PHONE 243-6691

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
December 13, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of United States Smelting  
Refining and Mining Company for an  
unorthodox location, Lea County, New  
Mexico.

Case No. 2956

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

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

REPORT OF  
THE JUDGE OF CONSERVATION COURT  
Santa Fe, New Mexico  
December 17, 1956

EXAMINER HEARING

IN THE MATTER OF:

Application of United States Smelting Refining) Case NO.  
and Mining Co. for an unorthodox location, )  
Lea County, New Mexico. ) 2556

BEFORE: EIVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please. The first and only case on the docket is 2556.

MR. DURRETT: Application of United States Smelting Refining and Mining Company for an unorthodox location, Lea County, New Mexico.

MR. WHITE: Charles White of Santa Fe, New Mexico, appearing on behalf of applicant. We have one witness to be sworn.

(Witness sworn)

MR. UTZ: Let the record show that we asked for other appearances and there were none.



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building

Albuquerque, New Mexico

Phone 243-6691

PAGE

A. J. WHITE,

called to the stand at 10:00 a.m., and after being sworn, he  
testified as follows:

BY MR. WHITE:

Q

Mr. Hinson, will you state your name for the record,  
please?

A

I am B. J. Hinson, Division Production Engineer for  
United States Smelting Refining and Mining Company, Midland, Texas.

Q

All right.

A

I am a graduate Petroleum Engineer, Texas A & M  
University, registered professional engineer in the State of  
Oklahoma.

Q

Have you previously testified before the New Mexico  
Oil Commission, or one of its examiners?

A

No, I haven't.

Q

All right.

MR. WHITE: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q

(By Mr. White) What is the applicant seeking by the  
subject application?

A

United States Smelting Refining and Mining Company has  
asked for an exception to Rule Four of Order Number R-2588, which  
is the rules and regulations for the Scharb Bone Springs Pool,  
in order to drill its State "B" Number One, 660 feet from the





**DEARNLEY, MEIER, WILKINS and CROWNOVER**

General Court Reporting Service

Phone 243-6691

Albuquerque, New Mexico

Suite 1120 Simms Building

Q In the Northwest quarter of the Northwest quarter of Section 18, Township 19 South, Range 35 East, 1st County, New Mexico, are there any wells?

A Yes, sir, that is correct.

Q What locations are specified for the drilling of wells in Order R-2589?

A Rule Four that I cited above, states that a well is to be located in the Northeast quarter or the Southwest quarter of a Governmental quarter section.

Q Will you refer to your Exhibit Number One, your ownership map or plat, and explain that, please?

A Exhibit One shows the horizontal limits of the Scharb Bone Springs Pool outlined in red. This includes all of Section Six, the west half of Section Five, and the North half of Section Seven, of Township 19 South, Range 35 East. Our lease is shown colored in yellow, and you will notice that the North Half of the lease is within one mile of the horizontal limits of the Scharb Bone Springs Pool. For this reason, we came up with the rules and regulations of the Scharb Pool, and have asked for this exception to the location. You will also notice our proposed location in the Northwest-Northwest Quarter of Section 18, which we call our State "B" Number One.

Q Do you also show the wells in the Scharb Pool?

A Yes, sir, it does. You will notice in the Scharb Pool,



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there are six completed wells and one that is in the process of being completed. Now, making a total of seven that have produced oil. Of that number, three have been drilled or are located on unorthodox locations. You will also notice that our proposed locations slightly in excess of a mile from any proven production.

Q I notice the offset operator on the west and also on the east is Gulf. Is Gulf in favor of this application for the unorthodox location or well?

A Yes. Actually, Gulf is supporting the drilling of our wells in the Northwest-Northwest Quarter of Section 18. They are supporting it by contributing two 80 acre tracts in the East Half of Section 18.

Q Will this unorthodox location encroach on any offset operators?

A No, sir. Will not, in my opinion. There is no offset production. It is in excess of a mile from any production. The line- - the location is a regular 660 location, and in my opinion, it doesn't encroach on anyone else's lease.

Q Now, will you refer to and explain Exhibit Number Two?

A Exhibit Two is a seismic map of this area, and actually, our location, our proposed location, is based on this seismic data. Again, you will notice the Scharb area, or pool, and also our lease colored in yellow, with our proposed location so indicated. This seismic map was a result of work we did in 1960, and



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It is a composite map of two separate seismic surveys. It is contoured, or the contour interval is in ten seconds, which is approximately 70 feet between contour lines. You might note that two distinct anomalies, or you might say, histories, are indicated from this survey. One in the vicinity of the Scherb Bone Springs Pool, and one centered in the North Half of the Section 13, overlaps into Section 18. You will also notice that between these two anomalies, you have a channel area, or you might say a trough, which we feel separates the two anomalies. Is very possible that our proposed location will be on a separate structure. That, of course, will be determined upon drilling the well.

Back to our proposed location, you will note from this map that we have located it in what we feel to be the most favorable structural location on our lease, based on the seismic data which we have.

Q You consider this to be an exploratory well?

A Yes, sir, we do, because as I say, it is over a mile from production, and it is the only data we have in this particular area, is our seismic data.

Q In your opinion, do you believe that you will ultimately recover more oil in this unorthodox location than you would on a standard location?

A I feel like that is very possible. If the structure is as indicated by the seismic data, we can very well produce more oil than other locations.



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EXHIBIT

A Exhibit Three is again a plat showing the Scharb Bone Springs Pool in relation to our lease and proposed location. This is a sub-structure map, based on the wells drilled in the Scharb Bone Springs pool. And I might add that this contour - these contour lines have been extended. The datum is the Bone Springs Dolomite, has been extended to the southwest, and our interpretation of the structure in that area, of course, has been influenced by our seismic data, because that is all we have. There have not been any deep tests drilled in that immediate area, but we do feel like that we do have a settle between the two areas that I have shown here, the Scharb Pool and the area in the vicinity of our lease. You may also note that our proposed location again, we feel like, is located in the most favorable structural location.

Q Were these exhibits prepared by you, or under your direction and supervision?

A They were prepared by our geophysicist and geological department. It was under my direction.

Q Is there any urgency as to the issuance of this order in the event the application is approved?

A Yes, sir, there is. We have a partner in this venture, and he is very anxious to drill a well, at our proposed location. In fact, we have staked the location and we are awaiting the results



of him having to state questions and they will not be asked if our location is approved. Our proposed location is approved. Also, referring back to Exhibit One, you might note that our lease does expire January 15, 1964, and, of course, we would like to get the well drilled by that time.

Q All right.

MR. WHITE: At this time, we offer Exhibits One through Three, and that concludes our testimony.

MR. UTZ: Without objection, Exhibits One through Three will be entered into the record of this case.

#### CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Hinson, the well in the Northeast Quarter would be the Northeast-Northeast of Section 24, let's see, that would be-- Did that go to the top of the Bone Springs? In other words--

A I don't believe it did, Mr. Utz. I don't have the depth of it with me.

Q Well, I can't read it. I think I see 8200 there. Would that be deep enough?

A I was of the opinion the total depth is 9,000 feet, would not have-- 9,010 feet to be exact. The Bone Springs would be around 10,200.

Q So, that well wouldn't have influenced your contour--

A The reason I didn't point that well out, we went over

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this area, and I did with the geological department, and they pointed out all the deep tents and the nearest that we had to the Bone Springs was in the Scharb area.

Q So, you actually have no structure control down there whatsoever, except your seismic information?

A That is correct.

Q Now, referring to Exhibit Two, which was your seismic information, I am not sure I completely understand it. This contour, 1.320, is that higher or lower than the 1.340?

A It is higher.

Q Higher. That would be the crest of the structure in the Scharb area then?

A Yes, sir.

Q And the contour, which is-- I don't believe it is marked. In the North part of Section 13, in the South portion of Section 12, that would be a local high?

A Yes, that is correct. That would be a 1.320 contour.

Q 1.320?

A Yes, sir.

Q Which would be the same as the one in Scharb?

A Yes, sir.

Q And the sinclinal area you spoke of then would be between this indicated high and the 1.320 contour in the Scharb area?

A Yes, sir, that is correct.



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Q Now, you say each between each contour is approximately 70 feet?

A That is right.

Q So, this <sup>synclinal</sup> inclined area between the 1,320 in 13 and the same contour up in the Northeast of 12 would be approximately 70 feet?

A It would be approximately that, yes.

Q This location is desired entirely on the premise that you want to crowd the high on the structure?

A Yes, sir.

Q As indicated by the seismic map?

A We feel like it is the most favorable location on our lease.

Q Is the Scharb Pool a water drive pool, or solution?

A I do not know. I might add that it has not made any water to my knowledge.

Q And what unit would you dedicate to the well, if you were allowed to drill it?

A We would dedicate the West 80 acres of the Northwest Northwest Quarter.

Q After you drill this well, you will have a little better control in this area, would you not?

A Yes, sir, that is right. Of course, as you know, with seismic data, it is subject to change, and at such time as the well is drilled, these maps will be reworked. And brought up to



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date, see what would be the most favorable.

Q And you drill your well, you still try to get an idea to what the bottom of the pay zone was?

A Yes, sir.

Q And therefore, you can adjust your contours to determine whether, or not all your 80 acre tract was productive?

A Yes, sir, that is right.

Q You are not asking here for approval of the 80 acre unit, are you?

A No, sir.

Q Just the location?

A We only are asking for exception to location.

Q All right.

MR. UTZ: Any other questions of the witness?

MR. DURRETT: Yes, sir. I have one question.

EXAMINATION BY MR. DURRETT

Q Mr. Hinson, I missed something, I think, on direct examination. Did you state that Gulf had some acreage that would go together--

A Yes, sir. They are contributing two 80 acre tracts in support of this location, the drilling of this location. The two 80 acre tracts, which they will contribute, looking at Section 18, will be the South Half of the Northeast Quarter, and the South Half of the Southeast Quarter. In other words, they are





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checkbook, and the check is in the collection.

Q That, who is the object to the North? I am having a little trouble. I use the state lease.

A I am sorry about that. You can't see it. It is Marathon, and we are negotiating with them at the present time. Nothing has been decided on as far as supporting.

Q They haven't offered any formal objection to you?

A No, sir, they have not to my knowledge.

Q All right, sir.

MR. DURRETT: Thank you. That is all I have.

MR. UTZ: Mr. Hinson, have there been any dry holes drilled in the Scharb Bone, edge of the structure?

A To my knowledge, I don't know of any in the field proper. There are some shallow tests, but not to the Bone Springs. Now, I say to my knowledge, because I haven't made a detailed study of that particular area.

MR. UTZ: On your Exhibit Three, they are no production or productive wells shown at minus 6250 contour, are there?

A Below that, I don't see any.

MR. UTZ: Lowest one would be slightly lower than -

A I guess Ohio-Marathon would be the lowest.

MR. UTZ: Any other questions? Witness may be excused. Any statements to be made? The case will be taken under advisement. Hearing will be adjourned.

\* \* \* \*



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STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO )

I, ROY P. DEARNLEY, a duly qualified and sworn Notary Public 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 31st day of December, 1963.

*Roy P. Dearnley*  
NOTARY PUBLIC

My Commission Expires:  
September 3, 1967

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2956 heard by me on Dec. 13, 1963.

*Michael J. [Signature]*, Examiner  
New Mexico Oil Conservation Commission



NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE

DECEMBER 13, 1963

TIME:

9 A.M.

NAME:	REPRESENTING:	LOCATION:
L. C. White	U.S. Smelting	Santa Fe
B. J. Hinson	O.C.C.	Midland, Texas
A. L. Porter		Santa Fe.