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GOVERNOR

JOHN BURROUGHS CHAIRMAN

State of New Mexico O il Conservation Commission

LAND COMMISSIONER MURRAY E. MORGAN MEMBER



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

P. O. BOX 671 SANTA FE

August 4, 1960

Mr. George Verity 152 Petroleum Center Building Farmington, New Mexico

Re: Case No. 2039
Order No. H-1733
Applicant:

Southwest Production Co.

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., Secretary-Director

lr/	••			
Carbon copy	of order	also	sent	to:
Hobbs CCC	X			
Artesia OCC				
Aztec OCC	7			
Other				

DEFORE THE OIL COMBERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL COMMERVATION CONCUSSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE No. 2039 Order No. R-1733

APPLICATION OF SOUTEMEST PRODUCTION COMPANY FOR APPROVAL OF AN UNCETHODOX OIL WELL LOCATION IN THE GALLEGOS-GALLUP OIL POOL, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 e'clock a.m. on July 27, 1960, at Santa Fe, Hew Mexico, before Duniel S. Mutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Pequiations.

NCW, on this 4th day of August, 1960, the Commission, a quorum being present, having considered the application, the evidence addresd, and the recommendations of the Examiner, Daniel S. Mutter, 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 is the owner and operator of the Russel Federal Well No. 1, located 790 feet from the North lime and 1190 feet from the West lime of Section 36, Township 27 North, Range 12 West, Gallegoe-Gallup Oil Pool, San Juan County, New Mexico.
- (3) That the above-described well was drilled to the Dakota formation on an orthodox gas well location but no production was encountered therein.
- (4) That the well was plugged back to the Gallup formation where a relatively small amount of oil production was obtained.
- (5) That the above-described location is unorthodox for an oil well completed in the Gallogos-Gallup Oil Pool.
- (6) That immswach as all mineral interests underlying the lease on which the subject well is located are soumen with that of the adjoining lease to the Bast, which alone will be exceeded

-2-CASE No. 2039 Order No. R-1733

by the unorthodox location, approval of the subject application will not impair correlative rights.

IT IS THEREFORE ORDERED:

That an unorthodox oil well location for the applicant's Russel Federal Well No. 1, located 790 feet from the North line and 1190 feet from the West line of Section 36, Township 27 North, Range 12 West, Gallegos-Gallup Oil Pool, San Juan County, New Mexico, he and the same is hereby approved.

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

> STATE OF NEW MEXICO OIL COMMERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY R. NORGAR, Houles

a. R. Parter,

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

OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

	Date July 28, 1960		
CASE NO. 2039	HEARING DATE DSN-Santa Fe, 9 a.m. 7/27		
My recommendations for an order as follows:	r in the above numbered case(s) are		

Approve the unorthodox well location requested by Southwest Production Company for the Rummel Federal Well No. 1, at a point 790 feet from the North line and 1190 feet from the West line of Section 36, Township 27 North, Range 12 West, San Juan County, New Mexico. Applicant drilled this well at a standard location for a Dakota formation but encountered no production. The well was plugged back to the Gallup formation where a small amount of oil production was obtained.

Staff Member

CASE 2039:

Application of Southwest Production Company for approval of an unorthodox oil well location in the Gallegos-Gallup Oil Pool for its Rummel Federal Well No. 1, located 790 feet from the North line and 1190 feet from the West line of Section 36, Township 27 North, Range 12 West, San Juan County, New Mexico.

CASE 2040:

Application of Neville G. Penrose, Inc., for an order authorizing the dual completion of its Grizzel Well No. 1, located in Unit G, Section 5, Township 22 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Tubb Gas Pool and the production of oil from the Drinkard Pool through the casing-tubing annulus and 2 3/8-inch tubing respectively.

DOCKET: EXAMINER HEARING JULY 27, 1960

Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe, N.M.

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, Attorney, as alternate Examiner:

CASE NOS. 2023 through 2033 will not be heard before 1 p.m. on July 27, 1960.

CASE NOS. 2034 through 2040 will not be heard before 9 a.m. on July 28, 1960.

CASE 2017:

Application of Continental Oil Company for an order authorizing an automatic custody transfer system to handle the Maljamar Pool production from its Miller "BX" lease comprising in pertinent part the E/2 of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico.

CASE 2018:

Application of Continental Oil Company for an order authorizing the triple completion of its Jicarilla Apache Well No. 27-2, located in the NW/4 NW/4 of Section 27, Township 25 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of oil from the Gallup formation, the production of oil from the Greenhorn formation and the production of oil from the Dakota formation through parallel strings of $4\frac{1}{2}$ inch, 2 7/8 inch, and $4\frac{1}{2}$ inch casing cemented in a common well bore. Applicant proposes to install tubing to the Gallup and the Dakota formations.

CASE 2019:

Application of Continental Oil Company for an order authorizing the triple completion of its Northeast Haynes Apache Well No. 9-1, located in the NW/4 SW/4 of Section 9, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Mesaverde formation, the production of gas from the gallup formation and the production of gas from the Greenhorn formation through parallel strings of 2 7/8 inch, $4\frac{1}{2}$ -inch, and $4\frac{1}{2}$ -inch casing respectively, cemented in a common well bore. Applicant also proposes to install tubing in the latter two zones.

CASE 2020:

Application of Amerada Petroleum Corporation for an order authorizing the triple completion of its Wimberly Well No. 13, located in Unit M, Section 24, Township 25 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Langlie Mattix Pool, the disposal of salt water into the Grayburg and San Andres formations in the interval from 3500 feet to 4200 feet, and the production of oil from the Justis-Blinebry Pool by means of two parallel strings of 3½-inch casing cemented in a common well bore. Applicant would dispose of the salt water through one string of casing, produce the Blinebry oil through 1½-inch tubing set in the second string of casing, and produce Langlie Mattix gas through the annulus of the 1½-inch tubing and the second casing string.

CASE 2021:

Application of Shell Oil Company for authority to recomplete its State BUA Well No. 2 (formerly its Bluitt Unit Well No. 2) at an unorthodox oil well location in the Pennsylvanian formation within one mile of the Bluitt Pennsylvanian Pool. Said well is located 1980 feet from the North line and 660 feet from the West line of Section 16, Township 8 South, Range 37 Bast, Roosevelt County, New Mexico.

CASE 2022:

Application of Sinclair Oil & Gas Company for an order authorizing the dual completion of its Turner "B" SP Well No. 67, located in Unit L, Section 20, Township 17 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Grayburg-Jackson Pool and the production of oil from an undesignated Abo pool through parallel strings of 2-inch tabing.

The following cases will not be heard before 1 p.m. on July 27, 1960:

CASE 2023:

Application of Honolulu Oil Corporation for an order authorizing it to institute a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into the Gallup formation through its Navajo Well No. 4, located in the SE/4 SE/4 of Section 5, Township 31 North, Range 17 West, San Juan County, New Mexico; applicant further seeks the adoption of special rules governing the operation of said project.

CASE 2024:

Application of Humble Oil & Refining Company for an order authorizing it to institute a pressure maintenance project in the Horseshoe-Gallup Oil Pool by the injection of water into the Gallup formation through 29 wells located in Sections 3, 4, 9, 10, and 11, Township 31 North, Range 17 West, San Juan County, New Mexico; Applicant further seeks the adoption of special rules governing the operation of said project.

CASE 2025:

Application of Socony Mobil Oil Company for permission to convert to water injection its Navajo "A" Well No. 9, located in NE/4 NW/4 of Section 14, Township 31 North, Range 17 West, Rio Arriba County, New Mexico, in conjunction with a proposed adjacent pressure maintenance project in the Horseshoe-Gallup Oil Pool.

CASE 2026:

Application of The British American Oil Producing Company for an order authorizing the "slim-hole" completion of its Fullerton Well No. 7, located 1850 feet from the South and West lines of Section 11, Township 27 North, Range 11 West, Dakota Producing Interval, San Juan County, New Mexico, utilizing 2 7/8-inch tubing as casing. CASE 2027:

Application of Hondo Oil & Gas Company for an amendment of Order No. R-1643 to provide an alternative to the fail-safe features required in the automatic custody transfer system authorized therein for the Hondo-Western-Yates State 647 lease, Empire-Abo Pool, Eddy County, New Mexico.

CASE 2028:

Application of Pan American Petroleum Corporation for an order authorizing it to commingle the production from the Empire-Abo Pool from all wells on eight separate leases in Sections 27 and 34, Township 17 South, Range 28 East, Eddy County, New Mexico. Applicant also seeks authorization of an automatic sustody transfer system to handle said commingled production.

CASE 2029:

Application of Pan American Petroleum Corporation for an amendment of Order R-1399 to permit the commingling of Empire-Abo Pool production from Federal Lease No. LC-064050-A, E/2 SE/4 of Section 34 and NW/4 SW/4 of Section 35, Township 17 South, Range 27 East, with the Empire-Abo Pool production from those leases for which commingling was approved by paragraph one of said order and to permit the commingling of Empire-Abo Pool production from Federal Lease No. NM-025602, NW/4 and N/2 SW/4 of Section 15, Township 18 South, Range 27 East with the Empire-Abo Pool production from those leases for which commingling was approved by paragraph two of said order. Applicant also seeks an amendment of Order No. R-1399-A to permit production from the above-described leases in Eddy County, to be handled by the automatic custody transfer systems authorized in said order.

CASE 2030:

Application of Pan American Petroleum Corporation for permission to commingle the Empire-Abo Pool production from eleven separate State leases in Townships 17 and 18 South, Range 28 East, Eddy County, New Mexico. Applicant further seeks permission to install automatic custody transfer facilities to handle said commingled production.

CASE 2031:

Application of Union Oil Company of California for approval of its South Caprock Queen Unit Agreement, which unit is to embrace 9526 acres in Townships 14 and 15 South, Ranges 30 and 31 East, Caprock Queen Pool, Chaves County, New Mexico.

CASE 2032:

Application of Union Oil Company of California for an order authorizing it to institute a waterflood project in the Caprock-Queen Pool on its proposed South Caprock Queen Unit by the injection of water into the Queen formation through ten wells located in Township 15 South, Range 31 East, Chaves County, New Mexico, and for authority to drill a water injection well at an unorthodox location, being 330 feet West of the East line and 1320 feet South of the North line of Section 18, Township 15 South, Range 31 East.

CASE 2033:

Application of Cabeen Exploration Corporation for permission to complete its State 1-K Well located 1980 feet from the South and West lines of Section 11, Township 10 South, Range 32 East, in an undesignated Permo-Pennsylvanian pool in Lea County, New Mexico as a "slim-hole" completion, using 2-7/8 inch casing.

The following cases will not be heard before 9 a.m. on July 28, 1960

CASE 2034:

Application of Gulf Oil Corporation for an order authorizing the dual completion of its J. N. Carson Well No. 6, located 330 feet from the South line and 965 feet from the East line of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Penrose-Skelly Pool and the production of gas from the Blinebry Gas Pool through parallel strings of 2 3/8-inch tubing.

CASE 2035:

Application of Gulf Oil Corporation for an order authorizing the dual completion of its W. T. McCormack Well No. 12, located 554 feet from the North line and 1874 feet from the East line of Section 32, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Drinkard Pool and the production of oil from the Wantz-Abo Pool through parallel strings of 2 3/8-inch tubing.

CASE 2036:

Application of Charles Loveless, Jr., for the establishment of a 280-acre non-standard gas unit in the Atoka-Pennsylvanian Gas Pool consisting of the NE/4, N/2 NW/4 and SW/4 NW/4 of Section 21, Township 18 South, Range 26 East, Eddy County, New Mexico. Applicant proposes that said unit be dedicated to the Brunner No. 1 Dayton Townsite Well to be located on an unorthodox location at a point 1650 feet from the North line and 2310 feet from the East line of said Section 21.

CASE 2037:

Application of Sun Oil Company for the creation of a new oil pool for Wolfcamp production to be designated as the Jenkins-Wolfcamp pool and to consist of Sections 2, 3, 4, 8, 9, 10 and 11 of Township 9 South, Range 34 East, Lea County, and Sections 34 and 35, Township 8 South, Range 34 East, Roosevelt County, New Mexico. Applicant further seeks the promulgation of special rules and regulations for said pool including a provision for 80-acre drilling and proration units.

CASE 2038:

Application of Benson-Montin-Greer Drilling Corporation for an order authorizing the dual completion of the Jones Well No. 1, located in Unit P, Section 17, Township 28 North, Range 13 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup Pool and the production of gas from the West Kutz-Dakota Pool through parallel strings of 12-inch OD tubing.

1970 JUN 20 M 10: 13 OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

APPLICATION OF SOUTHWEST IN RE: PRODUCTION CO. FOR PERMISSION TO PRO-DUCE AN OFF PATTERN WELL FROM THE GALLEGOS GALLUP POOL, SUCH WELL BEING ON THE NORTHWEST QUARTER OF THE NORTH-WEST QUARTER (NW\(\frac{1}{2}\)NORTH NORTH WEST QUARTER (NW\(\frac{1}{2}\)NORTH, RANGE 12 WEST, SA JUAN COUNTY, NEW MEXICO, AND BEING LOCATED ONLY 130 FEET FROM THE EAST BOUNDARY THEREOF.

case no. 903°

Comes now the applicant and states:

- That it is a partnership consisting of JOHN HILL and JOE DRISCOLL and is the operator of its Rummel Federal No. 1 well located 790 feet from the North line and 1190 feet from the West line of Section 36, Township 27 North, Range 12 West, San Juan County, New Mexico.
- That applicant initially staked and drilled the above-described well as a Dakota test; that such well was drilled to a total depth of 6,258 feet into the Dakota formation but proved to be dry therein; that thereafter it was
- 3. That the Gallup formation in the above-described well was perforated from 5,116 feet to 5,340 feet and completed as a Gallup well with an initial capacity of 63.75 barrels of oil per day on the pump.

 4. That such well is 200 feet closer to the East line of the above-described forty acre tract than the Commission permit, but that
- granted permission to produce such well as the allowable well for such above-described forty acre tract in order to prevent waste and protect the correlative rights of applicant. That applicant is entitled to an Order of this Commission giving it 7 1/16-36 5224-965340

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permission to produce the above-described well at such off pattern location as the regular well for the above-described forty acre tract.

That there should be no parties other than applicant interested in this application, because the ownership of the forty acre Gallup unit to the east (the unit which is being crowded by the subject well) is identical to the unit upon which the subject well is located.

wherefore, APPLICANT PRAYS that this application be set down for hearing; that notice thereof be given in accord with the rules of this Commission, and the laws of the State of New Mexico, and that from the evidence to be adduced at such hearing this Commission enter its Order granting applicant permission to produce the above-described well as the regular well for the Gallup formation for the above-described forty acres.

SOUTHWEST PRODUCTION CO.

By: Leo. L. Verty

1320 1320 1190 GEO. L. VERITY
ATTORNEY AT LAW
SUITE 188 PETROLEUM CENTER BUILDIN
FARMINGTON, NEW MEXICO

25 9 03 1

TELEPHONE DAVIS 5-0203

June 15, 1960

Oil Conservation Commission State of New Mexico State Capitol Building Sante Fe, New Mexico

Gentlemen:

I am enclosing herewith original and two copies of the Application of Southwest Production Co. for permission to produce an off pattern well.

Please file and set down for hearing and give the necessary notices in connection with said Application.

Yours truly,

Encls:3 GLV/ss

Salar Salar

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico July 28, 1960.

IN THE MATTER OF:

APPLICATION OF SOUTHWEST PRODUCTION COMPANY for approval of an unorthodox oil well location in the Gallegos-Gallup Oil Pool for its Rummel Federal Well No. 1, located 790 feet from the North line and 1190 feet from the West line of Section 36, Township 27 North, Range 12 West, San Juan County, New Mexico.

CASE

NO. 2039

BEFORE:

Hon. Daniel S. Nutter, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: Hearing will come to order, please. Next case will be 2039.

MR. PAYNE: Case 2039. Application of Southwest Production Company for approval of an unorthodox oil well.

MR. VERITY: George L. Verity of Farmington, appearing for the applicant. This is one of the oil wells we drilled, a Dakota well, in the NW/4 of the NW/4 of Section 36, Township 27 North, Range 12 West. It was dry in the Dakota and they plugged it back to the Gallup, and we would like to make a Gallup well and produce it as a Gallup well. With just that much introduction, I would like for Mr. Smith to be sworn as a witness.

(Witness sworn.)



C A R L W. S M I T H, a witness, called by the Applicant, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. VERITY:

- Q State your name, please?
- A Carl W. Smith.
- Q Mr. Smith, for whom are you employed?
- A Southwest Production.
- Q What is your position with them?
- A Production superintendent.
- Q Mr. Smith, how long have you been employed in the cil patch?
 - A Since 1927.
 - Q For how long have you been completing oil wells?
 - A Since 1934.
- Q Did you have occasion to supervise the drilling and completion of Southwest Production Company's Rummel Federal Number 1 Well?
 - A Yes, sir, I did.
- Q Where is that well located exactly, with reference to the North and West line of Section 36, Township 27 North, Range 12 West?
- A That well is located 790 feet from the North line, 1190 feet from the West line of Section 36-27-12.
 - Q Does that locate this well only 130 feet from the East



HONE CH 3-6691

line of the 40-acres within which it is located?

- A That is correct.
- Q What were you intending to drill this well to and complete it in, at the time it was staked?
- A We intended to drill and complete this well in the Dakota zone.
 - Q And what total depth did you drill the well to?
 - A The well was drilled to a total depth of 6258.
 - Q Did you get production in the Dakota?
 - A Yes; not sufficient production to be commercial, however
- Q So that you couldn't complete it as either an oil or gas well in the Dakota?
 - A That is correct.
 - Q Do you have productive oil above the Dakota in this zone
 - A Yes, sir.
 - Q Where did you encounter this?
 - A That was in the Gallup zone.
 - Q Did you test the Gallup zone?
 - A Yes, we did.
- Q And did you then determine that you could complete in the Gallup zone and make it a commercial well?
 - A Yes, sir.
- Q How did you go about that, have you completed this well for Gallup production?
 - A Yes, we have.



- Q Tell the Commission, if you will please, what you did in this connection.
 - A You want the Gallup?
- Q Did you set a Packer in this well to seal off any lower zones below the Gallup?
 - A Yes.
 - Q What kind of Packer did you set?
 - A Halliburton Drilling Company magnesium retainer.
 - Q What depth was this Packer set?
- A The Packer was set at 5988; and with the subsequent perforations from 6080 to 3041 hundred -- I beg your pardon, 5770; we set the Packer at 5770 instead of the figure I gave awhile ago.
 - Q Then did you perforate above that Packer setting?
 - A That is correct.
 - Q At what depth did you perforate?
 - A From 5116 to 5340.
 - Q Did you perforate at intervals on down to 5340?
 - A Correct.
 - Q Now then, at the present time, will this well make oil?
 - A Yes, sir, it will.
 - Q In commercial quantities?
 - A Yes.
- Q Does your company desire to produce it from the Gallup zone?
 - A They do.



PHONE CH 3-6691

- Q Do you think it would be wasteful to require you to redrill this well in the center of the 40?
 - A Well, I think it would.
 - Q It would hardly justify a brand new well at that point?
 - A That is correct.
- Q Mr. Smith, do you know who owns the acreage to the East of this well, that is, in the NE/4 of the NW/4 of Section 36?
 - A Southwest Production.
- Q Is the royalty interest and overriding royalty the same as it is in the 40-acres upon which the well is located?
 - A It is.

MR. VERITY: I believe that is all.

MR. NUTTER: Any questions of the witness, Mr. Smith?

CROSS-EXAMINATION

BY MR. PAYNE:

- Q Mr. Smith, do I understand you correctly that the only acreage you are including is your own?
 - A That is correct.

MR. NUTTER: And the royalty is identical?

- A That is correct.
- Q (By Mr. Payne) You perforated from 5116 to 5340?
- A That is correct.
- Q A magnesium plug was set at 5770?
- A All that were tested were squeezed out of the Dakota zone.
- Q Is there any cement above that?



PHONE CH 3-6691

- A No, sir, there is not.
- Q You have the Dakota, all the Dakota perforations that you tested have been squeezed off?
 - A That is correct.
 - Q Is this well in a designated pocl?
 - A No, it is not.

MR. VERITY: This is about a mile North of the Gallegos Oil Pool, according to your local office over there. Currently, this well is making about 15 barrels a day; it actually would not be feasible to drill to the center of the tract.

MR. NUTTER: It is a top allowable well?

A It is not.

MR. NUTTER: Any further questions of Mr. Smith? (No response.)

MR. NUTTER: You may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Verity?

MR. VERITY: I have nothing further.

MR. NUTTER: Does anyone have anything further?

(No response.)

MR. NUTTER: We will take the case under advisement.



STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, LLLEWELYN NELSON, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS My Hand and Seal, this the 6th day of August, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Levellyn J. Melan NOTARY PUBLIC.

My Commission Expires:

June 14, 1964.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner bearing of Case No. 1960 heard by me on 1960 Examiner

New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

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