

CASE 5322: Appli. of PHILLIPS  
FOR AN EXCEPTION TO RULE 104-C-I,  
LEA COUNTY, NEW MEXICO.

CASE No.

5322

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
September 18, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Phillips  
Petroleum Company for an  
exception to Rule 104-C-I,  
Lea County, New Mexico.

Case No. 5322

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

William Carr, Esq.  
Legal Counsel for the  
Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant:

W. Thomas Kellahin, Esq.  
KELLAHIN & FOX  
500 Don Gaspar  
Santa Fe, New Mexico

I N D E X

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ROBERT E. DOWDEN

Direct Examination by Mr. Kellahin

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Applicant's Exhibits Nos. 1, 2 and 3

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MR. STAMETS: Case 5322.

MR. CARR: Case 5322. Application of Phillips Petroleum Company for an exception to Rule 104-C-I, Lea County, New Mexico.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, Santa Fe, New Mexico, appearing on behalf of the Applicant, Phillips Petroleum Company. I have one witness to be sworn.

MR. STAMETS: Any other appearances? The witness will stand and be sworn.

(Witness sworn.)

ROBERT E. DOWDEN

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name, by whom you are employed, and in what capacity?

A Robert E. Dowden, Phillips Petroleum Company, Reservoir Engineer.

Q Mr. Dowden, have you previously testified before the Commission and had your qualifications as an expert accepted and made a matter of record?

DOWDEN-DIRECT

A No.

Q Would you state briefly when and where you obtained your degree?

A Texas A and M University, 1951.

Q What was your degree in?

A Reservoir Engineering.

Q Since obtaining your degree, where have you been employed?

A With Phillips Petroleum Company working out of Beaumont, and Morgan City and the Gulf Coast, out of Bartlesville for Mid-Continent and the Texas panhandle area, out of Borger for the same area, and out of Odessa, Texas for the past year in the Permian Basin.

Q Are you familiar with the facts surrounding this particular Application by Phillips Petroleum Company?

A I am.

Q Have you made a study of the area?

A I have.

MR. KELLAHIN: If the Examiner please, are the witness' qualifications acceptable?

MR. STAMETS: They are.

BY MR. KELLAHIN:

DOWDEN-DIRECT

Page.....5.....

Q Would you please refer to what has been marked as Applicant's Exhibit No. 1, identify it and state briefly what Phillips is seeking?

A Exhibit No. 1 shows a plat of the acreage involved in the Santa Fe Well No. 86 and Well No. 41. The location of Well No. 41, you can see, is 1980 -- it would be 1320 and 660 which would be 1980 from the west line, and 990 feet from the north line of the lease.

Q What is the location of Well No. 86?

A Well No. 86 is 2307 feet from the west line and 990 feet from the north line. Yes, that's the one there at that point that was drilled.

I presented this exhibit in order to see why possibly the well was drilled at the point it was and to show you what went on in the drilling of the well. As you know, the rules call for a spacing of no closer than 330 feet from one another if you are allowed to produce both wells from the same proration unit Vacuum Grayburg-San Andres Field.

Q And in this case, the wells are some 327 feet apart?

A Only 3 feet short of 330, yes.

Q Would you please refer to what has been marked

DOWDEN-DIRECT

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as Exhibit No. 2 and identify it?

A Exhibit No. 2 is merely a history of both wells, the Santa Fe No. 41 and the Santa Fe No. 86. I can go ahead and read what is here if it is necessary, but if not, we can go to the next.

Q Well, in relation to this exhibit, let me ask you this question: The total allowable for the proration unit is 80 barrels of oil per day, is that correct?

A That's right.

Q In seeking this Order, you desire a provision whereby you could produce either well in any amount up to the 80-barrel allowable for the entire unit?

A Right.

Q Please refer to what has been marked as Exhibit No. 3 and identify it?

A Exhibit No. 3 is a recent production history from the Santa Fe Well No. 41. It shows that the production, the oil production is on an increase from 63 through '69, as a matter of fact, and this increase is primarily due to the increase in the allowable from the State. Then the well continued on a constant allowable and has recently started a decline.

Q By approval of this Application, Mr. Dowden,



will Phillips be avoiding the expense of drilling additional wells?

A Yes.

Q In your opinion, then, will approval of this Application be in the best interest of conservation and prevention of waste and protection of correlative rights?

A Yes.

Q Were Exhibits 1, 2 and 3 prepared by you or under your direction?

A Exhibits 2 and 3 were, but obviously, Exhibit No. 1 was something I took from the files. It was prepared under M. E. Spey, who is a Registered Surveyor.

Q You have examined the information contained on Exhibit No. 1 and it is true and correct to the best of your knowledge?

A To the best of my information and knowledge, yes.

MR. KELLAHIN: We move the introduction of Exhibits 1, 2 and 3.

MR. STAMETS: These exhibits will be admitted. (Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were marked for identification, and were admitted into evidence.)

MR. KELLAHIN: That concludes our direct

DOWDEN- CROSS

examination.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Dowden, referring to Exhibit No. 3, I need some reference points on this scale, vertical scale there. If we start on the bottom line, that is identified as 1. Perhaps I could just hand you my copy of the exhibit, and you can mark on there what the appropriate scale is, if we are talking about hundreds or thousands of barrels.

What Phillips is attempting to do here is simply produce as long as they can at the top allowable for the proration unit?

A Yes, sir, that is correct.

Q And the configuration of the two wells are both well within the location limits of the Commission rules and regulations as far as distance from the line?

A Yes.

Q Will this have any harmful effect on the offset operator's correlative rights?

A None at all.

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

(Witness dismissed.)

CASE 5322

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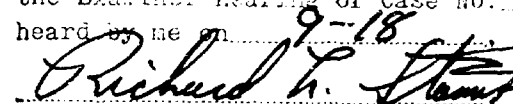
MR. STAMETS: Is there anything further in this case? We will take the case under advisement, and the hearing will be recessed until 1:00 o'clock.

THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

STATE OF NEW MEXICO )  
 ) SS.  
 COUNTY OF SANTA FE )

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

  
 COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5322 heard by me on 9-18, 1974.  
  
 Examiner  
 New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE  
 STATE-WIDE DEPOSITION NOTARIES  
 225 JOHNSON STREET  
 SANTA FE, NEW MEXICO 87501  
 TEL. (505) 982-0386



## OIL CONSERVATION COMMISSION

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

October 9, 1974

I. R. TRUJILLO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMJO  
MEMBER

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

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

Re: CASE NO. Q-322  
ORDER NO. R-4863, R-4864,  
R-4865, R-4866 and R-4868  
Applicant:  
\_\_\_\_\_

Dear Sir:

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

Very truly yours,

*A. L. Porter, Jr.*

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u>X</u>
Artesia OCC	<u>R-4865, R-4866, R-4868</u>
Aztec OCC	<u>R-4863</u>

Other Mr. Nick Franklin  
\_\_\_\_\_

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 5322  
Order No. R-4864

APPLICATION OF PHILLIPS PETROLEUM  
COMPANY FOR AN EXCEPTION TO RULE  
104-C-I, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 18, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of October, 1974, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Phillips Petroleum Company, seeks an exception to Commission Rule 104-C-I, to permit the production of its Santa Fe Wells Nos. 41 and 86, located 990 feet from the North line and 1980 feet from the West line, and 990 feet from the North line and 2307 feet from the West line respectively, in Unit C of Section 26, Township 17 South, Range 35 East, NMPM, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, said wells being non-standard inasmuch as they are less than 330 feet apart.

(3) That the total productive capacity of said wells is less than the current top allowable for wells in the pool.

(4) That no offset operator objected to the proposed exception.

(5) That approval of the subject application will not cause waste or violate correlative rights, but will better enable the applicant to recover its just and equitable share of the gas in the Vacuum Grayburg-San Andres Pool.

(6) That the application for an exception to Rule 104-C-I should be approved.

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CASE 5322

Order No. R-4864

IT IS THEREFORE ORDERED:

(1) That an exception to Commission Rule 104-C-1 is hereby granted to enable the applicant, Phillips Petroleum Company, to produce its Santa Fe Wells Nos. 41 and 86, both located in Unit C of Section 26, Township 17 South, Range 35 East, NMPM, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

  
A. L. PORTER, Jr. Member & Secretary

S E A L

og/

Dockets Nos. 29-74 and 30-74 are tentatively set for hearing on October 2 and October 16, 1974. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 18, 1974

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for October, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for October, 1974;

CASE 5288: (Continued from the August 7, 1974, Examiner Hearing)

Application of Merrion & Bayless for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of hydrocarbon production from the top of the Gallup formation at 5434 feet to the base of the Dakota formation at 6570 feet in its Keeling Federal Well No. 1 located in Unit B of Section 20, Township 25 North, Range 8 West, Dufers Point-Dakota Pool, San Juan County, New Mexico.

CASE 5313: Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its Ludwick Well No. 11 located in Unit B of Section 9, Township 30 North, Range 10 West, San Juan County, New Mexico.

CASE 5292: (Continued from the August 7, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit El Paso Natural Gas Company, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why each of the following wells should not be plugged and abandoned in accordance with a Commission-approved plugging program:

EPNG Ludwick Well No. 11, located in Unit B, Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico;

EPNG Rincon Unit Well No. 127, located in Unit A, Section 28, Township 27 North, Range 6 West, Rio Arriba County, New Mexico; and

EPNG Warren A Well No. 2, located in Unit A, Section 23, Township 28 North, Range 9 West, San Juan County, New Mexico.



- CASE 5316: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Benson-Montin-Greer Drilling Corporation and Hartford Accident and Indemnity Company and all other interested parties to appear and show cause why the Segal Well No. 1 located in Unit K of Section 10, Township 31 North, Range 13 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5317: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit R & G Drilling Company, Inc., and all other interested parties to appear and show cause why the Marron Well No. 42 in Unit M of Section 22, Township 27 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5318: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit William C. Russell and United States Fidelity and Guaranty Company and all other interested parties to appear and show cause why the Marron Well No. 46 located in Unit K of Section 23, Township 27 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5326: Application of William C. Russell for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Hammond Well No. 1, the surface location of which is 1800 feet from the North line and 1650 feet from the East line of Section 26, Township 27 North, Range 8 West, Largo-Chacra Pool, San Juan County, New Mexico.
- CASE 5328: Application of R & G Drilling Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco-Mesaverde and Basin-Dakota gas production in the wellbore of its Hammond Well No. 47, located in Unit K of Section 35, Township 27 North, Range 8 West, San Juan County, New Mexico.
- CASE 5312: Application of SEC Corporation for two non-standard carbon dioxide gas units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard gas units in the South Bueyeros Carbon Dioxide Field, Harding County, New Mexico, the first comprising the W/2 NE/4, SE/4 NE/4, and NE/4 SE/4 of Section 32, Township 19 North, Range 30 East, to be dedicated to a well to be drilled in the approximate center of the SW/4 NE/4 of said Section 32; the second non-standard unit would comprise the SW/4 NE/4, N/2 SE/4 and SE/4 SE/4 of Section 5, Township 18 North, Range 30 East, and would be dedicated to a well in the approximate center of the NW/4 SE/4 of said Section 5.

- CASE 5314: Application of Gulf Oil Corporation for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of its W. A. Ramsay Wells Nos. 6, 7, and 20 located in Units H, N, and E, respectively, of Section 35, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to a standard 640-acre gas proration unit comprising all of said Section 35. Each of the aforesaid wells is at a non-standard location for a 640-acre unit in said pool.
- CASE 5315: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Tubb-Drinkard, and Fusselman production in the wellbore of its G. L. Erwin "B" Federal Well No. 4 located in Unit O of Section 35, Township 24 South, Range 37 East, Justis Field, Lea County, New Mexico.
- CASE 5319: Application of Alan Ralston dba Apollo Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the NW/4 of Section 25, Township 25 South, Range 36 East, Lea County, New Mexico, to form a 160-acre non-standard gas proration unit to be dedicated to applicant's Brown Well No. 1 located 1980 feet from the North line and 2310 feet from the West line of said Section 25. Applicant further seeks the pooling of all mineral interests in the Jalmat Pool underlying the following 40-acre oil proration units in said Section 25: the NW/4 NW/4 to be dedicated to Brown Well No. 2 located 330 feet from the North line and 825 feet from the West line; the NE/4 NW/4 to be dedicated to Brown Well No. 3 located 365 feet from the North line and 1650 feet from the West line; the SE/4 NW/4 to be dedicated to Brown Well No. 4 located 1690 feet from the North line and 1870 feet from the West line; and the SW/4 NW/4 to be dedicated to Brown Well No. 5 located 1650 feet from the North line and 990 feet from the West line. Also to be considered will be the cost of reworking said wells and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the wells and a charge for risk involved in reworking said wells.
- CASE 5320: Application of Lively Exploration Company for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 341.33-acre non-standard gas proration unit comprising Lots 9, 10, 11, and 12 of Section 7, and Lots 1, 2, 3, and 4 and the E/2 W/2 of Section 18, Township 29 North, Range 8 West, Basin-Dakota Pool, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit.

CASE 5321: Application of Northern Minerals, Inc. for pool creation and special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Miguel Creek-Hospah Oil Pool in Township 16 North, Range 6 West, McKinley County, New Mexico, and for the promulgation of special pool rules therefor, including the elimination of the requirement for surface casing and authority to inject water through casing. Applicant is currently conducting waterflood operations in said pool pursuant to authority granted by Order No. R-4649 and seeks administrative provision for the drilling of additional injection and production wells at orthodox and unorthodox locations.

CASE 5322: Application of Phillips Petroleum Company for an exception to Rule 104-C-I, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Rule 104-C-I to permit the production of its Santa Fe Wells Nos. 41 and 86, both of which are located in Unit C of Section 26, Township 17 South, Range 35 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, said wells being located closer than the required 330 feet apart.

CASE 5323: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age, or older, underlying the E/2 of Section 32, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5324: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age, or older, underlying the E/2 of Section 18, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to applicant's Tracy "B" Well No. 1, the surface location of which is 2045 feet from the South line and 479 feet from the East line of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5325: Application of Cities Service Oil Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Tracy "B" Well No. 1, the surface location of which is 2045 feet from the South line and 479 feet from the East line of Section 18, Township 22 South, Range 27 East, South

Examiner Hearing - Wednesday - September 18, 1974

Docket No. 27-74

-5-

(Case 5325 continued from Page 4)

Carlsbad Field, Eddy County, New Mexico, in such a manner as to bottom said well in the Morrow formation at an orthodox location within 165 feet of a point 2145 feet from the North line and 825 feet from the East line of said Section 18. Applicant further seeks approval for the unorthodox location of said well in the Strawn formation, in the event production is therein encountered, within a 100-foot radius of a point 2600 feet from the North line and 675 feet from the East line of said Section 18. The E/2 of said Section 18 would be dedicated to the well for both formations.

CASE 5327: Application of Cities Service Oil Company for an unorthodox location and gas injection, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire-Abo Unit Well No. 111 to be drilled at a point 990 feet from the South line and 1880 feet from the West line of Section 35, Township 17 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico. This well is to be used as a gas injection well and, in exception to the provisions of Order No. R-4808, is located 1140 feet from the outer boundary of the Citgo Empire-Abo Unit Boundary, rather than the required 1650 feet from the outer boundary.



SANTA FE WELL NO. 41

This well was completed through the open-hole interval 4,140-4,562 feet on July 21, 1940, at a flowing rate of 48 barrels of oil per hour. Cumulative production from the well through June 30, 1974, was 583,224 barrels of oil, 459 MMcf of gas, and 23,967 barrels of water. The latest production test showed a daily rate of 58 barrels of oil and 22 barrels of water with a gas-oil ratio of 892 cubic feet per barrel on September 10, 1974. Total allowable for the proration unit is 80 barrels of oil per day.

SANTA FE WELL NO. 86

This well was completed in the Glorieta formation on November 25, 1963. Production gradually declined from an initial rate of 25 barrels of oil per day, 60 barrels of water per day, and a gas-oil ratio of 870 cubic feet per barrel to 3 barrels of oil per day and 255 barrels of water per day on July 9, 1964, when it became uneconomical to operate and was shut in. Cumulative production from the Glorieta was 3,338 barrels of oil, 2 MMcf of gas, and 16,854 barrels of water.

The well remained shut in until July, 1974, when it was recompleted through perforations 4,444-66 feet in the Grayburg-San Andres zone to supplement production from the Santa Fe No. 41 whose oil rate had recently declined below the allowable rate. The most recent test from Santa Fe No. 86 was 20 barrels of oil per day, 48 barrels of water per day, and a gas-oil ratio of 1,125 cubic feet per barrel on September 7, 1974. It is now shut in.

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

Phillips EXHIBIT NO. 2

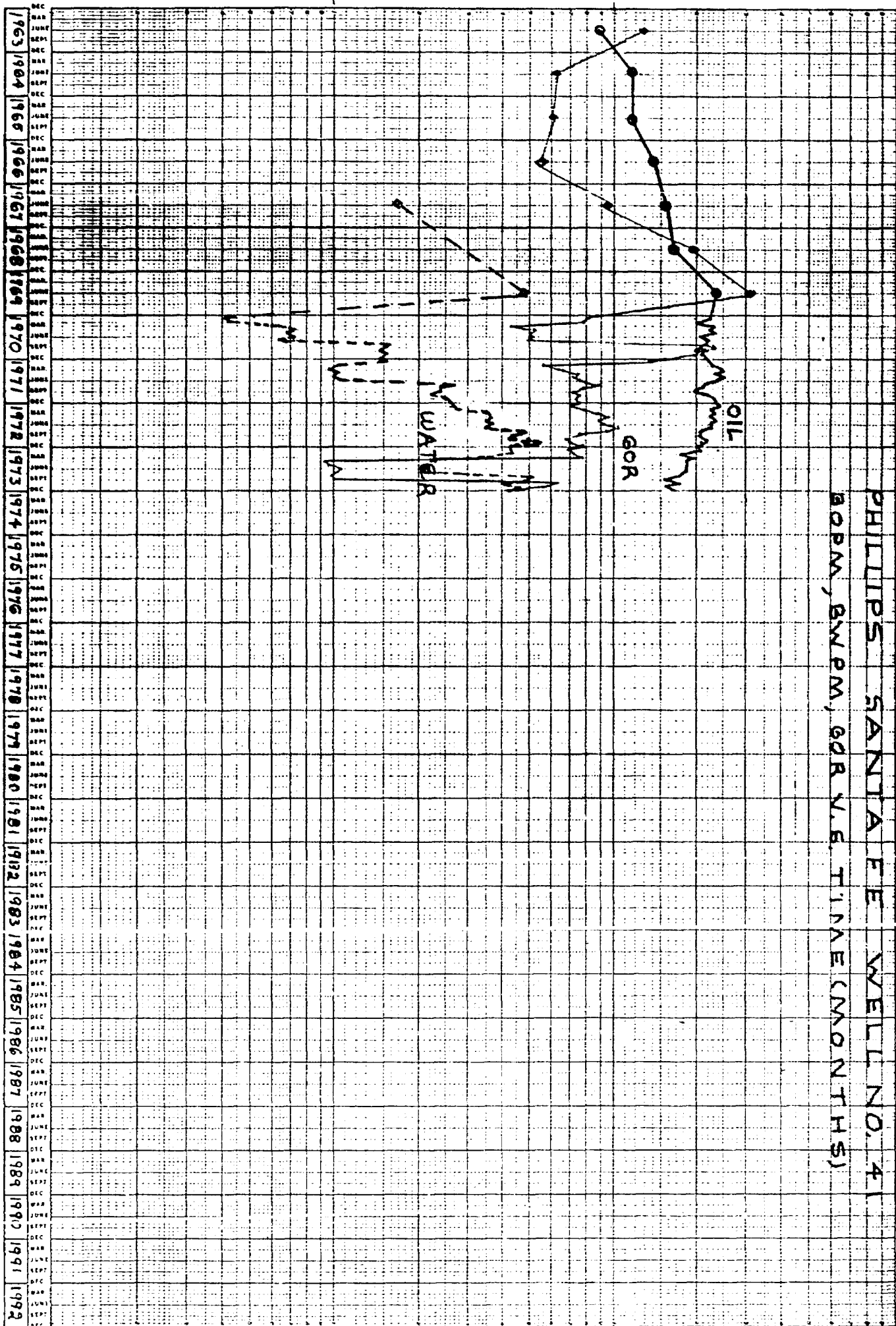
CASE NO. 5322

Submitted by Dawden

Hearing Date 18 Sep 74

WATER, GOR, OIL, BSR/110

GOR, CF/BSR



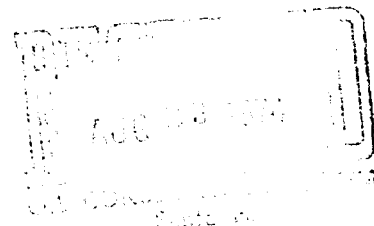
*Cm 5-322*

JASON W. KELLAHIN  
ROBERT E. FOX  
W. THOMAS KELLAHIN

KELLAHIN AND FOX  
ATTORNEYS AT LAW  
500 DON GASPAR AVENUE  
POST OFFICE BOX 1769  
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315  
AREA CODE 505

August 21, 1974



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

ATTENTION: Ida Rodriguez

Dear Ida:

Enclosed please find the original and two copies of the Application to be filed on behalf of Phillips Petroleum Company for approval of an order permitting concurrent production of two wells from one proration unit as an exception to Rule 104, Section C, Santa Fe Wells No. 96 and No. 41, of the Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

Yours very truly,

*Jason W. Kellahin*  
Jason W. Kellahin

JWK:ks

Enclosure

cc: Mr. Joe Peacock

DOCKET MAILED

Date 9-6-74



BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF PHILLIPS PETROLEUM COMPANY FOR  
APPROVAL OF AN ORDER PERMITTING  
CONCURRENT PRODUCTION OF TWO WELLS  
FROM ONE PRORATION UNIT AS AN  
EXCEPTION TO RULE 104, SECTION C.

*Case 5322*

A P P L I C A T I O N

COMES NOW Phillips Petroleum Company and applies to the Oil Conservation Commission of New Mexico for approval of an order permitting simultaneous production from its Santa Fe Wells No. 86 and No. 41, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. The subject wells are completed in and capable of production from the Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

2. Santa Fe Well No. 86<sup>✓</sup> is located in Unit C, Section 26, Township 17 South, Range 35 East, N.M.P.M., and is located 990 feet from the North line and 2307 feet from the West line of said Section 26. Santa Fe Well No. 41<sup>✓</sup> is located in the same proration unit, and is located 990 feet from the North line and 1980 feet from the West lines of said Section 26.

3. The two wells are located 327 feet apart, whereas Rule 104, C, I, requires that wells be located

not closer than 330 feet when completed in the same pool for the production of oil.

4. Approval of this application is in the interests of conservation, will result in recovery of oil that probably would not otherwise be recovered, and the correlative rights of offsetting operators and other interest owners will not be impaired.

WHEREFORE Applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed Examiner, and that after notice and hearing as required by law, the Commission enter its order approving the concurrent production from the Vacuum Grayburg-San Andres Pool from the two wells as requested, with the allowable to be assigned to the unit to be produced from either or both wells in any proportion.

Respectfully submitted,  
PHILLIPS PETROLEUM COMPANY

By Jesse W. Kellahin  
KELLAHIN & FOX  
P. O. BOX 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

jr/TWD

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 5322

Order No. R-4864

APPLICATION OF PHILLIPS PETROLEUM  
COMPANY FOR AN EXCEPTION TO RULE  
104-C-I, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 18, 1974  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this        day of October, 1974, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Phillips Petroleum Company, seeks an  
exception to Commission Rule 104-C-I, to permit the production of  
its Santa Fe Wells Nos. 41 and 86, ~~both~~ located in Unit C of  
Section ~~26~~, Township 17 South, Range 35 East, NMPM, Vacuum Grayburg-  
San Andres Pool, Lea County, New Mexico, said wells being ~~at~~ <sup>non-</sup>stan-  
dard ~~locations~~ <sup>inasmuch as they are less</sup> than 330 feet apart.

990 feet from the North line and 1480 feet from  
the West line, and 990 feet from the North  
line and 2307 feet from the West line, respectively,

1 -2-  
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4 (3) That the total productive capacity of said wells in less<sup>15</sup>  
5 than the current top allowable for wells in the pool.

6 (4) That no offset operator objected to the proposed  
7 exception.

8 (5) That approval of the subject application will not cause  
9 waste or violate correlative rights, but will better enable the  
10 applicant to recover its just and equitable share of the gas in  
11 the Vacuum Grayburg-San Andres Pool.

12 (6) That the application for an exception to Rule 104-C-I  
13 should be approved.

14 IT IS THEREFORE ORDERED:

15 (1) That an exception to Commission Rule 104-C-I is hereby  
16 granted to enable the applicant, Phillips Petroleum Company, to  
17 produce its Santa Fe Wells Nos. 41 and 86, both located in Unit C  
18 of Section 26, Township <sup>17</sup>~~26~~ South, Range 35 East, NMPM, Vacuum  
19 Grayburg-San Andres Pool, Lea County, New Mexico.

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

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