

CASE NO. 5534: TEXACO INC. FOR THREE  
UNORTHODOX OIL WELL LOCATIONS AND AN  
ADMINISTRATIVE PROCEDURE, LEA COUNTY

Cond to

Aug 27

of re-adv.

(less amended)

CASE NO.

5534

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

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. 5534  
Order No. R-5093

APPLICATION OF TEXACO INC. FOR  
THREE UNORTHODOX OIL WELL LOCATIONS  
AND AN ADMINISTRATIVE PROCEDURE,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 27, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of September, 1975, 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, Texaco Inc., is the operator of the West Vacuum Unit Waterflood Project, Vacuum-Grayburg-San Andres Pool, Lea County, New Mexico, which was approved by Commission Order No. R-3008, dated November 23, 1965.

(3) That to provide for a more efficient production pattern in said unit, applicant seeks approval for the unorthodox location of its West Vacuum Unit Wells Nos. 51, 52, and 53 to be located, respectively, 1360 feet from the South line and 150 feet from the East line of Section 33; 1466 feet from the South line and 1375 feet from the West line of Section 34; and 1410 feet from the South line and 2600 feet from the East line of Section 34, all in Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

(4) That the applicant further seeks the establishment of an administrative procedure whereby additional injection and producing wells may be drilled at orthodox and unorthodox locations within the unit but not closer than 1320 feet to the outer boundary of the unit.

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Case No. 5534  
Order No. R-5093

(5) That in order to permit the applicant the flexibility needed to complete an efficient injection and producing pattern in said project, thereby increasing ultimate recovery and preventing waste, the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That three unorthodox oil well locations are hereby authorized for the applicant, Texaco Inc., for its vacuum Unit Wells Nos. 51, 52, and 53 to be located, respectively, 1360 feet from the South line and 150 feet from the East line of Section 33; 1466 feet from the South line and 1375 feet from the West line of Section 34; and 1410 feet from the South line and 2600 feet from the East line of Section 34, all in Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

(2) The Secretary-Director of the Commission is hereby authorized to approve additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of the West Vacuum Unit Area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 1320 feet to the outer boundary of said unit nor closer than 10 feet to any quarter-quarter section of subdivision inner boundary. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

- (a) A plat showing the location of proposed well, all wells within the project area, and offset operators, locating wells which offset the project area.
- (b) A schematic drawing of any proposed injection well which fully describes the casing, tubing, packer, leak detection equipment, perforated interval, and depth.

The Secretary-Director may grant immediate approval of the proposed well, if in his opinion, the well is necessary to complete an efficient injection and production pattern for the project.

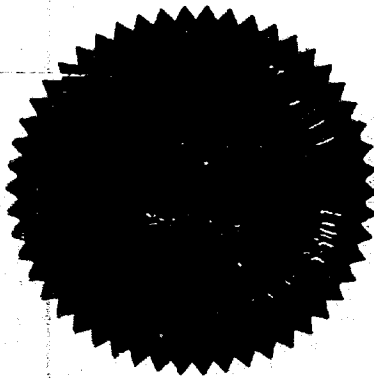
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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Case No. 5534

Order No. R-5093

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



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Phil R. Lucero*

PHIL R. LUCERO, Chairman

*Emery C. Arnold*

EMERY C. ARNOLD, Member

*Joe D. Ramey*

JOE D. RAMEY, Member & Secretary

jr/

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501



DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO

STATE GEOLOGIST  
EMERY C. ARNOLD

Ken Bateman  
Attorney at Law  
220 Otero  
Santa Fe, New Mexico

Re: CASE NO. 5534  
ORDER NO. R-5093

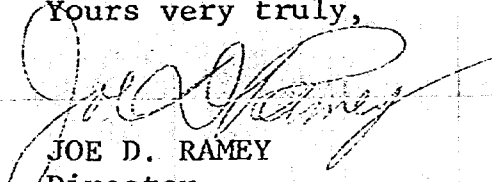
Applicant:

Texaco Inc.

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC ☒  
Artesia OCC \_\_\_\_\_  
Aztec OCC \_\_\_\_\_

Other \_\_\_\_\_

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 5534

Order No. R- 5093

APPLICATION OF TEXACO INC. FOR THREE  
UNORTHODOX OIL WELL LOCATIONS AND AN  
ADMINISTRATIVE PROCEDURE, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 27, 1975,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this        day of September, 1975, 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, Texaco Inc., is the operator of the West  
Vacuum Unit Waterflood Project, Vacuum-Grayburg-San Andres Pool, Lea  
County, New Mexico, which was approved by Commission Order No. R-3008,  
dated November 23, 1965.

(3) That to provide for a more efficient production pattern in said unit, applicant seeks approval for the unorthodox location<sup>of</sup> ~~for~~ its West Vacuum Unit Wells Nos. 51, 52, and 53 to be located, respectively, 1360 feet from the South line and 150 feet from the East line of Section 33; 1466 feet from the South line and 1375 feet from the West line of Section 34; and 1410 feet from the South line and 2600 feet from the East line of Section 34, all in Township 17 South, Range 34 East, Vacuum Grayburg-San Andres <sup>Pool</sup> ~~Field~~, Lea County, New Mexico.

(4) That the applicant further seeks the establishment of an administrative procedure whereby additional injection and producing wells may be drilled ~~in said Unit~~ at orthodox and unorthodox <sup>within the unit but</sup> locations, not closer than 1320 feet to the outer boundary of the ~~West Vacuum Unit~~.

(5) That in order to permit the applicant the flexibility needed to complete an efficient injection and producing pattern in said project, thereby increasing ultimate recovery and preventing waste, the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That <sup>are</sup> the applicant, Texaco Inc., ~~is~~ hereby authorized <sup>for</sup> three unorthodox oil well locations for its Vacuum Unit Wells Nos. 51, 52, and 53 to be located, respectively, 1360 feet from the South line and 150 feet from the East line of Section 33; 1466 feet from the South line and 1375 feet from the West line of Section 34; and 1410 feet from the South line and 2600 feet from the East line of Section 34, all in Township 17 South, Range 34 East, Vacuum Grayburg-San Andres <sup>Pool</sup> ~~Field~~, Lea County, New Mexico.



(2) The Secretary-Director of the Commission is hereby authorized to approve additional producing wells and injection wells at orthodox and unorthodox locations within the boundaries of the West Vacuum Unit Area as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 1320 feet to the outer boundary of said Unit nor closer than 10 feet to any quarter-quarter section of subdivision inner boundary. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional production or injection wells shall include the following:

(a) A plat showing the location of proposed well, all wells within the project area, and offset operators, locating wells which offset the project area.

(b) A schematic drawing of any proposed injection well which fully describes the casing, tubing, packer, leak detection equipment, perforated interval, and depth.

~~(c) A letter stating that all offset operators to the proposed well have been furnished a complete copy of the application and the date of notification.~~

*grant immediate approval of*  
The Secretary-Director may ~~approve~~ the proposed well if, *within in his opinion, the well is necessary to complete an* ~~20 days after receiving the application, no objection to the efficient injection and production pattern for the project.~~ *proposal is received* ~~The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.~~

(3) 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.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 27, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco, Inc. for three  
unorthodox oil well locations,  
Lea County, New Mexico

CASE  
5534

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 F. Carr, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico
For the Applicant:	Ken Bateman, Esq. WHITE, KOCH, KELLY & MCCARTHY 220 Otero Street Santa Fe, New Mexico

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825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

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1 MR. STAMETS: We will call the next case, 5534.

2 MR. CARR: Case 5534, application of Texaco, Inc.  
3 for three unorthodox oil well locations, Lea County, New  
4 Mexico.

5 MR. STAMETS: We will call for appearances in this  
6 case.

7 MR. BATEMAN: Mr. Examiner, I'm Ken Bateman of  
8 White, Koch Kelly and McCarthy and I have one witness and I  
9 ask that he be sworn.

10 (THEREUPON, the witness was duly sworn.)

11 MR. BATEMAN: Mr. Examiner, before I proceed I  
12 would like to draw one matter to your attention. This case  
13 was readvertised for the Hearing today and it was previously  
14 advertised for a Hearing on the thirteenth, I believe.  
15 The application involves not only permission to drill three  
16 wells on an unorthodox location, but also requests  
17 administrative procedure for approval of additional wells at  
18 unorthodox locations.

19 That letter, part of the application was included  
20 in the original advertisement, but was not included in the  
21 second advertisement. I assume, however, that we have  
22 jurisdiction to hear both issues.

23 MR. STAMETS: We assume the same thing.

24 MR. BATEMAN: All right.  
25

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WAYNE PIERCE

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

DIRECT EXAMINATION

BY MR. BATEMAN:

Q Would you state your name, address and occupation, please?

A My name is Wayne Pierce, I live at 205 West Mesa in Hobbs, New Mexico and I am currently employed by Texaco as their District Production and Proration Engineer.

Q Would you briefly state what Texaco seeks by its application?

A First we seek permission to drill three producing oil wells at unorthodox locations in the West Vacuum Unit in order to increase oil recovered from the unit area.

Secondly we request that we be authorized to drill additional wells in the Unit area, not closer than thirteen hundred and twenty feet to the Unit boundary without notice or hearing, subject to administrative approval by the Commission.

For the record, the West Vacuum Unit is located in the Vacuum Grayburg-San Andres Pool, and was approved by Commission Order Number R-3003 on December 3rd, 1965. Texaco has operated with a sixty-two point one working interest and there are thirty-seven other working interest owners in the

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1 unit.

2 Q Would you proceed then with Exhibit Number One?

3 A Exhibit Number One is a map of the West Vacuum Unit  
4 area which is indicated by the bold dashed line. It also  
5 indicates the structure in the unit area of the San Andres  
6 formation.

7 We have the three proposed locations indicated by  
8 the red dots, in addition to the green outlined wells which  
9 we used in our actual log cross section.

10 Q What is the ownership of the acreage surrounding  
11 the unit?

12 A To the east the West Vacuum Unit is offset by our  
13 Vacuum Grayburg-San Andres Unit and also by Phillips. To  
14 the north the Unit is offset by Mobile, Aztec, Marathon and  
15 also Texaco acreage. And to the west Phillips, Arco and  
16 Texaco offset the Unit. To the south Texaco, Gulf, Amoco  
17 and McElvain offset the Unit.

18 Q Were all of the active operators notified of this  
19 Hearing?

20 A Yes, they were. To date we have received waivers  
21 from four of these, which were Mobile, Phillips, Marathon  
22 and Amoco, and we also received a verbal waiver from Arco  
23 and in addition to these we have received waivers from Gulf,  
24 McElvain and Aztec who have offsetting acreage, but do not  
25 have any production from the San Andres field on their acreage

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1 Q Would you proceed then with Exhibit Number Two?

2 A Exhibit Two is a list of the proposed wells to be  
3 drilled, along with their locations. These locations were  
4 slightly changed from the original application due to the  
5 surface obstructions encountered by our surveyors when they  
6 attempted to stake the wells at the previous locations.  
7 However, these locations are essentially the same or in the  
8 center of the four surrounding wells as we originally intended.

9 Q Do you intend to continue the existing well numbers  
10 and designations?

11 A Yes, we do. The highest numbered well currently in  
12 the Unit is Well Number 50 located in the extreme southeast  
13 corner of the Unit and these wells will be numbered con-  
14 sequetively from 51 through 53.

15 Q Are your present producing facilities consolidated?

16 A Yes, they are. We have a central battery which is  
17 located in the southwest quarter of Section 34. We also  
18 have two satellite test stations located in the western half  
19 of Section 33. Our injection facilities and plant are also  
20 located at the central battery in Section 34.

21 Q Are there any other pools commingled with the  
22 San Andres production in this Unit?

23 A No, there isn't. The only other production area  
24 is from the Vacuum Abo North pool which has its own separate  
25 production facilities. There are four wells completed in

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1 the Abo pool located within the Unit. They have their own  
2 separate battery and producing facilities.

3 Q What is unorthodox about the locations that have  
4 been proposed?

5 A The three proposed locations are less than three  
6 hundred and thirty feet from the quarter-quarter proration  
7 unit line.

8 Q For what reason does Texaco desire to drill these  
9 wells?

10 A We feel that by drilling these wells we will recover  
11 additional oil that otherwise would be un-recoverable under  
12 the present well spacing. This conclusion is based upon a  
13 study that shows that the pay in the San Andres reservoir  
14 is laterally discontinuous in this area.

15 Q Is Exhibit Number Three an indication of this  
16 pay discontinuity?

17 A Yes, it is. Exhibit Three is a schematic which  
18 we derived from our cross section, our log cross section,  
19 and on it we have indicated that from an injection well on  
20 the left side of the schematic to a current producer on the  
21 right side, that there is approximately fifty percent of  
22 the pay that is continuous between the two wells. In  
23 addition to that, we have determined that the remaining fifty  
24 percent of the pay is discontinuous from the injector to the  
25 producer and that by in-field drilling on twenty acres we

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1 will penetrate and flood an additional thirty percent of the  
2 pay between these wells.

3 Q Is this discontinuous pay characteristic elsewhere  
4 in the Vacuum pool?

5 A Yes, it is. To the offset to the east we have our  
6 Vacuum Grayburg-San Andres Unit which is one hundred percent  
7 Texaco, and a study initiated in the area indicated that  
8 approximately forty percent of the pay is discontinuous.  
9 We have determined since that time that the pay discontinuity  
10 increases to the west, reaching about fifty percent on the  
11 eastern side of the West Vacuum Unit and exceeding sixty  
12 percent in the central portion of the Unit and to the west  
13 side of the West Vacuum Unit.

14 I might add that pertaining to the Vacuum Grayburg-  
15 San Andres Unit, this was presented to the Commission in  
16 November of 1972, in Cases 4851 and 4852, which included a  
17 similar request to in-field drill wells within the unit on  
18 unorthodox locations.

19 Q Was that request to in-field drill at unorthodox  
20 locations approved?

21 A Yes, it was by Commission Order Number R-4442 on  
22 November 27th, 1972.

23 Q Proceed with Exhibit Number Four and explain the  
24 data that supports your conclusions.

25 A Exhibit four is an active log cross section where

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1 we have taken the logs of several wells within the Unit in  
2 the area where we propose to drill these three wells in  
3 addition to in the area where we would drill any additional  
4 wells, depending upon the performance of these three wells.

5 On these logs, these are all porosity logs, gamma  
6 ray neutron or radioactivity logs, they are all an indication  
7 of porosity. We have indicated on the log, the total pay  
8 in each well which is indicated by yellow color.

9 I might add that we used a five percent cutoff on  
10 porosity and in between the wells we have indicated the  
11 discontinuous pay. On the logs, the cross-hatched area  
12 that is on the logs is just a continuation of this discontinuous  
13 pay from one well to the next.

14 I might add that going from left to right on the  
15 cross section, Well Numbers 25, 34 and 36 are injection wells.  
16 Numbers 46 and 45 are producing wells.

17 Now, you can see that there is a considerable amount  
18 of pay that if you use that five percent cut off, correlating  
19 across between any two wells, there is a considerable amount  
20 of the pay that is not continuous between any two wells and  
21 we feel like by going in and in-field drilling in between  
22 these wells that we will penetrate this pay that is dis-  
23 continuous between the existing two wells and thereby  
24 increase recovery from the Unit.

25 Right now we know for a fact in these three injection

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1 wells on our log cross section in addition to Well 45,  
2 comparing it to an offset injection well from the injection  
3 profiles, that this pay that we have indicated on the logs  
4 is actual pay because of the fact that our injection profiles  
5 indicate that these intervals are taking water and that is  
6 pay.

7 In addition, you can see that in many instances on  
8 the log where we have some portion of the pay open in the  
9 injection well, and, of course, if it is taking water we  
10 know that if it is not open in the producing well there is  
11 no way that we can recover that oil that would be swept  
12 by the flood front, that remains trapped in these discontinued  
13 intervals and would not be recoverable.

14 Q Mr. Pierce, would you again refer to Exhibit One  
15 and elaborate for the Examiner the area in the Unit that you  
16 would expect to drill additional wells if administrative  
17 approval is granted?

18 A Okay, as indicated with the red dots, Well Number  
19 51, 52 and 53 in the east half of Section 33 and then the  
20 west and central portion of Section 34. Those are the three  
21 proposed wells and based upon the performance of these three  
22 we would more than likely recommend additional locations to  
23 the southeast and to the north in the central portion of the  
24 Unit, and on to the south possibly. Again these would not  
25 exceed or would not be any closer than thirteen hundred and

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1 twenty feet to the Unit boundary.

2 We more than likely wouldn't in-field drill on  
3 the western side of the Unit due to the fact that this pay  
4 quality is somewhat poorer than in the central and south and  
5 southeast portion, and it tends to pinch out and drop off  
6 structure to the west and also to the northwest area of the  
7 Unit.

8 Q What is the magnitude of the oil recovery which  
9 you expect to obtain from the new wells?

10 A We estimate an average of eighty-seven thousand  
11 barrels of additional oil will be recovered by each of the  
12 proposed wells which would not otherwise be recovered.  
13 Seventy-four thousand barrels of this total is directly  
14 attributable to a reduction in effective pay discontinuity  
15 and another thirteen thousand barrels is due to enhance  
16 the sweep efficiency and other benefits from reduced well  
17 spacing.

18 Q Do you have a purchaser for this increased produc-  
19 tion?

20 A Yes, we have contacted the market in that area  
21 which is Texas-New Mexico Pipe Line by phone and have their  
22 assurance that they can handle any increased production.

23 Q Is there a sufficient unit allowable to permit  
24 the additional production?

25 A Yes, there is. At the present there is a total

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1 of forty-eight wells within the Unit under a normal spacing.  
2 At a top allowable of eighty barrels of oil per day per well,  
3 this results in a top unit allowable of thirty-eight hundred  
4 and forty barrels per day. The current Unit production is  
5 eight hundred barrels per day with a peak anticipated rate  
6 of around two thousand barrels a day. So comparing the  
7 two thousand that we anticipate to be the peak rate for the  
8 Unit against the top Unit allowable of thirty-eight hundred  
9 and forty barrels, we have more than enough allowable to  
10 take care of any increased production through the in-field  
11 drilling.

12 Q Would you outline the history of the secondary  
13 recovery project?

14 A The West Vacuum Unit began injection operations  
15 in October of 1967 on an inverted nine-spot pattern. The  
16 response with this low injection well that was instituted was  
17 slow, only succeeding in arresting the primary production  
18 decline. In 1972 we expanded injection to an eighty acre  
19 five-spot pattern, at which time oil production was about  
20 four hundred barrels a day. Response occurred in the Unit in  
21 October of 1974 and has steadily improved since that time with  
22 the current production at eight hundred barrels per day with  
23 peak rates in excess of eight hundred per day.

24 However, this response has been scattered over  
25 the Unit and is not as uniform as we originally expected, and

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1 we believe that this erratic response is due to the  
2 discontinuous nature of the pay development in this area  
3 of the Vacuum field.

4 We feel that injection water is airing, pressuring  
5 up the pay zones in our injection wells which is not  
6 developed or not penetrated in the producing wells on a  
7 normal existing forty acre spacing and, therefore, we are  
8 not getting any production response from our injection  
9 operation, and we feel that by drilling these in-field wells  
10 we will correct most of this problem.

11 Q Do you believe that approval of your application  
12 will prevent waste and protect correlative rights?

13 A Yes, I do.

14 Q Were Exhibits One through Four prepared by you  
15 or under your supervision?

16 A Yes, they were.

17 MR. BATEMAN: Mr. Examiner, I offer Exhibits One  
18 through Four and I have no further direct.

19 MR. STAMETS: These exhibits will be admitted.  
20

21 CROSS EXAMINATION

22 BY MR. STAMETS:

23 Q Mr. Pierce, I wonder if there is a real need to  
24 limit the non-standard locations to thirteen hundred and  
25 twenty feet from the Unit boundary. For instance, let's say

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1 along the east side of the Unit between Wells Number 29 and  
2 37, just for example, say you wanted to locate a well  
3 directly between those two?

4 A. Well, there wouldn't be any point in locating one  
5 right there unless we changed our current injection pattern.  
6 I'm referring to between 29 and 37. The only injection well  
7 we have that could have any effect that I would think on  
8 that well, if we drill one, would be Number 36, so really  
9 our pattern doesn't really fit drilling any closer than this  
10 and that was part of the reason for not getting any closer  
11 than the thirteen twenty, in addition to the fact that was  
12 the same procedure we used in the Vacuum Grayburg-San Andres  
13 Unit when we obtained approval. Several of the offset  
14 operators have indicated that they waived it on that basis  
15 of thirteen twenty and the only area that we could possibly  
16 do that in and really gain any benefit in would be on this  
17 east side of the unit, but under our current injection plan  
18 and pattern we can't really see any benefit in doing it and  
19 we don't expect the need to do it.

20 Hopefully, you see, we are bounded directly to  
21 the east there, from 29 and 27 is our Vacuum Grayburg-San Andres  
22 Unit. Of course, there we are limited to thirteen twenty  
23 from the unit boundary also, so we are offset there by more  
24 than twenty-six hundred feet as far as injection wells are  
25 concerned.

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1 Of course, Phillips to the north there, they are  
2 still on a primary, they haven't cooperated or unitized  
3 their acreage yet, and it could in the future, if we had  
4 a cooperative agreement where we could expand our injection  
5 pattern out of the Unit area to give us a five-spot pattern  
6 that we might possibly be able to go in and in-field drill.

7 Q On this administrative procedure would you propose  
8 that it would apply to both injection wells and producing  
9 wells?

10 A Yes, sir. Of course, all of the wells that we  
11 drill, as far as I can say right now, it would be producing  
12 wells.

13 Q Do these additional wells affect the Unit  
14 allowable?

15 A As far as the --

16 Q Does the drilling of additional wells give you more  
17 allowable for the Unit based on the formula for this  
18 project?

19 A The formula for the project, I believe, is eighty  
20 acres per well within the Unit, injector and producer, the  
21 existing formula, and if I'm right any additional wells  
22 would be -- we have a top unit capacity allowable. But it's  
23 not going to affect the formulation of the top unit allowable  
24 on the basis of the number of wells in the top unit allowable,  
25 because our anticipated peak rate from the Unit is not quite

sid norrish reporting service

General Court Reporting Service  
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Phone (505) 982-3212



1 half, you know, of what we could get under our --

2 Q What you would be already allowed under the  
3 current system?

4 A Right, yes.

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

7 Anything further in this Case?

8 MR. BATEMAN: I have nothing further.

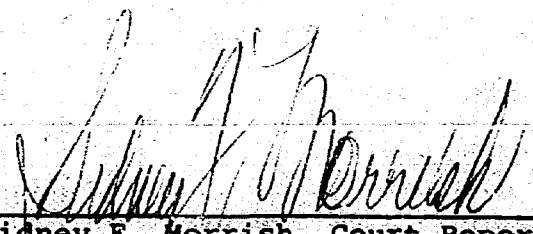
9 MR. STAMETS: We will take the Case under advise-  
10 ment.

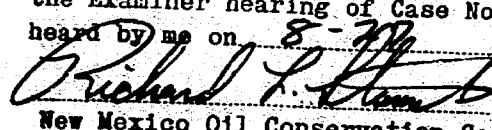
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State of New Mexico )  
 ) ss.  
 County of Santa Fe )

I, SIDNEY F. MORRISH, a 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.

  
 Sidney F. Morrish, Court Reporter

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Examiner hearing of Case No. 5534  
 heard by me on 8-27-75 1975.  
  
 Richard L. Stem, Examiner  
 New Mexico Oil Conservation Commission

sid morrish reporting service  
 General Court Reporting Service  
 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
 Phone (505) 982-9212



PETROLEUM PRODUCTS

August 4, 1975

Case 5534

1975  
AUG 10 1975  
CONSERVATION COMM.  
TEXACO INC.  
DRAWER 728  
HOBBS, NEW MEXICO 88240

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

Re: Examiner Hearing Case No. 5534  
August 13, 1975  
Application for Unorthodox Oil Well  
Locations  
West Vacuum Unit  
Lea County, New Mexico

Gentlemen:

In reference to the above captioned case number and examiner hearing involving unorthodox oil well locations and administrative procedure in the TEXACO-operated West Vacuum Unit, it is respectfully requested that the records be revised to show the following changes in the proposed locations due to surface restrictions at the three previously proposed locations:

<u>West Vacuum Unit Well Nos.</u>	<u>Revised Location</u>	<u>Surface Restriction at Previous Location</u>
51	1360' FSL & 150' FEL Sec. 33, T-17-S, R-34-E	Fence Line
52	1466' FSL & 1375' FWL Sec. 34, T-17-S, R-34-E	Satellite Station
53	1410' FSL & 2600' FEL Sec. 34, T-17-S, R-34-E	Water Line and Power Line

A copy of the application showing the original locations is attached. Your consideration in this matter will be greatly appreciated.

All offset operators are being notified of these revisions by copy of letter.

Yours very truly,

*J. V. Gannon*  
J. V. GANNON  
District Superintendent

WCP/kw  
NMOCC-Hobbs  
MAS, Jr.  
Offset Operators

Attachment

Reader  
WCP

RECEIVED  
AUG - 6 1975  
CONSERVATION COMM.  
Santa Fe

July 18, 1975

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

Re: Request for Examiner Hearing  
Application for Unorthodox Oil Well  
Locations  
West Vacuum Unit, Wells No. 51, 52,  
and 53  
Vacuum Grayburg San Andres Field  
Lea County, New Mexico

Gentlemen:

It is respectfully requested that an examiner hearing be scheduled to consider TEXACO's application for unorthodox oil well locations for three wells at the following locations:

West Vacuum Unit  
Well Nos.

Location

51  
52  
53

1310' FSL & 10' FEL Sec. 33, T-17-S, R-34-E  
1310' FSL & 1310' FHL Sec. 34, T-17-S, R-34-E  
1310' FSL & 2630' FHL Sec. 34, T-17-S, R-34-E

TEXACO Inc. further seeks the establishment of an administrative procedure whereby additional wells at unorthodox locations in the West Vacuum Unit can be drilled without notice and hearing.

All offset operators are being notified of this application by copy of letter.

Yours very truly,

J. V. GANNON

J. V. GANNON  
District Superintendent

WCP/kw  
MNOCC-Hobbs  
HAS, Jr.  
Offset Operators

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 13, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco, Inc. for three  
unorthodox oil well locations and  
an administrative procedure, Lea County  
New Mexico.

CASE  
5534

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

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

sid morrish reporting service  
General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

MR. NUTTER: We will call the next Case, Number 5534.

MR. DERRYBERRY: Case 5534, application of Texaco, Inc. for three unorthodox oil well locations and an administrative procedure, Lea County, New Mexico.

Mr. Examiner, due to an error in the original application in this Case, the Case on a revised application has been continued and readvertised for the Examiner Hearing on August 27th.

MR. NUTTER: Case Number 5534 will be continued to the Examiner Hearing scheduled to be held at this same place at nine o'clock A.M., August 27, 1975.

**sid morrison reporting service**

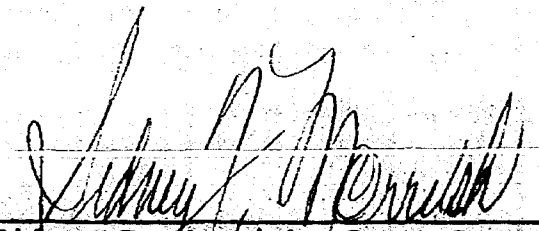
General Court Reporting Service  
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Phone (505) 982-9212

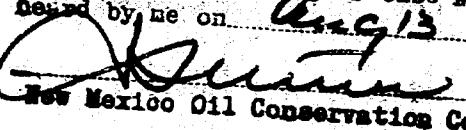
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Phone (505) 982-9212  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
General Court Reporting Service

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2 State of New Mexico )  
3 ) ss.  
4 County of Santa Fe )

5 I, SIDNEY F. MORRISH, a court reporter, do hereby  
6 certify that the foregoing and attached Transcript of Hearing  
7 before the New Mexico Oil Conservation Commission was reported  
8 by me, and the same is a true and correct record of the said  
9 proceedings to the best of my knowledge, skill and ability.  
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Sidney F. Morrish, Court Reporter

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5534  
heard by me on Aug 13, 1975  
  
Examiner  
New Mexico Oil Conservation Commission

sid morrish reporting service  
General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 981-9212

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Phone (505) 981-9212

Dockets Nos. 21-75 and 22-75 are tentatively set for hearing on September 10 and September 24, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 27, 1975

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:

CASE 5536: (Continued from the August 13, 1975 Examiner Hearing)

Application of Petroleum Development Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its McKay-West Federal Well No. 1, located in Unit F of Section 34, Township 18 South, Range 32 East, Lea County, New Mexico, to produce oil from the Bone Spring formation and gas from the Morrow formation through parallel strings of tubing.

CASE 5540: Application of CleveRock Energy Corporation for a non-standard gas spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas spacing unit comprising the S/2 of Section 16, Township 19 South, Range 32 East, Lusk-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to its Superior State "C" Well No. 1, located in Unit K of said Section 16.

CASE 5541: Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Horseshoe Lake Unit Area comprising 2569 acres, more or less, of State, Federal and fee lands in Townships 24 and 25 South, Range 28 East, Eddy County, New Mexico.

CASE 5534: (Continued & Readvertised)

Application of Texaco Inc. for three unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations for its West Vacuum Unit Wells Nos. 51, 52, and 53 to be located, respectively, 1360 feet from the South line and 150 feet from the East line of Section 33; 1466 feet from the South line and 1375 feet from the West line of Section 34; and 1410 feet from the South line and 2600 feet from the East line of Section 34, all in Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Field, Lea County, New Mexico.

CASE 5542: Application of Mesa Petroleum Co. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Merritt Unit Area comprising 2546 acres, more or less, of State lands in Township 18 South, Ranges 34 and 35 East, Lea County, New Mexico.



BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION  
Applicants EXHIBIT NO. \_\_\_\_\_  
CASE NO. 5534  
Submitted by Applicant  
Hearing Date State 8-27-75

● PROPOSED LOCATIONS  
 ● CROSS-SECTION WELLS

STRUCTURE MAP  
TOP OF SAN ANDRES

WEST VACUUM UNIT  
VACUUM GRAYBURG-SAN ANDRES FIELD

C.L.: 50'

SCALE: 1" = 2000'

WEST VACUUM UNIT

Proposed Wells to Be Drilled

Well No.

Location

51

1360' FSL & 150' FEL, Section 33

52

1466' FSL & 1375' FWL, Section 34

53

1410' FSL & 2600' FEL, Section 34

All wells in Township 17 South,  
Range 34 East.

Lea County, New Mexico

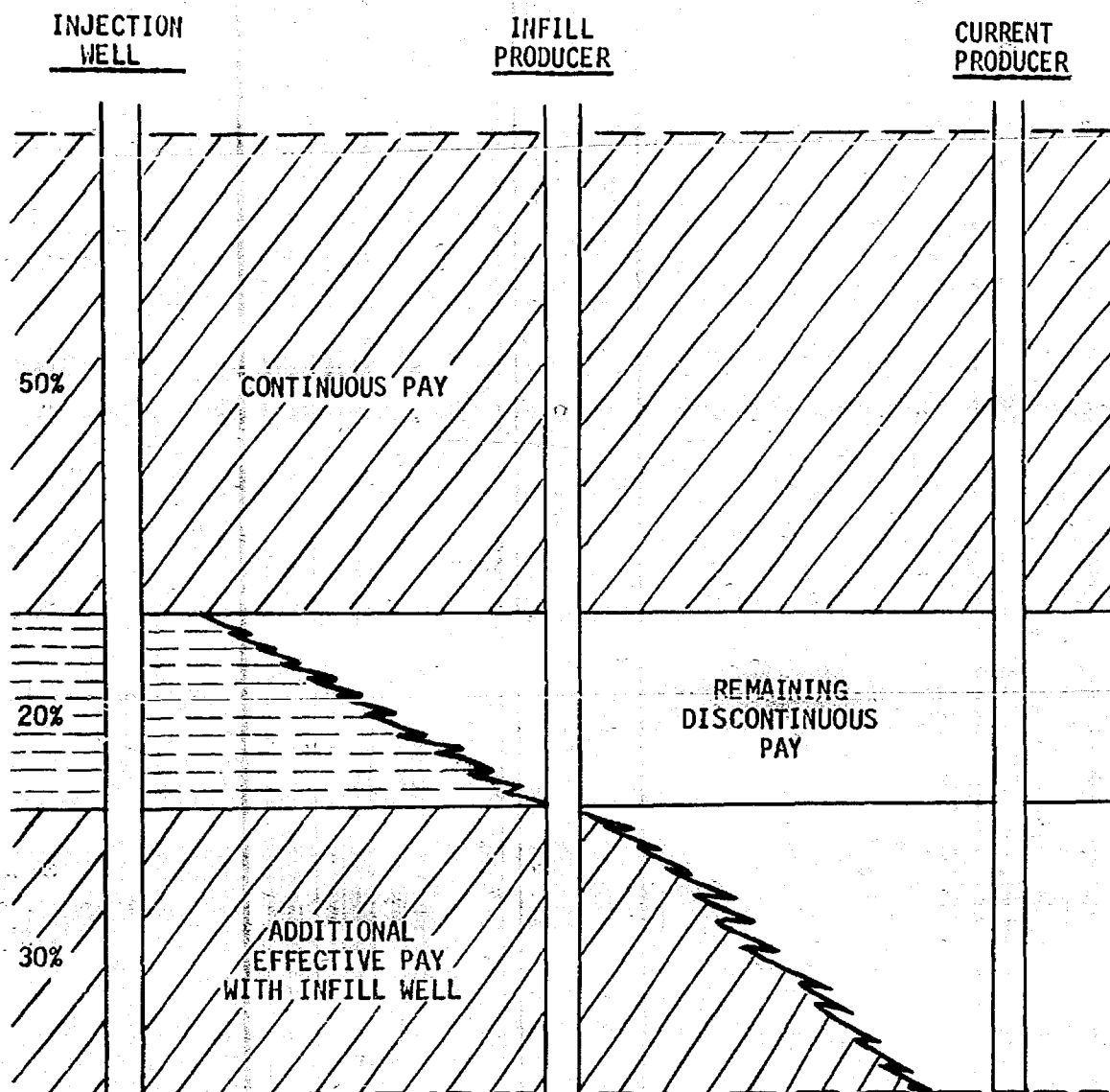
BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 5534

Submitted by Applicant

Hearing Date 8-27-75



BEFORE EXAMINER STAMETS SCHEMATIC OF WEST VACUUM UNIT'S  
 OIL CONSERVATION COMMISSION DISCONTINUOUS PAY QUALITY  
 EXHIBIT NO. 3 VACUUM GRAYBURG-SAN ANDRES FIELD  
 CASE NO. 5534  
 Submitted by Applicant  
 Hearing Date 8-27-75

# Mobil Oil Corporation

August 4, 1975

P.O. BOX 633  
MIDLAND, TEXAS 79701

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

TEXACO INCORPORATION'S  
APPLICATION FOR THREE  
UNORTHODOX OIL WELL LOCATIONS  
AND ADMINISTRATIVE UNORTHODOX  
LOCATION APPROVAL PROCEDURE  
WEST VACUUM UNIT - VACUUM GRAYBURG-  
SAN ANDRES POOL, LEA COUNTY, NEW MEXICO  
CASE NO. 55347

Gentlemen:

Mobil Oil Corporation has been notified of Texaco's application for unorthodox oil well locations for the following West Vacuum Unit wells:

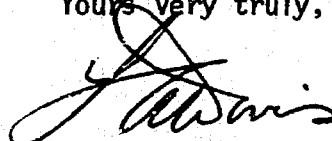
<u>WELL NO.</u>	<u>LOCATION</u>
51	1310' FSL & 10' FEL Sec. 33, T-17-S, R-34-E
52	1310' FSL & 1310' FWL Sec. 34, T-17-S, R-34-E
53	1310' FSL & 2630' FWL Sec. 34, T-17-S, R-34-E

*orig lacs*

Mobil has no objection to the unorthodox location of these wells.

Texaco "further seeks the establishment of a procedure of an administrative procedure whereby additional wells at unorthodox locations in the West Vacuum Unit can be drilled without notice and hearing". If the Commission does consider such an administrative procedure, Mobil hereby requests that administrative approvals be limited to only those wells located no closer than 330 ft from the lease or unit boundary line.

Yours very truly,



L. A. Davis  
Area Operations Engineer

WBSimmons Jr/cs

cc: Texaco, Inc.  
P. O. Drawer 728  
Hobbs, New Mexico 88240

Dockets Nos. 20-75 and 21-75 are tentatively set for hearing on August 27 and September 10, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 13, 1975

9 A.M. - OIL CONSERVATION COMMISSION 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 from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for September, 1975;
  - (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for September, 1975.

CASE 5533: Application of Southern Union Production Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ellenburger formation underlying the N/2 of Section 21, Township 12 South, Range 26 East, Chaves County, New Mexico, to be dedicated to a well to be drilled at an orthodox location in Unit F of said Section 21. 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. Also to be considered will be the designation of the applicant as the operator of the well and a charge for the risk involved in drilling said well.

CASE 5534: Application of Texaco Inc. for three unorthodox oil well locations and an administrative procedure, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox oil well locations of its West Vacuum Unit Well Nos. 51, 52, and 53 to be drilled, respectively, 1310 feet from the South line and 10 feet from the East line of Section 33; 1310 feet from the South and West lines of Section 34; and 1310 feet from the South line and 2630 feet from the West line of Section 34, all in Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico. Applicant further seeks the establishment of an administrative procedure whereby additional wells at unorthodox locations in the West Vacuum Unit could be approved without notice and hearing.

CASE 5535: Application of Coquina Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow gas well located 660 feet from the North and East lines of Section 5, Township 19 South, Range 27 East, Eddy County, New Mexico, the N/2 of said Section 5 to be dedicated to the well.