

CASE 6812: MARALO INC. TO AMEND ORDER
NO. R-5816, LEA COUNTY, NEW MEXICO

Case NO.

6812

Application

Transcripts

Small Exhibits

ETC.

John Runyan
O.C.D. Hobbs
3-20-80

To Dick

Attached is Exhibit #4 from Maralo Case 6812, with corrected Queen tops. Top Queen was correlated from Tex. Pac. - Harner #1 well in 20-25-37, a nomenclature x section Log, to the Reserve - S. L. J Unit #28 in 18-25-37 and then to the Maralo wells.

As an average, Maralo picked their Queen top 210' too high. Well #20 on Maralo's crosssection is actually Comp. 17' ($\pm 5'$) into Langlie matrix pool.

John

MARALO JALMAT YATES UNIT
COMPLETION DATE
FIRST SEVEN INJECTION WELLS

WELL #	LAST TEST	DATE COMPLETED DRILLING	TD	CASING	PERFORATIONS	PRODUCTIVE FORMATION	FORMATION TOPS				CUMULATIVES		
							YATES	7-RIVERS	QUEEN	BO	BM	CE/GA	
4	5 BO + 55 BM & 1 MCFG/D	11-2-79	3500 (-336')	3500	2917-3002'	Yates	2916' ^{1/2} (+248')	3140' ^{1/2} (+24')	3366' ^{3/4} (-202')	165	961	27	
9	8 BO + 3 BM & 1.6 MCFG/D	9-20-79	3557 (-363')	3557	3069-3184'	Yates	2954' ^{1/2} (+240')	3192' ^{1/2} (+2')	3409' ^{1/2} (-215')	881	214	151	
15	5 BO + 3 BM & 35 MCFG/D	9-27-79	3570 (-373')	3570	2954-3174'	Yates	2954' ^{1/2} (+243')	3180' ^{1/2} (+17')	3410' ^{1/2} (-213')	156	93	1071	
19	No completion attempted	10-5-79	3540 (-382')	3540			2895' ^{1/2} (+264')	3141' ^{1/2} (+18')	3348' ^{1/2} (-189')	3563			
20	6 BO + 3 BM & 151 MCFG/D	9-5-79	3500 (-334')	3500	3196-3486'	7-Rivers & Queen	2906' ^{1/2} (+260')	3148' ^{1/2} (+18')	3363' ^{1/2} (-197')	1041	494	15341	
25	1 BO & est 226 MCFG/D (SI)	10-18-79	3510 (-374')	3510	3130-3228'	7-Rivers	2854' ^{1/2} (+282')	3076' ^{1/2} (+60')	3294' ^{1/2} (-158')	3310			
31	No completion attempted	10-25-79	3508 (-384')	3508			2824' ^{1/2} (+300')	3052' ^{1/2} (+72')	3271' ^{1/2} (-147')	3477			

Total To February 1, 1980

2243 1762 16590

OIL CONSERVATION DIVISION
SANTA FE

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 4
CASE NO. 6812
Submitted by Maralo
Hearing Date 2/27/80

210' too high
Average



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

March 24, 1980

Mr. Conrad E. Coffield
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
P. O. Box 3580
Midland, Texas 79702

Re: CASE NO. 6812
ORDER NO. R-5916-A

Applicant:

Maralo Inc.

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6812
Order No. R-5816-A

APPLICATION OF MARALO INC. TO
AMEND ORDER NO. R-5816, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 27, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 19th day of March, 1980, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Maralo Inc., seeks to amend Order No. R-5816 to permit the seven Maralo Jalmat Yates Unit Waterflood Project injection wells authorized to be drilled at unorthodox locations by said order to be produced until May 1, 1980, or until depleted, prior to being placed on water injection.

(3) That said wells have been drilled at the following unorthodox locations:

<u>UNIT WELL</u> <u>NO.</u>	<u>LOCATION</u>
4	1440' FSL and 1150' FEL, Sec. 12, T-25-S, R-36-E
9	400' FSL and 1000' FEL, Sec. 12, T-25-S, R-36-E
15	1050' FNL and 1100' FEL, Sec. 13, T-25-S, R-36-E
19	1300' FNL and 1350' FWL, Sec. 18, T-25-S, R-37-E
20	1250' FNL and 70' FWL, Sec. 18, T-25-S, R-37-E
25	2500' FNL and 1550' FWL, Sec. 18, T-25-S, R-37-E
31	1650' FSL and 1700' FWL, Sec. 18, T-25-S, R-37-E

-2-

Case No. 6812
Order No. R-5816-A

(4) That approval of this application will result in the recovery of hydrocarbons from the aforesaid seven wells which would not otherwise be recovered, thereby preventing waste.

(5) That no offset operator appeared and objected to production.

(6) That the application should be approved.

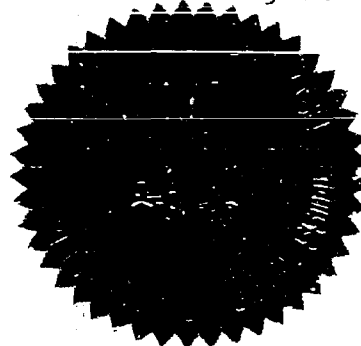
IT IS THEREFORE ORDERED:

(1) That the applicant, Maralo Inc., is hereby authorized to produce the following described seven proposed Maralo Jalmat Yates Unit Waterflood project injection wells, at unorthodox locations, Jalmat Pool, Lea County, New Mexico, pending conversion of such wells to water injection:

<u>UNIT WELL NO.</u>	<u>LOCATION</u>
4	1440' FSL and 1150' FEL, Sec. 12, T-25-S, R-36-E
9	400' FSL and 1000' FEL, Sec. 12, T-25-S, R-36-E
15	1050' FNL and 1100' FEL, Sec. 13, T-25-S, R-36-E
19	1300' FNL and 1350' FWL, Sec. 18, T-25-S, R-37-E
20	1250' FNL and 70' FWL, Sec. 18, T-25-S, R-37-E
25	2500' FNL and 1550' FWL, Sec. 18, T-25-S, R-37-E
31	1650' FSL and 1700' FWL, Sec. 18, T-25-S, R-37-E

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

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



S E A L

fd/

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

ROUGH

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6812

Order No. R-6292 R-5816-A

APPLICATION OF MARALO INC. TO
AMEND ORDER NO. R-5816, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 27
19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of _____, 19 80, the
Division Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Maralo Inc., seeks to amend Order
No. R-5816 to permit the seven ^{Maralo Tulumet Yates Unit Waterflood Project} ~~waterflood~~ injection wells authorized
to be drilled at unorthodox locations by said order to be produced
until May 1, 1980, or until depleted, prior to being placed on
water injection:

(3) That said wells have been drilled at the following
unorthodox locations:

UNIT WELL NO.	LOCATION
4	^{1440'} 1575' FSL and ^{1150'} 1050' FEL, Sec. 12, T-25 S, R 36 E
9	400' FSL and 1000' FEL, Sec. 12, T-25-S, R-36-E
15	1050' FNL and 1100' FEL, Sec. 13, T-25-S, R-36-E
19	1300' FNL and 1350' FWL, Sec. 18, T-25-S, R-37-E
20	1250' FNL and 70' FWL, Sec. 18, T-25-S, R-37-E
25	2500' FNL and 1550' FWL, Sec. 18, T-25-S, R-37-E
31	1650' FSL and 1700' FWL, Sec. 18, T-25-S, R-37-E

(4) That approval of this application will result in the recovery of hydrocarbons from the aforesaid seven wells which would not otherwise be recovered, thereby preventing waste.

(5) That no offset operator appeared and objected to production

(6) That the application should be approved

IT IS THEREFORE ORDERED:

(1) That the applicant, Maralo, Inc. is hereby authorized to produce ^{the following described} seven proposed Maralo Jalmit Yates Unit Waterflood project injection wells, ^{at unorthodox locations,} Jalmit Yates ~~Pool~~ Pool, Lea County, New Mexico; pending conversion of such wells to water injection:

UNIT WELL NO.	LOCATION
4	1440' 1575' FSL and 1050' FEL, Sec. 12, T-25-S, R-36-E
9	400' FSL and 1000' FEL, Sec. 12, T-25-S, R-36-E
15	1050' FNL and 1100' FEL, Sec. 13, T-25-S, R-36-E
19	1300' FNL and 1350' FWL, Sec. 18, T-25-S, R-37-E
20	1250' FNL and 70' FWL, Sec. 18, T-25-S, R-37-E
25	2500' FNL and 1550' FWL, Sec. 18, T-25-S, R-37-E
31	1650' FSL and 1700' FWL, Sec. 18, T-25-S, R-37-E

(2) Jurisdiction

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
27 February 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Maralo, Inc., to amend) CASE
Order No. R-5816, Lea County, New) 6812
Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Conrad E. Coffield, Esq.
HINKLE, COX, EATON, COFFIELD
& HENSLEY
P. O. Box 3580
Midland, Texas 79701

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I N D E X

R. A. LOWERY

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E X H I B I T S

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MR. STAMETS: We will call next Case 6812.

MR. PADILLA: Application of Maralo, Inc.
to amend Order Number R-5316, Lea County, New Mexico.

MR. STAMETS: Call for appearances.

MR. COFFIELD: Conrad Coffield, with the
Hinkle Law Firm of Midland, Texas, appearing on behalf of
Maralo, Inc., and I have one witness to be sworn.

MR. STAMETS: Any other appearances in
this case? I'd like to have the witness stand and be sworn,
please.

Are you going to appear in this case,
sir?

MR. LUCCOCK: USGS, we're up here to make
an appearance.

MR. STAMETS: Will you identify yourself
for the record?

MR. LUCCOCK: Henry Luccock, and Joe
Lara.

MR. STAMETS: Henry -- how do you spell
your last name?

MR. LUCCOCK: L-U-C-C-O-C-K.

MR. STAMETS: L-U-C-C-O-C-K. You intend
to make any sworn statements today?

MR. LUCCOCK: No, we have none.

MR. STAMETS: Okay.

(Witness sworn.)

R. A. LOWERY

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. COFFIELD:

Q. Mr. Lowery, would you please for the record state your name, address, occupation, and employer?

A. My name is R. A. Lowery. I reside in Midland, Texas. I am employed by Maralo, Incorporated, as their Production Manager and Engineer.

Q. Have you previously testified before the Division as a petroleum engineer?

A. I have not.

Q. Please tell the Examiner a brief outline of your educational background and work experience as an engineer.

A. I have a degree in mining engineering from the Colorado School of Mines. After graduation I was employed by Shell Oil Company for a total of 27 years, including 2 years military service in the Army Corps of En-

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1 gineers, and 25 years service in various capacities of
2 petroleum engineering, including 6 years as a drilling
3 evaluation engineer, a production engineer, reservoir en-
4 gineer, for a total of 6 years, along with 7 years exper-
5 ience as an engineering supervisor, including 6 years as
6 District Exploitation Engineer with Shell in their Roswell
7 office, responsible for their activities in southeastern
8 New Mexico and western Texas, and year as a Division Ex-
9 ploitation Engineer in east Texas.

10 For the last 10 years I was with Shell
11 I worked as a Production Superintendent in various areas,
12 including all of Texas, parts of Oklahoma, and New Mexico.

13 Q Are you familiar with Maralo's applica-
14 tion in this case, Mr. Lowery?

15 A I am.

16 Q Are you familiar with the properties
17 involved and the well locations involved in this case?

18 A Yes, sir.

19 MR. COFFIELD: Mr. Examiner, do you
20 have any other questions of the witness?

21 MR. STAMETS: No. The witness is consi-
22 dered qualified.

23 Q Mr. Lowery, would you please state what
24 it is that Maralo seeks by this application?

25 A Maralo seeks an amendment of Order No.

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1 R-5816, to permit the seven waterflood injection wells
2 authorized to be drilled at unorthodox locations by said
3 order, to be produced until May 1st, 1980, or until depleted,
4 prior to being placed on water injection.

5 Q All right, Mr. Lowery, please refer to
6 what we've marked as Exhibit One and explain to the Examiner
7 what this shows, what it represents?

8 A Exhibit One is a location plat showing
9 the Maralo Jalmat-Yates Unit, which is located approximately
10 two miles northwest of Jal. The plat shows the outline of
11 the 560-acre unit colored in yellow. It shows the seven
12 injection wells that we're talking about shaded in red
13 down the center of the unit, and then it has the ten pro-
14 posed injection wells, line wells, colored in green around
15 the perimeter of the unit.

16 It also indicates that this unit is
17 located in Lea County, Range 36 and 37 East, Township 25
18 South.

19 It also shows offset wells to the Jalmat-
20 Yates Unit.

21 Q Mr. Lowery, is this Maralo Jalmat-Yates
22 Unit a secondary recovery unit?

23 A Yes, it is.

24 Q And was it previously approved by the
25 Oil Conservation Division both as a unit and for the

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secondary waterflood operation to be conducted?

A. Yes, it has been.

Q. Would you please refer now to what we've marked as Exhibit Two and explain this to the Examiner.

MR. STAMETS: While we're on Exhibit One let me ask some questions.

I would presume that the seven injection wells marked in red on this exhibit are the ones that you're seeking this specific approval for.

A. That is true. We have no intention of trying to produce the line wells because of the inherent problems there.

Q. Along -- excuse me, along that same line, Mr. Lowery, then let's further for the record establish the fact that all seven of those wells have been drilled.

A. They have.

Q. And the line wells have not yet been drilled, the ones in green, is that true?

A. That's right. None of the line wells have been drilled.

Q. Okay. All right, now let's go on to Exhibit Two, and would you please explain that exhibit to the Examiner?

A. Exhibit Two is another plat that happens to have a type log shown on the left of the plat. This type

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1 log happened to be from Jalmat-Yates 20, which is located
2 in the center of the unit and one of the new wells that is
3 recently drilled.

4 The plat itself, once again we have the
5 seven injection wells that have been drilled shaded in red
6 triangles. The proposed line wells are once again in green.
7 We have further shown on this plat the eight old wells that
8 we had to re-enter and replug, as requested by the Commis-
9 sion when the unit was approved. Those eight wells have
10 been re-entered and replugged. That work has been done.

11 The type log, we show the Yates interval
12 shaded in green; the Seven Rivers in red; and the upper
13 part of the Queen in brown. We'll later get into a cross
14 section when we get to the specific wells that we're asking
15 to continue the allowable on.

16 Q Did you have anything further on this
17 exhibit?

18 A I have not.

19 Q Let's go then to what we've marked as
20 Exhibit Three and would you please explain what that exhibit
21 represents and why you're submitting it for purposes of
22 this application?

23 A Exhibit Three is a cross section running
24 down through the seven wells, the seven injection wells that
25 we're talking about in the center of the unit.

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1 It -- from left to right we go from north
2 to south through the unit. Once again we have the Yates
3 formation shaded in green. I should say the Yates pay.
4 Seven Rivers pay is shaded in red, and the Queen in brown.

5 We furthermore have -- on the producing
6 wells we shaded in the perforations, where the wells are
7 presently completed, and if you'll notice over on the left-
8 hand side, Jalmat Unit 4, we have the upper part of the
9 Yates shaded in in the center of the log in green. That
10 represents the perforations.

11 You can see the same thing in Jalmat Unit
12 9, where we have the bottom part of the Yates interval per-
13 forated. And then you move on to 15, you'll see that we
14 have the entire Yates interval perforated and producing.
15 And then 20, in the center of the cross section, we have
16 also -- well, we perforated the Queen and the Seven Rivers,
17 and the Queen perforations are shaded in brown and the Seven
18 Rivers in red.

19 And then No. 19, we have not attempted
20 a completion of any kind in.

21 25, you'll notice we have perforated the
22 Queen and Seven Rivers in it.

23 And then 31 on the righthand side, we've
24 not attempted a completion.

25 Q All right, Mr. Lowery, now let us go to

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1 what has been marked as Exhibit Four, and please explain
2 that exhibit for the Examiner.

3 A Exhibit Four is a tabulation of the
4 seven interior injection wells that have been drilled. We,
5 again on the lefthand side with the Well No., the last test
6 on each of these wells, the date that the well was completed,
7 the total depth, where is casing cemented, the perforations
8 that are presently being produced, and the formation that's
9 being produced, along with the tops of the Yates, Seven
10 Rivers, and Queen formations, that's also shown, plus the
11 cumulative oil, water, and gas that's been produced from
12 each of these wells.

13 Q Mr. Lowery, you may have already stated
14 this, but is it correct that these seven injection wells
15 have been on a testing allowable since they were first
16 completed, for the purpose of testing these wells?

17 A Four of the seven have been. Of course,
18 two have never -- we've never attempted a completion on,
19 and 25 we just have a recent test on it, had 226 Mcf of gas
20 and 1 barrel of oil, so we have not obtained a testing
21 allowable on it.

22 Q Of the ones that you have completed and
23 have been testing, is it your opinion that you have been
24 able to recover hydrocarbons which may not have otherwise
25 been recoverable from the Yates and Seven Rivers formations?

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1 A Yes, this is true, and it's especially
2 true in the Seven Rivers in that to the best of my knowledge
3 there's only one well in the unit of the fourteen producing
4 wells that is drilled below the Yates. It was drilled in
5 the Seven Rivers and Queen. And if -- the existing wells
6 are open hole completions, and we doubt that we can deepen
7 those into the Seven Rivers and get this gas out of the
8 Seven Rivers gas zone, and we don't think it's prolific
9 enough to justify drilling another well to, so what we don't
10 get here, in our opinion would probably never be produced,
11 especially in the Seven Rivers.

12 Q Mr. Lowery, was the production from the
13 Seven Rivers, then, something that you did not necessarily
14 anticipate when you undertook this drilling of these seven
15 wells?

16 A We didn't really know what to expect in
17 the Seven Rivers and Queen. These two formations are being
18 waterflooded in the waterflood unit on our east flank.
19 It's the Reserve South Langlie-Jal Unit. And the feeling
20 was that over to the west, where we're located, that we
21 would probably either not have any porosity development or
22 be waterbearing in those zones, but we didn't know, and
23 that was the reason that we drilled these first seven in-
24 jection wells to those zones, to gather data.

25 Q Mr. Lowery, are you satisfied that these

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1 seven wells of which you've been speaking are -- have been
2 subjected to adequate testing and analysis at this point
3 in order for you to make recommendations to the Division
4 concerning continued production from these wells?

5 A Yes.

6 Q What are your recommendations in this
7 connection?

8 A Our recommendations are that we be al-
9 lowed to continue to produce oil from the Yates formation
10 until the waterflood station is complete and we're in shape
11 to start injecting water into the Yates.

12 Furthermore, we would like to be able
13 to produce the Seven Rivers until that horizon -- let's
14 say the Seven Rivers and Queen, until those horizons are
15 depleted.

16 Q With respect to the Yates production,
17 would you expect that that production should be allowed to
18 continue, then, until on or about May 1st, according to
19 the application?

20 A That's right. We think that we'll have
21 our injection system complete and be ready to inject water
22 at that point in time.

23 Q And do you feel likewise that it is un-
24 likely that the Seven Rivers would be depleted at that
25 point, or can you tell?

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1 A. I think it's unlikely it will be de-
2 pleted at that point in time.

3 Q. Mr. Lowery, have these exhibits been
4 prepared by you or under your supervision?

5 A. Yes, they have.

6 Q. And in your opinion will the approval
7 of this application prevent the drilling of unnecessary
8 wells and otherwise prevent waste and protect correlative
9 rights?

10 A. It will.

11 MR. COFFIELD: Mr. Examiner, I move the
12 admission of Exhibits One through Four.

13 MR. STAMETS: These exhibits will be
14 admitted.

15 MR. COFFIELD: I have no other questions
16 of Mr. Lowery on direct examination.

17

18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q. Mr. Lowery, why weren't all these zones
21 that you show as pay zones by the color perforated in these
22 wells?

23 A. Well, we were -- we were trying to deter-
24 mine which ones were waterbearing and which ones were oil-
25 bearing and which ones were depleted, and really, gathering

1 data to determine how to go forward with this waterflood.

2 And on Jalmat Unit 25 we did produce
3 water out of the Queen, and I didn't point out earlier but
4 the black mark in the center of the log in 25 represents a
5 bridge plug that's been set. We set a bridge plug down over
6 the very lowermost interval of the Queen after we tested it.
7 We moved up above the Queen completely and are presently
8 producing gas out of the Seven Rivers only.

9 But from a standpoint of economics, we
10 didn't feel that we could afford to do the perforating,
11 testing, and fracing on every well, nor did we feel it was
12 necessary.

13 Q I might point out one apparent problem
14 faced on these wells. Well No. 20, it appears as though
15 you may have some downhole commingling going on there with
16 the base of the Jalmat Pool being all but the lower 100
17 feet of the Seven Rivers.

18 It looks like you've got some Seven Rivers
19 and Queen perforations open in that well.

20 A Well, that's true. We do have -- we did
21 run a flowmeter in that particular well and determined that
22 the only thing that's contributing to production is the
23 Seven Rivers interval, that nothing is coming out of the
24 Queen in that particular well, but we do not have plug,
25

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1 bridge plug set between the two.

2 Q You may have to have one there.

3 A We'll certainly be happy to oblige.

4 Q Now, you indicated your waterflood station
5 would be completed about May the 1st.

6 A Right.

7 Q And you want also to produce the Seven
8 Rivers and Queen to depletion. Do you intend to start in-
9 jection into, for example, Well No. 4, which is not com-
10 pleted in the Seven Rivers, in May?

11 A That's true. In fact, we would start
12 injecting in all seven wells into the Yates interval, and
13 on those that we -- if we were able to get a prolonged
14 allowable on the Seven Rivers, what we'd probably do is
15 run two strings of tubing and produce the Seven Rivers zone
16 in the two wells that we have tested it as gas-bearing.

17 So it would flow, or does flow.

18 Q That creates yet another potential
19 hearing for dual completion.

20 A For a dual.

21 Q Right.

22 A It may be that by the time May 1st rolls
23 around we'll decide that the gas production is down to such
24 a level that we couldn't justify the expense of a dual,
25 and --

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1 Q Well, you're aware of this?

2 A Right, right.

3 Q And will act accordingly.

4 Mr. Lowery, all of these wells are well

5 within the unit boundary, with the exception of Well No. 31.

6 How far is that well from the outer boundary of the unit?

7 A I don't know. I can check that out and

8 give you the answer on that. We do, Maralo has the lease

9 to the south of it; looks like it's 330 feet from the south

10 line of the unit.

11 Are you talking about 31?

12 Q Yes.

13 A Well No. 31.

14 Q All right.

15 MR. STAMETS: Are there any other ques-

16 tions of this witness?

17 He may be excused.

18 Anything further in this case?

19 The case will be taken under advisement.

20

21 (Hearing concluded.)

22

23

24

25

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

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I do hereby certify that the foregoing is a correct report of the proceedings in the hearing of Case No. 6812 heard by me on 2-27 1980.
Richard R. Stem, Examiner
Oil Conservation Division

NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
27 February 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Marale, Inc., to amend) CASE
Order No. R-3910, Lea County, New) 6812
Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Conrad E. Coffield, Esq.
HINKLE, COX, EATON, COFFIELD
& HINSLEY
P. O. Box 3580
Midland, Texas 79701

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A. A. BOYD

Direct Examination by Mr. Boyd 4

Cross Examination by Mr. Boyd 13

EXHIBITS

Applicant Exhibit One, Plat 6

Applicant Exhibit Two, Plat and Log 7

Applicant Exhibit Three, Cross Section 8

Applicant Exhibit Four, Tabulation 10

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[illegible]

18. THE STATE OF TEXAS, County of EL PASO, do hereby certify that the foregoing is a true and correct copy of the original as the same appears in the records of the County Clerk of said County.

Hinkle Law Firm of Miami, Fla., appearing on behalf of
Maralo, Inc., and a live witness to be sworn.

MR. STALLER: Any other appearances in this case? I'd like to have the witness stand and be sworn, please.

Are you going to appear in this case,
sir?

MR. TACCOCK: USGS, we're up here to make
an appearance.

MR. STANLEY: Will you identify yourself
for the record?

DR. INPCOCK: Henry Luccock, and Joe
Lara.

MR. STANFIS. Henry -- how do you spell
your last name?

MR. LUGGCK: L-U-C-C-O-C-K.

MR. STAMETS: L-U-C-C-O-C-K. You intend to make any sworn statements today?

MR. LUCCOCK: No, we have none.

MR. STAMETS: Okay.

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(Officer's Name)

R. A. LOWERY

being called as a witness and having been duly sworn upon
his oath, testified as follows, to wit:

STATE EXAMINATION

BY MR. COFFIELD:

Q Mr. Lowery, would you please for the
record state your name, address, occupation, and employer?

A My name is R. A. Lowery. I reside in
Midland, Texas. I am employed by Harco, Incorporated, as
their Production Manager and Engineer.

Q Have you previously testified before the
Division as a petroleum engineer?

A I have not.

Q Please tell the Examiner a brief outline
of your educational background and work experience as an
engineer.

A I have a degree in mining engineering
from the Colorado School of Mines. After graduation I was
employed by Shell Oil Company for a total of 27 years, in-
cluding 2 years military service in the Army Corps of En-

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1 gineers, and 25 years service in various capacities of
2 petroleum engineering, including 6 years as a drilling
3 evaluation engineer, a production engineer, reservoir en-
4 gineer, for a total of 6 years, along with 7 years exper-
5 ience as an engineering supervisor, including 6 years as
6 District Exploitation Engineer with Shell in their Roswell
7 office, responsible for their activities in southeastern
8 New Mexico and western Texas, and year as a Division Ex-
9 ploitation Engineer in east Texas.

10 For the last 10 years I was with Shell
11 I worked as a Production Superintendent in various areas,
12 including all of Texas, parts of Oklahoma, and New Mexico.

13 Q Are you familiar with Maralo's applica-
14 tion in this case, Mr. Lowery?

15 A I am.

16 Q Are you familiar with the properties
17 involved and the well locations involved in this case?

18 A Yes, sir.

19 MR. COFFIELD: Mr. Examiner, do you
20 have any other questions of the witness?

21 MR. STAMETS: No. The witness is consi-
22 dered qualified.

23 Q Mr. Lowery, would you please state what
24 it is that Maralo seeks by this application?

25 A Maralo seeks an amendment of Order No.

1 R-5816, to permit the seven waterflood injection wells
2 authorized to be drilled at unorthodox locations by said
3 order, to be produced until May 1st, 1980, or until depleted,
4 prior to being placed on water injection.

5 Q All right, Mr. Lowery, please refer to
6 what we've marked as Exhibit One and explain to the Examiner
7 what this shows, what it represents?

8 A Exhibit One is a location plat showing
9 the Maralo Jalmat-Yates Unit, which is located approximately
10 two miles northwest of Jal. The plat shows the outline of
11 the 560-acre unit colored in yellow. It shows the seven
12 injection wells that we're talking about shaded in red
13 down the center of the unit, and then it has the ten pro-
14 posed injection wells, line wells, colored in green around
15 the perimeter of the unit.

16 It also indicates that this unit is
17 located in Lea County, Range 36 and 37 East, Township 25
18 South.

19 It also shows offset wells to the Jalmat-
20 Yates Unit.

21 Q Mr. Lowery, is this Maralo Jalmat-Yates
22 Unit a secondary recovery unit?

23 A Yes, it is.

24 Q And was it previously approved by the
25 Oil Conservation Division both as a unit and for the

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secondary waterflood operation to be conducted?

A Yes, it has been.

Q Would you please refer now to what we've marked as Exhibit Two and explain this to the Examiner.

MR. STAMETS: While we're on Exhibit One let me ask some questions.

I would presume that the seven injection wells marked in red on this exhibit are the ones that you're seeking this specific approval for.

A That is true. We have no intention of trying to produce the line wells because of the inherent problems there.

Q Along -- excuse me, along that same line, Mr. Lowery, then let's further for the record establish the fact that all seven of those wells have been drilled.

A They have.

Q And the line wells have not yet been drilled, the ones in green, is that true?

A That's right. None of the line wells have been drilled.

Q Okay. All right, now let's go on to Exhibit Two, and would you please explain that exhibit to the Examiner?

A Exhibit Two is another plat that happens to have a type log shown on the left of the plat. This type

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1 log happened to be from Jalmat-Yates 20, which is located
2 in the center of the unit and one of the new wells that is
3 recently drilled.

4 The plat itself, once again we have the
5 seven injection wells that have been drilled shaded in red
6 triangles. The proposed line wells are once again in green.
7 We have further shown on this plat the eight old wells that
8 we had to re-enter and replug, as requested by the Commis-
9 sion when the unit was approved. Those eight wells have
10 been re-entered and replugged. That work has been done.

11 The type log, we show the Yates interval
12 shaded in green; the Seven Rivers in red; and the upper
13 part of the Queen in brown. We'll later get into a cross
14 section when we get to the specific wells that we're asking
15 to continue the allowable on.

16 Q Did you have anything further on this
17 exhibit?

18 A I have not.

19 Q Let's go then to what we've marked as
20 Exhibit Three and would you please explain what that exhibit
21 represents and why you're submitting it for purposes of
22 this application?

23 A Exhibit Three is a cross section running
24 down through the seven wells, the seven injection wells that
25 we're talking about in the center of the unit.

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1 It -- from left to right we go from north
2 to south through the unit. Once again we have the Yates
3 formation shaded in green. I should say the Yates pay.
4 Seven Rivers pay is shaded in red, and the Queen in brown.

5 We furthermore have -- on the producing
6 wells we shaded in the perforations, where the wells are
7 presently completed, and if you'll notice over on the left-
8 hand side, Jalmat Unit 4, we have the upper part of the
9 Yates shaded in in the center of the log in green. That
10 represents the perforations.

11 You can see the same thing in Jalmat Unit
12 9, where we have the bottom part of the Yates interval per-
13 forated. And then you move on to 15, you'll see that we
14 have the entire Yates interval perforated and producing.
15 And then 20, in the center of the cross section, we have
16 also -- well, we perforated the Queen and the Seven Rivers,
17 and the Queen perforations are shaded in brown and the Seven
18 Rivers in red.

19 And then No. 19, we have not attempted
20 a completion of any kind in.

21 25, you'll notice we have perforated the
22 Queen and Seven Rivers in it.

23 And then 31 on the righthand side, we've
24 not attempted a completion.

25 Q All right, Mr. Lowery, now let us go to

1 what has been marked as Exhibit Four, and please explain
2 that exhibit for the Examiner.

3 A Exhibit Four is a tabulation of the
4 seven interior injection wells that have been drilled. We,
5 again on the lefthand side with the Well No., the last test
6 on each of these wells, the date that the well was completed,
7 the total depth, where is casing cemented, the perforations
8 that are presently being produced, and the formation that's
9 being produced, along with the tops of the Yates, Seven
10 Rivers, and Queen formations, that's also shown, plus the
11 cumulative oil, water, and gas that's been produced from
12 each of these wells.

13 Q Mr. Lowery, you may have already stated
14 this, but is it correct that these seven injection wells
15 have been on a testing allowable since they were first
16 completed, for the purpose of testing these wells?

17 A Four of the seven have been. Of course,
18 two have never -- we've never attempted a completion on,
19 and 25 we just have a recent test on it, had 226 Mcf of gas
20 and 1 barrel of oil, so we have not obtained a testing
21 allowable on it.

22 Q Of the ones that you have completed and
23 have been testing, is it your opinion that you have been
24 able to recover hydrocarbons which may not have otherwise
25 been recoverable from the Yates and Seven Rivers formations?

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1 A Yes, this is true, and it's especially
2 true in the Seven Rivers in that to the best of my knowledge
3 there's only one well in the unit of the fourteen producing
4 wells that is drilled below the Yates. It was drilled in
5 the Seven Rivers and Queen. And if -- the existing wells
6 are open hole completions, and we doubt that we can deepen
7 those into the Seven Rivers and get this gas out of the
8 Seven Rivers gas zone, and we don't think it's prolific
9 enough to justify drilling another well to, so what we don't
10 get here, in our opinion would probably never be produced,
11 especially in the Seven Rivers.

12 Q Mr. Lowery, was the production from the
13 Seven Rivers, then, something that you did not necessarily
14 anticipate when you undertook this drilling of these seven
15 wells?

16 A We didn't really know what to expect in
17 the Seven Rivers and Queen. These two formations are being
18 waterflooded in the waterflood unit on our east flank.
19 It's the Reserve South Langlie-Jal Unit. And the feeling
20 was that over to the west, where we're located, that we
21 would probably either not have any porosity development or
22 be waterbearing in those zones, but we didn't know, and
23 that was the reason that we drilled these first seven in-
24 jection wells to those zones, to gather data.

25 Q Mr. Lowery, are you satisfied that these

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1 seven wells of which you've been speaking are -- have been
2 subjected to adequate testing and analysis at this point
3 in order for you to make recommendations to the Division
4 concerning continued production from these wells?

5 A Yes.

6 Q What are your recommendations in this
7 connection?

8 A Our recommendations are that we be al-
9 lowed to continue to produce oil from the Yates formation
10 until the waterflood station is complete and we're in shape
11 to start injecting water into the Yates.

12 Furthermore, we would like to be able
13 to produce the Seven Rivers until that horizon -- let's
14 say the Seven Rivers and Queen, until those horizons are
15 depleted.

16 Q With respect to the Yates production,
17 would you expect that that production should be allowed to
18 continue, then, until on or about May 1st, according to
19 the application?

20 A That's right. We think that we'll have
21 our injection system complete and be ready to inject water
22 at that point in time.

23 Q And do you feel likewise that it is un-
24 likely that the Seven Rivers would be depleted at that
25 point, or can you tell?

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1 A I think it's unlikely it will be de-
2 pleted at that point in time.

3 Q Mr. Lowery, have these exhibits been
4 prepared by you or under your supervision?

5 A Yes, they have.

6 Q And in your opinion will the approval
7 of this application prevent the drilling of unnecessary
8 wells and otherwise prevent waste and protect correlative
9 rights?

10 A It will.

11 MR. COFFIELD: Mr. Examiner, I move the
12 admission of Exhibits One through Four.

13 MR. STAMETS: These exhibits will be
14 admitted.

15 MR. COFFIELD: I have no other questions
16 of Mr. Lowery on direct examination.

17

18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q Mr. Lowery, why weren't all these zones
21 that you show as pay zones by the color perforated in these
22 wells?

23 A Well, we were -- we were trying to deter-
24 mine which ones were waterbearing and which ones were oil-
25 bearing and which ones were depleted, and really, gathering

1 data to determine how to go forward with this waterflood.

2 And on Jalmat Unit 25 we did produce
3 water out of the Queen, and I didn't point out earlier but
4 the black mark in the center of the log in 25 represents a
5 bridge plug that's been set. We set a bridge plug down over
6 the very lowermost interval of the Queen after we tested it.
7 We moved up above the Queen completely and are presently
8 producing gas out of the Seven Rivers only.

9 But from a standpoint of economics, we
10 didn't feel that we could afford to do the perforating,
11 testing, and fracing on every well, nor did we feel it was
12 necessary.

13 Q I might point out one apparent problem
14 faced on these wells. Well No. 20, it appears as though
15 you may have some downhole commingling going on there with
16 the base of the Jalmat Pool being all but the lower 100
17 feet of the Seven Rivers.

18 It looks like you've got some Seven Rivers
19 and Queen perforations open in that well.

20 A Well, that's true. We do have -- we did
21 run a flowmeter in that particular well and determined that
22 the only thing that's contributing to production is the
23 Seven Rivers interval, that nothing is coming out of the
24 Queen in that particular well, but we do not have plug,
25

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1 bridge plug set between the two.

2 Q You may have to have one there.

3 A We'll certainly be happy to oblige.

4 Q Now, you indicated your waterflood station
5 would be completed about May the 1st.

6 A Right.

7 Q And you want also to produce the Seven
8 Rivers and Queen to depletion. Do you intend to start in-
9 jection into, for example, Well No. 4, which is not com-
10 pleted in the Seven Rivers, in May?

11 A That's true. In fact, we would start
12 injecting in all seven wells into the Yates interval, and
13 on those that we -- if we were able to get a prolonged
14 allowable on the Seven Rivers, what we'd probably do is
15 run two strings of tubing and produce the Seven Rivers zone
16 in the two wells that we have tested it as gas-bearing.

17 So it would flow, or does flow.

18 Q That creates yet another potential
19 hearing for dual completion.

20 A For a dual.

21 Q Right.

22 A It may be that by the time May 1st rolls
23 around we'll decide that the gas production is down to such
24 a level that we couldn't justify the expense of a dual,
25 and --

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1 Q Well, you're aware of this?

2 A Right, right.

3 Q And will act accordingly.

4 Mr. Lowery, all of these wells are well

5 within the unit boundary, with the exception of Well No. 31.

6 How far is that well from the outer boundary of the unit?

7 A I don't know. I can check that out and

8 give you the answer on that. We do, Maralo has the lease

9 to the south of it; looks like it's 330 feet from the south

10 line of the unit.

11 Are you talking about 31?

12 Q Yes.

13 A Well No. 31.

14 Q All right.

15 MR. STAMETS: Are there any other ques-

16 tions of this witness?

17 He may be excused.

18 Anything further in this case?

19 The case will be taken under advisement.

20

21 (Hearing concluded.)

22

23

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I, Sally W. Boyd, do hereby certify that the foregoing transcript of the testimony of the Oil Conservation Division was reported by me and the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

I do hereby certify that the foregoing is
a correct record of the proceedings in
the hearing of Case No. _____,
heard by me on _____, 19____.
_____, Examiner
Oil Conservation Division

Wgt
2/27
application
from tape:

R-5817 9-26-78 approved unit

R-5816 9-26-78 approved
Wt. fl. & 2
unorthodox
inj well locs.
Yates form.

Maralo Inc

Jalmat Spies Unit Area Lea Co.

unorthodox locations for producing wells

auth to drill certain unorthodox location
for injection wells. (R-5816)

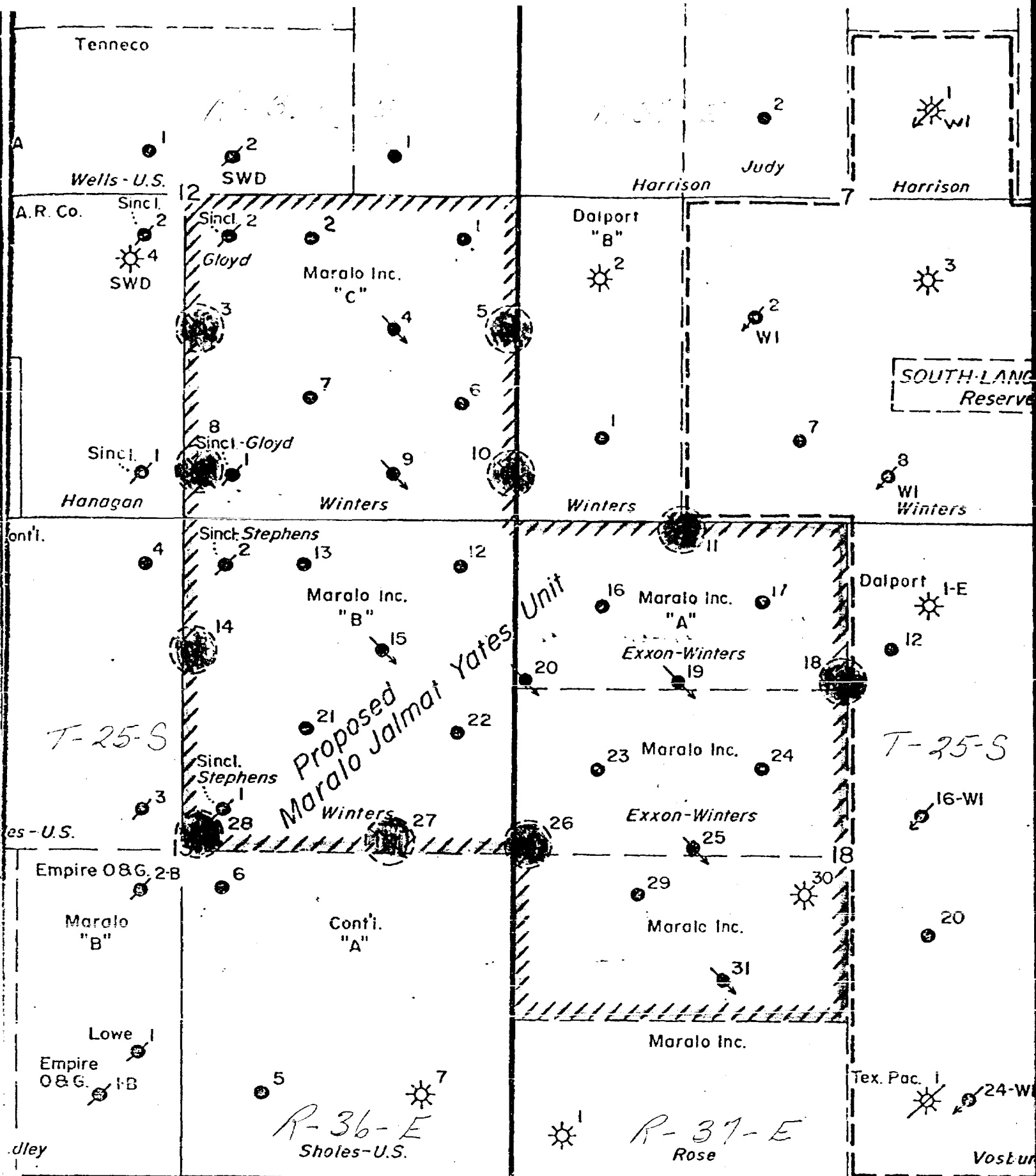
12 & 13, 255 36E

18-25-37

4	1575' FSL	1050	FEL	12-25-36
9	400' FSL	1000	FEL	12-25-36
15	1050' FNL	1100	FEL	13-25-36
19	1300' FNL	1350	FWL	18-25-37
20	1250' FNL	70'	FWL	18-25-37
25	2500 FNL	1550	FWL	18-25-37
31	1650 FSL	1700	FWL	18-25-37

3

5-1-80 or until production depleted
then put on injection



LEGEND

● - Proposed Injection Well (INITIAL)

☼ Proposed Injection Well
(Subject to Negotiations)

BEFORE EXAMINER STAMETS
OIL COMPANY REGISTRATION

6812

Submitted by W.A. W.

Hearing Date 2/27/70

1 - MILE

PROPOSED MARALO JALMAT YATES UNIT

LEA COUNTY, NEW MEXICO

MARALO INC.

MARALO JALMAT YATES UNIT
COMPLETION DATE
FIRST SEVEN INJECTION WELLS

WELL #	LAST TEST	DATE COMPLETED DRILLING	TD	CASING	PERFORATIONS	PRODUCTIVE FORMATION	FORMATION TOPS			CUMULATIVES		
							YATES	7-RIVERS	QUEEN	BO	BT	CF/GAS
4	5 BO + 55 BW & 1 MCFCG/D	11-2-79	3500 (-336')	3500	2917-3002'	Yates	2916' (+248')	3140' (+24')	3366' (-202')	165	961	27
9	8 BO + 3 BW & 1.6 MCFCG/D	9-20-79	3557 (-363')	3557	3069-3184'	Yates	2954' (+240')	3192' (+2')	3409' (-215')	881	214	157
15	5 BO + 3 BW & 35 MCFCG/D	9-27-79	3570 (-373')	3570	2954-3174'	Yates	2954' (+243')	3180' (+17')	3410' (-213')	156	93	1071
19	No completion attempted	10-5-79	3540 (-382')	3540			2895' (+264')	3141' (+18')	3348' (-189')			
20	5 BO + 3 BW & 151 MCFCG/D	9-5-79	3500 (-334')	3500	3196-3486'	7-Rivers & Queen	2906' (+260')	3148' (+18')	3363' (-197')	1041	494	15341
25	1 BO & est 226 MCFCG/D (SI)	10-18-79	3510 (-374')	3510	3130-3228'	7-Rivers	2854' (+282')	3076' (+60')	3294' (-158')			
31	No completion attempted	10-25-79	3508 (-384')	3508			2824' (+300')	3052' (+72')	3271' (-147')			

Total To February 1, 1980

2243 1762 16593

BEFORE EXAMINER SIGNATURES	
CASE NO. <u>6812</u>	EXHIBIT NO. <u>4</u>
Submitted by <u>Maude</u>	
Hearing Date <u>2/27/80</u>	

Dockets Nos. 6-80 and 7-80 are tentatively set for March 12 and 26, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 27, 1980

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

The following cases will be heard before Richard L. Stanets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 6787: (Continued from February 13, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the approval of 12 non-standard proration units ranging in size from 261.51 acres to 334.24 acres for 320-acre spaced pools, and 19 non-standard proration units ranging in size from 162.65 acres to 207.57 acres for 160-acre spaced pools, all of the aforesaid units being in and resulting from the irregular size and shape of Sections 1 thru 7 and 18, 19, 30, and 31, along the North and West sides of Township 28 North, Range 3 West, Rio Arriba County.

CASE 6811: Application of Laguna Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the SE/4 NE/4 of Section 13, Township 8 South, Range 32 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6812: Application of Maralo Inc. to amend Order No. R-5816, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-5816 to permit the seven waterflood injection wells authorized to be drilled at unorthodox locations by said order to be produced until May 1, 1980, or until depleted, prior to being placed on water injection.

CASE 6813: Application of Petroleum Development Corporation to amend Order No. R-6196, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6196 which authorized re-entry of a well at an unorthodox location in the Lusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Range 31 East. Applicant now seeks approval for a new revised location 750 feet from the North line and 660 feet from the West line of said Section 13.

CASE 6814: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Betenbough Unit Area, comprising 1921 acres, more or less, of State and fee lands in Township 13 South, Range 36 East.

CASE 6797: (Continued from January 30, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Penn formations underlying the N/2 of Section 28, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6815: Application of Florida Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Ross Draw Unit Well No. 8, a Wolfcamp gas well 1650 feet from the North and East lines of Section 27, Township 26 South, Range 30 East, the N/2 of said Section 27 being dedicated to the well.

CASE 6816: Application of Hanson Oil Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Penrose Grayburg formation in the perforated interval from 3404 feet to 3633 feet in its Creek Well No. 1 located in Unit G of Section 35, Township 18 South, Range 30 East, Shugart Pool.

CASE 6817: Application of Mewbourne Oil Company to amend Order No. R-6100, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6100 whereby the unorthodox Morrow location approved by said order would instead be applicable to the Wolfcamp and Bone Springs formations.

CASE 6818: Application of Tenneco Oil Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its State HL 11 Well No. 1 located in U-it N of Section 11, Township 19 South, Range 29 East.

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February 4, 1980

Case 6812

Mr. Richard Stamets
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Maralo, Inc. Application for
Production of Unorthodox Wells,
Jalmat Yates Unit

Dear Dick:


Transmitted herewith you will find three executed copies of the Application in connection with the foregoing matter. As you will recall, we have discussed this on the telephone upon several occasions and it is my understanding that this matter has been accepted, by telephone request, to be set on the docket for February 27, 1980.

Please let me know immediately if there is anything in addition to the copies of the Application which you need for purposes of keeping this matter set on the docket for the February 27 hearing.

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:rh
Enclosures

Mr. Richard Stamets

-2-

February 4, 1980

xc/enc: Maralo, Inc.
Post Office Box 832
Midland, Texas 79702
xc/enc: Mr. Bill Seltzer
514 Petroleum Building
Midland, Texas 79701

BEFORE THE OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

APPLICATION BY MARALO, INC.,)
UNIT OPERATOR OF THE JALMAT)
YATES UNIT, TO SEEK APPROVAL)
AND AUTHORIZATION FOR PRODUCTION)
FROM CERTAIN PRODUCING WELLS)
LOCATED AT UNORTHODOX LOCATIONS)
WITHIN THE JALMAT YATES UNIT AREA)

Case 6812

APPLICATION

COMES NOW, Maralo, Inc., Unit Operator of the Jalmat Yates Unit, Lea County, New Mexico, acting by and through the undersigned attorneys and hereby makes application for approval and authorization of production from certain producing wells at unorthodox locations within the Jalmat Yates Unit Area, and in support thereof respectfully shows:

1. The Oil Conservation Commission of the State of New Mexico granted approval of the Jalmat Yates Unit Agreement by Order No. R-5817 dated September 26, 1978, and in a related matter, also granted approval of the Jalmat Yates secondary recovery project by Order No. R-5816 also dated September 26, 1978.

2. Pursuant to Order R-5816, Maralo, Inc. was authorized to drill certain wells as injection wells for injecting water into the Yates formation. Said wells were drilled at approved unorthodox locations in Sections 12 and 13, Township 25 South, Range 36 East, N.M.P.M. and in Section 18, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico. The wells and the locations at which they were authorized to be drilled are as follows:

Unit Well No.	Location
4	1575' FSL and 1050' FEL, Sec. 12, T-25-S, R-36-E
9	400' FSL and 1000' FEL, Sec. 12, T-25-S, R-36-E
15	1050' FNL and 1100' FEL, Sec. 13, T-25-S, R-36-E
19	1300' FNL and 1350' FWL, Sec. 18, T-25-S, R-37-E
20	1250' FNL and 70' FWL, Sec. 18, T-25-S, R-37-E
25	2500' FNL and 1550' FWL, Sec. 18, T-25-S, R-37-E
31	1650' FSL and 1700' FWL, Sec. 18, T-25-S, R-37-E

3. The foregoing wells were drilled at the locations authorized except for Well No. 4. Because of topographical

problems, administrative approval was sought and granted for the drilling of the No. 4 Well at the following location:

Unit Well

<u>No.</u>	<u>Location</u>
4	1440' FSL and 1150' FEL, Sec. 12, T-25-S, R-36-E

4. All of the foregoing wells were approved at the above described unorthodox locations as injection wells. However, upon completion of the same, Maralo, Inc., as Operator of said Unit, has conducted certain tests on said wells and has found that said wells are capable of certain marginal production of hydrocarbons.

5. In order to maximize production of hydrocarbons from the Jalmat Yates Unit Area, Applicant respectfully requests authority to produce the above described wells for the time period down to May 1, 1980 or until such production of hydrocarbons from said wells is shown to be sufficiently depleted from primary production efforts so that further efforts to produce the same should be abandoned. Thereupon, Maralo, Inc., as Operator of the said Jalmat Yates Unit, proposes to commence water injection into said wells, as originally anticipated and heretofore authorized in accordance with Oil Conservation Commission Order No. 5816.

6. In the opinion of the Applicant, authorization of production of said above described wells, located at unorthodox locations, is in the interest of conservation, prevention of waste and protection of correlative rights and will tend to promote the greatest recovery of oil and gas from the unitized area.

7. Applicant requests that this matter be set for hearing at the Examiner's hearing to be held on February 27, 1980.

Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: 

Conrad E. Coffield
Attorneys for Maralo, Inc.

BEFORE THE OIL CONSERVATION DIVISION

DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

APPLICATION BY MARALO, INC.,)
UNIT OPERATOR OF THE JALMAT)
YATES UNIT, TO SEEK APPROVAL)
AND AUTHORIZATION FOR PRODUCTION)
FROM CERTAIN PRODUCING WELLS)
LOCATED AT UNORTHODOX LOCATIONS)
WITHIN THE JALMAT YATES UNIT AREA)

Case 6812

APPLICATION

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Respectfully submitted,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: 

Conrad E. Coffield
Attorneys for Maralo, Inc.

BEFORE THE OIL CONSERVATION DIVISION
DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

APPLICATION BY MARALO, INC.,)
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FROM CERTAIN PRODUCING WELLS)
LOCATED AT UNORTHODOX LOCATIONS)
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Case 6.8/2

APPLICATION

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