

CASE 3348: Application of JOSEPH  
I. O'NEILL, Jr. for pool rules  
for SOUTH PRAIRIE-SAN ANDRES POOL

Case No.

3348

Application,  
Transcripts,  
Small Exhibits  
ETC.

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

December 9, 1966

Mr. Booker Kelly  
White, Gilbert, Koch & Kelly  
Attorneys at Law  
Post Office Box 787  
Santa Fe, New Mexico

Re: Case No. 3348  
Order No. R-3019-A  
Applicant:

JOSEPH L. O'NEILL

Dear Sir:

Date 1-25-68

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       

Aztec OCC       

OTHER J. M. Huber Corporation - Suite 922 Vaughn Building,  
Midland, Texas - Attention: Mr. Floyd Meade

GOVERNOR  
DAVID F. CARGO  
CHAIRMAN

State of New Mexico  
**Oil Conservation Commission**



LAND COMMISSIONER  
GUYTON B. HAYS  
MEMBER

P. O. BOX 2088  
SANTA FE

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

February 14, 1968


Mr. Charles White  
White, Gilbert, Koch & Kelly  
Attorneys at Law  
Post Office Box 787  
Santa Fe, New Mexico

Re: Case No. 3348  
Order No. R-3019-B  
Applicant:  
JOSEPH I. O'NEILL

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.  
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC       

Aztec OCC       

Other J. M. Huber Corporation

DRAFT

GMH/esr  
2-12-68

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:

RECORDS CENTER & LAW LIBRARY

CASE No. 3348

Order No. R- 3019-B

APPLICATION OF JOSEPH I. O'NEILL, JR.,  
FOR SPECIAL RULES FOR THE SOUTH PRAIRIE-  
SAN ANDRES POOL, ROOSEVELT COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 7, 1968,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this        day of February, 1968, 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-3019, dated December 22, 1965, tem-  
porary Special Rules and Regulations were promulgated for the  
South Prairie-San Andres Pool, Roosevelt County, New Mexico.

(3) That pursuant to the provisions of said Order No. R-3019,  
Case 3348 was reopened December 7, 1966, to allow the operators  
in the subject pool to appear and present all available informa-  
tion, including interference test results, to establish the area  
that could be efficiently and economically developed by one well  
and to show cause why the South Prairie-San Andres Pool should  
not be developed on 40-acre spacing units.

(4) That the results of interference tests taken during  
the temporary one-year period were inconclusive and that by

-2-  
CASE 3348  
Order No. R-3019-B

Order No. R-3019-A, dated December 9, 1966, the temporary rules and regulations were continued in effect for an additional period of time ~~and the Commission found that~~ during which time additional interference tests should be conducted.

(5) That pursuant to the provisions of Order No. R-3019-A, this case was reopened to allow the operators in the subject pool to appear and present all available information, including additional interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the South Prairie-San Andres Pool should not be developed on 40-acre spacing units.

(6) That no additional interference tests have been conducted to gather additional reservoir information concerning the subject pool.

(7) That no additional evidence was presented to establish the area that can be efficiently and economically drained and developed by one well in the South Prairie-San Andres Pool.

(8) That it has not been established that one well can efficiently and economically drain and develop 80 acres in the subject pool.

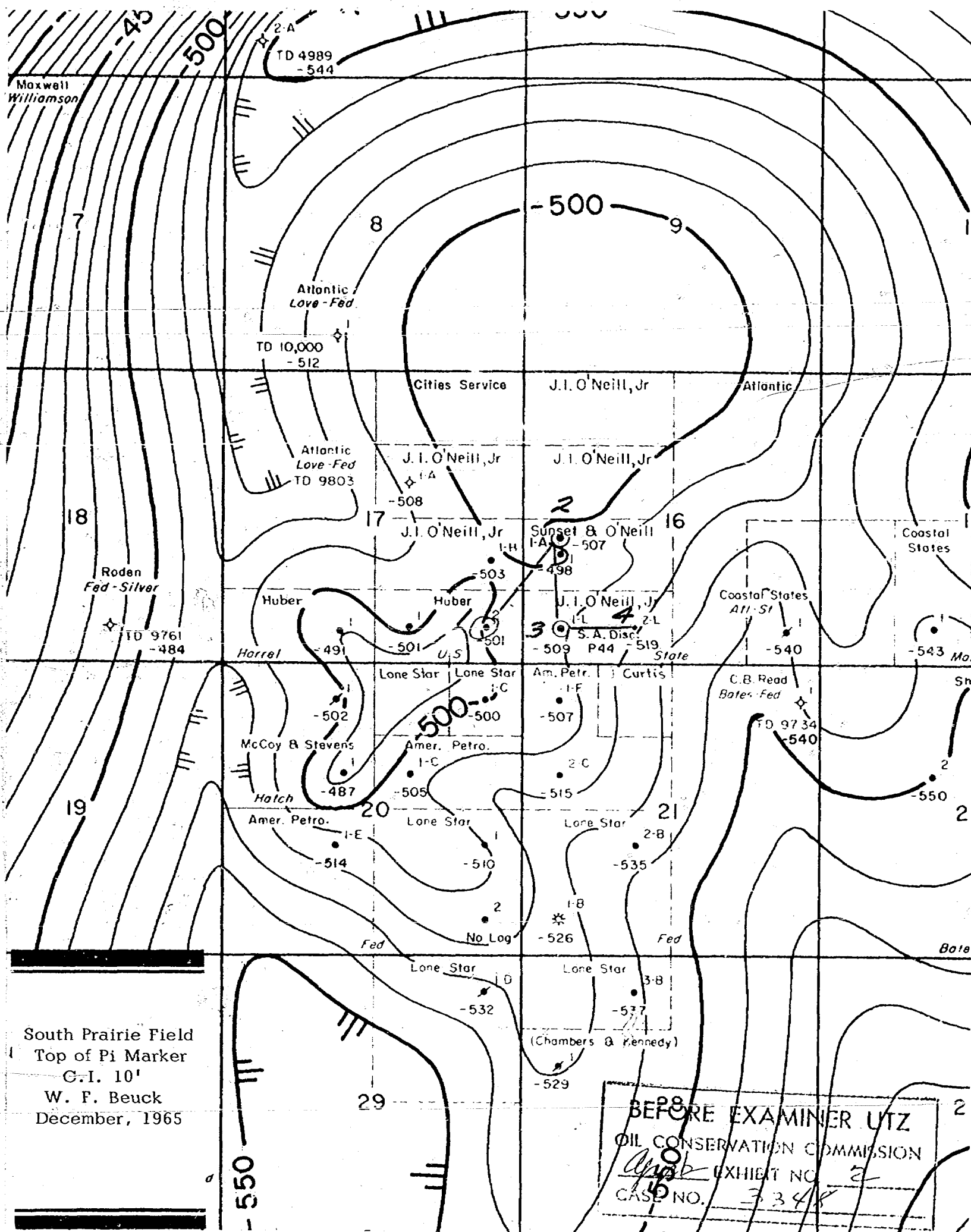
(9) That the Special Rules and Regulations promulgated by Orders Nos. R-3019 and R-3019-A should be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the South Prairie-San Andres Pool, promulgated by Orders Nos. R-3019 and R-3019-A, are hereby abolished.

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

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



CORE LABORATORIES, INC.  
*Petroleum Reservoir Engineering*  
DALLAS 7, TEXAS

Formation cored in the subject well has been analyzed according to instructions received at the laboratory. Results of the analysis are presented in both tabular and graphical form on the attached Completion Coregraph. Information relative to the drilling fluid used during the coring operation, sampling and preservation of the core and type of analysis employed will also be found on the Completion Coregraph.

Thank you for the opportunity to be of service.

Core Laboratories, Inc.  
P. O. Box 4337  
Midland, Texas

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
December 14, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Joseph I. O'Neill, Jr. for  
special rules for the South Prairie-San  
Andres Pool, Roosevelt County, New Mexico,  
Applicant, in the above-styled cause, seeks  
the promulgation of special pool rules for  
the South Prairie-San Andres Pool, Roosevelt  
County, New Mexico, including a provision  
for 80-acre proration units. Applicant  
further seeks the extension of said pool to  
include portions of Sections 16, 17, 20 and  
21, Township 8 South, Range 36 East.

Case No. 3348

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

## NEW MEXICO OIL CONSERVATION COMMISSION

## EXAMINER HEARING

SANTA FE, NEW MEXICO

## REGISTER

HEARING DATE DECEMBER 14, 1965 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Jay T. Cox	Skelly Oil Co.	Hobbs, N.M.
Boyer Kelly	with Bill & Kelly	SF.
Nina Deshaime	RW Byram	SF
WL Arman	Law American	Lubbock, Texas
Chas E. Tualove	Atwood + Tualove	Roswell
Ed T. Anderson	Joseph D. O'Neill Jr	Midland
C. R. Dyer	International Oil Corp	Albany
A. J. Loebe	Loebe + Stewart	Albany
Charles White	W & K & K	SF
Richard S. Morrison	Jeth, Montgomery, Helenie + Henderson	Santa Fe
Robert E. Johnson	Shell Oil Co	Midland, Tex
RW Stacey	" " "	" "
W. J. Patterson	Perry, Bass	Midland, Texas
C. E. Shukli	" "	Kamart New Mex

## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOREGISTERHEARING DATE DECEMBER 14, 1965 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
AL. Porter, Jr.	O.C.C.	Santa Fe
E W NESTOR	SHELL OIL COMPANY	MIDLAND, TEX
R A CLARKE	SHELL OIL COMPANY	MIDLAND, TEX
W B Macey	INTERNATIONAL OIL & GAS	DENVER, COLO

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE \_\_\_\_\_, NEW MEXICO

**REGISTER**

HEARING DATE DECEMBER 14, 1965 TIME: 9 A.M.

HEARING DATE		DECEMBER 14, 1965	
NAME:	REPRESENTING:	LOCATION:	

MR. UTZ: The next Case will be 3348: Application of Joseph I. O'Neill, Jr. for special rules for the South Prairie-San Andres Pool, Roosevelt County.

MR. KELLY: Booker Kelly of White, Gilbert, Koch and Kelly on behalf of the Applicant and I have one witness and ask that he be sworn.

(Witness sworn.)

MR. UTZ: Are there any other appearances in this Case? If there aren't any, you may continue Mr. Kelly.

\*\*\*

EDMUND T. ANDERSON, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, position and employer, please?

A My name is Edmund T. Anderson. I'm employed by Joseph I. O'Neill, Jr. in Midland, Texas.

Q And what is your position with the company?

A I am General Drilling Production Superintendent and Petroleum Engineer.

Q Could you give the Examiner a brief sketch of your professional background and education?

A I graduated from Oklahoma University in 1940 and

since that time I have been in the oil business and the chemical business. For the past fifteen years I have been with O'Neill in this present position.

Q And have you had actual day-to-day familiarity with the subject application?

A Yes, I have.

MR. KELLY: Are the witness' qualifications acceptable?

MR. UTZ: Yes, they are.

Q (By Mr. Kelly) Will you state briefly what J. I. O'Neill seeks by this application?

A This particular area is a very marginal situation insofar as the San Andres is concerned. The South Prairie was drilled originally and completed in the Bough "C" formation and being unsuccessful came back and completed well in the San Andres.

Since that time there has been three additional producers: One very marginal and two re-entry attempts which were unsuccessful.

(Whereupon, Applicant's Exhibits 1 through 5 marked for identification.)

Q Referring to what you have marked as Exhibit 1, will you show the Examiner the area that you are concerned with?

A The field is designated as the area enclosed in a heavy black line. Upon the completion of the Huber Number 2

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in the southeast of 17, it was necessary to expand the field and the suggested outline denoted by the light line was simply a line about a mile area around the producing well.

Q Your application does not depend on that line however?

A No, sir, it does not.

Q Would you locate the three producers that are located in the proposed field?

A Well, the first well was the J. I. O'Neill State "L" Number 1 which is in the southwest of the southwest of 16. The second well completed was the Sunset - O'Neill in the northwest of the southwest of 16. The third well was the O'Neill 2-L which is, in effect, a dry well or practically a dry well and the last well drilled and completed was by Huber in the southeast, southeast of 17.

Previous to our completion of the first well Coastal States, I believe they called it the Atlantic States, was an attempted completion. In fact it was completed and was abandoned after a small amount of production. It is located in the southeast, southeast of 16.

The well in the southeast of the southwest of 17 is owned by Huber and they re-entered an old abandoned "OC" well and pumped this well from the San Andres formation. They got a very large production of water and this was later abandoned.

In the southwest of the northeast of 17 is shown the





O'Neill 1-A. It is actually carried on the records as a New Federal Number 1. We entered this well and attempted a completion unsuccessfully in the San Andres.

Q Now, referring to what we've marked Exhibit 2, would you go through that for the Examiner?

A The contour map is on what is known as a Pi Marker which is a very reliable marker in that area. In the northern map or the upper part of the map these contours, I feel, should be dotted instead of solid as we certainly do not know what the geological situation is north of this production. As you know we are right up against the old arch that runs through that country and there is probably a low in front of the arch or at least there appears to be one.

Down in the field you can see there was reason probably for the Bough "C" production. It is a small closed area. The only relation between the productivity of the wells and the geology to date has been the fact that the four attempted completions that were dry are slightly north of the three producing wells and whether this is valid or not for future drilling we don't know and if we should gain a little structure to the north, it might develop that these might be the marginal or edge wells for the field. This we don't know. Actually our geological knowledge is very limited. The deep wells were very poor. So really the only well we have to go on

are the three wells: The 2-L, the Huber 2 and the Sunset well.

Q Now, you've prepared a cross section of your producers which we have marked Exhibit 3?

A I did. This is not a very good looking cross section but it is the best way to give you an idea of the problems of this area. The Huber well is on the left.

As you will note, first of all, all of these wells penetrated the Upper and Lower Slaughter zones which are present throughout the San Andres area. Some of the good fields in this area have been completed quite often in one of the zones; either the upper, the middle or the lower. In this particular South Prairie area we have attempted completions in all three of them. Sometimes unsuccessfully.

As you will note, the Huber well was completed with a small set of perforations in the Lower Slaughter. That's the well on the left.

The next well, which is the Sunset-O'Neill State A-1, was perforated in both Upper, Middle and Lower.

The O'Neill L-1 State on which we had less data because it was an old well, we perforated the Upper and the Lower. There is a bridge plug set in between the two areas so that well is completed in the Upper.

In the O'Neill State 2 well we perforated the Middle and the Lower and we have practically no well.



Now, if there was ever an area that I have worked in where logs and cores meant less apparently they do in this particular area. We have an exhibit here --

Q You might as well go ahead to Exhibit 5 which is your log of your O'Neill State 1-A.

A I would like to show you this although I don't know if it has anything less interest in it. We were half interest owners and I suggested that we just plug it. Quite often in co-owned wells you will complete when you won't your own. So, after considerable thought we completed the well. The well will produce 137 barrels a day with about 60 or 80 barrels of water but this well pumped for months before it got to this place and we have this peculiarity in the area, it means that there is hardly no such thing as a dry hole dollar-wise because you've got to run pipe and try to complete them all before you can give them up if you are going to keep drilling.

Now, the well that we drilled, the last well that we drilled has a much better core than this and we have a dry hole in that. Now, you can blame completion some for this but this is not uncommon for the area. We have drilled other wells outside this immediate area and had the same thing happen to us. I believe that you'd be better off to put your money into completion than you do core graphs or any extra logs because the data you get from them is just not too good. We personally

feel the reason for this, that probably in the area there is something in this area you might say and your core, this 5 inch diameter core is not what represents the 40 acres or the 80 acres. The permeabilities are probably very high but you don't see them on the core graphs because we make large volumes of water. The porosities are low. They are in the neighborhood of 5 to 6 per cent. When you put a pencil to the porosity, you wonder why you're there and yet we have one well that has produced 1,000 barrels and is still a well that will make 125 to 130 barrels a day. Now, this is one of the reasons that we are asking for the 80-acre spacing because of the economics of the area.

Q Well Mr. Anderson, do you feel that with the permeability, even though you have bad porosity, if you have productive acreage you can at least drain it?

A I certainly feel we can because we're still looking at wells at the end of the year that are producing in the neighborhood of 200 barrels a day and as you know lifting 200 barrels a day for 5,000 feet, you have to have a pretty good fluid column or you don't do it with normal pumping equipment.

Q Now, referring to what we have marked Exhibit 5-A, B, C, and D, which is the history of the individual wells, would you go through that for the Examiner?

A I'll just briefly read it: The State "L" Number 1 is the first well of re-entry. We plugged it back at 5090. The perforations are shown and the well completed originally for 41 barrels of oil and 28 barrels of water in 24 hours. We pumped it until we were able to get the 41 so we could show it as an allowable well. As we continued to produce the well, the oil increased to where now the last series of days of pumping although it had been shut in some of the time, it was making in the neighborhood of 125 - 135 barrels of oil plug about 25 barrels of water. Now, that well cost us \$32,500 because it was a re-entry.

The "L" Number 2 which offsets it on 40-acre spacing was drilled to 5025, perforated as shown in the Upper, Middle and Lower Slaughter and we completed it after quite a struggle and ended up with 7 barrels of oil and 120 barrels of water a day. This was as of 8-24-65 and right today I don't believe it will make the seven barrels. It probably will make one or two barrels with about 120 barrels of water.

Now, in some of these wells we have had communication between the perforations and again it doesn't seem to have much to do with production.

The Sunset-O'Neill State 1-A which was completed on 4-28-65 was perforated as shown, which is the Upper, Middle and Lower Slaughter and I would like to read briefly -- I've seemed

to have mislaid the letter but I can give it to you on that. The well started off making about 120 barrels of water and about 3 or 4 barrels of oil a day. Now, this was back as you will note on 4-28-65 and at the end of several months' pumping we finally had a well there that as of now will produce about 125 to 130 barrels of oil a day and it makes about 60 to 65 barrels of water.

Now, the Huber Federal Number 2 was drilled to approximately the same depth as the other wells, perforated with 32 holes only in the Lower Slaughter and this well swabbed 137 barrels of fluid in 24 hours of which 110 barrels was oil and 27 barrels, water. Now, this well will now make about amount of oil right today. This is the total complete wells.

Q With the three wells that are actually classified as producers, do you feel all of them have a potential to produce an 80-acre allowable.

A They certainly do.

Q Now, do you have any information on bottom hole pressures? Are all of these wells being pumped?

A They are all being pumped and, of course, we have no bottom hole pressure information. We have no sonolog information to date. I have refrained from writing it because after all with a mixture of salt water and oil your sonolog



readings are a little useless except in interference tests which we plan to make because there's something odd about the area where we can have a sorry looking core like that and yet produce this amount of fluid. So, we do need interference tests and we need bottom hole pressure tests but I'm afraid it would be difficult to get since all the wells are pumping.

Q You feel interference tests would give you fairly good information in this?

A I think the rate of the wells would show pretty strongly in the interference tests if such a thing exists.

Q Now, what are your crude characteristics?

A This is the sad part of it. The crude is some of the lower gravity crude for the area. There is some other 18, 19 and 20 gravity crude in the area and that is what we have in these wells. Now this crude brings \$2.33 approximately. We're out 15 cents for trucking. You estimate your taxes and its 17 cents. This gives you a net of \$2 approximately with 80 per cent working interests which most of these properties have on them, that leaves you with about \$1.60 and I expect lifting costs over the life of the properties will exceed the 60 cents themselves. If you say you are making a \$1 a barrel, you are probably being optimistic over the life of the property. The wells will cost approximately \$65,000 depending on whether you have batteries on the leases or not. What it tells you is

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that you have to have 65,000 barrels of oil to pay it out. Well now, two times return, that's 130,000. Now, this would be satisfactory if we could get our money back the first time in some sort of quick order. I doubt anybody would drill this type of production for one and a half or two times or less return of their investment over such a long period. This is what we're looking at. If we had a regular 40-acre allowable, we'd be five years paying out. We don't know that they'll last five years to begin with. Generally, it's a little sad to see this much salt water although we don't know what the relation the salt water is to the producing zone. This is our problem. Since they've acted as they have where the water has decreased to some extent and the oil come up, I would think they are unassociated but this we certainly don't know. This is a guess on my part.

Q Well, with your high initial water do you feel that there is chance of a secondary recovery program in this area?

A At this stage of the game I would say, "no." If these permeabilities exists and they are undoubtedly fractures, I would imagine it would be very difficult to flood but, again, it's early to say. This is what we need: is time to evaluate this field. Now, there is drilling obligations on us and I seriously doubt on this 40-acre situation if they will drill the wells. It's just too tough economically.





Q In your opinion, a prudent operator with the cost features and the crude characteristics facing them would probably not drill on 40 acres?

A This is the way they feel now but what we need is some time and maybe by the end of the year as we have asked for in the application we will know a little bit more about the area. We don't want to move out of it because, after all, we do have some wells that will make 125 barrels a day and even though it's 18 gravity crude as hard as it is to find, we would like to stay but we do need help on the 80-acre spacing which will slow down our drilling obligation and reduce our investment until we can see what we have there.

Q Do you have a suggestion to the Commission on your spacing rules if this application is successful?

A Do you mean as to where to drill?

Q Yes.

A We would like to be able to drill to either to the 40 or to center 200 feet or whatever is permitted if the land is broken up into 80-acre shares. There are some dry holes on the 80's. I believe that there is a chance that some of these holes on some of these 80's would be drilled in another location.

Q Do you feel that the granting of this application would prevent waste in that a prudent operator might not drill

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on a 40-acre spacing?

A I think that this is a sensible request. I think that it leads toward development of this new field and it would certainly if it's economical, it will prevent waste.

Q It certainly will prevent economic waste?

A Certainly and if the economics are better well then, there might be more wells drilled if it's really sensible.

Q Were Exhibits 1 through 5-A, B, C, & D prepared by you or under your supervision?

A They were.

MR. KELLY: I move for the introduction of these exhibits.

MR. UTZ: Applicant's Exhibits 1 through 5-D will be entered into the record in this Case.

(Whereupon, Applicant's Exhibits 1 through 5-D were offered and admitted into evidence.)

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Anderson, referring to your Exhibit Number 1, you have a light crosshatched area which I believe you stated would be your recommendation for horizontal delineation?

A Right, and it's simply a square area roughly a mile around the wells.

Q With reference to the Huber Well Number 1 in the



southwest quarter of Section 17, what was the production history on that well?

A That well was a Bough "C" well upon its completion. Actually there were two parties as far as I know that entered this well: one following the other. They produced it, oh, it must have been six or eight months and made 100 per cent water with just a skim of oil and Huber later took it over and they pumped it for several months and it is temporarily abandoned at this time.

MR. PORTER: But it did show production?

THE WITNESS: Just a skim of oil is all.

Q (By Mr. Utz) For all practical purposes --

A It's a dry hole, yes, sir.

Q Then I would question your recommendation. It seems as if we have three dry holes within the boundaries of this light crosshatched area. Now, could it be that you are trying to cover yourself on your 80-acre spacing request, wouldn't a rule in your 80-acre order if it was granted calling for any well drilled within a mile of the pool take care of your situation?

A That would be fine.

Q Then we could reduce the horizontal area substantially?

A We could.

Q And try to produce in wells in that area?



A Yes, sir. The reason I extended out a little was also because, in addition, we have some wells offsetting each other and one of them a dry hole and the other a very good producer but that would be something we could request if we drilled offset later.

Q Are you familiar with R-2746 which is the Flying "M" 80-acre rule?

A Yes, sir.

Q Would those rules in their exact form be satisfactory insofar as your request is concerned?

A In every way except that I would like to see us able to drill on either 40.

Q Those rules will allow you to drill on either 40.

A Flying "M", I believe, is fixed. Isn't it fixed?

Q I don't believe it is. I read it yesterday.

A You can drill a second well on the 80, but I think the original has to be drilled on a pattern.

Q That is correct.

A I would certainly like to see us get off the pattern if we could.

Q And drill within 200 feet of the center?

A Of a quarter, quarter or drill two wells on the 80 if we wished because some of these 80's have dry holes on them already and I know if these three wells continue to show this

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kind of productivity, we will run some more wells even if we can't explain it to ourselves.

Q To sum up your request then, I would gather from your testimony that your only problem is figuring out just what you do have here because of the unusual nature of the reservoir you're having some investment problems and you would like some more time in order to properly evaluate your wells.

A Yes, sir.

Q And not to drill any unnecessary wells?

A Yes, sir. We cannot explain to ourselves what we have right now seismic-geologically and so forth.

Q Your problem is aggravated somewhat by that ridge or something?

A Very much so.

MR. UTZ: Are there any other questions of the witness?

BY MR. PORTER:

Q Mr. Anderson, of course you have no information concerning drainage now. Would you expect to have more information on that in a year's time?

A Yes, sir, I think so and we will have some drilling tests.

Q You will take some interference tests?

A And I think if we can show we can easily draw down a

well in an adjoining 80 why probably it would satisfy us that we are pretty well interconnected.

MR. PORTER: I believe that's all.

MR. KELLY: Mr. Examiner, I have letters from all the other producers in the area and some of these are not in production, they just have acreage.

THE WITNESS: Some have acreage and some have production also.

MR. KELLY: We would like to give these to the Examiner. They are all supporting the application.

MR. UTZ: Are there any other questions of the witness? You may be excused.

(Witness was excused.)

And other appearances in this Case? Any other statements to be made in this Case?

Mr. Kelly, are these letters which you have just handed me statements of concurrence?

MR. KELLY: They are all concurring with the application.

MR. UTZ: I have in the file: Sunset International, Skelly Oil, American Petrofina, Lone Star Producing and J. M. Huber Corporation, letters of concurrence.

MR. KELLY: I believe that's it. Those are just carbons.



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PAGE 19

MR. UTZ: The Case will be taken under advisement.

(Whereupon, Case Number 3348  
was concluded.)



I N D E X

WITNESS	PAGE
EDMUND T. ANDERSON	
Direct Examination by Mr. Kelly	2
Cross Examination by Mr. Utz	14
Cross Examination by Mr. Porter	17

E X H I B I T S

<u>Exhibit</u>	<u>Marked for Identification</u>	<u>Offered</u>	<u>Admitted</u>
App's. 1	3	14	14
App's. 2	3	14	14
App's. 3	3	14	14
App's. 4	3	14	14
App's. 5-A through D	3	14	14



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PAGE 21

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

I, DEAN A. ROBINSON, 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 31st day of December,

1965.

*Dean A. Robinson*  
NOTARY PUBLIC

My Commission Expires:

October 16, 1969.

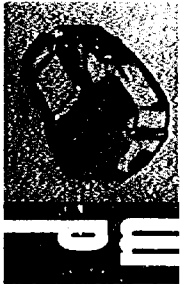
I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3345 heard by me on Dec. 14, 1965.

*Shirley H. [Signature]*  
Examiner  
New Mexico Oil Conservation Commission

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PAGE

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
December 7, 1966

IN THE MATTER OF:

In the matter of Case No. 3348 being  
reopened pursuant to the provisions of  
Order No. R-3019, which order  
established 80-acre spacing units for  
the South Prairie-San Andres Pool,  
Roosevelt 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.

Case No. 3348

BEFORE:

Elvis A. Utz, Examiner

Transcript of Hearing

MR. UTZ: Next case on the docket is Case 3348.

MR. HATCH: In the matter of Case No. 3348 being reopened pursuant to the provisions of Order No. R-3019, which order established 80-acre spacing units for the South Prairie-San Andres Pool, Roosevelt 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.

MR. KELLY: Booker Kelly of White Gilbert Koch & Kelly, on behalf of J. I. O'Neill Jr. I have one witness and I ask that he be sworn.

(Witness sworn)

(Whereupon, Applicant's Exhibits 1, 1a, 2, 3, and 4 marked for identification.)

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

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name and position, please?

A Ed T. Anderson. I am petroleum engineer for Joseph I. O'Neill Jr.

Q And you previously qualified as an expert witness before this Commission?

A Yes, sir.

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Q You were the witness for Mr. O'Neill at the previous hearing, is that right?

A That's correct.

Q Referring to what has been marked Applicant's Exhibit 1A, would you tell the Examiner what the status of drilling was at the last hearing?

A At the time of the last hearing, we had three wells on production. Actually, we had four wells on production. One of those subsequently has been abandoned. There has been two additional dry holes drilled. Now, these dry holes are the ones in the northwest and the northwest of 16 and in the southeast of the southwest of 17. The well that has subsequently been temporarily abandoned is in the southeast of the southwest of 16, which was our Number 2 Well.

Q There haven't been any new producers?

A There are no new producers. That makes a slight error. This should have been no additional wells completed. I have the word "drilled." It should read, "completed."

Q You are referring to your letter that was submitted to the Commission on December 5, 1966?

A That's right, it should read, "no additional wells have been completed."

Q Now, have interference tests been run since the last hearing?

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A Yes, sir, following the establishment of the field rules on January 12, 1966, we attempted to establish interference between the three producing wells in the field.

Q You are referring to what has been marked Exhibits 1 and 2. Would you describe those tests?

A Exhibit 1 shows a sonolog test run and the Prairie-Federal, which is the Huber Well, was shut in twenty-four hours prior to the test and the shots were all run on the Sunset O'Neill State, which is the largest fluid producer of the three wells. This is the one that we felt should not be shut in. Then the two wells, the O'Neill and the Huber Well, were shut in and shots were run at twenty-four hours and then at seventy-two hours and as you can see from the results, we show no evidence of interference of any manner, the difference being only in the amount of one or two joints, which would only be thirty or forty feet and, as you know from sonologs, they are not this perfect. Then on November 14, 1966, in anticipation of the reopening of this case, we ran interference tests again.

Q You are now referring to Exhibit Number Two?

A Exhibit Number Two, and in this case, in the case of the Huber Corporation Federal Number Two, on the date of 11/7/66, which showed thirteen joints to fluid, we were advised by the engineers running the survey that this was



undoubtedly a bad reading, either showing foam in the bore hole or just simply a bad shot because we wouldn't have a difference of thirteen to fifty-four as shown in this exhibit in a matter of one day. Now, we ran these interference tests really in reverse in that these wells, if you shut them down, will make large amounts of water for days, so that if we shut them down and then started them pumping to show interference, it would be very unreliable information because of this water characteristic if it really -- so what we did was to have them all pumping in their normal state, then shut two of them down to see if we got a buildup in the third well and, as you can see from these results, we did not get a buildup. Now, actually, we got a reverse reading. At the end of seventy-two hours we had less fluid in the hole than at the time when we shut the wells in. This is kind of a minus zero. There just shouldn't be such a thing as this, but it did show in the tests. So to sum up the tests in January and the tests in November, I think we know no more today than we did a year ago about this little isolated field. We can say from the tests that we have shown a large drop down in reserve because the tests in January were showing sixty-three joints to fluid, whereas, the ones in December were flowing a hundred, so we have had a drop of forty joints, which would be 1,200 feet, which is probably, I don't know, four, five,



six hundred pounds. We don't know just what this fluid represents, drop in bottom pressure, so we are going toward completion and if you goto Exhibit 3, you can see from the productions runs or the production rather, from the three leases, you can see that they are depleted. The O'Neill State, which is probably the poorer of the wells, it dropped below twenty-four, twenty-five hundred barrels in January, '66, and has continued to show a drop. The O'Neill State Allison Number One, which is the oldest one, we dropped below 2,000 barrels in May and the Huber Well is still running twenty-five, twenty-six hundred barrels a month. The individual wells have produced twenty-three thousand, thirty-five thousand, and twenty-eight thousand, respectively. I would say that we are probably 69% depleted as to our lease.

Q Are there any wells in the pool capable of the 80-acre?

A The closest would be the Huber Well, as shown in Exhibit 4. These are the various well tests run just a few days before this hearing and, as you can see, that the Huber Well is capable of pumping eight-eight, ninety barrels a day, which isn't quite the 80-acre spacing because the Commission has raised it up to over a hundred barrels a day. The other two are about forty-five to fifty barrels a day oil wells.



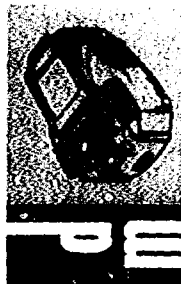
Q Now, do you know whether there is any plans for any additional development in this pool?

A The only hint that we have is the possibility that Lone Star, which would be the location due south of the Huber Number Two, which would be the northeast of Section 20, that they will possibly attempt a recompletion in a present Bough C Well. We know of no additional wells to be drilled. We do not intend to drill any more. They are simply not economical.

Q Now, do you feel that there would be any danger as far as waste or leaving oil in place by going back to 40-acre spacing?

A I don't believe that it will produce any more wells. I don't believe anyone would drill because of the 40-acre spacing. On the negative side, the wells make a lot of water and if you reduce there pumping rate the water will increase and there is a possibility that we would get less oil in the long run if we reduced the well. Any that can produce the 80-acre allowable, if we eliminate that, there is a probability we would reduce the total oil produced from the reservoir. This, of course, we don't know for sure, but we do know that if we shut our well in for a couple of days it will be several days before we will be back on oil. It's a typical San Andres reservoir that produces a considerable amount of





water.

Q Would you recommend that the temporary spacing rules and special field rules be continued in effect for another year?

A We do and simply on a basis of economics because we have no data with which we can support our cause. About the only source of data, of course, for pumping wells is sonolog and, as we all know, they are not too reliable.

Q Were Exhibits 1 through 4 prepared by you or under your supervision?

A Yes, sir, they were.

MR. KELLY: We move the introduction of the five exhibits.

MR. UTZ: Without objections -- first let me --

MR. KELLY: The plat is 1A.

MR. UTZ: Exhibits 1 through 4 will be entered into the record in this case.

(Whereupon, Applicant's Exhibits 1 through 4 admitted in evidence)

MR. KELLY: I have nothing further on direct.

MR. UTZ: Do you intend to try to get some more interference tests?

A We would be happy to do it. We ran the two because we felt we were obligated to the Commission to do so and we

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ran them a year apart so that if there was a difference we should see it and we would be perfectly willing again to do this next year and we can reopen the case if there is any information available we will bring it up here. I believe that another year is probably going to see this way down the road. Anyway, unless there is some development to the south, could show a larger field, then we would have a problem different than we have now. As it is now, I know that we won't drill any more wells and I don't think Huber will because this is the limit of this, their acreage, and they drilled a dry hole and one producer, although I can't speak for them.

MR. UTZ: Questions of the witness? Witness may be excused. Statements in this case?

(witness excused)

MR. MEADE: Floyd Meade with J. M. Huber Corporation and of course, we are in agreement that this should be continued for two reasons: First, if it would go to 40-acre allowable, we would experience economic loss because we can't make thirty or forty barrels a day over 40-acre allowable and second, if we would have to shut our well down we might experience this water problem and maybe leave some oil behind.

MR. UTZ: Other statements? Case will be taken under advisement.

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STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss

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

*Kay Embree*  
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3348, heard by me on 1-2-7, 1966.  
*Thurston*  
New Mexico Oil Conservation Commission Examiner

J. M. Huber Corporation  
Suite 922 Vaughn Building  
Midland, Texas 79704  
December 10, 1965

OIL AND GAS  
DIVISION

TELEPHONE  
MUTUAL 2-3794

Memorandum

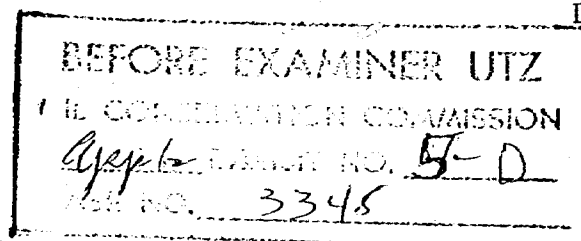
J. M. Huber Corporation  
Perry Federal # 2  
South Prairie Field  
660 FS & E Lines  
Sec. 17-8S-36E  
Roosevelt County, New Mexico

Drilling Commenced: October 16, 1965  
Drilling Completed: October 31, 1965  
  
Casing: 8-5/8" Casing set at 424' with 275 sacks.  
4-1/2" Casing set at 5046' with 220 sacks.  
  
Tubing: 2-3/8" set at 5000'.  
  
Perforations: 4963' - 4979' with 32 holes.  
  
Treatment: Acidized with 500 gallon, followed with  
3000 gallon 15% retarded acid.  
  
RTD: 5046'  
PBSD: 5011'  
  
Producing Formation: San Andres  
  
Date of Completion: November 3, 1965  
  
Initial Test: Swabbed 137 barrels fluid in 24 hours,  
110 barrels oil, 27 barrels water.  
33.7 MCF gas, Gravity 19° API  
  
Current Production Method: Pump

J. M. HUBER CORPORATION

*Floyd L. Meade*  
Floyd L. Meade  
District Superintendent

FLM/hl



SOUTH PRAIRIE SAN ANDRES POOL  
Roosevelt County, New Mexico

Joseph I. O'Neill, Jr. State "L" No. 1 (Re-entry)

Located 660' FSL and 660' FWL, Section 16, Township 8S, Range 36E

TD 9702', PBTD 5090'

Casing: 4 1/2" set at 9726' w/400 sacks  
2" 4736'

Perforations: 4800, 4808, 4812, 4819, 4839, 4842, 4844, 4852, 4854

Potential: December 8, 1964  
41 barrels oil, 28 barrels of water in 24 hours  
Gas TSTM

Production:	Cumulative to October 1, 1965	12,979 bbls
	November, 1965	<u>1,170</u>
	Total	<u>14,149</u>

Cost: \$32,513.00

S. S. A.

SOUTH PRAIRIE SAN ANDRES POOL  
Roosevelt County, New Mexico

Joseph I. O'Neill, Jr. State "L" No. 2

Located 1980' FWL and 660' FSL, Section 16, Township 8S, Range 36E

Spudded 7-26-65

Completed 8-24-65

TD 5025', PBTD 5018'

Casing: 4 1/2" set at 5022' w/240 cu ft  
2" tubing 4954'

Perforations: 4852-4865' Upper Slaughter (single shots)  
4900-4964 Middle Slaughter  
4998-5001' Lower Slaughter

Potential: September 30, 1965  
6.68 barrels oil, 120.68 barrels water

Production:	October, 1965	217 barrels
	November, 1965	<u>207</u>
	Total	<u>424</u>

Cost: \$54,300.00

Ex. 5-B

SOUTH PRAIRIE SAN ANDRES POOL  
Roosevelt County, New Mexico

Sunset - O'Neill State No. 1-A

Located 660' FWL and 2130' FSL, Section 16, Township 8S, Range 36E

Spudded 3-5-65

Completed 4-28-65

TD 5470', PBTD 5071'

Casing: 4 1/2" set at 5071' w/200 sacks  
2" tubing 4828'

Perforations: 2 shots per foot  
4792-4796, 4805-4809, 4835-4845  
4896-4902, 4908-4914, 4986-4992'

Potential: April 29, 1965  
16.56 barrels oil, 198 barrels water in 24 hours  
Gas TSTM

May 1, 1965, well pumped 71 barrels oil and  
135 barrels water. Allowable raised to 37 BOPD  
effective May 1, 1965.

Production:	Cumulative to October 1, 1965	6,308 barrels
	November, 1965	<u>1,200</u>
	Total	<u><u>7,508</u></u>

Cost: \$87,850.88

Ex. 5-C

SOUTH PRAIRIE SAN ANDRES POOL  
Roosevelt County, New Mexico

Sunset - O'Neill State No. 1-A

Located 660' FWL and 2130' FSL, Section 16, Township 8S, Range 36E

Spudded 3-5-65

Completed 4-28-65

TD 5470', PBTD 5071'

Casing: 4 1/2" set at 5071' w/200 sacks  
2" tubing 4828'

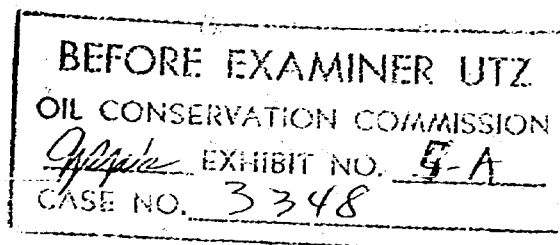
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16.56 barrels oil, 198 barrels water in 24 hours  
Gas TSTM

May 1, 1965, well pumped 71 barrels oil and  
135 barrels water. Allowable raised to 37 BOPD  
effective May 1, 1965.

Production:	Cumulative to October 1, 1965	6,308 barrels
	November, 1965	<u>1,200</u>
	Total	<u>7,508</u>

Cost: \$87,850.88





SOUTH PRAIRIE SAN ANDRES POOL  
Roosevelt County, New Mexico

Joseph I. O'Neill, Jr. State "L" No. 1 (Re-entry)

Located 660' FSL and 660' FWL, Section 16, Township 8S, Range 36E

TD 9702', PBTD 5090'

Casing: 4 1/2" set at 9726' w/400 sacks  
2" 4736'

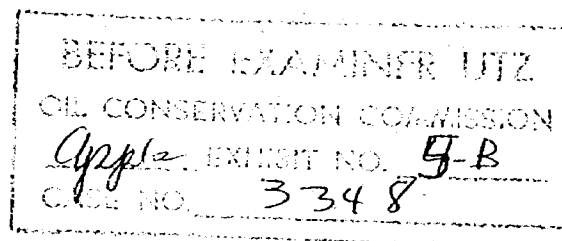
Perforations: 4800, 4808, 4812, 4819, 4839, 4842, 4844, 4852, 4854

Potential: December 8, 1964  
41 barrels oil, 28 barrels of water in 24 hours  
Gas TSTM

Production: Cumulative to October 1, 1965 12,979 bbls  
November, 1965 1,170

Total 14,149

Cost: \$32,513.00



SOUTH PRAIRIE SAN ANDRES POOL  
Roosevelt County, New Mexico

Joseph I. O'Neill, Jr. State "L" No. 2

Located 1980' FWL and 660' FSL, Section 16, Township 8S, Range 36E  
Spudded 7-26-65

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TD 5025', PBTD 5018'

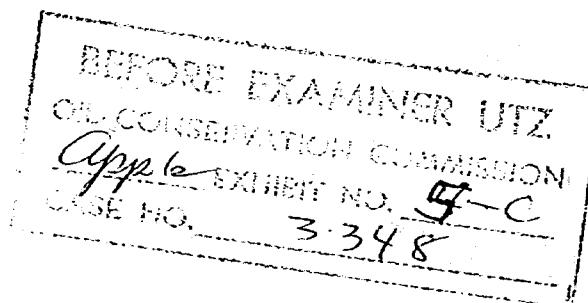
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4998-5001' Lower Slaughter

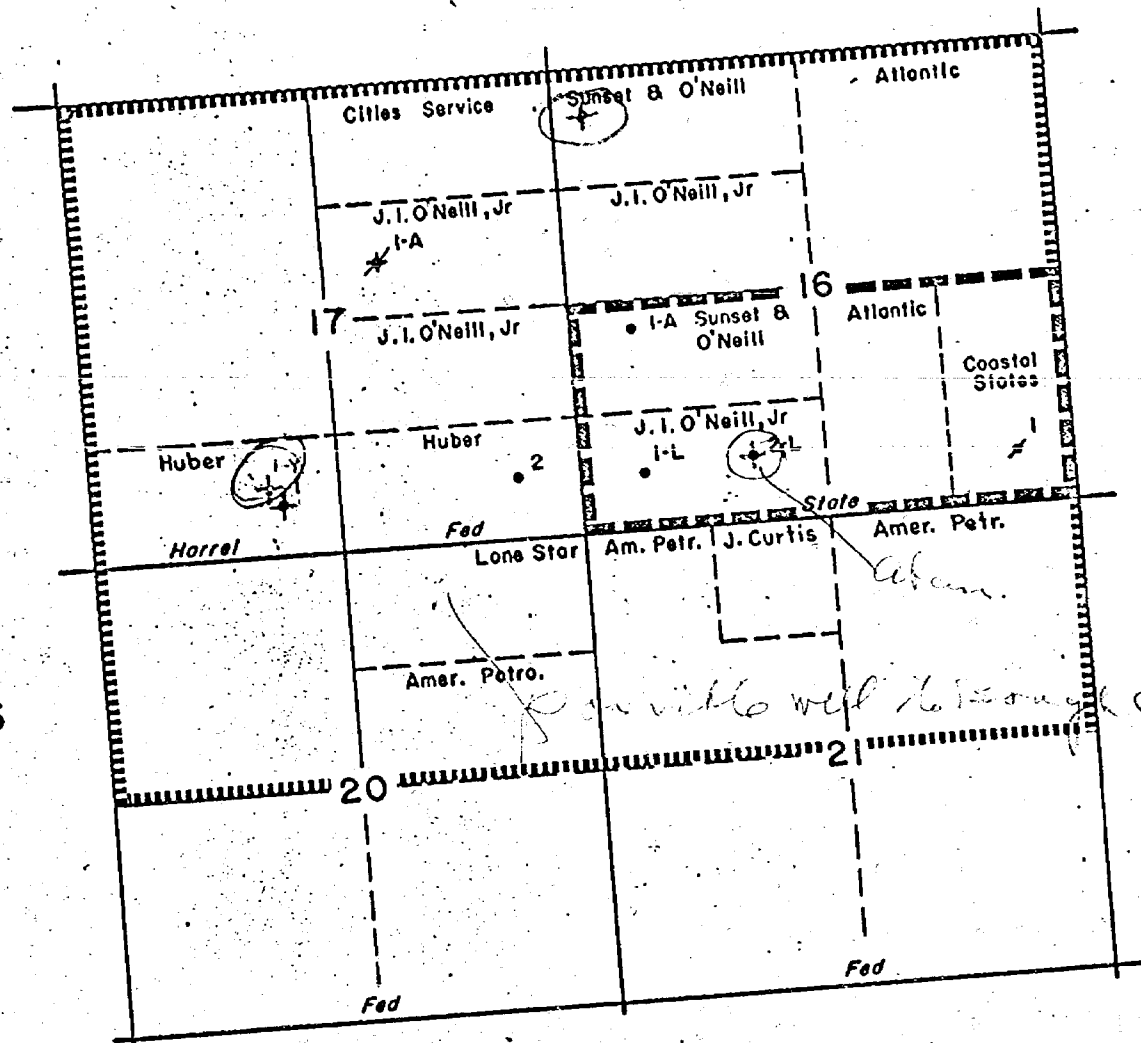
Potential: September 30, 1965  
6.68 barrels oil, 120.68 barrels water

Production:	October, 1965	217 barrels
	November, 1965	<u>207</u>
	Total	<u>424</u>

Cost: \$54,300.00



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Requested Enlargement  
South Prairie-  
San Andres Pool

Joseph I. O'Neill, Jr.  
Application for Special Rules  
Case 3348  
South Prarie - San Andres Pool  
Roosevelt County, New Mexico

BEFORE EXAM:  
OIL CONSERVATIVE  
J. F. O'Neill EXHIBIT  
CASE NO. \_\_\_\_\_

## JOHN W. WEST ENGINEERING COMPANY

412 NORTH DAL PASO  
HOBBS, NEW MEXICO

JANUARY 12, 1966

JOSEPH I. O'NEILL, JR.  
410 WEST OHIO  
MIDLAND, TEXAS

ATTN: MR. ED ANDERSON

DEAR SIR:

JANUARY 6, 1966, A SONOLOG TEST WAS MADE ON SUNSET INTERNATIONAL PETROLEUM CORP. O'NEILL STATE 1-A WHICH WAS PUMPING. JOSEPH I. O'NEILL, JR. STATE L NO. 1 AND J. M. HUBER CORP. FEDERAL PERRY NO. 2 HAD BEEN SHUT IN 24 HOURS PRIOR TO THE TEST. THE SHOT WAS TAKEN IMMEDIATELY AFTER THE PUMP WAS SHUT DOWN AND AGAIN 15 MINUTES LATER. THE FOLLOWING RESULTS WERE OBTAINED:

SHOT NO. 1	7:40 A. M.	63.6 JOINTS OR 1971 FEET TO FLUID
SHOT NO. 2	7:55 A.M.	62.6 JOINTS OR 1941 FEET TO FLUID

JANUARY 7, 1966, THE O'NEILL STATE 1-A WAS SHOT AGAIN AFTER THE OTHER TWO WELLS HAD BEEN PUMPING 24 HOURS. THE SHOT WAS AGAIN TAKEN IMMEDIATELY AFTER THE PUMP WAS SHUT DOWN AND 15 MINUTES THEREAFTER WITH THE FOLLOWING RESULTS:

SHOT NO. 1	7:45 A.M.	63.1 JOINTS OR 1956 FEET TO FLUID
SHOT NO. 2	8:00 A. M.	61.8 JOINTS OR 1916 FEET TO FLUID

JANUARY 10, 1966, THE O'NEILL STATE A-1 WAS SHOT AGAIN AFTER THE OTHER TWO WELLS HAD BEEN SHUT IN 72 HOURS. THE 2 SHOT 15 MINUTE PROCEEDURE WAS AGAIN USED WITH THE FOLLOWING RESULTS:

SHOT NO. 1	7:40 A. M.	63.6 JOINTS OR 1971 FEET TO FLUID
SHOT NO. 2	7:55 A. M.	63.3 JOINTS OR 1962 FEET TO FLUID

THE SUNSET INTERNATIONAL PETROLEUM CORP. O'NEILL STATE 1-A WAS PUMPING CONTINUALLY DURING THE TESTING EXCEPT FOR THE FEW MINUTES IT WAS SHUT DOWN TO TAKE THE SHOT. INTERFERENCE WAS SO BAD WHILE PUMPING THAT IT WAS NECESSARY TO SHUT DOWN 15 MINUTES EACH DAY FOR THE TWO SHOTS. THE TAPES ARE ENCLOSED FOR YOUR FILES.

YOURS VERY TRULY,

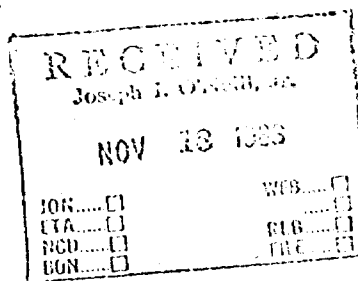
BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
*O'Neill* EXHIBIT NO. 4  
CASE NO. \_\_\_\_\_

JOHN W. WEST

EXHIBIT I

DIAL EX. 3-3941

JOHN W. WEST ENGINEERING COMPANY  
 412 NORTH DAL PASO  
 HOBBS, NEW MEXICO  
 NOVEMBER 14, 1966



MR. ED T. ANDERSON  
 JOSEPH I. O'NEILL, JR.  
 410 WEST CHIO  
 MIDLAND, TEXAS

DEAR SIR:

ON NOVEMBER 7, 8 & 10., 1966, SONOLOG TESTS WERE MADE TO DETERMINE THE PUMPING  
 FLUID LEVEL IN SUNSET INTERNATIONAL PETROLEUM CORP. O'NEILL STATE "A" No. 1 \*  
 AND THE SHUT-IN FLUID LEVEL IN HUBER CORP. PERRY FEDERAL No. 2. THE FOLLOWING  
 RESULTS WERE OBTAINED:

SUNSET INTERNATIONAL PET. CORP.  
 O'NEILL STATE "A" No. 1

DATE	TIME	JOINTS TO FLUID
11-7-66	9:25 A.M.	101.3
11-8-66	9:15 A.M.	100.2
11-10-66	9:40 A.M.	102.1

HUBER CORP.  
 PERRY FEDERAL No. 2

DATE	TIME	JOINTS TO FLUID
11-7-66	10:05 A.M.	13.4
11-8-66	9:50 A.M.	54.7
11-10-66	10:20 A.M.	53.8

THE TAPES ARE ENCLOSED FOR YOUR FILES.

RESPECTFULLY SUBMITTED

*John W. West*  
 JOHN W. WEST

BEFORE EXAMINER UTZ  
 OIL CONSERVATION COMMISSION  
*O'Neill* EXHIBIT NO. 2  
 CASE NO. \_\_\_\_\_

EXHIBIT II

PRODUCTION SOUTH PRAIRIE (SAN ANDRES) FIELD

Sunset International Petroleum Corp.

O'Neill State "A" - Cumulative to 1-1-66

January, 1966	2,490	8,863 bbls.
February, 1966	1,544	
March, 1966	1,295	
April, 1966	1,709	
May, 1966	1,565	
June, 1966	1,156	
July, 1966	1,078	
August, 1966	1,055	
September, 1966	959	
October, 1966	<u>1,452</u>	
Total - 10 mos. 1966		<u>14,303</u>

Total Production thru October, 1966

23,166 bbls.

Joseph I. O'Neill, Jr.

State "L" No. 1 - Cumulative to 1-1-66

January, 1966	2,163	16,016 bbls.
February, 1966	2,442	
March, 1966	2,709	
April, 1966	2,407	
May, 1966	2,217	
June, 1966	1,662	
July, 1966	1,478	
August, 1966	1,306	
September, 1966	1,426	
October, 1966	<u>1,433</u>	
Total - 10 mos. 1966		<u>19,243</u>

Total Production thru October, 1966

35,259 bbls.

J. M. Huber Corp.

Perry Federal #2 - Cumulative to 1-1-66

January, 1966	2,574	1,706 bbls.
February, 1966	2,639	
March, 1966	2,949	
April, 1966	3,013	
May, 1966	2,712	
June, 1966	2,525	
July, 1966	2,864	
August, 1966	2,713	
September, 1966	2,528	
October, 1966	<u>2,654</u>	
Total - 10 mos. 1966		<u>27,171</u>

Total Production thru October, 1966

28,877 bbls.

BEFORE EXAMINER UTZ  
 OIL CONSERVATION COMMISSION  
 O'Neill EXHIBIT NO. 3  
 CASE NO.

WELL TESTS

Joseph I. O'Neill, Jr. State "I." No. 1

Pumped 46.89 BO and 59.32 BW in 24 hours

Sunset International Petroleum Corp. - O'Neill State 1-A

Pumped 47 BO and 94 BW in 24 hours

J. M. Huber Perry Federal No. 2

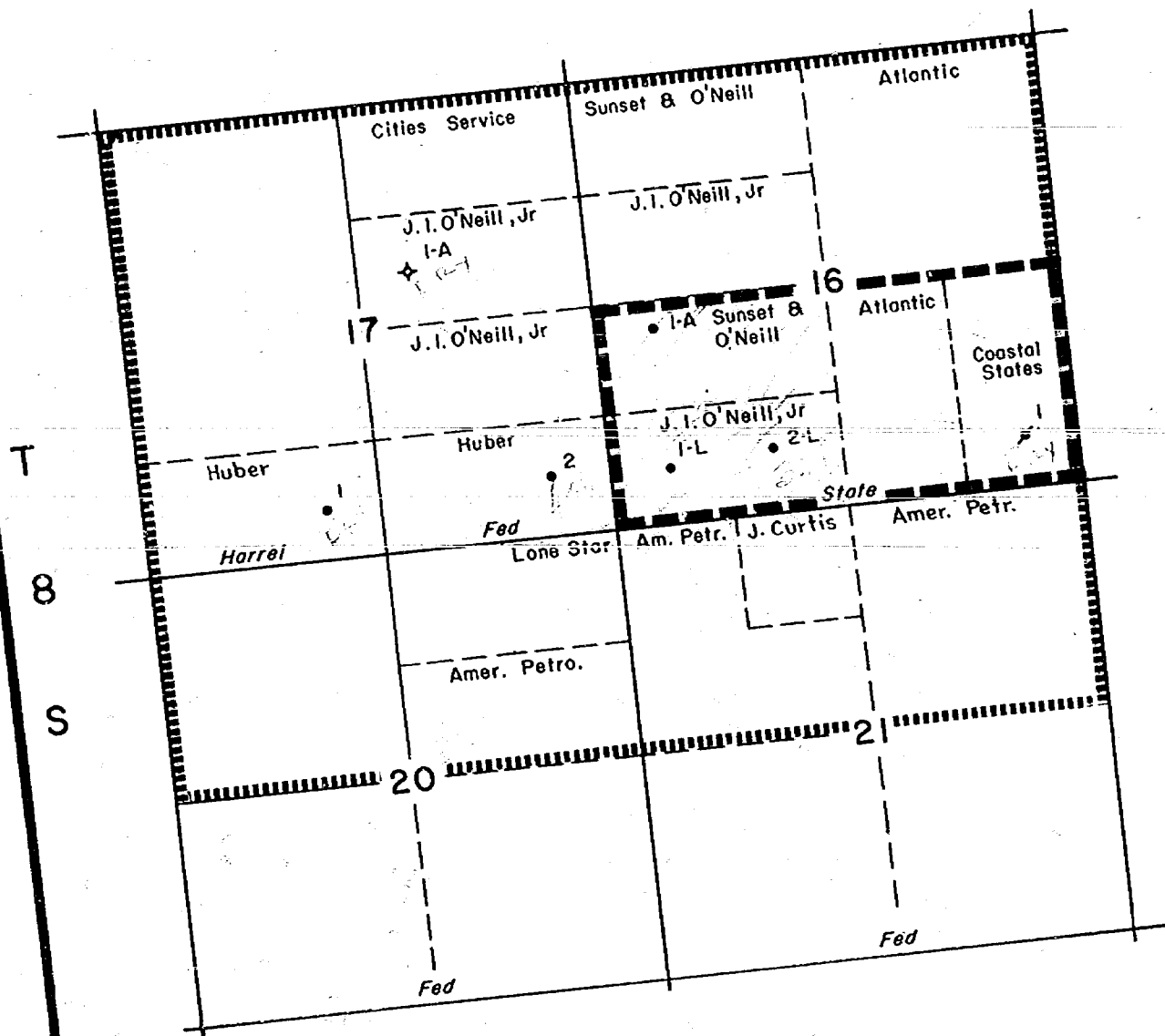
Pumped 88 BO and 24 BW in 24 hours

In all cases the gas measurements were very low.

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
<u>O'Neill</u>	EXHIBIT NO. <u>4</u>
CASE NO. _____	

EXHIBIT IV

R 36 E



Present Outline  
South Prairie-  
San Andres Pool

Requested Enlargement  
South Prairie-  
San Andres Pool

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 1  
CASE NO. 3348

Joseph I. O'Neill, Jr.  
Application for Special Rules  
Case 3348  
South Prairie - San Andres Pool  
Roosevelt County, New Mexico



DRAFT

GMH/esr  
December 8, 1966

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:

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

CASE No. 3348

Order No. R- 3019-A

APPLICATION OF JOSEPH I. O'NEILL, Jr.,  
FOR SPECIAL RULES FOR THE SOUTH PRAIRIE-  
SAN ANDRES POOL, ROOSEVELT COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 7, 1966,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of December, 1966, 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-3019, dated December 22, 1965, tem-  
porary Special Rules and Regulations were promulgated for the  
South Prairie-San Andres Pool, Roosevelt County, New Mexico.

(4) (3) That pursuant to the provisions of Order No. R-3019,  
this case was reopened to allow the operators in the subject pool  
*present all available information, including water pressure test results,  
to establish the area that can be efficiently and economically developed by*  
to appear and show cause why the South Prairie-San Andres Pool  
should not be developed on 40-acre spacing units.

(4) (4) That the temporary Special Rules and Regulations for  
the South Prairie-San Andres Pool, promulgated by Order No.  
R-3019, should be continued in effect for an additional ~~one-year~~  
*of time*  
period in order to allow the operators in the subject pool

-2-

CASE No. 3348  
Order No. R-3019-A

sufficient time to gather additional information concerning the reservoir characteristics of the pool.

(3) ~~(5)~~ That said Order No. R-3019 provided an administrative procedure whereby the operators in the pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease during the temporary one-year period in order to facilitate the gathering of information pertaining to reservoir characteristics.

(5) ~~(6)~~ That the results of interference tests taken during the temporary one-year period were inconclusive.

(7) That ~~said~~ <sup>the above mentioned</sup> administrative procedure should be continued <sup>for an</sup> ~~in effect during the additional temporary one-year period~~ <sup>period of time during which</sup> and the applicant should conduct additional interference tests in order to gather additional reservoir information to present to the Commission when this case is reopened.

(8) That this case shall be reopened at an examiner hearing <sup>February, 1968,</sup> ~~in December, 1967,~~ at which time the applicant and all interested parties should appear and present all available information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the South Prairie-San Andres Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the temporary Special Rules and Regulations for the South Prairie-San Andres Pool, promulgated by Order No. R-3019, are hereby continued in full force and effect <sup>until further order</sup> ~~for an additional~~ of the Commission in this case ~~one-year period.~~

(2) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that any such authorization shall be limited to a period of six months, but may be renewed. No transfer well shall be permitted to receive, in addition to its own allowable, more than 50 per cent of one top unit allowable for the pool.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in

triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all wells within a radius of two miles of the proposed shut-in well(s) and the transfer well(s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to the shut-in well(s) and the transfer well(s) have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72-hour period during which the well shall be produced at a constant rate. The Commission and offset operators to both the shut-in well(s) and the transfer well(s) may witness such tests if they so desire and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowables upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

*February, 1968,*  
✓ (3) That this case shall be reopened at an examiner hearing in ~~December, 1967~~, at which time the ~~applicant and all interested parties~~ ~~operators in the subject pool~~ shall appear and present all available information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the South Prairie-San Andres Pool should not be developed on 40-acre spacing units.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

S E A L

GUYTON B. HAYS, Member

esr/

A. I. PORTER, JR., Member & Secretary

DRAFT

JMD/esr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

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

CASE No. 3348

Order No. R-3019  
NOMENCLATURE

APPLICATION OF JOSEPH I. O'NEILL, Jr.,  
FOR SPECIAL RULES FOR THE SOUTH PRAIRIE-  
SAN ANDRES POOL, ROOSEVELT COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
December 14, 1965, at Santa Fe, New Mexico, before Examiner  
Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of December, 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, Joseph I. O'Neill, Jr., seeks  
~~the~~ extension of the South Prairie-San Andres Pool in Roosevelt  
County, New Mexico, to include the following-described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM

Section 16: all  
Section 17: all  
Section 20: N/2  
Section 21: N/2

(3) That the horizontal limits of the South Prairie-San  
Andres Pool should be extended to include <sup>a portion of</sup> the above-described  
area.

(4) That the applicant also seeks the promulgation of  
temporary special rules and regulations governing said pool,  
including a provision for 80-acre spacing units.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the South Prairie-San Andres Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

7  
6  
(8) That an administrative procedure should be established whereby the operators in the pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease during the temporary one-year period in order to facilitate the gathering of information pertaining to reservoir characteristics.

(9) That this case should be reopened at an examiner hearing in December, 1966, at which time the operators in the subject pool should appear and present all available reservoir information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the subject pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the South Prairie-San Andres Pool in Roosevelt County, New Mexico, are hereby extended

to include the following-described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM

~~Section 16: 240~~

Section 17: ~~240~~ S/2 S F/4

~~Section 20: 240~~

~~Section 21: 240~~

(2) That temporary Special Rules and Regulations for the South Prairie-San Andres Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
SOUTH PRAIRIE-SAN ANDRES POOL

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

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. *Each well shall be located within 200 feet of the center of a governmental quarter-quarter section or less.*

RULE 5. The Secretary-Director may grant an exception to the ~~footage~~ requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon, ~~provided the well will be located no nearer than 330 feet to the outer boundary of the unit.~~ All operators offsetting the proposed 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 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.00 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

- (1) *That the effective date of this order shall be January 1, 1966*
- (2) That the locations of all wells presently drilling to or completed in the South Prairie-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall

notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before January 15, 1966

(3) That each well presently drilling to or completed in the South Prairie-San Andres Pool or in the San Andres formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(4) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that any such authorization shall be limited to a period of six months, but may be renewed. No transfer well shall be permitted to receive, in addition to its own allowable, more than 50 per cent of one top unit allowable for the pool.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all wells within a radius of two miles of the proposed shut-in well(s) and the transfer well(s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to the shut-in well(s) and the transfer well(s) have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72-hour period during which the well shall be produced at a constant rate. The Commission and offset operators to both the shut-in well(s) and the transfer well(s) may witness such tests if they so desire and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowable upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

(5) That this case shall be reopened at an examiner hearing in December, 1966, at which time the operators in the subject pool shall appear and present all available information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well



and show cause why the South Prairie-San Andres Pool should not be developed on 40-acre spacing units.

(6) 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.

Case 3348

Recd. 12-14-65

Rec. 12-16-65

Recommendation

Grant Joseph I. O'Keefe's request for special pool rules for S. Prairie - San Andreas oil pool.

1. Use B-2687. Shading 17 - San Andreas. Rules for this pool with exception of Rule 4 & 6. Rule 4 should provide for a well within 200' of center of  $\frac{1}{4}$  sec. of either  $\frac{1}{4}$  sec. Rule 6 should set ~~depth~~ for production factor of 2.00 for the pool.

W. H. O'Keefe

SOUTH PRAIRIE SAN ANDRES POOL  
Roosevelt County, New Mexico

Sunset - O'Neill State No. 1-A

Located 660' FWL and 2130' FSL, Section 16, Township 8S, Range 36E

Spudded 3-5-65

Completed 4-28-65

TD 5470', PBTD 5071'

Casing: 4 1/2" set at 5071' w/200 sacks  
2" tubing 4828'

Perforations: 2 shots per foot  
4792-4796, 4805-4809, 4835-4845  
4896-4902, 4908-4914, 4986-4992'

Potential: April 29, 1965  
16.56 barrels oil, 198 barrels water in 24 hours  
Gas TSTM  
May 1, 1965, well pumped 71 barrels oil and  
135 barrels water. Allowable raised to 37 BOPD  
effective May 1, 1965.

Production:	Cumulative to October 1, 1965	6,308 barrels
	November, 1965	<u>1,200</u>
	Total	<u><u>7,508</u></u>

Cost: \$87,850.88

Case 3348

24 5A

**SUNSET INTERNATIONAL PETROLEUM CORPORATION**  
TWO-O-ONE WALL BUILDING • SUITE 308  
MIDLAND, TEXAS 79704

November 18, 1965

NOV 22 1965

Case  
3348

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: South Prairie San Andres Pool  
Roosevelt County, New Mexico

Gentlemen:

This is to advise that we concur with the requests of Joseph I O'Neill, Jr. regarding sepcial field rules for the subject pool. We operate one well in this field.

Yours very truly,

*Robert W. Arrendiell*

Robert W. Arrendiell  
Production Manager  
West Texas Division

RWA:mm  
Enclo.

DOCKET MAILED

Date 12-1-65



DEC 13 1965

# SKELLY OIL COMPANY

P. O. Box 1650  
TULSA, OKLAHOMA 74102

## PRODUCTION DEPARTMENT

C. L. BLACKSHER, VICE PRESIDENT  
W. P. WHITMORE, MGR. PRODUCTION  
W. D. CARSON, MGR. TECHNICAL SERVICES  
ROBERT G. HILTZ, MGR. JOINT OPERATIONS  
GEORGE W. SELINGER, MGR. CONSERVATION

December 9, 1965

Re: South Prairie (San Andres) Pool  
Roosevelt County, New Mexico

Case No. 3348  
Hearing - December 14, 1965

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

Attention: Mr. Elvis A. Utz

Gentlemen:

We have been advised that Joseph I. O'Neill, Jr. has made application and the Commission has set for hearing a request for special field rules for the captioned field. We understand that the applicant seeks the promulgation of special pool rules, including a provision for 80-acre proration units. We, also, understand that the applicant seeks the extension of said pool to include portions of Sections 16, 17, 20 and 21, Township 8 South, Range 36 East.

This is to advise that Skelly Oil Company, as an interested owner, supports the application of the applicant and urges the Commission to enter its order approving the requested rules.

Yours very truly,

*George W. Selinger*

RJJ:br

cc-Mr. Joseph I. O'Neill, Jr.  
410 West Ohio Street  
Midland, Texas



AMERICAN PETROFINA COMPANY OF TEXAS

POST OFFICE BOX 1311 • BIG SPRING, TEXAS

December 10, 1965

DEC 13 1965

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

*Concurrence*

Re: South Prairie San Andres Pool, Roosevelt County,  
New Mexico - Case No. 3348

Gentlemen:

American Petrofina Company of Texas has been notified of the application of Joseph I. O'Neill, Jr. for special rules for the South Prairie San Andres Pool, Roosevelt County, New Mexico.

American Petrofina Company of Texas concurs in the recommendations as set out in Joseph I. O'Neill Jr.'s letter of November 17, 1965 in regard to the above Case No. 3348.

Yours very truly,

D. G. Whitten

JMD:ft

cc: Joseph I. O'Neill, Jr.  
410 West Ohio  
Midland, Texas

# LONE STAR PRODUCING COMPANY

WEST TEXAS EXPLORATION DISTRICT

SUITE 300 COMMERCIAL BANK TOWER BUILDING

P. O. BOX 4815

Midland, Texas 79702

December 10, 1965

DEC 13 1965

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

*Concurrence*

Re: Examiner Hearing Docket -  
December 14, 1965,  
Case No. 3348

Gentlemen:

We have been informed of the Application of Joseph I. O'Neill, Jr.  
for special rules for the South Prairie - San Andres Pool, Roosevelt  
County, New Mexico.

We have no objection to this request for 80 acre proration units  
as specified in their application.

Yours very truly,

LONE STAR PRODUCING COMPANY

*J. D. Ochsner*  
J. D. Ochsner

JDO:gac

cc: Joseph I. O'Neill, Jr.  
110 West Ohio  
Midland, Texas

More than 6,000 friendly people working together to serve our communities BETTER

J. M. Huber Corporation  
Suite 922 Vaughn Building  
Midland, Texas 79704

OIL AND GAS  
DIVISION

December 9, 1965

TELEPHONE  
MUTUAL 2-3794

DEC 13 1965

Concurrence

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: South Prairie San Andres Pool  
Roosevelt County, New Mexico

Gentlemen:

This is to advise, the J. M. Huber Corporation, as owner and operator of one well (Federal Perry #2) in the above captioned pool, is in support and agreement with Joseph I. O'Neill, Jr.'s application of November 17, 1965, to place the pool on eighty acre spacing. We believe this will prevent economic waste caused by the drilling of unnecessary wells.

Yours very truly,

J. M. HUBER CORPORATION

*Floyd L. Meade*

Floyd L. Meade  
District Superintendent

FLM/h1

cc: Joseph I. O'Neill, Jr.  
Attn: Mr. E. T. Anderson  
410 West Ohio Street  
Midland, Texas



410 WEST OHIO  
MIDLAND, TEXAS

JOSEPH I. O'NEILL, JR.  
OIL PROPERTIES

November 17, 1965

NOV 19 4 10 PM '65

TELEPHONE  
MUTUAL 3-2771

*Case 3348*

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: South Prairie San Andres Pool,  
Roosevelt County, New Mexico

Gentlemen:

Joseph I. O'Neill, Jr. hereby respectfully requests extension of the above pool and special temporary pool rules as contained herein.

Joseph I. O'Neill, Jr. completed the discovery well in the above pool, his State "L" No. 1, on December 8, 1964, and now operates two wells in the pool. On the attached map those wells producing from the San Andres formation are circled in red. The remainder are producing from the Pennsylvanian Bough "C".

We suggest the pool be extended from its present boundaries so as to include Section 16, 17, N/2 of 20, and N/2 of 21, T-8-S, R-36-E.

We request temporary special rules and regulations for one year as follows:

1. Each well completed or recompleted in the pool shall be located on a standard unit containing 80 acres more or less; provided, however, that nothing shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections of the unit. All locations shall be within 200 feet of the center of a governmental quarter-quarter section.
2. A standard proration unit in the South Prairie San Andres Pool shall be assigned an 80-acre proportional factor of 2.00 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

DOCKET MAILED

Date 12-1-65

New Mexico Oil Conservation Commission  
Page 2  
November 17, 1965

3. Any well presently drilling to or completed in the San Andres formation of the South Prairie San Andres Pool or within one mile of said pool that will not comply with the well location requirements shall be granted an exception to the requirements of said rule.
4. Approved interference tests and transfer of allowables to wells on the same lease. Such authorization shall be limited to a period of six months but renewable.

We believe that the above suggested special rules and regulations are needed in this pool to prevent the economic loss caused by the drilling of unnecessary wells, and to otherwise prevent waste and protect correlative rights. The requested one year period will allow the operator to gather reservoir information and establish the area that can be efficiently and economically drained and developed by one well. As you will note, these rules are almost identical with those granted in the Flying "M" San Andres Pool, Lea County, New Mexico.

Very truly yours,

  
E. T. Anderson

ETA/nb

Attachment

CC: See attached list.

Sunset International Petroleum Corp.  
Attention: R. W. Arrendiell  
1205 Petroleum Life Building  
Midland, Texas

J. M. Huber Corporation  
Vaughn Building  
Midland, Texas

Coastal States Gas Producing Co.  
Attention: L. T. McClung  
P. O. Box 385  
Abilene, Texas

The Atlantic Refining Co.  
P. O. Box 1610  
Midland, Texas

American Petrofina Company of Texas  
Attention: D. G. Whitten  
Box 1311  
Big Spring, Texas

Lone Star Producing Company  
P. O. Box 4815  
Midland, Texas

Marathon Oil Company  
P. O. Box 552  
Midland, Texas

[illegible]

410 WEST OHIO  
MIDLAND, TEXAS 79704

JOSEPH I. O'NEILL, JR.  
OIL PROPERTIES

November 2, 1966

TELEPHONE  
MUTUAL 3-2771

*Case 3345*

Mr. A. L. Porter, Jr., Director  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico

MAILED  
1966 Nov 4 AM 8 10

Re: Order No. R-3019 - Temporary Rules  
South Prairie, San Andres Pool  
Roosevelt County, New Mexico

Dear Mr. Porter:

Following a hearing on December 14, 1965, temporary rules were granted covering the above pool. Section 5 of Rule 6 states that this case shall be reopened in December, 1966.

This is to advise that we should have our interference tests completed before that date, and, if agreeable with the Commission, will appear at the December, 1966, hearing. In the event there are any special requests of the Commission, please advise.

Very truly yours,

*E. T. Anderson*  
E. T. Anderson

ETA/nb

CC: Sunset International Petroleum Corp.  
Attention: Mr. Robert W. Arrendiell  
Suite 308, Two-O-One Wall Building, Midland, Texas

J. M. Huber Corporation  
Attention: Mr. Floyd Meade  
Vaughn Building, Midland, Texas

DOCKET MAILED

Date 11-23-66

Docket No. 31-66

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 7, 1956

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 3500: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit all operators in the Vacuum Field, Lea County, New Mexico, to show cause why the disposal of produced salt water in unlined pits should be permitted in the Vacuum Field.

CASE 3501: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider amending Commission Order No. R-1670, as amended, which governs all prorated gas pools in San Juan, Rio Arriba, Sandoval, Lea, Eddy, and Roosevelt Counties, New Mexico. The Commission will consider amending said order to provide a system for the approval of a non-standard gas proration unit without a hearing or without notification to offset operators provided said non-standard units result from a deviation in the United States Public Lands Survey and provided the size of the unit is within from 75 percent to 125 percent of a standard unit size in its respective pool.

CASE 3351: (Reopened)  
In the matter of Case No. 3351 being reopened pursuant to the provisions of Order No. R-3022, which order established 640-acre spacing units for the Dos Hermanos-Morrow Gas Pool, Eddy 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 320-acre spacing units.

CASE 3348: (Reopened)  
In the matter of Case No. 3348 being reopened pursuant to the provisions of Order No. R-3019, which order established 80-acre spacing units for the South Prairie-San Andres Pool, Roosevelt 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. 31-66

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 7, 1966

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 3500: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit all operators in the Vacuum Field, Lea County, New Mexico, to show cause why the disposal of produced salt water in unlined pits should be permitted in the Vacuum Field.
- CASE 3501: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider amending Commission Order No. R-1670, as amended, which governs all prorated gas pools in San Juan, Rio Arriba, Sandoval, Lea, Eddy, and Roosevelt Counties, New Mexico. The Commission will consider amending said order to provide a system for the approval of a non-standard gas proration unit without a hearing or without notification to offset operators provided said non-standard units result from a deviation in the United States Public Lands Survey and provided the size of the unit is within from 75 percent to 125 percent of a standard unit size in its respective pool.
- CASE 3351: (Reopened)  
In the matter of Case No. 3351 being reopened pursuant to the provisions of Order No. R-3022, which order established 640-acre spacing units for the Dos Hermanos-Morrow Gas Pool, Eddy 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 320-acre spacing units.
- CASE 3348: (Reopened)  
In the matter of Case No. 3348 being reopened pursuant to the provisions of Order No. R-3019, which order established 80-acre spacing units for the South Prairie-San Andres Pool, Roosevelt 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.

Case 3346

Heard. 12-7-66

Res. 12-7-66.

1. Grant Joseph I O'Neil Jr. a  
1-year extension of Order RBO19.  
8d. Dec spacing in S. Prairie -  
San Andres and Pool.

Interference tests are inconclusive  
further data should be submitted  
at a hearing in Dec. 1967

Thos. W. R.



State of New Mexico  
Oil Conservation Commission



P. O. BOX 2088  
SANTA FE

Date 2-3-66

Docket No. 4-68  
DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 7, 1968

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 3719: Application of Amerada Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Siluro-Devonian formation in the interval from 11,010 feet to 11,325 feet in its L. H. Chambers Well No. 1 located in Unit F of Section 11, Township 12 South, Range 33 East, Bagley Field, Lea County, New Mexico.

CASE 3720: Application of Sinclair Oil & Gas Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the interval from 6982 to 7092 feet in its Turner "B" Well No. 73, located in Unit C of Section 29, Township 17 South, Range 31 East, Cedar Lake-Abo Pool, Eddy County, New Mexico.

CASE 3348: (Reopened)

In the matter of Case No. 3348 being reopened pursuant to the provisions of Order No. R-3019-A, which order extended 80-acre spacing units for the South Prairie-San Andres Pool, Roosevelt County, New Mexico, for a period of 14 months. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 3351: In the matter of Case No. 3351 being reopened pursuant to the provisions of Order No. R-3022-A, which order extended 640-acre spacing units for the Dos Hermanos-Morrow Gas Pool, Lea County, New Mexico, for a period of 14 months. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

CASE 3520: (Reopened)

In the matter of Case No. 3520 being reopened pursuant to the provisions of Order No. R-3184, which order established 80-acre spacing units for the Northeast Bagley-Wolfcamp 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.

CASE 3721: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit H. E. Barnes and all other interested parties to appear and show cause why the H. E. Barnes Levers State Well No. 1 and the H. E. Barnes Levers State Well No. 2, located in Units G and H, respectively, of Section 32, Township 7 South, Range 26 East, Pecos-San Andres Pool, Chaves County, New Mexico, should not be ordered plugged and abandoned in accordance with a Commission-approved plugging program.

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. 3348  
Order No. R-3019  
NOMENCLATURE

APPLICATION OF JOSEPH I. O'NEILL, Jr.,  
FOR SPECIAL RULES FOR THE SOUTH PRAIRIE-  
SAN ANDRES POOL, ROOSEVELT COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 14, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 22nd day of December, 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, Joseph I. O'Neill, Jr., seeks extension of the South Prairie-San Andres Pool in Roosevelt County, New Mexico, to include the following-described area:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM

Section 16: All

Section 17: All

Section 20: N/2

Section 21: N/2

(3) That the horizontal limits of the South Prairie-San Andres Pool should be extended to include a portion of the above-described area.

(4) That the applicant also seeks the promulgation of temporary special rules and regulations governing said pool, including a provision for 80-acre spacing units.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the South Prairie-San Andres Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That an administrative procedure should be established whereby the operators in the pool would be permitted to conduct interference tests and to transfer allowables among producing wells on the same lease during the temporary one-year period in order to facilitate the gathering of information pertaining to reservoir characteristics.

(9) That this case should be reopened at an examiner hearing in December, 1966, at which time the operators in the subject pool should appear and present all available reservoir information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the subject pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the South Prairie-San Andres Pool in Roosevelt County, New Mexico, are hereby extended to include the following-described area:

TOWNSHIP 6 SOUTH, RANGE 36 EAST, NEPM  
Section 17: S/2 SE/4

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CASE No. 3348

Order No. R-3019

(2) That temporary Special Rules and Regulations for the South Prairie-San Andres Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS  
FOR THE  
SOUTH PRAIRIE-SAN ANDRES POOL**

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

**RULE 2.** Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the E/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

**RULE 3.** The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

**RULE 4.** Each well shall be located within 200 feet of the center of a governmental quarter-quarter section or lot.

**RULE 5.** The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state

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CASE No. 3348

Order No. R-3019

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 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 2.00 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the effective date of this order shall be January 1, 1966.

(2) That the locations of all wells presently drilling to or completed in the South Prairie-San Andres Pool or in the San Andres formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before January 15, 1966.

(3) That each well presently drilling to or completed in the South Prairie-San Andres Pool or in the San Andres formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

(4) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that any such authorization shall be limited to a period of six months, but may be renewed. No transfer well shall be permitted to receive, in addition to its own allowable, more than 50 per cent of one top unit allowable for the pool.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in

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CASE No. 3348

Order No. R-3019

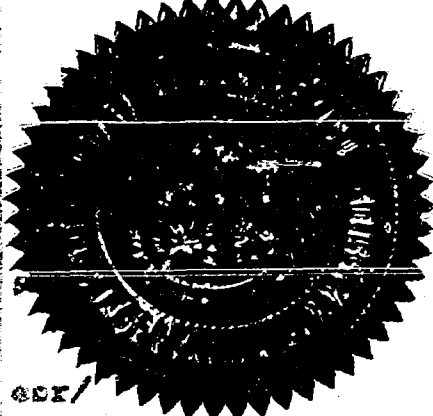
triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all wells within a radius of two miles of the proposed shut-in well(s) and the transfer well(s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to the shut-in well(s) and the transfer well(s) have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72-hour period during which the well shall be produced at a constant rate. The Commission and offset operators to both the shut-in well(s) and the transfer well(s) may witness such tests if they so desire and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowables upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

(5) That this case shall be reopened at an examiner hearing in December, 1966, at which time the operators in the subject pool shall appear and present all available information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the South Prairie-San Andres Pool should not be developed on 40-acre spacing units.

(6) 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, Chairman

GUYTON B. HAYS, Member

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

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. 3348  
Order No. R-3019-A

APPLICATION OF JOSEPH I. O'NEILL, Jr.,  
FOR SPECIAL RULES FOR THE SOUTH PRAIRIE-  
SAN ANDRES POOL, ROOSEVELT COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 7, 1966,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of December, 1966, 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-3019, dated December 22, 1965, tem-  
porary Special Rules and Regulations were promulgated for the  
South Prairie-San Andres Pool, Roosevelt County, New Mexico.

(3) That said Order No. R-3019 provided an administrative  
procedure whereby the operators in the pool would be permitted  
to conduct interference tests and to transfer allowables among  
producing wells on the same lease during the temporary one-year  
period in order to facilitate the gathering of information  
pertaining to reservoir characteristics.

(4) That pursuant to the provisions of Order No. R-3019,  
this case was reopened to allow the operators in the subject pool  
to appear and present all available information, including inter-  
ference test results, to establish the area that can be efficiently



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CASE No. 3348

Order No. R-3019-A

and economically developed by one well and to show cause why the South Prairie-San Andres Pool should not be developed on 40-acre spacing units.

(5) That the results of interference tests taken during the temporary one-year period were inconclusive.

(6) That the temporary Special Rules and Regulations for the South Prairie-San Andres Pool, promulgated by Order No. R-3019, should be continued in effect for an additional period of time in order to allow the operators in the subject pool sufficient time to gather additional information concerning the reservoir characteristics of the pool.

(7) That the above-mentioned administrative procedure should be continued in effect for an additional period of time during which the applicant should conduct additional interference tests in order to gather additional reservoir information to present to the Commission when this case is reopened.

(8) That this case shall be reopened at an examiner hearing in February, 1968, at which time the applicant and all interested parties should appear and present all available information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the South Prairie-San Andres Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That the temporary Special Rules and Regulations for the South Prairie-San Andres Pool, promulgated by Order No. R-3019, are hereby continued in full force and effect until further order of the Commission in this case.

(2) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that any such authorization shall be limited to a period of six months, but may be renewed. No transfer well shall be permitted to receive, in addition to its own allowable, more than 50 per cent of one top unit allowable for the pool.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in

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CASE No. 3348

Order No. R-3019-A

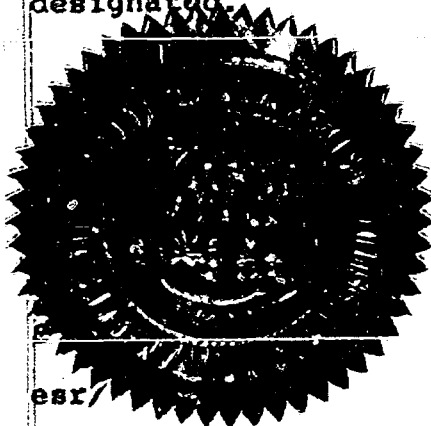
triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all wells within a radius of two miles of the proposed shut-in well(s) and the transfer well(s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to the shut-in well(s) and the transfer well(s) have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72-hour period during which the well shall be produced at a constant rate. The Commission and offset operators to both the shut-in well(s) and the transfer well(s) may witness such tests if they so desire and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowables upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

(3) That this case shall be reopened at an examiner hearing in February, 1968, at which time the applicant and all interested parties shall appear and present all available information, including interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the South Prairie-San Andres Pool should not be developed on 40-acre spacing units.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

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

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

esr/

Case 3388

Heard 2-7-68

Rec. 2-7-68.

1. Neither J. I. O'Neill Jr. or J. H. Huber Corp. appeared to give testimony. Huber did have an attorney make a statement requesting a 1 yr. extension so that they could evaluate the possibility of deepening their Ded #2.

The cell was to show cause why the pool would not revert to 140 A.S. as much I sympathize with the request I don't believe a statement without testimony fills the bill.  
Trust you

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. 3348  
Order No. R-3019-B

APPLICATION OF JOSEPH I. O'NEILL, Jr.,  
FOR SPECIAL RULES FOR THE SOUTH PRAIRIE-  
SAN ANDRES POOL, ROOSEVELT COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 7, 1968,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 14th day of February, 1968, 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-3019, dated December 22, 1965, tem-  
porary Special Rules and Regulations were promulgated for the  
South Prairie-San Andres Pool, Roosevelt County, New Mexico.

(3) That pursuant to the provisions of said Order No. R-3019,  
Case 3348 was reopened December 7, 1966, to allow the operators  
in the subject pool to appear and present all available informa-  
tion, including interference test results, to establish the area  
that could be efficiently and economically developed by one well  
and to show cause why the South Prairie-San Andres Pool should  
not be developed on 40-acre spacing units.

(4) That the results of interference tests taken during the  
temporary one-year period were inconclusive and that by Order No. R-  
3019-A, dated December 9, 1966, the temporary rules and regulations  
were continued in effect for an additional period of time during  
which time additional interference tests should be conducted.

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CASE No. 3348  
Order No. R-3019-B

(5) That pursuant to the provisions of Order No. R-3019-A, this case was reopened to allow the operators in the subject pool to appear and present all available information, including additional interference test results, to establish the area that can be efficiently and economically drained and developed by one well and show cause why the South Prairie-San Andres Pool should not be developed on 40-acre spacing units.

(6) That no additional interference tests have been conducted to gather additional reservoir information concerning the subject pool.

(7) That no additional evidence was presented to establish the area that can be efficiently and economically drained and developed by one well in the South Prairie-San Andres Pool.

(8) That it has not been established that one well can efficiently and economically drain and develop 80 acres in the subject pool.

(9) That the Special Rules and Regulations promulgated by Orders Nos. R-3019 and R-3019-A should be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the South Prairie-San Andres Pool, promulgated by Orders Nos. R-3019 and R-3019-A, are hereby abolished.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GHYTON B. HAYS, Member

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

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 7, 1968  
EXAMINER HEARING

In the matter of Case No. 3348 being  
reopened pursuant to the provisions of  
Order No. R-3019-A, which order extended  
80-acre spacing units for the South  
Prairie-San Andres Pool, Roosevelt  
County, New Mexico, for a period of  
14 months.

Case 3348

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 3348.

MR. HATCH: Case 3348, Reopened. In the matter of Case No. 3348 being reopened pursuant to the provisions of Order No. R-3019-A, which order extended 80-acre spacing units for the South Prairie-San Andres Pool, Roosevelt County, New Mexico, for a period of 14 months.

MR. WHITE: If the Commissioner please, Charles White, of White, Gilbert, Koch & Kelly of Santa Fe, appearing on behalf of the J.M. Huber Corporation. To my knowledge, none of the operators in the pool are here to present any testimony, however, I would on behalf of Mr. J. M. Huber, like to make a statement for the record.

MR. UTZ: All right, sir.

MR. WHITE: This case was filed upon the application of Joseph I. O'Neill, Jr. and the Commission on December 22, 1965 issued special temporary pool rules for one year establishing an 80-acre spacing and proration unit in the subject pool. At the last rehearing, February 1967, interference tests were entered in evidence. These tests were taken November 14, 1966 and on January 12, 1966 as shown by the record in this case. The wells were shut in for 72 hours and the tests presented no evidence of interference.

Testimony in the record is that the wells should be shut in for a period of sixty days for an interference test to be felt. The record shows the pool characteristics as follows: Very low gravity of 19.2 per cent; porosity varying from two per cent to 19.4; the permeability varies from a low of one millidarcy to a high of one O eight, and the gas-oil ratio is too difficult to measure. The highest estimate being 200 cubic feet per barrel.

The record in this case further shows that a very low primary recovery is expected. This is verified by the well production since the last hearing. There are only four wells producing in the pool and for example, the production for November, 1967 is as follows: Sunset O'Neill State One A 373 barrels; O'Neill State L Number 1, 706 barrels; Lone Star 196 barrels; Huber Federal Number 2, 1,973 barrels. These production figures are part of the Oil Conservation Commission records and we respectively ask the Commission to take administrative notice of them at this hearing.

As can be seen from these production records, none of the wells are commercial, except the Huber Federal Number 2, which produced an average of 65 barrels a day or 7 barrels a day over the forty-acre allowable. The last twelve days of January of this year Huber Federal Number 2 produced an



average of 61 barrels per day. Since the original hearing only two wells have been drilled in the pool; Lone Star Well was originally a Bough C completion, about a year ago it was plugged back and completed as a South Prairie-San Andres well. It is non-commercial as shown by the above November production. A dry well was drilled to the west in Section 16. From the record heretofore developed in the case and with the low production of the pool it is obvious that there will be no further development and that it is not economical to further develop the pool either on a forty-acre or on an eighty-acre spacing pattern.

Q No interference tests have been taken since the last hearing, because of the long shut-in period required and because the operators of the pool, other than J.M. Huber Corporation, are unable to make the forty-acre allowable. These operators obviously are not desirous of having their wells shut in for sixty days for interference tests. Because of the low primary recovery and the other economics involved, J.M. Huber Corporation, operator of Huber Federal Well Number 2, respectively urges the Commission to extend the existing temporary pool rules for one year. It is believed that within the year's time the Huber Federal Number 2 will be able to make a full 40-acre allowable, but until then the operator would like to produce the well at its full capability.

That's all we have in the case.

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

Case will be taken under advisement.

STATE OF NEW MEXICO     )  
                                   ) ss  
 COUNTY OF BERNALILLO    )

I, KAY EMBREE, 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 21st day of Feb, 1968.

Kay Embree  
 NOTARY PUBLIC

My Commission Expires:

November 19, 1971

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Examiner Hearing of Case No. 3345  
 heard by me on 21st day of Feb, 1968.  
Thurston, Examiner  
 New Mexico Oil Conservation Commission