

CASE 3135: Application of LONE
STAR for a non-standard unit &
non-standard location.

CASE No.
3135

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 28, 1964

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 Elvis A. Utz, Alternate Examiner:

- CASE 3113: (Continued from the September 30, 1964 Examiner Hearing).
Application of BCO, Inc. for a unit agreement, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the Escrito Gallup Pool Unit Area comprising 3123.88 acres, more or less, of State and Federal lands in Township 24 North, Ranges 7 and 8 West, San Juan and Rio Arriba Counties, New Mexico.
- CASE 3114: (Continued from the September 30, 1964 Examiner Hearing).
Application of BCO, Inc. for a waterflood project, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Escrito Gallup Oil Pool in its Escrito Unit Area by the injection of water into the Gallup formation through three wells located in Sections 17 and 18, Township 24 North, Range 7 West, and Section 12, Township 24 North, Range 8 West, San Juan and Rio Arriba Counties, New Mexico.
- CASE 3131: Application of Texstar Petroleum Company for a unit agreement, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Hospah Unit Area comprising 1160 acres, more or less, of State and Fee lands in Townships 17 and 18 North, Ranges 8 and 9 West, Hospah Pool, McKinley County, New Mexico.
- CASE 3132: Application of Texstar Petroleum Company for a waterflood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Hospah Pool in its Hospah Unit Area, by the injection of water into the Hospah Sand through 8 wells located in Section 1, Township 17 North, Range 9 West, and Section 36, Township 18 North, Range 9 West, McKinley County, New Mexico.
- CASE 3133: Application of George W. Strake for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Hackberry Deep Unit Area comprising 3,832.60 acres, more or less, of Federal and State lands in Townships 19 and 20 South, Ranges 30 and 31 East, Eddy County, New Mexico.
- CASE 3134: Application of Lone Star Producing Company for a non-standard location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to deepen its Federal Well No. 1-D and complete same in the South Prairie-Atoka Gas Pool. Said well is 660 feet from the North and East lines of Section 29, Township 8 South, Range 36 East, Roosevelt County, New Mexico, at a non-standard location for said gas pool.
- CASE 3135: Application of Lone Star Producing Company for a non-standard unit and a non-standard location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the SW/4 of Section 21, Township 8 South, Range 36 East, South Prairie Atoka Gas Pool, Roosevelt County, New Mexico. Said unit to be dedicated to applicant's Federal Well No. 1-B at a non-standard location for said pool 660 feet from the South and West lines of said Section 21.

October 28 Examiner Hearing

CASE 2910 (Reopened):

In the matter of Case No. 2910 being reopened pursuant to the provisions of Order No. R-2589, which order established 80-acre spacing units for the Scharb-Bone Springs Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 2659 (Reopened):

In the matter of Case No. 2659 being reopened pursuant to the provisions of Order No. R-2347-A, which continued the original order establishing 80-acre proration units for the North Bagley-Wolfcamp Pool, Lea County, New Mexico, for an additional year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2904 (Reopened):

In the matter of Case No. 2904 being reopened pursuant to the provisions of Order No. R-2576, which order established temporary 80-acre spacing units for the Flying "M" Abo Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 2678 (Reopened):

In the matter of Case No. 2678 being reopened pursuant to the provisions of Order No. R-2359-A, which continued the original order establishing 160-acre proration units for the East Saunders Permian-Pennsylvanian Pool, Lea County, New Mexico, for an additional year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 3136:

Application of William A. and Edward R. Hudson for expansion of a waterflood project and for certain unorthodox locations, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to expand their Maljamar Grayburg-San Andres Waterflood Project by the drilling of three injection wells at unorthodox locations not more than 100 feet nor closer than 25 feet to the Northeast corner of Units H, M and P of Section 24, Township 17 South, Range 31 East, Eddy County, New Mexico. Applicants further seek authority to convert from oil production to water injection their Puckett "A" Well No. 26 located in the Southeast corner of Unit D and Wells Nos. 27 and 28 located in the Northwest corners of Units K and C, respectively, all in said Section 24.

CASE 3137:

Application of Southern Union Production Company for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its Navajo Indian Well No. 6 at an unorthodox location in the Blanco Mesaverde Pool 1700 feet from the North line and 910 feet from the West line of Section 6, Township 26 North, Range 8 West, San Juan County, New Mexico.

CASE 2660 (Reopened):

In the matter of Case No. 2660 being reopened pursuant to the provisions of Order No. R-2348-A, which continued the original order establishing 80-acre proration units for the Middle Lane-Pennsylvanian Pool, Lea County, New Mexico, for an additional year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
MICHAEL R. WALLER

LAW OFFICES
HINKLE, BONDURANT & CHRISTY
HINKLE BUILDING
ROSWELL, NEW MEXICO

OF COUNSEL: HIRAM M. DOW

TELEPHONE 622-6510
AREA CODE 505
POST OFFICE BOX 10

October 7, 1964

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

Attention: Mr. James Durrett, Legal Department

Dear Jim:

In line with our conversation this past weekend, I am enclosing herewith two applications of Lone Star Producing Company for (i) a nonstandard gas proration unit in the South Prairie - Atoka Gas Pool, and (ii) an exception to Rule 104 as to well location for a proposed gas proration unit consisting of the E $\frac{1}{2}$ Section 20, Township 8 South, Range 36 East, N.M.P.M., Roosevelt County, New Mexico.

If the applications meet with your approval I would appreciate your filing the same and giving due publication. As I understand it, the cases will be heard on or about October 28, 1964.

Respectfully,

HINKLE, BONDURANT & CHRISTY

DOCKET MAILED

Date _____

By 

SBC:jy
Encls.

cc: Lone Star Producing Company
P. O. Box 4815
Midland, Texas
Attention: Mr. John Ochsner,
District Engineer

DOCKET MAILED

Date 10-15-64

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. 3135
Order No. R-2802

APPLICATION OF LONE STAR PRODUCING
COMPANY FOR A NON-STANDARD UNIT,
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 28, 1964, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of November, 1964, 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, Lone Star Producing Company, seeks approval of a 160-acre non-standard gas proration unit in the South Prairie-Atoka Gas Pool comprising the SW/4 of Section 21, Township 8 South, Range 36 East, NMPM, Roosevelt County, New Mexico, to be dedicated to its Federal Well No. 1-B located 660 feet from the South line and 660 feet from the West line of said Section 21.

(3) That the subject well was drilled as a South Prairie-Cisco oil well and has been recompleted in the South Prairie-Atoka Gas Pool.

(4) That the proposed non-standard proration unit can be efficiently and economically drained and developed by one well.

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CASE No. 3135
Order No. R-2802

(5) That approval of the subject application will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

IT IS THEREFORE ORDERED:


(1) That a 160-acre non-standard gas proration unit in the South Prairie-Atoka Gas Pool comprising the SW/4 of Section 21, Township 8 South, Range 36 East, NMPM, Roosevelt County, New Mexico, is hereby created and dedicated to the Lone Star Producing Company Federal Well No. 1-B located 660 feet from the South line and 660 feet from the West line of said Section 21.

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

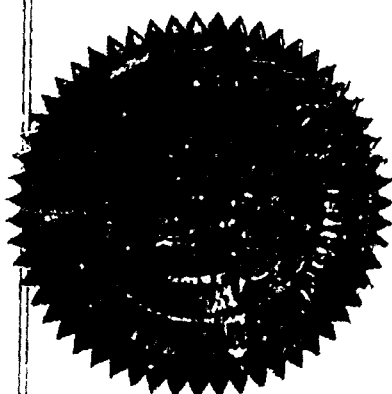
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


E. S. WALKER, Member


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



enr/

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. B. JOHNNY WALKER
MEMBER

P. O. BOX 2088
SANTA FE

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

November 10, 1964

Mr. Sim Christy
Hinkle, Bondurant, & Christy
Attorneys at Law
Post Office Box 10
Roswell, New Mexico

Re: CASE NO. 3134
 3135
ORDER NO. R-2801 and R-2802
APPLICANT LONE STAR PROD. 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.

A. L. PORTER, Jr.
Secretary-Director

ir/

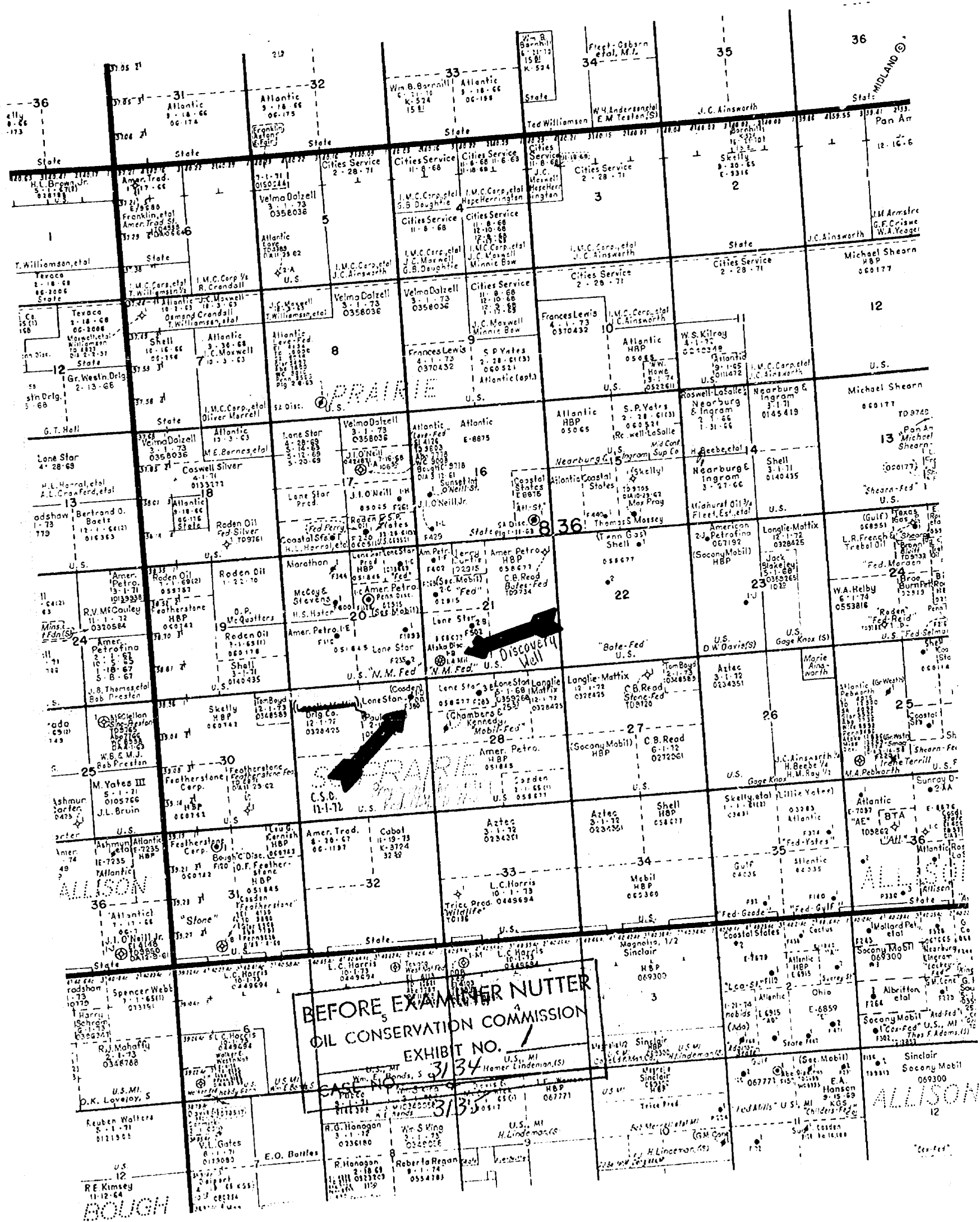
Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

OTHER



Lone Star Producing Company
Federal N.M. "B" No. 1 Well
South Prairie Atoka Pool
Roosevelt County, New Mexico

Completion Data

Original Completion

Date Started	November 25, 1960
Date Completed	January 1, 1961
Total Depth	9769 feet
Plugged Back Total Depth	9728 feet
Completion Zone	Bough lime (Pennsylvanian)
Producing Interval	9693 to 9713 feet
Casing	13-3/8" set at 423'. Cemented 400 sacks (Circ.) 9-5/8" set at 4332'. Cemented 2043 sacks (Circ.) 7" set at 9769'. Cemented 500 sacks.

*Cisco oil well
South Prairie
has been recompleting*

Deepened

Date Deepening Started	December 7, 1963
Date Completed	February 10, 1964
Total Depth Drilled	13,139 feet
Plugged Back Total Depth	12,100 feet
Perforations	12,057 to 12,082 feet
Treatment	500 gallons mud acid plus 1500 gallons regular non-emulsifying acid.
Casing	3 1/2" liner from 9476' to 12,300'. Cemented with 450 sacks.
Tubing	2-3/8" set at 11,972'.
Packer	HOWCO RTTS Tool at 11,972'
Date Potentialled	March 18, 1964

*App'd by 2 - 4/4/7
3125*

- 2 -

Potential

1,420 MCF (1 Point Test)
53 Bbls. condensate per MMCF
18 Bbls. water

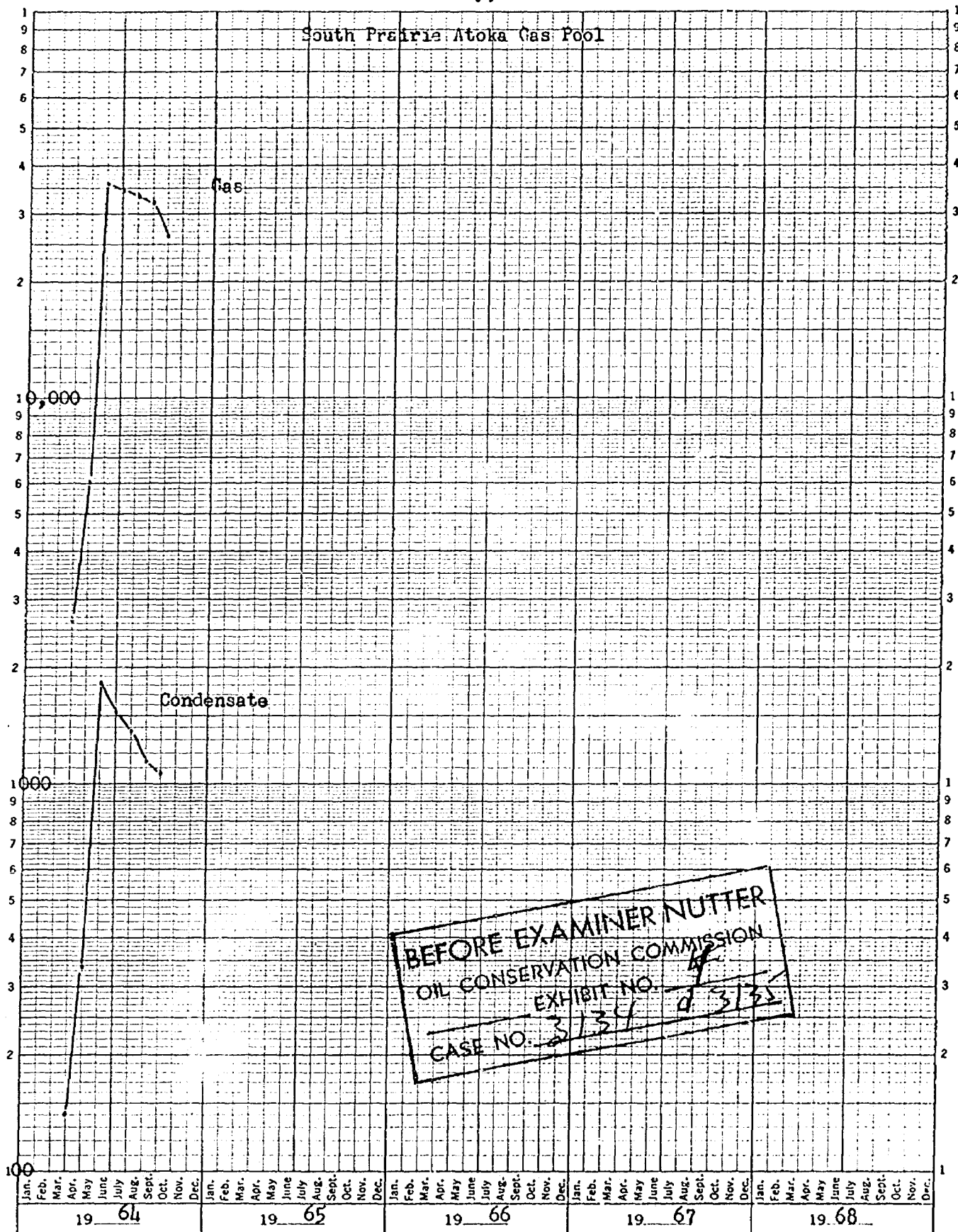
Perforations Squeeze
Cemented

9693 to 9713 feet with 40
sacks cement.

Lone Star Producing Company
Federal N. M. "B" No. 1 Well
Roosevelt County, New Mexico

Condensate Production, Barrels

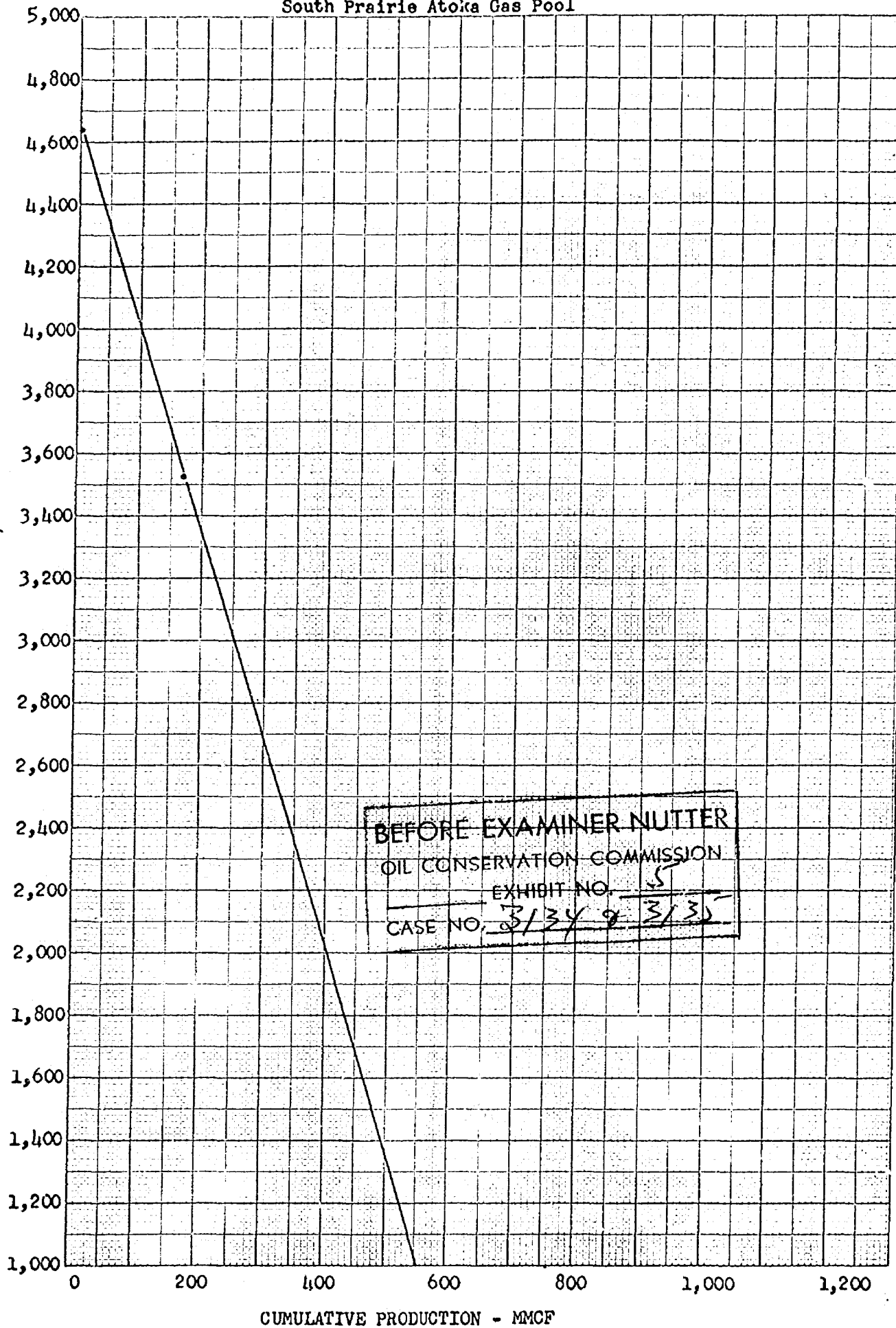
Gas Production, MCF



Lone Star Producing Company
Federal N. M. "B" No. 1 Well
Roosevelt County, New Mexico
South Prairie Atoka Gas Pool

ENGRAVING 334-3, 10 X 10 TO THE HALF INCH.
WHEN ORDERING STATE COLOR, DRAWING OR TRACING PAPER.
MADE IN U.S.A.
100% RAG PAPER

BOTTOM HOLE PRESSURE - PSI/z



Lone Star Producing Company
Federal N.M. "B" No. 1 Well
Roosevelt County, New Mexico

Economic Analysis

Recoverable Gas Reserve 550,000 MCF
Recoverable Condensate Reserve 26,000 Bbls.

Income From Gas Production

Gross Value of Gas per MCF \$0.120
Less Taxes (5%) .006
Less Royalty (.125) .015
Less Operating Costs .020
Net Value of Gas per MCF \$0.079

Net Value of Gas = 550,000 MCF x \$0.079

= \$43,450

Income From Condensate Production

Gross Value of Condensate \$2.81
Less Taxes .20
Less Royalty .35

Net Value of Condensate per Bbl. \$2.26

Net Value of Condensate = 26,000 Bbls. x \$2.26

= \$58,760

Total Net Value of Expected Production

Net Value of Gas Production \$43,450
Net Value of Condensate Production 58,760
Total Value of Production \$102,210

APPENDIX 6
CS 3124-2155

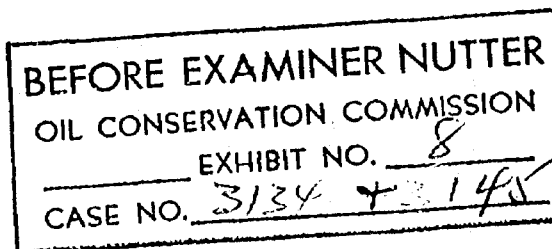
Proposed Re-Entry and Deepening of

Lone Star Producing Company
Federal N. M. "D" No. 1 Well
South Prairie Atoka Gas Pool
Roosevelt County, New Mexico

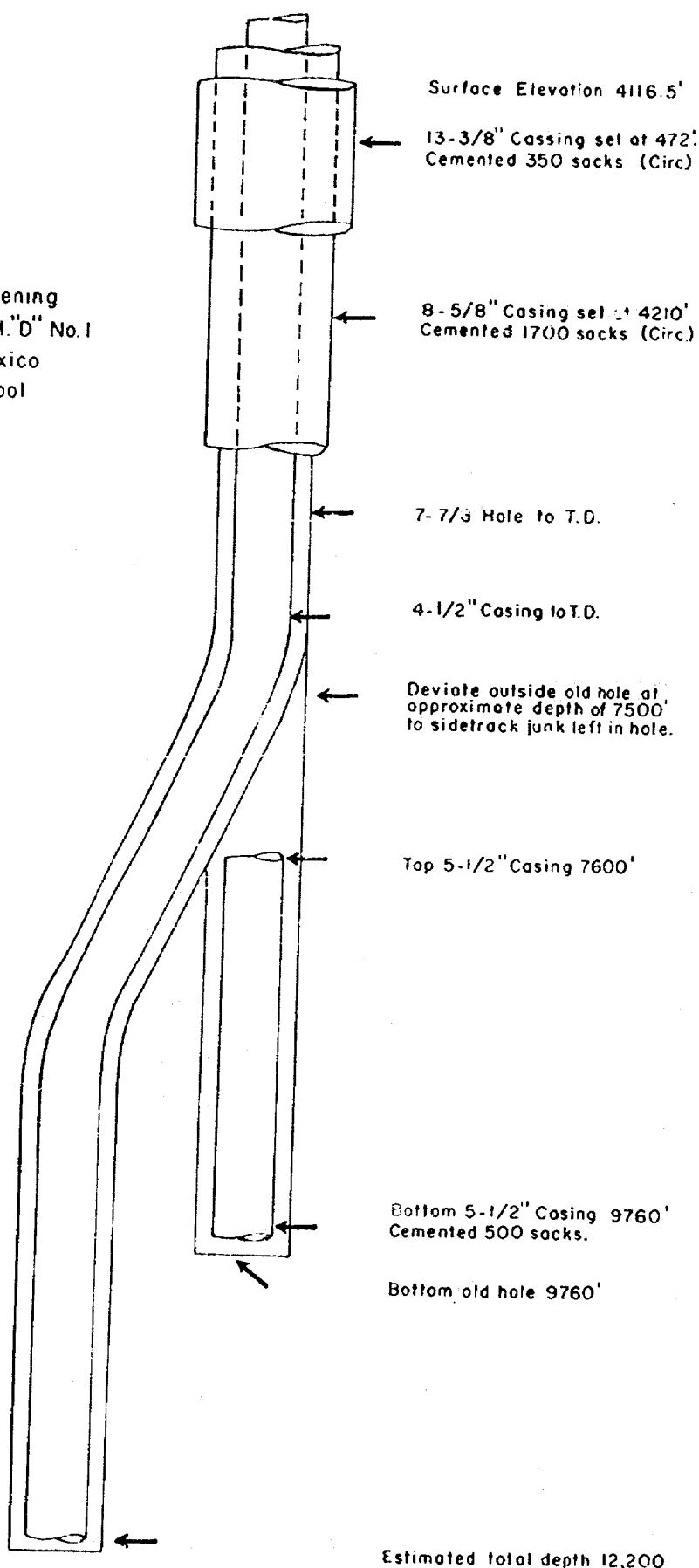
Completion Data

Original Completion Data

Drilled by	Cosden Petroleum Corporation
Date of Completion	November 11, 1960
Total Depth Drilled	9760 feet
Completion Zone	Bough Lime (Penn.)
Perforations	9700 to 9705 feet
Casing	13-3/8" set at 472'. Cemented with 350 sacks, (circ.). 8-5/8" set at 4210'. Cemented with 1700 sacks cement (circ.). 5-1/2" set at 9760'. Cemented with 500 sacks.
Cement plugs set in well	1. 9660 to 9460 feet 2. 7750 to 7575 feet 3. 4220 to 4040 feet 4. 10 sacks at surface
Casing Recovered	5-1/2" from 7600 feet to surface.



SCHEMATIC DIAGRAM
of
Proposed Re-entry and Deepening
Lone Star Prod. Co. Federal N.M."D" No.1
Roosevelt County, New Mexico
South Prairie - Atoka Gas Pool



Estimated total depth 12,200'

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 9
CASE NO. 31344 3135

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

EXAMINER HEARING

Case No. 3134 & 3135

Application of Lone Star Producing Company for a non-standard unit and a non-standard location, Roosevelt County, New Mexico. Applicant in the above-styled cause, seeks approval of a 160-acre non-standard gas production unit - - - comprising the SW/4 of Section 21, Township 8 South, Range 36 East, South Prairie Atoka Gas ~~XXXXXX~~ Pool, Roosevelt County, New Mexico. Said unit to be dedicated to applicant's Federal Well No. 1-B at a non-standard location for said pool 660 feet from the South and West lines of said Section 21.

BEFORE: DANIEL S. NUTTER, EXAMINER

TRANSCRIPT OF HEARING

MAIN OFFICE

84 NOV 28 AM 5

dearnley-meier
SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
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MR. NUTTER: We will call Case 3134.

MR. DURRETT: Application of Lone Star Producing Company for a non-standard location, Roosevelt County, New Mexico.

MR. NUTTER: Is case 3135 similar?

MR. CHRISTY: Yes, I was going to suggest to the Examiner that it might speed matters if we would consolidate the two cases for testimony purposes.

MR. NUTTER: We will call case 3135.

MR. DURRETT: Application of Lone Star Producing Company for a non-standard unit and a non-standard location, Roosevelt County, New Mexico.

MR. NUTTER: Cases 3134 and 3135 will be consolidated for testimony.

MR. CHRISTY: We have one witness.

(Witness sworn.)

JOHN OSCHNER

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

DIRECT EXAMINATION

BY MR. CHRISTY:

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



dearnley-meier

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A John Oschner, O-s-c-h-n-e-r, employed by Lone Star Producing Company, Midland, Texas, and District Exploration Engineer.

Q Have you previously testified before this regulatory board as a Petroleum Engineer and had your qualifications accepted?

A No, I have not.

Q Would you briefly tell the Examiner what schools of higher learning you have attended and what degrees, if any, you have received?

A I attended Texas Technology College at Lubbock and graduated with a BS in petroleum engineering in 1954. After graduating, I was employed by Lone Star Producing Company and have been employed with them eight years, in my present capacity as District Engineer, for approximately four and a half years.

Q Mr. Oschner, have you worked in the West Texas, New Mexico area and are you generally familiar with oil production in that area?

A Yes, sir.

Q Are you familiar with the area involved in Cases 3134 and 3135 and the two wells in question?

A Yes, I am.

Q Are you familiar with their history?



A Yes, I am.

MR. CHRISTY: Does the Examiner have any other questions concerning the witness's qualifications?

MR. NUTTER: No, sir, please proceed.

Q (By Mr. Christy) Mr. Oschner, let us take up first, for a little more continuity, the Case 3135, which involves the Lone Star B Well, B-1 well, in the southwest quarter of Section 21, Township 3 South, Range 36 East. Would you first of all refer to Exhibit 1 and identify it and tell us what Exhibit 1 is?

(Whereupon, Applicant's Exhibit No. 1 marked for identification.)

A Exhibit 1 is a plat of the area showing the discovery well, the Lone Star Producing Company Federal, New Mexico, B No. 1 Well in Section 21, indicated with a red arrow on the plat. The plat also shows the proposed re-entry in Section 29, which was formerly the Cosden Federal D No. 1 well.

Q Which we're going to come to here in a moment?

A That's correct.

Q With respect to the application in 3135, tell us what you seek by this application with respect to your 1-B well.

A Our B-1 well, discovery well, was completed in

dearnley-meier

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February of 1964, but was not designated as a pool in June of 1964, which was after the effective date of Order No. 2707, which specified 320-acre spacing for wells of Pennsylvanian age or deeper.

We had filed a plat showing 160-acre spacing and the well was completed before this effective date of this order and in view of this order, we are requesting a non-standard unit, 160 acres, for the B No. 1 well, and non-standard locations.

(Whereupon, Applicant's Exhibit 2 was marked for identification.)

Q Now, referring to Exhibit 2, would you give us a brief run-down on the completion data on that well?

A The well was initially drilled as a Bough lime producer, started in November, 1960, was completed January the 1st, 1961 in the Bough lime, drilled to a total depth of 9769 feet, plugged back to 9728 feet, perforated at 9693 to 9713 feet. 13-3/8's casing was set at 423 feet and cemented with 400 sacks of cement, 9-5/8 set at 4332 and cement circulated with 2043 sacks. 7 inch was set to 9769 feet and cemented with 500 sacks.

This well watered out in the Bough lime and was deepened starting December 7, 1963, and was completed February the 10th, 1964.



It was drilled to a total depth of 13,139 feet to test the Devonian, plugged back to 12,100 feet to complete in the Atoka.

It was completed through perforations 12,057 to 12,082 with 500 gallons of mud acid plus 1500 gallons of regular non-emulsifying acid.

A 3-1/2" liner was set below the 7" from 9476 feet to 12,300 feet, was cemented with 450 sacks and presently has 2-3/8" tubing set to 11,972 feet with a HOWCO RTTS tool as a packer.

Was potentialized on March 18, 1964, for 1 Point potential due to freezing and had a potential of 1,420,000 with 53 barrels of condensate per million and 18 barrels of water.

The Bough line perforations were squeezed at 9693 to 9713 feet with 40 sacks of cement prior to deepening.

Q Do you have a log on that well?

A Yes, I do.

Q That has been identified as Applicant's Exhibit

3?

A Yes.

(Whereupon, Applicant's Exhibit 3 was marked for identification.)

Q Now, sir, with respect to production in your 1-3

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well, I refer you to what has been marked as Applicant's Exhibit 4, and ask you if you will please identify that exhibit and explain what it depicts as respects this application?

(Whereupon, Applicant's Exhibit 4 marked for identification.)

A Exhibit 4 is a plot of production gas and condensate production versus time for the 8 No. 1 discovery well. This shows to date there is a cumulative through September, 1964, there's been a cumulative production of 170,314,000 cubic feet of gas and 7,399 barrels of condensate. The condensate has a capacity of 55 degrees.

Q It looks like the production is falling off quite a bit.

A Yes, sir.

(Whereupon, Applicant's Exhibit 5 marked for identification.)

Q Now, refer to Applicant's Exhibit 5, again with respect to the same well and I'll ask you what that depicts with respect to this application?

A Exhibit 5 is a plot of pressure versus cumulative production P over Z for the subject discovery well which the initial test run on it has initial bottom hole pressure of 4,070 pounds in 65 hours and the second one had a bottom hole pressure of 1268 pounds in 98 hours.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
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This shows a recoverable reserve of approximately 550 million cubic feet of gas to an abandonment pressure of 1000.

Q This is a gas condensate?

A That is correct.

Q What's the gravity on it?

A 55 degrees.

Q We also need to speak of the economics on these matters and at this point, I'll refer you to Applicant's Exhibit No. 6, and ask you if you will please without necessarily reading the exhibit, give us the highlights of it with respect to the economics of this well.

(Whereupon, Applicant's Exhibit 6 marked for identification.)

A The economics show that for the preceeding reserve mentioned that the discovery well would have a net value of gas production of \$43,450, and the net value of condensate production of \$58,760, for a total value of production of \$102,210.

Q And you have set that by what the costs are?

A The estimated costs to deepen a well as we have done here to just test the Atoka as we propose to do in our D No. 1 well would be \$172,000 which would be for deepening, and estimated cost to drill a new well from the surface would



be \$246,000, which shows that we will not pay out our well.

Q If you did drill a standard well or you used this re-entry, you would still not recover your money?

A That's correct.

Q Now, referring to Case 3134 which is subsequent in time, would you again refer to Exhibit 1 and give us the area involved in that application and what is sought by the application?

A Exhibit 1, referring back to it, shows the proposed re-entry in Section 29, 660 location out of the northeast corner of Section 29, Township 8 South, Range 36 East. This was a previously abandoned Cosden Federal D-1 well.

Q As I understand you, this will be standard acreage committed to the well, but a non-standard location --

A That is correct.

Q -- is that correct?

A That is correct.

Q I notice by looking at Exhibit 1, that Lone Star owns the northeast quarter of Section 29, but that the northwest quarter is owned by another operator. In that connection, I refer you to what has been marked as Applicant's Exhibit 7 and ask you if that is a true copy of the communitization agreement communitizing the entire northwest quarter of Section 29 for the purposes of production

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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of gas from the Atoka formation in the north half of Section 29?

A Yes, sir, that's right.

(Whereupon, Applicant's Exhibit 7 marked for identification.)

Q Along with that Exhibit 7, I believe it shows a different operator than Lone Star and there has been a designation of successor operator which is shown in Applicant's Exhibit 7-A?

A Yes, that is correct.

MR. CHRISTY: You'll notice that the operator has changed but Lone Star is now the operator of the communitized area.

Q (By Mr. Christy) You say that you are re-entering an old Cosden well in the present well in Section 29, which I believe is a D-1 well, is it not?

A That's correct.

(Whereupon, Applicant's Exhibit 8 marked for identification.)

Q Dog 1. I refer you to what has been marked as Applicant's Exhibit 8; will you give us just a brief run-down without necessarily reading the exhibit of the original completion of this Cosden well that you are speaking of?

A This just shows how the well was originally completed by Cosden and that it was plugged, and the plugs which were

set in the well and that casing was shot and recovered from 7600 feet to the surface which was previously a Bough line producer which watered out and was abandoned.

Q When the well was abandoned, do you know whether or not all the pipe was recovered?

A It was not. 5-1/2" was left in the well from 7600 feet to 9760 feet since it was cemented.

Q That in effect gives you a junk hole doesn't it?

A Yes, sir.

Q For your present plans?

A Yes.

Q Speaking of your present plans, I refer you to what has been marked as Applicant's Exhibit 9 and ask you if you will please identify that exhibit and tell us what it depicts with respect to your proposed plans in your well D-1 in Section 29?

(Whereupon, Applicant's Exhibit 9 was marked for identification.)

A This is a schematic diagram of our proposed plans to re-enter the abandoned Cosden well showing that we propose to drill out through the top of the 5-1/2" casing at 7600 feet and to deviate outside the 5-1/2" junk casing left in the hole, deviate to the southwest and drill the 7-7/8 hole to the total depth of 12,200 to the Atoka.



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Q You'll deviate back to the southwest of the north half of Section 29, is that correct?

A Yes.

Q Deviating away from the lease lines?

A That is right.

Q What will the estimated cost of this well be?

A As shown on Exhibit 6, the estimated cost is \$172,000 versus \$246,000 for a well drilled from the surface which would be at \$74,000, approximately, savings.

Q This will, of course, avoid waste including economic waste, will it not?

A Yes, sir.

Q Mr. Oschner, do you see any way that the correlative rights of any of the offset parties might be violated by the granting of this application in Case 3134?

A No, sir. We own the offsetting leases or the wells nearest to the proposed location and would be deviating back towards a standard, in the direction of a standard location.

Q You have spoken of the economics of it costing more to drill a new well than it would to recomplete by whipstocking the Dog-1 well; what are your expectations as to recoverable gas here and economic-wise?

A This well, in view of our economics on our other

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well, this well being drilled was an exploratory well to obtain additional information on the reservoir and if we could obtain something similar to our other well, it would be a non-economic, so we hoped to improve on our reservoir conditions.

Q You did not expect it to be an economic venture even re-entering the old Cosden well?

A On the basis of the information we have now, it would not.

Q Mr. Oschner, have you made application administratively to the Commission in connection with this junk hole?

A We have talked with them concerning the junked hole and were advised to submit a notice when we had done the work to the Commission Office.

Q So, by this application in Case 3134, you are not seeking to cover the point of the junk hole, is that correct?

A No, sir.

Q Is there anything that I have not asked you with respect to either applications in 3134 or 3135 which you feel should be brought to the attention of the Examiner?

A The only thing, we have filed the application with the U.S.G.S. since this is Federal lands and have received their approval.

Q Were Applicant's Exhibits 1 to 9 inclusive, with

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the exception of the Communitization agreement and the logs prepared by you or under your direct supervision?

A Yes, sir.

MR. CHRISTY: I believe that's all.

MR. NUTTER: Does anyone have any questions of the witness?

CROSS EXAMINATION

BY MR. NUTTER:

Q This well won't be taken to the Devonian, will it?

A No, sir.

Q What are all these other wells on Exhibit No. 1 producing from, the Bough C?

A Bough C, yes, sir.

Q And both of these wells were at one time Bough C wells and are either --

A Yes, they were Bough C wells which have been plugged due to watering out.

Q And this has been designated by the Commission as the South Prairie Atoka Gas Pool?

A Yes, sir.

MR. CHRISTY: I believe only Section 21, the southwest quarter of Section 21 has.

A Just the 160 acres on the order set out the 160

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acres were assigned to our B No. 1 well were designated as the South Prairie Atoka Gas Pool.

MR. CHRISTY: The other is simply within the one-mile rule.

Q You are seeking the approval of the non-standard unit for the well in Section 21 and the non-standard location for the well in Section 29, but it will have a standard 320-acre unit dedicated to it?

A Yes, sir.

MR. NUTTER: Any further questions?

MR. NUTTER: The witness may be excused.

(Witness excused.)

MR. CHRISTY: At this point we would like to offer into evidence Applicant's Exhibits 1 to 9 exclusive.

MR. NUTTER: Applicant's Exhibits 1 to 9 will be admitted into evidence.

(Whereupon, Applicant's Exhibits 1 to 9 were offered and admitted into evidence.)

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

MR. CHRISTY: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case 3134 or 3135? We will take the cases under advisement and recess the hearing until 1:30.

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I N D E X

<u>WITNESS</u>	<u>PAGE</u>
JOHN OSCHNER	
Direct Examination by Mr. Christy	2
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E X H I B I T S

<u>Number</u>	<u>Marked</u>	<u>Offered</u>
1	4	15
2	5	15
3	6	15
4 & 5	7	15
6	8	15
7 & 8	10	15
9	11	15

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 12th day of November, 1964.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:
June 19, 1967.

~~I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3134-3135 heard by me on 10/28, 1964.~~
~~*[Signature]*, Examiner
New Mexico Oil Conservation Commission~~

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

FILED
OCT 9 1964

IN THE MATTER OF THE APPLICATION OF
LONE STAR PRODUCING COMPANY FOR A
NONSTANDARD GAS WELL PRORATION UNIT
CONSISTING OF THE SW $\frac{1}{4}$ SECTION 21,
TOWNSHIP 8 SOUTH, RANGE 36 EAST,
N.M.P.M., ROOSEVELT COUNTY, NEW
MEXICO, CONTAINING 160 ACRES, MORE
OR LESS, AND LOCATED IN THE SOUTH
PRAIRIE - ATOKA GAS POOL.

Page 3135

Comes now LONE STAR PRODUCING COMPANY, and hereby makes application for a nonstandard 160 acre proration unit consisting of the SW $\frac{1}{4}$ Section 21, Township 8 South, Range 36 East, N.M.P.M., Roosevelt County, New Mexico, to be dedicated to its Federal 1-B Well located 660 feet from the west line and 660 feet from the south line of said Section 21 (Unit M), and for reasons therefor states:

1. That the above well was drilled and completed, but not producing, at the time the Commission's Order R-2707, dated May 25, 1964, was issued. That said well is producing, or capable of producing, gas from a defined gas pool of the Pennsylvanian age or older.

2. That in order to prevent waste and to protect correlative rights, it is necessary or advisable to grant an exception to the Commission's Order R-2707 to permit a nonstandard unit to be dedicated to production of gas from the South Prairie - Atoka Gas Pool recoverable from said well.

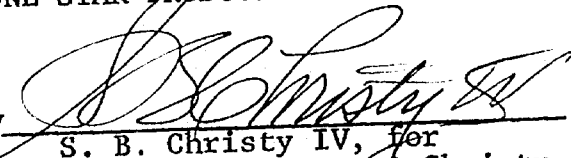
WHEREFORE, Lone Star Producing Company respectfully requests the Commission to give due notice of hearing on this application,

and that at such hearing the Commission enter its Order authorizing the above nonstandard proration unit to the undersigned's Federal 1-B Well aforesaid.

Respectfully,

LONE STAR PRODUCING COMPANY

By



S. B. Christy IV, for
Hinkle, Bondurant & Christy,
as a member of the firm,
P. O. Box 10,
Roswell, New Mexico

DRAFT

JMD/esr

November 3, 1964

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CF Subj. _____

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

CASE No. 3135

Order No. R- 2802

✓ APPLICATION OF LONE STAR PRODUCING
COMPANY FOR A NON-STANDARD UNIT,
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
October 28, 1964, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this _____ day of November, 1964, 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, Lone Star Producing Company, seeks
approval of a 160-acre non-standard gas proration unit in the
South Prairie-Atoka Gas Pool comprising the SW/4 of Section 21,
Township 8 South, Range 36 East, NMPM, Roosevelt County, New
Mexico, to be dedicated to its Federal Well No. 1-B located 660
feet from the South line and 660 feet from the West line of said
Section 21.

(3) That the subject well was drilled as a South Prairie-
Cisco oil well and has been recompleted in the South Prairie-Atoka
Gas Pool.

(4) That the proposed non-standard proration unit can be efficiently and economically drained and developed by one well.

(5) That approval of the subject application will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the South Prairie-Atoka Gas Pool comprising the SW/4 of Section 21, Township 8 South, Range 36 East, NMPM, Roosevelt County, New Mexico, is hereby created and dedicated to the Lone Star Producing Company Federal Well No. 1-B located 660 feet from the South line and 660 feet from the West line of said Section 21.

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

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