

**CASE 3558: Application of BTA OIL
PRODUCERS for an unorthodox oil
well location, Lea County.**

CASE No.
3558

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

GOVERNOR
DAVID F. CARGO
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

May 3, 1967

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

Re: Case No. 3558 and 3559
Order No. R-3227 & R-3228
Applicant:
BTA OIL PRODUCERS

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 R-3227 to Mr. Richard Morris and R-3228 to Mr. Clarence Hinkle

and Mr. Richard Morris

**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. 3558
Order No. R-3227**

**APPLICATION OF BTA OIL PRODUCERS
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 26, 1967, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 3rd day of May, 1967, 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, BTA Oil Producers, seeks an exception to the Special Rules and Regulations governing the Monombre-Upper Pennsylvanian and Monombre-Lower Pennsylvanian Pools to drill its Lowe 671 Ltd. Well No. 1 at an unorthodox location 560 feet from the North line and 560 feet from the West line of Section 5, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the Special Rules and Regulations for the subject pools provide that each well shall be located within 150 feet of the center of either the northeast quarter or the southwest quarter of a governmental quarter section.

(4) That the entire NW/4 of said Section 5 can reasonably be presumed to be productive of oil in the Monombre-Upper Pennsylvanian Pool.

-2-

CASE No. 3558
Order No. R-3227

(5) That the productivity of approximately 35 acres in the northern and eastern part of the NW/4 of said Section 5 is doubtful in the Monombre-Lower Pennsylvanian Pool.

(6) That a well drilled at the proposed location is more likely to encounter the Monombre-Lower Pennsylvanian producing section above the oil-water contact than a well drilled at a standard location for the Monombre-Lower Pennsylvanian Pool and should, therefore, result in greater ultimate recovery of oil from said pool.

(7) That approval of the proposed unorthodox location will not violate correlative rights and will afford the applicant the opportunity to produce its just and equitable share of the oil from the subject pools, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste provided that in the Monombre-Lower Pennsylvanian Pool the subject well receives no more than 125/160 of a standard allowable for said pool.

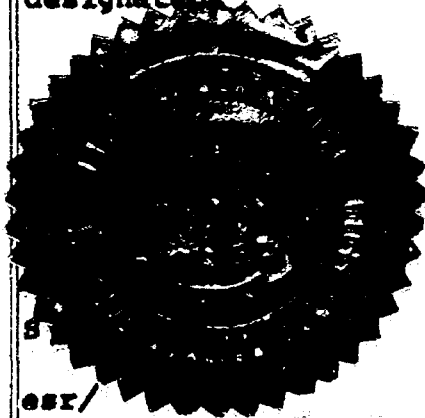
IT IS THEREFORE ORDERED:

(1) That the applicant, BTA Oil Producers, is hereby granted an exception to the Special Rules and Regulations governing the Monombre-Upper Pennsylvanian and Monombre-Lower Pennsylvanian Pools to drill its Lowe 671 Ltd. Well No. 1 at an unorthodox location 560 feet from the North line and 560 feet from the West line of Section 5, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico;

PROVIDED HOWEVER, that in the Monombre-Lower Pennsylvanian Pool the subject well shall receive no more than 125/160 of a standard allowable for said pool.

(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
DAVID F. CARGO, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
BTA OIL PRODUCERS FOR APPROVAL OF
AN UNORTHODOX WELL LOCATION NONOMBRE-
PENNSYLVANIAN POOLS, LEA COUNTY, NEW
MEXICO

Case 3558

A P P L I C A T I O N

Comes now BTA OIL PRODUCERS and apply to the Oil
Conservation Commission of New Mexico for approval of an
unorthodox well location for its Lowe 671 Ltd. Well No. 1 as
an exception to the provisions of Order No. R-2929, and in
support thereof would show the Commission:

1. Applicant proposes to drill its well 560 feet from
the North line and 560 feet from the West line of Section 5,
Township 14 South, Range 34 East, N.M.P.M., Lea County, New
Mexico.
2. Said well is projected as a Pennsylvanian well for
completion at an approximately depth of 10,800 feet; provided,
however, the formations of the Nonombre-Upper Pennsylvanian
Pool, and the Nonombre-Lower Pennsylvanian Pool will be
tested for possible completion in one or both of said pools.
3. That approval of said location is necessary in order
to permit applicant to recover its just share of the oil and
gas underlying the tract to be dedicated to said well, con-
sisting of the NW $\frac{1}{4}$ of said Section 5, Township 14 South,
Range 34 East.
4. That all of said NW $\frac{1}{4}$ may reasonably be presumed to
be productive of oil or gas, or both, from the Nonombre-
Pennsylvanian pools.

5. Attached hereto and made a part of this application is Commission Form C-101, showing information on the proposed well and well location. A plat showing offset ownership will be filed with the Commission prior to the hearing on this application.

WHEREFORE, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the unorthodox location as prayed for.

Respectfully submitted,

BTA OIL PRODUCERS

BY: James W. Kellahin
KELLAHIN & FOX
Post Office Box 1769
Santa Fe, New Mexico

Attorneys for Applicant

NUMBER OF COPIES RECEIVED	
DISTRIBUTION	
STATE	
FILL	
U.S.G.S.	
LAND OFFICE	
TRANSPORTATION	
PROMOTION OFFICE	
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Form C-101
Revised (12/1/55)

NOTICE OF INTENTION TO DRILL

Case 3558

Notice must be given to the District Office of the Oil Conservation Commission and approval obtained before drilling or recompletion begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in QUINTUPPLICATE. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

If State Land submit 6 Copies Attach Form C-128 in triplicate to first 3 copies of form C-101

Midland, Texas

March 18, 1967

(Place)

(Date)

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Gentlemen:

You are hereby notified that it is our intention to commence the Drilling of a well to be known as

BTA Oil Producers

(Company or Operator)

LOWE 671 LTD.

(Lessee)

Well No. 1, in D (Unit) The well is

located 560' feet from the North line and 560' feet from West

line of Section 5, T. 14-S, R. 34-E, NMPM.

(GIVE LOCATION FROM SECTION LINE) Nonombre-Pennsylvanian, Lea County

If State Land the Oil and Gas Lease is No. K 10

If patented land the owner is

Address

We propose to drill well with drilling equipment as follows: Rotary Tools O-T.D.

The status of plugging bond is On File

Drilling Contractor Undetermined at this time

We intend to complete this well in the Pennsylvanian formation at an approximate depth of 10,800 feet.

CASING PROGRAM

We propose to use the following strings of Casing and to cement them as indicated:

Size of Hole	Size of Casing	Weight per Foot	New or Second Hand	Depth	Sacks Cement
17-1/2"	13-3/8"	48	New	320	300
12-1/4"	8-5/8"	28	New	4300	400
7-7/8"	5-1/2"	17	New & Second Hand	10,800	400

If changes in the above plans become advisable we will notify you immediately.

ADDITIONAL INFORMATION (If recompletion give full details of proposed plan of work.)

Approved....., 19.....
Except as follows:

OIL CONSERVATION COMMISSION

By.....

Sincerely yours,

BTA Oil Producers

(Company or Operator)

By M. P. Morgan

Engineer

Position

Send Communications regarding well to

Name BTA Oil Producers

Address 104 South Pecos, Midland, Texas

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

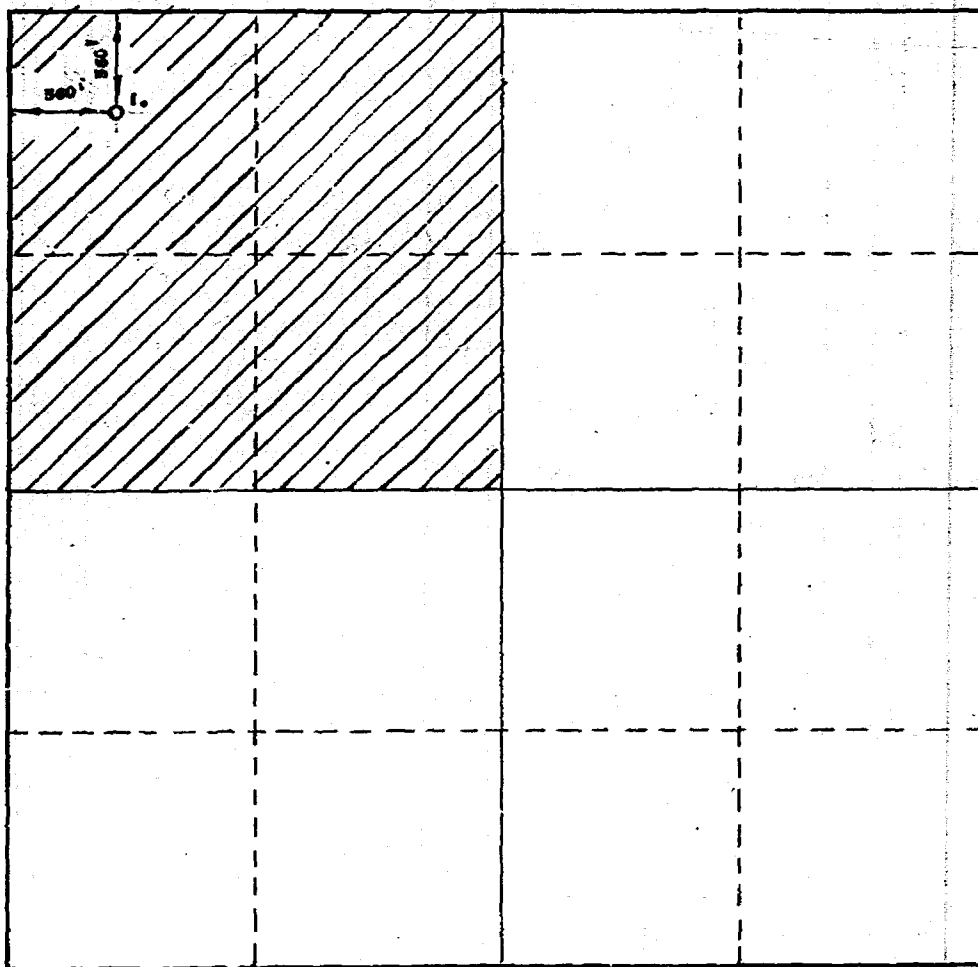
Operator BTA OIL PRODUCERS		Lease LOWE " 671 LTD"		Well No. L
Unit Letter " D"	Section 5	Township 14-S	Range 34-E	County LEA
Actual Footage Location of Well: 560 feet from the NORTH line and 560 feet from the WEST line				
Ground Level Elev: 4159	Producing Formation PENNSYLVANIAN	Pool NONOMBRE-PENNSYLVANIAN	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name M. D. Trujillo
Position Engineer
Company BTA Oil Producers
Date March 18, 1967

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed MARCH 16, 1967
Registered Professional Engineer and/or Land Surveyor
MAX A. SCHUMANN, JR.
Certificate No. 1510

1510

Case. 355 F

Heard. 4-25-67

Rec. 4-27-67

1. Grant B.T.A.'s request for a non lth location for their Lowe 671 CC #1 560 / NW line sec 5-145-346 in exception to rule 4 order-2829.

2. The well will be drilled in upper & lower Penn. if production in both zones.

3. ~~Due~~ Due to the fact that evidence indicates that only 125 acres will be productive in the Lower Penn pool only 125 acres shall be dedicated to that completion.

The upper Penn pool appears to have 160 productive acres.

4. This location does not appear to give B.T.A. an advantage over their north opact. - Midwest.

— Stuart W.

Docket No. 12-67

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 26, 1967
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 3554: Application of Coastal States Gas Producing Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Flying "M" San Andres Unit Area comprising 4080 acres, more or less, of State, Federal and Fee lands in Township 9 South, Range 33 East, Lea County, New Mexico.
- CASE 3555: Application of Coastal States Gas Producing Company for a pressure maintenance expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the pressure maintenance project in its Flying "M" San Andres Unit by the injection of water into the San Andres formation through 8 injection wells located in Sections 15, 16, 17, 20, 22, 28, 29 and 33, Township 9 South, Range 33 East, Lea County, New Mexico. Applicant further seeks the promulgation of special rules for said project, including provision for future expansion.
- CASE 3556: Application of Southland Royalty Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a proposed Devonian gas test well at an unorthodox gas well location 660 feet from the North and West lines of Section 12, Township 25 South, Range 35 East, Lea County, New Mexico. The well would be dedicated to the N/2 of said Section 12.
- CASE 3557: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Inbe-Pennsylvanian Pool underlying the E/2 SW/4 of Section 13, Township 11 South, Range 33 East, Lea County, New Mexico.
- CASE 3558: Application of BTA Oil Producers for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Lowe 671 Ltd. Well No. 1 as an exception to the well location requirements of Order No. R-2929 for the Nonombre-Upper Pennsylvanian Pool and the Nonombre-Lower Pennsylvanian Pool, Lea County, New Mexico. The proposed well would be located 560 feet from the North and West lines of Section 5, Township 14 South, Range 34 East.

Docket No. 12-67
April 26, 1967 Examiner Hearing

- CASE 3559:** Application of BTA Oil Producers for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Flying "M"-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre proration units.
- CASE 3560:** Application of Phillips Petroleum Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Hat Mesa Unit Area comprising 7874 acres, more or less, of Federal and State lands in Township 21 South, Ranges 32 and 33 East, Lea County, New Mexico.
- CASE 3561:** Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Meyer B-4 Well No. 19 located in Unit O of Section 4, Township 21 South, Range 36 East, to produce oil from an undesignated Paddock pool and from the Oil Center-Blinebry Pool through parallel strings of tubing.
- CASE 3562:** Application of Continental Oil Company for a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Table Mesa Well No. 29 in Unit H of Section 9, Township 27 North, Range 17 West, San Juan County, New Mexico, to produce gas from the Table Mesa-Pennsylvanian "C" Gas Pool and from an undesignated Mississippian gas pool through the casing-tubing annulus and 2-inch tubing, respectively.
- CASE 3563:** Application of Skelly Oil Company for an amendment to the Southeast New Mexico Gas Proration Rules and Regulations. Applicant, in the above-styled cause, seeks an amendment to Order No. R-1670, as amended, Rules and Regulations for Pro-rated Gas Pools, Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, to provide an administrative procedure whereby wells ordered shut-in for extended periods to make up accumulated overproduction could be permitted to produce up to 500 MCF each month during such shut-in.
- CASE 3564:** Application of Maxwell Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Taylor Unit Area comprising 640 acres, more or less, of federal lands in Sections 12 and 13, Township 18 South, Range 31 East, Eddy County, New Mexico.

-3-

Docket No. 12-67

April 26, 1967 Examiner Hearing

CASE 3565: Application of Jomar Industries, Inc. for a non-standard oil proration unit, several non-standard locations, temporary exception to Rule 307, and capacity allowables, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill 64 oil wells at non-standard locations on a non-standard oil proration unit comprising the S/2 NW/4 SE/4 and the N/2 SW/4 SE/4 of Section 30, Township 18 South, Range 38 East, Lea County, New Mexico, for production from the Ogallala formation. Said wells would be drilled to a density of four wells to each 2.5 acres and would be no nearer than 32.5 feet to the outer boundary of the unit and no nearer than 165 feet to another well producing from the same formation. Applicant also seeks a temporary exception to Rule 307 for each well to permit utilization of a vacuum-type drilling unit during the drilling and completion operation. Applicant further seeks authority to produce the wells at capacity even though the aggregate production from said wells exceeds the 40-acre normal unit allowable.

CASE 3566: Application of William A. and Edward R. Hudson for a waterflood expansion, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to expand their Puckett Waterflood Project, Maljamar Pool, by the injection of water into the Grayburg-San Andres formations through 10 wells in Sections 24 and 25, Township 17 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks an administrative procedure for future expansion of said project.

ir/

JASON W. KELLAHIN
ROBERT E. FOX

KELLAHIN AND FOX
ATTORNEYS AT LAW
54 1/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

MAIL ROOM

APR 3 AM 8 01

TELEPHONE 982-4315
AREA CODE 505

Encl 3558

March 31, 1967

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

Re: Application of BTA Oil Producers
for Unorthodox Well Location,
Nonombre-Pennsylvanian Pools,
Lea County, New Mexico

Gentlemen:

Enclosed for attachment to the above captioned application is an ownership plat of the area involved in the Nonombre Pennsylvanian Pools. The application stated that these plats would be supplied prior to the hearing date on the application.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

JWK:ss

DOCKET MAILED

Date 4-14-67

[illegible]

JASON W. KELLAHIN
ROBERT E. FOX
FORREST S. SMITH

KELLAHIN AND FOX
ATTORNEYS AT LAW
54 1/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

March 29, 1967

MAIN OFFICE OCC

'67 MAR 29 PM 3 39

TELEPHONE 982-4315
AREA CODE 505

Case 3555

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Re: Application of BTA Oil Producers

Gentlemen:

Enclosed please find two applications, original
and two copies of each, which please set for
the April 26th hearing.

Very truly yours,

Jason W. Kellahin
JASON W. KELLAHIN

jwk;peg
Enc.

MAIN OFFICE 0110

'87 MAR 29 PM 3 39

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
BTA OIL PRODUCERS FOR APPROVAL OF
AN UNORTHODOX WELL LOCATION NONOMBRE-
PENNSYLVANIAN POOLS, LEA COUNTY, NEW
MEXICO

Case 3558

A P P L I C A T I O N

Comes NOW BTA OIL PRODUCERS and apply to the Oil
Conservation Commission of New Mexico for approval of an
unorthodox well location for its Lowe 671 Ltd. Well No. 1 as
an exception to the provisions of Order No. R-2929, and in
support thereof would show the Commission:

1. Applicant proposes to drill its well 560 feet from
the North line and 560 feet from the West line of Section 5,
Township 14 South, Range 34 East, N.M.P.M., Lea County, New
Mexico.
2. Said well is projected as a Pennsylvanian well for
completion at an approximately depth of 10,800 feet; provided,
however, the formations of the Nonombre-Upper Pennsylvanian
Pool, and the Nonombre-Lower Pennsylvanian Pool will be
tested for possible completion in one or both of said pools.
3. That approval of said location is necessary in order
to permit applicant to recover its just share of the oil and
gas underlying the tract to be dedicated to said well, con-
sisting of the NW $\frac{1}{4}$ of said Section 5, Township 14 South,
Range 34 East.
4. That all of said NW $\frac{1}{4}$ may reasonably be presumed to
be productive of oil or gas, or both, from the Nonombre-
Pennsylvanian pools.

5. Attached hereto and made a part of this application is Commission Form C-101, showing information on the proposed well and well location. A plat showing offset ownership will be filed with the Commission prior to the hearing on this application.

WHEREFORE, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the unorthodox location as prayed for.

Respectfully submitted,

BTA OIL PRODUCERS

BY: Jason W. Kellahin
KELLAHIN & FOX
Post Office Box 1769
Santa Fe, New Mexico

Attorneys for Applicant

NUMBER OF COPIES TO BE GIVEN	
DISTRIBUTION	
OWNER	
FILE	
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LAND OFFICE	
TRANSPORTER	
PRODUCTION OFFICE	
INFORMATION	

NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Form C-101
Revised (12/1/55)

NOTICE OF INTENTION TO DRILL

Case 3558

Notice must be given to the District Office of the Oil Conservation Commission and approval obtained before drilling or recompletion begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in **QUINTUPLICATE**. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

If State Land submit 6 Copies Attach Form C-128 in triplicate to first 3 copies of form C-101

Midland, Texas
(Place)

March 18, 1967
(Date)

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Gentlemen:

You are hereby notified that it is our intention to commence the Drilling of a well to be known as

BTA Oil Producers

(Company, or Operator)

LOWE 671 LTD.

(Lease)

Well No. 1, in D The well is
(Unit)

located 560' feet from the North line and 560' feet from the

West

Line of Section 5, T 14-S, R 34-E, NMPM.

(GIVE LOCATION FROM SECTION LINE) Nonombre-Pennsylvanian, Lea County

If State Land the Oil and Gas Lease is No. K 10

If patented land the owner is

Address

We propose to drill well with drilling equipment as follows: Rotary Tools O-T.D.

The status of plugging bond is On File

Drilling Contractor Undetermined at this time

We intend to complete this well in the Pennsylvanian formation at an approximate depth of 10,800 feet.

CASING PROGRAM

We propose to use the following strings of Casing and to cement them as indicated:

Size of Hole	Size of Casing	Weight per Foot	New or Second Hand	Depth	Sacks Cement
17-1/2"	13-3/8"	48	New	320	300
12-1/4"	8-5/8"	28	New	4300	400
7-7/8"	5-1/2"	17	New & Second Hand	10,800	400

If changes in the above plans become advisable we will notify you immediately.

ADDITIONAL INFORMATION (If recompletion give full details of proposed plan of work.)

Approved....., 19.....
Except as follows:

OIL CONSERVATION COMMISSION

By.....

Sincerely yours,

BTA Oil Producers

(Company or Operator)

By M. J. Stinger

Position Engineer

Send Communications regarding well to

Name BTA Oil Producers

Address 104 South Pecos, Midland, Texas

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

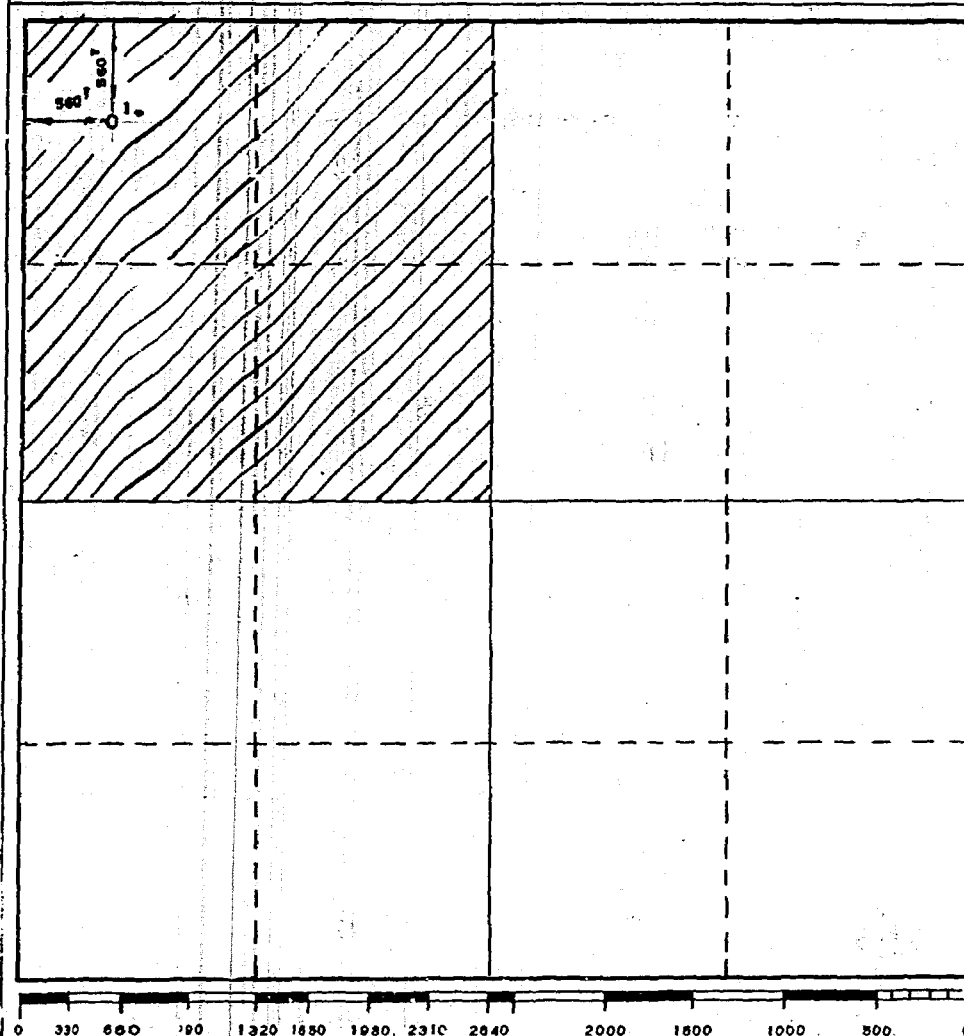
Operator BTA OIL PRODUCERS		Lease LOWE " 671 LTD"		Well No. L
Unit Letter "D"	Section 5	Township 14-S	Range 34-E	County LEA
Actual Footage Location of Well: 560 feet from the NORTH line and 560 feet from the WEST line				
Ground Level Elev. 4159	Producing Formation PENNSYLVANIAN	Pool NONOMBRE-PENNSYLVANIAN	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name *M. D. Trujillo*
Position **Engineer**

Company **BTA Oil Producers**

Date **March 18, 1967**

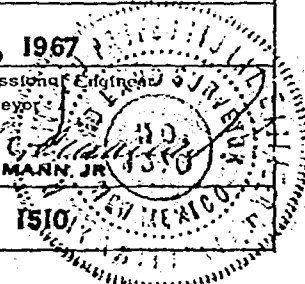
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
MARCH 16, 1967

Registered Professional Engineer and/or Land Surveyor

Max A. Schumann, Jr.
MAX A. SCHUMANN, JR.

Certificate No. **1510**



[illegible]

NONOMBRE LOWER PENN
Lea County, New Mexico

100,000

Bbls/Mon.

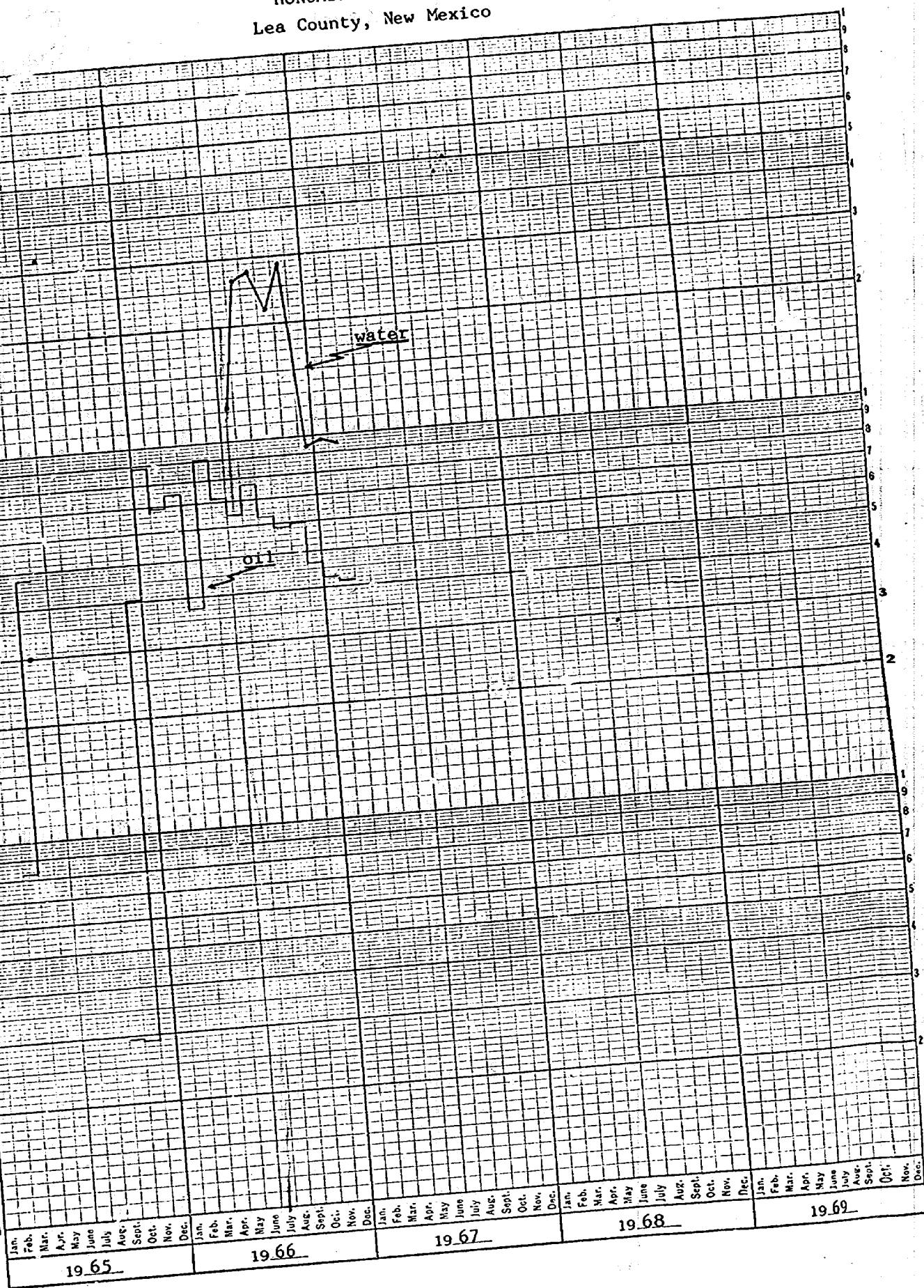
46 6690

KE 5 YEARS BY MONTHS
X 3 LOG CYCLES
KEUFFEL & ESSER CO.

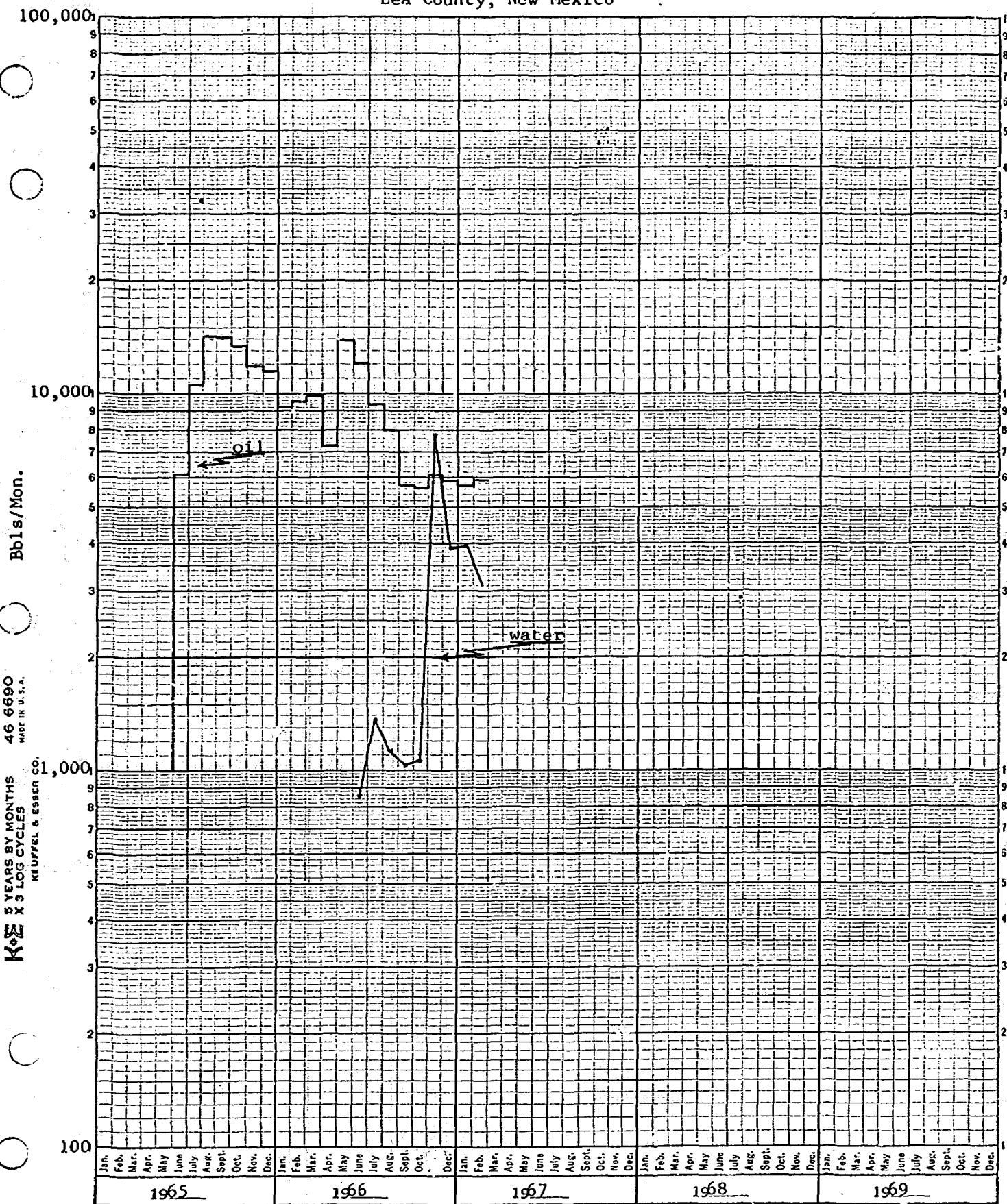
10,000

1,000

100



NONOMBRE UPPER PENN
Lea County, New Mexico



Bbls/Mon.

46 6690
MADE IN U.S.A.

5 YEARS BY MONTHS
X 3 LOG CYCLES
KEUFFEL & ESSER CO.

K&E

1965

1966

1967

1968

1969

dearnley-meier reporting service, inc.

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

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

April 26, 1967

EXAMINER HEARING

IN THE MATTER OF:)

Application of BTA Oil Producers)
for an unorthodox oil well)
location, Lea County, New Mexico.)

Case No. 3558

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 3558.

MR. HATCH: Application of BTA Oil Producers for an unorthodox oil well location, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, appearing for the applicant.

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

MR. MORRIS: I am Dick Morris of Montgomery, Federici and Andrews, Santa Fe, appearing for Midwest Oil Corporation.

MR. UTZ: Any other appearances? You may proceed.

MR. KELLAHIN: We have one witness we would like to have sworn, Mr. Utz.

(Witness sworn.)

R. L. HALVORSEN

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A R. L. Halvorsen.

Q By whom are you employed and in what position, Mr. Halvorsen?

A Employed by BTA Oil Producers as Chief Engineer and General Manager.

Q How do you spell your last name?

A H-a-l-v-o-r-s-e-n.

Q Where are you located, Mr. Halvorsen?

A Midland, Texas.

Q Have you ever testified before the Oil Conservation Commission of New Mexico?

A No, sir.

Q For the benefit of the Examiner, would you briefly outline your education and experience as a petroleum engineer?

A I obtained a Bachelor of Science Degree in Petroleum and Natural Gas Engineering from Penn State University in 1951 and was employed by Pan American Petroleum Corporation in various engineering capacities until 1960.

Q Where did you work with Pan American, what areas?

A Primarily West Texas, Andrews, Fort Worth and Midland. In 1960 I joined BTA Oil Producers as Production Engineer and have worked with them since in various engineering capacities.

Q In connection with your work for BTA Oil Producers, do you have anything to do with the area involved in Southeastern New Mexico?

A Yes, sir, it's under my supervision.

Q And specifically do you have anything to do with

the Nonombre-Upper Pennsylvanian Pool?

A Yes, sir. All the geological and engineering work is done under my supervision.

Q How long a period of time has this been the situation?

A For the past two years.

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

Q Now, Mr. Halvorsen, referring to what has been marked as Exhibit No. 1, would you identify that exhibit, please?

A Exhibit No. 1 is a land plat showing or outlining the BTA tract which consists of the Northwest Quarter of Section 6, Township 14 South, Range 34 East.

Q Does the plat also show the proposed well location?

A Yes, sir, it does.

Q And does it, to the best of your information and belief, show the offsetting ownership?

A Yes, sir.

Q Does it likewise show other wells in the area?

A Yes, sir, it shows the wells drilled and completed either as dry holes or as producers by Midwest, by Cactus Drilling Company and by Ralph Lowe.

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

Q Now, referring to what has been marked as Exhibit No. 2, would you identify that exhibit, please?

A Exhibit No. 2 is a structure map of the Nonombre field area contoured on top of the Lower Penn pay.

Q In addition to that it appears that some of the wells are circled with different colors. What is the significance of that?

A The wells circled with a solid blue color are producing or have produced from the Lower Penn pay.

Q Well, actually how many wells are presently producing from the Lower Penn pay at this time?

A To my knowledge there's just one well producing.

Q Which well is that?

A That is Well No. 2-D, Midwest State in Section 32.

Q Now there's another well in Section 32. What is the situation as to it?

A The 1-C Midwest State, to the best of my knowledge it is temporarily abandoned or shut-in.

Q Do you know anything about the production history of that well that would have caused it to be shut-in?

A The information that I have obtained from Midwest personnel is that water has flooded this well out or that the,

at least made it impractical to produce as a dual completion with the Upper Penn horizon and they have temporarily abandoned the Lower Penn in order to produce the Upper Penn.

MR. UTZ: This is the 1-C?

A Yes, sir.

Q (By Mr. Kellahin) There are a number of other wells marked in yellow, what are those wells?

A The items marked in yellow are to identify test data that is indicated on the right-hand portion of the plat. For example, in the Southeast Corner of Section 30 there is a letter "A" that is circled in yellow and its corresponding test in Lower Penn shows that it recovered 380 feet of drilling mud and 427 feet of sulphur water from that zone. Similarly, the Midwest 2-D has a symbol "B" beside it and its test indicates it flowed 74 barrels of oil an hour on drill stem test. It currently is a producer.

Q Is it making any volume of water at the present time or do you know?

A The information that has been provided through the Commission reports indicates that it is making approximately 70% water at this time.

Q Would you continue, then, with the well that's marked as "C"?

A All right. "C" indicates the test for Midwest 1-D.

This well recovered 9165 feet of sulphur water on drill stem test from the Lower Penn. The 1-C recovered a full string or 10,260 feet of oil on drill stem test and it was completed as a water-free producer initially.

Q But has now gone to water according to your information?

A Yes. I understand within three weeks it started producing water.

Q Now, the well in Section Number 5 marked "E".

A The Lower Pennsylvanian was not tested in that well.

Q As far as you know it was not productive from the Pennsylvanian, is that correct?

A That is correct.

Q It was not completed in the Pennsylvanian, was it?

A No attempt was made.

Q You have the line marked here in green as "OWC"; is that the oil-water contact in your opinion?

A In my opinion that is the original oil-water contact.

Q I assume, Mr. Halvorsen, that you are proposing to dedicate to your well the Northwest Quarter of Section 5, is that correct?

A Yes, sir. All of the Northwest Quarter of Section 5 that lies above the oil-water contact, as indicated on this plat.

Q In other words, you'd be willing to eliminate from the proration unit for the purposes of assigning an allowable, that portion that would lie below the oil-water contact?

A Yes, sir.

Q What acreage, then, would be dedicated to the well in the Lower Pennsylvanian?

A We have calculated 125 acres.

Q Now, do you have any information on the pressures in these wells?

A The data I have consists of evidence presented at the July 19, 1966 hearing, Case No. 3258, which showed that the Lower Penn reservoir is influenced by a strong water drive. The Midwest Engineer testified that the pressure data showed no pressure drawdown from the original bottomhole pressure of 4,030 pounds at a datum of -6514 feet after recovery of 63,000 barrels of oil. It is assumed that they produce at least that much water along with this oil. It pretty conclusively shows that it is a water drive reservoir.

Q All the evidence indicates that, Mr. Halvorsen?

A Yes, sir.

Q You would have an orthodox location were you to move south from that quarter section, would you not?

A Yes, sir.

Q What is your reason for applying for the location sought in this application?

A The primary reason is that we feel this location is the best location with which to recover the reserves underlying this quarter section. At this well site, the proposed well site, we are some 2800 feet from proven production. At an orthodox location we would be approximately a mile from proven production.

It's characteristic of Pennsylvanian reservoirs to be limited by porosity and permeability. This is evidenced, in our opinion, by the fact that this Lower Penn horizon is not present in the Saunders East Field which is also shown on this Exhibit 2.

Q How far away is that?

A That is two miles from our location, our proposed location. We feel that there is probably a permeability-porosity barrier in the vicinity of the South Half of Section 5. We want to avoid that if at all possible.

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

Q Now, turning to what has been marked as Exhibit No. 3, would you identify that exhibit, please?

A Exhibit No. 3 is a graph or a plot of the oil and water production from the Nonombre-Lower Pennsylvanian Pool.

It shows a rather significant increase in water production in July of 1966, just shortly after the No. 2-D well was completed.

Q What would account for the sudden decline in water production, that would be in November 1966?

A It is my understanding at that time that the well ceased to flow and that artificial lift equipment was installed and that this represents a capacity of the pump equipment.

Q And it also is reflected in a reduction in the amount of oil produced, is that correct?

A Yes, sir.

Q In your opinion, then, Mr. Halvorsen, would you state that this is an active water drive field?

A Yes, sir.

Q Do you have any information on any gas production in the area?

A No, sir, I do not.

Q Now, in connection with the application did you seek for a unorthodox location also in the Upper Pennsylvanian Pool?

A Yes, sir.

(Whereupon, Applicant's Exhibit No. 4 was marked for identification.)

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Q Turning to what has been marked as Exhibit No. 4, would you identify that exhibit, please?

A Exhibit No. 4 is a structure map of the Nonombre-Upper Penn field contoured on the Upper Penn horizon. It also shows marked in a, identified with a heavy black mark the location of the producing Upper Penn wells. They are Midwest's No. 1-C and their No. 1-D, situated in Section 32.

Q Are those the only wells producing from the Upper Penn at the present time?

A Yes, sir.

Q And do you have the same information on tests in the Upper Pennsylvanian that you presented as to the Lower Pennsylvanian a few minutes ago?

A Yes, sir.

Q Would you discuss that, please?

A Yes, sir. These tests are identified in the same manner. We have used a symbol beside the well and the test data is at the right of the map. The Cactus Drilling Company is Item A, recovered some 2250 feet of sulphur water on drill stem test. It was completed a dry hole. Item B is the Midwest Harris State with ten barrels of oil and ten barrels of water. This well was not completed as a producer either.

Item C is Midwest No. 2-D. This well flowed 22 barrels of oil in one and a half hours on drill stem test

of the Upper Penn horizon. It is not completed in the Upper Penn, however. Item D is the Midwest State No. 1-D which flowed four barrels of oil and seven barrels of water in slightly less than an hour, fifty-five minutes. This is completed in the Upper Penn horizon. Item E is Midwest 1-C which flowed 51 barrels of oil in two hours on drill stem test. This also is completed in the Upper Penn.

Q That didn't produce any water, is that right?

A Initially, no. Item F is the Lowe State, which again did not test the Upper Penn horizon.

Q How did you arrive at the oil-water contact on the Upper Pennsylvanian Pool, Mr. Halvorsen?

A It is based primarily on the proximity of the water production to the oil and water production shown in the Midwest Harris State. The Midwest Harris State did recover oil and water whereas -- so that we defined that as the edge of the oil-water contact.

(Whereupon, Applicant's Exhibit No. 5 was marked for identification.)

Q Turning to what has been marked as Exhibit No. 5, would you identify that?

A Exhibit 5 is a graph of the production from the Nonombre-Upper Penn Pool.

Q Does this information, to you, indicate that the

Upper Pennsylvanian Pool was a water drive pool?

A This information shows that there is some water production with the Upper Penn; however, pressure data that was submitted previously by Midwest indicated that this is a depletion type or solution gas type reservoir.

Q Have you examined that data?

A Yes, I have.

Q Are you in agreement with it?

A Yes, sir.

Q And the conclusion that it is a solution gas reservoir primarily, is this your information?

A Yes, sir.

Q On your Exhibit No. 4 you show the water-oil contact lying outside the acreage you propose to dedicate to the well?

A Yes, that is correct.

Q In your opinion is all the acreage that you propose to dedicate to your well productive from the Upper Pennsylvanian?

A Yes, sir.

Q And on that basis you would ask for 160 acres to be allocated to the well for proration purposes, is this correct?

A Yes, sir.

Q But as to the Lower Pennsylvanian, you ask for 125

acres to be dedicated to this well?

A That is correct.

Q Were Exhibits 1 through 5 prepared by you or under your supervision?

A They were prepared under my supervision.

MR. KELLAHIN: At this time I would like to offer Exhibits 1 through 5.

MR. UTZ: Without objection the Exhibits 1 through 5 will be entered into the record of this case.

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

MR. KELLAHIN: That's all I have on direct examination.

MR. UTZ: Are there questions of the witness?

MR. MORRIS: Yes, sir, I have questions.

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Halvorsen, what did you state was the present status of the Midwest Well No. 3-D?

A I did not discuss the 3-D.

Q I see that you have it marked on the map here as the well identified as "C" on Exhibit No. 2 and as "D" on Exhibit No. 4.

A No, sir, that "C" is identified with the Well No.

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1-D.

Q Oh, I beg your pardon. Do you know what the status of the 3-D is at the present time?

A My understanding, it is completed from a zone other than the Upper Penn or the Lower Penn.

MR. UTZ: What zone would that be?

A I believe they requested a new field designation at the hearing in Hobbs, I believe they identified it as the Middle Penn. I did not attend that hearing.

Q (By Mr. Morris) Mr. Halvorsen, are you familiar with the Harris State well up in Section 29 and its current status?

A Yes, sir. It is my understanding that it is currently a salt water disposal well.

Q In which zone?

A This I do not know. It is my understanding it is neither of the producing horizons.

Q In determining where your oil-water contact would be, then, you did not take into consideration the interval in which the water was being injected into the Harris State?

A No. This would not be pertinent because the test data here was obtained before it was converted to salt water disposal.

Q On your Exhibit No. 4 you show the Harris State

well as being right on the oil-water contact line, is that correct?

A Yes, sir, we assumed the oil-water contact would be approximately at that datum.

Q What control did you have for drawing the oil-water contact line at that particular contour interval?

A The fact that the Harris State did recover both oil and water on drill stem test. Actually it could be drawn lower than that inasmuch as there is no other data other than that from the Cactus Drilling Smelting Well which is some 18 feet lower datum-wise than the Harris State.

Q Did you have any other control except the Harris State well upon which to base your oil-water contact for the Upper Penn?

A No, sir, did not. Excuse me. I will have to say that the fact that the remaining wells did test clean oil indicated that it was not higher than any of those.

Q So, based on the production of water in the Harris State well on test you assumed that the oil-water contact would be at that interval or lower?

A That is correct.

Q Now, if the contact point were actually lower, that would have the effect of cutting into the productive acreage in the Upper Penn field of your proposed proration unit?

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A No, sir, it would increase it.

Q It would increase it, all right. What control did you have for your oil-water contact on your Exhibit No. 2?

A Exhibit No. 2, the best control is Item C and Item D, which Item C is the Midwest State 1-D which recovered all water, and Item D is Midwest State 1-C which recovered clean oil. There are four feet difference datum-wise and somewhere between there is the oil-water contact. We assumed it to be at 6544 subsea.

Q What control do you have over the oil-water contact line as drawn through your proposed proration unit?

A None other than our structural interpretation in that area.

Q And the closest defined control would be up at the 1-D?

A No, sir. The closest structural control would be the Lowe State, which is in the Northeast Quarter of Section 5.

Q Mr. Halvorsen, is there sufficient control in this area for oil-water contact from which you could say with any precision where the line would be for the purposes of determining the productive acreage in either the Upper or Lower Pennsylvanian?

A Would you repeat that, please?

Q Yes. In other words, is it feasible to determine

productive acreage based on the oil-water contact line in view of the lack of control that you have in this area?

A We think so, yes. I might point out if we don't believe so we wouldn't drill this well.

Q At the south end of the proration unit there is no control on the oil-water contact or on your structure to indicate whether the line would swing to the east or the west, is there?

A No, sir, there is not.

Q Are you familiar with the well location requirements in the Upper and Lower Pennsylvanian Pools?

A Yes, sir.

Q What are those requirements?

A Those requirements are that they be within 150 feet of either the Northeast Quarter of the Southwest Quarter of a governmental quarter section.

Q Looking at the development that has occurred in both of these pools as shown on your Exhibits Numbers 2 and 4, are all wells presently producing from either the Upper or Lower Pennsylvanian located in accordance with the field rules?

A Yes, sir, those producing are.

Q Yes. So as far as the Northwest Quarter of Section 5 is concerned, a standard location would have been in the Northeast Quarter or the Southwest Quarter of that

quarter section?

A Yes, sir.

Q Now, what reason do you have for not drilling your well in the Northeast Quarter of that quarter section?

A For drilling it where?

Q In the Northeast Quarter of the Northwest Quarter.

A If we drilled in the Northeast Quarter of the Northwest Quarter we should encounter the Lower Penn horizon below the oil-water contact, as we've indicated on this plat.

Q But you would expect to encounter the Upper Pennsylvanian in a water-free zone?

A Yes, sir.

Q As far as the Upper Pennsylvanian is concerned, there would be no reason for not drilling an Upper Penn well as a standard location?

A No, sir, no geological reason.

Q Yes. Do you intend to test both the Upper and Lower Pennsylvanian in this one well?

A Yes.

Q If productive in both zones, do you intend to dually complete the well?

A If we feel it's practical engineering-wise.

Q In view of the experience of other operators in this field, do you feel that a dual completion would be

feasible?

A Yes, sir. I think it would be feasible under certain conditions.

Q And I take it, Mr. Halvorsen, that under other conditions you might feel that the well should be singly completed rather than dually completed?

A Yes, sir.

Q Do you recognize the situation that might occur that you would complete this well as an Upper Pennsylvanian single completion?

A Yes, sir. In the event the Lower Penn was dry.

Q Is your primary objective the Lower or the Upper Pennsylvanian?

A The primary objective is the Lower Pennsylvanian.

Q Now, the other location that would be available to you, the other standard location that is in this quarter section would be the Southwest Quarter of the Northwest Quarter?

A That's correct.

Q What reason did you give for not wanting to drill a well at that standard location?

A The main reason is that somewhere between the Nonombre Pool and the Saunders East Pool, this Lower Pennsylvanian horizon is absent or changes character; in

other words, we encounter a porosity-permeability pinchout. We don't want to get any closer to that than we have to. We feel that our lowest risk location is in the Northwest Corner of that quarter section.

Q In other words, Mr. Halvorsen, you picked the optimum location in the entire Northwest Quarter for your proposed well regardless of the prevailing rules in the field, is that right?

A That is correct. In order to recover the reserves underlying this tract.

Q Based upon current normal unit allowables, have you calculated what your allowable would be in the Lower Pennsylvanian based on your 125-acre proposed proration unit?

A No, I haven't.

MR. UTZ: What's the normal unit allowable there?

MR. MORRIS: I believe that the standard 160-acre factor is 7.67.

MR. UTZ: Times 47?

MR. MORRIS: I calculate it to be 360 barrels a day for a full proration unit, which would make it somewhere in the neighborhood of 275 barrels a day for a 125-acre.

A That's approximate proportion.

Q (By Mr. Morris) Based upon your knowledge of the production characteristics in this area, would you expect the

Lower Penn to be able to produce in excess of 275 barrels a day?

A Yes, sir. Data that was presented by Midwest at their hearing to establish 160-acre rules proved rather conclusively this is a high permeability reservoir.

Q I mean at this particular location, would you expect a well at this location to be able to produce 275 barrels per day?

A Yes, sir, I would.

Q Would you expect that a well at this location would be able to produce in excess of that amount.

A In all likelihood, yes.

MR. MORRIS: That's all I have.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Halvorsen, am I correct in that there's two completions in each the Upper and Lower Pools?

A Yes.

Q In other words, that's the extent of the development in the pool?

A That is correct.

Q Very small pool for 160-acre spacing, isn't it? Now, the 1-D well in the Northeast Quarter of Section 32, that's a completion in the Upper?

A Yes, sir.

Q But you interpret the oil-water contact, there is some question as to the acreage, I presume the Northeast Quarter is dedicated to that well, is that true?

A I don't have any information in that regard, I would assume that it is.

Q But if it is there would be some question as to how much acreage was productive in the upper zone there in the Northeast Quarter?

A Yes, sir, it would appear that from these data.

Q Now, in the lower zone well, then, that particular situation isn't so bad as far as the dedication of the East Half or the West Half of Section 32?

A No, sir. They both appear to have nearly a full quarter section.

Q In the lower part, the South Half of your unit, you did make a little bend in your contours to the east there, and do I understand that's without any control?

A Yes, sir, that is correct.

Q Not even any control on down here in Section 17?

A Well, I might point out, as you notice on these Saunders East, all the points are estimated points because the actual zone could not be correlated to those wells. This would, therefore, have to be interpretive.

Q Are the two wells in Section 32 completed in lower zone top allowable wells?

A No, sir.

Q They are both marginal?

A Did you say in the Lower Penn?

Q In the Lower Penn.

A As I understand it, the Well No. 1-C, which is in the Southwest Quarter, is now temporarily abandoned.

Q I see. And the other well is a marginal well, the 2-D?

A The 2-D is subject to that allowable. It produces roughly 4,000 barrels a month.

Q And in the upper zone what is the productivity of the two wells on Section 32, the 1-C and the 1-D?

A Together they produce approximately 5900 barrels a month.

Q They would both be marginal then?

A Yes, sir.

Q So what this amounts to is that you are trying to develop 160 acres. to two-well pools, the only development there is marginal development?

A Initially it was capable of producing at top allowable.

Q Would you say the communication was pretty good in

both zones?

A Yes, sir, it appears that way.

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

(Witness excused.)

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

MR. MORRIS: I have a brief statement, Mr. Examiner.

The lack of control on the oil-water contact, particularly at the south end of the field, certainly raises the question as to whether the contact should have swung to the east or west or gone straight down. Of course, even if it had gone straight down at that point we would be taking maybe an 80-acre productivity as far as the Lower Penn is concerned rather than 120-acre productivity, which leads me to the recommendation that Midwest would make in the case, and that is we are not objecting to the drilling of this well; however, any time a well moves off-pattern under a fixed pattern rule and particularly in a situation where the other development in the field has been in accordance with the rule, the applicant must expect a cut in the allowable to the well regardless of where the oil-water contact line might be, just as a penalty for moving off-pattern.

The fact that the oil-water contact shows that no more than 80 acres should be considered productive would

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support the recommendation of Midwest that the allowable on both of these zones be restricted to an 80-acre allowable and that is an 80-160th or one-half of the normal allowable assignable to 160-acre proration unit in this area.

MR. UTZ: You are speaking of both zones?

MR. MORRIS: Yes.

MR. UTZ: What's the depth of these wells?

MR. HALVORSEN: 10,700 feet approximately.

MR. UTZ: What do they cost, about one hundred thirty-five thousand to drill?

MR. HALVORSEN: To the casing point?

MR. UTZ: Yes.

MR. HALVORSEN: It will cost them one hundred seventy-five thousand to two hundred thousand to complete them to the tanks.

MR. UTZ: Dualled?

MR. HALVORSEN: A dual completion will be slightly greater than that.

MR. UTZ: In the upper zone, even though it is a solution drive, is it your interpretation that the water-oil contact will move upstructure?

MR. HALVORSEN: No, sir, I don't believe it would appreciably move. Generally in this type reservoir you deplete the water with the oil.

MR. UTZ: Any other statements?

MR. KELLAHIN: If the Examiner please, I would like to point out that we have presented here the best data that is available in an oil pool that is anything but prolific, it's a two-well pool in the lower zone. One of these wells has been abandoned already. If there's any opportunity to recover the oil from this reservoir, I think that opportunity should be recognized by the Oil Commission and permission granted to recover the oil.

Now, Mr. Morris stated that any time anyone moves off a fixed pattern they should expect to be penalized for moving off-pattern, the penalty should be imposed. It's not the duty or function of the Oil Conservation Commission to impose penalties on anybody for anything other than a violation of their rules and orders in a proper proceeding before the court. The purpose of the Commission in a case such as this is to insure that the individual operator will be given the opportunity to produce his just and equitable share of the oil underlying his tract.

We've attempted to show our interpretation of the oil underlying the tract in the Northwest Quarter of Section 5. As to the lower zone, we recognize the fact that there is a water-oil contact involved here which has cut off a portion of the acreage and we're willing to take a reduction in the

allowable, not as a penalty, but because we don't feel the oil is underlying the tract. What we wanted to do is recover our share of the oil.

As to the upper zone, we don't feel that the oil-water contact has encroached, but in the interest of economy a well should be drilled at the same location in order that it might be dualled. Therefore, the entire tract should be dedicated to the well in the upper zone, and this is our position.

MR. UTZ: As far as the lower pool is concerned, it's your opinion that the only argument is how much acreage is productive?

MR. KELLAHIN: Right. That's correct.

MR. MORRIS: Mr. Examiner, if I might just make a brief comment. I'd like to call the Examiner's attention to paragraph (g) of Rule 104 which states "Whenever an exception is granted the Commission may take such action as will offset any advantage which the person securing the exception may obtain over other producers by reason of the unorthodox location." This is what I was referring to when I referred to a penalty for moving off-pattern to an unorthodox location.

MR. KELLAHIN: I quite agree with the rule and we will say we would obtain an advantage if a full allowable

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PAGE

29

were assigned. We're willing to forego that advantage.

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

INDEX

WITNESS

R. L. HALVORSEN

Direct Examination by Mr. Kellahin

Cross Examination by Mr. Morris

Cross Examination by Mr. Utz

PAGE

2

14

22

OFFERED AND
ADMITTED

EXHIBIT

MARKED

Applicant's 1
Applicant's 2
Applicant's 3
Applicant's 4
Applicant's 5

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

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 9th day of May, 1967.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3558, heard by me on April 26, 1967.
[Signature], Examiner
New Mexico Oil Conservation Commission