

CASE 7306: GETTY OIL COMPANY FOR POOL  
CREATION, SPECIAL POOL RULES, AND A NON-  
STANDARD PRORATION UNIT, LEA COUNTY, NEW  
MEXICO

Case No.

7306

Application

Transcripts

Small Exhibits

ETC

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
15 July 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Getty Oil Company for  
pool creation, special pool rules,  
and a non-standard proration unit,  
Lea County, New Mexico.

CASE  
7306

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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MR. NUTTER: Call next Case Number 7306.

MR. PEARCE: Application of Getty Oil Company for pool creation and special pool rules, and a non-standard proration unit, Lea County, New Mexico.

MR. CARR: May it please the Examiner, my name is William F. Carr. I'm the attorney today for Getty. I also represent Mesa. The following two cases are compulsory pooling cases for Mesa that we believe unopposed will take a very short time and Mr. Kellahin talked so long this morning that if we can't take these out of order Mr. Osgood is going to miss a flight back to Denver, and I wonder if you would have any objection to calling Cases 7307 and 7308 and consolidating them and taking them out of order at this time.

MR. NUTTER: And they would just be jumping in front of Getty and you're representing Getty Oil Company?

MR. CARR: Yes, sir, and Getty does not object.

MR. NUTTER: Okay.

(Thereupon Cases 7307 and 7308 were heard. Thereafter Case 7306 was continued, as follows:)

1  
2 MR. NUTTER: We'll call Case Number 7306  
3 again.

4 MR. PEARCE: Application of Getty Oil  
5 Company for pool creation, special pool rules and a non-standard  
6 proration unit, Lea County, New Mexico.

7 MR. CARR: May it please the Examiner,  
8 my name is William F. Carr, with the law firm Campbell, Byrd,  
9 and Black, Santa Fe, New Mexico, appearing on behalf of Getty  
10 Oil Company.

11 I have three witnesses who need to be  
12 sworn.

13  
14 (Witnesses sworn.)

15  
16 JOEL K. NORTON  
17 being called as a witness and being duly sworn upon his oath,  
18 testified as follows, to wit

19  
20 DIRECT EXAMINATION

21 BY MR. CARR:

22 Q Will you state your full name and place  
23 of residence?

24 A Joel K. Norton. Midland, Texas.

25 Q Mr. Norton, by whom are you employed

1  
2 and in what capacity?

3 A. Getty Oil Company in Midland. I'm a  
4 development geologist.

5 Q. Have you previously testified before this  
6 Commission?

7 A. No, sir.

8 Q. Will you briefly summarize your educa-  
9 tional background and your work experience?

10 A. Got a Bachelor's degree from Hartwick  
11 College in Oneonta, New York. I've been working for Getty  
12 Oil for three and a half years.

13 Q. And in what capacity?

14 A. Development geologist.

15 Q. Are you familiar with the application  
16 filed by Getty in this case?

17 A. Yes, sir.

18 Q. Are you familiar with the subject well  
19 and spacing unit?

20 A. Yes, sir.

21 MR. CARR: Are the witness' qualifications  
22 accepted?

23 MR. NUTTER: They are.

24 Q. Mr. Norton, will you briefly state what  
25 Getty seeks with this application?

A. We seek pool creation, special pool rules, and a non-standard proration unit in Lea County, New Mexico.

We seek creation of a new Lower Pennsylvanian Gas Pool for our Federal 33 No. 1, located in Unit G of Section 33, Township 26 South, Range 33 East, and the issuance of special rules thereof --- therefor, including provisions for 640-acre spacing. We also seek approval of 616.24 acre non-standard gas proration unit, comprising Sections 33 and 34, Township 26 South, Range 33 East.

Q Mr. Norton, have you prepared certain exhibits for introduction in this case?

A. Yes, sir, I have.

Q. Will you please refer to what has been marked as Getty Exhibit One, identify this, and explain what it is and what it shows?

A. This is a map of southern Lea County, New Mexico, and northern Loving County, Texas, and there is an index map of the lower portion with the red square outline to show where the map is, and the scale of the map is one to 2000 -- one inch to 1000 feet.

The two and a half mile circle on this map was used for NGPA hearing, Gas Act, and it is not used on this map at all.

The well we're discussing is the Getty

Oil Company Federal 33 No. 1, which is located in Section 33,  
Range 33 East, Township 26 South.

Q Does this -- and that is the subject  
well.

A Yes, sir.

Q What is the proration unit or spacing  
unit which you propose to dedicate to that well?

A 640 acres, which would be all of Section  
33 and all of Section 34.

Q And these are irregular sections?

A Yes, sir, they are.

Q As a result of survey variations?

A Yes, sir.

Q Are there other Pennsylvanian pools in  
this area?

A Yes, sir. To the north is the Red Hills  
which is Lower Pennsylvanian, and off the map off to the  
right, off to the east, also is the Arena Roja Field, which  
is also Lower Penn.

Q Okay, now the Red Hills Lower Penn Pool  
is located in where, what sections, township, range, approxi-  
mately?

A Sections 5 and 6, 33 East, 26 South.

Q And those are the two northernmost wells

1  
2 indicated on this plat.

3 A Yes, sir.

4 Q And the Arena Roja is off the plat to  
5 the east.

6 A To the east about six miles.

7 Q Are these both classified Lower Penn?

8 A Yes, sir.

9 Q What was the first well that was drilled  
10 in the pool that you're seeking creation of here today?

11 A It would be the Getty Oil Company No. 1  
12 Malcolm Madera in Section 5, PSL Block 76.

13 Q And that is immediately to the south of  
14 the subject well?

15 A Yes, sir, it's less than 1600 feet  
16 south.

17 MR. NUTTER: When was it completed?

18 A It was completed in March of this year.

19 Q And that well is in the State of Texas?

20 A Yes, sir.

21 Q Okay. Now the other two Lower Pennsylv-  
22 vanian Pools the Red Hills and the Arena Roja, what is the  
23 spacing in each of those pools?

24 A 640 acres.

25 Q They're both classified as Lower Penn,

1  
2 I believe.

3 A. Yes, sir.

4 Q. What is the spacing in the pool in Texas  
5 immediately to the south of the subject well?

6 A. 640 acres.

7 Q. And that again is classified as a Lower  
8 Penn pool?

9 A. Yes, sir.

10 Q. What is the status of the subject well?

11 A. Right now we're waiting on a pipeline  
12 connection. It's supposed to be connected some time this  
13 week.

14 MR. NUTTER: When was the well completed?

15 A. Are you referring to the Fed 33?

16 Q. Yes.

17 MR. NUTTER: Your well in New Mexico.

18 A. Yes, sir. it was on -- it was completed  
19 5-4-81.

20 MR. NUTTER: In May of '81.

21 A. Yes, sir. We're waiting on a pipeline  
22 connection still.

23 MR. NUTTER And you're anticipating a  
24 pipeline connection very shortly?

25 A. Yes, sir.

Q Mr. Norton, will you now refer to what has been marked for identification as Getty Exhibit Number Two, identify this, and explain what it is and what it shows?

A This is a structural cross section A-A', going from the A, the 33 No. 1, going to the A', which is the Malcolm Madera.

Again, the lower lefthand corner is a small index map showing where the cross section runs. The drilling scale on the bottom reads 2-1/2 inches equals 100 feet. That's the vertical scale. And 1 inch equals 100 feet on the horizontal scale.

Shown in red on both logs are the perforations, perforated intervals on both logs.

Q And these are correlative intervals, is that correct?

A Yes, sir, I believe them to be correlative intervals.

Q Now, on the Madera well, what kind of a log do you have?

A The Madera well is an open hole compensated neutron formation density log.

Q And on the No. 1 Federal 33 Well?

A That is a cased hole neutron log.

Q And these are the only two wells that



1  
2 appear to be in this pool at this time.

3 A. Yes, sir.

4 Q Now, you indicate on this. I believe,  
5 two lines, one being the top of the Atoka and one the Lower  
6 Pennsylvanian shale.

7 A. Yes, sir, top of the Atoka limestone,  
8 and the Lower Pennsylvanian shale.

9 Q Are these markers that are fairly easy  
10 to locate in the --

11 A. Yes, sir.

12 Q Is it possible in this interval for you  
13 to locate the top of the Morrow formation?

14 A. No, sir, it's extremely difficult. If  
15 I can refer back to Exhibit Number One, right around this area  
16 is the --

17 Q And you're talking about what area?

18 A. The area immediately, say, approximately  
19 six miles north and south of the State line between New  
20 Mexico and Texas.

21 Q All right.

22 A. And this is the area that is -- where  
23 the edge of the shelf is going up into the basin, and it's  
24 extremely difficult to pick a Morrow top in the area right  
25 here.

1  
2 Q Is that the reason that the other pools  
3 in the area also are classified as Lower Penn?

4 A Yes, sir.

5 Q Now, you stated that you only have a  
6 cased hole neutron log on the Federal 33 Well. Would it have  
7 been helpful to you if you'd had an open hole log on that  
8 well?

9 A Yes, in the way it would have helped  
10 us out, well porositywise, but as far as correlativewise,  
11 no.

12 Q Now you've talked about this general  
13 situation running six miles north and south of the State line.  
14 Do you consider this to be a fairly localized characteristic?

15 A Yes, sir.

16 Q Have you prepared a structure map for  
17 the new pool?

18 A No, sir, I have not.

19 Q And why not?

20 A With only two points it's extremely  
21 difficult to create a structure map.

22 Q And if you did, it would probably not  
23 be very meaningful.

24 A Right.

25 Q Does Getty intend to call witnesses to

1  
2 discuss engineering considerations?

3 A. Yes, sir.

4 Q Were Exhibits One and Two prepared either  
5 by you or under your direction and supervision?

6 A. Yes, sir, they were.

7 MR. CARR: At this time, Mr. Nutter, we  
8 would offer Getty Exhibits One and Two.

9 MR. NUTTER: Exhibits One and Two will  
10 be admitted.

11 MR. CARR: I have nothing further on  
12 direct of Mr. Norton.

13  
14 CROSS EXAMINATION

15 By MR. NUTTER:

16 Q Mr. Norton, I notice that the top of the  
17 perforations in Texas are at 15,224, whereas the top of the  
18 perforations in New Mexico are at 15,999, so there is some  
19 evidence of some kind of a structure here, isn't there?

20 A. Yes, sir. This is the area we're talking  
21 about right here.

22 MR. CARR: And you're referring to the  
23 perforations that are indicated in red on your Exhibit Two?

24 A. Yes, sir.

25 Q Oh, but the uppermost perforations in

1

2

Texas would be these perforations ---

3

A. Yes, sir.

4

Q. --- that are marked in red further on up  
the hole.

5

6

A. Yes, sir.

7

Q. And you didn't show that porosity in the  
log of the ---

8

9

A. No, sir, I didn't.

10

Q. -- New Mexico well.

11

12

But the main body of perforations in  
each well is correlative and apparently ---

13

A. Yes.

14

Q. -- no substantial difference in the  
depth of those.

15

16

A. Yes, sir.

17

Q. Now, the --- you say you suspect it may

18

be a small structure. Is Red Hills a relatively small struc-  
ture?

19

20

A. Yes, sir, it is.

21

Q. How about Arena Roja?

22

A. Yes, sir, it's a very small structure.

23

also.

24

Q. So when you get down here on the edge

25

of the Delaware Basin you find these small structures usually.

1

2

A. Yes, sir, extremely small.

3

4

MR. NUTTER Are there further questions of this witness? He may be excused.

5

6

MR. CARR: At this time I'd like to call Herman Terry.

7

8

HERMAN W. TERRY

9

10

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

11

12

DIRECT EXAMINATION

13

BY MR. CARR:

14

15

Q Will you state your name and place of residence?

16

17

A. My name is Herman W. Terry and I reside in Hobbs, New Mexico.

18

19

Q Mr. Terry, by whom are you employed and in what capacity?

20

21

A. I'm employed by Getty Oil Company as an Area Engineer for the Hobbs Area.

22

23

24

Q Have you previously testified before this Commission and had your credentials as a petroleum engineer accepted and made a matter of record?

25

A. Yes, sir, I have.

1  
2 Q Are you familiar with the application  
3 filed by Getty in this case?

4 A Yes, sir, I am.

5 Q Are you familiar with the subject well  
6 and the lands involved in this application?

7 A Yes, sir, I am.

8 MR. CARR: Are the witness' qualifica-  
9 tions acceptable?

10 MR. NUTTER: They are.

11 Q Will you please refer to what's been  
12 marked for identification as Getty Exhibit Number Three and  
13 explain to Mr. Nutter what it is and what it shows?

14 A Yes, sir. Exhibit Number Three is a  
15 diagrammatic sketch of the Getty Federal 33 Well No. 1. On  
16 the sketch it indicates Lower Pennsylvanian perforations from--  
17 selectively perforated in the interval 15,999 to 16,050 feet.  
18 We have 2-3/8ths inch tubing set at 15,900 feet and we have  
19 a 4-1/2 inch packer. We have a 4-1/2 inch tieback string  
20 tied back to surface.

21 Q Now, Mr. Terry, I believe Mr. Norton  
22 indicated that you plan to dedicate two irregular sections  
23 to this well.

24 A Yes, sir. We plan to dedicate Sections  
25 33 and 34, Township 26 South, Range 33 East, Lea County, New

1  
2 Mexico.

3 Q Would this be a non-standard proration  
4 unit?

5 A Yes, sir, it would be.

6 Q And are you requesting that the Commis-  
7 sion approve this non-standard proration unit for the Federal  
8 33 Well?

9 A Yes, sir, we are.

10 Q What acreage do you desire to initially  
11 be included within the new pool?

12 A We request that all of Section 33 and  
13 Section 34, Township 26 South, 33 East be included in the  
14 pool.

15 Q Do you believe this acreage to be pro-  
16 ductive of hydrocarbons in the Lower Pennsylvanian formation?

17 A Yes, sir, we do.

18 Q And upon what do you base that opinion?

19 A We base this upon 1/4 hour flow test  
20 that we have available for the Federal 33 Well No. 1, as well  
21 as offset production from the well in Texas.

22 Q Are you prepared to make a recommendation  
23 to the Examiner as to special pool rules for this new pool?

24 A Yes, sir. We recommend that the 640  
25 acre spacing be established for this pool.

1  
2 Q And are you requesting rules only on a  
3 temporary basis?

4 A Yes, sir, we request these temporary  
5 pool rules for the 640 acre spacing.

6 Q Mr. Terry, was the No. 1 Federal 33 Well  
7 originally drilled at a standard location?

8 A Yes, sir, it was.

9 Q And does Getty request that this well  
10 be grandfathered in there by approving this location once the  
11 new pool rules are promulgated?

12 A Yes, sir, we do.

13 Q In your opinion will granting this appli-  
14 cation avoid the drilling of unnecessary wells?

15 A Yes, sir, it will.

16 Q And will it also avoid the risk that  
17 would result from drilling an excessive number of wells in  
18 the pool?

19 A Yes, sir, it will.

20 Q In your opinion will granting the  
21 application be in the best interest of conservation, the  
22 prevention of waste, and the protection of correlative  
23 rights?

24 A Yes, sir, it will.

25 Q Do you have a name that you'd like to



1  
2 recommend for the pool?

3 A. We recommend that it be named the Madera  
4 Lower Penn Gas Pool.

5 Q. Does Getty intend to call an additional  
6 engineering witness?

7 A. Yes, sir, we do.

8 Q. Was Exhibit Three prepared by you or under  
9 your direction?

10 A. Yes, sir, it was.

11 MR. CARR: At this time, Mr. Nutter, we  
12 would offer Getty Exhibit Number Three.

13 MR. NUTTER: Getty Exhibit Three will  
14 be admitted in evidence.

15 MR. CARR: I have nothing further of  
16 Mr. Terry on direct.

17 MR. NUTTER: What is your other witness  
18 going to testify?

19 MR. CARR: Well, we're going to have  
20 some data on the -- on the well. We'll have some reservoir  
21 data just --

22 A. From the offset well.

23 MR. CARR: From the offset well. It's  
24 just -- it's limited. It's just the little bit we have from  
25 the offsetting well.

1  
2 MR. NUTTER: Well, I'll ask Mr. Terry  
3 this question then.  
4

5 CROSS EXAMINATION

6 BY MR. NUTTER:

7 Q Mr. Terry, I noticed in the previous  
8 witness' Exhibit Number One that both Section 33 and Section  
9 34, which are the proposed -- which do comprise the proposed  
10 proration unit, are shown to be Continental leases. Is this  
11 a unitized area or --

12 A It's a farmout from Continental.

13 Q It is, and you control both of these  
14 sections and have communitized these two leases or whatever.  
15 is it necessary?

16 A It's my understanding that they're both  
17 covered under the same lease. Both sections are under the  
18 same lease.

19 Q Uh-huh, and the unit that you're pro-  
20 posing is all of each of those two sections, and together  
21 they add up to 616 acres, which is somewhat less than a  
22 standard unit would be.

23 A Yes, sir, they are approximately 308.12  
24 acres per section.

25 Q Now will you testify to the proposed

1  
2 well location or will somebody else testify to that for this  
3 640 acre pool?

4 A. We were -- we don't have -- we do not  
5 offer any recommendation as far as well locations. It's our  
6 understanding that it's standard 1650 feet from the lease  
7 lines.

8 Q That's the normal Division order on 640  
9 acre pools.

10 A. Which we would concur with that.

11 Q Of course, it would be impossible with  
12 the configuration of this proration unit to be 1650 feet  
13 from the outer boundary.

14 A. Yes, sir. that's why we're asking that  
15 this well be grandfathered.

16 Q It would be the exception to those pool  
17 rules, then.

18 A. Yes, sir, that's correct.

19 MR. NUTTER: Are there further questions  
20 of Mr. Terry? He may be excused.

21 MR. CARR: At this time I would call  
22 John McDermett.  
23  
24  
25

JOHN C. McDERMETT

being called as a witness and being duly sworn upon his oath,  
testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name and place  
of residence?

A John C. McDermett, Midland, Texas.

Q By whom are you employed and in what  
capacity?

A I'm employed by Getty Oil Company as a  
reservoir engineer, on the Midland District Staff.

Q Have you previously testified before this  
Commission, had your credentials as a reservoir engineer  
accepted and made a matter of record?

A Yes, sir.

Q Are you familiar with the application  
filed by Getty in this case?

A Yes.

Q Are you familiar with the subject well  
and the lands involved in this area?

A Yes.

MR. CARR: Are the witness' qualifications

1  
2 acceptable?

3 MR. NUTTER: They are.

4 Q Mr. McDermett, will you please refer to  
5 what has been marked as Getty Exhibit Number Four, identify  
6 this, and explain to Mr. Nutter what it shows?

7 A Okay. This exhibit shows all the reser-  
8 voir data we have so far on the Federal 33 No. 1, and as we  
9 mentioned earlier there's not much here and most of it is  
10 estimated from the discovery well over in Texas.

11 And obviously, there's not enough here  
12 to determine from a reservoir standpoint an effective drainage  
13 area, but I do believe that there's a good probability that  
14 this well would drain the 640 acres or more.

15 Q What plans does Getty have to further  
16 develop the area and acquire additional data?

17 A Well, we plan continued development  
18 drilling in the area. We have lots of acreage leased, and  
19 the next well is scheduled for the first quarter of 1982, and  
20 it will be in Section 4 over on the Texas side of the line.

21 Q Will you be able -- will you have some  
22 pressure data when you come back?

23 A Well, we hope to within the year have  
24 information from this well in Section 4 and possibly others,  
25 and also we would plan on doing transient pressure tests on

1  
2 the two wells that are drilled already.

3 Q So you're going to do some build up tests?

4 A That's right.

5 Q Do you believe that in a year's time  
6 you could come back and -- and hopefully at that time have  
7 compiled data in support of permanent rules?

8 A Yes, I do.

9 Q And do you recommend, therefor, rules of  
10 a one year duration?

11 A Yes.

12 Q Did you prepare Exhibit Number Four?

13 A Yes, sir.

14 MR. CARR: At this time, Mr. Nutter, we  
15 would offer Getty Exhibit Number Four.

16 MR. NUTTER: Exhibit Number Four will  
17 be admitted in evidence.

18 MR. CARR: I have nothing further of  
19 Mr. McDermett.

20  
21 CROSS EXAMINATION

22 BY MR. NUTTER:

23 Q Mr. McDermett, it was mentioned earlier  
24 that the Texas Railroad Commission had approved 640 acre  
25 spacing for the Madera No. 1.

1

2

A. Yes.

3

4

Q And I presume then that all of Section 5 is dedicated to that well?

5

A. That's right.

6

7

Q And your next well would be in Section 4 east of that, is that it?

8

A. Yes.

9

10

11

12

Q And having two long sections dedicated in New Mexico, you'd have one well in New Mexico and two wells in Texas, then. How far from the State line would you be drilling that well in Texas, that second well?

13

14

A. I don't know what the exact location will be. It will probably be up there in the northern half.

15

16

17

Q Now that well, that Malcolm Madera No. 1, it's located relatively close to the State line right now, isn't it?

18

A. Yes.

19

20

Q What's the spacing or well location rule for 640 acre spacing in Texas?

21

A. They tell me it's 1320.

22

Q 1320.

23

A. Right.

24

25

Q I think we ought to require that wells be drilled 330 from the State line in Texas.

1  
2 And I believe it was also mentioned, Mr.  
3 McDermett, that you expect a pipeline connection within a  
4 short time on this well?

5 A. That's my understanding.

6 Q. And then what would you propose, that  
7 these rules be temporary and that after one year production  
8 into the pipeline the case be re-opened and you've have some  
9 pressure data and reservoir drainage information at that time?

10 A. Yes. We'd also have the production  
11 data on the Fed 33. We can't do anything now without flowing  
12 it.

13 Q. But you might be able to have some kind  
14 of a drawdown test or something.

15 A. I'm sure we will.

16 Q. Has the --- is the well in Texas already  
17 connected?

18 A. Yes sir, it's been completed since  
19 March, and it stabilized at, for the past three or four  
20 months at a little over a million cubic feet a day.

21 Q. So it's not a real big well, then.

22 A. Well, no, it's not.

23 Q. Do you have any indications what size  
24 this well is in New Mexico?

25 A. No, other than that fifteen minute test



1  
2 that Mr. Terry mentioned, and I believe he told me it pro-  
3 duced 330 Mcf a day at that --- at that rate.

4 Q Well now, these wells are being more than  
5 15,000, it's considered high cost gas and not subject to  
6 frac regulations, is that it?

7 A That's right.

8 Q Do you have any idea, a rough estimate  
9 of what this New Mexico well cost to drill?

10 A I don't know.

11 MR. NUTTER: Mr. Terry, do you know?

12 MR. TERRY: Yes, sir. This well cost  
13 approximately \$3.2 million, over \$3 million.

14 MR. NUTTER: It didn't go as deep as  
15 the Texas well, did it?

16 MR. TERRY: No, sir, it didn't. We cut  
17 it off before we --

18 MR. NUTTER: What did that Texas well  
19 go to at 21,000, the Ellenburger, or what?

20 MR. TERRY: I believe it was an Ellen-  
21 burger test.

22 MR. NUTTER: And was it productive in  
23 the Ellenburger and then plugged back?

24 MR. TERRY: It was not productive in the  
25 Ellenburger. It was plugged back.

1  
2 MR. NUTTER: And this was the only pro-  
3 duction, this Lower Pennsylvanian production, then?

4 MR. TERRY Yes, sir.

5 MR. NUTTER Okay. Are there any further  
6 questions of Mr. Terry or Mr. McDermott? They may both be  
7 excused.

8 Do you have anything further, Mr. Carr?

9 MR. CARR: Nothing further, Mr. Nutter.

10 MR. NUTTER: Does anyone have anything  
11 they wish to offer in Case Number 7306?

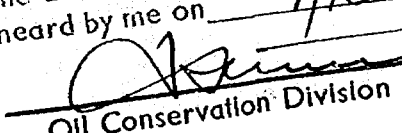
12 We'll take the case under advisement.

13  
14 (Hearing concluded.)  
15  
16  
17  
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23  
24  
25

## C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7306 heard by me on 7/15 1981.  
  
Oil Conservation Division Examiner

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

18 August 1982

EXAMINER HEARING

IN THE MATTER OF:

Case 7306 being reopened pursuant to  
the provisions of Order No. R-6769.

CASE  
7306

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

1  
2  
3 MR. NUTTER: We'll call next Case Number  
4 7306.

5 MR. PEARCE: That is in the matter of Case  
6 7306 being reopened pursuant to the provisions of Order Number  
7 R-6769, which promulgated temporary pool rules for the Madera-  
8 Lower Penn Gas Pool in Lea County.

9 MR. NUTTER: I have the following letter  
10 from William F. Carr, Counsel for Getty Oil Company, who was  
11 the original applicant in Case Number 7306.

12 It states as follows:

13 This letter is to advise you that Getty  
14 Oil Company will not present testimony in support of perma-  
15 nent pool rules for the Madera-Lower Penn Pool at the hearing  
16 on this matter scheduled for August 18th, 1982.

17 This decision results from the fact that  
18 the Federal 33 Well No. 1 has not performed as expected and  
19 that 320-acre spacing under statewide rules would be more ap-  
20 propriate for the area.

21 It is our understanding that the 616.24  
22 acre non-standard gas proration unit approved by Order No.  
23 R-6769 will remain unaffected by the rescission of the tempo-  
24 rary pool rules.

25 I don't know if it will or not. We'll  
try to make accommodation for that proration unit in any order,

1  
2 but it appears that the pool would revert to 320-acre  
3 spacing.

4 We'll take the case under advisement and  
5 recess the hearing until 1:30.

6  
7 (Hearing concluded.)  
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Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7306 heard by me on 8/18 1984.

[Signature], Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

18 August 1982

EXAMINER HEARING

IN THE MATTER OF:

Case 7306 being reopened pursuant to  
the provisions of Order No. R-6769,

CASE  
7306

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

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For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal-Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:



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9 from William F. Carr, Counsel for Getty Oil Company, who was  
10 the original applicant in Case Number 7306.

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Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7306 heard by me on 8/18 1982.  
[Signature], Examiner  
Oil Conservation Division

SALL. BOYD, C.S.R.

Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

November 8, 1982

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Mr. William F. Carr  
Campbell, Byrd & Black  
Attorneys at Law  
Post Office Box 2208  
Santa Fe, New Mexico 87501

Re: CASE NO. 7306  
ORDER NO. R-6769-A

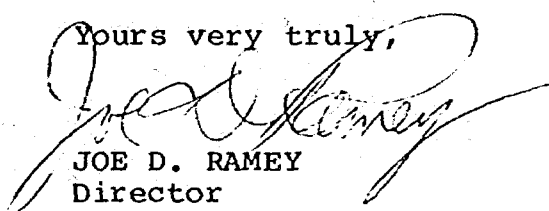
Applicant:

OCD (Getty Oil Company)

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x  
Artesia OCD x  
Aztec OCD x

Other \_\_\_\_\_

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

CASE NO. 7306 Reopened  
Order No. R-6769-A

IN THE MATTER OF CASE NO. 7306  
BEING REOPENED PURSUANT TO THE  
PROVISIONS OF ORDER NO. R-6769,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 18, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of November, 1982, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-6769, entered in Case No. 7306 on September 30, 1981, the Division created the Madera-Lower Penn Gas Pool, promulgated temporary Special Pool Rules therefore including a provision for 640-acre spacing, and established a 616.24-acre non-standard gas spacing and proration unit comprising all of Partial Sections 33 and 34, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, to be dedicated to the discovery well for said pool, the Getty Oil Company Federal 33 Well No. 1, located in Unit G of said Section 33.

(3) That said order also provided that Case No. 7306 be reopened one year after date of first pipeline connection to a well in said pool to permit any interested party to appear and show cause why said pool should not be developed on 320-acre spacing.

(4) That no evidence was presented at the reopening of Case No. 7306 to justify the continuance of the 640-acre spacing and proration provisions of Order No. R-6769, and the spacing for said pool should revert to 320-acre spacing for future development.

(5) That to avoid the creation of possible inequities resulting from abolishment of the previously approved

-2-

Case No. 7306 (Reopened)  
Order No. R-6769-A

616.24-acre spacing and proration unit dedicated to the discovery well, said unit should be permitted to continue to exist with the provision that an infill well on said unit may be drilled in Section 34, Township 26 South, Range 33 East, NMPM, if and when conditions so warrant.

(6) That reversion of the spacing rules for the Madera Lower Penn Gas Pool to 320 acres subject to the above terms will not cause waste nor impair correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the Madera-Lower Penn Gas Pool, Lea County, New Mexico, providing for 640-acre spacing and proration units and promulgated by Division Order No. R-6769 are hereby abolished.

(2) That the 616.24-acre non-standard spacing and proration unit comprising all of Partial Sections 33 and 34, Township 26 South, Range 33 East, NMPM, and dedicated to the Getty Oil Company Federal 33 Well No. 1, located in Unit G of said Section 33, shall continue to exist, provided however, that should conditions so warrant, an infill well on said unit shall be permitted provided said infill well shall be drilled in Section 34 of said Township 26 South, Range 33 East, NMPM.

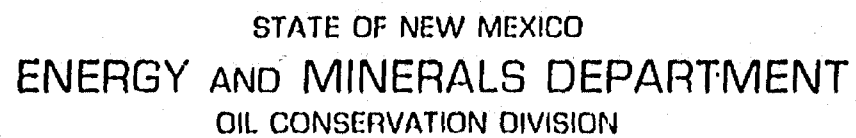
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



*Joe D. Ramey*  
JOE D. RAMEY,  
Director



POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Gatty Oil Company

Yours very truly,

Other

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL  
HARL D. BYRD  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
WILLIAM G. WARDLE  
KEMP W. GORTHEY  
THOMAS F. BLUEHER

JEFFERSON PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87501  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

August 12, 1982

Mr. Daniel S. Nutter  
Chief Engineer  
Oil Conservation Division  
New Mexico Department of Energy  
& Minerals  
Post Office Box 2088  
Santa Fe, New Mexico 87501

RECEIVED  
AUG 16 1982

Re: Oil Conservation Division Case 7306: In the Matter  
of Case 7306 being reopened pursuant to the provisions  
of Order No. R-6769 which promulgated temporary pool  
rules for the Madera-Lower Penn Gas Pool in Lea  
County, New Mexico including provisions for 640-acre  
spacing units

Dear Mr. Nutter:

This letter is to advise you that Getty Oil Company will not  
present testimony in support of permanent pool rules for the  
Madera-Lower Penn Pool at the hearing on this matter scheduled  
for August 18, 1982. This decision results from the fact that  
the Federal 33 Well #1 has not performed as expected and that  
320-acre spacing under statewide rules would be more appropriate  
for the area.

It is our understanding that the 616.24 acre non-standard gas  
proration unit approved by Order No. R-6769 will remain unaffected  
by the rescission of the temporary pool rules.

Very truly yours,

*William F. Carr*

William F. Carr

WFC:jh

cc: Mr. D.J. Steinnerd  
Mr. James E. Eakin



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7306  
Order No. R-6769

APPLICATION OF GETTY OIL COMPANY  
FOR POOL CREATION, SPECIAL POOL  
RULES AND A NON-STANDARD GAS  
PRORATION UNIT, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 15, 1981, at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 30th day of September, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Getty Oil Company, seeks the creation of a new gas pool for Lower Pennsylvanian production in Lea County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 640-acre spacing units.

(3) That the Federal 33 Well No. 1 located in Unit G of Section 33, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, having its top perforations at 15,999 feet, has discovered a separate common source of supply which should be designated the Madera Lower Penn Gas Pool; that the vertical limits of said pool should be the Atoka and Morrow zones of the Pennsylvanian formation and that the horizontal limits of said pool should be all of Sections 33 and 34, Township 26 South, Range 33 East, NMPM.

(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 640-acre spacing units should be promulgated for the Madera-Lower Penn Gas Pool.

CASE NO. 7306  
Order No. R-6769

(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 special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Madera-Lower Penn Gas Pool, at which time the operators in the subject pool should appear and show cause why the Madera-Lower Penn Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the Madera-Lower Penn Gas Pool should notify the Division in writing of such fact, and that the Division should thereupon reopen this case.

(9) That the applicant further seeks approval of a 616.24 acre non-standard gas proration unit comprising all of Sections 33 and 34, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, to be dedicated to its Federal 33 Well No. 1, located in Unit G of said Section 33.

(10) That the need for such non-standard unit arises from the existence of "short" sections along the New Mexico-Texas state line.

(11) That said non-standard gas proration unit, being 616.24 acres in area, approximates the size of the 640-acre units to be approved by this order, and should be approved.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as a gas pool for Lower Pennsylvanian production, is hereby created and designated the Madera-Lower Penn Gas Pool, with vertical limits comprising the Atoka and Morrow zones of the Pennsylvanian formation and horizontal limits comprising the following-described area:

LEA COUNTY, NEW MEXICO  
TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM  
Section 33: All  
Section 34: All

CASE NO. 7306  
Order No. R-6769

(2) That temporary Special Rules and Regulations for the Madera-Lower Penn Gas Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
MADERA-LOWER PENN GAS POOL

RULE 1. Each well completed or recompleted in the Madera-Lower Penn Gas Pool or in the Lower Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations herein-after set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Division Director 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 and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

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

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

CASE NO. 7306  
Order No. R-6769

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Madera-Lower Penn Gas Pool or in the Morrow 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 Division in writing of the name and location of the well on or before October 15, 1981.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA, 1978, existing wells in the Madera-Lower Penn Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 640 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Madera-Lower Penn Gas Pool or in the Lower Pennsylvanian formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the Madera-Lower Penn Gas Pool, at which time the operators in the subject pool may appear and show cause why the Madera-Lower Penn Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the Madera-Lower Penn Gas Pool shall notify the Division in writing of such fact, and that the Division will thereupon designate an exact date for reopening this case.

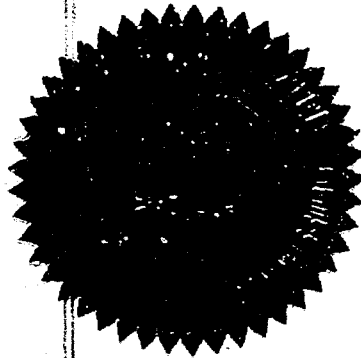
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CASE NO. 7306  
Order No. R-6769

(5) That a 616.24 acre non-standard gas proration unit, comprising all of Sections 33 and 34, Township 26 South, Range 33 East, N1E1M, Lea County, New Mexico, is hereby approved, to be dedicated to the Getty Oil Company Federal 33 Well No. 1, located in Unit C of said Section 33.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
Joe D. Ramey  
Director

S E A L

CASE 7654: Application of Rault Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for an undesignated Pennsylvanian gas well to be drilled 600 feet from the South line and 660 feet from the West line of Section 13, Township 8 South, Range 27 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 7306: (Reopened)

In the matter of Case 7306 being reopened pursuant to the provisions of Order No. R-6769 which promulgated temporary pool rules for Madera-Lower Penn Gas Pool in Lea County, including provision for 640-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 7655: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NW/4 of Section 20, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASES 7528 and 7529: (Continued from July 7, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following two cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

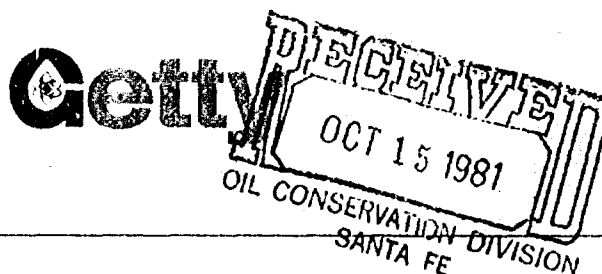
CASE 7649: Application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the retroactive exemption from Section 5 of the New Mexico Natural Gas Pricing Act of the following Basin Dakota infill wells: Jicarilla A No. 13-E in Unit H of Section 13 and Jicarilla A No. 10-E in Unit G of Section 23, both in Township 26 North, Range 4 West, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 West, all in Rio Arriba County, and the Hodges No. 15-E in Unit J of Section 27, Township 26 North, Range 8 West. Each of the aforesaid wells was subject to the New Mexico Natural Gas Pricing Act until exempted from same by the Division on July 23, 1982, and applicant seeks the retroactive exemption of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

CASE 7594: (Continued from July 21, 1982, Examiner Hearing)

Application of Harvey E. Yates Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in that portion of the Bone Spring formation described as the Carbonate unit between the first and second Bone Spring Sands underlying the Young Deep Unit, encompassing 560 acres, more or less, of Federal lands underlying portions of Sections 3, 4, 9 and 10, Township 18 South, Range 32 East.

Getty Oil Company

Central Exploration and Production Division



October 13, 1981

New Mexico Oil Conservation Division (3)  
P.O. Box 2088  
Santa Fe, New Mexico 87501

ATTN: Mr. Dan Nutter

RE: Federal 33 No. 1  
Section 33, T-26-S, R-33-E  
Lea County, New Mexico

Gentlemen:

Enclosed is a copy of the C-104 that was submitted on September 18, 1981. As stipulated in the Division Order No. R-6769 we wish to advise you that the actual pipeline connection took place on August 7, 1981 with United Gas Pipeline as the authorized transporter of the gas. Also enclosed is the revised C-102 showing the Division approved non-standard unit and unorthodox location. The 640± acre proration unit in which the above mentioned well exists is completed in the Madera Lower Penn Gas Pool.

If there are any questions in regard to this matter please direct them to the Hobbs Area Office.

Very truly yours,

GETTY OIL COMPANY

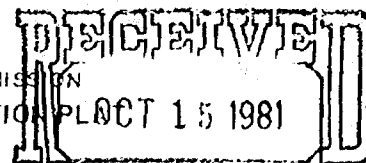
*Dale R. Crockett*  
Dale R. Crockett  
Area Superintendent

JIM/lh  
Attachments

cc: H.O. Woods - Land Department  
File

*reopen Case  
No. 7306  
in August  
1982*

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT 15 1981



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

All distances must be from the outer boundaries of the Section

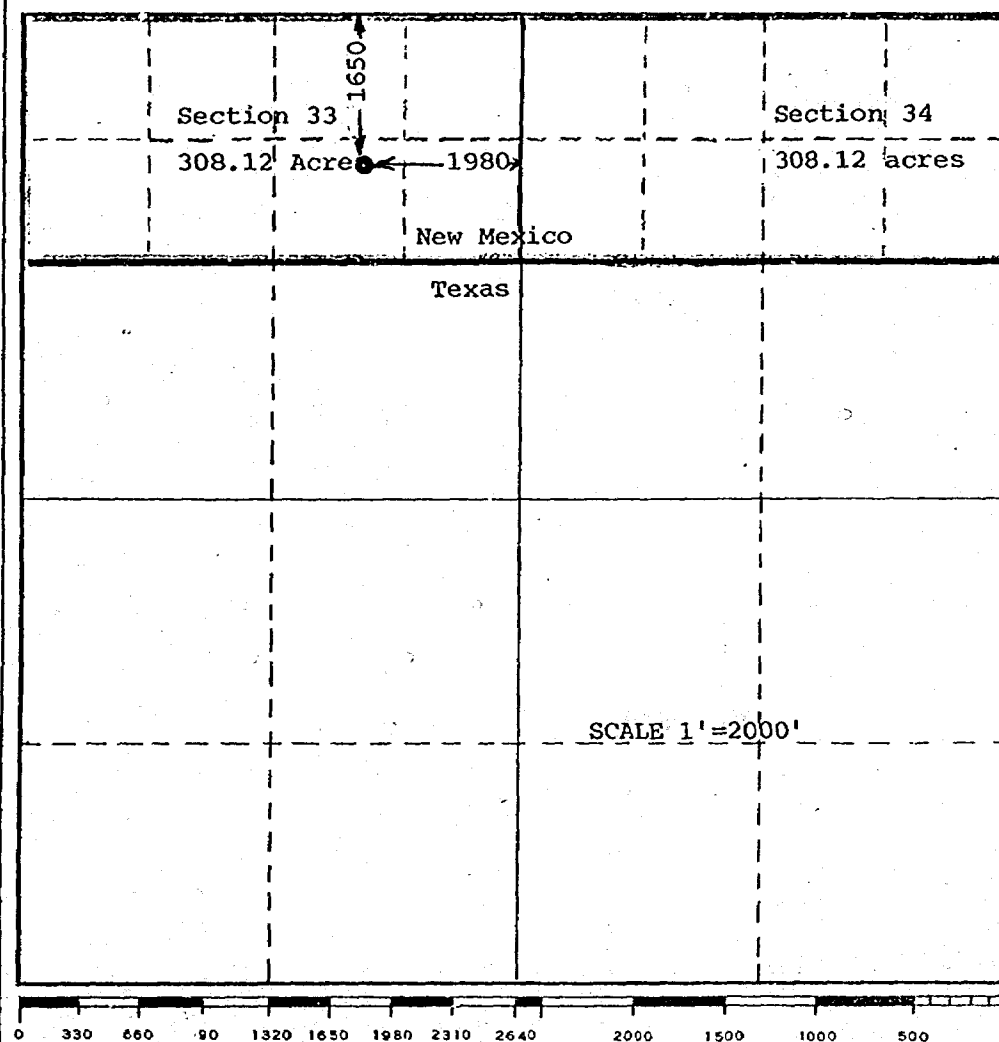
Operator <b>Getty Oil Company</b>			Lease <b>Federal 33</b>		SANTA FE		Well No. <b>1</b>
Unit Letter <b>G</b>	Section <b>33</b>	Township <b>26-South</b>	Range <b>33-East</b>	County <b>Lea</b>			
Actual Footage Location of Well:							
<b>1650</b>		feet from the	<b>North</b>	line and	<b>1980</b>	feet from the	<b>East</b>
Ground Level Elev. <b>3227.6</b>	Producing Formation <b>Pennsylvanian</b>		Pool <b>Madera - Lower Penn</b>			Dedicated Acreage: <b>616.24</b> Acres	

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

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

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

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



CERTIFICATION

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

*Dale R. Crockett*

Name

**Dale R. Crockett**

Position

**Area Superintendent**

Company

**Getty Oil Company**

Date

**October 30, 1980**

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

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.



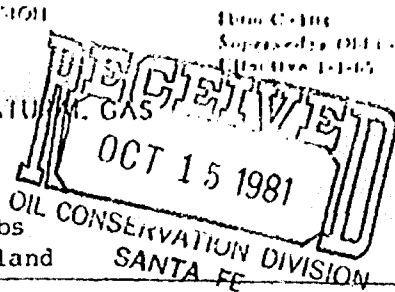
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PRODUCTION OFFICE  
APPROVAL

NEW MEXICO OIL CONSERVATION COMMISSION  
REQUEST FOR ALLOWABLE  
AND

AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

O+4-NMOCD-Hobbs  
1-Admin Unit-Midland  
1-File

1-Engr.-JIM  
1-CK-Foreman  
1-Conoco-Hobbs  
1-Conoco-Midland



Getty Oil Company  
Address

P. O. Box 730 - Hobbs, New Mexico 88240

Reason(s) for filing (check proper box)

New Well ☒  
Recompletion ☐  
Change in Ownership ☐

Change in Transporter of

Oil ☐  
Casinghead Gas ☐

Dry Gas ☐  
Condensate ☐

Other (Please explain)

change of ownership give name  
and address of previous owner

DESCRIPTION OF WELL AND LEASE

Lease Name Federal 33	Well No. 1	Pool Name, including Formation Undesignated Lower Penn	Kind of Lease State, Federal or Fee	Lease No. NM-02965-A
Location Unit Letter <u>G</u> : <u>1650</u> Feet From The <u>North</u> Line and <u>1980</u> Feet From The <u>East</u> Line of Section <u>33</u> Township <u>26-S</u> Range <u>33-E</u> , NMPM, Lea County				

DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input checked="" type="checkbox"/> Conoco, Inc. (Trucks)	Address (Give address to which approved copy of this form is to be sent) P. O. Box 2587, Hobbs, NM 88240
Name of Authorized Transporter of Casinghead Gas <input type="checkbox"/> or Dry Gas <input checked="" type="checkbox"/> United Gas Pipeline Company	Address (Give address to which approved copy of this form is to be sent) P. O. Box 1478, Houston, TX 77001
Does well produce oil or liquids, give location of tanks. Unit <u>G</u> Sec. <u>33</u> Twp. <u>26-S</u> Rge. <u>33-E</u>	Is gas actually connected? <u>Yes</u> When <u>August 7, 1981</u>

if this production is commingled with that from any other lease or pool, give commingling order number:

COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Surge Resrv.	Full Resrv.
		X	X					
Date Spudded 11/23/80	Date Compl. Ready to Prod. 4/29/81	Total Depth 16180	P.B.T.D. 16136					
Levelations (DF, RND, RT, CR, etc.) 3227.6 GL	Name of Producing Formation Lower Penn	Top Oil/Gas Pay 15999	Tubing Depth 15900					
Perforations 66 (.50") holes 2 spf @ 15999-16004, 16006-16, 16030-36, 16042-50			Depth Casing Shoe 16180					

TUBING, CASING, AND CEMENTING RECORD

HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT
17 1/2	13 3/8	805	900
12 1/4	9 5/8	4900	5200
8 1/2	7	13025	1500
6 1/8	4 1/2	12695-16180	510

TEST DATA AND REQUEST FOR ALLOWABLE  
H. WELL  
Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-able,	Water-able,	Gas-MCF

AS WELL, 4 Pt. Test Submitted

Initial Prod. Test - MCF/D

Length of Test

Initial Condensate/MMCF

Gravity of Condensate

2,200

3 hrs.

8

45.8

Flowing 4 Pt.

Tubing Pressure (lb/in<sup>2</sup>)

Flowing Pressure (lb/in<sup>2</sup>)

Choke Size

10,000#

Pkr.

Various

# CERTIFICATE OF COMPLIANCE

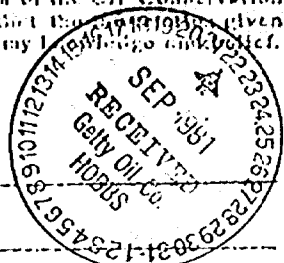
I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given me is true and complete to the best of my knowledge and belief.

*[Signature]*  
(Signature)

Area Superintendent

(Title)

8/18/81



## OIL CONSERVATION COMMISSION

SEP 21 1981

APPROVED \_\_\_\_\_, 19\_\_

BY \_\_\_\_\_ Orig. Signed by

Les Clements

TITLE \_\_\_\_\_ Oil & Gas Insp.

This form is to be filed in compliance with Rule 1104.

If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with Rule 111.

All sections of this form must be filled out completely for allowable or non-compliance to be valid.

Fill out only Sections I, II, III, and VI for change of name, well number, or transport, or other such change of conditions.

Dockets Nos. 23-81 and 24-81 are tentatively set for July 29 and August 12, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 15, 1981

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for August, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7302: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Mesaverde production in the wellbores of four wells to be drilled in the SE/4 and SW/4 of Section 34, Township 27 North, Range 7 West, and the SW/4 and NW/4 of Section 2, Township 26 North, Range 7 West, respectively.

CASE 7303: Application of Florida Hydrocarbons Company for surface commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling of Morrow, Strawn, Atoka, and Wolfcamp gas produced from five wells located in Unit F of Section 10, Units G and O of Section 15, and Units A and I of Section 22, all in Township 23 South, Range 34 East, Antelope Ridge Field, after separately metering the gas produced from each well and each zone. Lease liquids would be separated out at the wellhead and the gas processed in a plant, allocating plant production back to each well on the basis of meter readings. Applicant further seeks a procedure whereby additional wells could be similarly commingled in said system.

CASE 7304: Application of ARCO Oil and Gas Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Custer Well No. 1, the surface location of which is 810 feet from the North line and 2164 feet from the West line of Section 6, Township 25 South, Range 37 East, Custer Field, to a bottom hole location within 100 feet of a point 1650 feet from the North line and 660 feet from the West line of said Section 6, at a true vertical depth of approximately 12,800 feet.

CASE 7305: Application of Amoco Production Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 34, Township 23 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 34. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7306: Application of Getty Oil Company for pool creation, special pool rules, and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Lower Pennsylvanian gas pool for its Federal 33 Well No. 1 located in Unit G of Section 33, Township 26 South, Range 33 East, and the promulgation of special rules therefor, including provisions for 640-acre spacing. Applicant also seeks approval of a 616.24-acre non-standard gas proration unit comprising Sections 33 and 34, Township 26 South, Range 33 East.

CASE 7307: Application of Mesa Petroleum Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all royalty interests in the Mesaverde formation underlying the W/2 of Section 23, Township 26 North, Range 6 West, to be dedicated to its Federal Well No. 12E drilled at a standard location thereon.

CASE 7308: Application of Mesa Petroleum Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all royalty interests in the Mesaverde formation underlying the E/2 of Section 23, Township 26 North, Range 6 West, to be dedicated to its Federal Well No. 11E drilled at a standard location thereon.

CASE 7074: (Reopened and Readvertised)

In the matter of Case 7074 being reopened pursuant to the provisions of Order No. R-6565, which order created the South Elkins-Fusselman Gas Pool in Chaves County, New Mexico, to permit all interested parties to appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is determined to be a retrograde gas condensate reservoir.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
15 July 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Getty Oil Company for  
pool creation, special pool rules,  
and a non-standard proration unit,  
Lea County, New Mexico.

CASE  
7306

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.  
CAMPBELL, BYRD, & BLACK P.A.  
Jefferson Place  
Santa Fe, New Mexico 87501

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2

I N D E X

JOEL K, NORTON

Direct Examination by Mr. Carr 4

Cross Examination by Mr. Nutter 13

HERMAN W. TERRY

Direct Examination by Mr. Carr 15

Cross Examination by Mr. Nutter 20

JOHN C. McDERMETT

Direct Examination by Mr. Carr 22

Cross Examination by Mr. Nutter 24

E X H I B I T S

Applicant Exhibit One, Map 6

Applicant Exhibit Two, Cross Section 10

Applicant Exhibit Three, Sketch 16

Applicant Exhibit Four, Reservoir Data 23

1  
2 MR. NUTTER: Call next Case Number 7306.

3 MR. PEARCE: Application of Getty Oil  
4 Company for pool creation and special pool rules, and a  
5 non-standard proration unit, Lea County, New Mexico.

6 MR. CARR: May it please the Examiner,  
7 my name is William F. Carr. I'm the attorney today for Getty.  
8 I also represent Mesa. The following two cases are compulsory  
9 pooling cases for Mesa that we believe unopposed will take  
10 a very short time and Mr. Kellahin talked so long this morning  
11 that if we can't take these out of order Mr. Osgood is going  
12 to miss a flight back to Denver, and I wonder if you would  
13 have any objection to calling Cases 7307 and 7308 and conso-  
14 lidating them and taking them out of order at this time.

15 MR. NUTTER: And they would just be  
16 jumping in front of Getty and you're representing Getty Oil  
17 Company?

18 MR. CARR: Yes, sir, and Getty does not  
19 object.

20 MR. NUTTER: Okay.

21 (Thereupon Cases 7307 and 7308  
22 were heard. Thereafter Case 7306  
23 was continued, as follows:)  
24  
25

1  
2 MR. NUTTER: We'll call Case Number 7306  
3 again.

4 MR. PEARCE: Application of Getty Oil  
5 Company for pool creation, special pool rules, and a non-standard  
6 proration unit, Lea County, New Mexico.

7 MR. CARR: May it please the Examiner,  
8 my name is William F. Carr, with the law firm Campbell, Byrd,  
9 and Black, Santa Fe, New Mexico, appearing on behalf of Getty  
10 Oil Company.

11 I have three witnesses who need to be  
12 sworn.

13  
14 (Witnesses sworn.)

15  
16 JOEL K. NORTON  
17 being called as a witness and being duly sworn upon his oath,  
18 testified as follows, to-wit:

19  
20 DIRECT EXAMINATION

21 BY MR. CARR:

22 Q Will you state your full name and place  
23 of residence?

24 A Joel K. Norton, Midland, Texas.

25 Q Mr. Norton, by whom are you employed

1  
2 and in what capacity?

3 A. Getty Oil Company in Midland. I'm a  
4 development geologist.

5 Q. Have you previously testified before this  
6 Commission?

7 A. No, sir.

8 Q. Will you briefly summarize your educa-  
9 tional background and your work experience?

10 A. Got a Bachelor's degree from Hartwick  
11 College in Oneonta, New York. I've been working for Getty  
12 Oil for three and a half years.

13 Q. And in what capacity?

14 A. Development geologist.

15 Q. Are you familiar with the application  
16 filed by Getty in this case?

17 A. Yes, sir.

18 Q. Are you familiar with the subject well  
19 and spacing unit?

20 A. Yes, sir.

21 MR. CARR: Are the witness' qualifications  
22 accepted?

23 MR. NUTTER: They are.

24 Q. Mr. Norton, will you briefly state what  
25 Getty seeks with this application?



1  
2 A. We seek pool creation, special pool rules,  
3 and a non-standard proration unit in Lea County, New Mexico.

4 We seek creation of a new Lower Pennsyl-  
5 vanian Gas Pool for our Federal 33 No. 1, located in Unit G  
6 of Section 33, Township 26 South, Range 33 East, and the  
7 issuance of special rules thereof -- therefor, including  
8 provisions for 640-acre spacing. We also seek approval of  
9 616.24 acre non-standard gas proration unit, comprising  
10 Sections 33 and 34, Township 26 South, Range 33 East.

11 Q. Mr. Norton, have you prepared certain  
12 exhibits for introduction in this case?

13 A. Yes, sir, I have.

14 Q. Will you please refer to what has been  
15 marked as Getty Exhibit One, identify this, and explain what  
16 it is and what it shows?

17 A. This is a map of southern Lea County,  
18 New Mexico, and northern Loving County, Texas, and there is an  
19 index map of the lower portion with the red square outline  
20 to show where the map is, and the scale of the map is one  
21 to 2000 -- one inch to 1000 feet.

22 The two and a half mile circle on this  
23 map was used for NGPA hearing, Gas Act, and it is not used  
24 on this map at all.

25 The well we're discussing is the Getty

Oil Company Federal 33 No. 1, which is located in Section 33,  
Range 33 East, Township 26 South.

Q Does this -- and that is the subject  
well.

A Yes, sir.

Q What is the proration unit or spacing  
unit which you propose to dedicate to that well?

A 640 acres, which would be all of Section  
33 and all of Section 34.

Q And these are irregular sections?

A Yes, sir, they are.

Q As a result of survey variations?

A Yes, sir.

Q Are there other Pennsylvanian pools in  
this area?

A Yes, sir. To the north is the Red Hills  
which is Lower Pennsylvanian, and off the map off to the  
right, off to the east, also is the Arena Roja Field, which  
is also Lower Penn.

Q Okay, now the Red Hills Lower Penn Pool  
is located in where, what sections, township, range, approxi-  
mately?

A Sections 5 and 6, 33 East, 26 South.

Q And those are the two northernmost wells

1  
2 indicated on this plat.

3 A. Yes, sir.

4 Q. And the Arena Roja is off the plat to  
5 the east.

6 A. To the east about six miles.

7 Q. Are these both classified Lower Penn?

8 A. Yes, sir.

9 Q. What was the first well that was drilled  
10 in the pool that you're seeking creation of here today?

11 A. It would be the Getty Oil Company No. 1  
12 Malcolm Madera in Section 5, PSL Block 76.

13 Q. And that is immediately to the south of  
14 the subject well?

15 A. Yes, sir, it's less than 1600 feet  
16 south.

17 MR. NUTTER: When was it completed?

18 A. It was completed in March of this year.

19 Q. And that well is in the State of Texas?

20 A. Yes, sir.

21 Q. Okay. Now the other two Lower Pennsyl-  
22 vanian Pools, the Red Hills and the Arena Roja, what is the  
23 spacing in each of those pools?

24 A. 640 acres.

25 Q. They're both classified as Lower Penn,

1  
2 I believe.

3 A. Yes, sir.

4 Q. What is the spacing in the pool in Texas  
5 immediately to the south of the subject well?

6 A. 640 acres.

7 Q. And that again is classified as a Lower  
8 Penn pool?

9 A. Yes, sir.

10 Q. What is the status of the subject well?

11 A. Right now we're waiting on a pipeline  
12 connection. It's supposed to be connected some time this  
13 week.

14 MR. NUTTER: When was the well completed?

15 A. Are you referring to the Fed 33?

16 Q. Yes.

17 MR. NUTTER: Your well in New Mexico.

18 A. Yes, sir, it was on -- it was completed  
19 5-4-81.

20 MR. NUTTER: In May of '81.

21 A. Yes, sir. We're waiting on a pipeline  
22 connection still.

23 MR. NUTTER: And you're anticipating a  
24 pipeline connection very shortly?

25 A. Yes, sir.

Q Mr. Norton, will you now refer to what has been marked for identification as Getty Exhibit Number Two, identify this, and explain what it is and what it shows?

A This is a structural cross section A-A', going from the A, the 33 No. 1, going to the A', which is the Malcolm Madera.

Again, the lower lefthand corner is a small index map showing where the cross section runs. The drilling scale on the bottom reads 2-1/2 inches equals 100 feet. That's the vertical scale. And 1 inch equals 100 feet on the horizontal scale.

Shown in red on both logs are the perforations, perforated intervals on both logs.

Q And these are correlative intervals, is that correct?

A Yes, sir, I believe them to be correlative intervals.

Q Now, on the Madera well, what kind of a log do you have?

A The Madera well is an open hole compensated neutron formation density log.

Q And on the No. 1 Federal 33 Well?

A That is a cased hole neutron log.

Q And these are the only two wells that

1  
2 appear to be in this pool at this time.

3 A. Yes, sir.

4 Q. Now, you indicate on this, I believe,  
5 two lines, one being the top of the Atoka and one the Lower  
6 Pennsylvanian shale.

7 A. Yes, sir, top of the Atoka limestone,  
8 and the Lower Pennsylvanian shale.

9 Q. Are these markers that are fairly easy  
10 to locate in the --

11 A. Yes, sir.

12 Q. Is it possible in this interval for you  
13 to locate the top of the Morrow formation?

14 A. No, sir, it's extremely difficult. If  
15 I can refer back to Exhibit Number One, right around this area  
16 is the --

17 Q. And you're talking about what area?

18 A. The area immediately, say, approximately  
19 six miles north and south of the State line between New  
20 Mexico and Texas.

21 Q. All right.

22 A. And this is the area that is -- where  
23 the edge of the shelf is going up into the basin, and it's  
24 extremely difficult to pick a Morrow top in the area right  
25 here.

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Q

Is that the reason that the other pools in the area also are classified as Lower Penn?

A.

Yes, sir.

Q

Now, you stated that you only have a cased hole neutron log on the Federal 33 Well. Would it have been helpful to you if you'd had an open hole log on that well?

A.

Yes, in the way it would have helped us out, well, porositywise, but as far as correlativewise, no.

Q

Now you've talked about this general situation running six miles north and south of the State line. Do you consider this to be a fairly localized characteristic?

A.

Yes, sir.

Q

Have you prepared a structure map for the new pool?

A.

No, sir, I have not.

Q

And why not?

A.

With only two points it's extremely difficult to create a structure map.

Q

And if you did, it would probably not be very meaningful.

A.

Right.

Q

Does Getty intend to call witnesses to

1  
2 discuss engineering considerations?

3 A. Yes, sir.

4 Q Were Exhibits One and Two prepared either  
5 by you or under your direction and supervision?

6 A. Yes, sir, they were.

7 MR. CARR: At this time, Mr. Nutter, we  
8 would offer Getty Exhibits One and Two.

9 MR. NUTTER: Exhibits One and Two will  
10 be admitted.

11 MR. CARR: I have nothing further on  
12 direct of Mr. Norton.

13  
14 CROSS EXAMINATION

15 By MR. NUTTER:

16 Q Mr. Norton, I notice that the top of the  
17 perforations in Texas are at 15,224, whereas the top of the  
18 perforations in New Mexico are at 15,999, so there is some  
19 evidence of some kind of a structure here, isn't there?

20 A. Yes, sir. This is the area we're talking  
21 about right here.

22 MR. CARR: And you're referring to the  
23 perforations that are indicated in red on your Exhibit Two?

24 A. Yes, sir.

25 Q Oh, but the uppermost perforations in



1

2

Texas would be these perforations --

3

A. Yes, sir.

4

Q. --- that are marked in red further on up

5

the hole.

6

A. Yes, sir.

7

Q. And you didn't show that porosity in the

8

log of the --

9

A. No, sir, I didn't.

10

Q. --- New Mexico well.

11

But the main body of perforations in

12

each well is correlative and apparently ---

13

A. Yes.

14

Q. --- no substantial difference in the

15

depth of those.

16

A. Yes, sir.

17

Q. Now, the -- you say you suspect it may

18

be a small structure. Is Red Hills a relatively small structure?

19

20

A. Yes, sir, it is.

21

Q. How about Arena Roja?

22

A. Yes, sir, it's a very small structure,

23

also.

24

Q. So when you get down here on the edge

25

of the Delaware Basin you find these small structures usually.

1

2

A. Yes, sir, extremely small.

3

4

MR. NUTTER: Are there further questions of this witness? He may be excused.

5

6

MR. CARR: At this time I'd like to call Herman Terry.

7

8

HERMAN W. TERRY

9

10

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

11

12

DIRECT EXAMINATION

13

BY MR. CARR:

14

15

Q. Will you state your name and place of residence?

16

17

A. My name is Herman W. Terry and I reside in Hobbs, New Mexico.

18

19

Q. Mr. Terry, by whom are you employed and in what capacity?

20

21

A. I'm employed by Getty Oil Company as an Area Engineer for the Hobbs Area.

22

23

24

Q. Have you previously testified before this Commission and had your credentials as a petroleum engineer accepted and made a matter of record?

25

A. Yes, sir, I have.

1  
2 Q Are you familiar with the application  
3 filed by Getty in this case?

4 A Yes, sir, I am.

5 Q Are you familiar with the subject well  
6 and the lands involved in this application?

7 A Yes, sir, I am.

8 MR. CARR: Are the witness' qualifica-  
9 tions acceptable?

10 MR. NUTTER: They are.

11 Q Will you please refer to what's been  
12 marked for identification as Getty Exhibit Number Three and  
13 explain to Mr. Nutter what it is and what it shows?

14 A Yes, sir. Exhibit Number Three is a  
15 diagrammatic sketch of the Getty Federal 33 Well No. 1. On  
16 the sketch it indicates Lower Pennsylvanian perforations from--  
17 selectively perforated in the interval 15,999 to 16,050 feet.  
18 We have 2-3/8ths inch tubing set at 15,900 feet and we have  
19 a 4-1/2 inch packer. We have a 4-1/2 inch tieback string  
20 tied back to surface.

21 Q Now, Mr. Terry, I believe Mr. Norton  
22 indicated that you plan to dedicate two irregular sections  
23 to this well.

24 A Yes, sir. We plan to dedicate Sections  
25 33 and 34, Township 26 South, Range 33 East, Lea County, New

1  
2 Mexico.

3 Q Would this be a non-standard proration  
4 unit?

5 A Yes, sir, it would be.

6 Q And are you requesting that the Commis-  
7 sion approve this non-standard proration unit for the Federal  
8 33 Well?

9 A Yes, sir, we are.

10 Q What acreage do you desire to initially  
11 be included within the new pool?

12 A We request that all of Section 33 and  
13 Section 34, Township 26 South, 33 East be included in the  
14 pool.

15 Q Do you believe this acreage to be pro-  
16 ductive of hydrocarbons in the Lower Pennsylvanian formation?

17 A Yes, sir, we do.

18 Q And upon what do you base that opinion?

19 A We base this upon 1/4 hour flow test  
20 that we have available for the Federal 33 Well No. 1, as well  
21 as offset production from the well in Texas.

22 Q Are you prepared to make a recommendation  
23 to the Examiner as to special pool rules for this new pool?

24 A Yes, sir. We recommend that the 640  
25 acre spacing be established for this pool.

1  
2 Q And are you requesting rules only on a  
3 temporary basis?

4 A Yes, sir, we request these temporary  
5 pool rules for the 640 acre spacing.

6 Q Mr. Terry, was the No. 1 Federal 33 Well  
7 originally drilled at a standard location?

8 A Yes, sir, it was.

9 Q And does Getty request that this well  
10 be grandfathered in there by approving this location once the  
11 new pool rules are promulgated?

12 A Yes, sir, we do.

13 Q In your opinion will granting this appli-  
14 cation avoid the drilling of unnecessary wells?

15 A Yes, sir, it will.

16 Q And will it also avoid the risk that  
17 would result from drilling an excessive number of wells in  
18 the pool?

19 A Yes, sir, it will.

20 Q In your opinion will granting the  
21 application be in the best interest of conservation, the  
22 prevention of waste, and the protection of correlative  
23 rights?

24 A Yes, sir, it will.

25 Q Do you have a name that you'd like to

1  
2 recommend for the pool?

3 A. We recommend that it be named the Madera  
4 Lower Penn Gas Pool.

5 Q. Does Getty intend to call an additional  
6 engineering witness?

7 A. Yes, sir, we do.

8 Q. Was Exhibit Three prepared by you or under  
9 your direction?

10 A. Yes, sir, it was.

11 MR. CARR: At this time, Mr. Nutter, we  
12 would offer Getty Exhibit Number Three.

13 MR. NUTTER: Getty Exhibit Three will  
14 be admitted in evidence.

15 MR. CARR: I have nothing further of  
16 Mr. Terry on direct.

17 MR. NUTTER: What is your other witness  
18 going to testify?

19 MR. CARR: Well, we're going to have  
20 some data on the -- on the well. We'll have some reservoir  
21 data just --

22 A. From the offset well.

23 MR. CARR: From the offset well. It's  
24 just -- it's limited. It's just the little bit we have from  
25 the offsetting well.

1  
2 MR. NUTTER: Well, I'll ask Mr. Terry  
3 this question then.  
4

5 CROSS EXAMINATION

6 BY MR. NUTTER:

7 Q Mr. Terry, I noticed in the previous  
8 witness' Exhibit Number One that both Section 33 and Section  
9 34, which are the proposed -- which do comprise the proposed  
10 proration unit, are shown to be Continental leases. Is this  
11 a unitized area or --

12 A It's a farmout from Continental.

13 Q It is, and you control both of these  
14 sections and have communitized these two leases or whatever,  
15 is it necessary?

16 A It's my understanding that they're both  
17 covered under the same lease. Both sections are under the  
18 same lease.

19 Q Uh-huh, and the unit that you're pro-  
20 posing is all of each of those two sections, and together  
21 they add up to 616 acres, which is somewhat less than a  
22 standard unit would be.

23 A Yes, sir, they are approximately 308.12  
24 acres per section.

25 Q Now will you testify to the proposed

1  
2 well location or will somebody else testify to that for this  
3 640 acre pool?

4 A. We were -- we don't have -- we do not  
5 offer any recommendation as far as well locations. It's our  
6 understanding that it's standard 1650 feet from the lease  
7 lines.

8 Q. That's the normal Division order on 640  
9 acre pools.

10 A. Which we would concur with that.

11 Q. Of course, it would be impossible with  
12 the configuration of this proration unit to be 1650 feet  
13 from the outer boundary.

14 A. Yes, sir, that's why we're asking that  
15 this well be grandfathered.

16 Q. It would be the exception to those pool  
17 rules, then.

18 A. Yes, sir, that's correct.

19 MR. NUTTER: Are there further questions  
20 of Mr. Terry? He may be excused.

21 MR. CARR: At this time I would call  
22 John McDermett.  
23  
24  
25



JOHN C. McDERMETT

being called as a witness and being duly sworn upon his oath,  
testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name and place  
of residence?

A John C. McDermett, Midland, Texas.

Q By whom are you employed and in what  
capacity?

A I'm employed by Getty Oil Company as a  
reservoir engineer, on the Midland District Staff.

Q Have you previously testified before this  
Commission, had your credentials as a reservoir engineer  
accepted and made a matter of record?

A Yes, sir.

Q Are you familiar with the application  
filed by Getty in this case?

A Yes.

Q Are you familiar with the subject well  
and the lands involved in this area?

A Yes.

MR. CARR: Are the witness' qualifications

1  
2 acceptable?

3 MR. NUTTER: They are.

4 Q Mr. McDermett, will you please refer to  
5 what has been marked as Getty Exhibit Number Four, identify  
6 this, and explain to Mr. Nutter what it shows?

7 A Okay. This exhibit shows all the reser-  
8 voir data we have so far on the Federal 33 No. 1, and as we  
9 mentioned earlier there's not much here and most of it is  
10 estimated from the discovery well over in Texas.

11 And obviously, there's not enough here  
12 to determine from a reservoir standpoint an effective drainage  
13 area, but I do believe that there's a good probability that  
14 this well would drain the 640 acres, or more.

15 Q What plans does Getty have to further  
16 develop the area and acquire additional data?

17 A Well, we plan continued development  
18 drilling in the area. We have lots of acreage leased, and  
19 the next well is scheduled for the first quarter of 1982, and  
20 it will be in Section 4 over on the Texas side of the line.

21 Q Will you be able -- will you have some  
22 pressure data when you come back?

23 A Well, we hope to within the year have  
24 information from this well in Section 4 and possibly others,  
25 and also we would plan on doing transient pressure tests on

1

2

the two wells that are drilled already.

3

Q. So you're going to do some build up tests?

4

A. That's right.

5

Q. Do you believe that in a year's time

6

you could come back and -- and hopefully at that time have

7

compiled data in support of permanent rules?

8

A. Yes, I do.

9

Q. And do you recommend, therefor, rules of

10

a one year duration?

11

A. Yes.

12

Q. Did you prepare Exhibit Number Four?

13

A. Yes, sir.

14

MR. CARR: At this time, Mr. Nutter, we  
would offer Getty Exhibit Number Four.

16

MR. NUTTER: Exhibit Number Four will  
be admitted in evidence.

18

MR. CARR: I have nothing further of  
Mr. McDermett.

20

21

#### CROSS EXAMINATION

22

BY MR. NUTTER:

23

Q. Mr. McDermett, it was mentioned earlier

24

that the Texas Railroad Commission had approved 640 acre

25

spacing for the Madera No. 1.

1

2

A. Yes.

3

4

Q. And I presume then that all of Section 5 is dedicated to that well?

5

A. That's right.

6

7

Q. And your next well would be in Section 4 east of that, is that it?

8

A. Yes.

9

10

11

12

Q. And having two long sections dedicated in New Mexico, you'd have one well in New Mexico and two wells in Texas, then. How far from the State line would you be drilling that well in Texas, that second well?

13

14

A. I don't know what the exact location will be. It will probably be up there in the northern half.

15

16

17

Q. Now that well, that Malcolm Madera No. 1, it's located relatively close to the State line right now, isn't it?

18

A. Yes.

19

20

Q. What's the spacing or well location rule for 640 acre spacing in Texas?

21

A. They tell me it's 1320.

22

Q. 1320.

23

A. Right.

24

25

Q. I think we ought to require that wells be drilled 330 from the State line in Texas.

1  
2 And I believe it was also mentioned, Mr.  
3 McDermett, that you expect a pipeline connection within a  
4 short time on this well?

5 A. That's my understanding.

6 Q. And then what would you propose, that  
7 these rules be temporary and that after one year production  
8 into the pipeline the case be re-opened and you've have some  
9 pressure data and reservoir drainage information at that time?

10 A. Yes. We'd also have the production  
11 data on the Fed 33. We can't do anything now without flowing  
12 it.

13 Q. But you might be able to have some kind  
14 of a drawdown test or something.

15 A. I'm sure we will.

16 Q. Has the --- is the well in Texas already  
17 connected?

18 A. Yes, sir, it's been completed since  
19 March, and it stabilized at, for the past three or four  
20 months at a little over a million cubic feet a day.

21 Q. So it's not a real big well, then.

22 A. Well, no, it's not.

23 Q. Do you have any indications what size  
24 this well is in New Mexico?

25 A. No, other than that fifteen minute test

1  
2 that Mr. Terry mentioned, and I believe he told me it pro-  
3 duced 330 Mcf a day at that -- at that rate.

4 Q Well now, these wells are being more than  
5 15,000, it's considered high cost gas and not subject to  
6 frac regulations, is that it?

7 A That's right.

8 Q Do you have any idea, a rough estimate  
9 of what this New Mexico well cost to drill?

10 A I don't know.

11 MR. NUTTER: Mr. Terry, do you know?

12 MR. TERRY: Yes, sir. This well cost  
13 approximately \$3.2 million, over \$3 million.

14 MR. NUTTER: It didn't go as deep as  
15 the Texas well, did it?

16 MR. TERRY: No, sir, it didn't. We cut  
17 it off before we --

18 MR. NUTTER: What did that Texas well  
19 go to at 21,000, the Ellenburger, or what?

20 MR. TERRY: I believe it was an Ellen-  
21 burger test.

22 MR. NUTTER: And was it productive in  
23 the Ellenburger and then plugged back?

24 MR. TERRY: It was not productive in the  
25 Ellenburger. It was plugged back.

1  
2 MR. NUTTER: And this was the only pro-  
3 duction, this Lower Pennsylvanian production, then?

4 MR. TERRY: Yes, sir.

5 MR. NUTTER: Okay. Are there any further  
6 questions of Mr. Terry or Mr. McDermett? They may both be  
7 excused.

8 Do you have anything further, Mr. Carr?

9 MR. CARR: Nothing further, Mr. Nutter.

10 MR. NUTTER: Does anyone have anything  
11 they wish to offer in Case Number 7306?

12 We'll take the case under advisement.

13  
14 (Hearing concluded.)  
15  
16  
17  
18  
19  
20  
21  
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23  
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25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7306 heard by me on 7/15 1981.  
[Signature], Examiner  
 Oil Conservation Division

SALLY W. BOYD, C.S.R.  
 Rt. 1 Box 193-B  
 Santa Fe, New Mexico 87501  
 Phone (505) 455-7409

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CAMPBELL, BYRD & BLACK, P.A.  
LAWYERS

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HARL D. BYRD  
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June 23, 1981

Mr. Joe D. Ramey  
Director  
Oil Conservation Division  
New Mexico Department of  
Energy and Minerals  
Post Office Box 2088  
Santa Fe, New Mexico 87501

*Case 7306*

Re: Application of Getty Oil Company for Pool  
Creation, Special Pool Rules and Non-Standard  
Proration Unit, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Getty Oil  
Company in the above-referenced matter.

The applicant requests that this matter be included on the  
docket for the examiner hearing scheduled to be held on  
July 15, 1981.

Very truly yours

*William F. Carr*  
William F. Carr

WFC:lr

Enclosures

cc: Mr. Herman W. Terry

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION  
OF GETTY OIL COMPANY FOR POOL  
CREATION, SPECIAL POOL RULES, AND  
NONSTANDARD PRORATION UNIT, LEA COUNTY  
NEW MEXICO.

Case 7306

APPLICATION

COMES NOW Getty Oil Company by and through their undersigned attorneys, and hereby makes application for an order designating a new pool as a result of the discovery of hydrocarbons in the Lower Pennsylvanian formation in its Federal 33, Well No. 1 located in Unit G of Section 33, Township 26 South, Range 33 East, Lea County, New Mexico and for promulgation of special pool rules, including 640-acre spacing or proration units on a permanent basis, or in the alternative, on a temporary basis. Applicant further seeks establishment of a 616.24 acre non-standard gas proration unit. In support of this application, applicant would show the division:

1. Applicant has recently completed its Federal 33, Well No. 1 located 1650 feet from the north line and 1980 feet from the east line of Section 33, Township 26 South, Range 33 East, Lea County, New Mexico capable of producing hydrocarbons from the Lower Pennsylvanian formation in paying quantities through perforations from 15,999 feet to 16,050 feet.

2. The Lower Pennsylvanian should be defined as the interval from 15,105 feet to 16,180 feet as measured on the Neutron Density log for the Federal 33, Well No. 1.

3. Applicant believes the following described lands are reasonably proven to be productive of hydrocarbons and paying quantities from the Lower Pennsylvanian formation and should be included in the original definition of the new pool to be created

because of said discovery:

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM  
Sections 33 and 34: All

4. Applicant seeks establishment of a 616.24 acre non-standard gas proration unit in the Lower Pennsylvanian formation to be comprised of Sections 33 and 34, Township 26 South, Range 33 East, NMPM, being irregular sections each containing 308.12 acres.

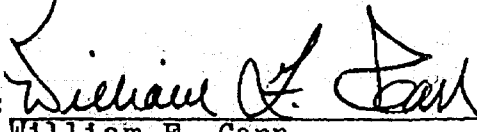
5. In order to prevent economic loss caused by the drilling of unnecessary wells, to avoid augmentation of risk arising from the drilling of an excessive number of wells and to otherwise prevent waste and protect correlative rights, special pool rules and regulations providing for 640-acre spacing unit should be promulgated for the new pool.

6. That the new pool should be named the Madera Lower Penn Pool.

7. That granting the application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Getty Oil Company, requests that this application be set for hearing before duly appointed examiner of the Oil Conservation Division on July 15, 1981, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,  
CAMPBELL, BYRD & BLACK, P.A.

By:   
William F. Carr  
P.O. Box 2208  
Santa Fe, New Mexico 87501  
(505) 988-4421  
Attorneys for Applicants

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION  
OF GETTY OIL COMPANY FOR POOL  
CREATION, SPECIAL POOL RULES, AND  
NONSTANDARD PRORATION UNIT, LEA COUNTY  
NEW MEXICO.

Case 7306

APPLICATION

COMES NOW Getty Oil Company by and through their undersigned attorneys, and hereby makes application for an order designating a new pool as a result of the discovery of hydrocarbons in the Lower Pennsylvanian formation in its Federal 33, Well No. 1 located in Unit G of Section 33, Township 26 South, Range 33 East, Lea County, New Mexico and for promulgation of special pool rules, including 640-acre spacing or proration units on a permanent basis, or in the alternative, on a temporary basis. Applicant further seeks establishment of a 616.24 acre non-standard gas proration unit. In support of this application, applicant would show the division:

1. Applicant has recently completed its Federal 33, Well No. 1 located 1650 feet from the north line and 1980 feet from the east line of Section 33, Township 26 South, Range 33 East, Lea County, New Mexico capable of producing hydrocarbons from the Lower Pennsylvanian formation in paying quantities through perforations from 15,999 feet to 16,050 feet.

2. The Lower Pennsylvanian should be defined as the interval from 15,105 feet to 16,180 feet as measured on the Neutron Density log for the Federal 33, Well No. 1.

3. Applicant believes the following described lands are reasonably proven to be productive of hydrocarbons and paying quantities from the Lower Pennsylvanian formation and should be included in the original definition of the new pool to be created

because of said discovery:

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM  
Sections 33 and 34: All

4. Applicant seeks establishment of a 616.24 acre non-standard gas proration unit in the Lower Pennsylvanian formation to be comprised of Sections 33 and 34, Township 26 South, Range 33 East, NMPM, being irregular sections each containing 308.12 acres.

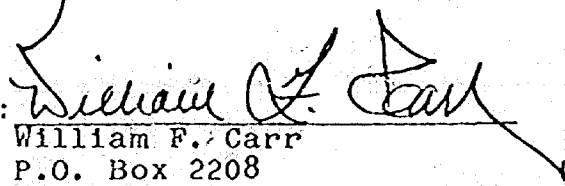
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By:   
William F. Carr  
P.O. Box 2208  
Santa Fe, New Mexico 87501  
(505) 988-4421  
Attorneys for Applicants

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION  
OF GETTY OIL COMPANY FOR POOL  
CREATION, SPECIAL POOL RULES, AND  
NONSTANDARD PRORATION UNIT, LEA COUNTY  
NEW MEXICO.

Case 7306

APPLICATION

COMES NOW Getty Oil Company by and through their undersigned attorneys, and hereby makes application for an order designating a new pool as a result of the discovery of hydrocarbons in the Lower Pennsylvanian formation in its Federal 33, Well No. 1 located in Unit G of Section 33, Township 26 South, Range 33 East, Lea County, New Mexico and for promulgation of special pool rules, including 640-acre spacing or proration units on a permanent basis, or in the alternative, on a temporary basis. Applicant further seeks establishment of a 616.24 acre non-standard gas proration unit. In support of this application, applicant would show the division:

1. Applicant has recently completed its Federal 33, Well No. 1 located 1650 feet from the north line and 1980 feet from the east line of Section 33, Township 26 South, Range 33 East, Lea County, New Mexico capable of producing hydrocarbons from the Lower Pennsylvanian formation in paying quantities through perforations from 15,999 feet to 16,050 feet.

2. The Lower Pennsylvanian should be defined as the interval from 15,105 feet to 16,180 feet as measured on the Neutron Density log for the Federal 33, Well No. 1.

3. Applicant believes the following described lands are reasonably proven to be productive of hydrocarbons and paying quantities from the Lower Pennsylvanian formation and should be included in the original definition of the new pool to be created

because of said discovery:

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM  
Sections 33 and 34: All

4. Applicant seeks establishment of a 616.24 acre non-standard gas proration unit in the Lower Pennsylvanian formation to be comprised of Sections 33 and 34, Township 26 South, Range 33 East, NMPM, being irregular sections each containing 308.12 acres.

5. In order to prevent economic loss caused by the drilling of unnecessary wells, to avoid augmentation of risk arising from the drilling of an excessive number of wells and to otherwise prevent waste and protect correlative rights, special pool rules and regulations providing for 640-acre spacing unit should be promulgated for the new pool.

6. That the new pool should be named the Madera Lower Penn Pool.

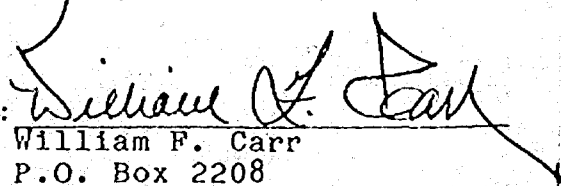
7. That granting the application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Getty Oil Company, requests that this application be set for hearing before duly appointed examiner of the Oil Conservation Division on July 15, 1981, that notice be given as required by law and the rules of the Division, and that the application be approved.

Respectfully submitted,

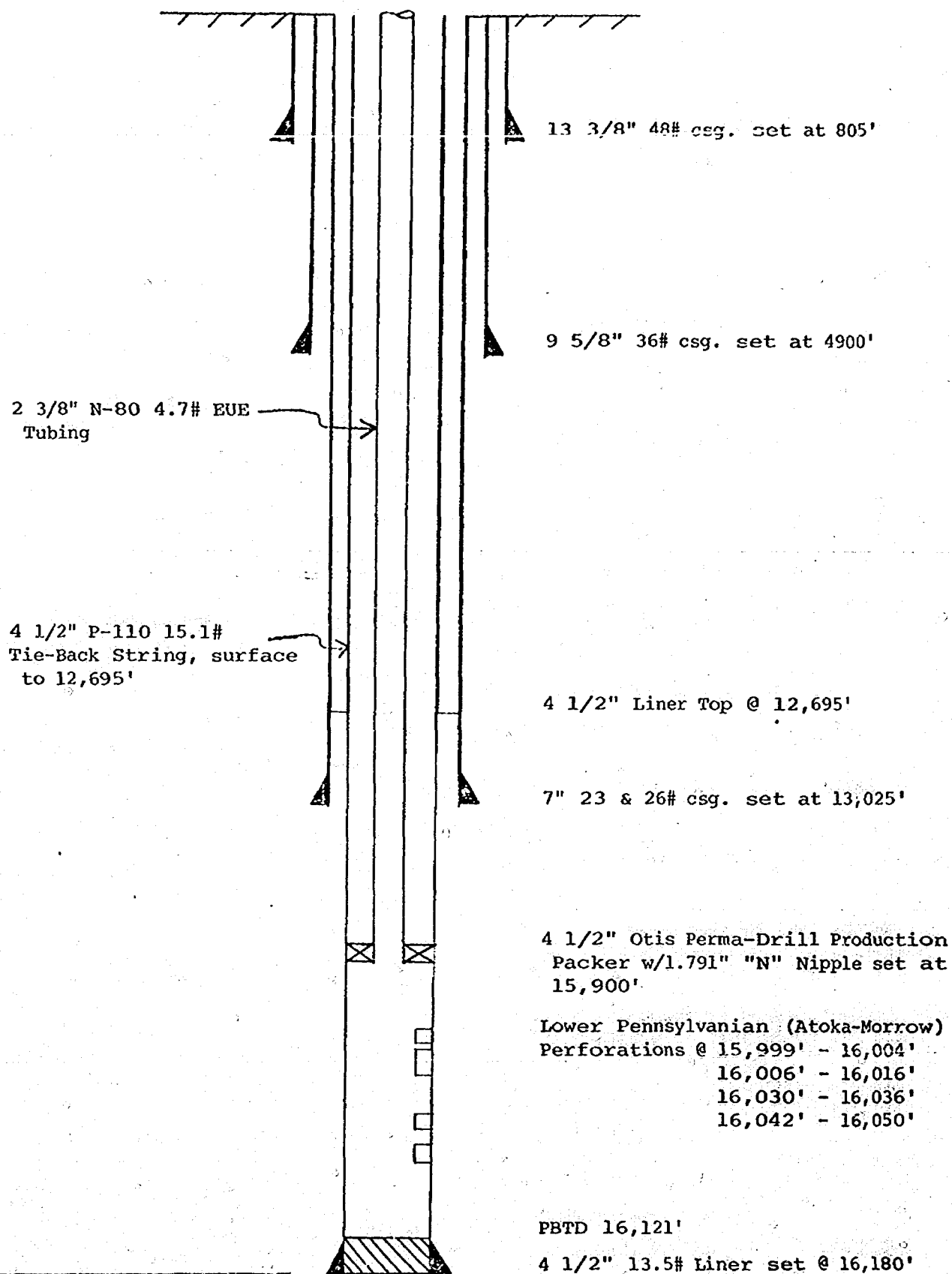
CAMPBELL, BYRD & BLACK, P.A.

By:

  
William F. Carr  
P.O. Box 2208  
Santa Fe, New Mexico 87501  
(505) 988-4421  
Attorneys for Applicants

Diagramatic Sketch  
Federal 33, Well No. 1  
1650' FNL and 1980 FEL, Section 33  
T-26-S, R-33-E, Lea County, N.M.

G.L. Elevation 3227.6'  
A.S.L. All Measurements  
at K.B. which is 23.6' A.G.L.



BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
*Nutter* EXHIBIT NO. 3  
CASE NO. 7306



FEDERAL 33 NO. 1  
MADERA (LOWER PENN) GAS POOL  
LEA COUNTY, NEW MEXICO

RESERVOIR DATA

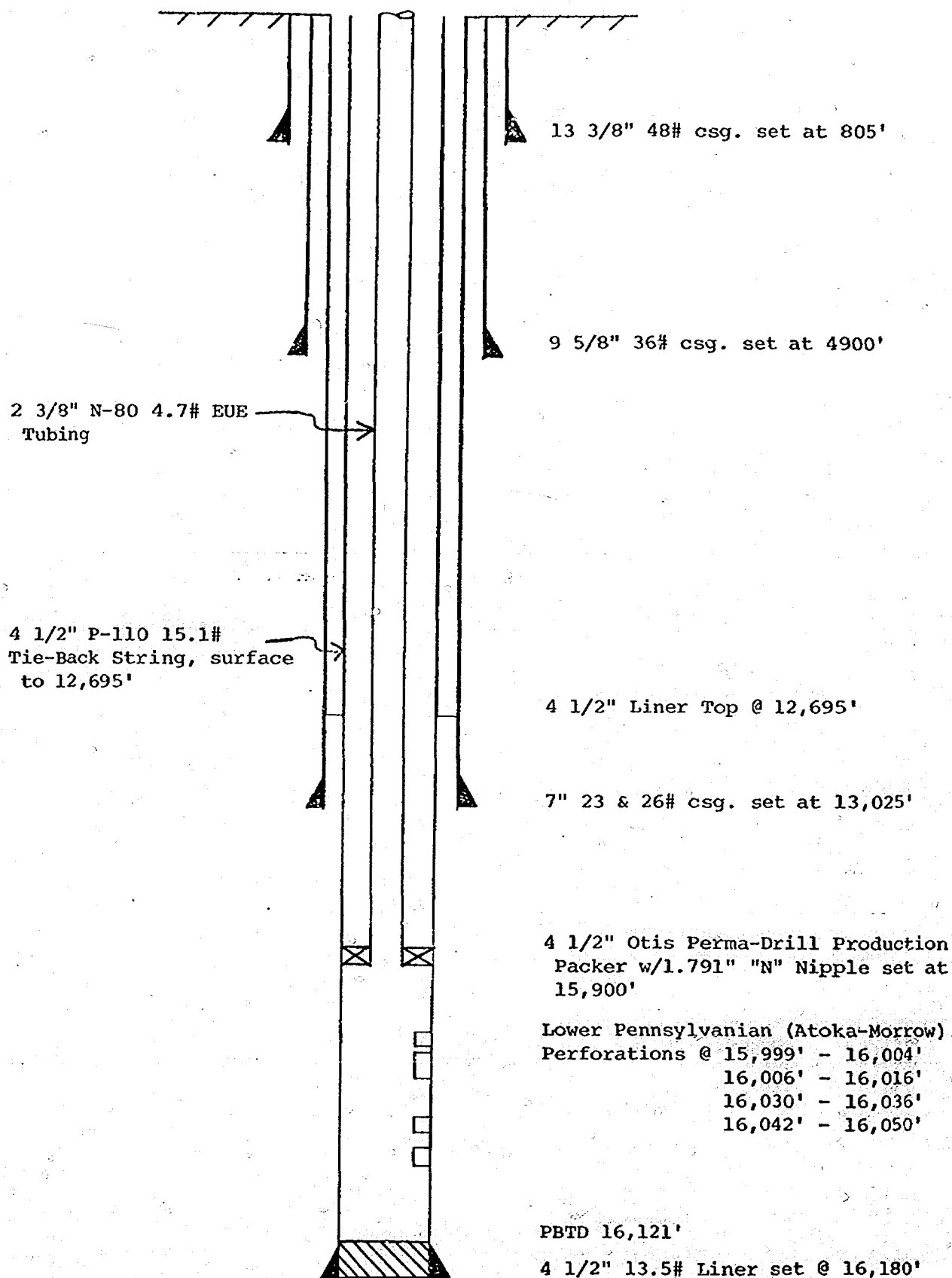
Initial Reservoir Pressure: (Estimated From Surface Pressure)	13,300 psig
Perforations:	15,999-16,050'
Net Effective Pay:	33 Feet
Porosity*:	5%
Water Saturation*:	30%
Gas Gravity*:	0.59

\*Estimated from the Malcolm R. Madera, et al, No. 1,  
Loving County, Texas

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
<i>Nutter</i>	EXHIBIT NO. <u>4</u>
CASE NO. <u>7306</u>	

Diagrammatic Sketch  
Federal 33, Well No. 1  
1650' FNL and 1980 FEL, Section 33  
T-26-S, R-33-E, Lea County, N.M.

G.L. Elevation 3227.6'  
A.S.L. All Measurements  
at K.B. which is 23.6' A.G.L.



BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

*Handwritten:* EXHIBIT NO. 3  
CASE NO. 7386

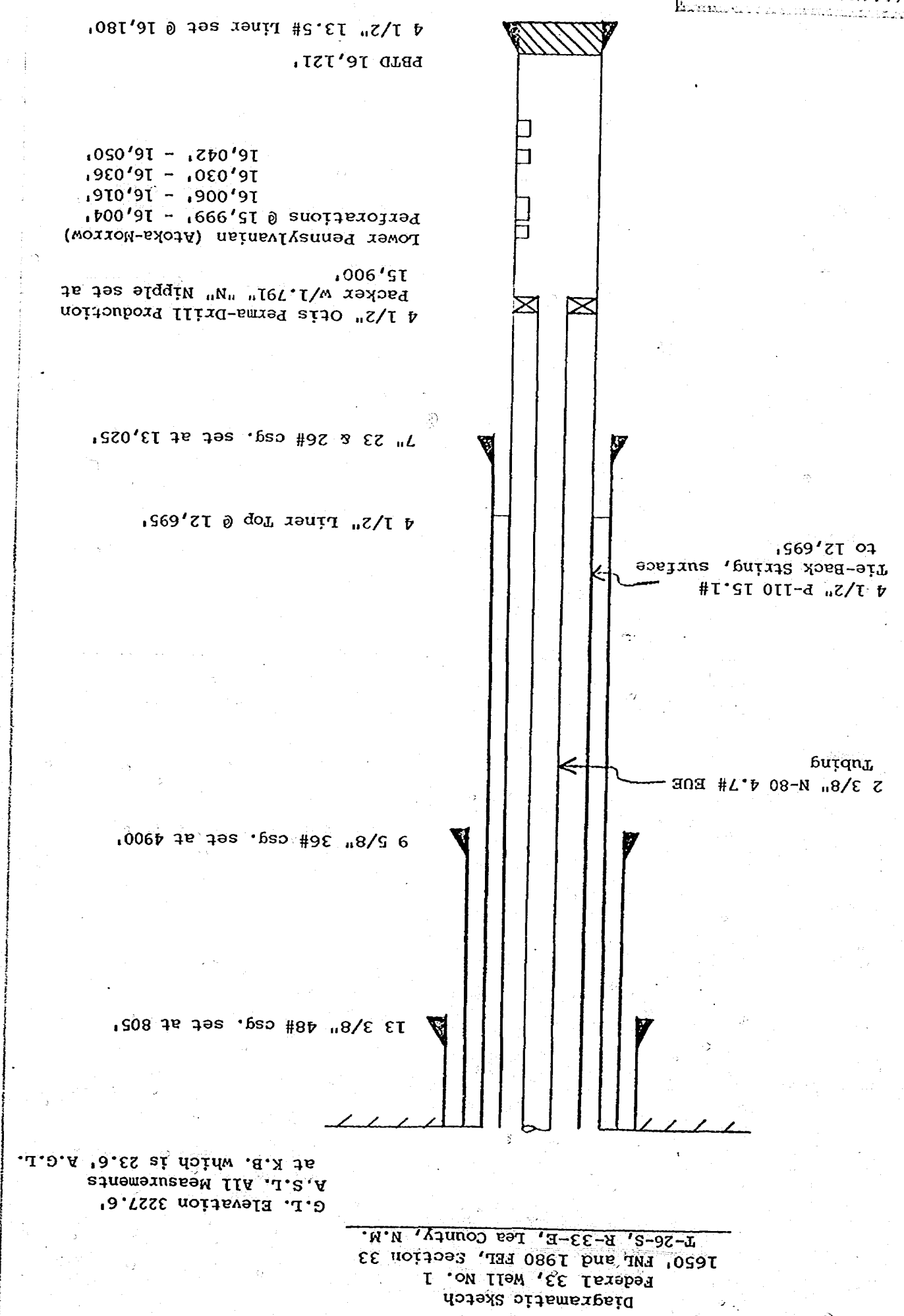
FEDERAL 33 NO. 1  
MADERA (LOWER PENN) GAS POOL  
LEA COUNTY, NEW MEXICO

RESERVOIR DATA

Initial Reservoir Pressure: (Estimated From Surface Pressure)	13,300 psig
Perforations:	15,999-16,050'
Net Effective Pay:	33 Feet
Porosity*:	5%
Water Saturation*:	30%
Gas Gravity*:	0.59

\*Estimated from the Malcolm R. Madera, et al, No. 1,  
Loving County, Texas

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
<i>Getty</i>	EXHIBIT NO. <u>4</u>
CASE NO. <u>7306</u>	



FEDERAL 33 NO. 1  
MADERA (LOWER PENN) GAS POOL  
LEA COUNTY, NEW MEXICO

RESERVOIR DATA

Initial Reservoir Pressure: (Estimated From Surface Pressure)	13,300 psig
Perforations:	15,999-16,050'
Net Effective Pay:	33 Feet
Porosity*:	5%
Water Saturation*:	30%
Gas Gravity*:	0.59

\*Estimated from the Malcolm R. Madera, et al, No. 1,  
Loving County, Texas

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
<i>Letty</i>	EXHIBIT NO. <u>4</u>
CASE NO. <u>17306</u>	

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 7306

Order No. R-6769

APPLICATION OF GETTY OIL COMPANY  
FOR POOL CREATION, SPECIAL POOL  
RULES, AND A NON-STANDARD GAS  
PRORATION UNIT, LEA COUNTY, NEW  
MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 15  
19 81, at Santa Fe, New Mexico, before Examiner DSN

NOW, on this \_\_\_\_\_ day of September, 19 81, the  
Division Director, 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 Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, *Getty Oil Company*, seeks the creation  
of a new gas pool for *Lower Pennsylvanian* production in Lea County, New Mexico,  
and the promulgation of special rules and regulations governing  
said pool, including a provision for 640-acre spacing units.

(3) That the Federal Well No. 1 located in Unit G of  
Section <sup>33</sup> ~~33~~, Township 26 South, Range <sup>33</sup> ~~33~~ East, NMPM, Lea County,  
New Mexico, having its top perforations at 15,999 feet, has  
discovered a separate common source of supply which should be  
designated the *Madera-Lower Penn* Gas Pool; that the vertical limits  
of said pool should be *the Atoka and Morrow zones of the Pennsylvanian* formation and that the hori-  
zontal limits of said pool should be all of ~~said~~ Sections <sup>33</sup> ~~33~~ and  
<sup>34</sup> ~~34~~, Township 26 South, Range 33 East, NMPM.

(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 640-acre spacing units should be promulgated for  
the *Madera-Lower Penn* Gas 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 special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the ~~Madera-Lower Penn~~ Gas Pool, at which time the operators in the subject pool should appear and show cause why the ~~Madera-Lower Penn~~ Gas Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the ~~Madera-Lower Penn~~ Gas Pool should notify the Division in writing of such fact, and that the Division should thereupon ~~issue a supplemental order designating an exact date for reopening~~ this case.

(9) That the applicant further seeks approval of a 616.24-acre non-standard gas proration unit comprising all of Sections 33 and 34, Township 36 South, Range 33 East, NMPM, Lea County, New Mexico, to be dedicated to its Federal 33 Well No. 1, located in Unit G of said Section 33.

(10) That said the need for such non-standard unit arises from the distance of "short" sections along the New Mexico-Texas state line.

(11) That said non-standard gas proration unit, being 616.24 acres in area, approximates the size of the 640-acre units to be approved by this order, and should be approved.

(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 special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(7) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the ~~Madera-Lower Penn Gas~~ Pool, at which time the operators in the subject pool should appear and show cause why the ~~Madera-Lower Penn Gas~~ Pool should not be developed on 320-acre spacing units.

(8) That the first operator to obtain a pipeline connection for a well in the ~~Madera-Lower Penn Gas~~ Pool should notify the Division in writing of such fact, and that the Division should thereupon ~~issue a supplemental order designating an exact date for reopening~~ this case.

(9) That the applicant further seeks approval of a 616.24-acre non-standard gas proration unit comprising all of Sections 33 and 34, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, to be dedicated to its Federal 33 Well No. 1, located in Unit G of said Section 33.

(10) That ~~said~~ the need for such non-standard unit arises from the distance of "short" sections along the New Mexico-Texas state line.

(11) That said non-standard gas proration unit, being 616.24 acres in area, approximates the size of the 640-acre units to be approved by this order, and should be approved.

IT IS THEREFORE ORDERED:

(1) That a new pool in <sup>Atoka and Morrow zones of the Pennsylvanian</sup> Lea County, New Mexico, classified as a gas pool for ~~Lower Pennsylvanian~~ production, is hereby created and designated the ~~Madera-Lower Penn Gas~~ Pool, with vertical limits comprising the ~~formation~~ and horizontal limits comprising the following-described area:

LEA COUNTY, NEW MEXICO  
TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM  
Section 33: All  
Section 34: All

(2) That temporary Special Rules and Regulations for the ~~Madera-Lower Penn Gas~~ Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS  
FOR THE  
MADERA-LOWER PENN GAS POOL

RULE 1. Each well completed or recompleted in the ~~Madera-Lower Penn~~ Gas Pool or in the ~~Lower Pennsylvanian~~ formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas 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 640 acres, more or less, consisting of a governmental section.

RULE 3. The *Division Director* 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 and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

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

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The *Division Director* may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proration 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 operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the ~~Secretary~~ Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the ~~Madera-Lower Penn~~ Gas Pool or in the Morrow 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 ~~Division~~ in writing of the name and location of the well on or before October 15, 1981.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, ~~contained in Chapter 271, Laws of 1969~~, existing wells in the ~~Madera-Lower Penn~~ Gas Pool shall have dedicated thereto 640 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the ~~Division~~ and dedicated thereto.

Failure to file new Forms C-102 with the ~~Division~~ dedicating 640 acres to a well or to obtain a non-standard unit approved by the ~~Division~~ within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the ~~Madera-Lower Penn~~ Gas Pool or in the ~~Lower Penn~~ formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the ~~Madera-Lower Penn~~ Gas Pool, at which time the operators in the subject pool may appear and show cause why the ~~Madera-Lower Penn~~ Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the ~~Madera-Lower Penn~~ Gas Pool shall notify the ~~Division~~ in writing of such fact, and that the ~~Division~~ will thereupon ~~issue a supplemental order~~ designate an exact date for reopening this case.

(5) That a 616.24-acre non-standard gas proration unit, comprising all of Sections 33 and 34, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby approved, to be dedicated to the Getty Oil Company Federal 33 well No. 1, located in Unit 1 of said Section 33.

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

DONE at

DAN

*[Handwritten signature]*

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

CASE NO. <sup>7306</sup>~~7360~~ Reopened  
Order No. R-6769-A

IN THE MATTER OF CASE NO. 7306  
BEING REOPENED PURSUANT TO THE  
PROVISIONS OF ORDER NO. R-6769,  
LEA COUNTY, NEW MEXICO.

*[Handwritten signature]*  
*[Handwritten initials]*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 18, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of November, 1982, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-6769, entered in Case No. 7306 on September 30, 1981, the Division created the Madera-Lower Penn

Gas Pool, promulgated temporary Special Pool Rules therefore including a provision for 640-acre spacing, and established a 616.24-acre non-standard gas spacing and proration unit comprising all of Partial Sections 33 and 34, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico, to be dedicated to the discovery well for said pool, the Getty Oil Company Federal 33 Well No. 1, located in Unit G of said Section 33.

(3) That said order also provided that Case No. 7306 be reopened one year after date of first pipeline connection to a well in said pool to permit any interested party to appear and show cause why said pool should not be developed on 320-acre spacing.

(4) That no evidence was presented at the reopening of Case No. 7306 to justify the continuance of the 640-acre spacing and proration provisions of Order No. R-6769, and the spacing for said pool should revert to 320-acre spacing for future development.

(5) That to avoid the creation of possible inequities resulting from abolishment of the previously approved 616.24-acre spacing and proration unit dedicated to the discovery well, said unit should be permitted to continue to exist with the provision that an infill well on said unit may be drilled in Section 34, Township 26 South, Range 33 East, NMPM, if and when conditions so warrant.

(6) That reversion of the spacing rules for the Madera Lower Penn Gas Pool to 320 acres subject to the above terms will not cause waste nor impair correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations for the Madera-Lower Penn Gas Pool, Lea County, New Mexico, providing for 640-acre spacing and proration units and promulgated by Division Order No. R-6769 are hereby abolished.

(2) That the 616.24-acre non-standard spacing and proration unit comprising all of Partial Sections 33 and 34, Township 26 South, Range 33 East, NMPM, and dedicated to the Getty Oil Company Federal 33 Well No. 1, located in Unit G of said Section 33, shall continue to exist, provided however, that should conditions so warrant, an infill well on said unit shall be permitted provided said infill well shall be drilled in Section 34 of said Township 26 South, Range 33 East, NMPM.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

JOE D. RAMEY,  
Director

S E A L