

CASE 3316: Hearing on motion of
the OCC for creation of new oil
pool, special allowable, Lea Co.

CASE NO.
3316

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

Memo

12/8/77

From
D. S. NUTTER
CHIEF ENGINEER

To File

I discussed this pool in detail w/ Melba Carpenter today.

The recommendation at the hearing was that gas wells would face back into the Jolmat pool. However the Commission in order No. 2979 didn't make such provision and only provided that wells over 100000 to 1 would be gas wells and would have 640 acres or NSPs.

The gas wells started appearing as Scarborough wells in the 1966 annual. Therefore apparently they were never considered Jolmat gas wells after entry of the order.

We agreed today that there should be no acreage factor and that a gas wells max allowance should be TUA X 60R limit (128 X 10000) regardless of acreage assignment. To add a factor of $\frac{640}{40}$ would be too high.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN MOTION
FOR CREATION OF THE SCARBOROUGH YATES-SEVEN
RIVERS POOL AND FOR SPECIAL POOL RULES, LEA
COUNTY, NEW MEXICO.

CASE No. 3316
Order No. R-2999
NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 6, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 23rd day of November, 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 by Order No. R-2947, the Commission established a top unit allowable of 128 barrels of oil per day for wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That said allowable was established pending a more definite determination of the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, and the Scarborough Pool in Winkler County, Texas.

(4) That pursuant to the provisions of Order No. R-2947, further studies have been conducted to define the horizontal limits of these pools.

(5) That a new pool should be created in Lea County, New Mexico, and designated the Scarborough Yates-Seven Rivers Pool;

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that said pool is a separate common source of supply in New Mexico and is a portion of the common source of supply designated the Scarborough Pool in Winkler County, Texas.

(6) That special rules and regulations should be promulgated for the Scarborough Yates-Seven Rivers Pool in order to prevent waste and protect correlative rights.

(7) That oil wells completed in the Scarborough Pool in Winkler County, Texas, receive a per-acre allowable greater than the per-acre allowable that would be assigned under the Commission's General Rules and Regulations to oil wells completed in the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico.

(8) That in order to prevent drainage and otherwise prevent waste and protect correlative rights, oil wells completed in the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico, should be assigned a monthly allowable equal to the monthly per-acre allowable assigned to oil wells in the Scarborough Pool in Winkler County, Texas.

(9) That in order to afford to the owner of each property in the Scarborough Yates-Seven Rivers Pool the opportunity to produce his just and equitable share of the oil and gas in the pool, and to otherwise prevent waste and protect correlative rights, a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil should be established and all wells with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil should be classified as gas wells.

(10) 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, 40-acre oil well spacing units and 640-acre gas well spacing units should be established in the subject pool.

IT IS THEREFORE ORDERED:

(1) That a new pool is hereby created and designated the Scarborough Yates-Seven Rivers Pool, with vertical limits extending from the top of the Yates formation to the base of the Seven

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Rivers formation, and horizontal limits comprising the following-described area:

LEA COUNTY, NEW MEXICO

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM

Section 12: E/2

Section 13: E/2

Section 24: E/2

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM

Section 7: W/2 and W/2 E/2

Section 18: W/2 and W/2 E/2

Section 19: NW/4, W/2 NE/4, and S/2

Section 29: W/2 and SE/4

Section 30: N/2 and SE/4

Partial Section 31: E/2 and E/2 W/2

Partial Section 32: All

Partial Section 33: W/2 and W/2 E/2

(2) That the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, are hereby contracted to delete the above-described area.

(3) That Special Rules and Regulations are hereby promulgated for the Scarborough Yates-Seven Rivers Pool as follows:

SPECIAL RULES AND REGULATIONS
FOR THE

SCARBOROUGH YATES-SEVEN RIVERS POOL

RULE 1. Each well completed or recompleted in the Scarborough Yates-Seven Rivers Pool or in the Yates or the Seven Rivers formations within one mile of the Scarborough Yates-Seven Rivers Pool, and not nearer to or within the limits of another designated oil or gas pool comprising the Yates or the Seven Rivers formations, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed as an oil well shall be located on a standard unit comprising 40 acres, more or less, consisting of a governmental quarter-quarter section.

RULE 3. Each well completed as a gas well shall be located on a standard unit comprising 640 acres, more or less, consisting of a governmental section.

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RULE 4. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 3 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 5. Each well completed as an oil well shall be located no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 6. Each well completed as a gas well shall be located no nearer than 1980 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 7. The Secretary-Director may grant an exception to the requirements of Rule 6 without notice and hearing when an

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application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed 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 operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 8. Each well with a gas-oil ratio in excess of 100,000 cubic feet of gas per barrel of oil shall be classified as a gas well.

RULE 9. The limiting gas-oil ratio for oil wells shall be 10,000 cubic feet of gas per barrel of oil.

RULE 10. The top allowable for oil wells shall be 128 barrels of oil per day.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Scarborough Yates-Seven Rivers Pool or in the Yates or the Seven Rivers formations within one mile of the Scarborough Yates-Seven Rivers Pool, and not nearer to or within the limits of another designated oil or gas pool comprising the Yates or Seven Rivers formations, are hereby approved; that the operator of any well having an unorthodox location shall notify the Commission's Hobbs District Office in writing of the name and location of the well on or before January 1, 1966.

(2) That Order No. R-2947 is hereby superseded.

(3) That the effective date of this order shall be 7:00 o'clock A.M., December 1, 1965.

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

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CASE No. 3316

Order No. R-2999

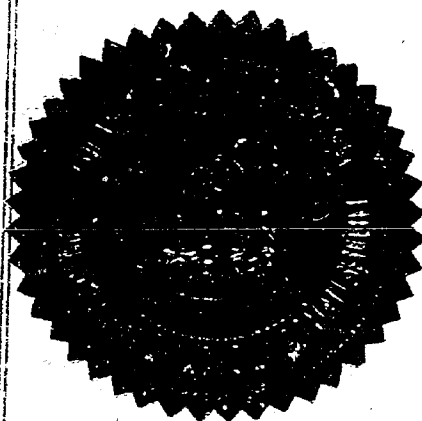
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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



esr/

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 6, 1965

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil
Conservation Commission on its own
motion for the creation of a new oil
pool for Yates and Seven Rivers
production in Sections 12, 13, and
24, Township 26 South, Range 36 East,
and Sections 7, 18, 19, 30, 31, 32, and
33, Township 26 South, Range 37 East,
Lea County, New Mexico, said pool to be
designated the Scarborough Yates-
Seven Rivers Pool.

Case No. 3316

BEFORE: Elvis A. Utz, Examiner

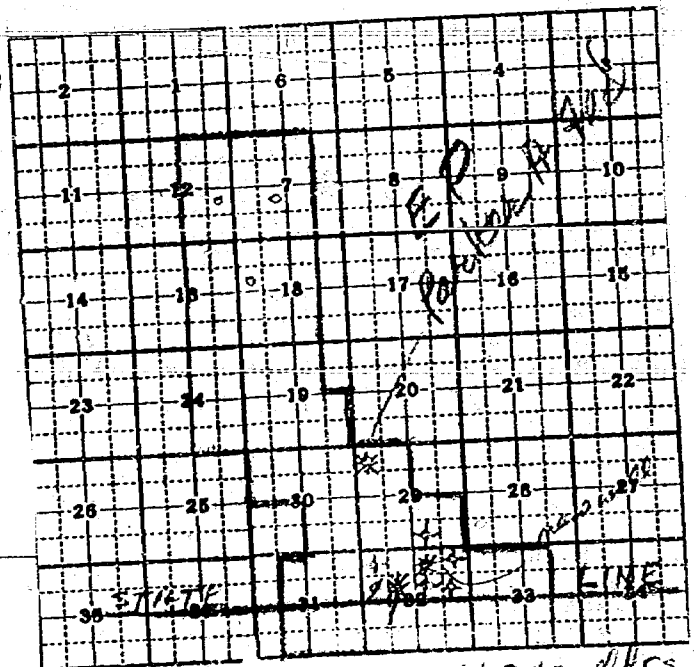
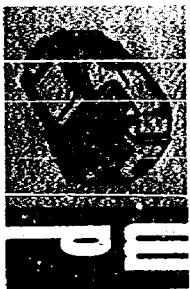
Name

Ph.

Address

Remarks:

TRANSCRIPT OF HEARING



Dallas 51013 d/cs
State
or Count

y T R or Count

MR. UTZ: Case 3316.

MR. DURRETT: In the matter of the hearing called by the Oil Conservation Commission on its own motion for the creation of a new oil pool for Yates and Seven Rivers production.

If the Examiner please, Jim Durrett appearing on behalf of the Commission and its staff. I will have one witness, Mr. Joe Ramey.

(Witness sworn.)

MR. UTZ: Are there other appearances?

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, appearing for Continental Oil Company. Mr. Examiner, we do not plan to offer any testimony but Mr. V. T. Lyon, Engineer with Continental Oil Company who testified in a previous case involving this area, is present in the hearing room. If anyone wants to call him and ask him questions, I'm sure he'd be happy to cooperate.

MR. UTZ: We will be happy to call him. You may proceed.

JOE D. RAMEY

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

DIRECT EXAMINATION

BY MR. DURRETT:

Q Will you please state your name and position for the record?

A Joe D. Ramey, Supervisor of District One, New Mexico Oil Conservation Commission.

Q Mr. Ramey, is the area which is the subject matter of this case within your District?

A Yes, sir.

Q Are you familiar with this area and with the Subject matter of this hearing?

A Yes, sir.

Q Now, Mr. Ramey, this case that's to be presented by the Commission this morning to the Examiner, has it arisen out of a prior case that has been heard by the Commission?

A Yes, sir, that was Case 3282.

Q Will you briefly state to the Examiner, in order to refresh our memory, the subject matter of that case?

A That was an application of Continental for, oh, primarily for a special allowable or for the creation of a -- well, let's go back, primarily to equalize oil withdrawals between the State of New Mexico and the State of Texas in the south end of Lea County.

Q Were we concerned in that case with withdrawal from the Scarborough Pool in Winkler County, Texas?

A Yes, sir.

Q What was the result of that case; the Commission did issue an order, is that correct?

A Yes, they issued an emergency order for a special allowable which raised the allowable from the normal unit allowable to 128 barrels per day for Section 31 in Township 26 South, Range 37 East.

Q And was that pending a more definite determination of the horizontal limits of the Jalmat Gas Pool and the Scarborough Pool?

A Yes, sir.

Q Do you have copies of that order?

A Yes, I have.

MR. DURRETT: Could we have that marked, please, as Exhibit 1?

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

Q (By Mr. Durrett) Now, Mr. Ramey, I believe the Commission made a finding in Case 3282 that we would continue to study the question concerning the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, and the Scarborough Pool in Winkler County, Texas, is that correct?

A Yes, sir, that's right.

Q Have you supervised this study?

A Yes, sir, I have.

Q What have been the results of this study, Mr. Ramey?

A Well, primarily we, of course, didn't want to include the whole Jalmat Pool into this area of a special allowable because they extended the Jalmat Pool and so we looked for a dividing point where we could create a pool and that has been the result of our study.

Q Do you have an exhibit, Mr. Ramey, showing the top of the Yates formation in this area?

A Yes, I have a structure contour map, to be marked Exhibit 2, on the top of the Yates, covering the Jalmat Pool in this area involved.

MR. DURRETT: Could we have that marked as Exhibit No. 2?

(Whereupon, Commission's Exhibit No. 2 marked for identification.)

Q (By Mr. Durrett) What does this map show, Mr. Ramey?

A We have a little area which extends -- it has a portion of the Scarborough Pool in Winkler County, Texas, to the south; and then the Jalmat, shows the Jalmat wells in this area, and primarily we have a little structural high off of the main high of the Jalmat Pool, and with a low in between this little high and the main Jalmat area, and also it appears we have a permeability barrier in there, since it is fairly well bounded by dry holes.

Q Where would you consider the permeability barrier to be, just roughly?

A It seems to run roughly just to the east of this low area. There hasn't been sufficient development on the west of this low area, but there is a dry hole in Section 18, and then there's a dry hole in Section 6, and dry holes in Section 17 and also in 20. Then also a dry hole on the east of Section 33.

Q Now, Mr. Ramey, would you please refer to your Exhibit 3, and state to the Examiner what that exhibit represents?

A This is a map of the same area which has the various pool boundaries outlined, and the red outline is what we're primarily interested in, which would be the proposed boundaries of this Scarborough Yates-Seven Rivers Pool.

Q And this does lie within what presently consists of the horizontal boundaries of the Jalmat Pool, is that correct?

A Yes, that is correct.

Q That's the only pool that it is within is the Jalmat Gas Pool?

A Yes.

Q And in your opinion, Mr. Ramey, does the Scarborough Pool boundary as outlined on your Exhibit 3 correlate with your structure map on the top of the Yates and indicate the

present productive limits of the pool as we know it today?

A Yes, sir.

Q Is it your opinion, Mr. Ramey, that this proposed pool, the Scarborough Yates-Seven Rivers Pool, is a separate common source of supply from the Jalmat Gas Pool?

A I think it probably is for the oil section. For the gas section, I think that portion should stay in the Jalmat Gas Pool. In other words, I want to create a pool for oil production only, leave a stipulation in for the gas well classification that we presently have in the Jalmat Gas Pool so in the event a well is completed as a gas well with in excess of 100,000 to one ratio, or an oil well is classified as a gas well, it will fall back into the Jalmat Gas Pool.

Q Do you feel that as far as the Scarborough Oil Pool is concerned, it is separate from the Jalmat Gas Pool?

A Yes.

Q Does this Scarborough Pool extend over into the State of Texas? I don't believe it's shown here.

A Yes, it is shown to the south.

Q That is part of this same reservoir that you are speaking of today, is that correct?

A Yes.

Q And that is the same reservoir that was the subject matter of Case No. 3282?

A Yes, sir.

Q What would you recommend to the Examiner as far as allowables to be assigned in your proposed pool?

A I think we should adjust our allowables in New Mexico to the Texas allowables, which are 128 barrels daily per well. I'll correct that, ours will be 128 barrels per well, theirs are 64 on a 20-acre pattern.

Q In effect, you would be recommending the adoption of what was temporarily ordered by Order R-2947 in Case 3282, is that correct?

A Yes.

Q But you do want the gas wells, if these wells, any of them, turn to gas, to be governed by the Jalmat gas rules, is that correct?

A Yes, sir, that's correct.

Q And what was your recommendation on the limiting gas-oil ratio?

A I would recommend a limiting gas-oil ratio for the Scarborough Yates-Seven Rivers Pool to be 3,000 cubic feet per barrel.

Q Now, Mr. Ramey, you are familiar with Case No. 3282 and the order that issued therefrom. Will you please state to the Examiner whether you agree with the testimony of Mr. Lyon in that case that you will have drainage across the State line if

you do not adopt your special allowables that are being recommended here today?

A That is correct, yes, sir.

Q Is it your opinion that adoption of these special allowables will continue to prevent waste and protect correlative rights?

A Yes, sir.

Q This is on a permanent basis; you are not recommending it for a temporary period of time, are you?

A No, sir.

Q Exhibit 1 is the Commission order, a copy of the Commission order. Exhibits 2 and 3, were they prepared by you or under your supervision, Mr. Ramey?

A Yes, sir, they were.

MR. DURRETT: If the Examiner please, I will move the introduction of Exhibits 1, 2, and 3, and that will conclude my examination of Mr. Ramey.

MR. UTZ: Has Exhibit 3 been marked? No. 1 and 2 have been marked.

(Whereupon, Commission's Exhibit No. 3 marked for identification.)

MR. UTZ: The exhibits will be admitted.

(Whereupon, Commission's Exhibits Nos. 1, 2, and 3 received in evidence.)

MR. UTZ: Any questions?

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MR. PORTER: I have a couple.

CROSS EXAMINATION

BY MR. PORTER:

Q From your testimony, the allowable in Texas is 64 barrels per day per acre unit?

A Yes.

Q Is that a fixed allowable, or does it fluctuate with the market?

A That's a fixed allowable.

Q Under the Texas regulation?

A I believe it is the MER allowable.

Q If the Commission adopted your recommendations and those of Mr. Lyon at the previous hearing, it wouldn't have to be adjusted from month to month as we do in some of the other State line pools?

A That's right. It would be permanent, 128 barrels a day.

Q Does this pool, the Scarborough Pool that you are recommending be delineated, roughly follow the outlines of the old Fave Pool which was combined with Jalmat some twelve years ago?

A As I remember, yes, it does.

MR. PORTER: That's all I have.

BY MR. UTZ:

Q The MER allowable in Texas will be the same from month to month?

A Yes, sir.

Q That's a permanent order from now on, I suppose?

A That's my understanding, yes.

Q Does this entire Scarborough Pool lie within the present limits of the Jalmat Pool?

A Yes, the Jalmat is shown in brown. The Rhodes storage area, however, even though it is within the boundaries, most of it within the boundaries of the Jalmat Pool, is not a portion of the Jalmat Pool.

Q This area lies to the west of the Rhodes area?

A Yes, sir, a portion of it to the south.

Q You would recommend, I believe, that any gas wells -- I believe it's 100,000 to one or more --

A Yes.

Q -- would be prorated with the Jalmat gas wells?

A Yes, sir.

Q Even though they are within the limits of the Scarborough Pool?

A That's correct.

BY MR. PORTER:

Q Mr. Ramey, are there any gas wells in this area now?

A Yes, we have a gas well in Section 18 and also one in

Section 32.

Q So there are two wells now that would be regulated under Jalmat rules?

A Yes, sir.

BY MR. UTZ:

Q Does this appear to be a local situation; namely, oil that is not a part of the oil portion of the Jalmat Pool? In other words, there are other oil wells in the Jalmat Pool?

A Yes, there are a good number of other oil wells in the Jalmat Pool, but this is an area which I think can be pulled out of the Jalmat Pool and it won't interfere with the proration or drainage of the Jalmat.

Q In other words, this proposition would simply mean that instead of having Jalmat oil wells, we would have Scarborough oil wells?

A Yes, sir.

MR. UTZ: Any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Are there any statements in this case?

MR. DURRETT: That's all we have, Mr. Examiner. Mr. Kellahin may have a statement.

MR. KELLAHIN: If the Examiner please, Continental Oil Company, of course, presented the testimony in Case 3282,

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and we support the testimony of Mr. Ramey in this case and his conclusion that the Scarborough Pool area is a separate common source of supply connected with the Scarborough Pool in Winkler County, Texas, and should be prorated as a separate pool from the Jalmat.

In that connection, Continental Oil Company has contacted Shell Oil Company, the present purchaser of production from their leases, and they have given verbal agreement to take the additional oil that would result in changing the allowables as has been proposed.

MR. UTZ: Are there other statements? The case will be taken under advisement.

* * * *

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter - Notary Public, 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 5th day of November, 1965.

Ada Dearnley
Court Reporter - 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's hearing of Case No. 3316, heard by me on 10-6-1965.

Thurston
Examiner
New Mexico Oil Conservation Commission

3316

Heard 10-6-65

Res. 10-6-65

1. Create the Scarborough oil Pool.
Vertical limits to be same as Jolmet.
(Dumont, Yates, & all but Lower 100 ft. of
Seven Rivers).
Horizontal limits to be as shown on
Exhibit # 3.
2. Normal Unit allowable shall be
set at 128 BOPD for 40 ac. unit to
prevent drainage across the state line.
3. R-2847 should be amended to
this effect.

Thos. H. R.

June 1

Delete the following acreage from
the Jalmat Gas Pool and
create the Scarborough Pool with
identical acreage

Township 26 South, Range 36 East

Section 12: $E/2$

Section 13: $E/2$

Section 24: $E/2$

Township 26 South, Range 37 East

Section 7: $W/2$ and $W/2 E/2$

Section 18: $W/2$ and $W/2 E/2$

Section 19: $NW/4$, $W/4 NE/4$, and $S/2$

~~Section 30: all~~

Section 29: $W/2$ and $SE/4$

Section 30: ~~all~~ $N/2$ and $SE/4$

Partial Section 31: ~~all~~ $E/2$ and $E/2 W/2$

Partial Section 32: all

Partial Section 33: $W/2$ and $W/2 E/2$

Done

OCTOBER 6, 1965 EXAMINER HEARING

CASE 3316: In the matter of the hearing called by the Oil Conservation Commission on its own motion for the creation of a new oil pool for Yates and Seven Rivers production in Sections 12, 13, and 24, Township 26 South, Range 36 East, and Sections 7, 18, 19, 30, 31, 32, and 33, Township 26 South, Range 37 East, Lea County, New Mexico, said pool to be designated the Scarborough Yates-Seven Rivers Pool. Further, to consider the establishment of a procedure whereby a special allowable would be assigned to said pool which would permit equalized per-acre withdrawal rates from wells on 40-acre spacing in New Mexico to the per-acre withdrawal rates from 20-acre wells located immediately south in the Scarborough Pool, Winkler County, Texas.

CASE 3317: Application of Jake L. Hamon for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Owl Draw Unit Area comprising 8,916 acres, more or less, of Federal, State and Fee lands in Township 25 South, Range 27 East, Township 26 South, Range 26 East, Township 26 South, Range 27 East, Eddy County, New Mexico.

CASE 3318: Application of Pan American Petroleum Corporation for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation in its Navajo Tribal "U" Well No. 6 located in Unit O of Section 22, Township 26 North, Range 18 West, San Juan County, New Mexico.

CASE 3107 (Reopened):
In the matter of Case No. 3107 being reopened pursuant to the provisions of Order No. R-2779, which order established 30-acre spacing units for the North Bagley-Middle Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

Docket No. 28-65

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 6, 1965

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

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

- CASE 3307: (Continued from September 22, 1965 Examiner Hearing)
Application of Arwood Stowe & Company for the creation of a pool, special pool rules, and a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Mesaverde production in Section 33, Township 18 North, Range 3 West, Sandoval County, New Mexico, and the establishment of special pool rules governing well spacing of less than 40 acres and special well locations; or in the alternative, for the extension of the San Luis-Mesaverde Pool to include portions of said Section 33. Applicant further seeks authority to institute a waterflood project in said Section 33 by the injection of water into the Mesaverde formation through four wells.
- CASE 3310: (Continued from September 22, 1965 Examiner Hearing)
Application of Cima Capitan, Inc., Ryder-Scott Management Company, and Stallworth Oil and Gas Company for a waterflood project, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to conduct a cooperative waterflood project by the injection of water into the Grayburg-San Andres formations through 16 injection wells to be drilled at unorthodox locations in Sections 25 and 36, Township 16 South, Range 30 East, and Sections 30, 31 and 32, Township 16 South, Range 31 East, Square Lake Pool, Eddy County, New Mexico.
- CASE 3313: Application of Tenneco Oil Company for a non-standard location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce its Omler "A" Well No. 2 at a non-standard undesignated Gallup oil well location 1525 feet from the North line and 1650 feet from the East line of Section 35, Township 28 North, Range 10 West, San Juan County, New Mexico.
- CASE 3314: Application of Sinclair Oil & Gas Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Order No. R-2040, which created a non-standard gas proration unit comprising the SW/4 of Section 14 and the SE/4 of Section 15, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, said unit to be dedicated to its Matkins Well No. 1 located in Unit P of said Section 15. Applicant proposes to dedicate said unit to its Matkins Well No. 4 located in Unit K of Section 14 in addition to said Well No. 1.
- CASE 3315: Application of Sun Oil Company for a unit agreement, Catron and Socorro Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the San Augustin Plains Unit Area comprising 404,293 acres, more or less, of Federal, State and Fee lands in Townships 1, 2, 3, 4, and 5 South, Ranges 7, 8, 9, 10, 11, and 12 West, Socorro and Catron Counties, New Mexico.

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. 3282
Order No. R-2947

APPLICATION OF CONTINENTAL OIL
COMPANY FOR A SPECIAL ALLOWABLE,
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 28, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

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 the applicant, Continental Oil Company, seeks the assignment of a special allowable to wells in the Jalmat Gas Pool in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, to permit equalized per-acre withdrawal rates with wells in the Scarborough Pool in Winkler County, Texas.

(3) That, in the alternative, the applicant seeks the designation of Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, as a separate new pool for Yates production and the establishment of a procedure whereby special allowables would be assigned to effect such equalized per-acre withdrawals.

(4) That the applicant has established that the geological and engineering evidence presently available indicates that wells in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, that are completed in the Yates formation are producing

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
O.C.C.	EXHIBIT NO. <u>1</u>
CASE NO.	<u>3316</u>

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CASE No. 3282

Order No. R-2947

from a common source of supply with wells that are completed in the Yates formation in the Scarborough Pool in Winkler County, Texas, and that said common source of supply is separate from the Jalmat Gas Pool in Lea County, New Mexico.

(5) That the wells completed in the Yates formation in the Scarborough Pool in Winkler County, Texas, receive a per-acre allowable greater than the wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico.

(6) That further studies should be conducted to define the horizontal limits of the Jalmat Gas Pool in Lea County, New Mexico, and the Scarborough Pool in Winkler County, Texas.

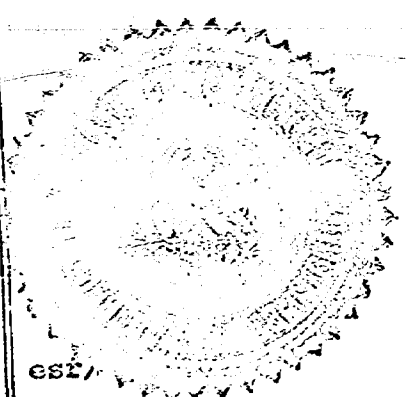
(7) That, in order to prevent drainage and otherwise prevent waste and protect correlative rights, pending a more definite determination of the horizontal limits of the Jalmat Gas Pool and the Scarborough Pool, each month wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, should be assigned an allowable equal to the per-acre allowable assigned to wells in the Scarborough Pool in Winkler County, Texas.

IT IS THEREFORE ORDERED:

(1) That, pending a more definite determination of the horizontal limits of the Jalmat Gas Pool and the Scarborough Pool, the top allowable for wells completed in the Yates formation in Section 31, Township 26 South, Range 37 East, NMPM, Lea County, New Mexico, shall be 128 barrels of oil per day.

(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., Member & Secretary

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

November 23, 1965

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

Re: Case No. 3316
Order No. R-2999
Applicant:
OCC

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

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other