

CASE 2999: Application of PHILLIPS
for two non-standard oil proration
units, Lea County, New Mexico

CASE No.
2999

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

9
DRAFT
JMD/esr
March 10, 1964

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:

J. J. [Signature]
CASE No. 2999

Order No. R-~~2268~~
2668

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR TWO NON-STANDARD OIL
PRORATION UNITS, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
February 19, 1964, at Santa Fe, New Mexico, before Examiner 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 March, 1964, the Commission,
a quorum being present, having considered the ~~application~~ testimony,
the record, ~~evidence adduced~~, and the recommendations of the Examiner,
_____ and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Phillips Petroleum Company, seeks
approval of a non-standard 80-acre oil proration unit in the
Vacuum-Wolfcamp and the North Vacuum-Abo Pools comprising the
NW/4 SW/4 and the SW/4 NW/4 of Section 31, Township 17 South,
Range 35 East, NMPM, Lea County, New Mexico, to be dedicated to
its ^{dually completed} Santa Fe Well No. 87, located 2130 feet from the South line
and 660 feet from the West line of said Section 31.

(3) That one well ~~can~~ ^{can} efficiently and economically drain
and develop ~~the~~ ^{the} the proposed non-standard 80-acre
oil proration units.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising 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, the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That a non-standard 80-acre oil proration unit in the ^{Pool} Vacuum-Wolfcamp ~~and North Vacuum Abo Pools~~ comprising the NW/4 SW/4 and the SW/4 NW/4 of Section 31, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, is hereby approved and dedicated to the ^{Phillips Petroleum Company} Santa Fe Well No. 87, located 2130 feet from the South line and 660 feet from the West line of said Section 31.

(3) 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.

(2) ~~Same as above~~

That a non-standard 80-acre proration unit in the North Vacuum Abo Pool comprising the NW/4 SW/4 and the SW/4 NW/4 of the said Section is hereby approved and dedicated to the above-described Santa Fe Well No 87.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 19, 1964

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

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

- CASE 2991: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Dwight L. Smith and all other interested parties to appear and show cause why the Walker Well No. 1, located 2290 feet from the South line and 500 feet from the East line of Section 21, Township 15 South, Range 11 East, Otero County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.
- CASE 2992: Application of Consolidated Oil & Gas, Inc., for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox location of their Hoyt Well No. 3-5, located 1850 feet from the North line and 110 feet from the West line of Section 5, Township 26 North, Range 4 West, Blanco Mesa Verde Pool, Rio Arriba County, New Mexico.
- CASE 2993: Application of Sinclair Oil & Gas Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Southwest Jal Unit Area comprising 6401 acres, more or less, of State, Federal and fee lands in Townships 25 and 26 South, Range 36 East, Lea County, New Mexico.
- CASE 2994: Application of Skelly Oil Company for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the Gallup formation underlying its Navajo "P" and "M" leases in Sections 25, 26, 33, 34, 35, and 36, Township 32 North, Range 17 West, Many Rocks-Gallup Oil Pool, San Juan County, New Mexico. Initial injection will be through applicant's Navajo "P" Well No. 6 located in Unit P of said Section 35. Applicant further seeks the promulgation of special rules governing the operation of said project.
- CASE 2995: Application of Deane H. Stoltz for two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 80-acre non-standard oil proration units in the North Bagley-Upper Pennsylvanian Pool, Lea County, New Mexico, the first to comprise the SE¹/₄ NE¹/₄ and NE¹/₄ SE¹/₄ of Section 22, Township 11 South, Range 33 East, to be dedicated to a well completed in the SE¹/₄ NE¹/₄ of Section 22; the second to comprise the SW¹/₄ NE¹/₄ and the NW¹/₄ SE¹/₄ of

CASE 2995: said Section 22 to be dedicated to a well to be re-entered
(Cont.) in the SW/4 NE/4 of said Section 22.

CASE 2984: (Continued from the February 5th Examiner Hearing)

Application of The Pure Oil Company and Continental Carbon Company to utilize natural gas in a carbon black plant, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to utilize approximately 7 million cubic feet of Morrow gas per day in the Continental Carbon Company carbon black plant near Eunice, New Mexico, said gas to be produced from The Pure Oil Company Wilson Deep Unit Well No. 1, located in the SE/4 NW/4 of Section 13, Township 21 South, Range 34 East, Lea County, New Mexico.

CASE 2996: Application of Nearburg & Ingram for the creation of a new gas pool and for special temporary pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for San Andres production in Sections 10, 11, 12, 13, 14 and 15, Township 8 South, Range 37 East, Roosevelt County, New Mexico, and for the establishment of temporary rules therefor, including provisions for 320 acre spacing.

CASE 2739: (Reopened)

In the matter of Case No. 2739 being reopened pursuant to the provisions of Order No. R-2421, which order established temporary 80-acre proration units for the North Vacuum-Abo Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2740: (Reopened)

In the matter of Case No. 2740 being reopened pursuant to the provisions of Order No. R-2422, which order established temporary 80-acre proration units for the Vacuum-Wolfcamp Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2741: (Reopened)

In the matter of Case No. 2741 being reopened pursuant to the provisions of Order No. R-2423, which order established temporary 80-acre proration units for the Vacuum-Devonian Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2742: (Reopened)

In the matter of Case No. 2742 being reopened pursuant to the provisions of Order No. R-2424, which order established temporary 80-acre oil proration units for the Fowler-Blinebry Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2743: (Reopened)

In the matter of Case No. 2743 being reopened pursuant to the provisions of Order No. R-2425, which order established temporary 320-acre spacing units for the Fowler-Tubb Gas Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 160-acre spacing units.

CASE 2744: (Reopened)

In the matter of Case No. 2744 being reopened pursuant to the provisions of Order No. R-2426, which order established temporary 320-acre spacing units for the Fowler-Paddock Gas Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 160-acre spacing units.

CASE 2997: Application of Socony Mobil Oil Company, Inc., for the abolishment of an existing pool and the creation of two new oil pools, and for special temporary pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for lower Pennsylvanian production in Section 26, Township 17 South, Range 34 East, Lea County, New Mexico, and for the establishment of temporary rules therefor, including provisions for 80-acre units and for the establishment of a gas-oil ratio limitation of 6000 cubic feet of gas per barrel of oil produced. Said pool would be created by the abolishment of the Vacuum-Pennsylvanian Pool in Township 17 South, Range 34 East, and the subsequent creation of the Vacuum Upper Pennsylvanian and Vacuum Lower Pennsylvanian Pools.

CASE 2998: Application of Tenneco Oil Company for a gas well-water injection well, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Central Totah Unit Well No. 24 located in Unit O of Section 11, Township 28 North, Range 13 West, San Juan County, New Mexico, to produce gas from the Basin-Dakota Gas Pool through 1 1/2 inch tubing and to inject water into the Gallup formation, Totah-Gallup Oil Pool, through 2 1/16 inch tubing with separation of the zones by a packer set at 5766 feet.

CASE 2999: Application of Phillips Petroleum Company for two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of an 80-acre non-standard oil proration unit for each of two pools, the Vacuum Wolfcamp Pool and the North Vacuum Abo Pool, said units to comprise the NW/4 SW/4 and the SW/4 NW/4 of Section 31, Township 17 South, Range 35 East, Lea County, New Mexico, to be dedicated to applicant's Santa Fe Well No. 87, located ~~2310~~ feet from the South line and 660 feet from the West line of said Section 31.

CASE 3000: Application of Franklin, Aston & Fair Inc. for the creation of a San Andres Gas Pool and for special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres Gas Pool comprising all or portions of Sections 22, 23, 25, 26, 27 and 28, Township 7 South, Range 35 East, and the establishment of special pool rules, including 320 acre spacing and fixed well locations, Roosevelt County, New Mexico.

CASE 2979: (Continued from February 5, 1964, Examiner Hearing)

Application of Pan American Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through its U.S.A. Malco Refineries 'G' Well No. 13, located 2302 feet from the South line and 1650 feet from the West line of Section 10, Township 18 South, Range 27 East, Empire Abo Pool, Eddy County, New Mexico.

Case 2989

Heard 2-19-64

Rec. 2-26-64

1. Grant Phillips Pet. a month's
unit adjacent to H. Vacuum - Also
oil pool consisting of SW/4 NW/4 &
NW/4 SW/4 ³¹ unit to be ded. to operators
Santa Fe #87, 2310/S & 660/W, 31-17S, 8SE.

2. W.I. is common as well as St. Beneficiary.

Thurl R.



MARATHON OIL COMPANY
FORMERLY THE OHIO OIL COMPANY

P. O. BOX 552
MIDLAND, TEXAS
February 14, 1964

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention A. L. Porter, Jr., Secretary-Director

Re: Phillips Petroleum Company's Application
for Non-Standard 80 Acre Proration Units
in the Vacuum Wolfcamp and North Vacuum
Abo Pools for Phillips' State Santa Fe
Well No. 87. Case No. 2999 Set for Hear-
ing February 19, 1964

Gentlemen:

Marathon Oil Company has received notice of the referenced hearing in which approval is requested of a non-standard 80 acre proration unit in the Vacuum Wolfcamp Pool for Phillips Petroleum Company's State Santa Fe Well No. 87. We understand that Phillips' application also includes a request for approval of a similar non-standard 80 acre proration unit for such well in the North Vacuum Abo Pool in the event the well is completed in such pool. We further understand that the 80 acre non-standard proration unit requested by Phillips includes the southwest quarter of the northwest quarter and the northwest quarter of the southwest quarter of Section 31, T-17-S, R-35-E, Lea County, New Mexico.

Marathon Oil Company hereby waives objection to the granting of the non-standard 80 acre proration units requested by Phillips.

Marathon calls to the attention of the Commission that Marathon's leasehold acreage in Section 31 is situated somewhat similarly to Phillips' acreage in this section. Marathon's leasehold acreage in the section consists of the southeast quarter of the northwest quarter and the northeast quarter of the southwest quarter of Section 31 which acreage lies to the east of and adjacent to Phillips' acreage in this section.

Yours very truly,

MARATHON OIL COMPANY

C. S. Mills
District Manager

WBL/jh

OFFSET OPERATORS

Phillips Petroleum Company
P. O. Box 2130
Hobbs, New Mexico
Attention Mr. F. C. Morgan

Mobil Oil Company
P. O. Box 2406
Hobbs, New Mexico

Shell Oil Company
P. O. Box 1858
Roswell, New Mexico

Skelly Oil Company
P. O. Box 730
Hobbs, New Mexico



PHILLIPS PETROLEUM COMPANY

Exploration & Production Department

P. O. Box 2130
Hobbs, New Mexico

Set for hearing

200 2994

RECEIVED FEB 11 1964

February 3, 1964

In re: Request for Non-Standard Unit - Vacuum-Wolfcamp and
North Vacuum-Abo Pools

New Mexico Oil Conservation Commission (2)
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

Confirming conversation this date between Mr. F. C. Morgan and Mr. Dan Nutter, Phillips Petroleum Company requests approval for an 80 acre non-standard unit in the Vacuum Wolfcamp and North Vacuum-Abo Pools.

NMOCC Order Nos. R-2422 and R-2421, establishing temporary operating rules for these pools, provide that each well shall be located on a standard unit containing 80 acres consisting of the N/2, S/2, E/2, or W/2 of a single governmental quarter section. Phillips Petroleum Company requests an exception to these rules to permit assignment of a non-standard 80 acre unit to Santa Fe No. 87.

In support of this application, Phillips states that:

1. The Santa Fe No. 87, now being completed, is located 2310' FS, 660' FW, Section 31, T17S, R35E, Lea County, New Mexico.
2. Santa Fe No. 87 is located on an 80 acre non-standard unit described as SW/4 NW/4 and NW/4 SW/4, Section 31, T17S, R35E, Lea County, New Mexico.
3. The working interest is common in this 80 acre unit.
4. The royalty interest from this 80 acre unit is dedicated to a common beneficiary, the State of New Mexico - Common Schools.

DOCKET MAILED

2-10-64
62

February 3, 1964
Page 2

Attached is a plat showing the location of the well and adjacent acreage.

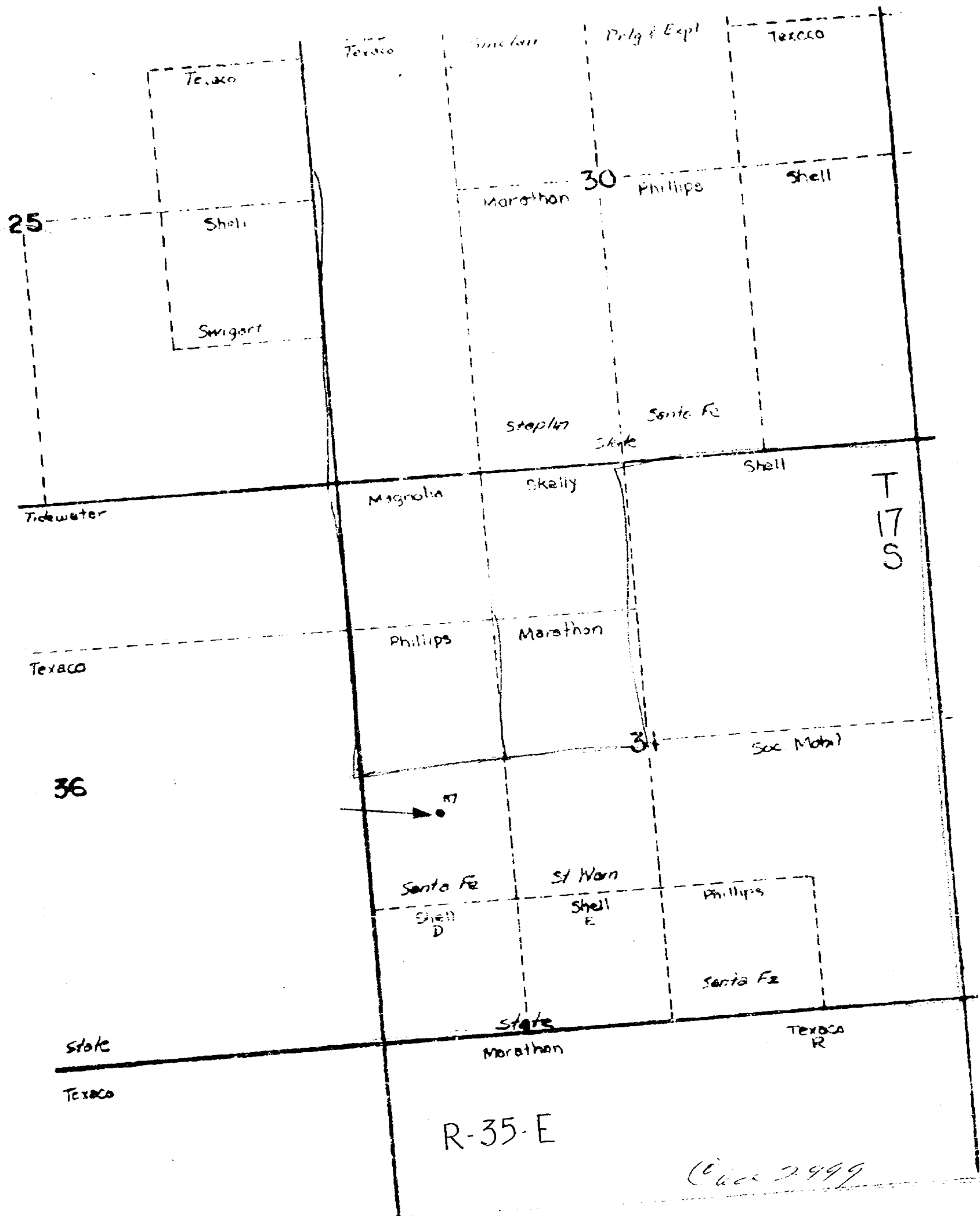
This request is in the interest of sound conservation practices.

Very truly yours,



W. C. Rodgers
Area Superintendent
Production Division

FCM:wma
Attach.
cc: New Mexico Oil Conservation Commission
Hobbs, New Mexico
Attach.



R-35-E

Circle 2999

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. B. JOHNNY WALKER
MEMBER

P. O. BOX 271
SANTA FE

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

March 18, 1964

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 2999
Order No. R-2668
Applicant:
Phillips Petroleum 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

ix/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Astec OCC

OTHER Mr. Carl Jones, Phillips Petroleum Co., Box 791, Midland, Tex.

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. 2999
Order No. R-2668

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR TWO NON-STANDARD OIL
PRORATION UNITS, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
February 19, 1964, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this 18th day of March, 1964, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Phillips Petroleum Company, seeks
approval of a non-standard 80-acre oil proration unit in the
Vacuum-Wolfcamp and the North Vacuum-Abo Pools comprising the
NW/4 SW/4 and the SW/4 NW/4 of Section 31, Township 17 South,
Range 35 East, NMPM, Lea County, New Mexico, to be dedicated to
its dually completed Santa Fe Well No. 87, located 2130 feet from
the South line and 660 feet from the West line of said Section
31.

(3) That one well can efficiently and economically drain
and develop the proposed non-standard 80-acre oil proration
units.

(4) That in order to prevent the economic loss caused by
the drilling of unnecessary wells, to avoid the augmentation of
risk arising 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, the subject application should be approved.

-2-

CASE No. 2999

Order No. R-2668

IT IS THEREFORE ORDERED:

(1) That a non-standard 80-acre oil proration unit in the Vacuum-Wolfcamp Pool comprising the NW/4 SW/4 and the SW/4 NW/4 of Section 31, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, is hereby approved and dedicated to the Phillips Petroleum Company Santa Fe Well No. 87, located 2130 feet from the South line and 660 feet from the West line of said Section 31.

(2) That a non-standard 80-acre oil proration unit in the North Vacuum-Abo Pool comprising the NW/4 SW/4 and the SW/4 NW/4 of said Section 31 is hereby approved and dedicated to the above-described Santa Fe Well No. 87.

(3) 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
February 19, 1964

EXAMINER HEARING

IN THE MATTER OF:

Application of Phillips Petroleum Co.
for two non-standard oil proration units,
Lea County, New Mexico.

Case No. 2999

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

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

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 19, 1964

EXAMINER HEARING

IN THE MATTER OF:

Application of Phillips Petroleum Co.
for two non-standard oil proration units,
Lea County, New Mexico.

CASE NO. 2999

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

MR. UTZ: Case 2999.

MR. DURRETT: Application of Phillips Petroleum Company
for two non-standard oil proration units, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin & Fox, Santa
Fe, appearing on behalf of the applicant, in association with Mr.
Carl Jones of the Texas Bar. We have one witness I would like to
have sworn, please.

(Witness sworn)



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

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

M. H. McCONNELL,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A M. H. McConnell.

Q By whom are you employed and in what position, Mr. McConnell?

A Phillips Petroleum Company, Petroleum Engineer.

Q Have you ever testified before the Oil Conservation Commission of New Mexico?

A No, sir, I haven't.

Q For the benefit of the Examiner, would you briefly outline your education and experience as a Petroleum Engineer?

A Yes, sir. I received a BS degree from the University of Oklahoma in Petroleum Engineering in 1951. Except for two years in the Air Force, I have been employed with Phillips Petroleum Company in various capacities as a petroleum engineer since that time.

Q In connection with your duties with Phillips Petroleum Company, do you have anything to do with the properties operated by Phillips in the State of New Mexico?

A Yes, sir, I worked directly with these properties.



Q And specifically with the Vacuum Field area?

A Yes, sir.

Q Are you familiar with the application of Phillips

Petroleum Company in Case Number 20099?

A Yes, I am.

Q All right.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q (By Mr. Kellahin) In connection with this application, the advertisement refers to the well as being located at 2310 feet from the South line and 660 feet from the West line of Section 31, in Township 17 South, Range 35 East. Is that location correctly stated?

A No, that was inadvertently incorrectly stated. The correct location, this one measurement from the South line should be 2130 feet from the South line. The remainder of that location is 660 from the West line, Section 31, 17 South, 35 East, Lea County, New Mexico.

Q Now, 2310 feet from the South line would have been an unorthodox location for a well in the Vacuum-Wolfcamp, in the North Vacuum-Abo Pool, would it not?

A Yes, sir.

Q Would the correct location be an orthodox location?

A Yes, it is an orthodox location.



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

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

PAGE 5

Q So, at this time Phillips is not asking for an unorthodox location for this well; is that correct?

A No, sir.

Q Would you state briefly what is proposed by Phillips in this application?

A We propose to have a non-standard drilling, or 80 acre tract attributed to this well, in both the North Vacuum-Abo Field or Pool, and the Vacuum-Wolfcamp Pool.

Q What would that acreage consist of?

A Consists of the Southwest Quarter of the Northwest Quarter of Section 31, 17 South, 35 East, and the Northwest Quarter of the Southwest Quarter of Section 31.

Q Referring to what has been marked as Exhibit Number One, would you identify that exhibit and discuss the information shown on it, please?

A Yes, that exhibit shows the ownership on surrounding leases from this tract. Also circled in red is the well, Santa Fe Number 87.

Q All right.

A You can see the orientation of the 80 acre tract we propose to attribute to that well. Also on the exhibit presented to the Examiner, there is color coded a key to which formations produce in which wells in the area.

Q Is there anything you want to add in connection with that exhibit?



A Not unless there are questions on it.

Q The acreage which you propose to dedicate to this well, is that entirely owned by Phillips Petroleum Company?

A It is.

Q Is it under one common lease?

A It is under one common lease.

Q Is that the State acreage?

A It is State acreage.

Q Now, referring to what has been marked as Exhibit Number Two, would you identify that exhibit and discuss the information shown on it?

A Well, Exhibit Number Two has essentially the same information on it as Exhibit Number One, but it shows a structure map on the top of the principle producing zone within the Wolfcamp member.

Q What is that exhibit designed to show then?

A Well, it shows that the entire 80 acre tract owned by Phillips is productive, from the structural picture on the information.

Q Would that same structure apply then to the Vacuum-Abo Pool?

A It would.

Q Does Phillips have any other acreage available to dedicate to a well drilled at the location?

A No other contiguous acreage.



Q Do you know whether Marathon, as offsetting operator, has any objection to this application?

A We have contacted Marathon and they have advised us that they have no objection to the granting of this application, Marathon owning the 80 acre tract directly east of the Phillips tract.

Q Were Exhibits One and Two prepared by you or under your direction or supervision?

A Yes, sir.

MR. KELLAHIN: At this time, I would like to offer in evidence Exhibits One and Two.

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

MR. KELLAHIN: That is all I have on direct examination.

* * *

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. McConnell, is the Abo contoured to follow very closely, or does the Abo contour follow very closely to the Wolfcamp contours?

A Yes, sir, they do. If you have seen logs, you know it is difficult to pick a good marker for the Abo formation in this area. That is the reason we made one on the Wolfcamp. The Abo is directly above the Wolfcamp zone.



Q Are the Abo and Wolfcamp zones stratigraphic traps in this area or do you know?

A I don't think that they have been developed to the extent to prove this, but it is my opinion that they are.

Q This well is, however, what you might term a step-out, or each step-out to both pools, is it not?

A It is the easternmost well to date.

Q All right.

MR. UTZ: Are there other questions?

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

CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. McConnell, I don't have the color code here, but I believe you just- - this is the easternmost step-out, is that both pools now?

A In both pools, Abo and Wolfcamp.

Q All right, sir. Now, if you will refer to either one of your plats here, Exhibit One is all right. What kind of well is it, what type of completion do you have in the Northwest of the Northwest, the Mobil well there, what formation is that well completed in, do you know?

A I am going to have to find- - Oh, that single small dot?

Q Yes. Looks like a State "H".



A That is a San Andres well. All of the small dots without any large diagram around them are San Andres wells.

Q I see. I can see what Marathon would do if the application is approved, because they have acreage that is very similar to yours.

A That is correct. They have the same problem.

Q I can also see that Shell could form an 80 acre unit if they desired, to drill either a Wolfcamp or an Abo.

A That is true.

Q But, Mobil and Skelly would have to communize their acreage, or they would have to have non-standard units, would they not, if they desired- -

A I don't see any alternative for them to- - but to communize their interests there because each is only a 40 acre tract.

Q Well, that is correct. They would have to communize with someone under any circumstances?

A Under any circumstances.

Q Providing a little further, have you contacted Marathon concerning communization of your acreage with theirs?

A We don't desire to do this. We did not try to do this with Marathon. Here is the reason, we intend to triple complete this well and the third zone will be the Glorietta. On a 40 acre spacing, would make it extremely hard in the accounting situation, because it would be different ownership between the same well bore



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

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

Q So, you at least propose a triple?

A That's correct.

MR. DURRETT: Thank you.

* * * *

MR. DURRETT: One additional question, do you know if Marathon, or has Marathon indicated that they are thinking about drilling either a Wolfcamp or Abo?

A I don't know whether they plan to drill one or not. My guess is that they do, but they have not indicated to me yes or no.

MR. DURRETT: Thank you.

* * * *

MR. UTZ: You probably won't know until you complete yours.

A That's a good assumption.

MR. UTZ: Are there other questions of the witness?

MR. KELLAHIN: If the Examiner please, we have a copy of a letter addressed to the New Mexico Oil Commission from Marathon Oil Company, which I assume is in the file.

MR. DURRETT: Yes, we did receive that letter, Mr. Kellahin.

MR. KELLAHIN: It would seem to indicate that they are interested in this acreage. They point out where it is.

MR. UTZ: Are there other questions? Witness may be excused. Statements to be made in this case? The case will be



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

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

PAGE 31

taken under advisement.

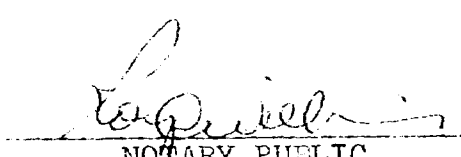
* * *

STATE OF NEW MEXICO

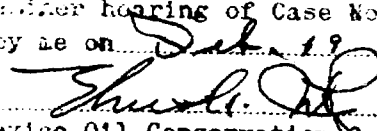
COUNTY OF BERNALILLO

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 29th day of February, 1964.


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. 2022, heard by me on Feb. 19, 1964.

Examiner
New Mexico Oil Conservation Commission



