

BRITISH-AMER. OIL PROD. CO. for  
creation of new oil pool & rules.

~~CASE NOMENCLATURE~~

2036-33

5E/4 2036  
84992036

*[Faint handwritten notes, possibly bleed-through from the reverse side.]*

CASE No.

3092

Application,

TRANSCRIPTS,

SMALL Exhibits

ETC.

State of New Mexico  
Oil Conservation Commission



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

**August 16, 1965**

3092  
3093  
Re: Case No. 3093  
Order No. R-2756-A & R-2757-A  
Applicant:  
  
British American

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

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

Carbon copy of order also sent to:

OTHER \_\_\_\_\_

# Memo

From  
D. S. NUTTER  
CHIEF ENGINEER

The  
To B-A

N. Wilson Deep Unit #1

Upper Bone Sp

Lower " "

Create Pool & Spec

Rules 80-acre

+log:  
7850

perfs:  
7888-7901

+log:  
10,070

perfs:  
10077-10122

DRAFT

JMD/esr

August 13 1965

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CF Subj. \_\_\_\_\_

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

CASE No. 3092

Order No. R- 2756-A  
NOMENCLATURE \_\_\_\_\_

CASE No. 3093

Order No. R-2757-A  
NOMENCLATURE \_\_\_\_\_

~~CONSOLIDATED~~

APPLICATIONS OF THE BRITISH-AMERICAN  
OIL PRODUCING COMPANY FOR THE CRE-  
ATION OF NEW OIL POOLS 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  
August 11, 1965, at Santa Fe, New Mexico, before Examiner  
Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of August, 1965, 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 these cases have been reopened pursuant to the  
provisions of Orders Nos. R-2756 and R-2757 and consolidated.

(3) That the subject pools have been depleted.

(4) That the Special Rules and Regulations promulgated by  
Orders Nos. R-2756 and R-2757 should be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations promulgated by  
Orders Nos. R-2756 and R-2757 are hereby abolished.

(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.

3072

Exhibit No. 8  
British-American, et al  
North Wilson Deep Unit No. 1  
Lea County, New Mexico

<u>ITEM</u>	<u>Undesignated Bone Spring (North Wilson Deep Unit No. 1)</u>	<u>Lea Bone Spring</u>	<u>Scharb Bone Spring</u>
<b>UPPER BONE SPRING ZONE</b>			
Number producing wells	1	3	0
Oil gravity, API	26°	36-40°	
Estimated initial static BHP (DST) psi	3600	4000	
Calculated porosity, %	7.4	6.9	
Cumulative oil production @ 5-1-64, bbls.	---	357,000	
Estimated ultimate primary reserves, bbls/well	189,000*	249,000	
<b>LOWER BONE SPRING ZONE</b>			
Number producing wells	1	4	9
Oil gravity, API	33°	38-42°	38-40°
Estimated initial static BHP (DST), psi	4200	4100	4200
Calculated porosity, %	5.4	5.8	5.2
Cumulative oil production @ 4-1-64, bbls.	---	340,700	305,000
Estimated ultimate primary reserves, bbls/well	114,000*	116,000	Flush Prod.

\*Estimate based on 80 acre drainage

DRAFT

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CF. Subj. \_\_\_\_\_

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

CASE No. 3092

Order No. R- 2756

NOMENCLATURE

APPLICATION OF THE BRITISH-AMERICAN  
OIL PRODUCING COMPANY FOR THE CRE-  
ATION OF A NEW 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  
July 22, 1964, at Santa Fe, New Mexico, before Examiner  
Daniel S. Nutter.

NOW, on this 22 day of July, 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, The British-American Oil Producing  
Company, seeks the creation of a new oil pool for Upper Bone Spring  
production and the promulgation of temporary special rules and  
regulations governing said pool, including a provision for 80-acre  
~~specifying~~  
~~production units.~~

(3) That the North Wilson Deep Unit Well No. 1, located in  
Unit 0 of Section 31, Township 20 South, Range 36 East, NMPM, Lea  
County, New Mexico, has discovered a separate common source of  
supply which should be designated the Osado -Upper Bone

Spring Pool; that the vertical limits of said pool should be the zone encountered in said well between ~~7888~~ <sup>7750</sup> and ~~7901~~ <sup>8000</sup> feet; and that the horizontal limits of said pool should be the \_\_\_\_\_

SE/4

of Section 31, Township 20 South, Range

36 East, ~~NMPM, Lea County, New Mexico~~

*and Lots 2, 3, 6, and 7 of*

*Section 5, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico*

(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, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Ozuda -Upper Bone Spring Pool.

(5) 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.

(6) 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



(2) That temporary Special Rules and Regulations for the Osuho -Upper Bone Spring Pool are hereby promulgated as follows: effective                     , 1964.

SPECIAL RULES AND REGULATIONS  
FOR THE  
Osuho -UPPER BONE SPRING POOL

RULE 1. Each well completed or recompleted in the Osuho <sup>Upper</sup> -Upper Bone Spring Pool or in the <sup>Upper</sup> Bone Spring formation within one mile of ~~the said pool~~ <sup>thereof</sup> ~~Upper Bone Spring Pool~~, and not nearer to or within the limits of another designated <sup>Upper</sup> Bone Spring 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~~ ~~Upper Bone Spring Pool~~ shall be located on a standard unit <sup>the N/2, S/2, E/2, or W/2 of a single</sup> ~~containing approximately 80 acres comprising the N/2, S/2, E/2, or W/2 of a single~~ governmental <sup>half quarter</sup> ~~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 of the Commission 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 <sup>governmental</sup> ~~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~~ ~~Upper Bone Spring Pool~~ shall be located in the ~~NW/4~~ <sup>NW/4</sup> or ~~SW/4~~ <sup>SE/4</sup> 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~~ ~~Upper Bone Spring Pool~~ shall be assigned an 80-acre proportional factor of 3.33 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~~ ~~Upper Bone Spring Pool~~ as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the Upper Bone Spring formation within the Osuho -Upper Bone Spring Pool or within one mile ~~of the~~ Upper Bone ~~Spring Pool~~ <sup>thereof</sup> 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 shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before August 15, 1964.

(2) That any operator desiring to dedicate 80 acres to a well presently drilling to or completed in the Osuho -Upper Bone Spring Pool shall file a new Form C-128 with the Commission on or before August 15, 1964.

(3) That this case shall be reopened at an examiner hearing in August, 1965, at which time the operators in the subject pool may appear and show cause why the Osuho -Upper Bone Spring Pool should not be developed on 40-acre spacing units.

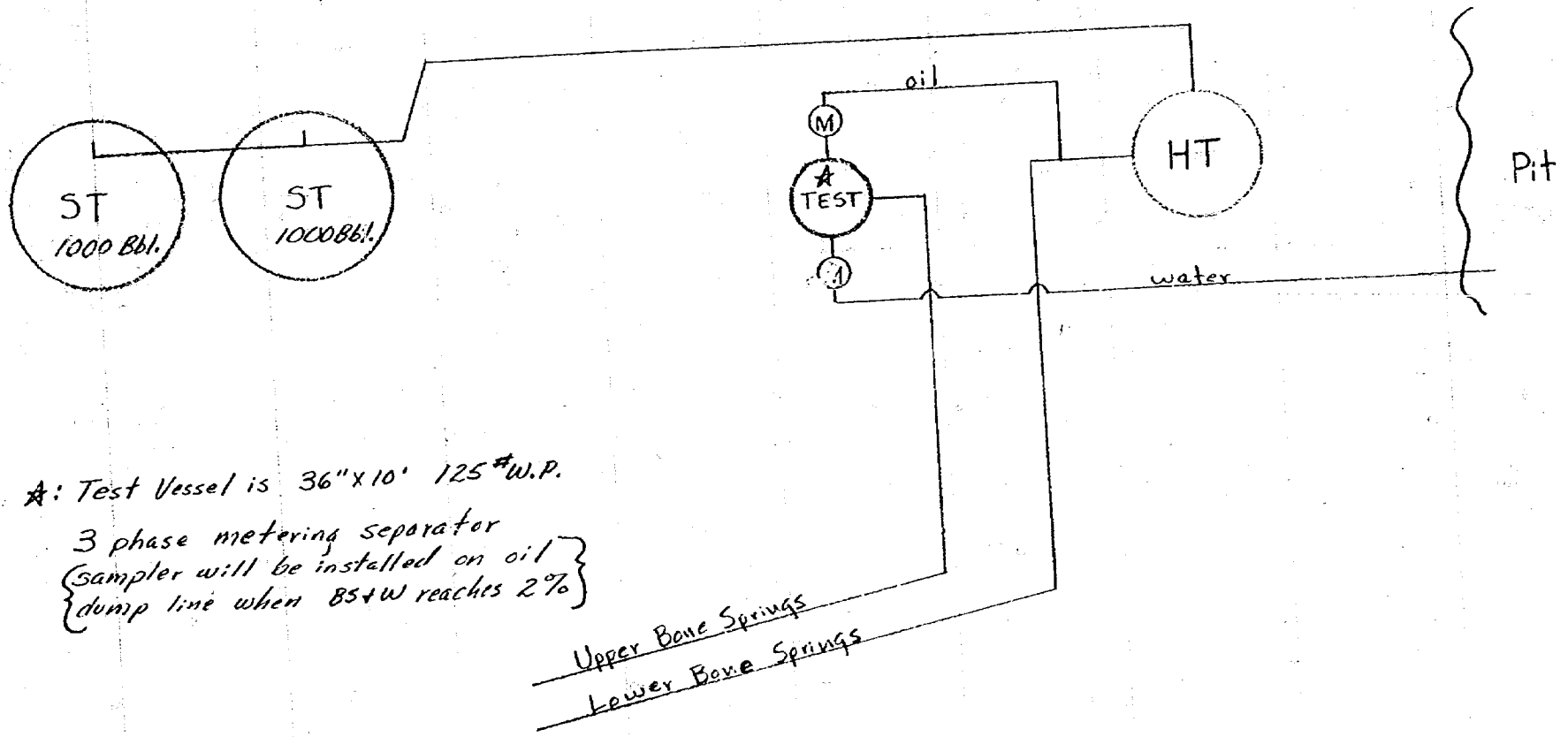
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

3

3092

SCHEMATIC DIAGRAM  
OF COMMINGLING FACILITIES  
NORTH WILSON DEEP UNIT No. 1



\* Test Vessel is 36" x 10' 125# W.P.  
3 phase metering separator  
{ sampler will be installed on oil  
dump line when BS+W reaches 2% }

3092

EXHIBIT "B"

SCHEMATIC DIAGRAM  
OF COMMINGLING FACILITIES  
NORTH WILSON DEEP UNIT No. 1

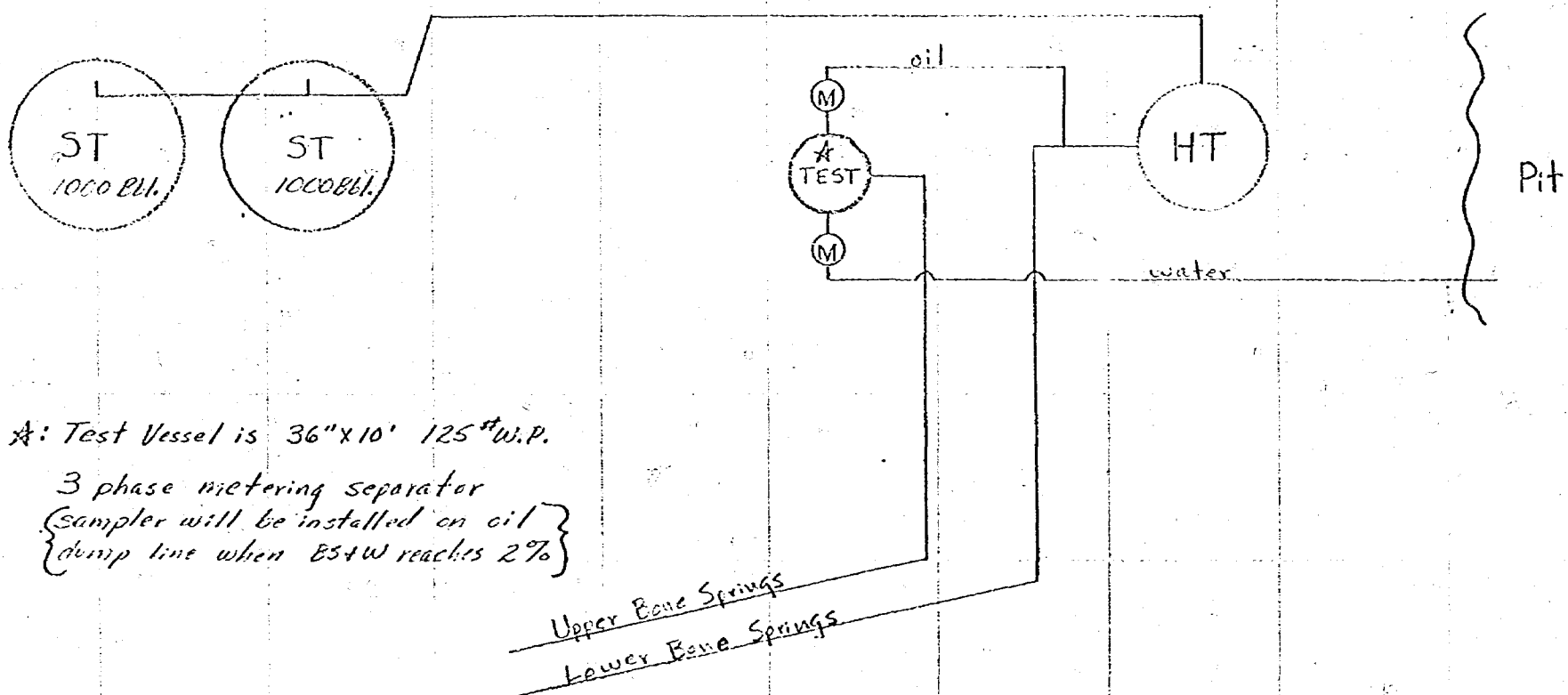


Exhibit No. 7  
 British-American, et al  
 North Wilson Deep Unit No. 1  
 Lea County, New Mexico

BEFORE EXAMINER NUTTER  
 OIL CONSERVATION COMMISSION  
 EXHIBIT NO. \_\_\_\_\_  
 CASE NO. ~~3901, 3902, 3903~~  
 3091, 3092, 3093

ITEM	Estimated Drainage	
	40 Acres	80 Acres
1. Dual Upper & Lower Bone Spring Completion		
Estimated ultimate primary recovery, bbls/well	151,500	303,000
Average net income \$/STB	\$2.20	
Net Income, before federal income taxes	\$333,000	\$667,000
Drilling and completion costs	\$261,000	\$261,000
Net Profit before federal income taxes	\$ 72,000	\$406,000
Profit to investment ratio	\$ 0.28	\$ 1.60
2. Single Upper Bone Spring Completion		
Estimated ultimate primary recovery, bbls/well	94,500	189,000
Average net income \$/STB	\$2.09	
Net Income before federal income taxes	\$198,000	\$395,000
Drilling and completion costs	\$204,000	\$204,000
Net profit before federal income taxes	(\$ 6,000)	\$191,000
Profit to investment ratio	----	\$ 0.94

3092



DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 22, 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 3081: Application of Shell Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Langlie-Mattix Pool by the injection of water through four wells at unorthodox locations in Section 21, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 3082: Application of Union Oil Company of California for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through perforations from 11,246 feet to 11,285 feet in its State-Gross Well No. 2 located in Unit L of Section 11, Township 12 South, Range 32 East, East Caprock Field, Lea County, New Mexico.
- CASE 3083: Application of General American Oil Company of Texas for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Premier Sand through twelve wells located in Sections 27, 28, 33 and 34, Township 17 South, Range 30 East, Eddy County, New Mexico. Certain of the aforesaid injection wells would be drilled at unorthodox locations.
- CASE 3084: Application of Fair Oil Company for a buffer zone extension and pool redelineation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Order No. R-2033 to extend the waterflood buffer zone authorized by said order to include the SE/4 NE/4 of Section 36, Township 17 South, Range 29 East, Eddy County, New Mexico. Applicant further seeks the extension of the Loco Hills Pool to include said quarter-quarter section, and the associated deletion of said acreage from the Grayburg-Jackson Pool.
- CASE 3085: Application of Humble Oil & Refining Company for two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard 80-acre oil proration units in Section 7, Township 19 South, Range 35 East, Scharb Bone Springs Pool, Lea County, New Mexico. The first unit would comprise the NW/4 NE/4 and the NE/4 NW/4 of Section 7 and be dedicated to applicant's Alves Well No. 1 located in Unit B of said Section 7. The second unit would comprise the SW/4 NE/4 and the SE/4 NW/4 of Section 7 and be dedicated to applicant's Alves Well No. 2, which would be drilled in Unit G of said Section 7.
- CASE 3086: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Rhodes Yates Oil Pool by the injection of water into the Yates and Seven Rivers formations through two wells in Section 26, Township 26 South, Range 37 East, Lea County, New Mexico.



- CASE 3087: Application of William A. and Edward R. Hudson for an unorthodox location, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to drill their Puckett "A" Well No. 26 at an unorthodox location 1295 feet from the North and West lines of Section 24, Township 17 South, Range 31 East, Eddy County, New Mexico. Said well would be projected to the Paddock formation at approximately 5400 feet.
- CASE 3088: Application of Phillips Petroleum Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Ranger Lake Unit Area comprising 2,680 acres, more or less, of State land in Township 12 South, Range 34 East, Lea County, New Mexico.
- CASE 3089: Application of Phillips Petroleum Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Ranger Lake-Pennsylvanian Pool in its Ranger Lake Unit Area by the injection of water into the Pennsylvanian formation through nine wells in Sections 14, 23, 24, 25, 26, 27, 34 and 35, Township 12 South, Range 34 East, Lea County, New Mexico.
- CASE 3090: Application of Tenneco Oil Company for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Pictured Cliffs formation through its Callow Well No. 2 located in Unit B, Section 33, Township 29 North, Range 13 West, West Kutz-Pictured Cliffs Pool, San Juan County, New Mexico.
- CASE 3091: Application of The British-American Oil Producing Company for a dual completion and pool commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its North Wilson Deep Unit Well No. 1, located in Unit O of Section 31, Township 20 South, Range 36 East, Lea County, New Mexico, to produce oil from the Upper Bone Spring formation and the Lower Bone Spring formation through parallel strings of tubing. Applicant further seeks authority to commingle the production from said pools after separately metering the Lower Bone Spring production.
- CASE 3092: Application of The British-American Oil Producing Company for the creation of a new oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Upper Bone Spring production for its North Wilson Deep Unit Well No. 1, located in Unit O of Section 31, Township 20 South, Range 36 East, Lea County, New Mexico, which well is perforated from 7888 to 7901 feet. Applicant further seeks the promulgation of special rules for said pool, including a provision for 80-acre proration units.
- CASE 3093: Application of The British-American Oil Producing Company for the creation of a new oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Lower Bone Spring production for its North Wilson Deep Unit Well No. 1, located in Unit O of Section 31, Township 20 South, Range 36 East, Lea County, New Mexico, which well is perforated from 10,094 to 10,122 feet. Applicant further seeks the promulgation of special rules for said pool, including a provision for 80-acre proration units.

CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
S. B. CHRISTY IV  
LEWIS C. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
MICHAEL R. WALLER

LAW OFFICES  
HINKLE, BONDURANT & CHRISTY  
HINKLE BUILDING  
ROSWELL, NEW MEXICO

OF COUNSEL: IRAM M. DOW  
TELEPHONE 622-6510  
AREA CODE 505  
POST OFFICE BOX 10

July 24, 1964

1034 JUL 27 AM 7 25

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

Attention: Mr. Dan Nutter

Re: North Wilson Deep Unit  
Cases 3091, 3092 & 3093

Gentlemen:

As per our agreement last Wednesday, British American has further considered the matter of pool rules for both the upper and lower zones of the Bone Springs formation, with particular reference to fixed locations of the first well drilled in any governmental quarter section.

In view of the possibility that one or more wells in the area will be dually completed with deeper gas formations which are already subject to OCC rules with respect to location, British American Oil Producing Company would suggest that the pool rules adopted in the captioned cases provide either:

- (a) That there is no fixed location for the first well drilled in any governmental quarter section; or,
- (b) That the first well drilled in any governmental quarter section be located in either the NW $\frac{1}{4}$  or the SE $\frac{1}{4}$  thereof.

Alternate (a) is preferable from the operator's standpoint.

We trust the foregoing meets your request and if anything further is required please advise.

Respectfully,

HINKLE, BONDURANT & CHRISTY

By



SBC:jy

cc: British American Oil Producing Company  
cc: Wilson Oil Company

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

August 3, 1964

Mr. Sim Christy  
Hinkle, Bondurant & Christy  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico

Re: Case No. 3091  
3092  
3093  
Order No. R-2755  
R-2756  
Applicant: R-2757

DOCKET MAILED

Date 7-30-65 BRITISH-AMERICAN OIL PRODUCING CO.

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.*

A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC       

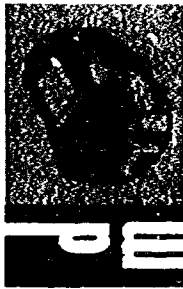
Astec OCC       

OTHER

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 1

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 11, 1965

EXAMINER      HEARING

IN THE MATTER OF:

In the matter of Case No. 3092 and Case  
3093 being reopened pursuant to the  
provisions of Orders Nos. R-2756 and  
R-2757, which orders established 80-acre  
spacing units for the Osudo-Upper Bone  
Spring Pool and the Osudo-Lower Bone  
Spring Pool, Lea County, New Mexico,  
for a period of one year.

Case No. 3092, 3093

BEFORE:      Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING



MR. UTZ: Case 3092 and Case 3093.

MR. DURRETT: In the matter of Case No. 3092 and Case 3093 being reopened pursuant to the provisions of Orders Nos. R-2756 and R-2757, which orders established 80-acre spacing units for the Osudo-Upper Bone Spring Pool and the Osudo-Lower Bone Spring Pool, Lea County, New Mexico, for a period of one year.

If the Examiner please, I would like to state for the record at this time that the Commission has been advised and we have checked our official records and have determined that to the best of our knowledge and information these pools have been depleted and would therefore move that these cases be dismissed.

MR. UTZ: Are there any appearances or any statements to be made in regard to these two cases? This was advertised for the specific purpose of accepting any statements in regard to depletion of this pool. If there are none, we will assume that the Commission records are correct in regard to the depleted condition of these two pools and the cases will be dismissed.

MR. DURRETT: I would like to move in connection with the two cases, I believe there have been special rules written and I would like to move that those rules be abolished. That would be part of dismissing the case.

MR. UTZ: Yes.

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  
1213 FIRST NATIONAL BANK EAST • PHONE 246-1294 • ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) 89

I, ADA DEARNLEY, 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 this 25th day of August, 1965.

*Ada Dearnley*  
NOTARY PUBLIC

My Commission Expires:

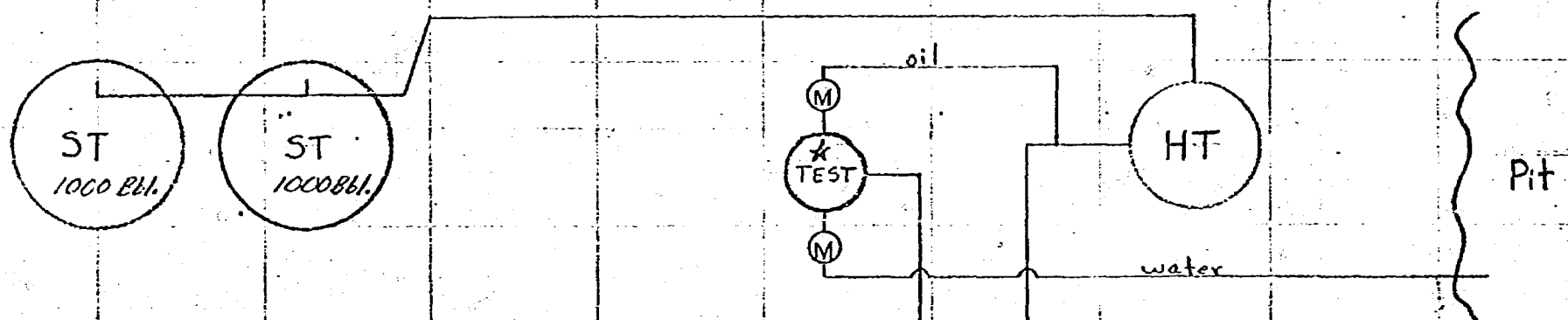
June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No 3.092.3.093 heard by me on 8-11, 1965.

*Shirley W.*  
Examiner  
New Mexico Oil Conservation Commission

Et. #3

EXHIBIT "B"  
SCHEMATIC DIAGRAM  
OF COMMINGLING FACILITIES  
NORTH WILSON DEEP UNIT No. 1



\* Test Vessel is 36" x 10' 125# W.P.

3 phase metering separator  
(sampler will be installed on oil  
dump line when BS+W reaches 2%)

Upper Bone Springs  
Lower Bone Springs

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 3  
CASE NO. ~~3007, 3092, 3093~~

3091, 3092, 3093

OPERATOR: THE BRITISH-AMERICAN OIL PRODUCING CO.

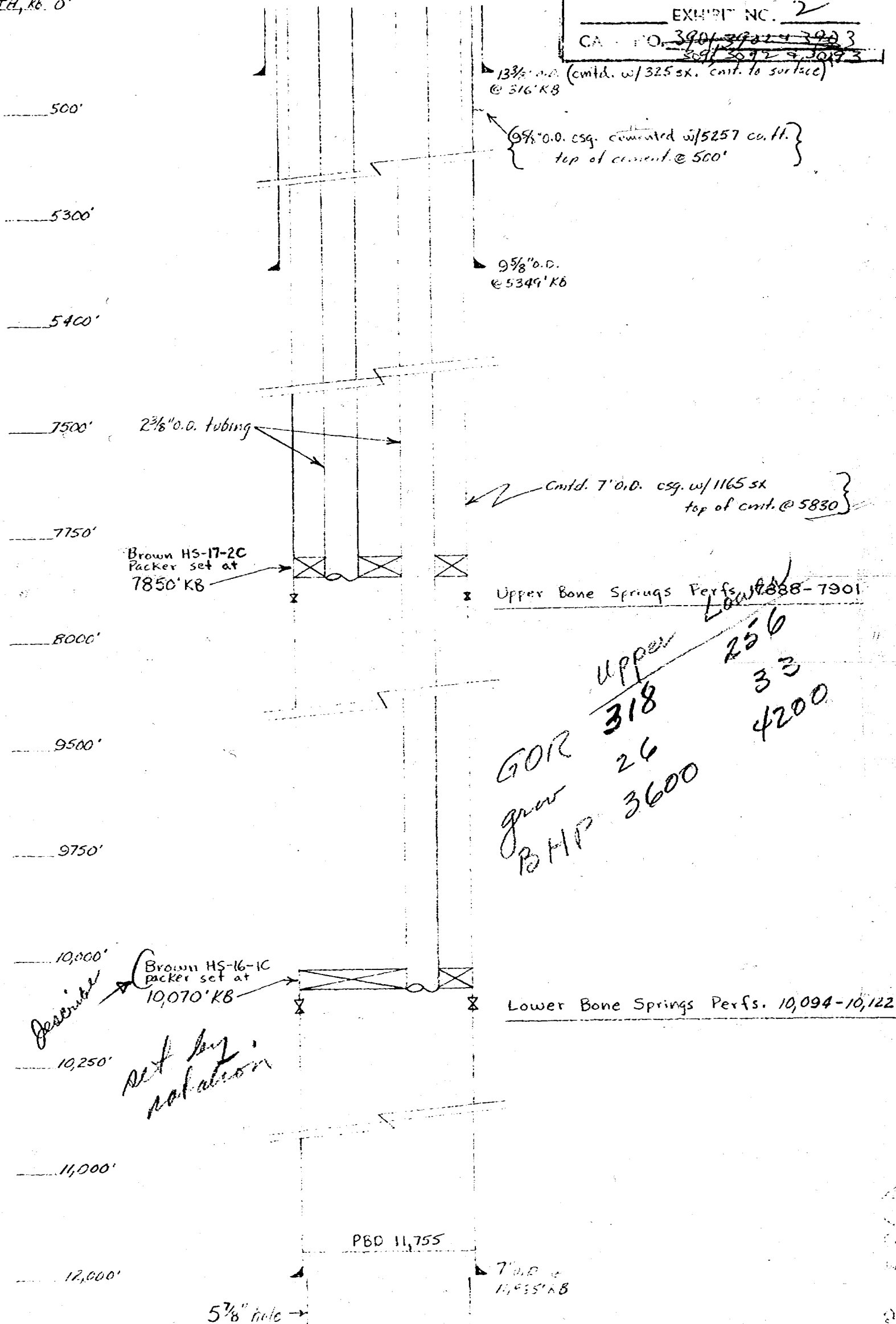
WELL: NORTH WILSON DEEP UNIT No. 1

LOCATION: UNIT 0, SECTION 31, T20S, R35E LEA COUNTY, NEW MEXICO

Schematic of DUAL Completion  
6/26/64

BEFORE EXAMINER NUMBER  
OIL CONSERVATION COMMISS  
EXHIBIT NO. 2  
CA - PO. 3901-3902-3903  
3901-3902-3903

DEPTH, KB. 0'





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. 3092  
Order No. R-2756-A  
NOMENCLATURE

and

CASE No. 3093  
Order No. R-2757-A  
NOMENCLATURE

APPLICATIONS OF THE BRITISH-AMERICAN  
OIL PRODUCING COMPANY FOR THE CRE-  
ATION OF NEW OIL POOLS 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 August 11, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 16th day of August, 1965, 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 these cases have been reopened pursuant to the provisions of Orders Nos. R-2756 and R-2757 and consolidated.

(3) That the subject pools have been depleted.

(4) That the Special Rules and Regulations promulgated by Orders Nos. R-2756 and R-2757 should be abolished.

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CASE No. 3092  
Order No. R-2756-A  
and  
CASE No. 3093  
Order No. R-2757-A

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations promulgated by Orders Nos. R-2756 and R-2757 are hereby abolished.

(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

*Guyton B. Hays*  
GUYTON B. HAYS, Member

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

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. 3092  
Order No. R-2756  
NOMENCLATURE

APPLICATION OF THE BRITISH-AMERICAN  
OIL PRODUCING COMPANY FOR THE CRE-  
ATION OF A NEW 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 July 22, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 3rd day of August, 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, The British-American Oil Producing Company, seeks the creation of a new oil pool for Upper Bone Spring production and the promulgation of temporary special rules and regulations governing said pool, including a provision for 80-acre spacing.

(3) That the North Wilson Deep Unit Well No. 1, located in Unit O of Section 31, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, has discovered a separate common source of supply which should be designated the Osudo-Upper Bone Spring Pool; that the vertical limits of said pool should be the zone encountered in said well between 7750 and 8000 feet; and that the

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CASE No. 3092

Order No. R-2756

horizontal limits of said pool should be the SE/4 of Section 31, Township 20 South, Range 36 East and Lots 2, 3, 6, and 7 of Section 5, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

(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, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Osudo-Upper Bone Spring Pool.

(5) 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.

(6) 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.

(7) That this case should be reopened at an examiner hearing in August, 1965, at which time the operators in the subject pool should be prepared to appear and show cause why the Osudo-Upper Bone Spring Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Upper Bone Spring production is hereby created and designated the Osudo-Upper Bone Spring Pool, with vertical limits comprising the zone encountered between 7750 and 8000 feet in the North Wilson Deep Unit Well No. 1, located in Unit O of Section 31, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the SE/4 of Section 31, Township 20 South, Range 36 East and Lots 2, 3, 6, and 7 of Section 5, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) That temporary Special Rules and Regulations for the Osudo-Upper Bone Spring Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
OSUDO-UPPER BONE SPRING POOL

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

RULE 2. Each well shall be located on a standard 80-acre unit comprising the N/2, S/2, E/2, or W/2 of a 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 of the Commission 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 governmental 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 shall be located in the NW/4 or SE/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

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CASE No. 3092  
Order No. R-2756

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) shall be assigned an 80-acre proportional factor of 3.33 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 as the acreage in such non-standard unit bears to 80 acres.

**IT IS FURTHER ORDERED:**

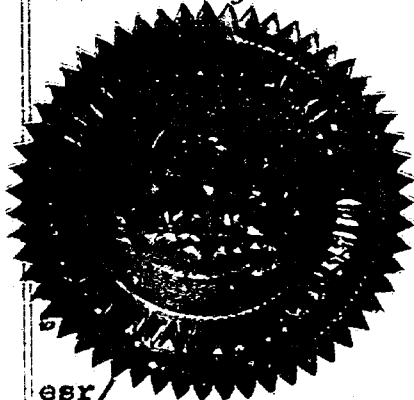
(1) That any well presently drilling to or completed in the Upper Bone Spring formation within the Osudo-Upper Bone Spring Pool or within one mile thereof that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before August 15, 1964.

(2) That any operator desiring to dedicate 80 acres to a well presently drilling to or completed in the Osudo-Upper Bone Spring Pool shall file a new Form C-128 with the Commission on or before August 15, 1964.

(3) That this case shall be reopened at an examiner hearing in August 1965, at which time the operators in the subject pool may appear and show cause why the Osudo-Upper Bone Spring Pool should not be developed on 40-acre spacing units.

(4) 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

*F. S. Walker*  
F. S. WALKER, Member

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

esr/