

CASE 3168: Application of TENNECO  
for four non-standard proration  
units, Lea County, New Mexico.

CASE NO.  
3166

Application,  
TRANSCRIPTS,  
SMALL Exhibits  
ETC.

**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. 3166  
Order No. R-2851**

**APPLICATION OF TENNECO OIL COMPANY  
FOR FOUR NON-STANDARD 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 December 15, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of December, 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, Tenneco Oil Company, seeks approval of the following four non-standard oil proration units in the South Lane-Pennsylvanian Pool:

**NEW MEXICO PRINCIPAL MERIDIAN**

**LEA COUNTY, NEW MEXICO  
TOWNSHIP 11 SOUTH, RANGE 34 EAST**

Unit No. 1, 93.61 acres comprising the E/2 SE/4 and Lot 1 of Section 6, dedicated to applicant's State "E" Well No. 1 located in Unit P of Section 6;

Unit No. 2, 93.24 acres comprising the W/2 SE/4 and Lot 2 of Section 6, dedicated to applicant's State "E" Well No. 2 located in Unit J of Section 6;

-2-

CASE No. 3166

Order No. R-2851

Unit No. 3, 92.87 acres comprising the E/2 SW/4 and Lot 3 of Section 6, dedicated to applicant's State "F" Well No. 1 located in Unit K of Section 6;

Unit No. 4, 81.76 acres comprising Lots 4, 5, and 6 of Section 6, dedicated to a well to be drilled 150 feet North of the center of Lot 5 of Section 6.

(2) That each of the proposed non-standard oil proration units can be efficiently and economically drained and developed by one well.

(3) That approval of the subject application will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the following-described non-standard oil proration units in the South Lane-Pennsylvanian Pool are hereby approved:

NEW MEXICO PRINCIPAL MERIDIAN

LEA COUNTY, NEW MEXICO  
TOWNSHIP 11 SOUTH, RANGE 34 EAST

Unit No. 1, 93.61 acres comprising the E/2 SE/4 and Lot 1 of Section 6, to be dedicated to the Tenneco Oil Company State "E" Well No. 1 located in Unit P of Section 6;

Unit No. 2, 93.24 acres comprising the W/2 SE/4 and Lot 2 of Section 6, to be dedicated to the Tenneco Oil Company State "E" Well No. 2 located in Unit J of Section 6;

Unit No. 3, 92.87 acres comprising the E/2 SW/4 and Lot 3 of Section 6, to be dedicated to the Tenneco Oil Company State "F" Well No. 1 located in Unit K of Section 6;

Unit No. 4, 81.76 acres comprising Lots 4, 5, and 6 of Section 6, to be dedicated to a well to be drilled by Tenneco Oil Company 150 feet North of the center of Lot 5 of Section 6.

-3-

CASE No. 3166

Order No. R-2851

(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

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 12/16/64

CASE 3166

Hearing Date 9 am 12/15/64

DSN @ SF

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

Enter an order approving 4 non-std  
oil production units in the South  
Lane Pennsylvania Pool for  
Tenneco Oil Co. The units are all  
in Sec 6, T 11 S, R 34 E and  
comprise the following:

- Unit 1 93.61 acres Lot 1 and E/2 SE/4  
~~Unit 1~~ dedicated to State E No 1 in Unit P
- Unit 2 93.24 acres Lot 2 and W/2 SE/4  
dedicated to State E No 2 in Unit J
- Unit 3 92.87 acres Lot 3 and E/2 SW/4  
dedicated to State F No 1 in Unit K
- Unit 4 81.76 acres Lots 4, 5, & 6  
to be dedicated to well ~~to~~ be drilled  
150' north of the center of Lot 5

Allowances to be in proportion to a std  
allowance as acreage in unit is to  
standard 80 acre unit

San Juan

*for hearing*



*8th (A.C.)*

*2740. 3-462.1*

NOV 23 AM 10 '64

TENNECO OIL COMPANY • P. O. BOX 1031 • 1800 WILCO BUILDING • MIDLAND, TEXAS 79701  
November 17, 1964

*Page 3166*

Letter sent to Companies on attached list

Gentlemen:

This is to inform you Tenneco Oil Company intends to drill a 9800' Bough "C" well in the South Lane Field of Lea County, New Mexico. The subject well to be located 2130' FSL and 584' FWL of Section 6, T-11-S, R-34-S, Lea County, New Mexico. This well will be drilled subject to the approval of a non-standard proration unit consisting of Lots 5 and 6 of Section 6, T-11-S, R-34-E. This unit will contain 70.71 acres. The proposed well site will be 150 feet north of center of Lot 5, Section 6, T-11-S, R-34-E.

We also wish to give you notification of the intent of Tenneco Oil Company to request a hearing before the New Mexico Oil Conservation Commission for the purpose of requesting the formation of 4 (four) non-standard production units in the South Lane Field, and to request increased allowables for these non-standard production units.

Production Unit #1 to consist of E/2 of SE/4 and Lot 1, Section 6, T-11-S, R-34-E, consisting of 93.61 acres to be assigned to Tenneco's State "E" Well No. 1, 660' FS&EL of Section 6, T-11-S, R-34-E.

Production Unit #2 to consist of W/2 of SE/4 and Lot 2, Section 6, T-11-S, R-34-E, consisting of 93.24 acres to be assigned to Tenneco's State "E" Well No. 2, 1980' FS&EL of Section 6, T-11-S, R-34-E.

Production Unit #3 to consist of E/2 of SW/4 and Lot 3, Section 6, T-11-S, R-34-E, consisting of 92.87 acres to be assigned to Tenneco's State "F" Well No. 1, 2130' FSL and 1830' FWL, Section 6, T-11-S, R-34-E.

Production Unit #4 to consist of Lots 4, 5, and 6, Section 6, T-11-S, R-34-E, consisting of 81.76 acres to be assigned to the proposed well to be drilled 150' north of center of Lot 5, Section 6, T-11-S, R-34-E, Lea County, New Mexico.

Yours very truly,

TENNECO OIL COMPANY

*A. W. Lang*

A. W. Lang  
District Production Superintendent

DOCKET MAILED

Date 12-4-64

JEE:bp

cc: New Mexico Oil Conservation Commission

Humble Oil and Refining Company  
Box 2100  
Hobbs, New Mexico  
Attention: Mr. R. R. Alworth

San Doren & Myor & Gicbel  
1102 Vaughn Building  
Midland, Texas  
Attention: Mr. W. M. Lloyd

Texaco Incorporated  
Box 728  
Hobbs, New Mexico  
Attention: Mr. W. B. Hubbard

Mr. L. C. Harris  
Box 1714  
Hinkle Building  
Roswell, New Mexico

Marathon Oil Company  
Box 2107  
Hobbs, New Mexico  
Attention: Mr. A. A. Peters Jr.

Southern Natural Gas Company  
2006 Wilco Building  
Midland, Texas  
Attention: Mr. J. K. Somerville

White Eagle Corporation  
2508 North Big Springs Street  
Box 3297  
Midland, Texas  
Attention: Mr. Olin R. Prather

Sun Oil Company  
Box 1861  
Midland Tower Building  
Midland, Texas  
Attention: Mr. E. L. Kowmslar

Southland Royalty  
Box 1515  
1405 Wilco Building  
Midland, Texas  
Attention: Mr. Alton C. Goodrich



GOVERNOR  
JACK M. CAMPBELL  
CHAIRMAN

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



LAND COMMISSIONER  
C. B. JOHNNY WALKER  
MEMBER

P. O. BOX 871  
SANTA FE

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

December 21, 1964

Mr. Richard S. Morris  
Seth, Montgomery, Federico & Andrews  
Attorneys at Law  
Post Office Box 2307  
Santa Fe, New Mexico

3178 - B-2039  
3179 - B-2040  
3180 - B-2041  
3181 - B-2042  
3182 - B-2043  
Case No. 3183 - B-2044  
Order No. 3184 - B-2051  
Applicant:  
SHELL OIL COMPANY & TRIMCO

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

lr/

Carbon copy of order also sent to:

Hobbs OCC \_\_\_\_\_  
Artesia OCC \_\_\_\_\_ (send copy except B-2031)  
Antec OCC \_\_\_\_\_  
OTHER \_\_\_\_\_  
\_\_\_\_\_

DOCKET: EXAMINER HEARING - TUESDAY - DECEMBER 15, 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 3154: (Continued from the November 24th examiner hearing)  
Application of Atlantic Refining Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Culwin Queen Unit Area comprising 820 acres, more or less, of State and Federal lands in Townships 18 and 19 South, Ranges 30 and 31 East, Eddy County, New Mexico.
- CASE 3155: (Continued from the November 24 examiner hearing)  
Application of Atlantic Refining Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Shugart Pool in its Culwin Queen Unit Area by the injection of water into the Queen formation through six injection wells in Section 36, Township 18 South, Range 30 East, Section 31, Township 18 South, Range 31 East, Section 1, Township 19 South, Range 30 East, and Section 6, Township 19 South, Range 31 East, Eddy County, New Mexico.
- CASE 3163: Application of Gulf Oil Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard gas proration unit comprising the E/2 SE/4 of Section 28, and the NE/4 NE/4 of Section 33, Township 21 South, Range 37 East, Blinbry Gas Pool, Lea County, New Mexico. Said unit to be dedicated to its J. N. Carson Well No. 6 located in Unit P of said Section 28.
- CASE 3164: Application of Gulf Oil Corporation for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its W. A. Ramsay (NCT-A) waterflood project, South Eunice Pool, to include one additional water injection well to be located approximately 1320 feet from the South and West lines of Section 34, Township 21 South, Range 36 East, Lea County, New Mexico.
- CASE 3165: Application of Sam Boren & Major & Giebel Oils for a non-standard proration unit, Lea County, New Mexico. Applicants, in the above-styled cause, seek approval of a 104.18 acre non-standard oil proration unit comprising all of lots 1 and 2 of Section 1, Township 11 South, Range 33 East, South Lane Pool, Lea County, New Mexico, to be dedicated to a well to be drilled within 150 feet of the center of said lot 1.
- CASE 3166: Application of Tenneco Oil Company for four non-standard proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the following four non-standard oil proration units in the South Lane Pool:
- Unit No. 1, 93.61 acres comprising the E/2 SE/4 and Lot 1 of Section 6, dedicated to applicant's State "E" Well No. 1 located in Unit P of Section 6;
- Unit No. 2, 93.24 acres comprising the W/2 SE/4 and Lot 2 of Section 6, dedicated to applicant's State "E" Well No. 2 located in Unit J of Section 6.

December 15th Examiner Hearing

Unit No. 3, 92.87 acres comprising the E/2 SW/4 and Lot 3 of Section 6, dedicated to applicant's State "F" Well No. 1 located in Unit K of Section 6;

Unit No. 4, 81.76 acres comprising Lots 4, 5, and 6 of Section 6, dedicated to a well to be drilled 100 feet North of the center of Lot 5 of Section 6, all in Township 11 South, Range 34 East, Lea County, New Mexico.

CASE 3167: Application of IMC Drilling Mud, a division of International Minerals and Chemical Corporation for an amendment of Rule 107. Applicant, in the above-styled cause, seeks an amendment to Rule 107 of the Commission Rules and Regulations to provide an administrative procedure whereby oil-base casing packing material could be used in lieu of a portion of the portland cement normally used in cementing oil well casing.

CASE 3168: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres, Glorieta and Yeso formations through the open hole interval from 5000 feet to 9000 feet in its Fannye M. Holloway Well No. 1 located in Unit B of Section 13, Township 17 South, Range 38 East, South Knowles Devonian Pool, Lea County, New Mexico.

CASE 3169: Application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin Dakota Pool underlying the E/2 of Section 14, Township 29 North, Range 11 West, San Juan County, New Mexico.

CASE 3170: Application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin Dakota Pool underlying the E/2 of Section 8, Township 30 North, Range 13 West, San Juan County, New Mexico.

CASE 3171: Application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin Dakota Pool underlying the S/2 of Section 23, Township 29 North, Range 11 West, San Juan County, New Mexico.

CASE 3172: Application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin Dakota Pool underlying the S/2 of Section 21, Township 29 North, Range 10 West, San Juan County, New Mexico.

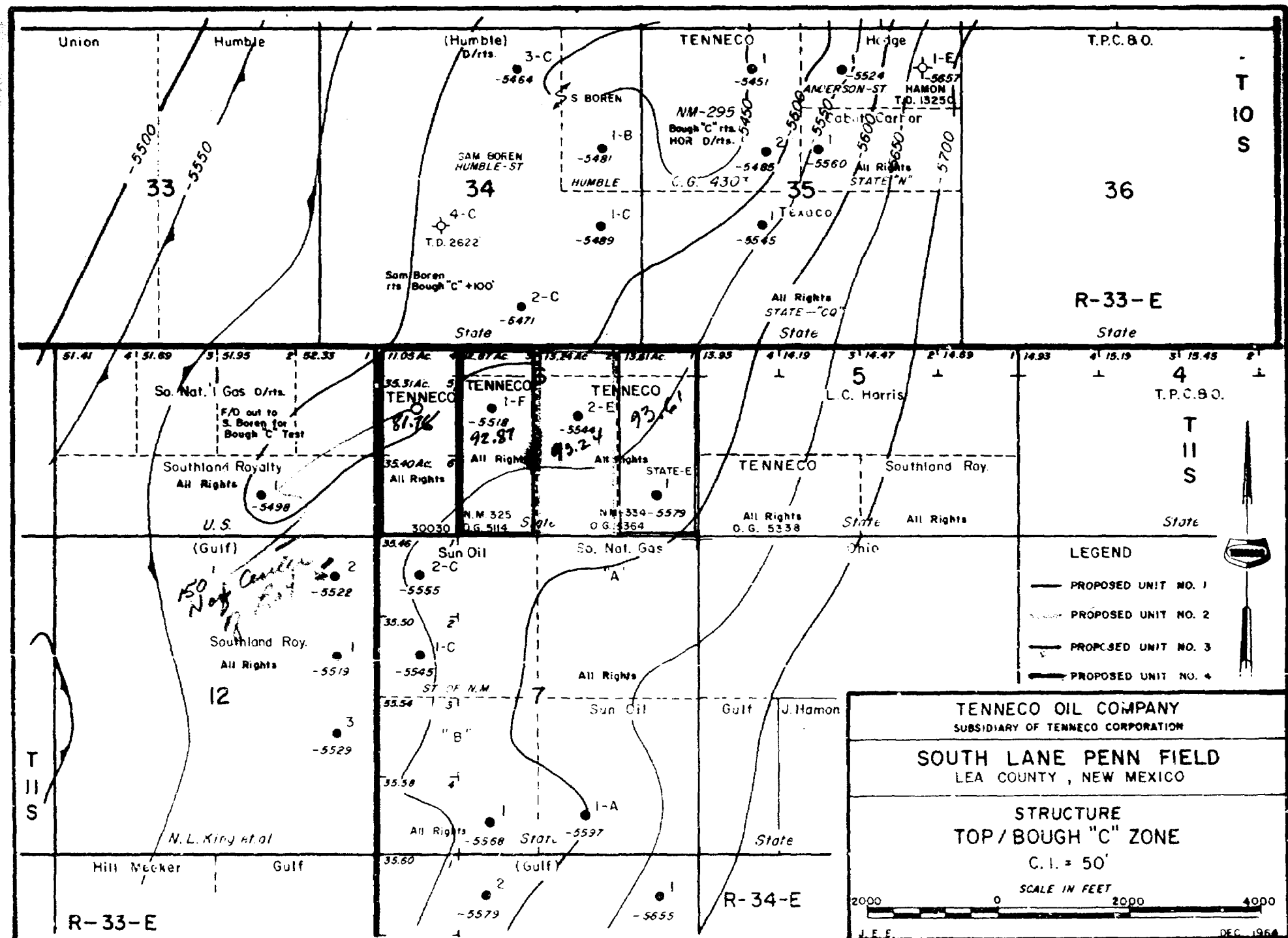
CASE 3173: Application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin Dakota Pool underlying the S/2 of Section 31, Township 30 North, Range 12 West, San Juan County, New Mexico.

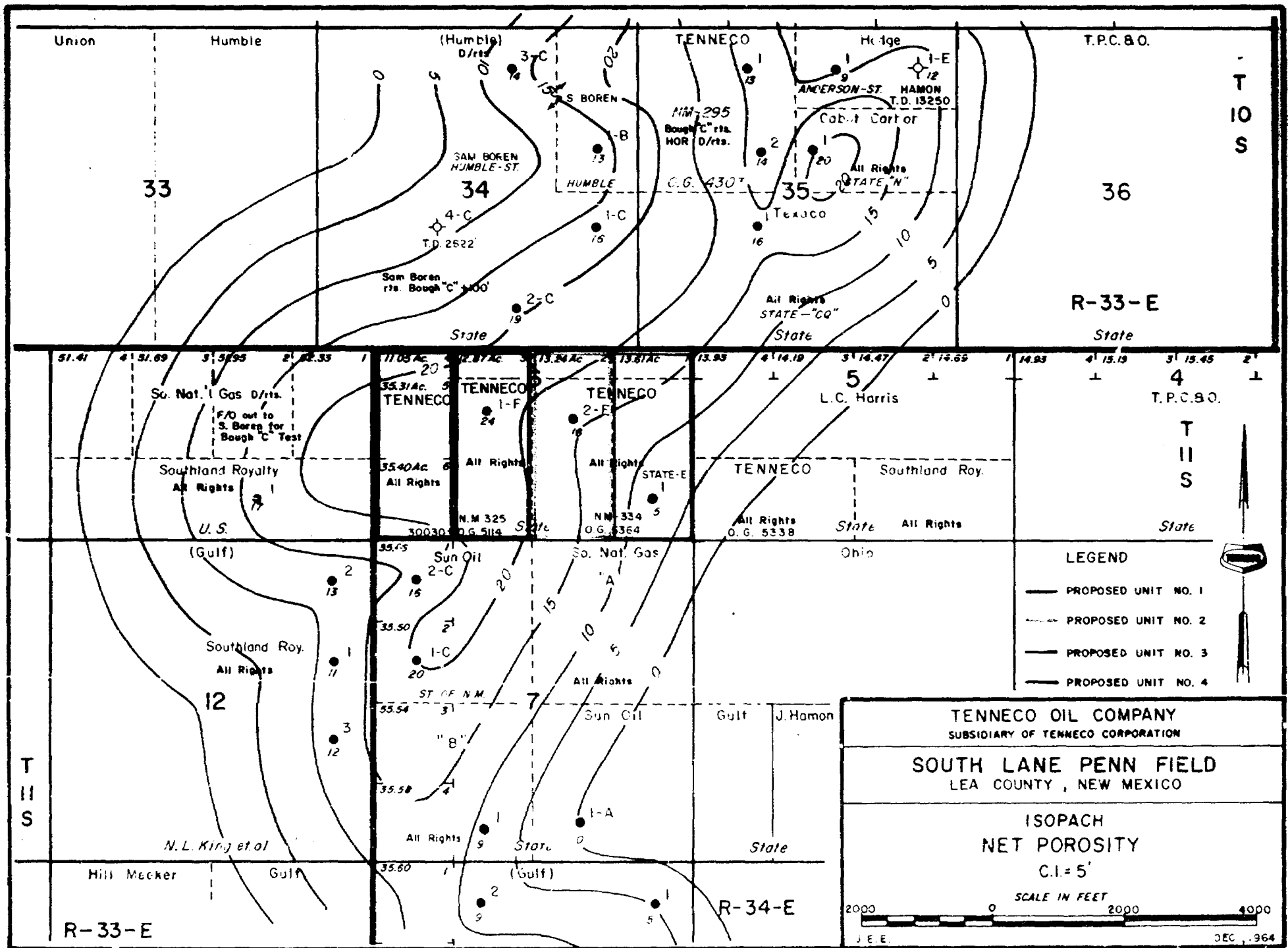
December 15th Examiner Hearing

- CASE 3174: Application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin Dakota Pool underlying the N/2 of Section 28, Township 29 North, Range 10 West, San Juan County, New Mexico.
- CASE 3175: Application of Pan American Petroleum Corporation for an amendment of Order No. R-2424, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Order No. R-2424, Special Pool Rules for Fowler Blinebry Pool to provide a limiting gas-oil ratio for oil wells in said pool of 6000 cubic feet of gas per barrel of oil.
- CASE 3176: Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (tubingless) of its C. C. Fristoe "b" (NCT-2) Well No. 9, located in Unit C of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico, to produce oil from the Langlie Mattix, Justis Blinebry and North Justis Tubb-Drinkard Pools through 2-7/8 inch casing cemented in a common wellbore.
- CASE 3177: Application of Sinclair Oil & Gas Company for an amendment of Order No. R-1148, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1148, which order authorized a 160-acre non-standard Tubb gas pool proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to its J. R. Cone Well No. 1 located in Unit M of said Section 26. Applicant seeks the rededication of said unit and the allowable accrued thereto to its J. R. Cone Well No. 2 located in Unit L of said Section 26.
- CASE 3178: Application of Shell Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Comanche (San Andres) A Unit Area comprising 16,895 acres, more or less, of Federal, State and Fee lands in Townships 6 and 7 South, Ranges 25 and 26 East, Chaves County, New Mexico.
- CASE 3179: Application of Shell Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Comanche (San Andres) B Unit Area comprising 20,456 acres, more or less, of Federal, State and Fee lands in Township 7 South, Range 26 East, Chaves County, New Mexico.
- CASE 3180: Application of Shell Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Comanche (San Andres) C Unit Area comprising 15,081 acres, more or less, of Federal, State and Fee lands in Townships 7 and 8 South, Range 25 East, Chaves County, New Mexico.
- CASE 3181: Application of Shell Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Comanche (San Andres) D Unit Area comprising 15,925 acres, more or less, of Federal, State and Fee lands in Township 8 South, Ranges 25 and 26 East, Chaves County, New Mexico.

December 15th Examiner Hearing

- CASE 3182: Application of Shell Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Comanche (San Andres) E Unit Area comprising 12,323 acres, more or less, of Federal, State and Fee lands in Townships 8 and 9 South, Range 25 East, Chaves County, New Mexico.
- CASE 3183: Application of Shell Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Comanche (San Andres) F Unit Area comprising 22,049 acres, more or less, of Federal, State and Fee lands in Townships 8 and 9 South, Ranges 25 and 26 East, Chaves County, New Mexico.
- CASE 2660: (Reopened and continued from the November 12, 1964 examiner hearing) In the matter of Case No. 2660 being reopened pursuant to the provisions of Order No. R-2348-A, which continued the original order establishing 80-acre proration units for the Middle Lane-Pennsylvanian Pool, Lea County, New Mexico, for an additional year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units. Midwest Oil Corporation also requests that the Middle Lane-Pennsylvanian Pool Rules, in addition to being made permanent, be amended to provide the definition of the vertical limits of said pool and the deletion of the fixed well location requirements as provided by said Order No. R-2348.
- CASE 3184: Application of Benson-Montin-Greer Drilling Corporation for an amendment of Order No. R-2565, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Order No. R-2565 to permit the shutting-in of wells for interference tests, to permit the accumulation and transfer of back allowables for said shut-in wells, and to permit a transfer well to produce its own allowable plus a transferred allowable up to 100% of 1 top unit allowable for the Puerto Chiquito-Gallup Oil Pool at anytime during the period of one year after the original assignment of said allowable.





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

1120 SIEMAS BLDG. • P. O. BOX 1092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO

December 15, 1964

EXAMINER                      HEARING

IN THE MATTER OF:

APPLICATION OF TENNECO OIL COMPANY FOR FOUR  
NON-STANDARD PRORATION UNITS, LEA COUNTY,  
NEW MEXICO

Case No. 3166

BEFORE:

DANIEL S. NUTTER

TRANSCRIPT OF HEARING



MR. NUTTER: The hearing will come to order. For the information of any concerned, Cases Number 3154 through 3174 will be heard in this room today. Cases Number 3175 through 3183, and 2660 and 3184 are being heard by another examiner in the State Land Office Conference Room on the first floor of this building.

At this time, the first case called here this morning is Case Number 3166. Case Number 3166 is application of Tenneco Oil Company for four non-standard proration units, Lea County, New Mexico.

MR. MORRIS: If the Examiner please, I am Richard Morris of the firm of Seth, Montgomery, Federici & Andrews, appearing for the applicant, Tenneco Oil Company. We will have one witness, Mr. Jim Eaton, and ask that he be sworn, please. J A M E S E. E A T O N, the witness, having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Eaton, please state your name, by whom you are employed, and in what capacity and where you are located.

A I am James Eaton; I am a geological engineer with Tenneco Oil Company located in Midland, Texas.

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

A No, I have not.

Q Would you briefly outline your education and experience in the petroleum industry.

A I graduated from Southern State College in 1955 with a BS in geology and mathematics, with a binder in engineering. I was employed by McAllister Architects from 1955 to 1956; was transferred to West Texas in 1956 and remained with McAllister Fuel Company, operating out of Midland, until March of 1964, at which time I joined Tenneco, where I am presently employed.

Q Are you familiar with the Tenneco application in Case Number 3166?

A Yes, in this case.

MR. MORRIS: Are the witness's qualifications acceptable?

MR. NUTTER: Yes, they are.

Q (MR. MORRIS) What is it which Tenneco seeks by this application?

A In this application we seek to form four non-standard proration units in Section 6, Township 1, 34 East, Lea County, New Mexico, in the Bosie Field or South Lane Field, Unit 1, outlined in red on the exhibit, to consist of the east half of the southeast quarter, plus Lot 1, for a total of 93.61 acres, this unit to be dedicated to the State E-1 well, which is located in Unit P. Unit 2, outlined in yellow on the exhibit,

consisting of the west half of the southeast quarter, plus Lot 2, Section 6, Township 11 S, Range 34 East, consisting of a total of 93.4 acres, to be dedicated to Well Number 2-E, located in Unit J of Section 6. Unit 3, outlined in green on the exhibit, consists of the east half of the southwest quarter plus Lot 3 of Section 6, to be dedicated to the F-1 well drilled in Unit K; Unit 4 consisting of Lots Number 4, 5 and 6 of Section 6, to be dedicated to a well to be drilled within 150 feet of the center of Lot 5.

Q To clarify, Mr. Eaton, these non-standard units are in the South Lane Pennsylvanian field, in which by Tennessee nomenclators is produced formation for the Bough-C?

A This is correct.

Q Why are these non-standard units necessary? Why did you have to come to a hearing today?

A We have in Section 6--this is one of the correction survey sections, and in this partial Section 6 there are six small lots under forty acres. Four of these on the north edge of Section 6 average ten to twelve acres, I believe. These four lots are not drillable by field rules, field rules stating that a well must be no more than 150 feet from the quarter section, since the four lots comprise less than twenty acres. We own these lots by right of a State oil and gas lease. These lots cannot be drilled under field rules or State-wide rules. Lots

are within the boundaries as we define the boundaries or productive limits of the reservoir, and are being drained by offset operators. We feel that the lots should be dedicated to producing wells, and these lots will be drained by existing wells, and the wells we intend to drill are all of them--is all acreage within each of these non-standard proration units, state land, which is covered by an oil and gas lease held by Tenneco. Each one of the lots--there are three base leases within Section 6. The entire section pumps to Tenneco. The entire section is common mineral ownership, ownership by the State of New Mexico, and there will be no problem of proration of outside leases into these non-standard units.

Q Referring to what has been marked Exhibits 1 and 2, being a structural map and isopac map, respectively, would you point out the features of these exhibits.

A Exhibit 1 is a structure map on the top of the main pay zone, which is the Bough-C line which is correlative across southeastern New Mexico. It picks a ridge trending north, northeast. South, southwest along this ridge you will note from the map the lowest production indicated is a minus 66-55. All of the Tenneco lease lies above this datum, minus 66-55. It is completely within the boundary of the field. There is production on both sides of the lease. The Tenneco wells are south of the proposed additional acreage. The additional acreage lies between

dearnley-meier reporting service, inc.

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

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

the Tenneco wells and the major portion of the field, which lies to the north. On Exhibit 2, which is an isopac map, you will note that all of the Tenneco acreage lies within the zero contour line of the effective peroptreal reservoir, and is entirely within the confines of the producing unit.

Q Referring to the existing wells on your proposed units --that is, the State E-1, the Tenneco 2-E and the 1-F, would you briefly state the existing status of those wells with respect to their capacity to produce.

A Number 1-E well shows that the first well drilled in this particular lease, Block Tenneco, runs a standard pattern of well test. The last well test was September 11, 1964. This well produced 212 barrels of oil and 555 of water in 24 hours. Well tests on 2-E Well on October 1, 1964 show it produced 25 barrels of oil and 143 barrels of water. On November 23, 1964, Number 1-F Well produced 385 barrels of oil plus 46 barrels of water in a 24-hour period. In regard to Number 2-E well, this well contains some 16 feet of total porous section within the Bough-C, of which only three feet is presently perforated. It is our contention that the well has an additional section which can be opened, which will greatly increase the productivity of this well. By the same token, we feel that the well to be drilled in Unit 5, our proration Unit 4, by all geological studies indicates that it will be an equally strong well with

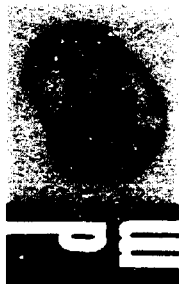
the F-1. If our ideas are correct, and we believe they will be, we will then have four wells on this tract which will produce the allowable and support additional allowable gained by use of these partial lots.

Q This being the case, do you see any way in which the correlative rights of other operators would be adversely affected, or in which waste would be caused, by approval of this application?

A I don't believe we would be infringing upon the correlative rights of offsetting operators. The reservoir is a highly competitive reservoir. The early wells in the reservoir will certainly produce more oil than the later ones. The only possible damage would be the failure of offsetting operators, for non-development. By the same token, mineral rights are all State. The production from these leases will certainly not be detrimental to the State.

Q With respect to the waste aspect, is there any way waste can be caused by approval of the application?

A No, I don't believe waste can be caused by approval of this application. Once again, this is a highly competitive reservoir, and production is largely dependent upon fluid withdrawal. One of the reasons we have not attempted completion on the 2-E Well is the fact that if we move--if we stop moving water off the well it would have to be produced from other wells



on the lease. We preferred to keep a producing well as long as economically feasible before performing the work-over.

Q Were Exhibits 1 and 2 prepared by you or at your direction?

A They were prepared by myself.

MR. MORRIS: We offer Exhibits 1 and 2 in evidence; and that completes the direct testimony of Mr. Eaton.

MR. NUTTER: Tenneco Exhibits 1 and 2 are admitted into evidence. Does anyone have any questions of Mr. Eaton? ... Mr. Eaton, you failed to give the amount of acreage to be contained in Units 3 and 4. Would you recite those.

A Unit 3, which is outlined in green, contains 92.87 acres. Unit 4, consisting of Lots Number 4, 5 and 6, contains 81.76 acres.

Q The additional lot which is to be dedicated to each of these units is that lot contained in the same basic lease as the remainder of the proration?

A No, there are three basic leases.

Q Unit 1 is on this lease Number 5364?

A This is correct. Lot 1 is in Lease 30030.

Q Will a communicization of the area be necessary?

A Communicization of the lease-hold interest will be necessary.

Q And you are accomplishing that with the State Land

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 9

Office?

A Yes.

Q What will the well location be in Unit 4?

A It is contemplated to be 150 feet north of the center of Lot 5. This is in compliance with the field rules for the South Lane Penn Field.

MR. NUTTER: If there are no other questions of this witness he may be excused. Mr. Morris, do you have anything further?

MR. MORRIS: No, sir.

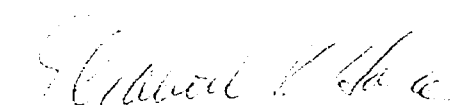
MR. NUTTER: Does anyone have anything they want to offer in Case Number 3166? If not, we will take the case under advisement, and call Number 3154.

\* \* \*

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, ELIZABETH K. HALE, Notary Public and Court Reporter, do certify that proceedings in the foregoing pages, Case Number 3166, were taken and transcribed by me and that the same are true and correct to the best of my knowledge, skill and ability.

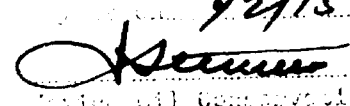
In witness whereof, my hand and seal of office this 28<sup>th</sup> day of December, 1964.

  
Notary Public and Court Reporter

My commission expires  
May 23, 1968.

herby certify that the foregoing is  
true and correct to the best of my knowledge in

Case Number 3166  
12/15 1964

  
Examiner  
State Oil Conservation Commission