

CASE 3881; Application of J. M.
HUBER CORPORATION FOR CREATION OF
A NEW OIL POOL AND SPECIAL RULES.

Case Number

3881

Application
Transcripts.

Small Exhibits

ETC.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

October 15, 1969

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

Re: Case No. 3881
Order No. R-3533-A
Applicant:
J. M. Huber Corporation

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

Copy of order also sent to:

Hobbs OCC ☒

Artesia OCC _____

Aztec OCC _____

Other _____

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. 3881
Order No. R-3533-A

APPLICATION OF J. M. HUBER CORPORATION
FOR THE CREATION OF A NEW OIL POOL AND
FOR SPECIAL POOL RULES, ROOSEVELT COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 8, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 14th day of October, 1969, 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-3533, dated October 23, 1968,
temporary Special Rules and Regulations were promulgated for
the South Prairie-Devonian Pool, Roosevelt County, New Mexico,
establishing 80-acre spacing units for a period of one year.

(3) That pursuant to the provisions of Order No. R-3533,
this case was reopened to allow the operators in the subject pool
to appear and show cause why the South Prairie-Devonian Pool should
not be developed on 40-acre spacing units.

(4) That the evidence establishes that one well in the
South Prairie-Devonian Pool can efficiently and economically
drain and develop 80 acres.

-2-

CASE No. 3881

Order No. R-3533-A

(5) That the Special Rules and Regulations promulgated by Order No. R-3533 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(6) 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, the Special Rules and Regulations promulgated by Order No. R-3533 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the South Prairie-Devonian Pool, Roosevelt County, New Mexico, promulgated by Order No. R-3533, are hereby continued in full force and effect until further order of the Commission.

(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


ALEX J. ADELTO, Member


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


esr/

Case 3881
Heard 10-8-69
Rec. 10-9-69

It would appear that ^{development} this
Pool is ~~virtually~~ ^{essentially} completed.
I therefore recommend that
Order R-3533 be made perm-
-nent. The pool is a water
bore with good permeability.

Frank R. [Signature]

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. 3881
Order No. R-3533

NOMENCLATURE

APPLICATION OF J. M. HUBER CORPORATION
FOR THE CREATION OF A NEW OIL POOL AND FOR
SPECIAL POOL RULES, ROOSEVELT COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 23rd day of October, 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 the applicant, J. M. Huber Corporation, seeks the
creation of a new oil pool for Devonian production in Roosevelt
County, New Mexico, and the promulgation of special rules and
regulations governing said pool, including a provision for 80-
acre spacing units.

(3) That the J. M. Huber Corporation Lone Star Federal Well
No. 1, located in the NE/4 NE/4 of Section 20, Township 8 South,
Range 36 East, NMPM, Roosevelt County, New Mexico, has discovered
a separate common source of supply which should be designated the
South Prairie-Devonian Pool; that the vertical limits of said
pool should be the Devonian formation; that the horizontal limits
of said pool should be the E/2 NE/4 of the aforesaid Section 20.

-2-

CASE No. 3881
Order No. R-3533

(4) 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-Devonian Pool.

(5) 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.

(6) 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) That this case should be reopened at an examiner hearing in October, 1969, at which time the operators in the subject pool should be prepared to appear and show cause why the South Prairie-Devonian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Roosevelt County, New Mexico, classified as an oil pool for Devonian production, is hereby created and designated the South Prairie-Devonian Pool, with vertical limits comprising the Devonian formation, and horizontal limits comprising the E/2 NE/4 of Section 20, Township 8 South, Range 36 East, NMPM, Roosevelt County, New Mexico.

(2) That temporary Special Rules and Regulations for the South Prairie-Devonian Pool, Roosevelt County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH PRAIRIE-DEVONIAN POOL

RULE 1. Each well completed or recompleted in the South Prairie-Devonian Pool or in the Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Devonian oil pool, shall be spaced, drilled, operated,

-3-

CASE No. 3881

Order No. R-3533

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, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. 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 150 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 including an existing well on the quarter-quarter section or lot or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 7.75 for allowable purposes, and in the event there is more than one well

-4-

CASE No. 3881
Order No. R-3533

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:

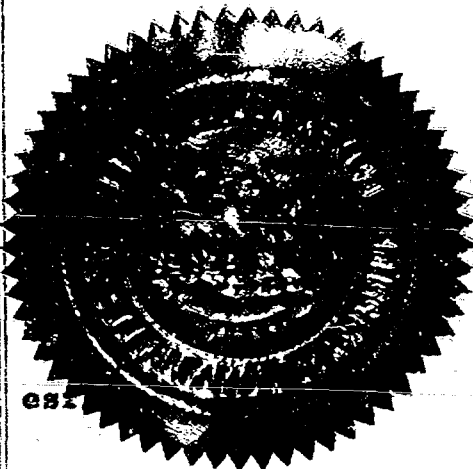
(1) That the locations of all wells presently drilling to or completed in the South Prairie-Devonian Pool or in the Devonian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before November 15, 1968.

(2) That each well presently drilling to or completed in the South Prairie-Devonian Pool or in the Devonian 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.

(3) That this case shall be reopened at an examiner hearing in October, 1969, at which time the operators in the subject pool may appear and show cause why the South Prairie-Devonian 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

David F. Cargo
DAVID F. CARGO, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

Case 3881
J. M. Huber - R-

$\frac{3}{2}$ NE $\frac{1}{4}$,
NE NE well location

S. Prairie ~~Dev.~~

Want to drill.

S. E. ~~NE~~.

Docket No. 27-69

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 8, 1969

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 4220: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit E. P. Campbell, and all other interested parties to appear and show cause why the E. P. Campbell Christmas Well No. 1 located in Unit C of Section 6, Township 23 South, Range 36 East, Jalmat Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4221: Application of Tenneco Oil Company for a dual completion and water injection, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its South Hospah Unit Well No. 23 located in Unit K of Section 12, Township 17 North, Range 9 West, McKinley County, New Mexico, in such a manner as to permit the production of gas from the perforated interval 2590 feet to 2865 feet, undesignated Dakota gas pool, and the injection of water for secondary recovery purposes into the upper sand, South Hospah-Upper Sand Oil Pool, in the perforated interval from 1685 feet to 1714 feet.

CASE 4222: Application of Coastal States Gas Producing Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Sawyer-San Andres Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

CASE 3881: (Reopened)

In the matter of Case No. 3881 being reopened pursuant to the provisions of Order No. R-3533, which order established 80-acre spacing units for the South Prairie-Devonian 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 4181: (Continued from the September 10, 1969 Examiner Hearing)
Application of J. M. Huber Corporation for a dual completion and salt water disposal, Lea County, New Mexico. Applicant,

(Case 4181 continued)

in the above-styled cause, seeks authority to dually complete its Stoltz Federal Well No. 1 located in Unit J of Section 12, Township 15 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Morton-Wolfcamp Pool and the disposal of produced salt water through the 8 5/8 X 4 1/2-inch casing-casing annulus into the San Andres, Tubb, Abo, and possibly other formations in the open-hole interval from approximately 4330 feet to 9750 feet.

CASE 4223: Application of Resler and Sheldon for two waterflood projects, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to institute two waterflood projects by the injection of water into the Grayburg, and possibly other formations in the perforated interval from approximately 3555 feet to 3617 feet in their Kelly Well No. 3 and into the Queen, and possibly other formations in the perforated interval from approximately 3439 feet to 3689 feet in their Steeler Well No. 1, said wells being located, respectively, in Unit M of Section 16, and Unit I of Section 20, Township 23 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. In the alternative, applicants seek authority to dispose of produced salt water in said wells in the intervals as described above.

CASE 4224: Application of Big "6" Drilling Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Ora Jackson "A" Well No. 1 located 660 feet from the South and West lines of Section 5, Township 19 South, Range 35 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Scharb-Bone Springs Pool and the disposal of produced salt water through the intermediate casing-production casing annulus into the Seven Rivers, Queen, San Andres, Upper Bone Springs, and possibly other formations in the interval from approximately 3989 feet to 9500 feet.

CASE 4225: Application of S. P. Yates for a pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Queen formation through his Anderson Well No. 2 located 2310 feet from the South line and 990 feet from the East line of Section 11, Township 20 South, Range 26 East, West McMillan Pool, Eddy County, New Mexico.

Examiner Hearing - October 8, 1969

Docket No. 27-69

-3-

CASE 4226: Application of John A. Yates for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg formation through his John A. Yates-State A Wells Nos. 2 and 6 located in Units J and P, respectively, of Section 5, Township 19 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.

CASE 4227: Application of Penrock Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C 11 to permit the re-entry of a well at an unorthodox gas well location 660 feet from the South and East lines of Section 33, Township 12 South, Range 34 East, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico. The E/2 of said Section 33 to be dedicated to the well.

Case 3881

Heard 10-9-68

Rec. 10- -68

Grant J. M. Luber Corp. a temporary
80 Ac spacing order for a new
pond to be called the 'So. Prairie -
Veroniam'.

Use rules that give 330' from
any either 40 Ac. tract or inner
boundary.

Rules apply within 1 mi.
Horizontal limits to be:
E/2 of NE/4 sec. 20-85-36E.

Thos. W.

Docket No. 29-68

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 9, 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 3872: Application of Union Oil Company of California for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to fully complete its Federal "A" Well No. 1 located in Unit P of Section 12, Township 15 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Morton-Wolfcamp Pool and the disposal of produced salt water through the intermediate casing-production casing annulus into the San Andres and such other formations as may occur in the open-hole interval from approximately 4620 to 7350 feet.
- CASE 3873: Application of R. G. McPheron for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the open-hole interval from approximately 5250 feet to 5854 feet in his S. P. Johnson Well No. 1 located 990 feet from the West line and 1650 feet from the South line of Section 5, Township 18 South, Range 39 East, South Carter-San Andres Pool, Lea County, New Mexico.
- CASE 3874: Application of Gulf Oil Company - U. S. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Paddock and Blinebry Oil Pools in the well-bore of its C. L. Hardy Well No. 2 located in Unit N of Section 20, Township 21 South, Range 37 East, Lea County, New Mexico, with the provision that no more than one single allowable well be produced from said well.
- CASE 3875: Application of Pan American Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well in exception to the Fowler-Ellenburger Rules at an unorthodox location 910 feet from the North line and 1980 feet from the West line of Section 15, Township 24 South, Range 37 East, Lea County, New Mexico.

October 9, 1968, Examiner Hearing

Docket 29-68

-2-

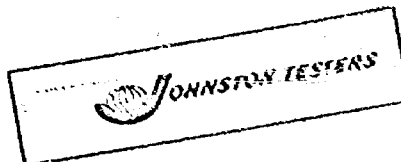
- CASE 3876: Application of Newmont Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Young (Queen) Unit Area comprising 1320 acres, more or less, of federal and state lands in Township 18 South, Range 32 East, Young (Queen) Pool, Lea County, New Mexico.
- CASE 3877: Application of Newmont Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Young (Queen) Unit Area by the injection of water into the Queen formation through 17 wells located in Sections 9, 16, 17, 19, 20, 21, and 29, Township 18 South, Range 32 East, Young (Queen) Pool, Lea County, New Mexico.
- CASE 3878: Application of General American Oil Company of Texas for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Premier sand through two injection wells located in Unit M of Section 8, and Unit G of Section 17, Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico.
- CASE 3879: Application of Walter Duncan Oil Properties for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well at an unorthodox oil well location 1000 feet from the North line and 1242 feet from the East line of Section 36, Township 32 North, Range 18 West, San Juan County, New Mexico. Said well would be projected to the Dakota formation.
- CASE 3880: Application of Anne Burnett Windfohr, dba Windfohr Oil 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 perforated interval from approximately 6970 feet to 7028 feet in the Windfohr Oil Company Jackson "B" Well No. 23 located in Unit J of Section 24, Township 17 South, Range 30 East, Jackson-Abo Pool, Eddy County, New Mexico.
- CASE 3881: Application of J. M. Huber Corporation for the creation of a new oil pool and for special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Devonian oil pool for its Lone Star Federal Well No. 1 located in the NE/4 NE/4 of Section 20, Township 8 South, Range 36 East, Roosevelt County, New Mexico, and for the promulgation of special rules therefor including a provision for 80-acre proration units.

- CASE 3882: Application of Solar Oil Company for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 506 of the Commission Rules and Regulations to provide for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil in the Teague Blinebry Pool, Lea County, New Mexico.
- CASE 3883: Application of Solar Cil Company for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 506 of the Commission Rules and Regulations to provide for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil in the Imperial Tubb-Drinkard Pool, Lea County, New Mexico.
- CASE 3884: Application of Marathon Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Miller Ranch Unit Area comprising 5,276 acres, more or less, of State, Federal and Fee lands in Townships 21 and 22 South, Range 25 East, Eddy County, New Mexico.
- CASE 3885: Application of Sinclair Oil & Gas Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Turner "B" Grayburg-Jackson Waterflood Project, Grayburg-Jackson Pool, by the conversion to water injection of 12 additional injection wells located in Sections 20, 29, and 30, Township 17 South, Range 31 East, Eddy County, New Mexico.
- CASE 3886: Application of Sinclair Oil & Gas Company for the amendment of a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of its Guadalupe Ridge Unit Agreement, unitizing certain lands in Eddy County, New Mexico, and approved by Order No. R-3471, to conform to certain requirements of the Director of the United States Geological Survey. In the absence of objection, the case will be submitted and an order issued upon the basis of the application and exhibits attached thereto.
- CASE 3887: Application of Kersey & Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Premier sand of the Grayburg formation through two wells to be located in Units E and K of Section 12, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico. Applicant further proposes to produce oil from the Upper Grayburg through parallel strings of tubing, if said zones are productive in the subject wells.

October 9, 1968, Examiner Hearing
-4-

Docket No. 29-68

- CASE 3888: Application of Amerada Petroleum Corporation for a dual completion, salt water disposal and tubing exception, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State E "B" Well No. 1 located in Unit E of Section 27, Township 10 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the North Echols-Devonian Pool and the disposal of produced salt water through the tubing-casing annulus into the San Andres formation through perforations in said casing from approximately 5220 feet to 5250 feet. Applicant also seeks an exception to the tubing requirements of Commission Rule 107 in that said tubing would be set more than 250 feet above the upper most Devonian perforation.
- CASE 3889: Application of BTA Oil Producers for the creation of a new pool and special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Bough C zone of the Pennsylvanian formation for its well located in Section 5, Township 9 South, Range 36 East, Lea County, New Mexico, and for the promulgation of special rules therefor including a provision for 160-acre proration units and for the assignment of an 80-acre allowable factor of 4.77.
- CASE 3890: Application of Pan American Petroleum Corporation for special pool rules and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Empire-Pennsylvanian Gas Pool, Eddy County, New Mexico, including a provision for 320-acre spacing units with wells to be located in either the northwest quarter or the southeast quarter of the section. Applicant further seeks approval of a 280-acre non-standard gas proration unit comprising the SE/4, S/2 SW/4, and the NW/4 SW/4 of Section 30, Township 17 South, Range 28 East, Empire-Pennsylvanian Gas Pool, to be dedicated to its State V Com Well No. 1 located 990 feet from the South and East lines of said Section 30.



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 3881

SPECIAL DATA ANALYSIS

AUGUST 22, 1968

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 3881

GENTLEMEN:

THE ENCLOSED TEST APPEARS TO BE A GOOD MECHANICAL DRILL STEM TEST DURING WHICH THE TOOLS DID FUNCTION PROPERLY. THE FORMATION PRODUCED ENOUGH RESERVOIR FLUID FOR PROPER IDENTIFICATION. RESERVOIR PRESSURE DRAWDOWN WAS SUFFICIENT BUT ADEQUATE SHUT-IN BUILD-UPS DID NOT OCCUR FOR RELIABLE QUANTITATIVE ANALYSIS. AFTERFLOW WAS STILL IN EFFECT ON THE INITIAL, SECOND, AND FINAL SHUT-IN BUILD-UPS TO THE EXTENT THAT THE PLOTS ARE CONSIDERED UNRELIABLE FOR ACCURATE ANALYSIS.

1. FLOW RATE: A FLOW RATE OF 790 BBLS/DAY OF OIL WAS NOTED DURING THIS TEST.
2. RESERVOIR PRESSURE: EXTRAPOLATION OF THE INITIAL AND SECOND SHUT-IN PRESSURE BUILD-UPS INDICATES A MAXIMUM RESERVOIR PRESSURE OF 4925 P.S.I.G. AT RECORDER DEPTH. EXTRAPOLATION OF THE FINAL SHUT-IN PRESSURE BUILD-UP INDICATES A MAXIMUM RESERVOIR PRESSURE OF 4845 P.S.I.G. AT RECORDER DEPTH. THE DIFFERENCE BETWEEN THE INITIAL AND FINAL SHUT-IN PRESSURE OF 82 P.S.I.G. IS PROBABLY THE RESULT OF AFTERFLOW STILL IN EFFECT ON THE BUILD-UP CURVES.



SURFACE INFORMATION				EQUIPMENT & HOLE DATA				
Description (Rate of Flow)	Time	Pressure (P.S.I.G.)	Surface Choke	Type Test	M. F. E. OPEN HOLE			
Opened Tool	1117	-	1/8"	Formation Tested	FUSBLEMAN			
STRONG BLOW				Elevation	4126 Ft.			
CHANGED TO 1/2" CHOKE	1125	-	"	Net Productive Interval	-			
CLOSED FOR INITIAL SHUT-IN	1137	-	1/2"	Estimated Porosity	%			
RE-OPENED TOOL	1309	-	1/8"	All Depths Measured From	KELLY BUSHING			
STRONG BLOW THROUGHOUT				Total Depth	12993 Ft.			
SECOND FLOW PERIOD.				Main Hole/Casing Size	6 1/8"			
	1320	-	1/4"	Rot Hole/Liner Size	-			
	1325	-	1/2"	Drill Collar Length	540'	I.D.	2.25"	
CLOSED FOR SECOND SHUT-IN	1410	-	"	Drill Pipe Length	12327'	I.D.	2.7"	
RE-OPENED TOOL	1611	-	1/8"	Packer Depth(s)	12900 & 12905 Ft.			
GAS TO SURFACE	1613	-	"	MULTI-FLOW EVALUATOR FLUID SAMPLE DATA				
STRONG BLOW FOR REMAINDER OF TEST.								
	1620	-	1/4"					
	1625	-	1/2"					
	1630	-	1"					
	1700	-	1/8"					
CLOSED FOR FINAL SHUT-IN	1712	-	"					
FINISHED SHUT-IN	1912	-	"					
PULLED PACKER LOOSE	1920	-	"					
Cushion Type	Amount	Pressure	Bottom Choke Size	Sampler Pressure 300 P.S.I.G. at Surface Recovery: Cu. Ft. Gas 8 cc. Oil 2320 cc. Water - cc. Mud - Tot. Liquid cc. 2320 Gravity 49.2 °API @ 60 °F. Gas/Oil Ratio 55 cu. ft./bbl.				
				RESISTIVITY CHLORIDE CONTENT Recovery Water - @ - °F. - ppm Recovery Mud - @ - °F. - ppm Recovery Mud Filtrate - @ - °F. - ppm Mud Pit Sample 1 @ 88 °F. Mud Pit Sample Filtrate .6 @ 90 °F. 2300 ppm				
MUD DATA								
Mud Type	FRESH WATER & GEL	Wt.	8.8					
Viscosity	45	Water Loss	8.8 C.C.					
Resist. of Mud	1 @ 88 °F.	Filtrate	.6 @ 90 °F.					
Chloride Content	2300		PPM					
RECOVERY DESCRIPTION	FEET	BARRELS	% OIL	% WATER	% OTHERS	API GRAVITY	RESISTIVITY	CHL. PPM
FREE OIL	10560	76.80	100			48.1 @ 60 °F.	@ °F.	
						@ °F.	@ °F.	
						@ °F.	@ °F.	
						@ °F.	@ °F.	
						@ °F.	@ °F.	
						@ °F.	@ °F.	
						@ °F.	@ °F.	
Remarks:								
Address 1900 WILCO BUILDING; MIDLAND, TEXAS								
Company J. M. HUBER CORPORATION								
Well LONE STAR FEDERAL #1								
Location 660' FN & E LINE SEC. 20 BLK 8S SUR 36E								
Test Interval 12905' TO 12993'								
Test # 11								
Date 8-18-68								
County ROOSEVELT State NEW MEXICO								
Technician ROGERS (H0888) Test Approved By MR. FLOYD MEADE								
Field Report No. 10314 B								
No. Reports Requested 13(6x's)								

PRESSURE DATA

Instrument No.	T-74		
Capacity (P.S.I.G.)	7000		
Instrument Depth	12981'		
Instrument Opening	1 IN 81 DE		
Pressure Gradient P.S.I./Ft.			
Well Temperature °F.	205		
Initial Hydrostatic Mud	A	5954	
Initial Shut-in	B *	4396	
Initial Flow	C	699	
SECOND FLOW	C-3	2875	
SECOND SHUT-IN	B-1 *	4420	
Final Flow	D	3630	
Final Shut-in	E *	4491	
Final Hydrostatic Mud	F	5990	
Remarks:	C-1	1490	
	C-2	1998	
	C-4	3229	

Field Report No. 10314 B

TIME DATA

Time Given	Time Computed
92 Mins.	92 Mins.
20 Mins.	21 Mins.
61 Mins.	61 Mins.
121 Mins.	121 Mins.
61 Mins.	58 Mins.
120 Mins.	122 Mins.

Clock Travel 0.02089 inches per min.

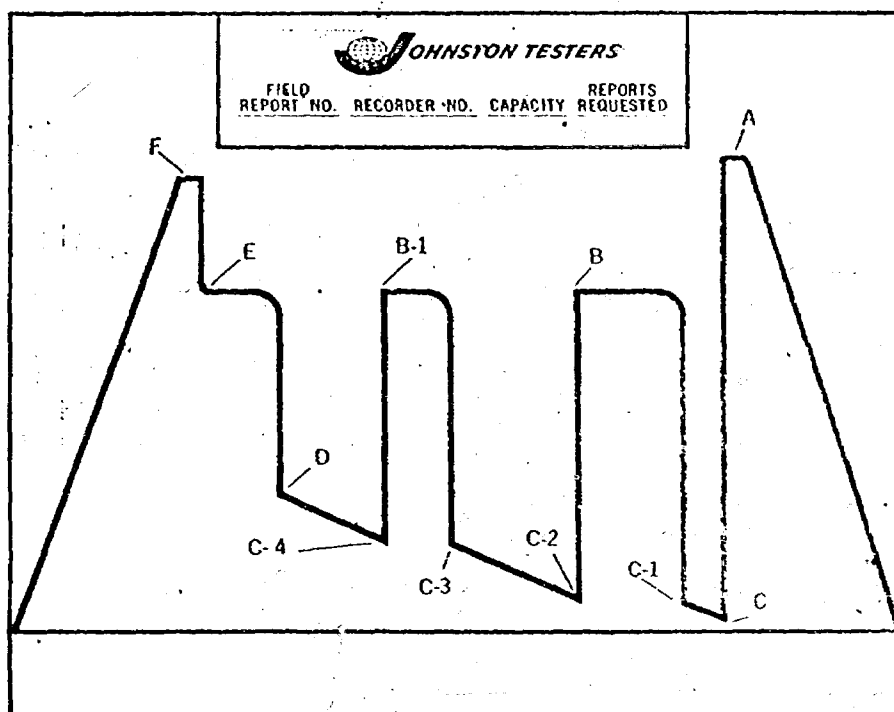
* Shut in pressure did not reach static reservoir pressure.

PRESSURE INCREMENTS

INITIAL SHUT-IN			SECOND SHUT-IN			FINAL SHUT-IN		
Point Minutes	Pressure	$\frac{T + \Delta t}{\Delta t}$	Point Minutes	Pressure	$\frac{T + \Delta t}{\Delta t}$	Point Minutes	Pressure	$\frac{T + \Delta t}{\Delta t}$
C-1 0	1490		C-3 0	2875		D 0	3630	
5	2107	5.200	10	3318	9.200	10	3888	15.000
10	2500	3.100	20	3592	5.100	20	4037	8.000
15	2802	2.400	30	3797	3.733	30	4132	5.667
20	3066	2.050	40	3931	3.050	40	4201	4.500
25	3298	1.840	50	4033	2.640	50	4254	3.800
30	3494	1.700	60	4115	2.367	60	4300	3.333
35	3651	1.600	70	4182	2.172	70	4341	3.000
40	3790	1.525	80	4242	2.025	80	4378	2.750
45	3907	1.467	90	4295	1.911	90	4408	2.556
50	3999	1.420	100	4343	1.820	100	4438	2.400
55	4078	1.382	110	4385	1.745	110	4464	2.273
60	4142	1.350	120	4419	1.683	120	4487	2.167
65	4199	1.323	B-1 121	4420	1.678	E 122	4491	2.148
70	4246	1.300						
75	4287	1.280						
80	4325	1.262						
85	4358	1.247						
90	4386	1.233						
B 92	4396	1.228						



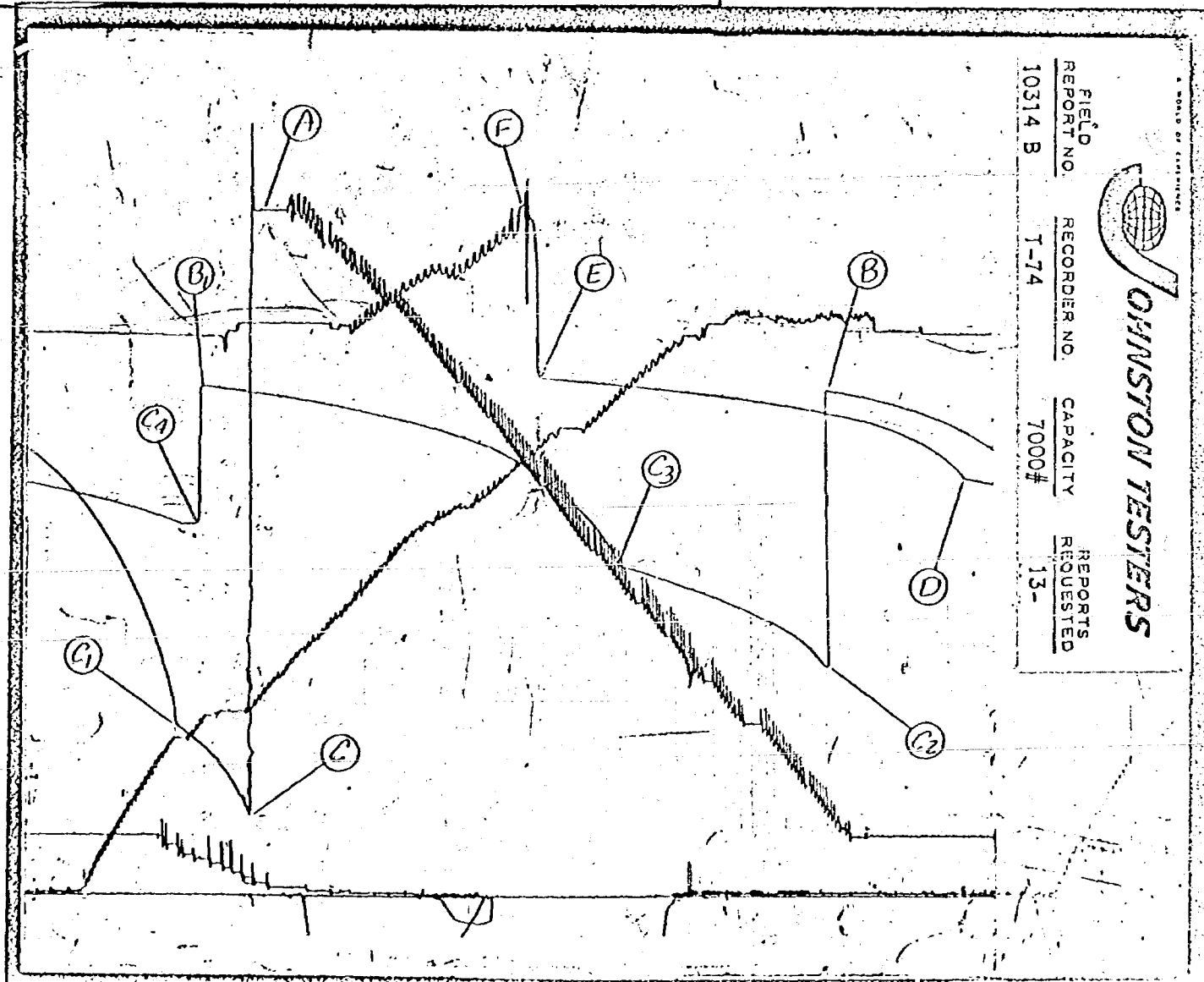
GUIDE TO IDENTIFICATION OF DRILL STEM TEST PRESSURE CHARTS



- A. Initial Hyd. Mud
- B. Initial Shut-in
- C. Initial Flow
- D. Final Flow
- E. Final Shut-in
- F. Final Hyd. Mud

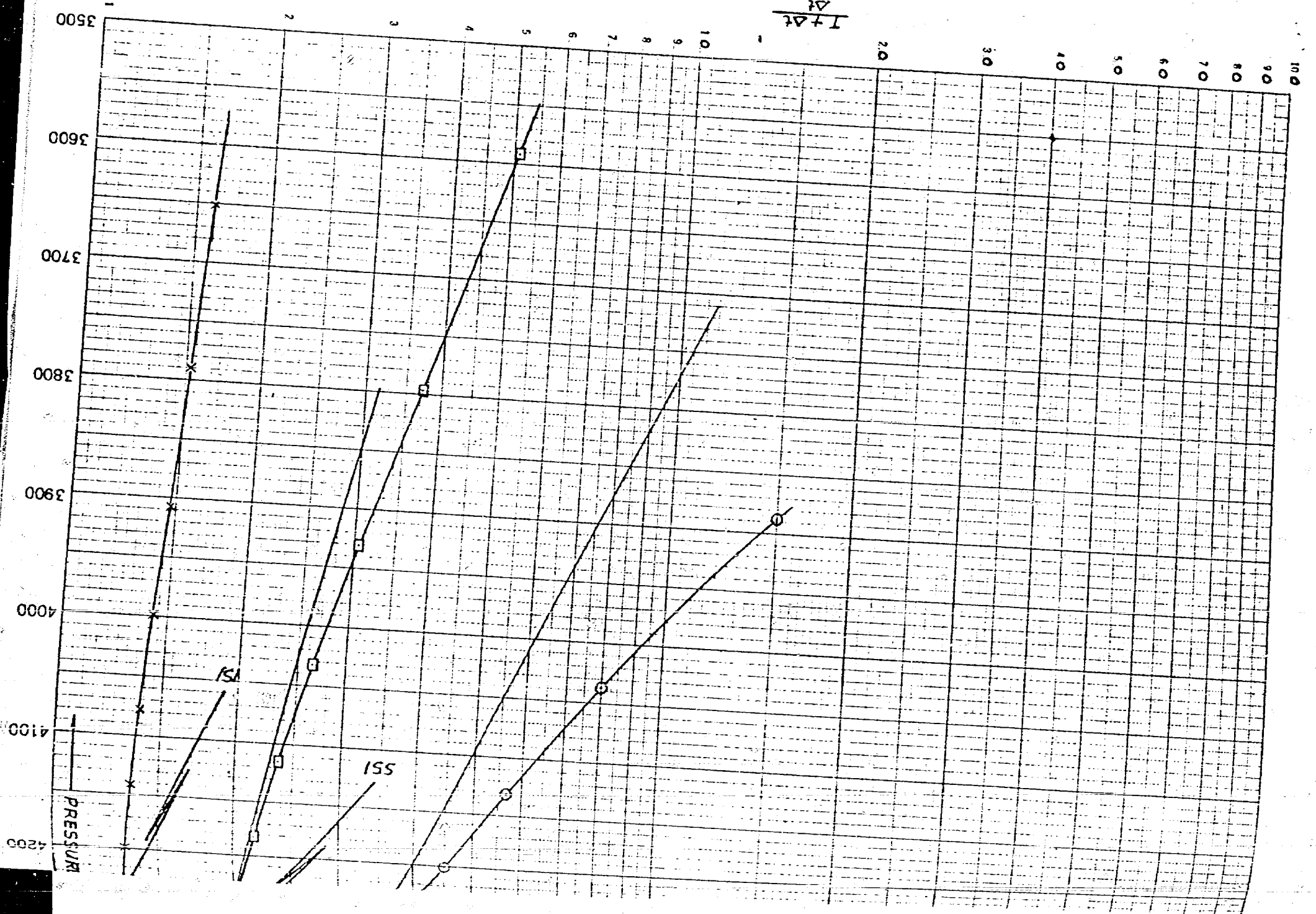
The following points are either fluctuating pressures or points indicating other packer settings, (testing different zones).

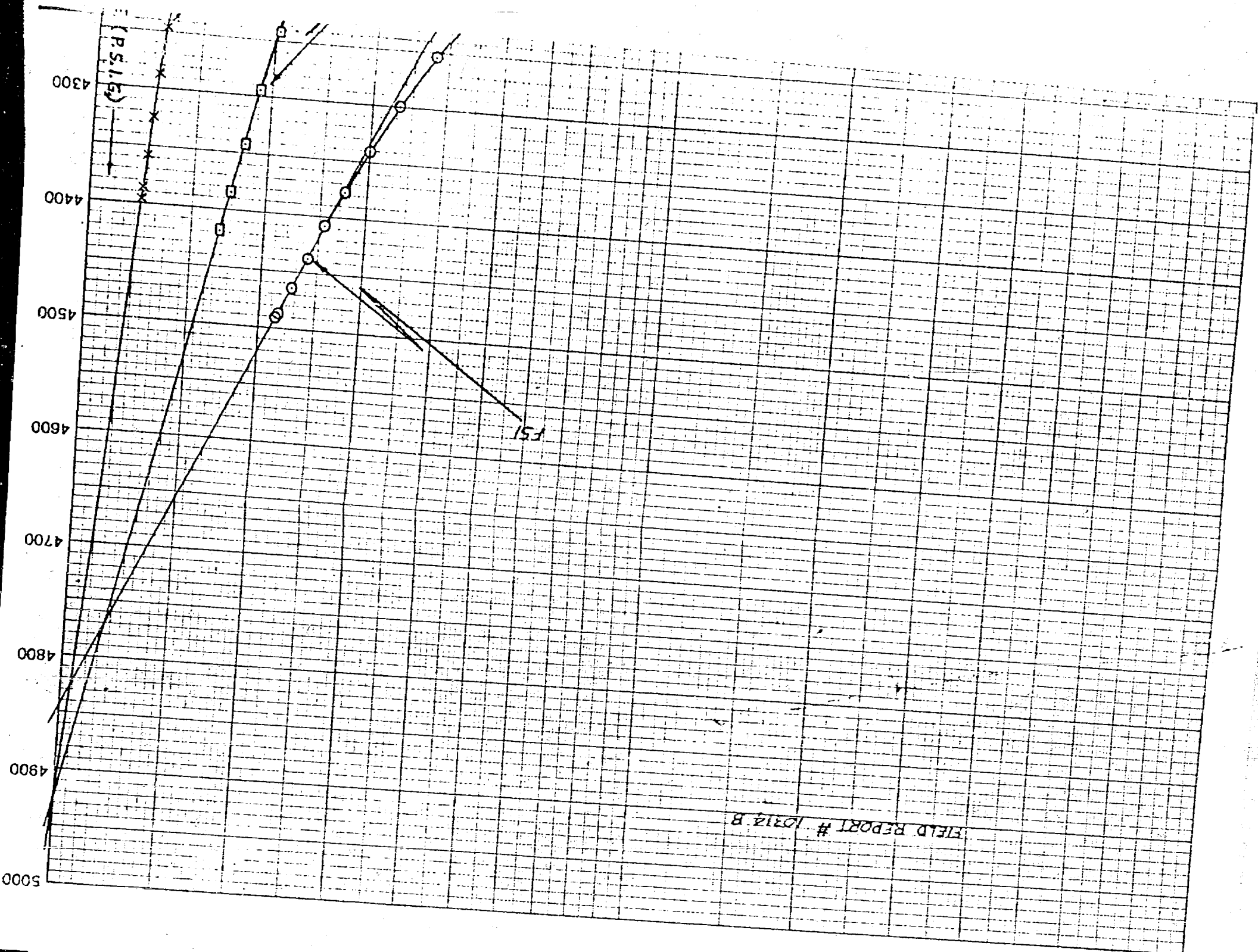
- A-1, A-2, A-3, etc. Initial Hyd. Pressures
- B-1, B-2, B-3, etc. Subsequent Shut-in Pressures
- C-1, C-2, C-3, etc. Flowing Pressures
- D-1, D-2, D-3, etc. Subsequent Final Flow Pressures
- E-1, E-2, E-3, etc. Subsequent Final Shut-in Pressures
- F-1, F-2, F-3, etc. Final Hyd. Mud Pressures
- Z—Special pressure points such as pumping pressure recorded for formation breakdown.



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FIELD REPORT # 10314 B

Flow Time	1st	Min.	2nd	Min.	Date	2-11-64	Ticket Number	393461 S
Closed In Press. Time	1st	Min.	2nd	Min.	Kind of Job	OPEN HOLE	Halliburton District	LOVINGTON
Pressure Readings	Field		Office Corrected		Tester	C.L. CASTELLOW	Witness	MR. CARPENTER
Depth Top Gauge	13105 Ft.		Blanked Off		Drilling Contractor	JOHN GRAPPE DRILLING COMPANY		
BT. P.R.D. No.	74	24	Hour Clock		Elevation	4117' GL	Top Packer	13115'
Initial Hydro Mud Pressure	6030		6004		Total Depth	13139'	Bottom Packer	13120'
Initial Closed in Pres.	4993		5024		Interval Tested	13120'-13139' (9')	Formation Tested	Devonian
Initial Flow Pres.	1225		1318		Casing or Hole Size	6 1/4"	Casing Top Perfs.	
Final Flow Pres.	3824		3800		Surface Choke	1" Adj.	Bottom Choke	5/8"
Final Closed in Pres.	4993		5024		Size & Kind Drill Pipe	3 1/2" IF	Drill Collars Above Tester	2" x 270'
Final Hydro Mud Pressure	5987		5985		Mud Weight	9.0	Mud Viscosity	56
Depth Cen. Gauge	Ft.		Blanked Off		Temperature	210	Anchor Size & Length	10 2" OD 3/4" X 19'
BT. P.R.D. No.			Hour Clock		Depths Mea. From	Rotary Table	Depth of Tester Valve	13095 Ft.
Initial Hydro Mud Pres.					Cushion	water 1500 Ft.	Depth Back Pres. Valve	
Initial Closed in Pres.					Recovered	748	Feet of water cut mud.	
Initial Flow Pres.	1		2		Recovered	1964	Feet of mud cut water cushion.	
Final Flow Pres.	1		2		Recovered	654	Feet of gas & salt water cut mud.	
Final Closed in Pres.					Recovered	4114	Feet of black salt water, slight	
Final Hydro Mud Pres.					Oil A.P.I. Gravity	gas cut.	Spec. Gravity	
Depth Bot. Gauge	13135 Ft.		yes		Gas Gravity		Surface Pressure	0 psi
BT. P.R.D. No.	322	24	Hour Clock		Tool Opened	5:00 P.M.	Tool Closed	9:52 P.M.
Initial Hydro Mud Pres.	6030		6017		Remarks Tool opened for a 7 minute first flow. Clos-			
Initial Closed in Pres.	4993		5034		ed tool for a 45 minute initial closed in pressure.			
Initial Flow Pres.	1225		1323		Reopened tool for a 180 minute second flow with a			
Final Flow Pres.	3824		3805		weak blow increased to a good blow throughout test.			
Final Closed in Pres.	4993		5032		No odor of gas anytime. Closed tool for a 60			
Final Hydro Mud Pres.	5987		5996		minute final closed in pressure.			

FORMATION TEST DATA

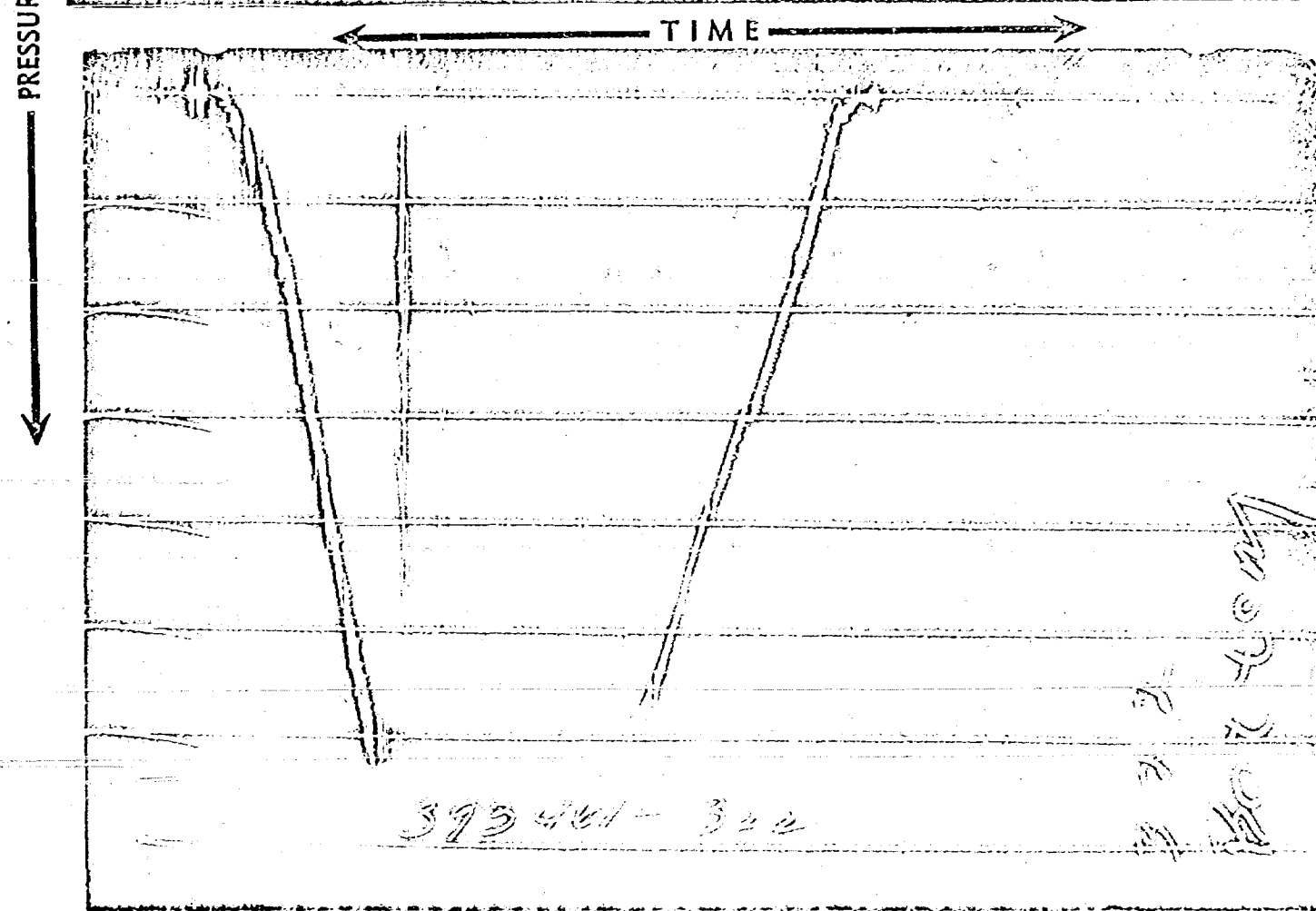
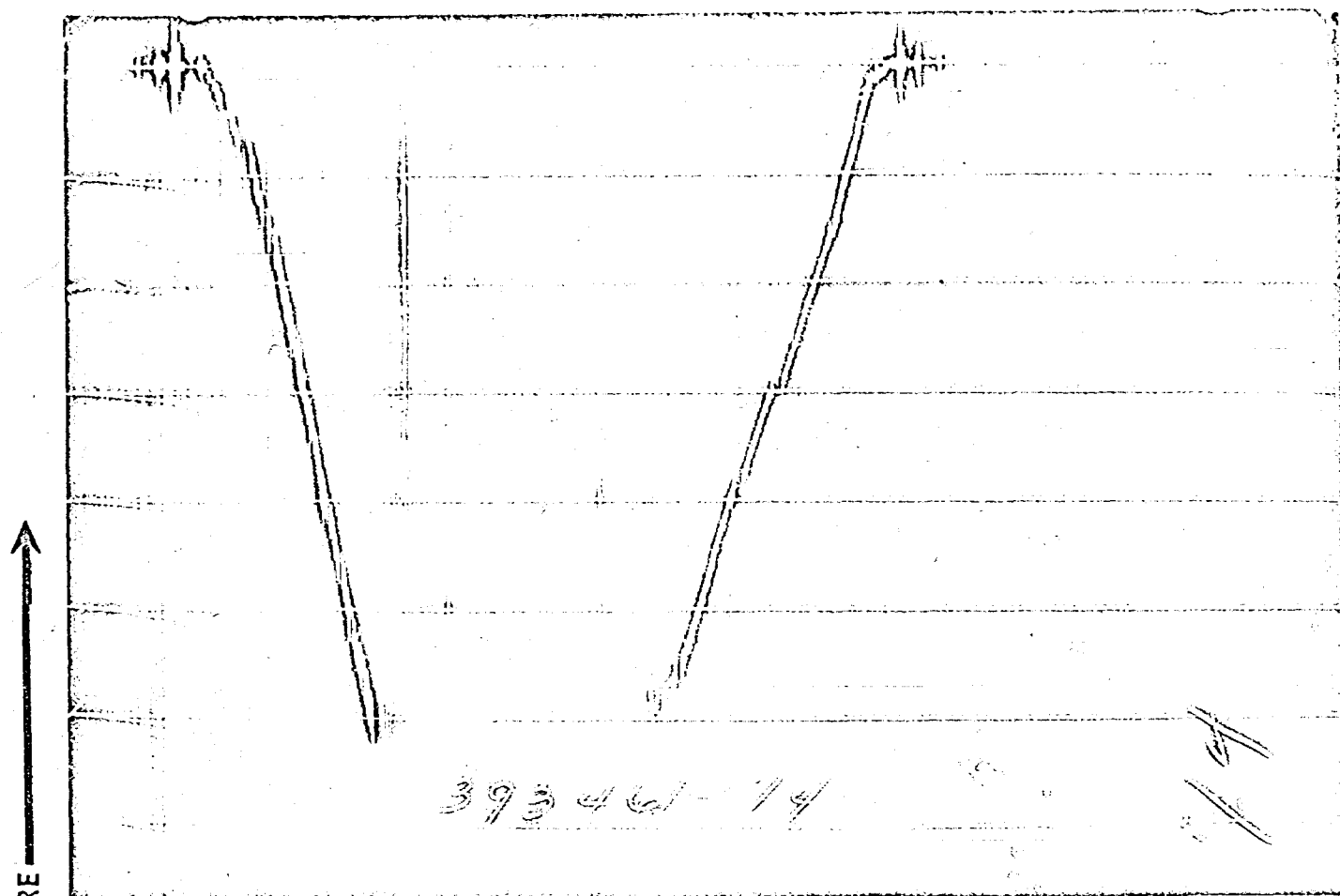
BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 4
CASE NO. 3881

Gauge No. 711			Depth 31,105'			Clock 24 hour			Ticket No. 393461		
	First Flow Period		Initial Closed In Pressure			Second Flow Period		Final Closed In Pressure			
	Time Diff. .000"	PSIG Temp. Corr.	Time Diff. .000"	Log $\frac{t+0}{0}$	PSIG Temp. Corr.	Time Diff. .000"	PSIG Temp. Corr.	Time Diff. .000"	Log $\frac{t+0}{0}$	PSIG Temp. Corr.	
P ₀	.000	1009	.000		1132	.000	1318	.000		3800	
P ₁	.0031	1030	.162		5024	.1248	1989	.208		5024	
P ₂	.0062	1037				.2496	2571				
P ₃	.0093	1060				.3744	3043				
P ₄	.0124	1074				.4992	3453				
P ₅	.0155	1089				.6240	3800				
P ₆	.0186	1115									
P ₇	.0220	1132									
P ₈											
P ₉											
P ₁₀											

Gauge No. 322			Depth 13,135'			Clock 24 hour			
P ₀	.000	1017	.000		1135	.000	1323	.000	3805
P ₁	.0029	1036	.149		5034	.1188	1985	.204	5032
P ₂	.0058	1053				.2376	2564		
P ₃	.0087	1068				.3564	3071		
P ₄	.0116	1085				.4752	3461		
P ₅	.0145	1103				.5940	3805		
P ₆	.0174	1122							
P ₇	.0200	1135							
P ₈									
P ₉									
P ₁₀									

Recording Interval	1	36	Minutes
REMARKS:			

SPECIAL PRESSURE DATA



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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 9, 1968

EXAMINER HEARING

IN THE MATTER OF:

Application of J. M.
Huber Corporation for the
creation of a new oil
pool and for special
pool rules, Roosevelt
County, New Mexico.

Case No. 3881

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 3881.

MR. HATCH: Case 3881, application of J. M. Huber Corporation for the creation of a new oil pool and for special pool rules, Roosevelt County, New Mexico.

MR. KELLAHIN: If the the Examiner please, Jason Kellahin of Kellahin and Fox appearing for the applicant, and I have two witnesses I'd like to have sworn, please.
(Witnesses sworn.)

MR. UTZ: Are there other appearances? You may proceed.

(Whereupon, Applicant's Exhibits Numbers One through Four, inclusive, were marked for identification.)

RICHARD W. SCHULTZ

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 Richard W. Schultz.

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

A I'm employed by the J. M. Huber Corporation as a Geologist in their Midland district office.

Q Is that S-c-h-u-l-t-z?

A Right.

Q Have you ever testified before the Oil Conservation Commission?

A No, sir.

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

A I graduated from the University of Nebraska in February of '67, worked eight years for Pan American in the Roswell and Lubbock districts, and the last three and a half years, I worked as a Geologist with J. M. Huber.

Q And you are located in Midland, Texas?

A Right, in Midland.

Q Do you handle the geological work in the area involved in the application before the Commission at this time?

A Yes, sir.

Q And have you made an investigation of the area involved in this application?

A Yes, sir.

Q Briefly, what is proposed by the Applicant in Case 3881, Mr. Schultz?

A We'd like to have eighty acre spacing, the wells to be located anywhere within the proration unit within 330 feet of the governmental quarter quarter section

line, briefly.

Q And this is in what area?

A This is in the South Prairie area of Roosevelt County.

Q Now, referring to what has been marked as Exhibit Number One, would you identify that exhibit?

A This is a structural contour map, contoured on top of the Devonian Formation, showing the discovery well and another Devonian dry hole.

Q What is the significance of the area outlined in red?

A This is the acreage that Huber has either under lease or under option or by drilling.

Q In preparing this structural picture, you had the information from the Lone Star Well located in Section 20, the discovery well, is that correct?

A Yes, sir.

Q Now, what other information did you have available to you?

A The dry hole located in the southwest southwest of 21.

Q Those are the only two wells in the area?

A Right.

Q Now, as I understand it, the acreage circled in

red is held by J. M. Huber either directly or under farmout agreements, is this correct?

A Right, this is true.

Q Now, referring to what has been marked as Exhibit Number Two, will you identify that exhibit, please?

A Exhibit Number Two is a cross section between the two deep wells in the area called AA Prime on the previous map, and it shows how the Devonian Formation can be identified simply with electric log in this area. It shows the structural configuration of the two wells, drillstem tests, pressures, potentials.

Q In your opinion, are the two wells completed in what would be the same common reservoir?

A Of course, it's a recent completion. We don't have concrete evidence, but the correlations are good and pressures on drillstem tests on both wells are essentially the same.

Q Now, have you made any comparison of the pressures in this reservoir with other reservoirs, or will another witness testify to that?

A The other witness.

Q The other witness will cover that. How about the porosity of the reservoir, Mr. Schultz?

A Well, it's a dolomite, a white coarse crystal and

dolomite, buggy porosity and evidence of fracturing. This is very similar to the Devonian up in this area in other producing fields.

Q What specific fields would you say it is similar to as to the lithology?

A Very similar to the Bough-Devonian which is located about five miles southwest and similar also to the Cross Road-Devonian which is seven miles south southeast. Not only is it similar in lithological respects, but depth and thickness of formation. The structural configurations are the Cross Roads and Bough fields and, as far as we know right now, are generally north and south trending anticlines which we think what we have here.

Q Now, did you make an examination of the logs to determine the porosity in the well that was completed?

A Yes, sir. There's approximately fifty to sixty feet of net porosity in the well off the sonic log.

Q When was the well completed?

A The first of September.

Q Was it cored?

A No, it wasn't.

Q Are any cores available to you in this area?

A Not presently. We plan to core our next well and get additional information.

Q Since the completion of the well in early September, has it been possible for you to obtain any pressure performance on the well?

A No, it hasn't.

Q Have you had trouble with producing it, or --

A We have had. It was completed flowing and we put a pump on it. The GOR is approximately fifty which also compares to Bough-Devonian and Cross Roads, and it just doesn't have enough gas to flow and we've had some pump problems, so our production history isn't real good at this time.

Q Do you have any opinion as to the producing mechanism in this reservoir?

A Right now, there's no reason to believe it isn't similar to these other two fields which would be active water drives.

Q But in your opinion, will it take further experience in producing this well and perhaps other wells to determine just what a well in the reservoir will do?

A This is true. All we can do right now is compare it with other known areas of similar production.

Q Well, do you find that they are comparable?

A Right, in most every respect.

Q For that reason, are you asking for a temporary one year, eighty acre spacing order for one year?

A Temporary, right.

Q Do you have another well location in the area that will be drilled?

A Our next location will be the south offset to the discovery well which, as mentioned before, we'll core for additional data and pressure data, et cetera.

Q And then you could come back at the end of the temporary period and present additional information at that time, is that what you propose to do?

A Yes, sir.

Q As I understand, your recommendation was to have your well locations not closer than 330 feet to the quarter quarter section line.

A Yes, sir.

Q What is the reason for that location?

A Well, we feel that, being this is an old producing field, producing from the San Andres and the Bough "C" and most of these well locations in the field are normal and some of these locations would end up drilling right next to a producing well, and we feel, rather than try to get exceptions on each location -- the first location, we won't have any problem with, but thereafter, we will. I think, rather than get exceptions on each location, it would be better to get a ruling on this spacing right away. We're afraid, mainly, that we

might disrupt production of the other wells or possibly even drill into the other wells.

Q Are the other wells deep wells or --

A Yes, sir. Most of them are all 10,000 feet which we know we can get off pretty far at that depth.

Q Will a 330 location for the Devonian production give you sufficient flexibility to avoid that danger?

A We think so, sir.

Q Were Exhibits One and Two prepared by you or under your supervision?

A They were.

MR. KELLAHIN: At this time I offer in evidence Exhibits One and Two.

MR. UTZ: Without objection, Exhibits One and Two will be entered into the record in this case.

(Whereupon, Applicant's Exhibits Numbers One and Two were admitted in evidence.)

MR. KELLAHIN: Do you have anything further, Mr. Schultz?

THE WITNESS: No, I don't

MR. KELLAHIN: That completes the direct examination of the witness.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Schultz, you did state that within the red outline on Exhibit One that Huber controlled or had under option the entire acreage --

A Yes, sir.

Q -- which would virtually cover the structure as you show it here?

A Right.

Q And particularly, it would cover inside your estimated oil-water contact, is that correct?

A Yes, sir.

Q How did you estimate the water-oil contact?

A Well, it's guesswork, but the minus datum at the base, at the bottom of our well, is a -8885 and it's water-free, so therefore, we estimated the oil-water contact to be in that neighborhood.

Now, the dry hole had water, so we know that it will be between the minus datum of 8885 and the datum on the Devonian well of -8973. It's, at this time, just an estimation.

Q Now, you do know you have the operating rights on this acreage and the other interests would vary within the area outlined on this Exhibit One?

A Yes, they would.

Q Do they vary substantially?

A No. It's mainly with four other companies, and agreement with each company is essentially the same. It's a drill-earn-type farmout agreement.

Q How much oil have you produced in this well?

A Oh, probably in neighborhood of 3,000 barrels, possibly more than that.

Q Do you have any pressure information on the log?

A None other than the drillstem test data which Mr. Neede will discuss.

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

MR. KELLAHIN: I'll call Mr. Neede, please, N-e-e-d-e.

FLOYD L. NEEDE

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 Floyd L. Neede.

Q By whom are you employed and in what position,

Mr. Neede?

A J. M. Huber Corporation, Petroleum Engineer.

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 outline briefly your education and experience as a Petroleum Engineer?

A I graduated from the University of Kansas in June of '59 with a degree of Bachelor in Science in Petroleum Engineering. I've worked for J. M. Huber Corporation since March of '60 as a Petroleum Engineer.

Q In connection with your work for J. M. Huber Corporation, do you handle the Petroleum Engineering work in the area involved in the application before the Commission at this time?

A Yes, sir.

Q And have you made any study of this area --

A Yes, sir.

Q -- on the basis of the information presently available to you?

A Yes.

Q Referring to Exhibits marked Three and Four, would you identify those exhibits, Mr. Neede?

A Exhibit Three is the result of the drillstem test on our Lone Star Federal Number 1.

MR. UTZ: Excuse me. Do you have marked copies of those?

MR. KELLAHIN: Oh, yes. I thought we gave them to you.

MR. UTZ: All right.

A This pertains to the pressure breakdown and also a plot of the extrapolated pressures which show the reservoir pressures to be 4925 at 12,981 feet.

Exhibit Number Four is the drillstem test data on the Lone Star dry hole approximately a mile to the south, and it shows a bottom hole pressure of 5,024 at a depth of 13,105, approximately the same reservoir pressure gradient in both wells.

Q The difference being because of the difference in depths, is that correct?

A Yes.

Q Have you made a comparison of these pressures with any other Devonian Pools in this area?

A The Bough Pool, as mentioned previously, has approximately the same reservoir pressure gradient as both of these wells have.

Q What spacing is the Bough Pool?

A It's on 80 acre spacing.

Q Have you made any other comparisons with the Bough Pool other than pressures?

A It's a similar type flood around forty-nine degrees gravity oil with a low gas-oil ration, fifty to one or less.

Q Essentially, in your opinion, is the South Prairie pool, as depicted on our Exhibit Number One, substantially the same as the Bough Pool from an engineering point of view?

A Yes.

Q In your opinion, would one well efficiently and economically drain and develop eighty acres based on the information presently available to you?

A Yes, sir.

Q Is it your recommendation that this Commission adopt a temporary one-year eighty acre spacing order for this pool?

A Yes, sir, that's right.

Q And you do ask the creation of a new oil pool for the discovery well, is this correct?

A Yes.

Q Do you have any other suggestions as to the rules for the new pool, other than spacing?

A Nothing other than what you covered before.

Q And the well location of 330 feet?

A Right.

Q From an engineering point of view, do you feel that it is necessary and advisable that a 330 foot location be approved for this pool?

A I believe we should have it because of the existing wells in the field. We're going to have to kind of move our locations around to keep from getting in the way of tank batteries and this type of thing.

Q Now, assuming that the Commission should adopt an eighty acre spacing order for a period of one year, at the end of one year, do you feel that there will be additional information available which will either support or refute the conclusion that one well will drain eighty acres?

A Yes. Like I pointed out before earlier, we plan to drill the south offset within two months, commence it, and we plan on coring it and getting reservoir data at that time.

Q Exhibits Three and Four are the official drill-stem tests that were made on the wells when they were drilled, is that correct?

A That's correct.

MR. KELLAHIN: At this time, I offer Exhibits Three and Four.

MR. UTZ: Without objection, Exhibits Three and Four will be entered into the record in this case.

(Whereupon, Applicant's Exhibits Three and Four were admitted in evidence.)

MR. KELLAHIN: Do you have anything further, Mr. Neede?

THE WITNESS: Do you want me to tell them about this (indicating)?

Q (By Mr. Kellahin) In connection with the drilling of the Devonian wells, does the cost of these wells enter as a factor on spacing that should be approved by the Commission?

A Yes. This Lone Star Federal Number One well was deepened from approximately 9800 to 13,000 at an expense of approximately \$190,000.00. We anticipate future wells from grassroots down, dry holes, will cost \$165,000.00 and a completed well, about \$246,000.00.

Q Now, do you have any estimate on the possible return from these wells? Do you have a payout figure on your recovery, or do you have enough information presently that you can reach that conclusion?

A Well, it would just be kind of a ballpark figure. We'd estimate fifteen to twenty per cent.

Q Fifteen to twenty per cent?

A Greater return on eighty acre spacing.

- Q And on forty acre spacing, would the return --
- A It would be lower than that.
- Q It would be lower than that?
- A Yes.

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

CROSS EXAMINATION

BY MR. UTZ:

- Q For the record, your estimate is fifteen or twenty per cent above cost, operating cost?
- A Cash flow rate of return, yes, discount of cash

flow rate.

- Q To boil it down, you just don't have much information available. You'd just like to have wider spacing to protect yourself for a temporary period of time?

A Yes, sir, that's correct.

MR. UTZ: Any questions of the witness? He may be excused. Any statements?

MR. KELLAHIN: If the Examiner please, I think you've already summed up our case.

MR. UTZ: I was just trying to make it easier. The case will be taken under advisement.

I N D E XWITNESS

RICHARD W. SCHULTZ

Direct Examination by Mr. Kellahin

Cross Examination by Mr. Utz

2

10

FLOYD L. NEEDE

Direct Examination by Mr. Kellahin

Cross Examination by Mr. Utz

11

17

OFFERED AND
ADMITTEDEXHIBITApplicant's 1
through 4

2

Applicant's 1
and 2

9

Applicant's 3
and 4

15

MARKED

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, Charlotte J. Macias, Court Reporter 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.

Charlotte Macias
 Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Brazier hearing of Case No. 3887 heard by me on Oct. 9, 1968.

Thurston Secretary
 New Mexico Oil Conservation Commission

11120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

EXAMINER HEARING

(Reopened)

In the matter of Case No. 3881 being reopened pursuant to the provisions of Order No. R-3533, which order established eighty-acre spacing units for the South Prairie-Devonian Pool, Roosevelt County, New Mexico.

Case No.

3881

TRANSCRIPT OF HEARING

MR. UTZ: Case 3881.

MR. HATCH: Case 3881. Reopened. In the matter of Case Number 3881 being reopened pursuant to the provisions of Order Number R-3533, which order established eighty-acre spacing units for the South Prairie-Devonian Pool, Roosevelt County, New Mexico, for a period of one year.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, appearing for the applicant. I have one witness I would like to have sworn.

(Witness sworn.)

MR. UTZ: Any other appearances?

You may proceed.

FLOYD MEADE

the witness, called by Mr. Kellahin, was first duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q State your name, please?

A. Floyd Meade.

Q By whom are you employed and in what position,

Mr. Meade?

A. J. M. Huber Corporation, as a professional petroleum engineer.

Q. And have you previously testified before the Oil Conservation Commission and made your qualifications a matter of record?

A. Yes, sir.

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

MR. UTZ: Yes, sir, they are.

Q. (By Mr. Kellahin) Mr. Meade, are you familiar with the matter covered by the Case Number 3881?

A. Yes, sir.

Q. Did you testify in the original hearing of this case?

A. Yes, sir.

Q. Subsequent to the entry of Order Number R-3533, has there been any additional development in this pool?

A. Yes, sir. There has been one producing well in Section 20, the southeast of the northeast, for Petrofina Federal Number One. It was completed as an oil well. The Lone Star Federal B Number One in the northeast of the southeast of Section 20, completed as a dry hole.

And recently, Atlantic drilled and completed a

dry hole in Section 16 in the southeast of the northwest.

Q Are those wells shown on what has been marked as Huber's Exhibit Number One?

A Yes, sir.

Q What other information have you shown on this exhibit?

A Well, on the right-hand side, there is a structural map on the Devonian, showing the five wells in the area that have penetrated the Devonian.

And the remainder of the exhibit is a cross section containing certain information about these wells.

Q Now, with reference to the right-hand portion of the exhibit, you also have a structure map on the top of the Devonian; is that correct?

A Yes, sir.

Q Does that differ, materially, with the exhibit offered by Huber in the original hearing of this case?

A Not too much, no.

Q What changes were made and on what basis were they made?

A Well, the southeast quarter of Section 20, we have since proven is non-productive of oil and gas.

Q Actually, then, is it your conclusion that you

have a very small Devonian pool here?

A. Yes, sir.

Q. Is it typical of other Devonian pools in this area?

A. Yes, sir.

Q. And now, turning to the cross section, will you discuss the information shown there?

A. Well, it's a cross section, starting from the left-hand side, starting with Atlantic's well in Section 16, coming down through R-3 wells and ending in the Lone Star Well in Section 21.

Q. Now, the Atlantic-Richfield Well, was that shown on the exhibit offered in the original hearing?

A. No, sir -- it was recently completed --

Q. Recently completed?

A. As a dry hole; right.

Q. Is there any information in connection with that well you would like to point out?

A. Well, they did have a bottom hole pressure -- they were quite low, structurally, but they did have a bottom hole pressure of forty-nine sixty-nine on drill stem test in the Devonian.

Q. And then, going to the next well, what information

do you have there?

A. The next well is our Lone Star Federal Number One, located in the northeast northeast of Section 20.

It was the original discovery well and completed for two hundred and eighty-eight barrels oil per day.

Since the completion, we have taken two bottom hole pressure build-ups; one on 9/5/68, with an extrapolated bottom hole pressure of forty-nine ten.

We then took another one on March 17 of this year, and it's extrapolated bottom hole pressure of five thousand twenty-six, indicating we are not losing bottom hole pressure, and every indication is that it is a water drive.

Currently the well is producing thirty-two barrels of oil daily and sixty-three barrels of water -- sixty-six percent of water.

It is pumping with a hydraulic casing, free pump.

In thirteen months, since completion, through September, accumulative production of thirty-four thousand three hundred and forty barrels of oil.

Q. On the basis of the bottom hole pressure, did you make any calculation of the permeability of the formation?

A. Right -- the drill stem test, over the interval, had an indicated permeability, to oil, of one point seven millidarcies, while the later two bottom pressure build-ups

indicated two point six and two point eight millidarcies.

Q Turning to the next well on the exhibit, will you discuss the information shown there?

A Yes. That is our Petrofina Federal Number One, located in the southeast of the northeast of Section 20.

It was located early this year, for seven hundred seventeen barrels of oil per day. It is flowing and no water.

It is currently producing two hundred and fifty-three barrels of oil a day and four hundred and seventy-four barrels of water.

This is sixty-five percent water. And we are pumping it with a casing hydraulic pump.

In the eight months since completion, accumulative production is fifty-seven thousand nine hundred and ninety barrels of oil.

The indicated permeability for the drill stem test was twenty-five point nine millidarcies to oil, and a bottom hole pressure taken immediately following completion or approximately a month following completion, in March, and it indicated a bottom hole pressure, extrapolated to forty-nine twenty-one, with a nine point one millidarcy permeability to oil.

Q Do you also show the cost of that well?

A. Yes, sir. That well costs two hundred and eighty thousand dollars, and this includes pumping equipment and tank battery and --

Q In your opinion, will that well pay out?

A. Yes, sir. I believe that well will pay out.

Q Do you believe the first well that you drilled; will it pay out?

A. The first well will probably not pay out.

Q Do you remember what the cost of that well was?

A. Approximately two hundred and fifty thousand dollars, but I don't have the exact figure.

Q That was the recompletion of an old hole?

A. This was a deepening that was originally a Bough-C well, and we deepened it to the Devonian.

Q Now, the Petrofina Federal Number One Well was a new well drilled to the top of the surface?

A. It was a top to bottom hole; yes, sir.

Q Now, does that also indicated, in your opinion, that this is an active water-drive pool?

A. Yes, sir. The bottom hole pressure is similar to the original pressure in the Lone Star Federal Number One, and with the water encroachment, it appears as an active water drive.

Q Would you discuss the other two wells shown on the exhibit?

A All right. The well in Section 20, to the northeast of the southeast was our Lone Star Federal B Number One. It was drilled top to bottom, as a dry hole.

Drill stem tests, over the Devonian interval, indicated bottom hole pressure of forty-eight eighty-seven.

Here again, this is similar to the other two wells of bottom hole pressure.

That well cost, plugged and abandoned, one hundred and sixty-six thousand dollars.

The last well was a Lone Star well, in the southwest southwest of Section 21. It was a dry hole, and it had a shut-in pressure of five thousand twenty-four and it was again, structurally, low.

So, it appeared as a quite small reservoir.

Q Generally, how would you characterize this reservoir as to drainage and pressures and other information available to you?

A Well, the pressures indicate a no-draw-down, due to production, indicating an active water drive.

We did cut a core in the Petrofina Federal. It had large, buggy-type permeability and porosity in it,

indicating that it drained quite a large area, actually.

The calculation from build-up indicates pretty good permeability, in excess of -- well, the last build-up on the Petrofina, of nine point one millidarcies.

And it should drain a large area.

Q Now, with the type of core that you secured in your Petrofina Federal Number One Well, could you make a determination of the permeability?

A Well, it would be probably erroneous, inasmuch as you get one of those bugs -- and then, it would be exceptionally high.

Q The Matrix was tight.

Do you consider your pressure build-up calculation as a better indication?

A Right.

Q For the field, as a whole?

A Yes, sir.

Q Based upon the information that is available to you, in your opinion, will one well effectively drain and develop the eighty acres?

A Yes, sir.

Q Is it your request the Oil Commission continue in effect the present rules provided for eighty-acre spacing

in the proration units?

A. Yes, sir.

Q. Do you have anything else to add to your testimony, Mr. Meade?

A. No, sir -- I believe that covers it.

Q. Was Exhibit Number One prepared by your or under your supervision?

A. Yes.

MR. KELLAHIN: At this time, I would like to offer into evidence Exhibit Number One. I would also ask that the Examiner and the Commission take notice of the testimony that was offered in this case, at the original hearing, a year ago. And the testimony offered today is only designed to supplement that testimony.

MR. UTZ: Exhibit Number One will be entered in the record in this case, and we will take note of the previous case in this matter.

(WHEREUPON, Applicant's Exhibit One was duly admitted into evidence.)

CROSS EXAMINATION

BY MR. UTZ:

Q. Mr. Meade, how many wells do you have in this

pool now?

A. Two producing wells and three dry holes.

Q. What are these wells up in the south half of the southwest quarter of seventeen?

A. That is called our Prairie Federal Number One, located in the southwest of the southeast of Section 17. That is a Bough-C producing well.

Our Prairie Federal Number Two, in the southeast southeast of Section 17 is a San Andres producing well.

Q. And all the rest are shown as producing wells in the Bough-C and the San Andres?

A. Yes, sir -- I believe that's correct.

Q. Did you mention what the pressures were at this time?

A. Well, the most recent pressures -- the Atlantic dry hole, and this was -- I can't give you an exact date, I would say in the last six weeks it was plugged and abandoned, and their pressure on drill stem test was forty-nine sixty-nine.

That is similar to our -- the original drill stem test pressure in our Lone Star Federal Number One, which was forty-nine point five --

Q You are using hydraulic pumps on these?

A Yes, sir.

Q Are you asking at this time for a permanent order?

A Yes, sir.

Q You don't anticipate any further development in the pool?

A Well, sir, we think that the south half of the southeast quarter of Section 17 may be productive -- but it's under our lease with two wells already existing on it. And we may drill it ourselves or we may not.

It depends on the performance of the first two wells, really.

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

Statements? The case will be taken under advisement.

I N D E X

The Witness - FLOYD MEADE
Direct Examination by Mr. Kellahin
Cross Examination by Mr. Utz

Page

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11

E X H I B I T S

Applicant's Exhibit Number One

Marked

11

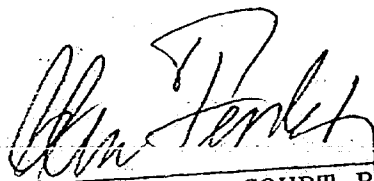
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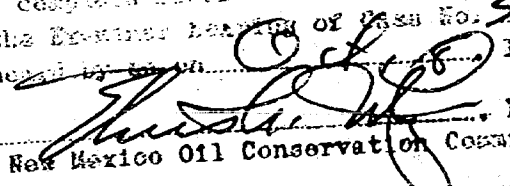
STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, CA FENLEY, Court Reporter 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 this 20th day of November, 1969.



CA FENLEY - COURT REPORTER

I do hereby certify that the foregoing is a correct record of the proceedings in the Executive Hearing of Case No. 3887 heard by me on Oct 28 1969.

 Commissioner
 New Mexico Oil Conservation Commission

JASON W. KELLAHIN
ROBERT E. FOX

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

TELEPHONE 982-4315
AREA CODE 505

September 11, 1968

Case 3881

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

Gentlemen:

Enclosed, in triplicate, is the application of J. M. Huber Corporation for 80-acre spacing in an undesignated devonian pool, Roosevelt County, New Mexico.

It is requested that this application be set for hearing at the first examiner hearing in October.

Very truly yours,

Jason W. Kellahin
JASON W. KELLAHIN

jwk/mas
enclosures

DOCKET MAILED

Date *9-26-68*

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

APPLICATION OF J. M.
HUBER CORPORATION FOR
A DEVONIAN POOL, *Rules*
ROOSEVELT COUNTY,
NEW MEXICO.

AMT
Case 3881

A P P L I C A T I O N

Comes now J. M. Huber Corporation and applies to the Oil Conservation Commission of New Mexico for an order adopting pool rules, including 80-acre spacing and proration units for Devonian production in the area surrounding the J. M. Huber Corporation Lone Star Federal No. 1 well, located in the NE/4 NE/4 of Section 20, Township 8 South, Range 36 East, N.M.P.M., and in support thereof would show the Commission:

1. Applicant has completed its Lone Star Federal No. 1 well at the above-described location for the production of oil from the ~~Bough "C" zone of the Devonian formation, in an under-~~ ^{13,000} signated Devonian pool, at a depth of approximately 1209 feet.

2. On the basis of evidence presently available from the completion of said well, applicant is of the opinion that one well will efficiently and economically drain and develop not less than 80 acres in the Devonian formation.

3. That in order to avoid waste, prevent the drilling of unnecessary wells and to prevent the agumentation of risks caused by the drilling of too many wells, the area should be drilled and developed on the basis of 80-acre spacing and proration units for a temporary period of one year.

4. Applicant proposes that a temporary order be entered by the Commission calling for 80-acre spacing and proration

units, consisting of the north half, south half, east half, or west half of any quarter section, with the well to be located in either quarter-quarter section.

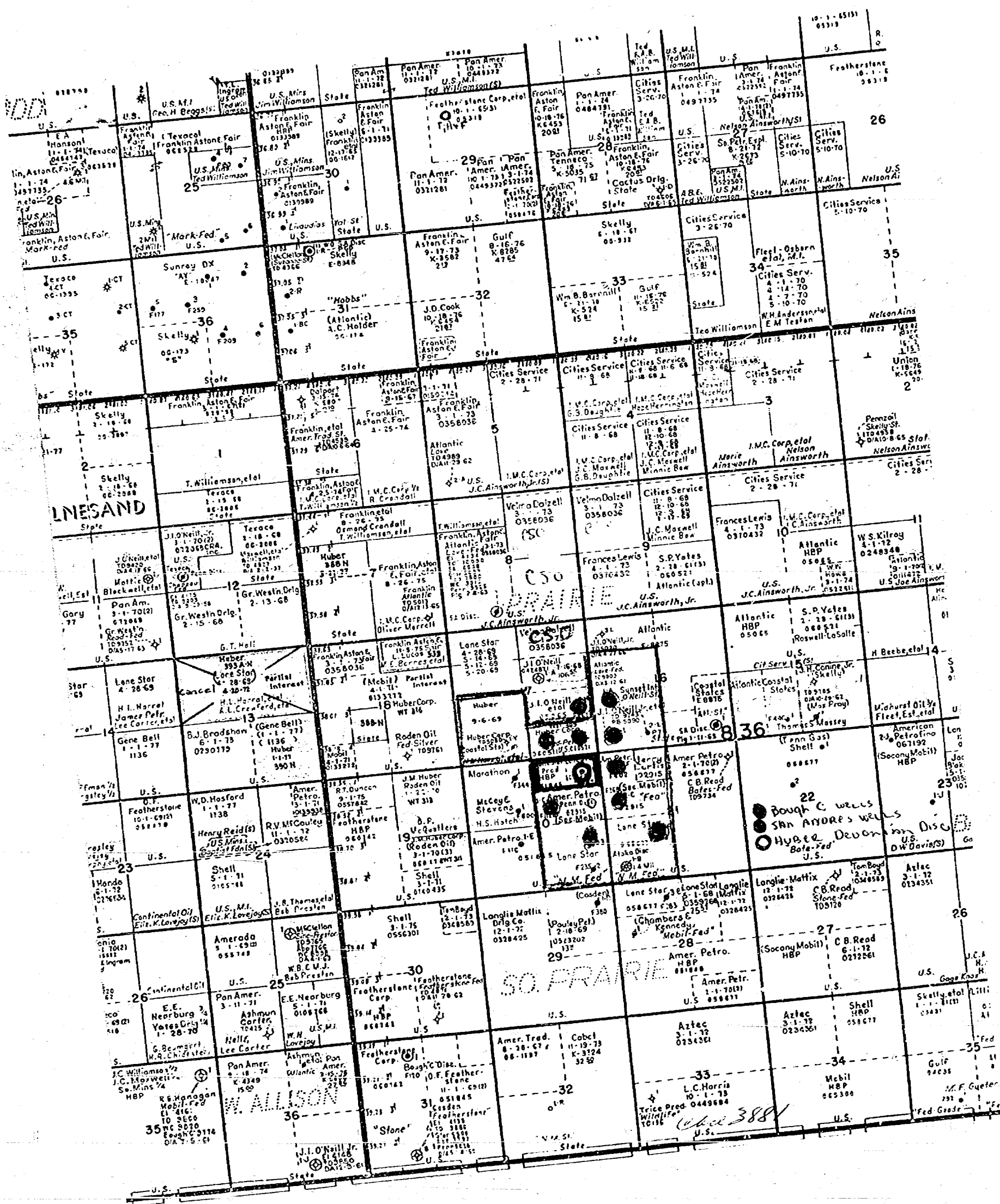
WHEREFORE, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order creating 80-acre spacing and proration units as requested.

Respectfully submitted,

J. M. HUBER CORPORATION

By Jason W. Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT



DRAFT

GMH/esr

⑧

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

CASE No. 3881

Order No. R-3533-A

APPLICATION OF J. M. HUBER CORPORATION
FOR THE CREATION OF A NEW OIL POOL AND FOR
SPECIAL POOL RULES, ROOSEVELT COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 8, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of October, 1969, 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-3533, dated October 23, 1968, tem-
porary Special Rules and Regulations were promulgated for the
South Prairie-Devonian Pool, Roosevelt County, New Mexico,
establishing 80-acre spacing units for a period of one year.

(3) That pursuant to the provisions of Order No. R-3533,
this case was reopened to allow the operators in the subject pool
to appear and show cause why the South Prairie-Devonian Pool
should not be developed on 40-acre spacing units.

(4) That the evidence establishes that one well in the
South Prairie-Devonian Pool can efficiently and economically
drain and develop 80 acres.

(5) That the Special Rules and Regulations promulgated by Order No. R-3533 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(6) 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, the Special Rules and Regulations promulgated by Order No. R-3533 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the South Prairie-Devonian Pool, Roosevelt County, New Mexico, promulgated by Order No. R-3533, are hereby continued in full force and effect until further order of the Commission.

(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.

DRAFT

GMH/esr

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. 3881

Order No. R- 3533
NOMENCLATURE

APPLICATION OF J. M. HUBER CORPORATION
FOR THE CREATION OF A NEW OIL POOL AND
FOR SPECIAL POOL RULES, ROOSEVELT COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 2, 1968,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of October, 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 the applicant, J. M. Huber Corporation, seeks the
creation of a new oil pool for Devonian production in Roosevelt
County, New Mexico, and the promulgation of special rules and
regulations governing said pool, including a provision for 80-
acre spacing units.

(3) That the J. M. Huber Corporation Lone Star Federal Well
No. 1, located in the NE/4 NE/4 of Section 20, Township 8 South,
Range 36 East, NMPM, Roosevelt County, New Mexico, has discovered
a separate common source of supply which should be designated the
South Prairie-Devonian Pool; that the vertical limits
of said pool should be the Devonian formation; ~~as found in the~~
~~interval from~~ feet to feet on the log of the

aforesaid J. M. Huber Corporation Lone Star Federal Well No. 1; and that the horizontal limits of said pool should be the E/2 NE/4 of the aforesaid Section 20.

(4) 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-Devonian Pool.

(5) 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.

(6) 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) That this case should be reopened at an examiner hearing in October, 1969, at which time the operators in the subject pool should be prepared to appear and show cause why the South Prairie-Devonian Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That a new pool in Roosevelt County, New Mexico, classified as an oil pool for Devonian production, is hereby created and designated the South Prairie-Devonian Pool, with vertical limits comprising the Devonian formation ~~as found in the interval~~ from _____ feet to _____ feet on the log of the J. M. Huber

Corporation Lone Star Federal Well No. 1, located in the NE/4 NE/4 of Section 20, Township 8 South, Range 36 East, NMPM, Roosevelt County, New Mexico, and horizontal limits comprising the E/2 NE/4 of said Section 20.

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

SPECIAL RULES AND REGULATIONS

FOR THE

South Prairie - Devonian POOL

RULE 1. Each well completed or recompleted in the South Prairie - Devonian Pool or in the Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Devonian 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, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. 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.

OK RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot. *no nearer than 50 feet to*

Under for Rule 5. 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, *including an existing well on the quarter-quarter section or lot* or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 7.25 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 locations of all wells presently drilling to

or completed in the South Prairie - Devonian Pool or in the Devonian 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 November 15, 1968.

(2) That each well presently drilling to or completed in the South Prairie - Devonian Pool or in the Devonian 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.

(3) That this case shall be reopened at an examiner hearing in October, 1969, at which time the operators in the subject pool may appear and show cause why the South Prairie - Devonian 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.