

Case Number
4532

Application

Transcripts

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

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

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

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 28, 1971

EXAMINER HEARING

IN THE MATTER OF:

Atlantic for
Application of ~~Hanson Oil~~
Company for saltwater disposal,
~~Eddy County, New Mexico.~~

Case No. 4532

BEFORE: Elvin A. Utz, Examiner

*appl. of Atlantic for
assignment of gas
allowable - Rea Co*

TRANSCRIPT OF PROCEEDINGS

1 MR. UTZ: Case 4532.

2 MR. HATCH: Case 4532, application of Atlantic
3 Richfield Company for the assignment of gas allowable,
4 Lea County, New Mexico.

5 MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant,
6 Cox and Eaton, Roswell, appearing for Atlantic Richfield.

7 We have one witness we would like to have sworn.

8 (Witness sworn.)

9 (Whereupon, Applicant's
10 Exhibits One, Two and Three were
11 marked for identification.)

12 JERRY TWEED

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

15 DIRECT EXAMINATION

16 BY MR. HINKLE:

17 Q State your name, your residence and by whom you
18 are employed?

19 A Jerry Tweed, Midland, Texas. I am employed by
20 Atlantic Richfield Company.

21 Q What is your position with Atlantic Richfield?

22 A Petroleum engineer.

23 Q Have you previously testified before the
24 Commission?

25 A Yes sir, I have.

Q And your qualifications as a petroleum engineer

1 are a matter of record with the Commission?

2 A Yes, sir.

3 Q Are you familiar with Atlantic Richfield's
4 application in this case?

5 A Yes, I am.

6 Q What is Atlantic Richfield seeking to accomplish?

7 A We are seeking application to be reinstated for
8 back gas allowable from the southwest quarter of Section 31
9 in Township 19 South, Range 37 East, for the period of
10 July 1, 1970, through December 31, 1970, and January and
11 February of 1971. This is made necessary due to the
12 mechanical problems in the Phillips "AA," and requiring
13 the re-drilling of the twin Phillips "A" Nine.

14 Q Have you prepared or has there been prepared
15 under your direction certain exhibits for introduction
16 in this case?

17 A Yes, there have.

18 Q Refer to Exhibit One, and explain that to the
19 Commission?

20 A Exhibit Number One shows the currently producing
21 wells in the Monument McKee Pool. I should say all wells
22 drilled in the McKee -- in the area on this map are shown,
23 our Phillips "A" Number 8, which has been plugged and
24 abandoned, our Phillips "A" Number 9, which was drilled as a
25 replacement well.

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1 Q Now, refer to Exhibit Two and explain that?

2 A Exhibit Two is a tabulation of the gas allowable
3 for the period July, 1970, through February, '71, the
4 actual production from the acreage, which was zero during
5 that time, and cumulative under-production for the
6 period.

7 Q What trouble was encountered in connection with
8 your Number 8 Well located in the southwest quarter of
9 Section 31 as shown on Exhibit One?

10 A This well developed a casing leak, then in
11 July of 1969, we entered the well to attempt to repair
12 the leak. We did numerous squeeze jobs. The leak was at
13 5,778 to 6,111. We did numerous squeeze jobs and pumped
14 in a total of 800 sacks of cement at a cost of approximately
15 thirteen thousand dollars.

16 We then periodically swabbed the well after shut-in
17 of the casing in an attempt to restore it to production. This
18 was unsuccessful, so in -- on 10/31/69, we set pumping
19 equipment, and the cost of setting pumping equipment was
20 ninety-nine hundred dollars.

21 Q What was the purpose of pumping equipment?

22 A We were unable to swab the well and get it to
23 kick off and flow, so we intended to set the pumping
24 equipment to pump water off of it, thinking that once
25 ~~we pumped the water off that had entered into the casing leak,~~

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1 that the well would start flowing again.

2 We then burped this well from 10/31/69 to
3 2/9/70. At that time, we ran a pressure survey to see
4 if we would experience water still entering the well bore.
5 The survey indicated that we did not, therefore we acidized
6 the McKee at a cost of five thousand dollars.

7 We then returned the well to pumping, and it
8 pumped 'til May the 7th, '70. We then flowed some gas. We
9 periodically swabbed it, and the casing leak then broke
10 loose again, and then in January of '71, we plugged and
11 abandoned the well.

12 Q You determined that it would be necessary to drill
13 a new well at that time?

14 A Yes, we did.

15 Q How much did you spend altogether on trying to
16 rework this well?

17 A Approximately thirty thousand dollars.

18 Q And give the history of the Number 9 Well?

19 A We commenced drilling on the Number 9 Well on
20 January 10th, 1971, and completed the well on March 3rd,
21 1971. It was a total depth of 9650 feet. Perforations
22 in the McKee were 9488 to 9508.

23 On 3/9/71, we took a four-point test on the
24 well, and it had an accumulated absolute open flow of 4.7
25 million per day. The total cost of drilling the Number 9 Well

1 was two hundred and thirty-five thousand dollars.

2 Q Now, at the time you first discovered a casing
3 leak in the Number 8 Well, was that well capable of making
4 its allowable?

5 A Well, it had previously made its allowable prior
6 to developing a casing leak.

7 Q Now, during this period of time of workover,
8 trying to re-establish production in it after you had
9 tried to plug off the casing, how was this well classified
10 by the Commission?

11 A It was classified as non-marginal until July, 1970.
12 At that time, the well was classified as marginal and all
13 underage was cancelled. We think that the well was
14 inadvertantly classified as marginal at this time, since
15 the reservoir was capable of making its gas allowable. How-
16 ever, the well was not making it due to mechanical
17 problems.

18 Q Now, upon completion of your Number 9, what was
19 its potential there?

20 A It had an absolute open flow of 4.7 million a
21 day.

22 Q And it has continuously produced since that
23 time, since you put it on the line?

24 A Since we put it on the line, yes sir.

25 Q What period of time are you -- well, first, what

1 allowable are you requesting that be reinstated?

2 A We are requesting that the allowable be
3 reinstated for the period of July 1, 1970, through
4 February of 1971. We are not requesting that the -- that
5 all back allowable be reinstated for this well.

6 Q Now, in your opinion, over what period of time
7 do you propose to produce this back allowable, in the
8 event the -- in the event it is approved by the
9 Commission?

10 A Through 1971.

11 Q In your opinion, would the well -- will the
12 Number 9 Well be capable of producing its allowable plus
13 the back allowable over this period?

14 A Yes, it would be. The allowable would be
15 approximately 800 MCF a day, the reinstated back allowable
16 would be approximately 900 MCF a day, for a total of
17 approximately 1700 MCF a day.

18 Q Who has been purchasing the gas from the
19 Number 8 and Number 9 wells?

20 A El Paso Natural Gas.

21 Q Refer to Exhibit Three, and explain that?

22 A This is a letter from El Paso Natural which
23 states that they would attempt to produce the volumes in
24 excess of current allowable to permit the make-up of this
25 under-production, as long as market demands and well capabilities

1 allow.

2 Q Now, referring back to Exhibit Number One, it
3 shows offset wells owned by Gulf, Amerada and Texaco. Did
4 you furnish each one of the offset operators a copy of this
5 application?

6 A Yes, I did.

7 Q Have you had any replies or protests from them
8 to the reinstatement of this allowable?

9 A No, we have not heard from any of the offset
10 operators.

11 MR. HINKLE: Does the Commission have anything
12 of record?

13 MR. HATCH: I have not -- I have not received
14 anything.

15 MR. UTZ: No, there's nothing in here.

16 MR. HINKLE: Nothing in there, okay.

17 Q (By Mr. Hinkle) In your opinion, during the time
18 that the Number 8 was not capable of producing due to
19 mechanical failure, has there been any drainage from the
20 southwest quarter of 31 by reason of production of the three
21 offset wells?

22 A Yes, there has. The Gulf well in the southeast
23 of 36, the Amerada well and the Texaco well continue to
24 make their allowable from the period July, '69, to date, when
25 we were unable to make our allowable.

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1 It might be pointed out that all wells are
 2 drilled approximately 660 from the east line, although
 3 they are a hundred and sixty acre proration units, therefore
 4 during this period we did suffer offset drainage.

5 Q In your opinion, would Atlantic Richfield suffer
 6 a loss if they are not permitted to have a reasonable amount
 7 of the back allowable reinstated?

8 A Yes, we would.

9 Q Has Atlantic Richfield been diligent at all times
 10 in trying to restore production as soon as you had the
 11 casing leak on 8?

12 A Yes, we continuously attempted to restore the
 13 well to production.

14 Q In your opinion, would it tent to protect its
 15 correlative rights with respect to the production of gas
 16 which was originally in place under the southwest quarter
 17 of 31 by the allowance of reinstatement of this under-
 18 production?

19 A Yes, it would.

20 Q Do you have anything else you'd like to present
 21 to the Commission with respect to this matter?

22 A No, I don't have anything else.

23 MR. HINKLE: That's all the direct.
 24
 25

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CROSS EXAMINATION

BY MR. UTZ:

Q You say it's 160-acre spacing?

A Yes.

MR. HINKLE: We would offer Applicant's Exhibits One, Two and Three into evidence.

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

(Whereupon, Applicant's Exhibits One, Two and Three were received in evidence.)

Q (By Mr. Utz) Do you have an opinion as to what happened to the Number 8, where the water came from?

A It came from the Drinkard-Paddock section, which I believe I stated the casing leak area was 5778 to 6111. This area makes a lot of water, or is capable of making a lot of water. The McKee, this thick section here, is permeable, and in most areas the McKee is susceptible to water damage if the water should enter the formation, and either by clay swelling or a deterioration of dissipation of the cement material, so that the sand tends to crumble.

It is my conclusion that the dumping of the water from the casing leak where the casing leak did occur into the McKee damaged the sand formation, and that's why we were unable to restore it to production.

1 Q Is the McKee detonated, is that the problem?

2 A It is in places. It crumbles pretty bad if you
3 put water into it, it just tends to dissipate. It's cementing
4 material, it just --

5 Q When was this well classified marginal?

6 A July, 1970.

7 Q Your Number 8?

8 A Yes, sir.

9 Q And when did you start working on your Number 8
10 to try to bring it back?

11 A July 21, 1969.

12 Q And you finally gave up when?

13 A We finally plugged it in January of '71. We
14 periodically swabbed it 'til about July 8th, 1970.

15 Q When did you start drilling your Number 9?

16 A January 10th, 1971.

17 Q It was completed 3/5/71?

18 A 3/3. I might just add that one reason for the
19 period of time involved in here was that the -- that the
20 redrilling was somewhat marginal economically. It's
21 economical, but it was marginal, and also the cost of two
22 hundred thirty-five thousand dollars to redrill made us make
23 every effort to restore the Phillips "AA" to production,
24 and we -- I worked on it and we just kept trying 'til we
25 ran out of ideas, just about, and it became obvious that

1 we would have to redrill.

2 Q In your opinion, does the kind of a well that
3 you got on the Number 9 prove that your acreage is
4 productive?

5 A Yes sir, it does. The well made no water at
6 all.

7 Q All that while -- you were spending all this
8 time trying to save a bad well while your offsets were
9 draining your reserves?

10 A Yes, sir.

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

13 CROSS EXAMINATION

14 BY MR. HATCH:

15 Q On Exhibit Two, your last column there, cumulative
16 underage --

17 A Yes, sir.

18 Q That would -- that was the underage that would
19 have accumulated if it had been non-marginal?

20 A That is true.

21 Q All right; then -- then I think you said the
22 well was plugged in January of '71?

23 A Yes.

24 Q Did you have an allowable in a cumulative
25 production or underage for January and February of '71?

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1 A Yes, I show on the well, it was actually plugged
2 in January. At the time it was plugged, we were drilling
3 the Phillips "A" 9 Well. We hadn't completed it yet, but
4 we were drilling on it.

5 MR. HATCH: That's all the questions.

6 CROSS EXAMINATION

7 BY MR. UTZ:

8 Q The amount of allowable that you are asking to
9 be reinstated is shown on the allowable MCF column on
10 Exhibit Number Two?

11 A Yes, sir.

12 Q What's the total on that?

13 A 215,021 MCF.

14 Q And you feel that the well is capable of
15 producing this -- its allowable plus this amount of --

16 A Yes, sir.

17 Q -- allowable in the next year?

18 A Yes, it's a -- as I stated, the allowable plus
19 back allowable would be a producing rate of approximately
20 a million, seven a day. We have a four point -- the line
21 pressure is approximately five hundred PSI, we have a
22 four point test where we had one rate of 2,376 MCF per
23 day at a thousand and forty pounds, so if it -- we would
24 be able to produce twenty-five, twenty-six hundred at
25 deliverability.

1 Q You are asking until when to make this volume
2 up?

3 A December 31, 1971.

4 MR. UTZ: Are ther other questions?

5 You may be excused.

6 (Witness excused.)

7 MR. UTZ: Statements?

8 The case will be taken under advisement.

9 MR. HINKLE: Thank you very much for holding this
10 over for us.

11 MR. UTZ: Okay.
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I N D E XWITNESSPAGEJERRY TWEED

Direct examination by Mr. Hinkle

2

Cross Examination by Mr. Utz

10

Cross Examination by Mr. Hatch

12

Cross Examination by Mr. Utz

13

EXHIBITMARKEDOFFERED AND
RECEIVEDApplicant's 1,
2 and 3

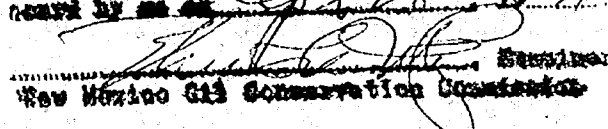
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10

1 STATE OF NEW MEXICO)
2 : ss
3 COUNTY OF MCKINLEY)

4 I, Jerry Martinez, Court Reporter in and for the
5 County of McKinley, State of New Mexico, do hereby certify
6 that the foregoing and attached Transcript of Hearing before
7 the New Mexico Oil Conservation Commission was reported by
8 me and that the same is a true and correct record of the said
9 proceedings, to the best of my knowledge, skill and ability.

10
11 
12 Court Reporter

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22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the hearing held at Case No. 45-32
25 heard by me on Sep 28 1971

New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

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

May 13, 1971

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4532

Order No. R-4143

Applicant:

Atlantic Richfield Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

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. 4532
Order No. R-4143

APPLICATION OF ATLANTIC
RICHFIELD FOR THE ASSIGNMENT
OF GAS ALLOWABLE, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 28, 1971,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of May, 1971, 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, Atlantic Richfield Company, is the
operator of the Phillips "A" Wells Nos. 8 and 9, located in
Unit M of Section 31, Township 19 South, Range 37 East, NMPM,
Monument-McKee Gas Pool, Lea County, New Mexico.

(3) That said Well No. 8 was classified as a marginal well
July 1, 1970, and plugged and abandoned in January, 1971.

(4) That said Well No. 9 was completed in March, 1971.

(5) That the applicant seeks assignment to its Well No. 9
the gas allowable that would have been assigned to its Well No. 8
during the last six months of 1970 and the first two months of
1971 had said Well No. 8 been classified as a non-marginal well
each of the eight months.

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CASE NO. 4532
Order No. R-4143

(6) That the applicant has not shown that the subject wells were unreasonably discriminated against.

(7) That approval of the subject application would give to the applicant an unfair advantage over other operators in the subject pool and would, therefore, violate the correlative rights of other operators.

(8) That the application should be denied.

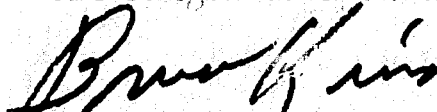
IT IS THEREFORE ORDERED:

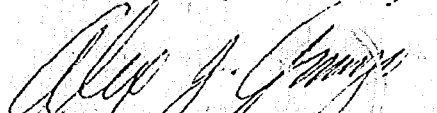
(1) That the subject application is hereby denied.

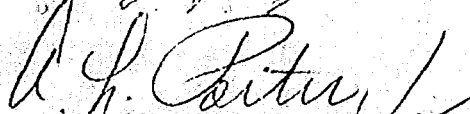
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIOJO, Member


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

dr/

Case 4532:

Facts:

(1)

(2) That the applicant, Atlantic Richfield Company, is the operator of the Phillips "A" well ^{and} No. 9 located ~~500~~ feet in Unit M of Section 31, Township 19 South, Range 37 East, Monument-McKee Gas Pool, Lea County, New Mexico.

(3) That said well No. 8 was classified as a marginal well July 1, 1970, and plugged and abandoned in January 1971.

(4) That said well No. No. 9 was completed in March 1971.

(5) That the applicant seeks the assignment of to its well No. 9 the gas allowable that would have been assigned to its well No. 8 during the last six months of 1970 and the first two months of 1971 had said well No. 8 been classified as a non-marginal well each of the eight months.

(6) That the applicant has not shown that the subject wells were unreasonably discriminated against.

(7) That approval of the subject application would give to the applicant an unfair advantage over other operators in the subject pool and would, therefore, violate the correlative rights of other operators.

(8) That the application should be denied.

Advised:

(1) That the subject application
is hereby denied —

(2) Yours —

Case 4532.

Filed 4-28-71

Rec. 5-4-71

I recommend that Atlantic Rich.
be given an allowance for ~~the~~ portion
of the period of time they were attempting
to rework their Phillips #8 M-3X
195-37 E. Monument McKee Gas Pool.
I feel that they are entitled to
some compensation for the following
reasons:

1. They were actively attempting
to rework the #8 well in order
to shut-off water which proved
to coming from a damaged
casing.

2. They spent \$30,000 in the rework
attempt & \$35,000 replacing the well.

3. While attempting the rework
they were being drained as
evidenced by the good well #9
production of March 5, 1965
17 cfd. which proved there was
adequate reserves to be produced.

4. The well #9 was drilled only 220'
North & 282 West of the #8 well which
is additional proof the acreage was
productive & drained.

5. The well was well on the lease
at all times.
6. Even E.P. wants to take the
gas.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 28, 1971

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. Uss, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4352: (Reopened) Continued from the April 14, 1971 hearing. This case will again be continued - to the May 19, 1971 hearing.

In the matter of Case 4352 being reopened by the Oil Conservation Commission upon its own motion to give all interested persons an opportunity to appear and present evidence as to whether the Double L-Queen and Suble-Queen Pools, Chaves County, New Mexico, are in fact separate reservoirs or one common reservoir. Further, in the event it is found that the two pools comprise one common reservoir, the Commission will consider the adoption of special rules and regulations to provide for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and an allocation formula for withdrawals from the gas wells and oil wells.

CASE 4523: Application of Texas Pacific Oil Company, Inc., for the rededication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of a 160-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SE/4 of Section 31, Township 25 South, Range 37 East, Lea County, New Mexico, to its Legal Wells Nos. 1 and 2, located, respectively, in Units P and I of said Section 31. Applicant further seeks authority to produce the allowable assigned to said unit from either of said wells in any proportion.

CASE 4524: Application of Texaco Inc. for reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules and regulations for the prorated gas pools of Southeastern New Mexico to permit the reinstatement of accumulated underproduction cancelled for its Blinbry "A" Federal (NCT-1) Well No. 2 located in Unit I, Section 31, Township 23 South, Range 37 East, Jalmat Gas Pool Lea County, New Mexico.

CASE 4525: Application of Wolfson Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 280-acre non-standard gas proration unit comprising the SW/4, S/2 NW/4, and NE/4 NW/4 of Section 20, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its

Examiner Hearing - April 28, 1971

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Cities-Federal Well No. 1 located 2310 feet from the South line and 330 feet from the West line of said Section 20.

CASE 4526:

Application of Pennzoil United, Inc., for the creation of a new pool and promulgation of special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of gas from the San Andres formation for its Superior State Well No. 1 located in Unit L of Section 8, Township 7 South, Range 35 East, Roosevelt County, New Mexico, and for the promulgation of special rules therefor, including a provision for 320-acre spacing units.

CASE 4527:

Application of Big "6" Drilling Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bone Springs formation in the interval from 10,062 feet to 10,119 feet in its Ora Jackson "A" Well No. 1 located in Unit M of Section 5, Township 19 South, Range 35 East, Scharb-Bone Springs Pool, Lea County, New Mexico.

CASE 4528:

Application of Frankan, Aston & Fair, Inc., for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose of water produced by its Coppedge Well No. 1-C located in Unit H of Section 5, Township 18 South, Range 30 East, Loco Hills-Grayburg-San Andres Pool, Eddy County, New Mexico, in an unlined pit in the vicinity of said well.

CASE 4529:

Application of El Paso Natural Gas Company for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Grayburg-Atoka Gas Pool, Eddy County, New Mexico. Said pool was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the pool.

CASE 4530:

Application of Amoco Production Company for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle oil production from the Blinberry and Drinkard Pools in the well-bore of its Southland Royalty "A" Well No. 2, a triple completion, located in Unit B of Section 9, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 4518: (Readvertised)

Application of American Quasar Petroleum Company of New Mexico for a unit agreement and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Vega Draw Unit Area comprising 7,680 acres, more or less, of State, Federal and fee lands in Township 25 South, Range 33 East, Lea County, New Mexico. Applicant further seeks authority to drill an exploratory gas well at an unorthodox location 660 feet from the North line and 760 feet from the East line of Section 28, said Township and Range, to test the Devonian, Pennsylvanian, and Wolfcamp formations within one mile of the Red Hills Field. In the absence of objection an order will issue, based upon testimony received in this case on March 31, 1971.

CASE 4531a

Application of Hanson Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water by injection into the Delaware formation in the open-hole interval from 4192 to 4197 feet in its Hanson Federal Well No. 11 located 990 feet from the North line and 1650 feet from the West line of Section 25, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.

CASE 4532a

Application of Atlantic Richfield Company for the assignment of gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of gas allowable to its Phillips "A" Well No. 9, located 800 feet from the South line and 660 feet from the West line of Section 31, Township 19 South, Range 37 East, Monument-McKee Gas Pool, Lea County, New Mexico, for the proration period from July 1, 1970, through December 31, 1970, and for January and February, 1971. Said well was completed in March, 1971, as a twin replacement well for applicant's Phillips "A" Well No. 8 which ceased producing in 1969 and after extensive and unsuccessful workover operations was abandoned in January, 1971.

CASE 4533:

Application of Amoco Production Company for reinstatement of cancelled under production and reclassification of three wells, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules for prorated gas pools in Southeast New Mexico to permit the reinstatement of underproduction cancelled January 1, 1971, for the following wells: Gillully "B" Fed. No. 3, in Unit N of Section 33, Township 20 South, Range 37 East, Eumont

Pool; Gillully Fed. Gas Com. No. 4, in Unit B of Section 24, Township 20 South, Range 36 East, Eumont Pool; and State "C" Tr. 12 No. 4, in Unit F of Section 16, Township 21 South, Range 37 East, Blinebry Pool. Applicant further seeks the reclassification from marginal to non-marginal of the aforesaid Gillully "B" Fed. No. 3, and the Owen "B" Fed. No. 2 in Unit B of Section 34 and the Southland Royalty "A" No. 2 in Unit B of Section 9, both in Township 21 South, Range 37 East, Tubb Gas Pool.

CASE 4534: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the N/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 21, Township 21 South, Range 37 East, Lea County, New Mexico, to be assigned jointly to its Wantz Wells Nos. 8 and 11 located in Units O and L respectively of said section; or, in the alternative, for the reallocation of acreage between the two wells so as to assign 40-acres to Well No. 11 and 120-acres to Well No. 8.

CASE 4535: Application of Continental Oil Company for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Monument-Tubb and Weir Drinkard oil production in the well-bore of its SEMU Well No. 70, located in Unit I of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico.

El Paso Natural Gas Company

El Paso, Texas 79999

April 8, 1971

71 APR 9 AM 8 10

Atlantic-Richfield Company
Post Office Box 1610
Midland, Texas 79701

Attention: Mr. K. W. Hill

Re: Atlantic-Richfield's Phillips A #9 Well 31-19-37
Monument (McKee) Field,
Lea County, New Mexico

Gentlemen:

This is in reply to your letter of April 2, 1971 concerning the drilling of the above captioned well as a replacement well for the Phillips A #8 Well.

This is to advise you that El Paso will make every effort to produce underproduction which had accrued to the A #8 Well which Atlantic-Richfield may be able to transfer to the A #9 Well subject only to our overall market demand and the ability of the A #9 Well to produce volumes in excess of its current allowable to permit the make-up of this underproduction.

By a copy of this letter, I am advising the Commission of El Paso's willingness to attempt to take this underproduction.

If there is any other way in which we may be helpful, please don't hesitate to contact me.

Very truly yours,

D. H. Rainey
D. H. RAINEY
Assistant Manager
Gas Proration Department

#8 660/S 942/W
#9 880/S 668/W
220' N + 282 W

DHR:ps

cc: Mr. A. L. Porter, Jr.

DOCKET MAILED

Date 4-16-71

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR

D. D. MARTIN
PAUL J. KELLY, JR.
J. M. LITTLE

LAW OFFICES
HINKLE, BONDURANT, COX & EATON

800 HINKLE BUILDING

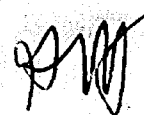
POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

TELEPHONE (808) 622-6510

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691

April 16, 1971



Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Under date of April 13 we forwarded to you application of Atlantic Richfield Company for reinstatement of allowable for its Phillips "A" No. 8 well in the Monument McKee Pool for the last 6 months of 1970 and the first 2 months of 1971 so as to permit this allowable to be produced from its replacement well the Phillips No. 9 during the first 6 months of 1971.

Atlantic has called our attention to the fact that in the event the Commission does reinstate this allowable they desire to produce the same during the remainder of 1971 instead of during the first 6 months of 1971. We have redrafted the second page of the application accordingly and enclose 3 copies. We would appreciate your substituting these pages for the original pages.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By 

CEH:cs
Enc.

On or about January 11, 1971 the workover attempt of the "A" No. 8 well was abandoned and the drilling of the "A" No. 9 well was started, which well was completed on or about March 5, 1971 and was potentialed in the Monument McKee Pool at 4.5 MMCF per day, said well being completed at a total depth of 9,650 feet.

3. Due to mechanical failure of applicant's "A" No. 8 well, applicant has been unable to produce gas from the SW $\frac{1}{4}$ Section 31, which is dedicated to said well, from June 1969 to March 5, 1971, although applicant at all times made a diligent effort to restore production in the well and drilled a replacement well when it was finally determined that it was not possible to restore production in the No. 8 well. Applicant believes that it would tend to protect applicant's correlative rights in the Monument McKee Pool and would be equitable to reinstate what would have been applicant's portion of the market demand for gas from said pool for the last 6 months of 1970 and the first 2 months of 1971 and that it be permitted to produce from its "A" No. 9 well an amount equal to such unproduced portion of the allowable during 1971. The gas from applicant's "A" No. 9 well is being purchased by El Paso Natural Gas Company and said company has indicated its willingness to purchase the underproduced allowable if applicant is permitted to produce the same during 1971.

4. Copies of this application are being furnished to each of the offset owners.

5. Applicant requests that this matter be included on the examiner's docket for April 28, 1971.

Respectfully submitted,

ATLANTIC RICHFIELD COMPANY

By 

Member of the Firm of
HINKLE, BONDURANT, COX & EATON
P.O. Box 10
Roswell, New Mexico 88201

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 4532

MONUMENT McKEE POOL

LEA COUNTY, NEW MEXICO

McKEE WELLS ONLY SHOWN

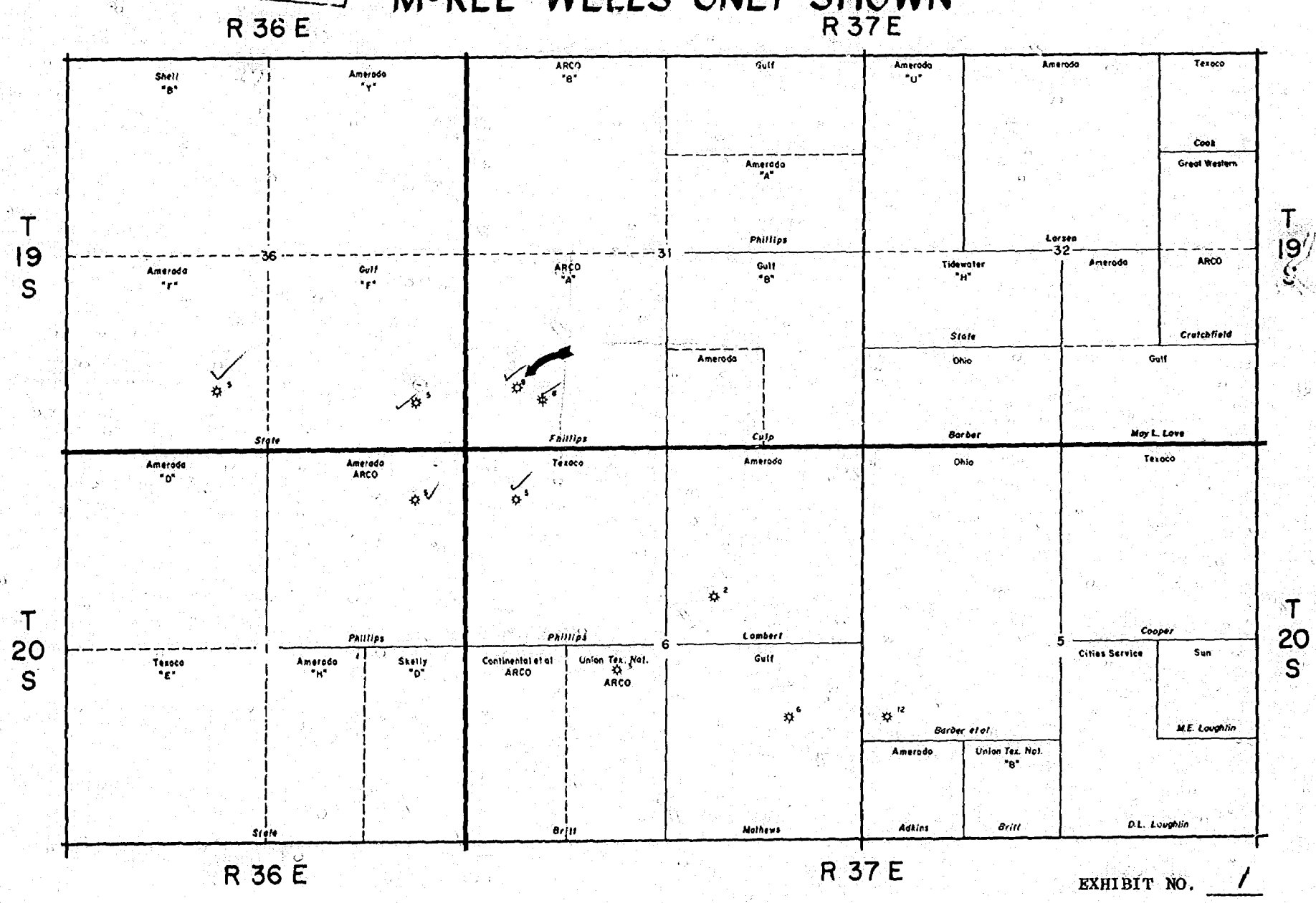


EXHIBIT NO. 1

PRODUCTION SCHEDULE

ATLANTIC RICHFIELD COMPANY
Phillips "A" No. 8
Monument McKee Pool

<u>MONTH</u>	<u>ALLOWABLE - MCF</u>	<u>PRODUCTION - MCF</u>	<u>CUM. UNDERAGE - MCF</u>
July 1970	13,930	0	13,930
August	34,840	0	48,770
September	33,515	0	82,285
October	28,716	0	111,001
November	19,817	0	130,818
December	22,796	0	153,614
January 1971	33,121	0	186,735
February	28,289	0	215,021

215,021

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 4538

EXHIBIT NO. 2

El Paso Natural Gas Company

El Paso, Texas 79999

April 8, 1971

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 4532

Atlantic-Richfield Company
Post Office Box 1610
Midland, Texas 79701

Attention: Mr. K. W. Hill

Re: Atlantic-Richfield's Phillips A #9 Well
Monument (McKee) Field,
Lea County, New Mexico

Gentlemen:

This is in reply to your letter of April 2, 1971 concerning the drilling of the above captioned well as a replacement well for the Phillips A #8 Well.

This is to advise you that El Paso will make every effort to produce underproduction which had accrued to the A #8 Well which Atlantic-Richfield may be able to transfer to the A #9 Well subject only to our overall market demand and the ability of the A #9 Well to produce volumes in excess of its current allowable to permit the make-up of this underproduction.

By a copy of this letter, I am advising the Commission of El Paso's willingness to attempt to take this underproduction.

If there is any other way in which we may be helpful, please don't hesitate to contact me.

Very truly yours,

D. H. Rainey
D. H. RAINEY
Assistant Manager
Gas Proration Department

DHR:ps

cc: Mr. A. L. Porter, Jr.

Exhibit No. 3

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR

C. D. MARTIN
PAUL J. KELLY, JR.
J. M. LITTLE

LAW OFFICES
HINKLE, BONDURANT, COX & EATON

600 HINKLE BUILDING
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88201

April 13, 1971

TELEPHONE (505) 622-6510

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691

Case 4532

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose in triplicate application of Atlantic Richfield for reinstatement of allowable for its Phillips "A" No. 8 well located in the Monument McKee Pool for the last 6 months of 1970 and January and February of 1971 so as to permit this allowable to be produced from its replacement well the Phillips "A" No. 9 during the first 6 months of 1971.

The writer discussed this matter with Dan Nutter by telephone and it is our understanding that it will appear on the examiner's docket for April 28.

Yours sincerely,

HINKLE, BONDURANT, COX & EATON

By 

CEH:cs

Enc.

cc: Jerry Tweed

DOCKET MAILED

Date 4-16-71

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

APPLICATION OF ATLANTIC RICHFIELD COMPANY
FOR REINSTATEMENT OF UNPRODUCED GAS ALLOW-
ABLE FOR SW $\frac{1}{4}$ SECTION 31, TOWNSHIP 19 SOUTH,
RANGE 37 EAST, MONUMENT MCKEE POOL, LEA
COUNTY FOR A PERIOD FROM JULY 1, 1970
THROUGH FEBRUARY 1971 DUE TO MECHANICAL
FAILURE OF ATLANTIC RICHFIELD COMPANY'S
PHILLIPS "A" NO. 8 WELL MAKING IT NECESSARY
TO REPLACE IT WITH ATLANTIC RICHFIELD COM-
PANY'S PHILLIPS "A" NO. 9 WELL LOCATED 800
FEET FROM THE SOUTH LINE AND 660 FEET FROM
THE WEST LINE OF SECTION 31 COMPLETED MARCH
5, 1971

Oil Conservation Commission
Box 2080
Santa Fe, New Mexico 87501

Comes Atlantic Richfield Company acting by and through the undersigned attorneys and hereby makes application for reinstatement of unproduced gas allowable for the SW $\frac{1}{4}$ Section 31, Township 19 South, Range 37 East, Monument McKee Pool, Lea County for a period from July 1, 1970 through February 1971 due to mechanical failure of Atlantic Richfield Company's Phillips "A" No. 8 well, making it necessary to replace it with Atlantic Richfield Company's Phillips "A" No. 9 well located 800 feet from the South line and 660 feet from the West line of Section 31 completed March 5, 1971, and in support thereof respectfully shows:

1. There is attached hereto made a part hereof and for purposes of identification marked Exhibit "A" a plat showing the locations of Atlantic Richfield Company's Phillips "A" No. 8 and No. 9 wells in the SW $\frac{1}{4}$ Section 31, Township 19 South, Range 37 East and also showing the other wells producing from the Monument McKee Pool, as well as the ownership of the oil and gas leases within said pool.

2. Due to a casing leak in the Phillips "A" No. 8 well, Atlantic Richfield started to workover said well on July 21, 1969 and continued periodic workover operations until January 1971, but was unable to stop the casing leak and restore production in said well.

Case 4532

On or about January 11, 1971 the workover attempt of the "A" No. 8 well was abandoned and the drilling of the "A" No. 9 well was started, which well was completed on or about March 5, 1971 and was potentialed in the Monument McKee Pool at 4.5 MMCF per day, said well was completed at a total depth of 9,650 feet.

3. Due to mechanical failure of applicant's "A" No. 8 well, applicant has been unable to produce gas from the SW $\frac{1}{4}$ Section 31, which is dedicated to said well, from June 1969 to March 5, 1971 although applicant at all times made a diligent effort to restore production in the well and drilled a replacement well when it was finally determined that it was not possible to restore production in the No. 8 well. Applicant believes that it would tend to protect applicant's correlative rights in the Monument McKee Pool and would be equitable to reinstate what would have been applicant's portion of the market demand for gas from said pool for the last 6 months of 1970 and the first 2 months of 1971 and that it be permitted to produce from its "A" No. 9 well an amount equal to such unproduced portion of the allowable during the first proration period of 1971. The gas from applicant's "A" No. 9 well is being purchased by El Paso Natural Gas Company and said company has indicated its willingness to purchase the underproduced allowable if applicant is permitted to produce the same during the first proration period of 1971.

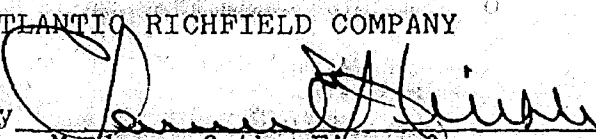
4. Copies of this application are being furnished to each of the offset owners.

5. Applicant requests that this matter be included on the examiner's docket for April 28, 1971.

Respectfully submitted,

ATLANTIC RICHFIELD COMPANY

By


Member of the Firm of
HINKLE, BONDURANT, COX & EATON
P.O. Box 10
Roswell, New Mexico 88201

MONUMENT McKEE POOL

LEA COUNTY, NEW MEXICO

McKEE WELLS ONLY SHOWN

R 36 E

R 37 E

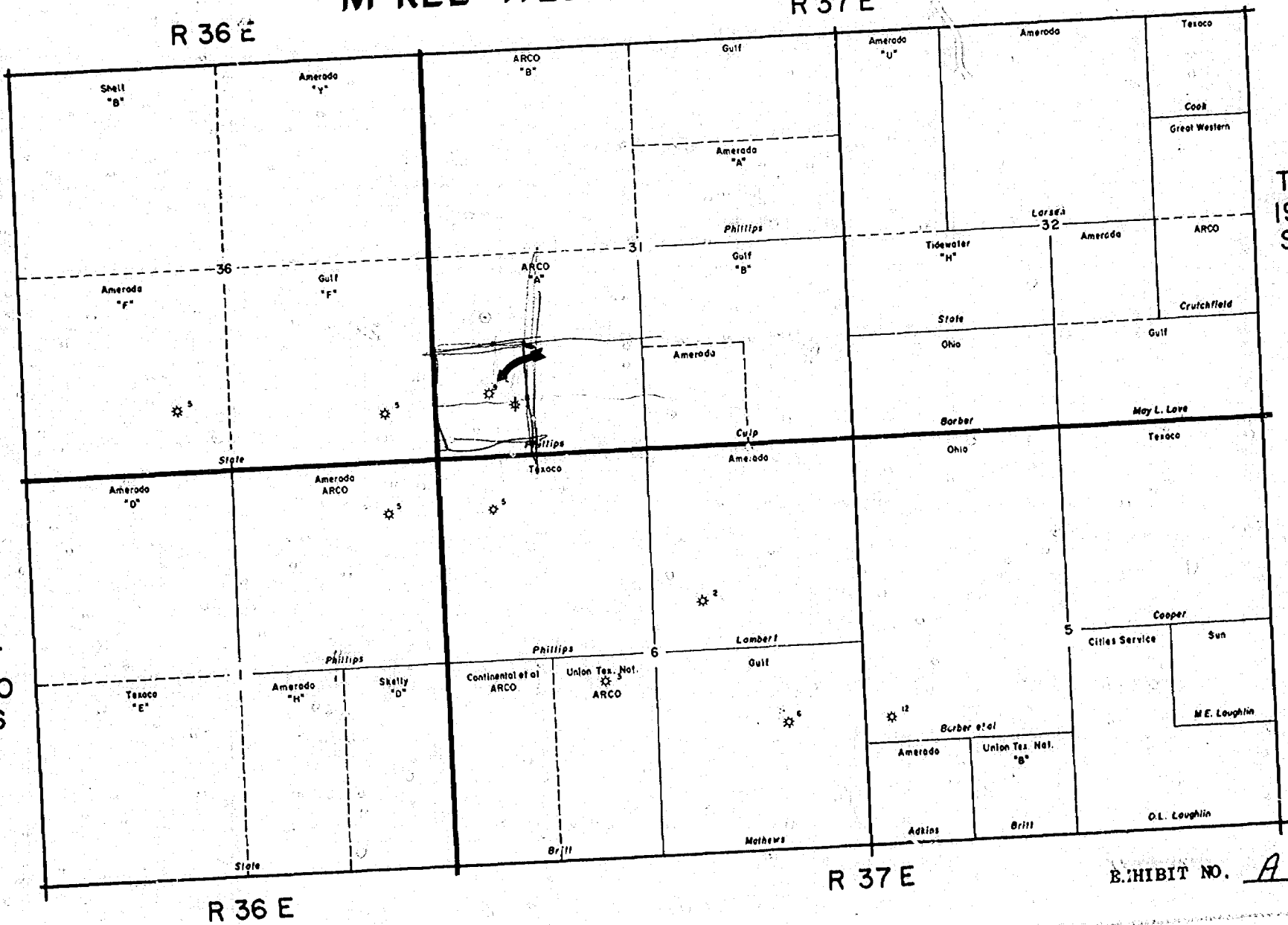
T 19 S

T 19 S

T 20 S

T 20 S

Area 4532



R 37 E

R 36 E

EXHIBIT NO. A

DRAFT

GMH/dr

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. 4532

Order No. R- 4143

*Application of Atlantic
Richfield for the
assignment of gas
allowance, Lea Co.
N. Mex.*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 28, 1971,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of May, 1971, 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, Atlantic Richfield Company, is the
operator of the Phillips "A" Wells Nos. 8 and 9, located in
Unit M of Section 31, Township 19 South, Range 37 East, NMPM,
Monument-McKee Gas Pool, Lea County, New Mexico.

(3) That said Well No. 8 was classified as a marginal well
July 1, 1970, and plugged and abandoned in January, 1971.

-2-

CASE NO. 4532

Order No. R-

(4) That said Well No. 9 was completed in March, 1971.

(5) That the applicant seeks assignment to its Well No. 9 the gas allowable that would have been assigned to its Well No. 8 during the last six months of 1970 and the first two months of 1971 had said Well No. 8 been classified as a non-marginal well each of the eight months.

(6) That the applicant has not shown that the subject wells were unreasonably discriminated against.

(7) That approval of the subject application would give to the applicant an unfair advantage over other operators in the subject pool and would, therefore, violate the correlative rights of other operators.

(8) That the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(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.

Case 4532

Application of Atlantic Richfield
Company for the assignment of
gas allowance, Lea County, New Mexico

applicant, in the above styled cause, seeks
the assignment of gas allowance to
its Phillips "A" Well No 9, located
800 feet from the North line and 660 feet
from the west line of Section 31
Township 19 South, Range 31 East,
Museum McKee Gas Pool, Lea County,
New Mexico for the proration period
from July 1, 1970, through Decem-
ber 31, 1970, and for January
and February, 1971. Said well
was completed in March, 1971, as a twin
replacement well for applicant's
Phillips "A" Well No 8 which ceased
producing in 1969 and after extensive
and unsuccessful workover operations
was abandoned in January, 1971.

Clarence Henth