CASE 5689: DALPORT OIL CORP. FOR AN UNORTHODOX OIL WELL LOCATION, CHAVES COUNTY, NEW MEXICO

Class do 6/23/26

# CASE NO.

5689

APPlication, Transcripts, Small Exhibits,

ETC.



**OIL CONSERVATION COMMISSION** 

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

87501

PHIL R. LUCERO July 6, 1976



EMERY C. ARNOLD

DIRECTOR LAND COMMISSIONER JOE D. RAMEY

Other

Re:	CASE NO. <b>5689</b>
Mr. Sim Christy	ORDER NO. <b>R-5235</b>
Jennings, Christy & Copple Attorneys at Law Post Office Box 1180 Roswell, New Mexico 88201	Applicant:
	Dalport Oil Corporation
Dear Sir:	
Enclosed herewith are two co Commission order recently en	opies of the above-referenced atered in the subject case.
Yours very truly,  JOE D. RAMEY  Director	
JDR/fd	
Copy of order also sent to:	•
Hobbs OCC x	
Artesia OCC x	
Aztec OCC	

## 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. 5689 Order No. R-5235

APPLICATION OF DALPORT OIL CORPORATION FOR AN UNORTHODOX OIL WELL LOCATION, CHAVES COUNTY, NEW MEXICO.

### ORDER OF THE COMMISSION

### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 23, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of July, 1976, 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, Dalport Oil Corporation, seeks approval of an unorthodox oil well location 990 feet from the South line and 1477 feet from the West line of Section 22, Township 15 South, Range 29 East, NMPM, to test the Queen formation, South Lucky Lake-Queen Pool, Chaves County, New Mexico.
- (3) That the SE/4 SW/4 of said Section 22 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.
- (6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

Case No. 5689 Order No. R-5235

### IT IS THEREFORE ORDERED:

- (1) That an unorthodox oil well location for the Queen formation is hereby approved for a well to be located at a point 990 feet from the South line and 1477 feet from the West line of Section 22, Township 15 South, Range 29 East, NMPM, South Lucky Lake-Queen Pool, Chaves County, New Mexico.
- (2) That the SE/4 SW/4 of said Section 22 shall be dedicated to the above-described well.
- (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.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C ARNOLD, Member

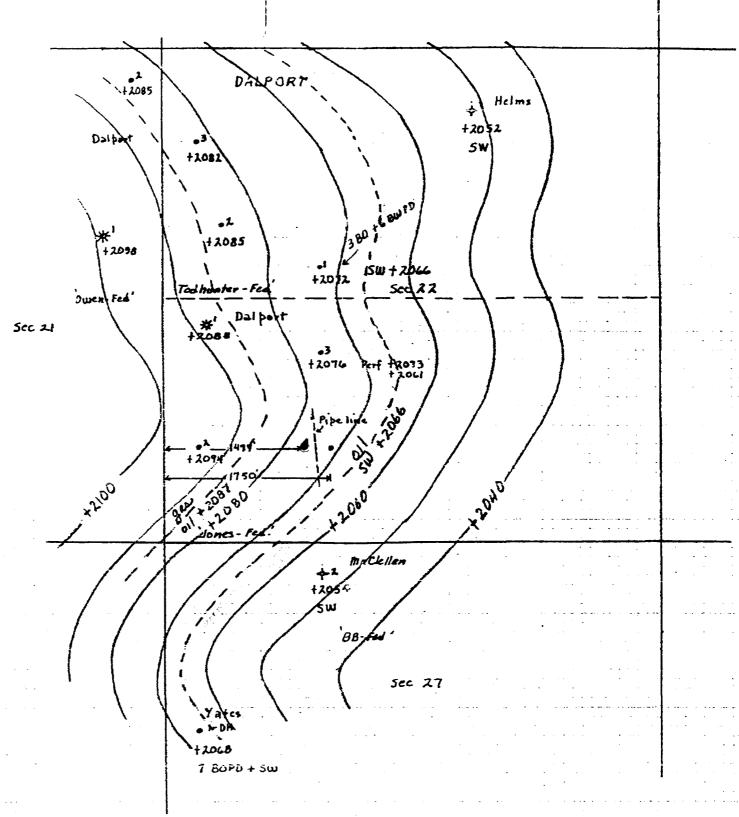
JOE D. RAMEY, Member & Secretary

SEAL

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						40 Acres
<ol> <li>Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.</li> <li>If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</li> <li>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?</li> </ol>						
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SOUTH LUCKY LAKE QUEEN

TOP QUEEN SAND

Mr. Dan Nutter
NMOCC
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Unorthodox location
Dalport #4 Jones-Federal
Sec. 22, 15S-29E
1477' FWI. 990' FSL
Chaves County, New Mexico

Dear Sir:

Our company has no objection to the above unorthodox location.

Very truly yours,

YATES PETROLEUM CORP.

Vice President

cc: One copy sent to NMOCC May 25, 1976.

	BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION
	EXHIBIT NO. 4
	CASE NO. 5689
a share Address	Submitted by Applicant
	Hearing Date 6/23/76
	Company of the state of the sta

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### BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico June 9, 1976

### EXAMINER HEARING

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IN THE MATTER OF:

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Application of Dalport Oil Corporation ) for an unorthodox oil well location, Chaves County, New Mexico.

CASE 5689

BEFORE: Daniel S. Nutter, Examiner

### TRANSCRIPT OF HEARING

### APPEARANCES

For the New Mexico Oil Conservation Commission: William F. Carr, Esq. Legal Counsel for the Commission State Land Office Building

Santa Fe, New Mexico

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sid morrish reporting service

General Court Reporting Service

Calle Mejis, No., 122, Santa Fe, New Mexico 87501

MR. NUTTER: The hearing will come to order, please.

The first case this morning will be Case Number 5689

MR. CARR: Case 5689, application of Dalport Oil

Corporation for an unorthodox oil well location, Chaves County

New Mexico.

Mr. Examiner, we have received a request from the applicant that the case be continued to the June 23rd Examiner Hearing.

MR. NUTTER: Case Number 5689 will be continued to the Examiner Hearing scheduled to be held at this same place at nine o'clock A.M., June 23rd, 1976.

Page	3	
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### REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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, C.S.R.

sid morrish reporting service

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

t do hereby density that the foregoing is a complete record of the precedings in the Examiner hearing of Case No. 1976.

New Mexico Oil Conservation Commission

Dockets Nos. 19-76 and 20-76 are tentatively set for hearing on July 7 and July 21, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

### DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 23, 1976

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 5689: (Continued from June 9, 1976 Examiner Hearing)

Application of Dalport Oil Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jones Federal Well No. 4 to be drilled 990 feet from the South line and 1477 feet from the West line of Section 22, Township 15 South, Range 29 East, South Lucky Lake-Queen Pool, Chaves County, New Mexico.

### CASE 4843: (Reopened) (Continued from June 9, 1976 Examiner Hearing)

In the matter of Case 4843 being reopened pursuant to the provisions of Order No. R-4435-A, which order extended the special pool rules for the Southeast Chaves Queen Gas Area, Chaves County, New Mexico, including a provision for 320-acre spacing and provation units for gas wells. All interested parties may appear and show cause why said Order No. R-4435 should not be rescinded.

- CASE 5695: Application of Yates Petroleum Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its J Lazy J Well No. 13, to be drilled as the 5th well on the 40-acre tract, in the center of Unit G, of Section 22, Township 17 South, Range 25 East, Eagle Creek-San Andres Pool, Eddy County, New Mexico.
- CASE 5696: Application of Yates Petroleum Corporation for a waterflood project, Eddy County, New Mexico. Applicant in the above-styled cause, seeks authority to institute a waterflood project in the Eagle Creek-San Andres Pool by the injection of water into the San Andres formation through its J Lazy J Wells Nos. 3, 6, 9, and 11, all located in Unit G of Section 22, Township 17 South, Pange 25 East, Eddy County, New Mexico.
- CASE 5697: Application of Elk Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Northeast Kemnitz Unit Area comprising 3520 acres. more or less, of State land in Township 16 South, Range 34 East, Lea County, New Mexico.
- CASE 5698: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico.

  Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde gas production in the wellbore of its San Juan 28-7 Unit Well No. 82 located in Unit A of Section 4, Township 27 North, Range 7 West, Rio Arriba County, New Mexico.
- CASE 5699: Application of Dalport Oil Corporation for an exception to the provisions of Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of, into earthen pits, produced salt water from its Jones-Federal Well No. 3 located in Unit K of Section 22, Township 15 South, Range 29 East, South Lucky Lake-Queen Pool, Chaves County, New Mexico.
- Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 24, Township 20 South, Barge 27 East, Eddy County, New Mexico, to be dedicated to a proposed gas well to be drilled at an orthodox location in the S/2 of said Section 24. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thoroof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5701: Application of Araho, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres, Abo and Paddock formations through the perforated interval from approximately 5645 feet to 8480 feet and the open-hole interval from approximately 8528 feet to 8900 feet in its State SWD Well No. 2, located in Unit F of Section 2, Township 17 South, Range 36 East, Lovington Field, Lea County, New Mexico.
- CASE 5702: Application of Cities Service Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Tutb Cas Pool and Drinkard Oil Pool production in the wellbore of its Brunson "B" Well No. 7 located in Unit N of Section 3, Township 22 South, Range 37 East, Lea County, New Mexico.

DALPORT OIL CORPORATION 1134 THE 600 BUILDING → 1.134 THE 600 BUILDING COMPUS CHRISTI, TEXAS 78401 COMSERVATION COMM.

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CODE 512 002-7863

June 1, 1976

Mr. Bill Carr NMOCC P.O. Box 2088 Santa Fe, New Mexico 87501

Re: Unorthodox Location
Dalport #4 Jones-Federal
Case No. 5689

Dear Sir:

Dalport wishes to drill its No. 4 Jones-Federal 990' FSL and 1477' FWL, Sec. 22, 158-29E. Please place this case on your June 23, 1976 docket.

Very truly yours,

LML/jb

LAW OFFICES OF

### JENNINGS, CHRISTY & COPPLE

1012 SECURITY NATIONAL BANK BUILDING P. O. BOX 1180 ROSWELL, NEW MEXICO 88201

TELEPHONE 622-8432

June 1, 1976

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

Attention: Mr. Joe Ramey Secretary-Director

Gentlemen:

JAMES T. JENNINGS SIM B. CHRISTY IV BRIAN W. COPPLE

ROBERT G. ARMSTRONG

We represent Dalport Oil Corporation, and in connection with Case 5689 set for Examiner Hearing Wednesday, June 9, 1976, we understand that the case will be continued until Wednesday, June 23, 1976.

If we are incorrect in this assumption, we would appreciate a telephone call.

Respectfully,

JENNINGS, CHRISTY & COPPLE

SBC:pv

cc: Dalport Oil Corporation (Corpus Christi)

Dockets Nos. 17-76 and 18-76 are tentatively set for hearing on June 16 and June 23, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

### DOCKET: EXAMINER HEARING - MEENIFSDAY - JUME 9, 1976

9 A.M. - OIL COMMERCATION COMMISSION COMMERCIAE ROOM, STATE LAND OFFICE PUILDING - SANTA FE, NEW MEXICO

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

Application of Mobil Gil Corporation for amendment of Order Mo. R-5120, Lea County, Mew Mexico. Applicant, in the above-styled cause, seeks amendment of Order Mo. R-5120, which order provided for the simultaneous dedication of a 320-acre non-standard was provation unit, comprising the W/2 SW/4 and SF/4 SW/4 of Section 28 and the NW/4 and the SW/4 NF/4 of Section 33, Township 21 South, Range 37 Fast, Eumont Gas Pool, Lea County, New Mexico, to applicant's E. O. Carson Wells Nos. 4 and 22, located at unorthodox locations in Units N and L, respectively, of said Section 28. Applicant seeks amendment of said Order No. R-5120 by authorizing the simultaneous dedication of said unit to the previously approved F. O. Carson Wells Mos. 4 and 22 and to its E. O. Carson Well No. 23 located 1980 feet from the North line and 2640 feet from the West line of Section 33, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 5689:

Application of Dalport Oil Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jones Federal Well No. 4 to be drilled 990 feet from the South line and 1477 feet from the West line of Section 22, Township 15 South, Range 29 East, South Lucky Lake-Queen Pool, Chaves County, New Mexico.

### CASE 4843: (Reopened)

In the matter of Case 4843 being reopened pursuant to the provisions of Order No. R-4435-A, which order extended the special pool rules for the Southeast Chaves Queen Gas Area, Chaves County, New Mexico, including a provision for 320-acre spacing and provision units for eas wells. All interested parties may appear and show cause why said Order No. R-4435 should not be rescinded.

CASE 5691: Application of Hanson Oil Corporation for an unorthodox oil well location, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 990 feet from the North line and 2600 feet from the West line of Section 25, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.

CASE 5692: Application of Cities Service Oil Company for a dual completion and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Owen "A" Well No. 1 located in Unit P of Section 35, Township 21 South, Parge 37 Fast, Lea County, New Mexico, completing said well in such a manner as to commingle Blinebry and Drinkard oil production and to dually complete said zones with the Wantz-Granite Wash Pool.

### CASE 5670: (Continued from May 12, 1976 Examiner Hearing)

Application of Read & Stevens, Inc. for an unorthodox location and directional drilling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to deviate its Marris-Federal Well No. 3, the surface location of which is 660 feet from the South line and 1980 feet from the Fast line of Section 27, Township 15 South, Range 28 Fast, Chaves County, New Mexico, by directionally drilling said well from a kick-off point at approximately 6000 feet and bottoming it at an unorthodox location in the Pennsylvanian formation within 250 feet of a point 990 feet from the South line and 1650 feet from the East line of said Section 27, the S/2 of the Section to be dedicated to the well.

CASE 5688: Application of Dugan Production Corroration for downhole cormingling, Rio Arriba County, New Mexico.

Applicant, in the above-styled cause, seeks authority to commingle Tapacito-Pictured Cliffs and Blanco-Mesa Verde production in the wellbore of its Jicarilla E Well No. 1, located in Unit M of Section 21, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 5693: Application of Jer we P. McHugh for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to downhole comminde Fruitland and Pictured Cliffs production in that area described as being all of Township 24, through 23 North, Banges 9 through 15 West, San Juan County, New Mexico, excluding however, those lands within the boundaries of the Ballard-, Fulcher Kutz-, and West Kutz- and also those lands within the boundary of the Gallegos Canyon Unit Area.

Case 5629

### DALPORT OIL CORPORATION 1134 THE 600 BUILDING

CORPUS CHRISTI, TEXAS 78401

CODE 512-882-7863

Mr. Dan Nutter NMOCC P.O. Box 2088 Santa Fe, New Mexico 87501

> Request for Unorthodox Location Re: South Lucky Lake Queen Field

Chaves County, New Mexico

Dear Sir:

Dalport had planned to drill the #4 Jones-Federal 990' FSL and 1650' FWL Sec. 22, 158-29E. However, since a pipeline is 1643' from the West Section 22, we wish to drill a location 1477' FWL and 990' FSL Sec. 22. With this footage, the location mat would not cross the right-of-way. We cannot place the location east of the pipeline due to close proximity to a Queen oil-water contact.

Therefore, in accordance with Rule #104-M, we respectfully request administrative approval of the location which will be dedicated to the Dalport #4 Jones-Federal, 990' FSL, 1477' FWL Sec. 22.

Enclosed are three copies of C-102 and area plat, as well as certified mail receipt showing notification to the offsetting operator.

Very truly yours,

LML/jb Enclosures

cc: Yates Petroleum Corp. 207 So. 4th Street Artesia, New Mexico 88210 RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

SENT TO Yates Petroleum Corp.

STREET AND NO. 207 SO. 4th Street

P.O., STATE AND ZIP CODE
Artesia, New Mexico 88210

OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN
RECEIPT
1. Shows to whom and date delivered 15¢
RECEIPT
2. Shows to whom and date delivered 15¢
RECEIPT 2. Shows to whom and date delivered 15¢
SERVICES With delivery to addressee only 15¢
SERVICES With delivery to addressee only 15¢
SPECIAL DELIVERY (extra fee required)

PS Form 3806 NO INSURANCE COVERAGE PROVIDED (See other side)
Apr. 1971 3806 NO INSURANCE COVERAGE PROVIDED (See other side)

# NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

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Porm C-102

Supervedes C-128

Ellective 14-55

well No. Operator Dalport Oll Corporation Jones Federal L'nit Letter Rame County 15 South 29 East N Chaves Actual Footage 990 South 1477 West nd Lyvel Elev. Producing Formution Pool Dedicated Acreage: 3853.8 Queen So. Lucky Lake-Queen 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? 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 Leon M. Lampert Geologist Dalport Oil Corp May 10, 1976 April 300 d Professional E

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# NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Care 5829

Operator Dalport Oil Corporation Jones Federal Township Unit Letter County N 15 South 29 East Chaves Actual Footage 990 South 1477 West Ground Lyvel Elev. Producing Formation Dedicated Acresses 3853.8 Queen So. Lucky Lake-lucen 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? 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 Commis-CERTIFICATION I hereby certify that the in Leon M. Lampert Position Geologist Dalport Cil Corp May 10, 1976 GINEER April 300 ed Professional E

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May 13, 1976

Mr. Joe Ramey NMOCC P. O. Box 2088 Santa Fe, New Mexico 87501

Re: Dalport Oil Corp.
#1 Jones-Federal
Non-standard Gas Unit
40 ac., Sec. 22, 15S-29E,
NW ½ SW¼, Southeast Chaves
Queen Gas Field, Chaves
County, New Mexico

Dear Sir:

Our company has no objection to forming the above 40-acre non-standard gas unit as per R-4435-A.

Very truly yours,

YATES PETROLEUM CORP.

Vice President

### 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:

Order No. R- 5235

APPLICATION OF DALPORT OIL CORPORATION FOR AN UNORTHODOX JULIELL LOCATION, COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION BY THE COMMISSION: This cause came on for hearing at 9 a.m. on <u>June 4</u> at Santa Fe, New Mexico, before Examiner <u>Daniel S. Nut</u> NOW, on this day of June 19 76, 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, Dalport Oil Corporation approval of an unorthodox oil well location 990 feet from the South line and 1477 feet from the West line of Section 22, Township South , Range 29 East , NMPM, to test the formation, South Lucky Lake-Oueen Pool, Chaves County, New Mexico. (3) That the  $\frac{sefyssion}{sol}$  of said Section  $\frac{sefyssion}{sol}$  is to be dedicated to the well. (4) That a well at said unorthodox location will better enable applicant to produce the oilunderlying the proration unit.

- (5) That no offset operator objected to the proposed unorthodox location.



-2-	
Case No.	5689
Order No.	R-

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the pil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

### IT IS THEREFORE ORDERED:

(1) That an unorthodox Qil well location for the	
formation is hereby approved for a well to be located at a point	990
feet from the South line and 1477 feet from the West	
line of Section 22, Township 15 South, Range 29	East_
NMPM, South Lucky Lake-Queen Pool, Chaves	County,
New Mexico.	

- (2) That the  $\frac{ss/(ss)}{s}$  of said Section \_\_\_\_\_ shall be dedicated to the above-described well.
- (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.

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### NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE , NEW MEXICO

Hearing Date JUNE 23, 1976 TIME: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Tout & Burchell Rand C. 5 chmidt	El Paro Necheal Gas Co	El Con, 7.06 El Paso, Tex
Sold C. Schmidt	Jalport	Roswell
DAN CURRENS	Amoco	Houston
JACK INGRAM	Amoro	Houston
ANTONE PETERSON	Amoro	HOUSTON MICHARD
Earl R Busin	White Kachlack & Machety	Sawler De
Ken BATEMON		
Leon Lampert	Dalport Oil Corp	Dollas TX Naswell
John Wel Felly	ELKOIL CO	Rowll
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NEW MEXICO OIL CON Santa Fe, June	RE THE SERVATION COMMISSION New Mexico 23, 1976 R HEARING	
IN THE MATTER OF:  Application of Dalport O for an unorthodox oil we Chaves County, New Mexic	ll location, )	CASE 5689
BEFORE: Richard L. Stamets,  TRANSCRIP	Examiner T OF HEARING	
A P P E A  For the New Mexico Oil  Conservation Commission:		he Commission uilding

Sim B. Christy, IV, Esq. JENNINGS, CHRISTY & COPPLE

Attorneys at Law P. O. Box 1180

Roswell, New Mexico

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

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For the Applicant:

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MR. STAMETS: We will call now Case 5689.

MR. CARR: Case 5689, application of Dalport Oil Corporation for an unorthodox oil well location, Chaves County, New Mexico.

MR. CHRISTY: Sim Christy, Jennings, Christy and Copple for the applicant. Mr. Examiner, we have one witness, Mr. Lampert.

> MR. STAMETS: Will you stand and be sworn, please? (THEREUPON, the witness was duly sworn.)

### LEON LAMPERT

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

### DIRECT EXAMINATION

BY MR. CHRISTY:

- For the record would you please state your name and Q. address, by whom you are employed and in what capacity?
- Leon Lampert, Dalport Oil Corporation, geologist in Corpus Christi.
- Mr. Lampert have you previously testified before this regulatory body and had your qualifications accepted as a petroleum geologist?
  - A. Yes.
  - Are you generally familiar with what is sought by Q.

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the application in Case 5689?

- A. Yes, sir.
- Q Would you please briefly advise the Examiner what is sought and would you start by referring to Exhibit One in this case?
- All right, we want to drill our Dalport No. 4 Jones in the red forty-acres as shown on the tract on Exhibit One.

  We staked the location sixteen, fifty from the west line and we found out from the surveyor that it fell right upon Phillips' Pipeline, I believe it was, right on the right-of-way. So, then we moved a hundred and thirty feet west of that sixteen, fifty and staked another location which will be on Exhibit Two, which is a copy of the plat made by John West. We staked fourteen, seventy-seven from the west line and the plat shows the north-south pipeline which would be at sixteen, fifty from the west line and on the furtherest east side of the area there you see another circle which would be seventeen, fifty from the west line of the section.
- Q Now, what is wrong with the alternate, why did you move to the west instead of to the east?
- A. Well, we want to move up-dip. The seventeen, fifty location is getting very close to the oil-water contact which we have proven in other wells.
  - Q. Is that indicated on your Exhibit Three?
  - A. Yes, sir.

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Q. Refer to that, please?

A. Exhibit Three is a small geological map of that area on a one inch to a thousand scale. The red circle is the fourteen, seventy-seven from the west line location, the pipeline is shown and there is a little circle just to the east of the pipeline which is the seventeen, fifty location.

Now, we know there is water down at a datum of about plus twenty-six, sixty-six as proven in our No. 3 Jones just to the north which we completed about two months ago and it's making seventeen barrels of water a day.

Also north of that No. 3 there is a No. 1 Todd Hunter which is an older well. It's five years old and making about six barrels of water a day and two to three barrels of oil.

So, there is no question that the water is right -- and that last well was a cable tool well so we know just about where water was in that well.

So, if we move to the seventeen, fifty location, we would be approaching that water-contact and the well would definitely water cut.

Q. Would that result in waste?

A. Yes, sir, we would produce about as much oil as that No. 1 Todd Hunter which to date is about fifty-seven hundred barrels cumulative, whereas if we move westward we would rise about six or seven feet structurally and we could produce in the neighborhood of twenty thousand barrels, eighteen

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to twenty thousand barrels gross.

- What type of lands is this mineral-wise?
- A Federal.

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- Q. Have you obtained approval from the USGS to move to the proposed location of fourteen, seventy-seven from the west line?
- A Yes, sir, they have approved the fourteen, seventyseven location on that form.
- Q Exhibit One would indicate that most of the lands around it are Dalport lands, except to the south I notice that they are Yates' lands. Have you discussed the matter with the Yates people?
- A Yes, sir, we contacted them when we sought administrative approval of that location and they gave a waiver for this unorthodox location.
- Q And that's Exhibit Four. Were Exhibits One through Three prepared by you or under your direct supervision?
  - A. Yes, sir.

MR. CHRISTY: That's all for the applicant.

### CROSS EXAMINATION

BY MR. STAMETS:

- Q. Mr. Lampert, what size pipeline is this that runs through the area?
  - A. It's about a four-inch but I'm not real certain about

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that because it is a buried line, it's a casinghead line and it's approximately a four-inch line.

- Q. Do you know what the pressure is on the line?
- A. Not too high because it is casinghead. I could guess but I should say it's not very high.
- Q What is the necessary set-back from this line for safety purposes?
- A. To build the location pad you have to be a hundred feet plus. The pad is two hundred feet east and west, so if you moved a hundred feet from the line, your stake, your well would be off the right-of-way. So, with about a hundred and ten to a hundred and twenty feet would be a safety factor.
- Q Is the problem a safety problem or a right-of-way problem?
- A. Right-of-way. It's owned by Phillips and we can't put anything on the right-of-way. It's their property.
  - Q. Okay.
- A. But in that area it is critical, your structure is very critical because a couple of feet makes a lot of difference in oil production, just three or four or five feet make a great deal of difference. We have drilled well after well in there and it's either gassy or it has got a water cut because of just a couple of feet.
- Q. In the southeast of the southwest quarter of Section 2, where you to propose to drill this well No. 4, looking at

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your Exhibit Number Three, how many productive acres would you say are in that forty-acre tract?

A. Well, from that it would look like thirty plus acres, thirty to thirty-five acres.

Q. What about the rest of the wells that have been developed in here, would you classify them as very good wells or some good or some not so good?

A. Well, it is really weird. The first well drilled in there was in this same tract, this gas well, in the northwest of the southwest and it was just a fair little gas well and then we drilled just northeast of there, that No. 1 Todd Hunter which was at the outset a seven-barrel oil well and so those were the first two wells which were pretty sorry. Then we moved northward on that Tyler lease and we came up with some two or three that were very good wells, they were very good wells. So, we have found that even in an area that looks sort of poor you might find some good Queen oil.

Then we moved south of the gas well and drilled a pretty good oil well there in the southwest-southwest, that No. 2 Well. Then we drilled northeastward, that No. 3 Well, in the northeast of the southwest and we tested it at twenty-nine barrels of oil and seventeen barrels of water, which is fair, but if it had been a couple of feet higher structurally it would have made about a forty or fifty barrel well.

Sc, you've got some poor wells in there and you've

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got some pretty good wells. The average cumulative would probably be ten to twenty thousand barrels, what they are ultimately going to make, depending on the structure.

- Q Ten to how many?
- A. Ten to say, twenty-five thousand. Our 2 and 3
  Todd Hunter will probably make twenty-five thousand barrels.
- Q. I believe you indicated that if the well were drilled at the alternative location here you would expect maybe six thousand barrels of production?
- A Well, the Todd Hunter 1 up to the far north there is fifty-seven hundred barrels and we would be pretty close to that, depending on structure.
  - Q Would that be an economical venture?
- A. Just barely. Six thousand barrels now days gives you about sixty thousand dollars and the well costs seventy thousand.
- Q. If the well were drilled at your proposed unorthodox location, would you be recovering more than your share of the oil from this particular reservoir, assuming an unrestricted allowable?
- A I don't believe so. We are draining from our own lease there and it would be odd -- let's put it this way, if we drilled east of there at the seventeen, fifty location and made a well that could produce six thousand barrels, there would be some unrecovered oil at this fourteen, seventy-seven

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location that wouldn't be recoverable unless we, say, drilled another well eventually right in that area. So, we would actually be draining our own oil in a more efficient manner by drilling this fourteen, seventy-seven location.

- Q Is the water drive in this area active?
- A. No. The water will come down. As the oil production decreases the water increases.
- Q If your allowable in this particular well were restricted by the Commission and an order granting an unorthodox location, say, based on net productive acres, say, three-fourths of the regular allowable, would this be an economical venture?
- A. Seventy-five percent of eighty barrels, is that what you are saying?
  - Q. Yes.
  - A. I think so.

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

(THEREUPON, the witness was excused.)

MR. CHRISTY: We would like to offer Applicant's Exhibits One to Four, inclusive and that is all for the applicant.

MR. STAMETS: These exhibits will be admitted into evidence.

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(THEREUPON, Applicant's Exhibits One

through Four were admitted into evidence.)

MR. STAMETS: Anything further in this case? The case will be taken under advisement.

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Phone (505) 982-921.

### REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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, C.S.R.

I do hereby certify that the foregoing is a complete was a of the proceedings in the Examines harring of case to 5659, heard of the organization, 1976.

New Mexico Oil Conservation Commission