

CASE 3279: Application of STANDARD
OIL CO. OF TEXAS for non-standard
unit and unorthodox location.

CASE No.
3274

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

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STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

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 12th day of August, 1965.

NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

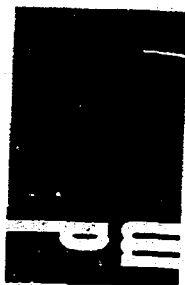
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner Hearing of Case No. 3279
heard by me on 7/28 1965

Asst. Examiner
New Mexico Oil Conservation Commission

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I N D E X

WITNESS

PAGE

PAUL HULL

Direct Examination by Mr. Kellahin

2

Cross Examination by Mr. Nutter

6

EXHIBIT

MARKED

OFFERED AND
ADMITTED

Standard's 1

3

5

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PAGE 8

MR. NUTTER: Does anyone have anything they wish to offer in this case?

MR. DURRETT: If the Examiner please, the Commission has received a letter from the Atlantic Refining Company stating that they support Standard's request for the non-standard gas proration unit and the unorthodox location in this case.

MR. NUTTER: Thank you, Mr. Durrett. If there's nothing further in Case 3279 we will take the case under advisement and recess the hearing to 1:05.

hole.

MR. CRIBB: May I interject?

MR. NUTTER: Yes, sir.

MR. CRIBB: That well, the consensus now after re-examining those samples is that that is a lime facies, that the dolomite fairway that we have been playing in there, or want to play in that direction has changed to a lime facies and that's why the well was dry, it didn't have adequate porosity and permeability.

Q The limits of the pool have not been defined insofar as the northeast is concerned, however, have they, Mr. Hull?

A No, sir. We feel that the field will trend to the northeast from this little section that, say from Sections 9, 10 and 11, which are now in the pool, we feel that the trend will be in a north-northeasterly direction there.

Q Certainly into Section 33 and you hope into 34?

A Yes, sir, 33 and 34 and 35 of the next tier.

MR. NUTTER: Are there any questions of this witness? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That's all.

MR. NUTTER: Are there any questions of Mr. Hull?

CROSS EXAMINATION

BY MR. NUTTER:

Q What is the plan insofar as Section 36 is concerned out there?

A Well, Section 36, we do not have an interest in it.

Q Marathon does and they are a party to it?

A Marathon does and they're a party, so I presume they feel it's not being inequitably treated.

Q It would appear that possibly another solution would be to pool 31, 32; 33 and 34; 35 and 36; the half sections would all come out even then?

A We don't believe that would be an equitable thing to do because our interpretation of the geology in this area is that a good part of Section 36 lies below the gas-water contact.

Q How about that well in Section 32 in the township directly north, was that deep enough to penetrate the Pennsylvanian formation?

A Yes, sir.

Q And it was a dry hole?

A That was a dry hole. The dolomite was very poorly developed there. It was very tight. We feel that the northwesterly limit of this field is very close to that dry

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but this would result in a unit of some 983 acres.

Q Would you consider that a practical solution to the problem?

A No, sir.

Q As I understand then, Marathon owns the right to drill in Section 35, is that right?

A Yes, sir.

Q Have you unitized with Marathon?

A We are in the process of unitizing with Marathon, and Atlantic and Superior, all of whom have agreed to unitize their interests in these two sections, and they own all the interest.

Q In your opinion can all of the unit be presumed to be productive of gas in the Indian Basin Pool?

A Yes.

Q Was Exhibit No. 1 prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: At this time I would like to offer in evidence Exhibit No. 1.

MR. NUTTER: Standard's Exhibit No. 1 will be admitted in evidence.

(Whereupon, Standard's Exhibit No. 1 was offered and admitted in evidence.)

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Q The present rules of the Indian Basin Pool require 640-acre drilling and proration units, do they?

A Yes, sir.

Q How many acres will you have in the proposed unit?

A Approximately 600 acres.

MR. CRIBB: 685 approximately.

Q Can you drill that at an unorthodox well location under the Indian Basin Pool rules in this unit?

A No, sir, the rules provide that no well be located nearer than 1650 feet to the outer boundary of the section and these sections are approximately 2400 feet across north and south, so that it is physically impossible to meet that requirement.

Q So you are asking for approval of a well location, what is that well location?

A 990 feet from the South line and 990 feet from the East line of Section 34. This is as near as we feel could reasonably be, a well could reasonably be located on these two sections.

Q Would it be possible for you to unitize this acreage in some other fashion and have a different type of unit?

A Yes, sir. Each of these sections I presume could be unitized with the section immediately to the south of them,

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A Yes, sir.

Q Would you state briefly what Standard proposes in this application?

A Standard requests in this application approval to drill on a non-standard unit and at irregular location by reason of the survey in this particular area.

(Whereupon, Standard's Exhibit No. 1 was marked for identification.)

Q Referring to what has been marked Exhibit No. 1, would you identify that exhibit and discuss it, please?

A This is a plat showing in general the outline of the Indian Basin-Upper Morrow gas field. This is outlined in a dashed black line to the north of that in Range 23 East, 20-1/2 South; outlined in red are Sections 34 and 35 which we propose as a non-standard gas proration unit. It is located, the south boundary of the unit is located one mile north of the present north limit of the Indian Basin Gas Pool.

Q The proposed unit is not presently in the Indian Basin Pool?

A That is right. Marathon has recently completed a well in Section 3, which when the pool is established to include that section, will place our well within one mile of the Indian Basin-Upper Morrow Gas Pool and subject it to the rules of that pool.

MR. NUTTER: We will call next Case 3279.

MR. DURRETT: Application of Standard Oil Company of Texas for a non-standard unit and an unorthodox location, Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, representing the applicant. We have one witness, Mr. Paul Hull. May the record show that he was previously sworn?

MR. NUTTER: The record shows that he's sworn.

PAUL HULL

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Paul Hull.

Q By whom are you employed and in what position?

A Standard Oil Company of Texas, Supervising Proration Engineer.

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

MR. NUTTER: Yes, sir, they are.

Q (By Mr. Kellahin) Are you familiar with the application of Standard Oil Company of Texas in Case No. 3279?

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PAGE 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 28, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Standard Oil Company of
Texas for a non-standard unit and an
unorthodox location, Eddy County,
New Mexico.

Case No. 3279

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

Hold till
after ~~the~~
Sept 1, 1965
(outside 1 mi
limit till then)

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 7/29/65

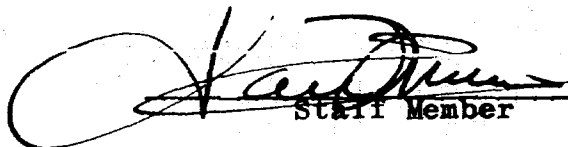
CASE NO. 3279

HEARING DATE June 7/28/65
DSN @ SF

My recommendations for an order in the above numbered case(s) are
as follows:

Enter an order creating a ⁶⁸⁸~~688~~-
acre new standard gas production
unit within one mile of Indian
basin Upper Permian gas pool
comprising all of partial sections
24 and 35, T 20 1/2 S, R 23 East, Eddy Co.,
N.M.

Also authorize applicant to drill a
well at an unorthodox location for
said pool 990' FSL and 990' FEL of
Sec 24.


Staff Member

ATLANTIC

THE ATLANTIC REFINING COMPANY
INCORPORATED - 1870
PETROLEUM PRODUCTS

July 20, 1965

NORTH AMERICAN PRODUCING DEPARTMENT
NEW MEXICO - ARIZONA DISTRICT

S. L. SMITH, DISTRICT MANAGER
JACK BIARD, DISTRICT LANDMAN
E. R. DOUGLAS, DISTRICT GEOLOGIST
A. D. KLOXIN, DISTRICT ORG. & PROD. SUP'T.
M. D. ROBERTS, DISTRICT GEOPHYSICIST
W. P. TOMLINSON, DISTRICT ENGINEER
B. R. WARE, DISTRICT ADMINISTRATIVE SUP'V.

SECURITY NATIONAL BANK BLDG.

MAILING ADDRESS
P. O. BOX 1978
ROSWELL, NEW MEXICO

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

Attention: Mr. A. L. Porter

Re: Case 3279, Standard Oil Company
of Texas, Request for a non-standard
unit and unorthodox location
Indian Basin, Upper Penn Gas Pool
Eddy County, New Mexico

Gentlemen:

Case No. 3279 on the New Mexico Oil Conservation Commission docket for July 28, 1965, calls for an exception to the Indian Basin-Upper Penn Gas Pool field rules. Atlantic, as a working interest owner in this unit, supports Standard's request for a 688 acre non-standard gas proration unit comprising all of the partial Sections 34 and 35, Township 20-1/2 South, Range 23 East, Eddy County, New Mexico and an unorthodox location 990' from the South and East lines of Section 34. Irregularities in the New Mexico Public Land Survey creates the need for the above exceptions.

Yours very truly,

W. P. Tomlinson

W. P. Tomlinson

WPT:JRA:jcb

Docket No. 21-65

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 28, 1965

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 3277: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the creation of a new pool for Ellenburger production in Sections 4 and 5, Township 24 South, Range 38 East, Lea County, New Mexico, said pool to be designated the Stateline-Ellenburger Pool; further to consider the establishment of a procedure whereby allowables for wells in said pool may be assigned on an equitable basis with allowables assigned to wells in the same common source of supply in the State of Texas.

CASE 3278: Application of Standard Oil Company of Texas for special rules for the Stateline-Ellenburger Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Stateline-Ellenburger Pool in Sections 4 and 5, Township 24 South, Range 38 East, Lea County, New Mexico, including a provision for 80-acre proration units.

CASE 3279: Application of Standard Oil Company of Texas for a non-standard unit and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the approval of a 688-acre non-standard gas proration unit comprising all of the partial Sections 34 and 35, Township 20½ South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, said unit to be dedicated to a well to be drilled at an unorthodox location 990 feet from the South and East lines of said Section 34.

CASE 3280: Application of Bolack-Greer, Inc. for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 850 feet from the North line and 1030 feet from the East line of Section 16, Township 25 North, Range 1 West, Puerto Chiquito-Gallup Oil Pool, Rio Arriba County, New Mexico.

CASE 3281: Application of Samuel G. Dunn for a two-well proration unit and an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill and produce the second well on the 160-acre oil proration unit comprising the SW/4 of Section 26, Township 26 North, Range 1 East, Puerto Chiquito-Gallup Oil Pool, Rio Arriba County, New Mexico, the 160-acre allowable to be produced from either well in any proportion. Said second well would be drilled at an unorthodox location 1720 feet from the South line and 460 feet from the West line of said Section 26. (The SW/4 of Section 26 is currently dedicated to a well in Unit M of said section). In the alternative, applicant seeks the creation of two non-standard 80-acre proration units comprising the N/2 SW/4 and S/2 SW/4 of said Section 26 to be dedicated to the proposed well and the existing well, respectively.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

September 1, 1965

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

Re: Case No. 3279
Order No. R-2945
Applicant:

STANDARD OIL COMPANY OF TEXAS

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 x

Aztec OCC

OTHER



STANDARD OIL COMPANY OF TEXAS

P. O. BOX 1249 • HOUSTON TEXAS 77001

June 30, 1965

JUL 2 AM 8 59

Case 3279

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

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

Gentlemen:

Attached is the application of Standard Oil Company of Texas, a Division of Chevron Oil Company, for an exception to Order No. R-2440, temporary rules for the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, to permit: (1) the formation of a non-standard gas unit comprising all of Sections 34 and 35, Township 20 $\frac{1}{2}$ South, Range 23 East, and being approximately 688 acres, and (2) the drilling of the Standard Oil Company of Texas Federal 34-1 well at an unorthodox location of 990 feet from the south line and 990 feet from the east line of Section 34.

It is requested that this application be set for examiner hearing at a time and place convenient to the Commission.

Also attached is a map of the area indicating the proposed unit and well.

Yours very truly,

C. N. Segnar
C. N. Segnar
Chief Engineer

PH:ja

Attachments

DOCKET MARKED

Date 7-15-65
dh

-2-

CASE No. 3279
Order No. R-2945

(5) That due to the unorthodox size and shape of the proposed non-standard unit a well cannot be drilled at a standard location on said unit.

(6) That the proposed non-standard gas proration unit can be efficiently and economically drained and developed by the subject well.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Indian Basin-Upper Pennsylvanian Gas Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox location is hereby approved for the Standard Oil Company of Texas Federal 34 Well No. 1 to be drilled 990 feet from the South line and 990 feet from the East line of Section 34, Township 20½ South, Range 23 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

(2) That a 688-acre non-standard gas proration unit in the Indian Basin-Upper Pennsylvanian Gas Pool comprising all of partial Sections 34 and 35, Township 20½ South, Range 23 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to the Standard Oil Company of Texas Federal 34 Well No. 1.

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

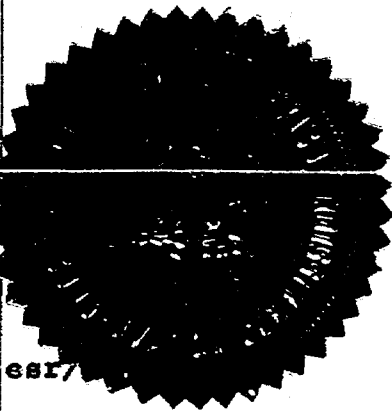
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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



CSR7

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. 3279
Order No. R-2945

APPLICATION OF STANDARD OIL COMPANY
OF TEXAS FOR A NON-STANDARD UNIT AND
AN UNORTHODOX LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 28, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 1st day of September, 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 the applicant, Standard Oil Company of Texas, seeks approval of an unorthodox location for its Federal 34 Well No. 1 to be drilled 990 feet from the South line and 990 feet from the East line of Section 34, Township 20 $\frac{1}{2}$ South, Range 23 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.
- (3) That the applicant also seeks approval of a 688-acre non-standard gas proration unit in the Indian Basin-Upper Pennsylvanian Gas Pool comprising all of partial Sections 34 and 35, Township 20 $\frac{1}{2}$ South, Range 23 East, NMPM, Eddy County, New Mexico, to be dedicated to the subject well.
- (4) That the unorthodox size and shape of the proposed non-standard unit is due to variations in the U. S. Public Lands Survey.

5. The combined area of Sections 34 and 35 approximates the size of the units provided for in the above-mentioned order, and all of the proposed unit may reasonably be presumed productive of gas. Therefore, approval of a non-standard unit is requested.
6. Because of the shape of Sections 34 and 35, there are no locations within the proposed unit as much as 1650 feet from the outer boundary. Therefore, the exception is requested to permit drilling the subject well at a location 990 feet from the south line and 990 feet from the east line of Section 34, Township 20 $\frac{1}{2}$ South, Range 23 East.
7. The proposed location of the Standard Oil Company of Texas et al Federal 34-1 well would provide efficient drainage of the proposed 688-acre drilling unit and would prevent waste and protect correlative rights.

STANDARD OIL COMPANY OF TEXAS

By C. N. Segnar
C. N. Segnar, Chief Engineer

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
STANDARD OIL COMPANY OF TEXAS, A
DIVISION OF CHEVRON OIL COMPANY, FOR
APPROVAL OF A NON-STANDARD GAS PRODUCTION
UNIT COMPRISING IRREGULAR SECTIONS 34
AND 35, TOWNSHIP 20 $\frac{1}{2}$ SOUTH, RANGE 23
EAST, EDDY COUNTY, NEW MEXICO, AND FOR
APPROVAL OF AN UNORTHODOX GAS WELL
LOCATION, UNDER RULES 3 AND 5,
RESPECTIVELY, OF ORDER NO. R-2440 OF
THE INDIAN BASIN-UPPER PENNSYLVANIAN
GAS POOL.

Case 3279

A P P L I C A T I O N

In support of the application, the applicant, Standard Oil Company of Texas, a Division of Chevron Oil Company, submits the following:

1. The applicant is owner of oil and gas leases and has the right to produce gas and condensate from the Upper Pennsylvanian formation, source of supply of the Indian Basin Field, underlying all of irregular Section 34 and a portion of irregular Section 35, Township 20 $\frac{1}{2}$ South, Range 23 East, Eddy County, New Mexico.
2. Negotiations are in progress with The Atlantic Refining Company, Marathon Oil Company, and Superior Oil Company, owners of oil and gas leases or of unleased mineral interests in Sections 34 and 35 to form a gas unit of approximately 688 acres comprising all of irregular Sections 34 and 35, Township 20 $\frac{1}{2}$ South, Range 23 East. Drilling of a well on the proposed unit will not commence until the unit is completed.
3. The proposed unit is within one mile of the Indian Basin-Upper Pennsylvanian Gas Pool.
4. By Order No. R-2440 the New Mexico Oil Conservation Commission adopted temporary rules and regulations for the Indian Basin-Upper Pennsylvanian Gas Pool, providing for 640-acre units comprising a single governmental section and wells located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any quarter-quarter section line.

dearnley-meier reporting service, inc.

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS

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 12th day of August, 1965.

NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Ex parte Hearing of Case No. 3279
heard by me on 7/28, 1965.

Ada Dearnley
New Mexico Oil Conservation Commission

dearnley-meier reporting service, inc.

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I N D E X

WITNESS

PAUL HULL

Direct Examination by Mr. Kellahin

Cross Examination by Mr. Nutter

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PAGE 8

MR. NUTTER: Does anyone have anything they wish to offer in this case?

MR. DURRETT: If the Examiner please, the Commission has received a letter from the Atlantic Refining Company stating that they support Standard's request for the non-standard gas proration unit and the unorthodox location in this case.

MR. NUTTER: Thank you, Mr. Durrett. If there's nothing further in Case 3279 we will take the case under advisement and recess the hearing to 1:05.

hole.

MR. CRIBB: May I interject?

MR. NUTTER: Yes, sir.

MR. CRIBB: That well, the consensus now after re-examining those samples is that that is a lime facies, that the dolomite fairway that we have been playing in there, or want to play in that direction has changed to a lime facies and that's why the well was dry, it didn't have adequate porosity and permeability.

Q The limits of the pool have not been defined insofar as the northeast is concerned, however, have they, Mr. Hull?

A No, sir. We feel that the field will trend to the northeast from this little section that, say from Sections 9, 10 and 11, which are now in the pool, we feel that the trend will be in a north-northeasterly direction there.

Q Certainly into Section 33 and you hope into 34?

A Yes, sir, 33 and 34 and 35 of the next tier.

MR. NUTTER: Are there any questions of this witness? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That's all.

MR. NUTTER: Are there any questions of Mr. Hull?

CROSS EXAMINATION

BY MR. NUTTER:

Q What is the plan insofar as Section 36 is concerned out there?

A Well, Section 36, we do not have an interest in it.

Q Marathon does and they are a party to it?

A Marathon does and they're a party, so I presume they feel it's not being inequitably treated.

Q It would appear that possibly another solution would be to pool 31, 32; 33 and 34; 35 and 36; the half sections would all come out even then?

A We don't believe that would be an equitable thing to do because our interpretation of the geology in this area is that a good part of Section 36 lies below the gas-water contact.

Q How about that well in Section 32 in the township directly north, was that deep enough to penetrate the Pennsylvanian formation?

A Yes, sir.

Q And it was a dry hole?

A That was a dry hole. The dolomite was very poorly developed there. It was very tight. We feel that the northwesterly limit of this field is very close to that dry

but this would result in a unit of some 983 acres.

Q Would you consider that a practical solution to the problem?

A No, sir.

Q As I understand then, Marathon owns the right to drill in Section 35, is that right?

A Yes, sir.

Q Have you unitized with Marathon?

A We are in the process of unitizing with Marathon, and Atlantic and Superior, all of whom have agreed to unitize their interests in these two sections, and they own all the interest.

Q In your opinion can all of the unit be presumed to be productive of gas in the Indian Basin Pool?

A Yes.

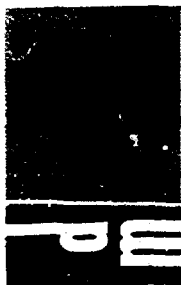
Q Was Exhibit No. 1 prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: At this time I would like to offer in evidence Exhibit No. 1.

MR. NUTTER: Standard's Exhibit No. 1 will be admitted in evidence.

(Whereupon, Standard's Exhibit No. 1 was offered and admitted in evidence.)



Q The present rules of the Indian Basin Pool require 640-acre drilling and proration units, do they?

A Yes, sir.

Q How many acres will you have in the proposed unit?

A Approximately 600 acres.

MR. CRIBB: 685 approximately.

Q Can you drill that at an unorthodox well location under the Indian Basin Pool rules in this unit?

A No, sir, the rules provide that no well be located nearer than 1650 feet to the outer boundary of the section and these sections are approximately 2400 feet across north and south, so that it is physically impossible to meet that requirement.

Q So you are asking for approval of a well location, what is that well location?

A 990 feet from the South line and 990 feet from the East line of Section 34. This is as near as we feel could reasonably be, a well could reasonably be located on these two sections.

Q Would it be possible for you to unitize this acreage in some other fashion and have a different type of unit?

A Yes, sir. Each of these sections I presume could be unitized with the section immediately to the south of them,

A Yes, sir.

Q Would you state briefly what Standard proposes in this application?

A Standard requests in this application approval to drill on a non-standard unit and at irregular location by reason of the survey in this particular area.

(Whereupon, Standard's Exhibit No. 1 was marked for identification.)

Q Referring to what has been marked Exhibit No. 1, would you identify that exhibit and discuss it, please?

A This is a plat showing in general the outline of the Indian Basin-Upper Morrow gas field. This is outlined in a dashed black line to the north of that in Range 23 East, 20-1/2 South; outlined in red are Sections 34 and 35 which we propose as a non-standard gas proration unit. It is located, the south boundary of the unit is located one mile north of the present north limit of the Indian Basin Gas Pool.

Q The proposed unit is not presently in the Indian Basin Pool?

A That is right. Marathon has recently completed a well in Section 3, which when the pool is established to include that section, will place our well within one mile of the Indian Basin-Upper Morrow Gas Pool and subject it to the rules of that pool.

MR. NUTTER: We will call next Case 3279.

MR. DURRETT: Application of Standard Oil Company of Texas for a non-standard unit and an unorthodox location, Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, representing the applicant. We have one witness, Mr. Paul Hull. May the record show that he was previously sworn?

MR. NUTTER: The record shows that he's sworn.

PAUL HULL

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Paul Hull.

Q By whom are you employed and in what position?

A Standard Oil Company of Texas, Supervising Proration Engineer.

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

MR. NUTTER: Yes, sir, they are.

Q (By Mr. Kellahin) Are you familiar with the application of Standard Oil Company of Texas in Case No. 3279?

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 28, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Standard Oil Company of
Texas for a non-standard unit and an
unorthodox location, Eddy County,
New Mexico.

Case No. 3279

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING