

CASE 3480: Application of TIDE-
WATER OIL CO. for capacity
allowable, Lea County, N. Mex.

CASE NO.

34/SC

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

B. J. KELLENBERGER
PRESIDENT

SHENANDOAH OIL CORPORATION

1018 COMMERCE BUILDING
FORT WORTH, TEXAS 76102

January 31, 1968

TELEPHONE
ED 2-7381

Re: Request by Getty Oil Company for
Capacity Allowable on the Tidewater
Oil Co. "GO" State J No. 1, located
Sec. 7-17S-R33E, Lea Co., New Mexico

Mr. Joe D. Ramey
New Mexico Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico 88240

Dear Mr. Ramey:

Attached are copies of correspondence between the law firm of
Federici & Andrews, representing Getty Oil Company, and Shenandoah Oil
Corporation concerning the request for allowable exemption on the above lease
offsetting our N. E. Maljamar Flood No. 1, Lea County, New Mexico. See
attached plat.

On January 10, 1968, Shenandoah received another letter requesting
that we sign a Waiver of Objection to a capacity allowable for the above captioned
well. Attached is my letter of January 18, 1968, to Mr. Richard S. Morris, again
stating Shenandoah's stand on this matter. It can be concluded from looking at
the attached plat that no oil is being swept into an undeveloped area as is being
advocated by Mr. Morris.

This information is being passed on to you in an effort to keep you
current on this matter.

Very truly yours,



T. P. Bates
Supervisor, Secondary Recovery

TPB/ms

F

January 18, 1968

Re: Application of Getty Oil Company for
administrative approval pursuant to New Mexico
Oil Conservation Commission Order No. 3097-A,
Case No. 3480, Maljamar Pool, Lea County, N.M.

Mr. Richard S. Morris
Montgomery, Federici & Andrews
350 East Palace Avenue
Santa Fe, New Mexico 87501

Dear Mr. Morris:

In answer to your letter dated January 10, 1968, concerning the Waiver of Objection with respect to the above application, this is to inform you that Shenandoah Oil Corporation has not changed its stand toward approval of a capacity allowable for this well from the view expressed in our letter dated February 16, 1967.

Since we are currently and have been conducting waterflood operations offsetting this lease since April 1966, our continued basic feeling is that incentive allowable in a waterflood program should be limited to those actually contributing to injection into the producing reservoir. Therefore, Shenandoah Oil Corporation feels that it should not sign the Waiver of Objection to a capacity allowable for the property in question and that this lease should be placed on a regular allowable basis with no further exemption from State ruling on allowables for the purpose of testing.

Very truly yours,



T. P. Bates
Supervisor, Secondary Recovery

TPB/ms

bcc: Mr. Jim Jennings

J O SETH (1893-1963)

A. K. MONTGOMERY
W. FEDERICI
FRANK ANDREWS
FRED C. HANNAH
RICHARD S. MORRIS
JOHN G. JASPER
SUMNER G. BUELL
SETH D. MONTGOMERY

MONTGOMERY, FEDERICI & ANDREWS

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE
SANTA FE, NEW MEXICO 87501

January 26, 1967

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3676

Shenandoah Oil Corporation
406 Mutual Savings Building
Ft. Worth, Texas

Re: New Mexico Oil Conservation Commission, Order No.
3097-A, Case No. 3480, Maljamar Pool, Lea County,
New Mexico

Gentlemen:

Enclosed is a copy of an application we have filed with the New Mexico Oil Conservation Commission on behalf of our client Tidewater Oil Company. The application has been filed pursuant to the provisions of Commission Order No. R-3097-A, and for your information a copy of that Order also is enclosed.

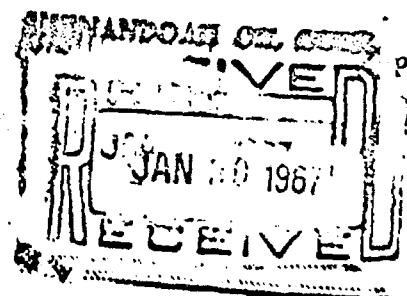
In brief, Tidewater seeks administrative approval of the Commission to continue to produce a well in the Maljamar Pool, Lea County, New Mexico, at capacity in the same manner as it has done since August 1, 1966. This well is located at the edge of the Malmar Unit and by producing at capacity is recovering oil that otherwise would be swept by it into an undeveloped area.

We enclose a form of waiver which we would appreciate your sending directly to the Commission, indicating that you have no objection to Tidewater's application.

Very truly yours,

Richard S. Morris

RSM:F
Encls.
cc: Mr. Harold G. Vest



SHENANDOAH OIL CORPORATION

608 MUTUAL SAVINGS BUILDING

FORT WORTH, TEXAS 76102

B. J. KELLENBERGER
PRESIDENT

TELEPHONE
FD-2-2381

February 16, 1967

Re: N. M. Oil Conservation Commission
Order No. 3097-A, Case No. 3480,
Maljamar Pool, Lea County, N. M.

Mr. Richard S. Morris
Montgomery, Pedorici & Andrews
350 East Palace Avenue
Santa Fe, New Mexico 87501

Dear Mr. Morris:

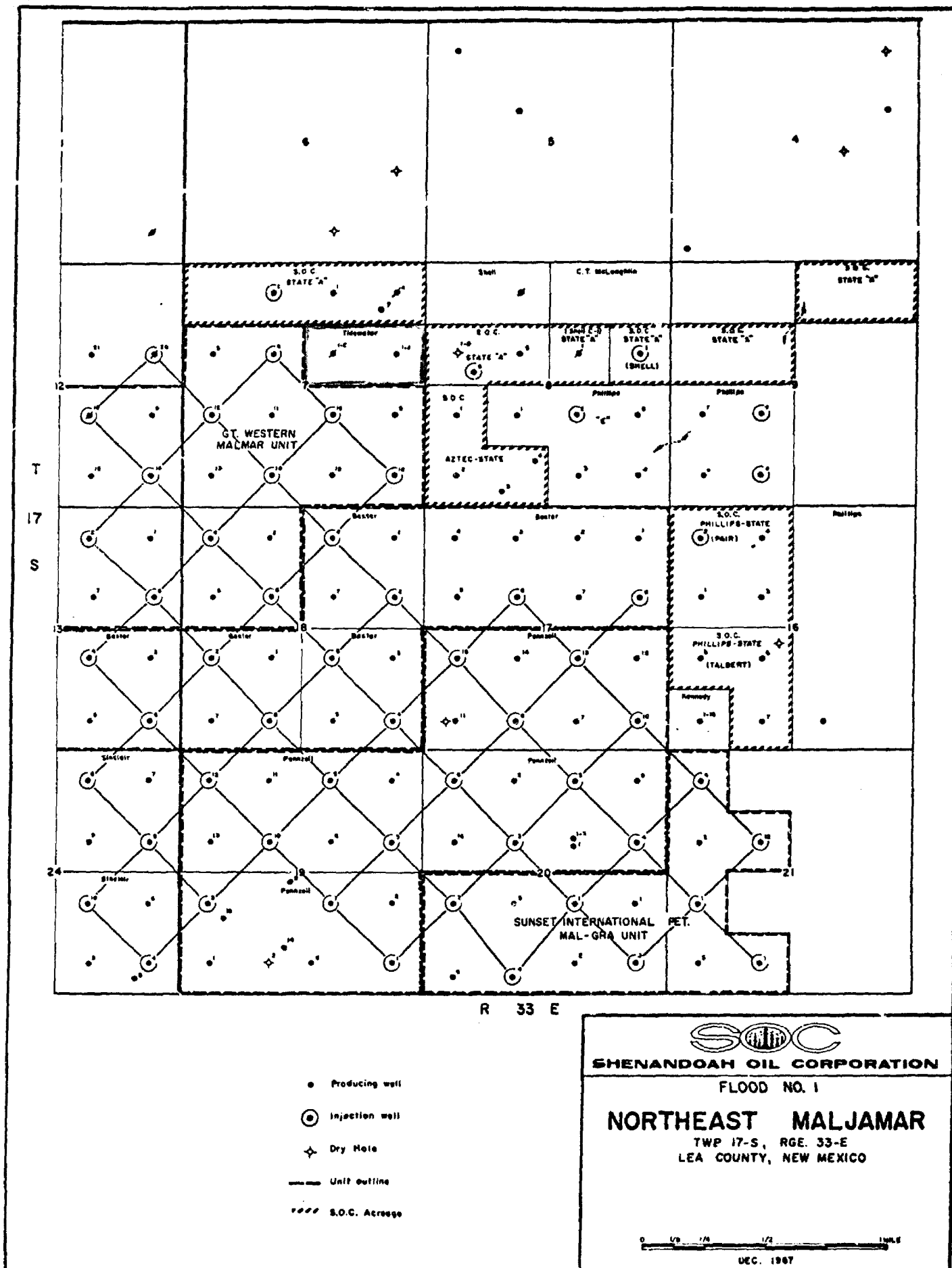
Your letter of January 26, 1967, regarding Tidewater's application in the above-captioned case presents a fairly difficult problem for us as an offset operator. We are sympathetic with Tidewater's position; however, it is our basic feeling that incentive allowable in a waterflood program should be limited to those actually contributing to injection into the producing reservoir. For this reason, we feel that any extension of Tidewater's capacity allowable should be on a temporary basis and subject to review every 60 or 90 days.

Very truly yours,

B. J. Kellenberger

BJK/ms

bcc: Mr. Jim Jennings
Mr. T. P. Bates, ✓



OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

February 8, 1968

Montgomery, Federici, Andrews, Hannahs & Morris
Attorneys at Law
P. O. Box 2307
Santa Fe, New Mexico

Attention: Mr. Richard S. Morris

Gentlemen:

Reference is made to your application wherein you requested that Getty Oil Company (Successor to Tidewater Oil Company) be permitted to produce its State "BD" Well No. 1 (formerly the Tidewater Oil Company's GO State "J" Well No. 1), located in Unit H of Section 7, Township 17 South, Range 33 East, NMPM, Maljamar Pool, Lea County, New Mexico, at capacity for an additional period of time. This request is made in accordance with the provisions of Order No. R-3097-A which authorizes the Secretary-Director of the Commission to approve such extensions of time as may be necessary for the continued production of the well at capacity.

As the Shenandoah Oil Corporation is now operating a water-flood project offsetting the subject lease to the north and east, the Commission finds that it is no longer necessary to permit the subject well to produce at its maximum capacity in order to avert the possibility of oil being swept into an area where it will not be recovered.

The Commission finds that the subject well should be allowed to produce only its normal unit allowable.

If the applicant wishes to be heard further, it will be necessary to set the matter for hearing.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/GMH/esr

cc: Mr. Joe D. Ramey, Supervisor, District 1
Oil Conservation Commission, Hobbs, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

FILED OFFICE

788 JAN 11 AM 8 3

APPLICATION OF GETTY OIL COMPANY
TO OBTAIN ADMINISTRATIVE APPROVAL
FOR EXTENSION OF TIME TO PRODUCE
A WELL AT CAPACITY, MALJAMAR POOL,
LEA COUNTY, NEW MEXICO, PURSUANT
TO ORDER NO. R-3097-A.

Case No. 3480

APPLICATION FOR ADMINISTRATIVE APPROVAL

Comes now Getty Oil Company by its attorneys and states:

1. Getty Oil Company is successor to Tidewater Oil Company and is the owner of the State "BD" Well No. 1 (formerly Tidewater Oil Company's GO State "J" Well No. 1) located in Unit H of Section 7, T. 17 S., R. 33 E., N.M.P.M., Maljamar Pool, Lea County, New Mexico.

2. By Order No. R-3097 dated August 1, 1966, the New Mexico Oil Conservation Commission authorized Tidewater Oil Company to produce the aforesaid well at its maximum capacity for a temporary period not to exceed ninety days from the date of the order.

3. By Order No. R-3097-A dated November 9, 1966, the Commission further authorized Tidewater Oil Company to produce the aforesaid well at its maximum capacity for an additional temporary period until February 1, 1967. Said order also prescribed an administrative procedure whereby the Secretary-Director of the Commission may approve such extensions of time for the continued production of the aforesaid well at capacity in order to prevent waste and protect correlative rights.

4. By Administrative Order dated February 23, 1967, the Secretary-Director of the Commission, acting pursuant to the administrative procedure prescribed by Order No. R-3097-A, authorized Tidewater Oil Company to continue to produce the aforesaid well at capacity from February 1, 1967 through May 31, 1967.

5. At the time the Administrative Order expired on May 31, 1967, the aforesaid well was producing at a daily average rate below the normal unit allowable and accordingly no further authorization was sought to produce the aforesaid well at capacity. Since that time the daily average production from the aforesaid well has steadily increased and presently is capable of producing in excess of the normal unit allowable. Attached to this application is a tabulation of the production from the aforesaid well during the year 1967; also attached is a copy of the daily gauge reports on the aforesaid well for the months of September through December, 1967; also attached is a graphical representation of the normal unit allowable and the oil production from the aforesaid well for the years 1961 through 1967.

6. The situation that was presented to the Commission at the two previous hearings in this case is still the existing situation and accordingly it is necessary to authorize production of the aforesaid well at capacity in order to prevent waste of oil that otherwise will not be recovered.

7. Getty Oil Company has continued its efforts to unitize its acreage with adjoining acreage owned and operated by Shenandoah Oil Corporation and Great Western Drilling Company. Shenandoah Oil Corporation has not replied or responded to these efforts and Great Western Drilling Company has indicated the practical impossibility of bringing this property into the Maljamar Unit.

8. A copy of this application is being mailed this 10th day of January, 1968, to Shenandoah Oil Corporation, 406 Mutual Savings Building, Ft. Worth, Texas, and to Great Western Drilling Company, P. O. Box 1659, Midland, Texas.

WHEREFORE, Getty Oil Company requests that the Commission grant it administrative approval for further extension of time in which to produce the subject well at its maximum capacity pursuant to the administrative procedure prescribed by Order No. R-3097-A.

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & MORRIS

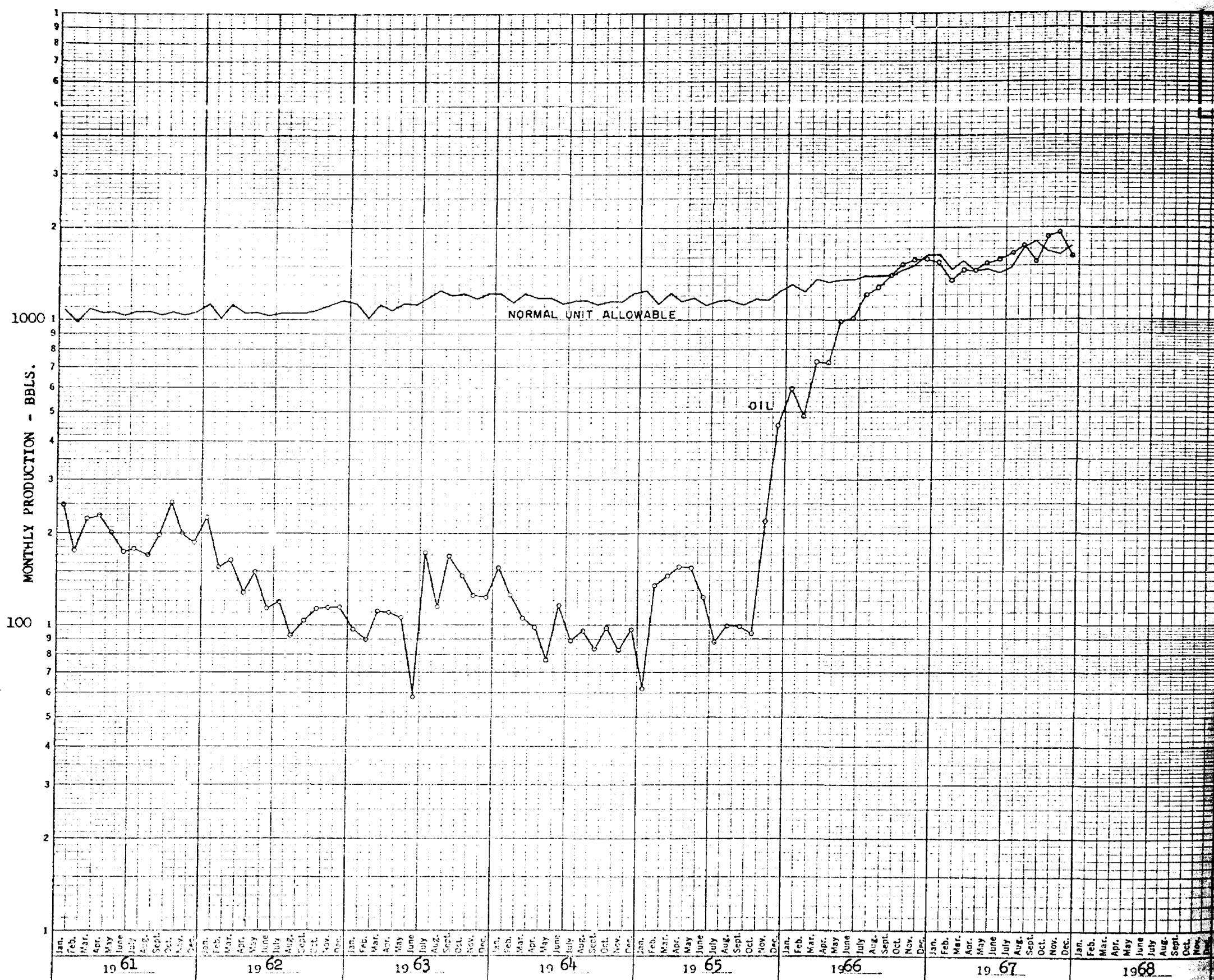
By Richard S. Morris
P. O. Box 2307
Santa Fe, New Mexico
Attorneys for Getty Oil Company.

GETTY OIL COMPANY
STATE "BD" WELL NO. 1
MALJAMAR POOL
PRODUCTION DATA 1967

$$\begin{array}{r}
 1871 \\
 1674 \\
 \hline
 197
 \end{array}$$

COUNTY OF LOS ANGELES
 State of California
 May 12, 1964

* SHUT IN TANK TODAY
*
* Tank emptied 0800, no more oil. Fuel tank 50% full.
* CLEANED TANK & PIPES
* Well down at portion of one day



GREY JEL COMPANY
STATE "B" LEASE
WELL NO. 1 R 7-17-83
WATKINS 8-5A POOL
LEA COUNTY, NEW MEXICO

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1969											

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1970											

State of New Mexico
Oil Conservation Commission



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

November 9, 1966

Re: Case No. 3480
Order No. R-3097-A
Applicant:

TIDEWATER OIL COMPANY

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

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

Carbon copy of order also sent to:

OTHER _____

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. 3480
Order No. R-3097-A

APPLICATION OF TIDEWATER OIL COMPANY
FOR A CAPACITY ALLOWABLE, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 2, 1966, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 9th day of November, 1966, 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 by Order No. R-3097, dated August 1, 1966, the applicant, Tidewater Oil Company, was authorized to produce its GO State "J" Well No. 1, located in Unit H of Section 7, Township 17 South, Range 33 East, NMPM, Maljamar Pool, Lea County, New Mexico, at its maximum capacity for a temporary period not to exceed 90 days from the date of said order.

(3) That said order also provided that the applicant's GO State "J" Well No. 1 would be eligible to share in the Malmar Unit Waterflood Project allowable at the termination of the temporary 90-day maximum capacity production period authorized by said order, provided the SE/4 NE/4 of Section 7, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico had been unitized with acreage lying directly south and west

-2-

CASE No. 3480

Order No. R-3097-A

thereof in the Malmar Unit Waterflood Project area and said unitization had been approved by the Commission.

(4) That said order was issued in order to prevent waste by permitting the production of otherwise unrecoverable oil.

(5) That the applicant now seeks to amend said Order No. R-3097 to permit said well to be produced at capacity for additional time and the establishment of an administrative procedure for further extensions.

(6) That the subject well is now capable of producing in excess of its presently assigned allowable.

(7) That the applicant is making an effort to unitize the SE/4 NE/4 of Section 7, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, with the acreage lying directly south and west in the Malmar Unit Waterflood Project Area.

(8) That the applicant should continue its efforts to unitize the said quarter-quarter section with said acreage lying directly south and west thereof, or with acreage in the waterflood project proposed by the Shenandoah Oil Corporation lying directly to the north and east of the said quarter-quarter section.

(9) That no objection was made to the request that said order be amended to permit said well to be produced at capacity for additional time and the establishment of an administrative procedure for further extensions.

(10) That Order No. R-3097 should be amended to permit the applicant to continue to produce said well at its maximum capacity for an additional temporary period until February 1, 1967.

(11) That Order No. R-3097 should be amended to provide an administrative procedure whereby the Secretary-Director of the Commission may approve further extensions of time in which to produce said well at capacity.

(12) That approval of the subject application will prevent waste in permitting the production of otherwise unrecoverable oil and will not violate correlative rights.

CASE No. 3480
Order No. R-3097-A

IT IS THEREFORE ORDERED:

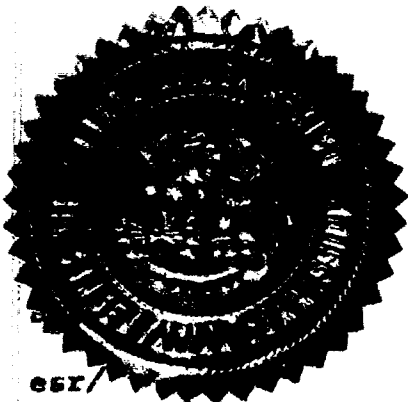
(1) That Order No. R-3097 is hereby amended to authorize the applicant, Tidewater Oil Company, to continue to produce its GO State "J" Well No. 1, located in Unit H of Section 7, Township 17 South, Range 33 East NMPM, Lea County, New Mexico, at its maximum capacity for an additional temporary period until February 1, 1967; provided, however, that the Secretary-Director of the Commission may approve extensions of said time, as may be necessary to prevent waste and protect correlative rights, if the SE/4 NE/4 of Section 7, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, has not been unitized at the termination of the additional temporary 90-day maximum capacity production period authorized by this order.

(2) That to obtain administrative approval for an extension of time in which to produce the subject well at its maximum capacity, the operator shall submit in triplicate a request for such authority. The application shall include evidence that efforts to unitize have been made and have not been successful. The application shall include evidence that all offset operators have been furnished a complete copy of this application.

The Secretary-Director of the Commission may approve an extension of time in which the subject well may be produced at its maximum capacity upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the application.

(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

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Gordon B. Hays
GORDON B. HAYS, Member

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

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Page 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 2, 1966

EXAMINER HEARING

IN THE MATTER OF:

Application of Tidewater Oil Company)
for a capacity allowable, Lea County,)
New Mexico)
)
)
)

Case No. 3480

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 3480.

MR. HATCH: Case 3480, Application of Tidewater Oil Company for a capacity allowable, Lea County, New Mexico.

MR. MORRIS: May the Examiner please, I am Dick Morris of Montgomery, Federici and Andrews, Santa Fe, New Mexico, appearing on behalf of the Applicant, Tidewater Oil Company.

We will have two witnesses in this case, Mr. Berry Breining and Mr. John Coon, and I ask that they both stand and be sworn at this time.

(Whereupon, the witnesses were sworn.)

MR. UTZ: Are there other appearances in this case? Apparently not. You may proceed.

MR. MORRIS: May we have a moment to mark our exhibits?

(Whereupon, Exhibits One through Four were marked for identification.)

MR. MORRIS: Mr. Examiner, at the outset, I would like to make a brief statement to explain how this case has arisen, and what the status of the subject well is.

Before we get into the testimony itself, if the Examiner will recall, that in July of this year in Case Number 3435, the application of Tidewater Oil Company was considered, which application sought a capacity allowable for the Tidewater

GO State "J" Well Number One which is the same well that is the subject of this hearing today. As a result of that hearing, Order Number R-3097 was entered on August 1, 1966 and, for the Examiner's information, I hand you a copy of that Order.

The Order provided for a capacity allowable for the subject well for the temporary ninety-day period, in order to prevent the waste that appeared to be probable if oil from the Great Western Drilling Company's Malmar Unit was swept to the northeast and across and by the subject well, and into an area that was not developed or capable of recovering this waterflood oil.

The Order also,-- let me say, invited Tidewater and Great Western to confer during this ninety-day period to explore the possibility of Tidewater committing its acreage to the Malmar Unit and, by the same token, Great Western invited to consider the possibility of admitting the Tidewater acreage into that unit.

Now, in our presentation today, we will show to the Examiner that the same situation, but somewhat more aggravating, still exists. There is still a need for capacity allowable for the subject well, and we will also present evidence to show what efforts have been made in the interim ninety-day period to effect unitization with the Great Western

unit.

With that preliminary, I will go into the testimony, unless the Examiner has some question at this point.

MR. UTZ: I don't believe I have any questions. BERRY BREINING, having been first duly sworn, was examined, and testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Breining, will you state your name, by whom you are employed and in what capacity?

A My name is Berry Breining and I am employed by Tidewater Oil Company as an area engineer at Hobbs, New Mexico.

Q And, you have previously testified before the Commission or one of its Examiners?

A That's correct.

Q As a matter of fact, you testified in Case Number 3435 with respect to this well to which I just referred to.

A Yes.

Q Have you kept abreast of the situation with respect to this well since the last hearing?

A Yes.

Q If you will refer to what has been marked as Exhibit Number One in this case, will you state what that exhibit is and briefly what it shows?

A Exhibit One is a map of our Getty State "J" lease and the surrounding leases showing Great Western Drilling Company's Unit boundary and the producing and injection wells designated.

Q And, this is similar to an exhibit that was previously furnished to the Commission in Case 3435?

A Correct.

Q Will you point out which well is the subject of this hearing?

A The subject of this hearing is our GO State "J" Well Number One located in Unit "H", Section Seven, Township Seventeen South, Range Thirty-Three East.

Q It is the well in the east part of the acreage colored red in this exhibit?

A That's correct.

Q Refer next to what has been marked as "Exhibit Number Two" in this case. State what that is, please.

A This is a large scale map of the same areas. It shows Section Seven and it also shows all of the accumulative oil production for the producing wells and the accumulative water injection for the injection wells, and also shows the current daily average producing rate in oil and water for the month of September for each well.

Q For the subject well, Mr. Breining, I note from this

exhibit that the current rate of production is shown as fifty-seven barrels of oil per day, and no water, is that correct?

A That's correct.

Q Was a similar exhibit presented at the hearing in Case 3435?

A Yes, the same exhibit. We just updated the figures.

Q And, at that time, what was the current level of production for this well?

A I can't remember. I believe it was forty.

Q Could it have been thirty-eight?

A Thirty-eight barrels. Yes, sir.

Q Is your rate of production for this subject well shown in more detail on any other exhibit?

A Yes, it's shown on Exhibit Three which is a daily production history. Since this is a one well lease, we have good figures, just from the pumper's gauge report for the daily oil production. It is shown monthly, then, on Exhibit Four which is a production decline curve for the lease.

Q All right. With respect to Exhibit Three, before we go to Exhibit Four, will you point out any features that you think should be explained concerning the production from this well from this one up to the present time?

A Well, you can see from looking at the exhibit that

we have had a few little problems. We had a lot of rain in August and had some down time, and then we lacked a tankage on this lease and had to shut in for a time there because of the lack of tank room over the weekend because our pipe line people don't work on weekends, but we have repaired -- done some engine repairs and pumping repairs, and also set in a new two hundred and ten barrel tank which brings our tankage up to six hundred and thirty barrels.

One other thing I might point out, for October, that is not the total month. That is just through the twenty-seventh day.

Q In comparing the total for October with the total production for September, would you expect the total for October estimating what the last four days production of the month would be, would it be the same as or greater than the production for the month of September?

A I expect it would run around a hundred or a hundred and fifty barrels more.

Q You mentioned your Exhibit Number Four as being a graph of the monthly production history on this well. Are there any features on that exhibit that should be explained to the Examiner?

A This exhibit is the same as was presented in the last case except we have added this three months production

which still shows an incline. We are producing pipe line oil out of the well. It ~~doesn't~~ make any water, and no water is shown here on the exhibit.

Q All right. At the last hearing, you had production through June of 1966, and now, the production is shown through September?

A That's right.

Q And, you would expect, as you just said, that if the production for the month of October were shown, it would be at a still higher position on the curve?

A That's correct.

Q From this, Mr. Breining, may I state the obvious, that production is still on the increase and you have seen no indication of leveling off or declining in production from this well?

A That's right.

Q And, no water production to date?

A That's correct.

Q Is the well presently -- by presently, I mean at the end of the month of October, capable of producing oil in excess of normal unit allowable?

A Yes, it is.

Q Is there any way at the present time to predict for how long this well will be capable of producing in excess

of normal unit allowable?

A Not in my opinion.

Q What is Tidewater's proposal to handle the situation now that the ninety-day temporary period, as provided for in Order R-3097, has expired?

A Well, we are seeking additional time in which to produce this well at capacity.

Q Mr. Breining, in that Order R-3097, the Commission found, Finding Number Eight, "That approval of the subject application will prevent waste in permitting the production of otherwise unrecoverable oil, and will not violate correlative rights." In your opinion, is an extension of the capacity allowable necessary to achieve the same results?

A Yes.

Q If the Commission sees fit to extend the capacity allowable for this well, Mr. Breining, would Tidewater be willing to furnish to the Commission a tabulation of daily production at whatever interval the Commission might prescribe in order to show the continuing need for capacity allowable for this well?

A Yes, we would.

Q For how long would you recommend that this well be afforded a capacity allowable?

A Well, for such length of time that it has capacity

Q to produce over the normal unit allowable.

A Just to make your position perfectly clear, would that be necessary in order to prevent waste, in your opinion?

Q Yes, it would.

A Is there any urgency, Mr. Breining, for the obtaining of Commission approval for the extension of authority to produce this well at capacity allowable?

Q Yes, there is, because our ninety-day extension was up on the first day of November. Of course, we would like to have the extension as soon as possible.

A Were Exhibits One through Four prepared by you or under your supervision?

Q Yes.

A MR. MORRIS: We offer Tidewater's Exhibits One through Four in evidence.

MR. UTZ: Without objection, Tidewater's Exhibits One through Four will be entered into the record of this case. (Whereupon, Exhibits One through Four were received into evidence.)

MR. MORRIS: That's all I have of Mr. Breining. Mr. Coon will take the stand after cross examination to explain the efforts that have been made to unitize this area.

MR. UTZ: Mr. Breining, you are not making an application then for any certain length of time? I believe

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I understood you to say just for an extension of capacity allowable as long as the well is capable of producing more than a normal unit allowable.

A Well, I supposed the Commission would probably set some time, but I can't see that the situation would change. I believe it would still prevent waste.

MR. UTZ: In other words, you are actually just requesting for a capacity allowable as long as the well produces more than the normal unit allowable regardless of whether you ever accomplish any agreement with Great Western or not? That about sums it up, doesn't it?

A Yes.

MR. MORRIS: Mr. Examiner, I think Mr. Coon's testimony will shed some light on that. May I, in advance of his testimony, state to the Examiner that we would recommend a further extension of the previous order for a period of not less than ninety days and that some administrative procedure be established to provide for further extensions upon showing a continuing need for capacity allowable and the ability to produce a capacity allowable, and I think Mr. Coon's testimony will show to the Examiner that unitization, although still in prospect, is at least ninety days off.

MR. UTZ: You will have correspondence from Great Western, I presume?



MR. MORRIS: We will have an explanation. We have no correspondence.

MR. UTZ: Are there any other questions of this witness? You may be excused.

JOHN COON

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

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Coon, will you please state your name, where you reside, by whom you are employed and in what capacity?

A My name is John A. Coon and I reside in Midland, Texas, and I am employed by Tidewater Oil Company.

MR. UTZ: Would you spell your last name, please, sir?

A C-O-O-N.

Q (By Mr. Morris) What is your position with Tidewater?

A Petroleum engineer, in the Reservoir Section.

Q Have you previously testified before the New Mexico Oil Conservation Commission or one of its Examiners?

A No.

Q Would you briefly state your education and your experience in the oil industry?

A I have a Bachelor of Science degree from Louisiana State University in petroleum engineering and graduated in 1954. Since graduation, I was employed by Shell Oil Company for one year in various training duties, then I had a three year cessation for military service. After military service, I came back to Shell for approximately six years, working in general petroleum engineering duties and, for the past three years, I have been employed by Tidewater Oil Company as a reservoir engineer.

Q And, you are in the Midland District Office, I believe you stated?

A Yes, sir, I am.

Q Do your duties involve unitization of the Tidewater properties in the Permian Basin area?

A Yes, my primary responsibility right now is reserve evaluations, economic evaluations, secondary recovery studies and unitization work. My primary area of responsibility is the eastern half of New Mexico.

MR. MORRIS: Are the witness's qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q (By Mr. Morris) Mr. Coon, are you familiar with Order Number R-3097 that was entered by this Commission on August 1, 1966?

A Yes, I am.

Q Are you familiar with the provisions of that order, inviting Tidewater and Great Western to consider unitization of the Tidewater Getty State "J" lease and inclusion of that acreage into the Malmar Unit?

A Yes, I am familiar with that.

Q Will you state --

MR. UTZ: When was that letter written?

MR. MORRIS: The order was entered on August 1.

Q (By Mr. Morris) Will you outline, for the Examiner, when you first became familiar with this order, what steps you took pursuant to that order, and what your negotiations with Great Western have been in order to comply with the suggestion of that order?

A The first time I became familiar with this was in the middle of August, around the 15th of the month. We had received correspondence from our Hobbs office, and we discussed this at that time with at least -- there was a discussion between Mr. Bob Miller who is District Engineer in the Tidewater Midland office and myself, and he is my immediate supervisor. We discussed this, about setting up a meeting with Great Western. After this, he did contact Great Western and a meeting with Mr. Comstock with Great Western Drilling Company was set up, and I met with Mr. Comstock on or about

September the 1st.

At that time, I took him what I felt would be certain necessary data which would be needed, certain production data, a copy of the production curve, and we had a discussion between Mr. Comstock and myself; at that time, we discussed what perimeters might be used in an attempt to determine what equity might be arrived at for the Tidewater tract and also for the unit whereby we would have a basis for determining what participation we might receive.

No decision was reached as to what perimeter or what data would be used to determine participation in the unit and, at the close of the meeting, Mr. Comstock also requested certain other additional information, an electric log, and certain other things which I did furnish to him, some, I think, two days later, and certain other production statistics.

Q Let me break in there for a moment, Mr. Coon, and ask you what was Mr. Comstock's and Great Western's basic attitude at that time toward an inclusion of the Tidewater tract in the unit?

A Mr. Comstock, who is a petroleum engineer with Great Western in charge of their Reservoir Section, does their evaluation work, at that time he was favorable for considering inclusion of this tract into the acreage. Possibly an

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arrangement could be made that they might be able to make some kind of offer which would be favorable for inclusion of this unit into this unit.

Q Did he ask you at that time to submit any additional information to support your request for inclusion of this?

A Yes, he requested certain other data. Primarily, it was electric logs and well records showing where our wells are completed and what additional treatments and workovers had been performed to the wells since completion.

Q And, that was furnished to him?

A Yes.

Q Did Great Western indicate to you that it would conduct the study to determine what participation would be allowed to Tidewater for the inclusion of this tract in the unit?

A Yes, he said that they would look into this and run an evaluation, and they would let us know what they arrived at.

Q What further meetings or conversations did you have with Mr. Comstock?

A I have had no more meetings with Mr. Comstock. I called him on the phone around the first of October which would be approximately one month later after my meeting with him. Mr. Comstock stated that they had not yet arrived at any

conclusion, and that they were still considering it, and that they had not yet arrived at any basis upon trying to determine equity between the Tidewater unit -- the Tidewater well and the Malmar Unit.

The next conversation I had with Mr. Comstock was then approximately two weeks later, which I called him again to check on the progress that they were making towards making some type of offer.

Then, approximately two weeks ago, I conferred again with Mr. Comstock and, again, he stated that they had been evaluating on it but certain people had been on vacation or were on vacation right then and they were not doing any work on it right at that moment.

Then, it was Friday a week ago -- about ten days before this hearing, I checked with Mr. Comstock to see again if they had arrived at any conclusions. They had not. Then, this past Monday, Mr. Comstock checked with me and said that they had not reached any agreement with their own company as to what offer they should make us, if any.

Q From your general impression that you have received from your conversations and meetings with Mr. Comstock, do you expect Great Western to make Tidewater an offer for the inclusion of this acreage sometime in the near future?

A I feel that they will.

Q They have not done so to this time?

A No, they have not made any definite offer.

Q If an offer is forthcoming, let's say within the next thirty days, what procedure will Tidewater normally follow with respect to the offer?

A If we receive the offer, of course then we will have to evaluate this offer ourselves there in the Midland office, and, depending on whether we agree or disagree with this offer, whether we should accept it or not, we will then forward the proposal with our recommendations to our Houston office, to our management in the Houston office, for final approval.

Q Assuming that the offer is acceptable to Tidewater, will further procedures have to be commenced with the State regulatory bodies?

A Yes, also, too, I mean not only certain procedures would have to be set up, hearings and everything, with State regulatory bodies, but I would like to also mention that after an offer is made, some type of agreement with Great Western will also have to go to other participants in their unit and receive their approval also. So, although they do make a definite offer, it is still based on the approval of other working interest owners in their unit. This, too, would take

I would say thirty to sixty days to get their partnership approval also.

Q Assuming that an offer, and a satisfactory offer, is made within the near future, what length of time would you estimate it would take to consummate the agreement and effect a unitization of this tract with the other tracts in the Malmar Unit?

A In my opinion, if we receive a definite offer, I would say within the next two weeks, it would probably be a minimum, if everything could be scheduled and no problems were involved, that probably ninety days would be a minimum time to get our management approval and to get the other working interest owners' approval in the unit, and Great Western to get to the approval and set up the necessary legal matters which would be needed to be taken care of, at least ninety days, in my opinion.

Q Just one other thing, Mr. Coon. Mr. Utz asked at the beginning of your testimony if we would present, at this hearing, any letters from Great Western concerning this matter. Did you discuss with Mr. Comstock that very matter and did you request of Great Western a letter to the effect that the negotiations were still pending?

A Yes, I have. Probably, the -- well, the main reason why we do not have correspondence with Great Western

is because of the time element involved. We do not use the mail and all to converse with Great Western. We have done everything by personal visits and telephone in the interest of saving time. At the conversation ~~which~~ I had with Great Western, the one I referred to I think ten days before the meeting, at this time I requested, through Mr. Comstock, that his company furnish us with some sort of letter stating the fact that we had entered into negotiations with them, and they were in the process of considering the inclusion of the Tidewater well into this tract, and, in the conversation which I had with Mr. Comstock then, Monday, he stated at that time his company could not furnish us with such a letter.

MR. MORRIS: That's all I have of Mr. Coon on direct examination.

MR. UTZ: Your impression of Great Western's desire to unitize this area is favorable or unfavorable?

A It is, I would say, between favorable and unfavorable. If you will look at Exhibit Four, and the well continues to increase, it's pretty hard to arrive at some sort of conclusion as to what position our well will be in, in the near future, and exactly what will happen in the future. If it were declining or something we would just say well, it's a matter of time. Their main problem is trying to figure out some basis to make an offer on, what perimeters will we use,

and try to determine equity in the unit. They are very lost -- normally, to continue their flood pattern, this well would have to be placed on injection and, frankly, they give me the impression that they are not too keen on making an offer. They will make us an offer, but I am sure it would be a very pessimistic offer on their part.

MR. UTZ: In other words, your impression is they do not particularly care whether you are producing their oil or not?

A Correct.

MR. UTZ: How about their other unit? Do they have working interest agreements with other people in their units, do you know? In other words, do they have other commitments or agreements within their present operating unit that would be equivalent to taking you in as a working interest owner?

A I don't know what all the provisions are there.

MR. UTZ: If they do, they must have some sort of perimeters or agreements with them on that basis?

A Yes. Normally, heretofore on these types of entries, why, a definite percentage is offered; although it is determined on perimeters, it winds up just being a fixed percentage which is offered to us.

The numbers which are used to make up this

percentage might be various type numbers. It is just a system of numbers which are used to arrive at a percentage which will be favorable to both sides.

MR. UTZ: What do you know about the Shenandoah wells north of your tract? Have they received any response or contact? Do you know anything about Shenandoah's attitude?

A No, I don't. I haven't talked to Shenandoah on their wells.

MR. UTZ: I see you have a notation here on their Number Seven well as to its production, cumulative production, to 10/1/66. Do you know whether that figure has increased or not?

A Yes, their well is increasing also.

MR. MORRIS: I might point out, Mr. Examiner, that at the previous hearing, that well Number Seven north of the subject well was shut in and the exhibits presented in that case will show that that well was shut in at that time. It is now producing at a rate of fifteen barrels per day. We do not know what position Shenandoah intends to take with respect to that well.

MR. UTZ: How about the Number One Shenandoah "A"? Has it increased in produceability?

MR. MORRIS: Yes. At the preceding hearing, that well was producing two barrels of oil per day, and no water,

and, as shown on this exhibit, it is producing thirty barrels per day of oil and six barrels of water.

MR. UTZ: Are there any floods to the north of this area, or any other direction for that matter? Is this the only flood in this immediate area?

A Yes, sir, the only flood which would affect our acreage.

MR. UTZ: So, obviously, Great Western's flood is affecting the two Shenandoah wells?

A Yes, sir. There are no wells in this formation up to the north of the Shenandoah wells. They are all influenced directly from the Great Western flood.

MR. UTZ: That is real neighborly of them, isn't it?

It would seem, on the basis of the Number One and Number Seven Shenandoah wells, that, undoubtedly, you would be getting a response from the west half of your "J" lease. Would that be a pretty good assumption?

A There where the dry hole is?

MR. UTZ: This forty acres is virtually surrounded?

A Yes.

MR. UTZ: I am surprised you are not thinking about drilling a well, then we would not have so much oil going to waste.

A We are. We are in the process of considering that. Particularly, the Shenandoah response just came about very

recently, within the last few weeks, and we have already -- have already talked about considering doing something with that well. Probably re-drilling it.

MR. UTZ: Well, say the lease -- ninety days has gone by and there has been virtually nothing done as far as -- you are not even sparring for positions as far as a unit agreement is concerned?

A No, we haven't received any type of offer.

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

MR. MORRIS: I would like to make a brief statement.

MR. UTZ: Are there other statements in this case?
Mr. Morris.

MR. MORRIS: Certainly, when the first hearing was had, with respect to this well, back in July, I don't think anyone expected or could have predicted the performance that this well has shown over the last ninety days. Nevertheless, we are faced with the same situation we had then but more so. The production of this well, as shown here, fifty-seven barrels per day, and there is every indication, as there was at the first hearing, that this oil is being swept in a northeasterly direction and will be lost if not produced by this Number One well.

We would suggest, in view of the testimony given by

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Mr. Breining and Mr. Coon that the Commission extend the authority to produce this well at capacity allowable for at least a ninety-day period and during which time, Tidewater will do what it is able to do to consider unitizing this acreage with the Malmar Unit.

It goes without saying that we cannot accomplish a unilateral unitization with Malmar Unit if the Great Western people are not anxious to take us in, but I think Mr. Coon's testimony has shown that we have done everything that we could do. We have cooperated with Great Western in supplying the information necessary to -- for them to consider unitization, and no offer has been made.

However, we will continue to do what we can to effect a unitization of this tract during this ninety-day period if the Commission sees fit to grant it to us.

We would further suggest that an administrative procedure be established for continuing the capacity allowable for this well past the end of a ninety-day period if that be established, whatever period be established, and to support the continued authority, we will furnish whatever information the Commission might desire including daily production history on this well.

As Mr. Breining pointed out, there is some urgency, to prevent waste, to continue the authority to produce this

well to capacity as soon as possible inasmuch as the temporary ninety-day period had expired on the 1st of November.

That is the only statement that I have, Mr. Examiner. I would request, however, that the exhibits and testimony, the entire record of the Case 3435, be made a part of and incorporated in this hearing.

MR. UTZ: The record of the Case 3435 will be made a part of the record in this case.

Is there anything further? The case will be taken under advisement.

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I, W. DON McINTYRE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have affixed my hand this 17th
day of November, 1966.

W. Dan M. Sutyre
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3480, heard by me on Apr. 2, 1966.

....., Examiner
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

February 23, 1967

C

Montgomery, Federici & Andrews
P. O. Box 2307
Santa Fe, New Mexico

O

Attention: Mr. Richard S. Morris

P

Gentlemen:

Y

Reference is made to your application wherein you requested that Tidewater Oil Company be permitted to continue to produce its GO State "J" Well No. 1, located in Unit H of Section 7, Township 17 South, Range 33 East, Maljamar Pool, Lea County, New Mexico, at capacity for an additional period of time. This request is made in accordance with the provisions of Order No. R-3097-A which authorizes the Secretary-Director of the Commission to approve such extensions of time as may be necessary for the continued production of the well at capacity.

Tidewater Oil Company is hereby authorized to produce the subject well at capacity from February 1, 1967, through May 31, 1967.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/DSM/esr

cc: Mr. Joe D. Ramey
Supervisor, District 1
Oil Conservation Commission
P. O. Box 1980
Hobbs, New Mexico

2

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF TIDEWATER OIL
COMPANY TO OBTAIN ADMINISTRATIVE
APPROVAL FOR EXTENSION OF TIME
TO PRODUCE WELL AT CAPACITY,
MALJAMAR POOL, LEA COUNTY, NEW
MEXICO, PURSUANT TO ORDER NO.
R-3097-A.

Wainwright
24 Feb 67
No. 3480
Wainwright
until Feb 15

APPLICATION

Comes now Tidewater Oil Company, by its attorneys, and applies to the New Mexico Oil Conservation Commission for administrative approval to produce a well located in the Maljamar Pool, Lea County, New Mexico, at capacity pursuant to the administrative procedure prescribed by Order No. R-3097-A, and in support of its application states:

1. By Order No. R-3097 dated August 1, 1966, Tidewater Oil Company was authorized to produce its GO State "J" Well No. 1 located in Unit H, of Section 7, Township 17 South, Range 33 East, N.M.P.M., Maljamar Pool, Lea County, New Mexico, at its maximum capacity for a temporary period not to exceed ninety days from the date of said Order.

2. By Order No. R-3097-A dated November 9, 1966, Tidewater Oil Company was further authorized to produce the said GO State "J" Well No. 1, at its maximum capacity for an additional temporary period until February 1, 1967. Said Order also prescribed an administrative procedure whereby the Secretary-Director of the Commission may approve such extensions of time as may be necessary to prevent waste and protect correlative rights for the continued production of the said well at capacity.

3. Attached to this application is a tabulation of daily oil production from the subject well from September 1, 1966 through January 19, 1967. The production figures for January 1, through January 19, 1967 show that on eight of nineteen days the subject well produced in excess of the normal unit allowable. Also attached to this application is a graph showing the production history of the subject well from January 1961 to date.

4. Although the production figures for the month of January 1967 indicate some leveling off of production in the subject well those figures also indicate the capability of the well to produce in excess of the current normal unit allowable.

5. Production of the subject well at capacity is necessary in order to prevent waste of otherwise unrecoverable oil, and the same conditions still exist as existed at the times of the two previous hearings in this case.

6. Tidewater Oil Company has continued its efforts to unitize its acreage with adjoining acreage owned and operated by Shenandoah Oil Corporation and Great Western Drilling Company. Neither of these companies has absolutely refused to unitize with Tidewater, but Tidewater's continuing efforts to unitize have received little favorable attention with the result that unitization now appears to be hopeless.

7. A copy of this application is being mailed this 26th day of January, 1967, to Shenandoah Oil Corporation, 406 Mutual Savings Building, Ft. Worth, Texas, and to Great Western Drilling Company, P.O. Box 1659, Midland, Texas.

WHEREFORE, Tidewater Oil Company requests that the Commission

grant it administrative approval for further extension of time in which to produce the subject well at its maximum capacity pursuant to the administrative procedure prescribed by Order No. R-3097-A.

MONTGOMERY, FEDERICI & ANDREWS

By

William S. Morris
F.O. Box 2307

Santa Fe, New Mexico

Attorneys for Tidewater Oil
Company.

GO STATE "J" WELL N^o 1
MALJAMAR POOL

DAILY GAUGE REPORTS

DAY	1966 SEPT	1966 OCT	1966 NOV.	1966 DEC.	1967 JAN.
1	53	53	67	115	60
2	73	52	51	54	51
3	53	52	45	49	49
4	19*	56	52	56	51
5	46	8* ⁷	52	51	57
6	72	0* ⁷	55	50	49
7	51	56	52	56	50
8	46	60	52	51	28* ⁸
9	51	67	52	35	0* ⁸
10	53	66	49	58	66
11	53	8* ⁵	53	53	61
12	45	51	52	50	57
13	6* ²	78	52	48	60
14	59	54	53	49	46
15	7* ³	46	60	51	57
16	2* ⁴	61	43	49	41
17	38	52	51	43	56*
18	67	53	52	49	35
19	73	49	52	51	48
20	57	45	59	52	
21	0* ⁵	52	52	51	
22	75	52	49	54	
23	60	8* ⁸	45	53	
24	56	56	51	50	
25	0* ⁶	75	51	58	
26	50	53	51	54	
27	66	56	50	51	
28	60	19* ⁸	52	53	
29	54	56	51	52	
30	54	60	66	51	
31		58		45	

* SHUT IN 16 HRS - TANK ROOM

* DOWN - STARTED O.K.

* " " " "

* DOWN - OVERHAUL ENGINE

* SHUT IN - TANK ROOM

* " " " "

* SHUT IN FOR REPAIRS

* ENGINE DOWN

* CLEANED TANK # 103869

67 Feb 5 10:00
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico

Re: Application of Tidewater Oil Company for
administrative approval pursuant to Order
No. 3097-A, Case No. 3480, Maljamar Pool,
Lea County, New Mexico

Gentlemen:

Please accept this letter as a waiver of objection with
respect to the subject application.

Very truly yours,

GREAT WESTERN DRILLING COMPANY

BY 

Dated: February 2, 1967

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. 3435
Order No. R-3097

APPLICATION OF TIDEWATER OIL COMPANY
FOR A CAPACITY ALLOWABLE, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 19, 1966,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 1st day of August, 1966, 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, Tidewater Oil Company, is the oper-
ator of the GO State "J" Well No. 1, located in Unit H of Section
7, Township 17 South, Range 33 East, NMPM, Maljamar Pool, Lea
County, New Mexico.

(3) That the applicant seeks assignment of special allowable
to the subject well authorizing said well to produce at its capac-
ity.

(4) That the subject well is adjacent to the Malmar Unit
Waterflood Project operated by Great Western Drilling Company
and has received a response from the injection of water into
said waterflood project.

-2-

CASE No. 3435

Order No. R-3097

(5) That the subject well is now capable of producing in excess of its presently assigned allowable.

(6) That the applicant should be allowed to produce its GO State "J" Well No. 1 at its maximum capacity for a temporary 90-day period in order to avert the possibility of unrecoverable loss of oil presently being swept toward the subject well by the Malmar Unit Waterflood Project.

(7) That unitization of the SE/4 NE/4 of Section 7, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, with acreage lying directly south and west thereof and in the Malmar Unit Waterflood Project Area would tend to protect correlative rights and to eliminate the possibility of waste as the subject well would then be eligible to share in the Malmar Unit Waterflood Project allowable.

(8) That approval of the subject application will prevent waste in permitting the production of otherwise unrecoverable oil and will not violate correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tidewater Oil Company, is hereby authorized to produce its GO State "J" Well No. 1, located in Unit H of Section 7, Township 17 South, Range 33 East, NMPM, Maljamar Pool, Lea County, New Mexico, at its maximum capacity for a temporary period not to exceed 90 days from the date of this order.

(2) That the GO State "J" Well No. 1 shall be eligible to share in the Malmar Unit Waterflood Project allowable at the termination of the temporary 90-day maximum capacity production period authorized by this order, provided the SE/4 NE/4 of Section 7, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, has been unitized with acreage lying directly south and west thereof and in the Malmar Unit Waterflood Project Area, and provided that said unitization agreement has been approved by the Commission.

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

-3-

CASE No. 3435
Order No. R-3097

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

GUYTON B. HAYS, Member

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

S E A L

esr/

Docket No. 27-66

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 2, 1966

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

- - - -

The following cases will be heard before Elvis A. Utz, Examiner, or
Daniel S. Nutter, Alterrate Examiner:

CASE 3479: Application of Gulf Oil Corporation for an exception to Rule 8 of Order No. R-1638 and to Rule 301, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 8 of Order No. R-1638 and to Rule 301 of the Commission rules and regulations to permit discontinuance of individual gas-oil ratio tests in its West Bisti-Lower Gallup Sand Unit, Bisti-Lower Gallup Pool, San Juan County, New Mexico. Applicant proposes to report gas production and ratios on a unit-wide basis rather than individual well GOR data.

CASE 3480: Application of Tidewater Oil Company for a capacity allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3097 which permitted its GO State "J" Well No. 1 located in Unit H of Section 7, Township 17 South, Range 33 East, Lea County, New Mexico, which directly offsets the Malmar Unit Waterflood Project, to be produced at capacity for a period not to exceed 90 days from date of said order. Applicant seeks additional time in which to produce said well at capacity and the establishment of an administrative procedure for further extensions.

CASE 3336 (Reopened)

In the matter of Case No. 3336 being reopened pursuant to the provisions of Order No. R-3005, which order established 80-acre spacing units for the East Hightower-Upper Pennsylvanian 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 3481: Application of Sinclair Oil & Gas Company for a non-standard gas proration unit and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the NW/4 of Section 7, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its State 157 "B" Well No. 1 located at an unorthodox location for said pool 330 feet from the North line and 2310 feet from the West line of said Section 7.

- CASE 3482: Application of Sinclair Oil & Gas Company for a special gas well test, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce and flare up to three million cubic feet of gas per day, for a maximum of 30 days, from its Hackberry Hills Unit Well No. 4 located in Unit F of Section 22, Township 22 South, Range 26 East, Eddy County, New Mexico, as a reservoir limit test to determine the economic feasibility of a pipeline connection to said well.
- CASE 3483: Application of H. S. Moss for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Wolfcamp formation in the interval from 9751 to 9850 feet in its D. P. Peck Well No. 1 located in Unit C of Section 26, Township 12 South, Range 37 East, Gladiola Field, Lea County, New Mexico.
- CASE 3484: Application of Phillips Petroleum Company for a pilot waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Grayburg-San Andres formation through its Santa Fe Well No. 14 located in Unit P of Section 20, Township 17 South, Range 35 East, Vacuum Field, Lea County, New Mexico.
- CASE 3485: Application of Phillips Petroleum Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through three injection wells located in Sections 8, and 9, Township 17 South, Range 33 East, Vacuum Field, Lea County, New Mexico.
- CASE 3486: Application of Shenandoah Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through four injection wells located in Sections 7, 8 and 16, Township 17 South, Range 33 East, Vacuum Field, Lea County, New Mexico.
- CASE 3487: Application of Amerada Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of its State "SN" Unit Area comprising 692 acres, more or less, of State land in Sections 3 and 4, Township 15 South, Range 33 East, Lea County, New Mexico.

CASE 3488: Application of Amerada Petroleum Corporation for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Saunders SB Waterflood Project by the injection of water into the Permo-Pennsylvanian zone through its Texaco-State "AQ" Well No. 2 located in Unit E of Section 3, Township 15 South, Range 33 East, Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico.

CASE 3489: Application of William A. and Edward R. Hudson for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand their Puckett A Waterflood Project by the injection of water into the Grayburg-San Andres formation through their Puckett A Well No. 30 to be drilled at an unorthodox location 1345 feet from the North line and 25 feet from the West line of Section 24, Township 17 South, Range 31 East, Maljamar Pool, Eddy County, New Mexico.

CASE 3490: Application of Sunray DX Oil Company for pool redelineation, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of the Todd-San Andres Pool, Roosevelt County, New Mexico, into two separate pools: The Todd Upper-San Andres Gas Pool comprising that portion of the San Andres formation above the anhydrite bed found at 4200 feet in the Franklin, Aston and Fair Mark Federal Well No. 1 located in Unit M of Section 26, Township 7 South, Range 35 East, and the Todd Lower-San Andres Pool comprising that portion of the San Andres formation below said anhydrite bed, said Todd Lower-San Andres Pool to be governed by the existing rules for the present Todd-San Andres Pool. Also to be considered at said hearing will be such matters as the effective date of the aforesaid redelineation, the period of time in which to effect dual completion of the affected wells, the distribution of the affected wells' accumulated status in the present pool (overproduction and underproduction) to each of the new pools, and such other pertinent matters as may relate to the aforesaid pool redelineation. Also to be considered will be special pool rules for the proposed Todd Upper-San Andres Gas Pool, including 320-acre spacing for wells located therein.

ir/

Case 3480

Heard 11-2-66

Rec. 11-4-66

1. Grant Tidewater an extension of 90 days for order R-3087 to flow their 80 St. J' #1 well H-7-175-33 E at capacity.
2. Also grant administrative procedure for an extension of capacity if mitigation is not effected by Dec 1, 1968.

Thos A. [Signature]

55 Oct 13 AM 11:00

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF TIDEWATER OIL
COMPANY FOR AN AMENDMENT OF
ORDER NO. R-3097, CASE NO.
3435, LEA COUNTY, NEW MEXICO.

CASE NO. 3435

A P P L I C A T I O N

Comes now Tidewater Oil Company and applies to the New Mexico Oil Conservation Commission for an amendment of Order No. R-3097 and in support of its application states:

1. On August 1, 1966, the Commission entered its Order No. R-3097 in Case No. 3435, which order permitted Tidewater Oil Company to produce its GO State "J" Well No. 1 located in unit H of Section 7, Township 17 South, Range 33 East, Maljamar Pool, Lea County, New Mexico, at its maximum capacity for a temporary period not to exceed ninety days from the date of that order.

2. Since the date of Order No. R-3097 Tidewater Oil Company and Great Western Drilling Company have been and are continuing to negotiate in good faith for the inclusion of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 7 in the Malmar Unit Waterflood Project area, but unitization has not yet been accomplished and probably will not be accomplished within the 90-day period provided for by Order No. R-3097.

3. The current rate of production of the GO State "J" Well No. 1 is 57 barrels of oil per day, and production should continue at a rate higher than the normal unit allowable that in all probability would be assigned to this well at the end of the 90-day period provided for by Order No. R-3097.

4. Tidewater Oil Company seeks an amendment to Order No. R-3097 to extend the period of time within which it may produce its GO State "J" Well No. 1 at its maximum capacity, and further

DOCKET MAILED

Date 12/1/66

proposes that an administrative procedure be established as an amendment of Order No. R-3097 to provide for further extensions for so long as the said well is capable of producing in excess of normal unit allowables.

5. Approval of this application is necessary to prevent the waste of oil that otherwise would not be recovered from the Maljamar Pool.

WHEREFORE, Tidewater Oil Company requests that this application be set for hearing before the Commission or one of its examiners at an early date and that the Commission enter its order approving this application.

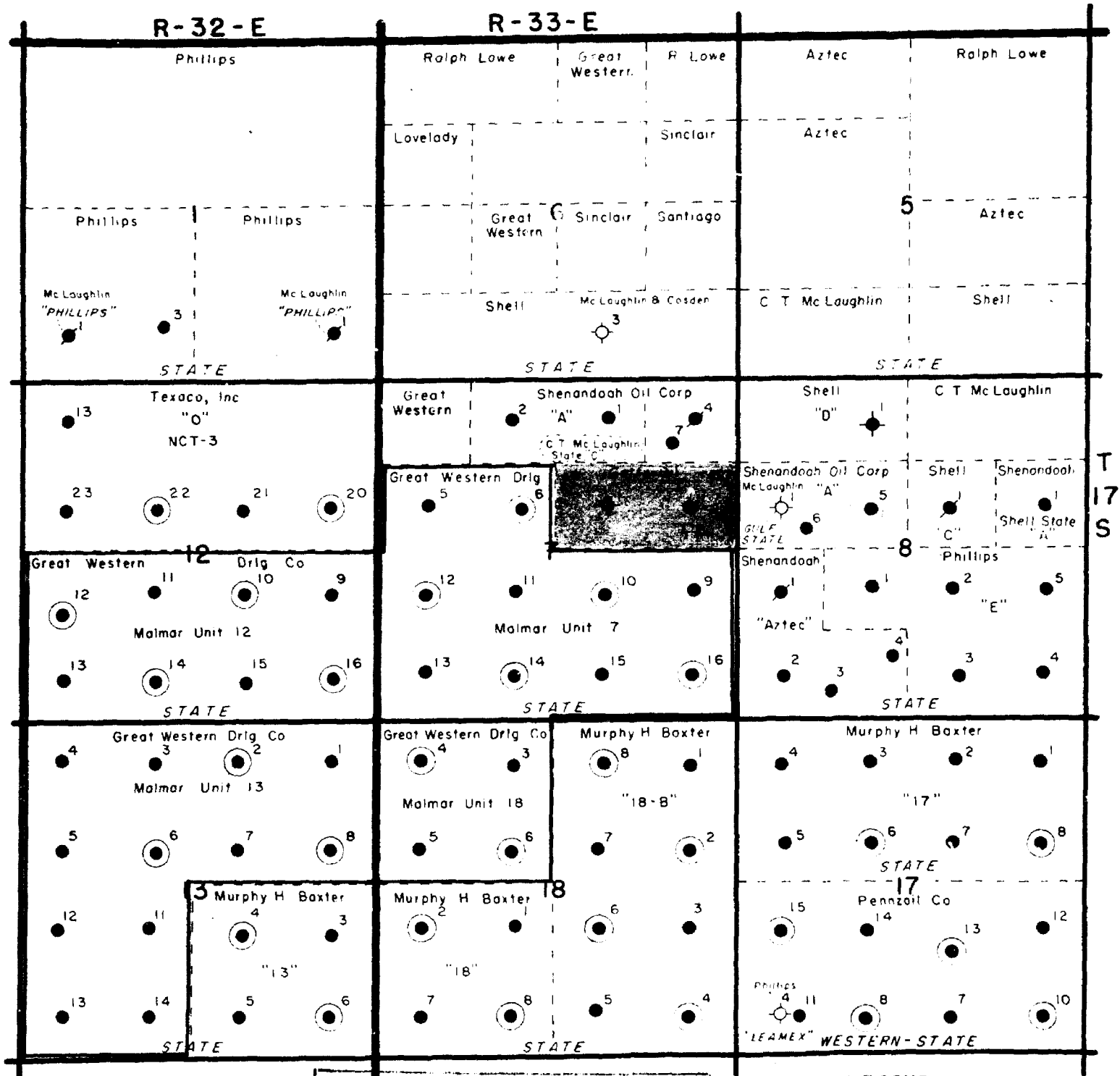
MONTGOMERY, FEDERICI & ANDREWS

By Richard J. Morris

P. O. Box 2307
Santa Fe, New Mexico

Attorneys for Tidewater Oil
Company

**TIDEWATER OIL COMPANY
MALJAMAR GRAYBURG-SAN ANDRES POOL
LEA COUNTY, NEW MEXICO**



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 3480

LEGEND
● PRODUCING WELL
● INJECTION WELL

Exhibit 1

TIDEWATER OIL COMPANY
GO STATE J WELL NO. 1
MALJAMAR GRAYBURG-SAN ANDRES POOL
UNIT H - SECTION 7, T17S, R33E
LEA COUNTY, NEW MEXICO

Exhibit 3

DAILY PRODUCTION HISTORY

<u>Month</u>	<u>Day</u>	<u>Bbls. Oil</u>	<u>Remarks</u>
August	1	52	
	2	48	
	3	46	
	4	45	
	5	43	
	6	44	
	7	46	
	8	45	
	9	43	
	10	41	
	11	51	
	12	42	
	13	45	
	14	48	
	15	46	
	16	46	
	17	48	
	18	45	
	19	45	
	20	12	Engine down - rain
	21	49	
	22	0	Engine down - rain
	23	4	Engine down - rain
	24	60	
	25	68	
	26	39	
	27	59	
	28	57	
	29	50	
	30	15	Shut-in, tanks full
	31	0	Shut-in, tanks full
Total for Month		1272	
September	1	53	
	2	73	
	3	53	
	4	19	Shut-in, tanks full
	5	46	
	6	72	
	7	51	
	8	46	
	9	51	
	10	53	

BEFORE EXAMINER UTZ	
OIL CORPORATION OF NEW MEXICO	
EXHIBIT NO.	3
CASE NO.	3480

<u>Month</u>	<u>Day</u>	<u>Bbls. Oil</u>	<u>Remarks</u>
Sept. cont'd.	11	53	
	12	45	
	13	6	Engine down
	14	59	
	15	7	Engine down
	16	2	Engine down
	17	38	Repaired engine
	18	67	
	19	72	
	20	56	
	21	0	Shut in-tanks full
	22	75	
	23	60	
	24	56	
	25	0	Shut in - tanks full
	26	50	
	27	66	
	28	60	
	29	54	
	30	54	
Total for Month		1393	
October	1	53	
	2	52	
	3	52	
	4	56	
	5	8	Shut-in - pumping unit repairs
	6	0	Shut in - pumping unit repairs
	7	56	
	8	60	
	9	67	
	10	66	
	11	8	Shut in - tanks full
	12	51	Set new 210 bbl. tank
	13	78	
	14	55	
	15	46	
	16	61	
	17	52	
	18	53	
	19	49	
	20	45	
	21	52	
	22	52	
	23	8	Engine down
	24	56	
	25	75	
	26	53	
	27	56	
Total to date		1320	

NOTE: Daily production has been rounded off to nearest barrel.