

CASE 3067: Application of TEXACO
INC. for creation of new oil pool
and temporary rules, San Juan Co.

CASE NO.
3067

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

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. 3067

Order No. R- 2727

APPLICATION OF TEXACO INC.
FOR THE CREATION OF A NEW OIL
POOL AND FOR SPECIAL TEMPORARY
POOL RULES, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
June 10, 1964, at Santa Fe, New Mexico, before Examiner
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 June, 1964, the Commission,
a quorum being present, having considered the ~~application, 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.~~

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 3067 is hereby dismissed.

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

APPLICATION OF TEXACO INC., FOR
CREATION OF A NEW PENNSYLVANIAN POOL
IN SAN JUAN COUNTY NEW MEXICO, AND
FOR PROMULGATION OF SPECIAL FIELD RULES
AND REGULATIONS IN CONNECTION THEREWITH
INCLUDING PROVISIONS FOR TEMPORARY 80-ACRE
PRORATION UNITS, FIXED WELL LOCATIONS WITHIN
SUCH UNITS, A GAS OIL RATIO OF 4000 TO 1,
AND OIL ALLOWABLE FACTORS FOR PRORATION PURPOSES

CASE NO. 3067

APPLICATION

Texaco, Inc., a Delaware corporation, authorized and licensed to do
business in New Mexico, hereinafter called "Applicant" for its application
herein represents unto this Commission, as follows:

1. Applicant is the owner and operator of certain oil and gas leases
wherein the Navajo tribe of Indians is the lessor, which said oil and gas
leases cover Sections 27, 28, 33 and 34, Township 26 North, Range 18 West,
San Juan County, New Mexico, and Sections 3 and 4, Township 25 North, Range
18 West, San Juan County, New Mexico.

2. Applicant has completed a well located 1980 feet from the north
line and 660 feet from the east line of Section 28, Township 26 North, Range
18 West, San Juan County, New Mexico, which well encountered a Tocito Dome
Pennsylvanian formation productive of oil at a depth of 6,272 feet. Informa-
tion available from the drilling of said well indicates that it is completed
in a reservoir which contains a common accumulation of crude petroleum oil
and which is completely separated from any other such accumulation. Applicant
believes and represents that the common accumulation of oil contained in the
reservoir is a separate and individual pool.

3. The information available from the drilling of the well described
above indicates that the reservoir from which said well will produce can be
efficiently and economically drained and developed on 80-acre proration
units. Such information further indicates that the drilling of more than

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Date 6-1-64

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SANTA FE, NEW MEXICO

1 one well on each 80-acre proration unit will result in the drilling of un-
2 necessary wells and economic loss therefrom and also will result in the
3 augmentation of risks arising from the drilling of an unnecessary number
4 of wells. Such evidence further indicates that the reservoir from which
5 the well is producing underlies the premises described in paragraph 1 above.

6 4. Due to the unusual reservoir characteristics encountered in the
7 proposed pool a gas and oil ratio of less than 4000 cubic feet of gas for
8 each barrel of oil produced would severely penalize wells in the pool and
9 tend to make them uneconomic, and would further tend to restrict proper
10 development of the pool causing waste.

11 5. In order to maintain a uniform well spacing pattern which will
12 adequately protect the correlative rights of all owners of oil and gas
13 within the area to be spaced, each well completed in the proposed reservoir
14 should be located on a standard unit containing 80 acres, more or less,
15 consisting of the $N\frac{1}{2}$ $S\frac{1}{2}$ $E\frac{1}{2}$ or $W\frac{1}{2}$ of a single governmental quarter section.
16 Each standard proration unit should be assigned an 80-acre proportional
17 factor of 2.77 for allowable purposes.

18 6. In order that all available information relative to effective
19 drainage, workable reserves and other reservoir characteristics may be
20 obtained, temporary special field rules and regulations should be established
21 for a one-year period, during which time each operator in the pool should be
22 granted permission to conduct interference tests in wells completed within
23 the reservoir, and to permit adequate interference tests each operator should
24 be permitted to transfer allowables from one producing well to any other well
25 or wells on the same lease.

26 7. Insofar as known to Applicant those persons owning oil and gas
27 leases within one mile of the requested outer boundaries of the pool
28 are:
29

1 Sinclair Oil & Gas Company
2 3010 Monte Vista, NE
3 Albuquerque, New Mexico

4 Pan American Petroleum Corporation
5 P. O. Box 480
6 Farmington, New Mexico

7 Fletcher Oil Company
8 24721 South Main
9 Wilmington, California

10 WHEREFORE, Applicant requests this Commission to enter its order,
11 designating a Tocito Dome Pennsylvanian Oil Pool from which the well described
12 above is producing in San Juan County, New Mexico, and establishing and
13 promulgating temporary one year special field rules and regulations governing
14 the production of oil and gas therefrom, as follows:

15 (a) Establishing 80-acre standard proration units for each pool, each
16 unit to consist of the $N\frac{1}{2}$ $S\frac{1}{2}$ $E\frac{1}{2}$ or $W\frac{1}{2}$ of a single governmental quarter section.

17 (b) Requiring the well drilled in each standard proration unit to be
18 located within 150 feet of the center of the $NW\frac{1}{4}$ or $SE\frac{1}{4}$ of any quarter section.

19 (c) The Secretary-Director of the Commission may grant an exception to
20 the footage requirements of paragraph (b) above without notice and hearing when
21 an application has been filed for an unorthodox location necessitated by
22 topographical conditions or the recompletion of a well previously drilled to
23 another horizon. All operators offsetting the proposed unorthodox location
24 shall be notified of the application by registered or certified mail, and the
25 application shall state that such notice has been furnished. The Secretary-
26 Director may approve the application upon receipt of written waivers from all
27 offset operators or if no offset operator has entered an objection to the un-
28 orthodox location within twenty (20) days after the Secretary-Director has
29 received the application.

(d) That a standard proration unit be assigned an 80-acre proportional
factor of 2.77 for allowable purposes.

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ATTORNEYS AT LAW
SANTA FE, NEW MEXICO

1 (e) That the gas oil ratio for the proposed pool be 4000 cubic feet of
2 gas for each barrel of oil produced.

3 (f) That the Secretary-Director be authorized to approve interference
4 tests and the transfer of allowables between wells producing from this pool
5 on the same lease.

6 (g) Making such further provisions with regard to the production of
7 oil and gas from said reservoir as may be necessary.

8
9 TEXACO INC.

10
11 By William B. Kelly

12 Its Attorneys
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DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 10, 1964

9 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 3063: Application of R. C. Davoust Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Turkey Track Section 3 Unit Area comprising 480 acres of State land in Section 3, Township 19 South, Range 29 East, Eddy County, New Mexico.
- CASE 3064: Application of R. C. Davoust Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the expansion of the Turkey Track Queen Waterflood Project in Section 34, Township 18 South, Range 29 East and Section 3, Township 19 South, Range 29 East, Turkey Track Field, Eddy County, New Mexico, to include the Grayburg formation.
- CASE 3065: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the West Pearl Queen Unit Area comprising 2520 acres, more or less, of State, Fee and Federal lands in Township 19 South, Range 35 East, Lea County, New Mexico.
- CASE 3066: Application of Gulf Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Pearl Queen Pool by the injection of water into the Queen formation through 30 wells in Sections 28, 29, 30, 31, 32, and 33, Township 19 South, Range 35 East, Lea County, New Mexico.
- CASE 3067: Application of Texaco Inc., for the creation of a new oil pool and for special temporary pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Pennsylvanian production for its Navajo Tribal AL Well No. 1 located in Unit H of Section 28, Township 26 North, Range 18 West, San Juan County, New Mexico, and for the establishment of temporary pool rules including a provision for 80-acre spacing and a GOR limitation of 4000 to 1.
- CASE 3068: Application of Amerada Petroleum Corporation for a salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the interval from 8005 to 9033 feet, Pennsylvanian formation, through its L. H. Chambers Well No. 2 located in Unit C of Section 11, Township 12 South, Range 33 East, Bagley Field, Lea County, New Mexico.
- CASE 3069: Application of Continental Oil Company for a pressure maintenance project and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the Pennsylvanian "CD" formation underlying its Rattlesnake lease in Sections 1, 2, 11, and 12, Township 29 North, Range 19 West, Rattlesnake-Pennsylvanian "CD" Pool, San Juan County, New Mexico.

Initial injection to be through two wells located in Units B and H of Section 11, one of which, No. 146 in Unit B, would be dually completed for water injection through tubing and Pennsylvanian "B" Gas Pool production through the casing tubing annulus. Applicant further seeks the promulgation of special rules for the operation of said project.

CASE 3038: Application of Kennedy Oil Company for a waterflood buffer zone and capacity allowables, Eddy County, New Mexico, or a determination that an offset well is producing primary oil. Applicant, in the above-styled cause, seeks the designation of the N/2 SW/4 of Section 20, Township 16 South, Range 31 East, Square Lake Pool, Eddy County, New Mexico, as a buffer zone adjacent to a waterflood project operated in the S/2 SW/4 of said Section 20 by Newmont Oil Company and the assignment of capacity allowables to applicant's Rowley Federal Wells Nos. 1 and 2 located in Units K and L, respectively, of said Section 20. In the alternative, applicant seeks a determination that the Newmont well located in Unit N and applicant's wells in Units K and L of Section 20 are producing primary oil and are not affected by the Newmont waterflood. Upon such determination, applicant seeks the assignment of normal primary allowables to the wells located in Units K, L and N of Section 20.

GILBERT, WHITE AND GILBERT
MAIN OFFICE 800 AND COUNSELORS AT LAW
BISHOP BUILDING

CARL H. GILBERT (1891-1963)
L. C. WHITE
WILLIAM W. GILBERT
SUMNER S. KOCH
WILLIAM BOOKER KELLY
JOHN F. MCCARTHY, JR.

1964 JUN 8 AM 10:16
SANTA FE, NEW MEXICO

June 8, 1964

POST OFFICE BOX 787
TELEPHONE 983-4324
(AREA CODE 505)

Mr. A. L. Porter, Secretary
Oil Conservation Commission
Capitol Building
Santa Fe, New Mexico

Re: Texaco Application Case No.
3067

Dear Mr. Porter:

Texaco requests that the above referred to case,
which is set for hearing June 10, 1964, be dismissed.

Texaco plans to file a new application which will
require re-publishing.

Very truly yours,

W B Kelly
W. B. KELLY

WBK:lh

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. 3067
Order No. R-2727

APPLICATION OF TEXACO INC.
FOR THE CREATION OF A NEW OIL
POOL AND FOR SPECIAL TEMPORARY
POOL RULES, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 10, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

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

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 3067 is hereby dismissed.

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

State of New Mexico
Oil Conservation Commission



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

Re: Case No. 3067
Order No. R-2727
Applicant:
Texaco Inc.

OTHER _____

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

July 10, 1964

EXAMINER 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

IN THE MATTER OF: Application of Texaco Inc.,
for the creation of a new oil pool and for
special temporary pool rules, San Juan
County, New Mexico.

Case No. 3067

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The Hearing will come to order.

MR. DURRETT: Application of Texaco Inc., for the
creation of a new oil pool and for special temporary pool
rules, San Juan County, New Mexico.

If the Examiner please, I would like to state for
the record that we have received a letter from W. B. Kelly



dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

PAGE 2

of the law firm of Gilbert, White & Gilbert, representing the Applicant, Texaco Inc., in this Case, requesting that the Case be dismissed. They state in this letter that they plan to file a new Application which will require republishing; and I might state that the Commission has received a new Application in this case which requests 160 acre spacing; and we will docket this case and readvertise it, I think for the July 1st Hearing.

MR. NUTTER: For the July 1st Hearing. All right.
Case Number 3067 will be dismissed.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

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

IN WITNESS HEREOF, I have affixed my hand and notarial seal this 14th day of August, 1964.

Charles Floyd Walker
NOTARY PUBLIC

My Commission Expires:

March 25, 1968.

I do hereby certify that the foregoing is a complete record of the proceedings in the Final Hearing of Case No. 3067, heard by me on June 10, 1964.

[Signature], Examiner
New Mexico Oil Conservation Commission