

CASE
RECORD
FILE

#4482

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
January 5, 1972

EXAMINER HEARING

IN THE MATTER OF Case 4482 being
reopened pursuant to the provisions
of Order No. R-4093, which order
established 160-acre spacing units
and established a maximum gas-oil
ratio limitation of 3,000 cubic feet
of gas for each barrel of oil
produced for the Parkway-Strawn Pool,
Eddy County, New Mexico.

Case 4482

BEFORE: Daniel S. Nutter,
Alternate Examiner.

TRANSCRIPT OF HEARING

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MR. NUTTER: Case 4482.

MR. HATCH: Case 4482: Petroleum Corporation request that Order No. R-4093 be extended for one year, that extension to relate to the spacing and to the COR--for the Parkway-Strawn Pool, Eddy County, New Mexico.

MR. HINKLE: Clarence Hinkle, Roswell, representing the Petroleum Corporation.

We have one witness and a couple of exhibits.

(Whereupon, the Applicant's exhibits were marked for identification.)

LARRY SHANNON

a witness, having been first duly sworn according to law, upon his oath, testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE

Q State your name, your residence, and by whom you are employed.

A Yes, I am Larry Shannon; live in Dallas, Texas; employed by the Petroleum Corporation as a petroleum engineer.

Q Did you testify in the original hearing in regard to this matter about a year ago?

A Yes, I did.

Q Are you a petroleum engineer?

A Yes.

Q Your qualifications as a petroleum engineer are a matter of

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1 record with this Commission?

2 A That is correct.

3 Q Since the last hearing have you continued to study the

4 conditions in the Parkway-Strawn Pool, and you are familiar

5 with the development that has taken place there?

6 A Yes.

7 Q And the production history involved?

8 A Yes.

9 Q Have you prepared, or have they been prepared under your

10 supervision the exhibits here?

11 A Yes, we have two exhibits.

12 Q Referring to Exhibit 1, explain what this is, and what it

13 shows.

14 A Yes, in Exhibit 1 you see the Petroleum Corporation State

15 Well No. 1 circled in red.

16 This is the only producing well in the Parkway-Strawn

17 Field.

18 Q That well is the well which was the basis for the adoption

19 of the special pool rules?

20 A Yes, that is correct. We have drilled since we received

21 the special field rules, we drilled the Petro State Well

22 No. 2 over to the west.

23 We found the Strawn, which is the Lux-Strawn on the

24 deeper part of the Strawn to be higher, but at the time we

25 completed the second well in the Wolf Camp-Stone, which we

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1 have special field rules under the Parkway-Wolf Camp Field
 2 This well was completed, the second well was completed on
 3 July 5th, 1971, and flowed 810 barrels of oil in 24 hours,
 4 a gallon volume of 1,200 Mcf per day; GOR, 1,485 to 1.

5 Q What is the acreage outlined in yellow?

6 A This is our current acreage position in this area, where we
 7 have interests as outlined in yellow.

8 Q Now, this is a structural map contoured on top of the
 9 Strawn Formation?

10 A Yes, that is correct.

11 Q Is this the same or practically the same as Exhibit A, that
 12 was originally introduced showing the structural conditions?

13 A Yes, there are some changes in the acreage.

14 In Section 27 we have added acreage, and in Section 35
 15 we have lost some acreage.

16 Q What about your contours?

17 A The contours have been modified.

18 Q On account of the form which was obtained in drilling the
 19 additional wells?

20 A Only drilling additional wells, yes.

21 I would like to point out one other thing.

22 Over to the east in Section 30 the H. L. Brown well
 23 was originally completed as a Morrow Gas Well; information
 24 is still tight on this, and it is not available to us, but
 25 it is our understanding it has been re-completed, but our

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1 geologist says it is Atokla, above the Lusk, not the same
 2 geological zone.

3 We have no information. They were contacted, and did
 4 not want to release any information on this well, but it is
 5 not producing at the present time, from what information we
 6 have.

7 Q Now, the special pool rules that were adopted a year ago
 8 provided also for disposal of salt water, did it not?

9 A Yes.

10 Q In open pits?

11 A Yes.

12 Q As an exception?

13 A Yes.

14 Q And it also provided for a special gas-oil ratio?

15 A Yes, it was 2,000 to 1 without a gas connection, and 3,000
 16 to 1 limited GOR with the gas connection.

17 Q At the time of the original hearing you had no gas
 18 connections; is that right?

19 A That is correct.

20 Q You were permitted to flare the gas originally?

21 A Yes, it is in the order here.

22 Q I will refer to Exhibit 1, and explain what it shows, too,
 23 rather.

24 A Exhibit 2 is the production history from the Petco State
 25 Well No. 1, the only producing well in the Parkway-Strawn

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Pool.

Production began in December of 1970, and we show production through November, 1971.

I would like to point out that in August, September, October, and part of November, we slowed the production down, because at this point in time we completed our second well and we knew we would get a gas connection. We did not want to flare the surface gas, so we produced the well only a few days a month until such time as we had a gas connection to the well.

That gas connection was installed at the end of November and the well was started selling gas in December of 1971.

The pipeline that moved into this area is Lano Inc., out of Hobbs, New Mexico.

Q Do you have any figures for December?

A Yes.

Q I understand the official figures are not out yet.

A That is correct. The well produced over 700 barrels of oil in December, and approximately nine million cubic feet of gas.

Q All of which you were able to sell?

A To sell, yes.

I would like to also point out on this, we felt a year ago that if we were allowed to produce the well and dispose

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1 of the water into an open pit, that the water production
 2 would decline, and we see this decline as not extremely
 3 evident, but there is certainly a decline in water
 4 production.

5 We feel that in time the well will have even more
 6 decline in water production, and hopefully an increase in
 7 oil and gas production.

8 Q Do you have any plans for drilling of any additional wells
 9 in the area?

10 A At the present time we would like to conserve the production
 11 from the two wells that we have in this area. We have a
 12 sizeable acreage position, and we have an investment now
 13 of approximately \$400,000, and for a few months, naturally
 14 we would like to develop.

15 Q If the information indicates it is economically justified,
 16 you would like to continue to dispose of the salt water in
 17 the open pit?

18 A Yes.

19 Q And you would like to continue the same gas-oil ratio as
 20 provided in the special rule?

21 A Yes.

22 Q What is your recommendation to the Commission at this time?

23 A We recommend that Order No. R-4093 be extended for one year
 24 under the same basic rules that were adopted a year ago.

25 We would like another year of temporary rules to

1 observe the production from this field.

2 Q You felt at that time you can probably determine whether or
3 not you would be justified in any further development of
4 the area?

5 A Yes.

6 MR. HINKLE: We would like to offer into evidence
7 Exhibits 1 and 2.

8 MR. NUTTER: Exhibits 1 and 2 will be admitted.

9 CROSS-EXAMINATION

10 BY MR. NUTTER

11 Q Mr. Shannon, you mentioned that you had curtailed
12 production from the one well because you were anticipating
13 a connection for the gas because of the second well was
14 being completed; is that in the No. 2 well?

15 A That is correct.

16 Q That you have in the Wolf Camp?

17 A Yes.

18 Q The potential you gave a minute ago, was that potential in
19 the Wolf Camp?

20 A Yes.

21 Q What about water production on that well?

22 A It doesn't make any water production.

23 Q What is your water production in the month of December from
24 your Well No. 1? You said you recovered 700 barrels of oil
25 and nine million cubic feet of gas?

1 A I can give you an approximate figure, Mr. Nutter. I don't
2 have those records all together yet.
3 5,250 barrels, thereabouts.
4 Q In making your request that Order No. R-4093 be extended
5 for one year, that extension would relate to the spacing
6 and to the GOR?
7 A And to the disposal of the water.
8 Q Water disposal, but not flare of gas?
9 A That is right, everything but that. That is particularly
10 on page 6, paragraph 5 of the rule, they refer to the gas
11 connection in that point.
12 MR. NUTTER: Are there any further questions of the
13 witness?
14 CROSS-EXAMINATION
15 BY MR. PORTER
16 Q You may have testified to this on direct. What are the
17 approximate volumes of water we are talking about, daily
18 production?
19 A When we came here a year ago, Mr. Porter, our water
20 production was 280 barrels a day.
21 It is now down to approximately 170 barrels a day.
22 Q I see. I assume, Mr. Examiner, that there was evident in
23 the record at that time as to the proximity to fresh water.
24 MR. NUTTER: Yes, there was.
25 THE WITNESS: We are very close to what they call the

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Pot Ash area, which is open pit.

CROSS-EXAMINATION
(CONTINUED)

BY MR. NUTTER

Q Those Pot Ash lakes are immediately nearby?

A Right to the east of us.

MR. NUTTER: That is all I have.

Does anyone have anything further in Case 4482?

We will take the case under advisement.

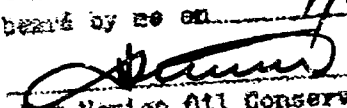
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1 STATE OF NEW MEXICO)
) ss.
 2 COUNTY OF BERNALILLO)

3 I, RICHARD STURGES, a Certified Shorthand Reporter, in and
 4 for the County of Bernalillo, State of New Mexico, do hereby
 5 certify that the foregoing and attached Transcript of Hearing
 6 before the New Mexico Oil Conservation Commission was reported
 7 by me; and that the same is a true and correct record of the
 8 said proceedings to the best of my knowledge, skill and ability.

9 
 10 CERTIFIED SHORTHAND REPORTER

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 22 I do hereby certify that the foregoing is
 23 a complete record of the proceedings in
 the Examiner hearing of Case No. 4482
 heard by me on 1/5 1972
 24  Secretary
 25 New Mexico Oil Conservation Commission

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I N D E X

WITNESS

PAGE

LARRY SHANNON

Direct Examination by Mr. Hinkle	3
Cross-Examination by Mr. Nutter	9
Cross-Examination by Mr. Porter	10
Cross-Examination Continued by Mr. Nutter	11

E X H I B I T S

APPLICANT'S

ADMITTED

OFFERED

Exhibits 1 & 2	9	6
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
January 17, 1973

EXAMINER HEARING

IN THE MATTER OF:

Case 4482 being reopened pursuant to
the provisions of Order No. R-4093-A,
which order continued the special
rules and regulations for the
Parkway-Strawn Pool, Eddy County, New
Mexico, for a period of one year.

Case No. 4482

BEFORE: Elvis A. Utz
Examiner

TRANSCRIPT OF HEARING

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1 MR. UTZ: Case 4482.

2 MR. CARR: Case 4482 in the matter of Case 4482
3 being reopened pursuant to the provisions of Order Number
4 R-4093-A, which order continued the special rules and
5 regulations for the Parkway-Strawn Pool, Eddy County, New
6 Mexico, for a period of one year.

7 MR. COX: Lewis Cox of Hinkle, Dondurant, Cox &
8 Eaton, Roswell, New Mexico, appearing on behalf of the
9 applicant.

10 MR. UTZ: Are there other appearances in the case?

11 MR. SHANNON: Harry Shannon with Petroleum
12 Corporation in Dallas.

13 * * * * *

14 HARRY SHANNON,

15 having been first duly sworn according to law, upon his oath,
16 testified as follows:

17 DIRECT EXAMINATION

18 BY MR. COX

19 Q State your name and employment, please, sir?

20 A Harry Shannon with the Petroleum Corporation, Dallas,
21 Texas.

22 Q Have you previously testified before the Commission,
23 Mr. Shannon?

24 A Yes, I have.

25 Q And what is your position with Petroleum Corporation?

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1 A I'm the petroleum engineer and manager of operations.

2 MR. COX: Does the Examiner desire any more
3 testimony as to his qualifications?

4 MR. UTZ: Is he familiar with the subject matter
5 of this case?

6 Q (By Mr. Cox) You are familiar with the subject matter
7 of this case, Mr. Shannon?

8 A Yes.

9 MR. UTZ: Yes, he is qualified to testify in this
10 case.

11 Q (By Mr. Cox) Would you state the purpose of your
12 appearance here and what you expect the Examiner to
13 find this morning?

14 A Yes, we'd like to show the development that's occurred
15 in the Parkway-Strawn area and ask that the rules,
16 temporary rules for this field, be made permanent.

17 Q I hand you an instrument marked Exhibit 1 and ask you
18 to tell what that exhibit is and what it reflects?

19 MR. UTZ: Do you have a couple of more copies?

20 MR. COX: Yes, sir.

21 A This is a land map of the general area. I'd like to
22 refer specifically to the discovery well, the Petco
23 State No. 1, in the southeast quarter of Section 26,
24 right to the east of this area we have outlined in red.

25 This is the discovery well, and the well that the

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1 rules applied for its production. We have, since this
2 time, drilled the Petco State Well No. 2 to the west.
3 It's in the southwest quarter of Section 26. The
4 Strawn zone there -- and we'll get into the geology
5 a little bit later -- was tight and it was not productive
6 in the Strawn.

7 We have put together a six-section working unit
8 on state land as outlined in red. The title is the
9 Parkway West Unit and we have drilled Parkway West Unit
10 No. 1 in the northwest quarter of Section 28.

11 This well, we believe, has importance in our area
12 and we'll get into the specifics a bit later on in our
13 exhibits.

14 Q I hand you now an instrument marked Exhibit Number 2 and
15 ask you to explain the significance of that exhibit.

16 A Exhibit Number 2 is a structure map on the top of the
17 Strawn and it shows the other wells drilled in the
18 immediate area. We will refer, again, to Section 26
19 first. That's to the right of the area outlined in
20 red, that was our discovery well.

21 The well next to the west of it was drilled through
22 the Strawn, but it was dense. We have now drilled the
23 Parkway West Unit Number 1 well through the Strawn and
24 we have tested gas on three different drill stem tests
25 within the Strawn interval.

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1 The Sunray Well to the south and west of us in
2 Section 32 did not test the Strawn. We don't know for
3 sure whether it may or may not have production
4 possibilities, but it was not tested at the time it was
5 drilled.

6 Q I hand you an instrument marked Exhibit Number 3 and
7 ask you to explain that exhibit.

8 A Exhibit Number 3 is a copy of the Dual Induction Lateral
9 log that was run on the Parkway West Unit Number 1 well.

10 We have also shown on this log the three drill
11 stem tests in levels of the Strawn. We have marked
12 the Strawn top at 10,212 feet. Specifically, the DST,
13 the first test within the zone, is from 10,238 to
14 347. It showed gas at an estimated rate of 2,000 Mcf
15 per day. The pressures are shown on the exhibit.

16 The second drill stem test tested the Strawn at
17 a rate of 1,700 Mcf per day; and we believe that this
18 drill stem test, the second, is the one that contains
19 the zone we now produce from in our Petco State No. 1
20 well in Section 26, or the discovery well.

21 We then ran a third drill stem test at a depth of
22 10,440 to 535. On this test, we got a gas flow at the
23 rate of 8,000 Mcf per day, pressures and all are shown
24 for that particular test.

25 The idea of this exhibit is to show that the Strawn

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1 interval has several producing zones within it and we
2 believe it to be an extension of the discovery well.
3 We'd like, at this time, to say that the first question
4 that always comes up is the dry hole, the one that was
5 drilled to the west of us. We are not positive of the
6 description of why this happened, but we'd like to think
7 of it in this way: This is an algae-type reef build up
8 and small banks along the edge and there are times when
9 that porosity is dense, and it just couldn't have an
10 anomalous condition, it's not widespread.

11 But, it can happen and we think that that's
12 probably why. It doesn't eliminate the possibility of
13 any widespread tightness of the area, and it does not,
14 we believe, show two different reservoirs. We think
15 it's still the same reservoir, just an anomalous
16 condition.

17 Q Mr. Shannon, I now hand you Exhibits marked 4, 5, and 6,
18 and ask you to tell what they are and what their
19 significance is, precisely.

20 A All right. Exhibits 4, 5, and 6, are more detailed
21 information of the drill stem tests that we spoke of,
22 run on our Parkway West Unit Well No. 1.

23 I'd like to say one other thing. We have not
24 completed this well yet. We just finished our drilling
25 operations and released the drilling rig yesterday, and

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1 completion proceedings will start next week. We have
2 another zone that we want to test, too, before we even
3 get to the Strawn, but this is of a more refinement of
4 the drill stem test as shown on Exhibit 3.

5 Q Now, I hand you an instrument marked Exhibit 7 and ask
6 you to explain what that is?

7 A Exhibit 7 is a recap of the oil, water, and gas that
8 have been produced from the Petco State Well No. 1, the
9 discovery well for the field, since initial production.

10 I might add to this, we are pumping a well, but
11 we have a pump located at 5,000 feet. We think, now,
12 that by lowering that pump a little deeper, we can
13 probably increase the oil as well as water production.

14 Q Are the provisions of the special field rules relating
15 to saltwater disposal and gas-oil ratio and the 160-acre
16 spacing, necessary to economically produce this well,
17 a continuation of those special field rules?

18 A Yes, we ask for that.

19 Q Does the data you've submitted in your opinion justify
20 making the temporary field rules for the Parkway-Strawn
21 Pool permanent?

22 A Yes, we believe it does.

23 MR. COX: I offer the Exhibits 1 through 7,
24 inclusive, in evidence at this time.

25 MR. UTZ: Without objection, Exhibits 1 through 7

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1 will be entered into the record in this case.

2 Q (By Mr. Cox) Would the continuation of these special
3 field rules, in your opinion, Mr. Shannon, tend to
4 prevent waste and promote conservation and protect
5 correlative rights?

6 A Yes, sir, I believe it will.

7 MR. COX: No further questions.

8 CROSS-EXAMINATION

9 BY MR. UTZ

10 Q Mr. Shannon, basically, this is an 80-acre case, is that
11 correct?

12 A I'm sorry, I did not understand the question.

13 Q I say, basically, this was an 80-acre spacing case,
14 that's mostly what the order is all about, is 80-acre
15 spacing, is that correct, and the location and proration
16 unit?

17 A 160 acres is the spacing, sir.

18 Q Well, I haven't read the order, I'm just glancing at
19 it now. I see that it is 160-acre spacing as an oil
20 pool.

21 A Yes, that's correct, with a 3,000 to 1 GOR limitation
22 as long as the gas is being sold. We have a special
23 provision.

24 Q 2,000?

25 A 2,000 if the gas has been flared, 3,000 if it's being

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1 sold. We have special permissions in this order to
2 dispose of our water production in an open pit. There
3 is no fresh water in that immediate area.

4 Q The gas is being sold?

5 A The gas is being sold, it has been for approximately
6 one year.

7 Q You are operating it on a 3,000 GOR at this time, then?

8 A That's correct.

9 Q Mr. Shannon, do you know what the limits of the pool
10 are?

11 A I'm not positive of the exact legal description, no,
12 sir.

13 MR. COX: It's the southeast quarter of Section
14 26.

15 THE WITNESS: There is other acreage.

16 MR. COX: The order defines the pool as the
17 southeast quarter of Section 26, 19 south, 29 east.

18 Q (By Mr. Utz) That, at the time, is the only well in
19 the pool?

20 A That is correct, yes.

21 Q And what you are asking for here, at the present time,
22 is a continuation of the temporary order for the pool
23 rules of the southeast quarter of Section 26?

24 A That is correct, yes.

25 Q In your opinion, Mr. Shannon, does the well drilled in

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1 Section 28 have some sort of communication with the well
2 drilled in the southeast quarter of section 26?
3 A Yes, we very definitely believe this. We think that,
4 we hope, they will tie in together.
5 Q Now, what do you base this opinion on, pressures, or --
6 A Both pressures and geological studies that we have run,
7 geophysical studies.
8 Q Okay. Regarding your Exhibits 4, 5, and 6, what's the
9 difference between the field pressure and the office
10 pressure?
11 A The pressures are very similar, sir. The original
12 pressure on the Petco State No. 1 and the pressure that
13 we see in the Parkway is very similar. We have not run
14 a bottom hole pressure on the discovery well, though,
15 since it was initially completed.
16 Q The initial pressures were very similar?
17 A Yes.
18 Q On these exhibits, I notice that you have a field
19 pressure and an office pressure, and I was interested
20 in --
21 A The reason that is given that way, as an operator, we
22 like to have some form of pressure once the test tube
23 is removed from the field. The men on the field will
24 read the charts and provide us with an approximate
25 pressure that goes into our drilling records.

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- 1 Then, after the charts had been in the record, they
2 used a scanner and they are more accurate then. We can
3 measure our pressures without drill reports.
- 4 Q Now, in regard to the three zones, and by that I guess
5 perhaps I'd better ask first, have you completed this
6 well in all three zones of the Strawn?
- 7 A No, sir. We have not completed the wells, we just
8 released the drilling rig and ran pipe. We plan to
9 start completion next week.
- 10 Q Do you plan to complete in all the three zones that you
11 did a drill stem test on?
- 12 A Our plans are not firm, but we plan to only go to the
13 bottom zone and then something deeper, below the Strawn,
14 and hopefully have a dual completion.
- 15 Q Then you feel, I believe you stated, that the middle
16 zone was the zone that the discovery well was completed
17 in?
- 18 A We think that to be true, the best we can tell.
- 19 Q You don't intend to complete in that zone in this well?
- 20 A Not at this time because, to be truthful with you, the
21 deliverabilities were better on the lower zone. The
22 hydrocarbons were there in the same zone, but the plans
23 now are to attempt a completion in the bottom of it,
24 that way it's easier to come up later in life, and also
25 because of deliverability.

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1 MR. UTZ: Are there any questions of the witness?

2 MR. STAMETS: Just a couple.

3 CROSS-EXAMINATION

4 BY MR. STAMETS

5 Q Mr. Shannon, looking at your production report, it looks
6 like the GOR on the one is about 20,000 Mcf per barrel.
7 Is that about right?

8 A I guess it is high, Mr. Stamets.

9 Q And the well is classified as an oil well, not as a
10 gas well?

11 A Yes, that's true.

12 Q And the well you intend to complete will be classified
13 as a gas well in all probability?

14 A We don't know at this point, but there is a possibility
15 that it may be.

16 Q Do you think that some future date, fairly soon, the
17 Commission should consider calling a hearing to
18 determine that this is an associated reservoir, and
19 come up with special pool rules for the whole area?

20 A After additional development, that may be something
21 they would want to consider, that's true.

22 Q Do you think unlimited withdrawals of the gas from the
23 well in Section 28 would affect the one producing well
24 in Section 26 at this time?

25 A There is no evidence that it can. The well in Section

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1 20 is a marginal well and almost uneconomical to
2 produce at the time; but, we produced this well for as
3 long as we have in hopes that we could tell something
4 more about the reservoir, and I guess optimistically
5 inclined, we hoped to find it in a better structural
6 position.

7 MR. STAMETS: That's all the questions I have.

8 MR. UTZ: Are there any other questions of the
9 witness?

10 (No response.)

11 MR. UTZ: He may be excused.

12 Are there any statements in this case?

13 (No response.)

14 MR. UTZ: The case will be taken under advisement.
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dearnley, meier & mc cormick

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1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

4 I, JOHN DE LA ROSA, a Notary Public in and for the
5 County of Bernalillo, State of New Mexico do hereby certify
6 that the foregoing and attached Transcript of Hearing before
7 the New Mexico Oil Conservation Commission was reported by
8 me; and that the same is a true and correct record of the
9 said proceedings to the best of my knowledge, skill and
10 ability.

11 *John De La Rosa*
12 NOTARY PUBLIC

13 My Commission Expires:

14 August 4, 1976
15
16
17
18
19
20
21

22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Examiner hearing of Case No. 4482
25 heard by me on Jan 17, 19 73
[Signature], Examiner
New Mexico Oil Conservation Commission

dearnley, meier & mc cormick

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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108I N D E XWITNESS

HARRY SHANNON

Direct Examination by Mr. Cox	3
Cross-Examination by Mr. Utz	9
Cross-Examination by Mr. Stamets	13

E X H I B I T SADMITTEDOFFERED

Exhibit 1	8	4
Exhibit 2	8	5
Exhibit 3	8	6
Exhibit 4, 5, & 6	8	7
Exhibit 7	8	8

dearnley, meier & mc cormick

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
January 3, 1973

EXAMINER HEARING

IN THE MATTER OF:

Case 4482 being reopened pursuant to
the provisions of Order No. R-4093-A,
which order continued the special rules and
regulations for the Parkway-Strawn Pool, Eddy
County, New Mexico, for a period of one year.
All interested parties may appear and show
cause why said special pool rules should be
further extended.

Case No. 4482
(Reopened)

BEFORE: Daniel S. Nutter,
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

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1 MR. CARR: 4482, reopened. It is in the matter of
2 Case 4482 being reopened pursuant to the provisions of Order
3 No. R-4093-A, which order continued the special rules and
4 regulations for the Parkway-Strawn Pool, Eddy County, New
5 Mexico, for a period of one year. The applicant in this case
6 has requested that it be continued to January 17.

7 MR. NUTTER: Case No. 4482 continued at 9:00 A.M.
8 at this same place, January 17, 1973.

9 Call next case 4889.

10
11
12
13 STATE OF NEW MEXICO)
14) ss
15 COUNTY OF BERNALILLO)

16 I, JANET RUSSELL, a Court Reporter, in and for the
17 County of Bernalillo, State of New Mexico, do hereby certify
18 that the foregoing and attached Transcript of Hearing before
19 the New Mexico Oil Conservation Commission was reported by me;
20 and that the same is a true and correct record of the said
21 proceedings to the best of my knowledge, skill and ability.

22 Janet Russell
COURT REPORTER

23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
the Examiner hearing of Case No. 4482,
25 heard by me on Jan 3, 1972.

Examiner, Examiner
New Mexico Oil Conservation Commission

dearnley-meier reporting service, inc.

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

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 6, 1971

EXAMINER HEARING

IN THE MATTER OF:

-----)
Application of the Petroleum Corporation)
for the creation of a new pool, special)
rules therefore, and exceptions to Orders)
Nos. R-3221 and R-4070, Eddy County, New)
Mexico. Applicant, in the above-styled)
cause, seeks the creation of a new Strawn)
oil pool for its Petco State Well No. 1)
located in Unit P of Section 26, Township)
19 South, Range 29 East, Eddy County, New)
Mexico, and for the promulgation of special)
rules therefore, including provisions for)
160-acre spacing units and a limiting gas-)
oil ratio of 4000 cubic feet of gas per)
barrel of oil. Applicant further seeks)
exceptions to Orders Nos. R-3221 and R-)
4070, respectively, to permit the disposal)
of water produced by said well in an un-)
lined surface pit and to flare gas produced)
by said well.)
-----)

Cause No.
4482

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

I N D E XPAGEHAL DEAN

Direct Examination by Mr. Hinkle	3
Cross Examination by Mr. Nutter	10

HARRY SHANNON

Direct Examination by Mr. Hinkle	10
Cross Examination by Mr. Nutter	16

E X H I B I T SMarkedOffered and
Admitted

Applicant's Exhibit Nos 1-5	3	(1-3) 9 (4-5) 16
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MR. HATCH: Case Number 4482. Application of Petroleum Corporation for the creation of a new pool, special rules, therefore, in exception Order Numbers R-3221 and R-4070, Eddy County, New Mexico.

(Whereupon, Applicant's Exhibits Nos. 1

through 5 were marked for identification.)

MR. HINKLE: I am Clarence Hinkle of Hinkle, Bondurant, Cox and Eaton, Roswell, appearing in behalf of the Petroleum Corporation.

HAL DEAN

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence, and by whom you are employed?

A Hal Dean, Midland, Texas, Petroleum Corporation.

Q What is your position with the Company?

A A geologist.

Q Have you previously testified before the Commission?

A Yes, I have.

Q Are your qualifications as a petroleum geologist a matter of record with the Commission?

A Yes, they are.

Q Are you familiar with the Application of the Petroleum Corporation in this case?

A Yes, I am.

Q What is Petroleum Corporation seeking to accomplish?

A We desire to create a new Strawn oil pool for its Petco State Well Number 1, located in Unit P of Section 26, Township 19 south, Range 29 east, Eddy County, New Mexico, and for the adoption of Rules which include provisions for 160-acre spacing units and a limiting gas-oil ratio of 4000 cubic feet of gas per barrel of oil.

Q And also for disposal?

A Also for disposal of water produced by the well in an unlined surface pit, and to flare gas produced by said well.

Q Now, have you prepared or have there been prepared under your direction certain exhibits for introduction in this case?

A Yes, there has been.

Q Refer to Exhibit Number 1, and explain what this shows?

A Exhibit Number 1 is a regional map showing the location of the subject well--arbitrarily called the potash area--and it shows how it is located in relation

to the other Strawn production areas 13 miles to the west.

Q Of the west limits of the Lusk Field?

A Yes, Lusk Field, and six miles northeast of the Scanlon-Strawn gas fields.

Q Now, referring to the Exhibit there, Number 2, can you explain that?

A Exhibit Number 2 is a map showing the wells which have penetrated the Strawn formation in the adjoining Township, and the area in which Petroleum Corporation is the operator of a 4 1/2 section working interest unit. It is colored in red. The location of the well and wells producing oil from the Strawn formation and is in the southeast of the southeast of Section 26. The closest well drilled is the H. L. Brown Well, which is located approximately 2 miles east, which is a recently completed Morrow gas well. The information has not been released on this subject well. The Ashman-Millard, this is located approximately five miles north. It was completed as a dry hole and Sunray Number 1, New Mexico State was completed as a Morrow gas well and is located four miles west, and has been abandoned. Cactus Jennings Federal, located two-and-a-half miles southwest was a dry hole and was completed approximately five years ago.

Q Is there something else you wish to add?

A I think that the legends on the map are self-explanatory.

Q Would you refer to Exhibit Number 3, and explain it to the Commissioner?

A This is Exhibit Number 3, and it is a cross section showing the structural relationship and stratigraphic relationship of the wells in the immediate vicinity of the subject well. Well Number A is Sunray Mid-Continent 1-Q, and as you can see, the Strawn formation is colored green. The Strawn formation Sunray Well was not tested, but appears to be dense and the Petroleum Corporation Number 1 Petco State, which is well number P, is tested. The Strawn formation is a covered gas and oil well and has been completed as an oil well.

Q Now, the details of that well and production history would be produced by the next witness, is that correct?

A Yes, the only thing we show the cross section here. We did have a definite porosity and permeating into the Strawn formation. It was tested and it was approximately 200 feet below a well to the west, which was dense.

Q Is that the "C" well?

A That is the "A."

Q The "A" Well?

A The "C" Cactus well was drilled and they had

inclusive testing of the Strawn formation. It was generally conceded by the operator to be dense and not productive of any fluid. This well is approximately flat with the Petco Corporation Number 1, Petco State. The third well on the contour cross section is H. L. Brown, Jr., Number 1. The data is not completely released on this. From our information it was approximately 200 feet low structurally to our well, and was also dense, so what we had was a porous zone in the Strawn surrounded by non-porous wells.

Q Now, you inserted a plat there on Exhibit Number 2, which shows the relative locations of these wells?

A Yes, sir.

Q It would appear, then, to the east you have a higher well?

A To the west here?

Q To the west.

A A higher well?

Q Then you have between BAC you have it relatively flat?

A Structurally, yes.

Q Now, in your opinion, what does that indicate?

A As far as geology is concerned?

Q Yes.

A From a geological standpoint we feel that this well is located on some sort of shelf which would indicate the possibility of fossiliferous limestone, and the possibility of having stratigraphic implications of forming a trap for oil and gas.

Q In other words, this is more of a stratigraphic type of pool or discovery than it is structural?

A Yes, sir.

Q In your opinion?

A This is definitely a stratigraphic type trap.

Q And for that reason you did not prepare a structural plat?

A Yes, sir. The density of the well information is scarce, and it would not be meaningful.

Q Have you compared the logs of the discovery well of the Petco State Number 1 with the logs producing wells in the Lusk-Strawn pool?

A Yes, sir, I have.

Q How do they compare?

A They compare favorably with the same relative zones which we are producing from in the Lusk field. We recorded the Lusk zone in our Petco State Number 1, and it exhibited the same type of lithology. It had a similar type porosity and permeability.

Q Now, is it your feeling that it is probably an edge well on a pool that might be comparable to the Lusk-Strawn Pool?

A Yes, sir, I feel that it has the same potential that the initial well has, that would be found in the Lusk field.

Q Did your Company do any further development studies of the area?

A Yes, we conducted a sismographic survey in the area. We are doing additional sub-surface work ,and we hope to be able to drill additional wells in this area as soon as possible.

Q Do you have any idea of the timing of the next well, when that would be?

A Between 60 and 90 days.

Q Do you have anything further with respect to these exhibits?

A No, sir, I do not.

MR. HINKLE: I would like Exhibits Numbers 1 through 3 to be admitted.

MR. NUTTER: Exhibits Number 1 through 3 will be admitted in evidence.

MR. HINKLE: That is all.

MR. NUTTER: Are there any further questions of the witness?

CROSS EXAMINATION BY MR. NUTTER:

Q Mr. Dean, for our information the Commission, on December 2nd, in Case Number 4471, there was an Application by H. L. Brown. Would you want to look at that?

A By all means.

Q That's Case No. 4471, and you can get that file across the hall.

(Whereupon, a discussion was held off the record.)

MR. NUTTER: Are there any further questions of Mr. Dean?

If there are no questions, the witness may be excused.

(Whereupon, the witness was excused.)

MR. HINKLE: We will call Mr. Harry Shannon.

HARRY SHANNON

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name and your residence, and by whom you are employed?

A My name is Harry Shannon, and I live in Dallas,

Texas, and I am employed by the Petco Corporation as a petroleum engineer.

Q Have you previously testified before the Commission?

A Yes, I have.

Q Are your qualifications as a petroleum engineer a matter of record with the Commission?

A That is correct.

Q Have you previously prepared or had prepared under your direction certain exhibits for introduction into this case?

A Yes.

Q Are you familiar with the discovery wells since you started drilling, and all the tests that have been made in connection with it?

A Yes.

Q You have kept up with it?

A Yes, with a production history.

Q Of the well?

A That is correct.

Q Now, I refer you to Exhibit Number 4; can you explain what this is and what it shows?

A Exhibit Number 4 is a chart showing the daily oil and gas production of the subject well. The water is shown in blue; gas production in red, and the oil is

in natural color from the xerox. We placed the well on artificial lift on November 15th, 1970 and it produced until December the 8th, at which time the well was determined to have a potential of 49 barrels of oil per day, 650 FMC per day of gas, and 289 gallons of water. On this exhibit, we think there is a trend that has been established. As you can see, the gas production when we started pumping the well was slightly over 200 MCF per day, and gradually it increased almost daily to as high as or over the MCF some points. The oil production has also increased beginning with 10 barrels per day and reaching a height of 54 barrels per day. At the same time the water production, which has been as high as 513 barrels per day, has gradually declined and we see that it leveled at 255 barrels per day. And another thing that has happened, we show by this vertical line that the well produced, as I have said, through artificial pumping, and we've ran it until December 23rd of 1970 when we shut down the pumping unit, and the well continued to flow and it has been flowing since that time.

Q Is that unusual that the water is decreasing; is it normal as far as the Strawn is concerned?

A We think this is normal. We think this tends

to prove that we have an edge water not supported by a large aquifer.

Q Is this indicative that there is no water, that it is a dry pool?

A Yes.

Q So you have an increase in both oil and gas, and a decrease in water so far as the production history is concerned?

A I might add another point to this: Prior to pumping the well, we find that there was a very small amount of gas, and after we swabbed it a few days it produced some oil and some gas and reached the point that it is at today.

Q Now, what have you been doing with the water that has been produced from the well?

A We have a temporary permit to dispose of it in an open pit well until we have this hearing.

Q Is this water located in what is know as the "potash" area" or the area where there has been orders by the Commission permitting the disposal in an open pit?

A That is correct. I don't have an outline of this potash area, but the Oil Conservation Commission's Office in Artesia tells me that there are one or two west of that area.

Q To your knowledge, are there any fresh water strata in that area?

A We have no fresh water in the immediate area. We had to go approximately 12 miles to find water to drill with.

Q In your opinion, does the disposal of this salt water in the open pit, this will not contaminate any fresh water?

A That is our opinion.

Q Now, what have you been doing as far as gas is concerned; have you been flaring it?

A We have been flaring gas, that is correct.

Q Is there any market for the gas or oil in this area at the present time?

A We have talked to five companies that purchase gas, and all of their lines are over five miles from our property, and they have not indicated any interest at this point. I think that in the future there will be a market.

Q The first witness testified there might be a pool of some consequence, and that you would have no problem in obtaining a market for the gas; do you agree with that?

A Very definitely, that is what we need.

Q Are you hauling the oil at the present time?

A That is correct.

Q Are you familiar with the pool rules, the special pool rules, that have been adopted for the Lusk-Strawn Pool?

A Yes, I am.

Q What are your recommendations to the Commission with respect to the adoption of the special pool rules in connection with this pool?

A Well, actually, we would request very similar rules: Spacing as far as 660 feet in any quarter section or a line of 330 in any quarter section is acceptable by us. We would also like 160-acre spacing space units. The allowable factor would be fine with us, or one well.

Q You are asking for 160-acre allowable?

A That is right. We would also like a 4000-to-one GOR limitation, which is in the Lusk-Strawn Pool.

Q You would also like to be permitted to flare until the market can be obtained?

A That is correct.

Q And further tests after the continuation of production of this well?

A Also to dispose of salt water.

Q In open pit?

A In open un-lined pits.

Q In your opinion, will the adoption of the pool rules tend to be in the interest of conservation and also prevent waste and protect correlative rights?

A Yes, I do think that it would.

MR. NUTTER: Do you have anything else?

MR. HINKLE: We have one other exhibit.

BY MR. HINKLE:

Q Referring to Exhibit Number 5, explain what this is?

A Exhibit 5 is a laboratory water analysis of the water that we have produced from this well. I think it is self explanatory as far as the minerals are concerned.

Q It is really not a very high chloride content?

A No.

Q As far as produced water is concerned?

A No.

MR. HINKLE: We would like to offer these in evidence, Exhibits Number 4 and 5.

MR. NUTTER: Exhibits Number 4 and 5 will be admitted in evidence.

MR. HINKLE: That is all that we have of this witness.

CROSS EXAMINATION BY MR. NUTTER:

Q Mr. Shannon, will the further production of this

well result in an increase or a decrease in the ratio or can you say what it is producing; there is no notation in here?

A No, I have been asked several times and I am really quite certain that we can see a trend of a decrease of GOR. At some time or other in the production industry there is an increase.

Q Gas production has been fairly stable, and a few barrels of oil produced would make a big difference in the GOR?

A It certainly does, sir. We have a high volume of water and this makes a big difference in the daily oil production too.

Q Since this well produced this volume of oil and water and gas after being stimulated with over 250 gallons acid, is the additional potential and the initial capability, does it compare favorably with the original potential and the original capability over in the Lusk-Strawn pool?

A That is true.

Q This is kind of a strange well in a way?

A We are kind of inbetween being called a gas reservoir and an oil reservoir, and at this point I am not sure, but I think that under our present information which we have, it is an oil reservoir and that is another reason that we are seeking a 160-acre spacing.

Q What is the gravity of your oil?

A 47.

MR. HINKLE: But you are only asking for a temporary ruling.

THE WITNESS: We are only asking for a temporary rule until we can develop the reservoir.

BY MR. NUTTER:

Q Now, you mentioned that all of your pipe lines are at least five miles away as far as gas is concerned?

A Approximately; some of them are more or less than others.

Q Now, there appears to be a pretty sizable flaring there?

(Whereupon, a discussion was held off the record.)

A Certainly, we don't want to flare the gas, but it is important to us that we produce from the well to see what characteristics result before we drill our first developmental well.

MR. HINKLE: For at least 60 or 90 days.

THE WITNESS: Yes, 60 or 90 days.

BY MR. NUTTER:

Q It has been the Commission's policy in the

past to withhold a GOR until such time as the market was available, such as over in the Lusk-Strawn Pool. The Commission will withhold the increase until such time that we can do this.


Are there any further questions of Mr. Shannon?
You may be excused.

MR. HINKLE: That is all that we have.

MR. NUTTER: Since there is nothing more concerning Case Number 4482, we will take this case under advisement.

STATE OF NEW MEXICO)
) SS.
 COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


 RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is
 a complete record of the hearing held
 at the El Paso hearing on 1/6/72
 heard by the Commission on 1/6/72
 New Mexico Oil Conservation Commission

4482
 71



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2068 · SANTA FE
87501

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

February 15, 1973

Re: Case No. 4482

Order No. R-4093-B

Applicant:

The Petroleum Corporation

**Mr. Lewis Cox
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201**

Dear Sir:

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

Very truly yours,

A. L. Foster, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X

Artesia OCC **x**

Aztec OCC

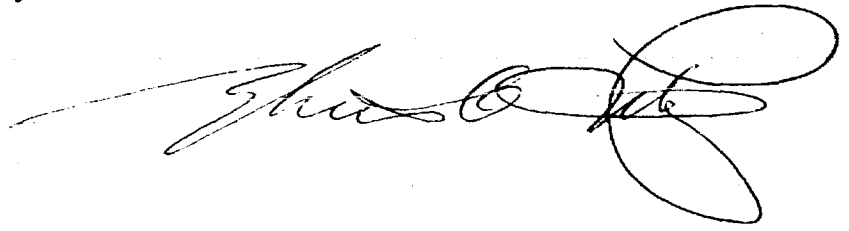
Other _____

Case 4482

Sept 1-17-73

Rec. 1-24-73

Grant. Petroleum Corp.
a permanent order for the
Parkway-Strawne Pool Order
#R-4093. See R-4893-A.

A handwritten signature in cursive script, appearing to read "John B. [unclear]", with a large, stylized flourish at the end.

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. 4482
Order No. R-4093
NOMENCLATURE

APPLICATION OF THE PETROLEUM CORPORATION
FOR THE CREATION OF A NEW POOL, SPECIAL
RULES THEREFOR, AND EXCEPTIONS TO ORDERS
NCS. R-3221 AND R-4070, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 6, 1971,
at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 25th day of January, 1971, 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, The Petroleum Corporation, seeks
the creation of a new oil pool for Strawn production in Eddy
County, New Mexico, and the promulgation of special rules and
regulations governing said pool, including a provision for
160-acre spacing units and a gas-oil ratio of 4000 cubic feet
of gas per barrel of oil.

(3) That The Petroleum Corporation Petco State Well No. 1,
located in Unit P of Section 26, Township 19 South, Range 29 East,
NMPM, Eddy County, New Mexico, having its top perforations at
10,655 feet, has discovered a separate common source of supply

which should be designated the Parkway-Strawn Pool; that the vertical limits of said pool should be the Strawn formation; and that the horizontal limits of said pool should be the SE/4 of said Section 26.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the Parkway-Strawn Pool.

(5) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(6) That in order to allow each operator in the pool the opportunity to use his just and equitable share of the reservoir energy, the temporary special rules and regulations should provide for a limiting gas-oil ratio of 2000 to 1 until such time as the pool has a gas gathering facility and thereafter a limiting gas-oil ratio of 3000 to 1.

(7) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(8) That this case should be reopened at an examiner hearing in January, 1972, at which time the operators in the subject pool should be prepared to appear and show cause why the Parkway-Strawn Pool should not be developed on 40-acre or 80-acre spacing units and why the limiting gas-oil ratio should not revert to the State-wide limit of 2000 to one.

(9) That the applicant further seeks an exception to the provisions of Commission Order No. R-3221 to permit the disposal of salt water produced by its aforesaid Petco State Well No. 1 in an unlined surface pit located in the vicinity of said well.

(10) That there appears to be no shallow fresh water in the vicinity of the subject pit for which a present or reasonably

-3-

CASE No. 4482

Order No. R-4093

foreseeable beneficial use is or will be made that would be impaired by contamination from the subject pit.

(11) That the applicant should be permitted to dispose of water produced by the subject well in an unlined surface pit located in the vicinity of said well.

(12) That the applicant further seeks an exception to Commission Order No. R-4070 to permit the flaring or venting of the casinghead gas produced by the above-described well until such time as the subject well is connected to a gas gathering facility.

(13) That the nearest gas gathering facility is more than five miles from the subject well.

(14) That there is no prospect for an immediate connection of the well to a gas gathering facility.

(15) That the applicant should be permitted to flare or vent casinghead gas produced by the above-described well until such time as the subject pool has a gas gathering facility.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production, is hereby created and designated the Parkway-Strawn Pool, with vertical limits comprising the Strawn formation, and horizontal limits comprising the following-described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMDM
Section 26: SE/4

(2) That temporary Special Rules and Regulations for the Parkway-Strawn Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
PARKWAY-STRAWN POOL

RULE 1. Each well completed or recompleted in the Parkway-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit boundary and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 7.67 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

RULE 7. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced until such time as the pool has a gas gathering facility and thereafter the limiting gas-oil ratio shall be 3000 cubic feet of gas for each barrel of oil produced.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Parkway-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before February 1, 1971.

(2) That, pursuant to Paragraph A. of Section 65-3-14-5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Parkway-Strawn Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Parkway-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-fourth of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in January, 1972, at which time the operators in the subject pool may appear and show cause why the Parkway-Strawn Pool should not be developed on 40-acre or 80-acre spacing units and why the limiting gas-oil ratio should not revert to the Statewide limit of 2000 to one.

(4) That the applicant, The Petroleum Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its aforesaid Petco State

-6-

CASE No. 4482
Order No. R-4093

Well No. 1, Parkway-Strawn Pool, in an unlined surface pit located in the vicinity of said well;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such rescission would serve to protect fresh water supplies from contamination.

(5) That the applicant is hereby granted an exception to Commission Order No. R-4070 to flare or vent casinghead gas produced by the above-described Petco State Well No. 1 until such time as the Parkway-Strawn Pool has a gas gathering facility;

PROVIDED HOWEVER, that the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such rescission would serve to prevent waste or protect correlative rights.


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

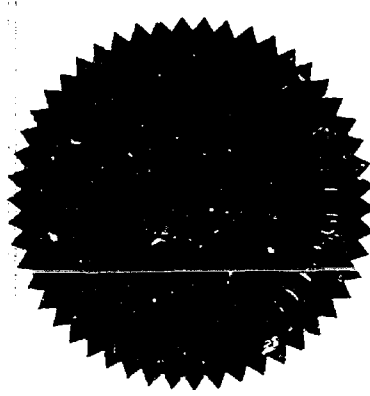
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJIO, Member


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



esr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF CASE 4482 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-4093,
WHICH ORDER ESTABLISHED 160-ACRE SPACING UNITS
AND ESTABLISHED A MAXIMUM GAS-OIL RATIO LIMITATION
OF 3,000 CUBIC FEET OF GAS FOR EACH BARREL OF OIL
PRODUCED FOR THE PARKWAY-STRAWN POOL, EDDY COUNTY,
NEW MEXICO.

CASE NO. 4482
Order No. R-4093-A

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 5, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of January, 1972, 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-4093, dated January 25, 1971, temporary Special Rules and Regulations were promulgated for the Parkway-Strawn Pool, Eddy County, New Mexico.

(3) That pursuant to the provisions of Order No. R-4093, this case was reopened to allow the operators in the subject pool to appear and show cause why the Parkway-Strawn Pool should not be developed on 40-acre or 80-acre spacing units and why the limiting gas-oil ratio should not revert to the statewide limit of 2,000 to one.

(4) That the evidence establishes that the temporary pool rules for the Parkway-Strawn Pool and the other provisions of Order No. R-4093 should be continued in effect for an additional one-year period.

-2-

CASE NO. 4482
Order No. R-4093-A

(5) That the Special Rules and Regulations and other provisions promulgated by Order No. R-4093 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations and other provisions promulgated by Order No. R-4093 should be continued in full force and effect for an additional one year.

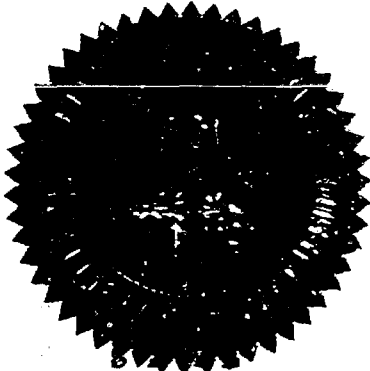
IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Parkway-Strawn Pool and the other provisions promulgated by Order No. R-4093, are hereby continued in full force and effect for an additional one year.

(2) That this case shall be reopened at an examiner hearing in January, 1973, at which time the operators in the subject pool may appear and show cause why the Parkway-Strawn Pool should not be developed on 40-acre or 80-acre spacing units and why the limiting gas-oil ratio should not revert to the Statewide limit of 2,000 to one.

(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.



dr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armejo
ALEX J. ARMEJO, Member

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

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 4482
Order No. R-4093-B

IN THE MATTER OF CASE 4482 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO.
R-4093-A, WHICH ORDER CONTINUED 160-ACRE
SPACING UNITS AND A MAXIMUM GAS-OIL RATIO
LIMITATION OF 3,000 CUBIC FEET OF GAS FOR
EACH BARREL OF OIL PRODUCED FOR THE PARKWAY-
STRAWN POOL, EDDY COUNTY, NEW MEXICO, FOR AN
ADDITIONAL ONE-YEAR PERIOD.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 17, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 14th day of February, 1973, 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-4093-A, dated January 12, 1972, the temporary Special Rules and Regulations for the Parkway-Strawn Pool, Eddy County, New Mexico, establishing 160-acre spacing units and a limiting gas-oil ratio of 3,000 to one, were continued for a period of one year.

(3) That pursuant to the provisions of Order No. R-4093-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the Parkway-Strawn Pool should not be developed on 40-acre or 80-acre spacing units and why the limiting gas-oil ratio should not revert to the statewide limit of 2,000 to one.

(4) That the evidence establishes that one well in the Parkway-Strawn Pool can efficiently and economically drain and develop 160 acres and that a limiting gas-oil ratio of 3,000 cubic feet of gas per barrel of oil produced is a reasonable and proper gas-oil ratio limitation for said pool.

(5) That the Special Rules and Regulations promulgated by Order No. R-4093 and continued in effect by Order No. R-4093-A, have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

-2-

Case No. 4482

Order No. R-4093-B

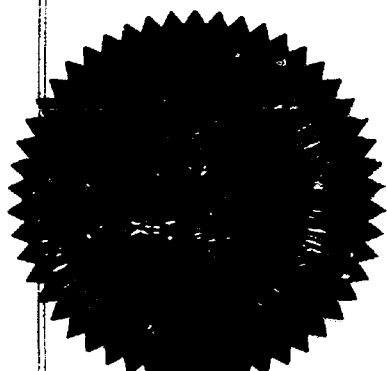
(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations and other provisions promulgated by Order No. R-4093 and continued in effect by Order No. R-4093-A, should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Parkway-Strawn Pool as promulgated by Order No. R-4093, and continued in effect by Order No. R-4093-A, are hereby continued in full force and effect until further order of the Commission.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. O. MARTIN
PAUL J. KELLY, JR.

LAW OFFICES
HINKLE, BONDURANT, COX & EATON

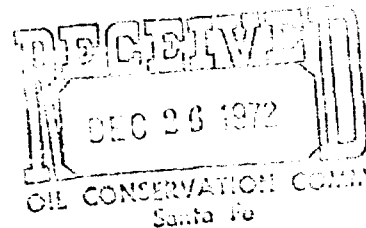
600 HINKLE BUILDING
POST OFFICE BOX 10

ROSWELL, NEW MEXICO 86201

December 21, 1972

TELEPHONE (505) 622-6510

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4691



Mr. Dan Nutter
Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Dear Dan:

It is our understanding that Case No. 4482 has been set down for hearing on January 3. This case is reopened to show cause why the Parkway Strawn Pool special rules should be continued in full force and effect. As I told you in our telephone conversation, Larry Shannon of The Petroleum Corporation states that they are in the process of drilling a well in the pool and the drillstem test in the Strawn formation indicated production which would justify completion and that they had run casing but were going to carry the well on down to test the Morrow formation. Larry did not think they would have the well completed or a proper test made by January 3 and would like to have this matter go over until the hearing on January 17.

You may consider this as a motion or application by The Petroleum Corporation to have the matter continued until January 17 and you have indicated that you see no objection to the same.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By Clarence E. Hinkle
CCH

CEH:cs

DOCKET MAILED

DEC 21 1972
DEC 21 1972

DOCKET MAILED

Date 12-20-72

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 3, 1973

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

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

CASE 4723: (Continued from May 17, 1972 and July 12, 1972 Examiner Hearings)

Application of Black River Corporation for pool abolishment, creation of two new gas pools, and a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the abolishment of the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, and the creation of the Washington Ranch-Upper Morrow and Washington Ranch-Lower Morrow Gas Pools for the production of gas from the upper and lower Morrow formations. Applicant further seeks approval of the dual completion (conventional) of its Cities 3 Federal Well No. 1 located in Unit F of Section 3, Township 26 South, Range 24 East, to produce the lower Morrow through tubing and the upper Morrow through the casing-tubing annulus.

CASE 4876: (Continued from the December 19, 1972 Examiner Hearing)

Application of Gulf Oil Corporation for an unorthodox oil well location and amendment of Order No. R-2248, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its West Dollarhide Devonian Unit Well No. 118 at an unorthodox location 2540 feet from the South line and 1420 feet from the West line of Section 33, Township 24 South, Range 38 East, West Dollarhide-Devonian Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-2248 to provide for administrative approval of additional production and injection wells in the aforesaid unit at unorthodox locations.

CASE 4886: Application of Gulf Oil Corporation for two non-standard proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard 80-acre oil proration units comprising the SW/4 NE/4 and NW/4 SE/4, and the SW/4 SE/4 and SE/4 SW/4, of Section 16, Township 24 South, Range 37 East, Fowler-Upper Yeso Pool, Lea County, New Mexico, to be dedicated to applicant's J. R. Holt (NCT-A) Well No. 4 located in Unit J and proposed Well No. 5, to be located in Unit O, respectively, of said Section 16.

CASE 4482: (Reopened)

In the matter of Case 4482 being reopened pursuant to the provisions of Order No. R-4093-A, which order continued the special rules and regulations for the Parkway-Strawn Pool, Eddy County, New Mexico, for a period of one year. All interested parties may appear and show cause why said special pool rules should be further extended.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMijo
MEMBER

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

January 12, 1972

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4482

Order No. R-4093-A

Applicant:

Petroleum Corporation

SECRET MAILED

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

Other

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 17, 1973

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

The following cases will be heard before Richard L. Stamets, Examiner, or Elvis A. Utz, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1973 from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico for February, 1973.

CASE 4875: (Continued from December 19, 1972 Examiner Hearing)

Application of ESH Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Lower San Andres formation in the perforated interval from 5144 feet to 5170 feet in its Hobbs State Well No. 5 located in Unit F of Section 29, Township 18 South, Range 38 East, Hobbs Field, Lea County, New Mexico.

CASE 4860: (Continued from the December 19, 1972 Examiner Hearing)

Application of Craig Folsom for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well to test the Queen formation at an unorthodox oil well location 1340 feet from the South line and 1300 feet from the East line of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico.

CASE 4482: (Reopened) (Continued from the January 3, 1973 Examiner Hearing)

In the matter of Case 4482 being reopened pursuant to the provisions of Order No. R-4093-A, which order continued the special rules and regulations for the Parkway-Strawn Pool, Eddy County, New Mexico, for a period of one year. All interested parties may appear and show cause why said special pool rules should be further extended.

CASE 4892: Application of Mobil Oil Corporation for a dual completion and water injection, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Carson Watson Com Well No. 13 located in Unit G of Section 33, Township 21 South, Range 37 East, in such a manner as to permit the production of gas from the Tubb Gas Pool and the injection of water into the Drinkard formation underlying the Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 5, 1972

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

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

CASE 4621: (Continued from the November 10, 1971 Examiner Hearing)
Application of Jack L. McClellan for a dual completion,
Chaves County, New Mexico. Applicant, in the above-
styled cause, seeks approval for the dual completion
(conventional) of his Bar-J Federal Well No. 1 located
in Unit E of Section 15, Township 6 South, Range 27 East,
Chaves County, New Mexico, in such a manner as to produce
oil from an undesignated Siluro-Devonian pool through
tubing and gas from the Haystack-Cisco Gas Pool through
the casing-tubing annulus.

CASE 4609: (Continued from the November 17, 1971 Examiner Hearing)
Application of Jack L. McClellan for a unit agreement,
Chaves County, New Mexico. Applicant, in the above-
styled cause, seeks approval of the Sulimar-Queen Unit
Area comprising 1520 acres, more or less, of Federal lands
in Sections 13, 23, 24, 25, and 26 of Township 15 South,
Range 29 East, and Sections 18 and 19 of Township 15 South,
Range 30 East, Chaves County, New Mexico.

CASE 4482: (Reopened):
In the matter of Case 4482 being reopened pursuant to the
provisions of Order No. R-4093, which order established
160-acre spacing units and established a maximum gas-oil
ratio limitation of 3,000 cubic feet of gas for each barrel
of oil produced for the Parkway-Strawn Pool, Eddy County,
New Mexico. All interested parties may appear and show
cause why said pool should not be developed on 40-acre
or 80-acre spacing units and why the limiting gas-oil
ratio should not revert to the statewide limit of 2,000
to one.

CASE 3709 (Reopened):
In the matter of Case 3709 being reopened pursuant to the
provisions of Order No. R-3366-B, which order continued
80-acre spacing for the Akah Nez-Devonian Oil Pool, San
Juan County, New Mexico, for an additional one-year period.
All interested persons may appear and show cause why said
pool should not be developed on 40-acre spacing units.

CASE 4638: Application of Holder Petroleum Corporation for downhole

- CASE 4478: Application of Refiners Petroleum Corporation for the creation of a new oil pool and special rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Graneros-Dakota formation for its Cuba-Union Well No. 1 located in Unit A of Section 25, Township 22 North, Range 3 West, Sandoval County, New Mexico, and for the promulgation of special rules therefor, including a provisions for 160-acre spacing units.
- CASE 4479: Application of Eastland Oil Company for the creation of a new pool, assignment of discovery allowable, and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks creation of a new pool for the production of oil from the Grayburg and San Andres formations for its Arco Federal Well No. 1 located in the NW/4 NW/4 of Section 5, Township 18 South, Range 31 East, Eddy County, New Mexico, and for the assignment of an oil discovery allowable to said well. Applicant further seeks the adoption of special pool rules to provide for a limiting gas-oil ratio of 5,000 to one.
- CASE 4480: Application of Coastal States Gas Producing Company for expansion of a unit area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the Flying "M" (San Andres) Unit Area, authorized by Order No. R-3220, to include some 879 acres, more or less, of Federal, State and Fee lands in Townships 9 and 10 South, Range 33 East, Flying "M" San Andres Pool, Lea County, New Mexico.
- CASE 4481: Application of Delaware-Apache Corporation for a non-standard proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit comprising the SW/4 NE/4 and NW/4 SE/4 of Section 20, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, to be dedicated to a well to be drilled at a standard location in the SW/4 NE/4 of said Section 20.
- CASE 4482: Application of the Petroleum Corporation for the creation of a new pool, special rules therefor, and exceptions to Orders Nos. R-3221 and R-4070, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Petco State Well No. 1 located in Unit P of Section 26, Township 19 South, Range 29 East, Eddy County, New Mexico, and for the promulgation of special rules therefor, including provisions for 160-acre spacing units and a limiting gas-oil ratio of 4000 cubic feet of gas per barrel of oil. Applicant further seeks exceptions to Orders Nos. R-3221 and R-4070, respectively, to permit the disposal of water produced by said well in an unlined surface pit and to flare gas produced by said well.
- CASE 3709: (Reopened)
In the matter of Case 3709 being reopened pursuant to the provisions of Order No. R-3366-A, which order extended 80-acre spacing units for the Akah Nez-Devonian Oil Pool, San Juan County, New Mexico, for a period of two years. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

NEW MEXICO
OIL CONSERVATION COMMISSION

FIELD TRIP REPORT

Date 12/11/70

Name of Employee R. L. Stamets

Time of Departure 8:00 a.m. Time of Return 3:35 p.m.

Miles Travelled 198

In the space below please indicate purpose of trip and duties performed, listing wells or leases visited.

To Eddy County, general field inspection. To Texas Am. Oil Co.

Todd 26 Fed. Lease, G, 26-23-31, to check area. Operator has re-

quested an exception to Order R-3221. Found a windmill about $\frac{1}{2}$ mile

south of the tank battery. The water well is located in a sink and

is reported to be about 300 feet deep and should produce from Triassic

red beds. A water sample was taken at the water well and at the Todd

26 Fed. water storage tank. Check P&A wells in 3-22-27 and 32-20-30.

All three O.K. Checked area around The Petroleum Corporation, Petco

State #1-P, 26-19-29, a new well completion reportedly producing 250

BWPD. Water volume did not appear to be as high as reported. However,

as water came from a free water knockout, an accurate gauge could not

be obtained.

Continued

R. L. Stamets
Employee's Signature
District # _____

Field trip continued

A sample of produced water was taken. Checked and took a sample from a stock water windmill one mile east. This well is of an unknown depth located in a sink. The topography is such that water from the oil well would not appear to drain directly toward the water well. The oil well lies just over one mile west of the potash area exempted from R-3221.

Produced oil-brine samples or injection water

	Operator	House	Loc	Date		Time	504	C1	TDS	Sample from
1	J. W. C. Ritchie	W. 1/4 Sec. 17	D 21-26-27	3	24	69	36	9050	22320	Sample from drain line
2	S. P. 1/4 Sec. 3	Cons	A 5-17-30	6	25	69	104	44020	106500	500 D. no. 13. Station. Collected by #6
3	Thodarkho	146 1/2 Sec. 44	11-2-18-29	4	2	70		24000	52100	Injection Plant. 100 R. (County waste)
4	Thodarkho	Grier	F 31-16-31	4	10	70		9940	11400	He S. High
5	Thodarkho	D. 30-19-25	D 30-19-25	7	5	70		1880	8880	Water black. Filled twice
6	"	"	"	10	29	70		2045	5782	clear
7	"	"	"	10	30	70		2344	6510	clear
8	"	"	"	10	31	70		2258	6510	clear
9	"	"	"	11	2	70		2480	6510	filtered
10	"	"	"	11	11	70		68900	130200	Sampled from pit (200 ft. deep)
11	"	"	"	11	11	70		64600	112600	Drain line

Non oil related water samples

Loc	No	Date	Use	Date Chilled	Date Held	SO ₄	Cl	T. D. S.	Notes
11	NW 35	17	Stock water	4	7	460	4110	12650	Reported 83% clay
11	H 27	23	"	4	"	500	72	2420	
11	C 13	23	Domestic use	"	"	784	607	3440	
11	B 21	18	Stock	4	16	1172	124	152	
11	M 22	26	Stock	3	31	2340	1410	5670	
11	SW 30	14	"	20	26	2412	60	1675	
11	SE 31	14	"	"	"	75	28	333	Water pumped from surface pit. Had petroleum odor. Near Phillips Mount pit.
11	H 7	18	"	28	6	1480	130	620	
11	I 35	17	"	"	"	400	1260	632	
11	State line	26	"	5	6	884	4810	14350	Sampled at State line back-rump
11	C 8	26	Stock	6	6	1328	8170	22450	Sampled at mid-river from C1 1800 bridge
11	M 10	13	"	2	8	464	2030	5340	Edwards "center" outditch from further
11	F 24	13	"	31	14	112	50	1125	
11	I 3	24	Area	12	29	710		2880	Spring had no oil seen on surface with 2.04% oil and 1.1% moisture. Apparently water within 1 in. of surface. Taste! good.
11	SE 26	23	Stock	12	12	587		3720	Water used in oil 200-250 ft. deep
11	P 25	19	"	12	14	124		2230	Water apparently used for stock and domestic supplies
11	P 25	29	"	12	14			1710	

Scale $\frac{1}{62500}$

ROUTES USUALLY TRAVELED
HARD IMPROVED SURFACES
OTHER SURFACE IMPROVEMENTS
() " " " " 1942 ()

Polycyclic degradation. 1927 North American Chemical Congress, St. Louis, Mo., 1927, p. 103.

FLUID SAMPLE DATA				Date 12-9-72		Ticket Number 508629	
Sampler Pressure 900 P.S.I.G. at Surface				Kind of Job OPEN HOLE		Halliburton District ARTESIA	
Recovery: Cu. Ft. Gas 4.4				Tester MR. RYAN		Witness MR. MOORE	
cc. Oil Condensate 300				Drilling Contractor MORAN DRILLING COMPANY DR S			
cc. Water				EQUIPMENT & HOLE DATA			
cc. Mud				Formation Tested Strawn			
Tot. Liquid cc. 300				Elevation 3331' Ft.			
Gravity 50 ° API @ 60 ° F.				Net Productive Interval 17' Ft.			
Gas/Oil Ratio cu. ft./bbl.				All Depths Measured From Kelly Drive Bushing			
RESISTIVITY				Total Depth 10347' Ft.			
CHLORIDE CONTENT				Main Hole/Casing Size 7 7/8"			
Recovery Water @ ° F. ppm				Drill Collar Length 783' I.D. 2.25"			
Recovery Mud @ ° F.				Drill Pipe Length 9404' I.D. 3.826"			
Recovery Mud Filtrate @ ° F. ppm				Packer Depth(s) 10230'-10238' Ft.			
Mud Pit Sample @ ° F.				Depth Tester Valve 10201' Ft.			
Mud Pit Sample Filtrate @ ° F. ppm							
Mud Weight 9.2 vis 42 cp							
Cushion		TYPE	AMOUNT	Depth Back Pres. Valve	Surface Choke	1 Adj.	Bottom Choke 3/4"
Recovered	1500	Feet of	condensate (50°API) corrected				
Recovered	380	Feet of	gas cut mud				
Recovered		Feet of					
Recovered		Feet of					
Recovered		Feet of					
Remarks Opened tool for 13 minute first flow with a strong blow. Gas to surface in 6 minutes. Closed tool for 63 minute first closed in pressure. Reopened tool for 119 minute second flow, gas flared. Closed tool for 240 minute second closed in pressure.							
Q-Questionable							
TEMPERATURE	Gauge No. 1516	Gauge No. 1496	Gauge No.	TIME			
	Depth: 10219 Ft.	Depth: 10343 Ft.	Depth: Ft.				
Est. ° F.	24 Hour Clock	24 Hour Clock	Hour Clock	Tool A.M.			
	Blanked Off No	Blanked Off Yes	Blanked Off	Opened 3:45 P.M.			
Actual 160 ° F.	Pressures		Pressures		Pressures		Tool A.M.
	Field	Office	Field	Office	Field	Office	Closed 11:00 P.M.
Initial Hydrostatic	4947	4918	4995	4998			Reported Minutes
First Period Flow	Initial	711	1041 Q	716	1294		Computed Minutes
	Final	711	697	739	730		
	Closed in	4637	4637	4641	4668		
Second Period Flow	Initial	734	935	762	954		
	Final	1032	1032	1016	1066		
	Closed in	4748	4757	4774	4790		
Third Period Flow	Initial						
	Final						
	Closed in						
Final Hydrostatic	4858	4892	4907	4892			

PRINTED IN U.S.A.

EX-4

FORMATION TEST DATA

LITTLE B 80217 10W 2/72

Legal Location Sec. 1 - Twp. 10 N. - Rng. 28 E. - 19S - R-29E
 Lease Name
 Well No. 1
 Test No. 4
 Tested Interval
 County EDDY
 State NEW MEXICO
 Lease Owner/Company Name

PARKWAY WEST

10238'-10347'

THE PETROLEUM CORPORATION

35

[illegible]

[illegible]

[illegible]

PRODUCTION HISTORY
 PARKWAY-STRAWN POOL
 EDDY COUNTY, NEW MEXICO
 Order No. R-4093-A
 January 17, 1973

	OIL (Bbls.)	WATER (Bbls.)	GAS (MCF)
December 1970	1,431	8,680	19,220
<u>1971</u>			
January	813	8,079	15,810
February	631	7,062	14,556
March	595	7,427	15,500
April	606	6,956	15,300
May	426	5,295	11,560
June	561	3,500	11,560
July	976	4,200	11,560
August	31	400	2,800
September	22	350	2,000
October	47	1,924	2,600
November	512	2,812	7,299
December	713	5,009	11,330
<u>1972</u>			
January	733	5,099	11,210
February	629	4,162	8,720
March	463	4,142	8,316
April	404	3,696	6,900
May	475	3,384	4,800
June	388	3,313	4,800
July	423	3,742	4,810
August	267	3,436	4,226
September	329	3,653	3,797
October	276	3,452	3,360
November	284	3,524	2,910
Cumulative Production	12,035	103,297	204,938

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	7
CASE NO.	4482
Submitted by	Petroleum Corp
Hearing Date	11/17/73

PRODUCTION HISTORY

PARKWAY-STRAWN POOL
EDDY COUNTY, NEW MEXICO
Order No. R-4093

	<u>OIL</u>	<u>WATER</u>	<u>GAS</u>
December, 1970	1,431	8,680	19,220
January, 1971	813	8,079	15,810
February, 1971	631	7,062	14,550
March, 1971	595	7,427	15,500
April, 1971	606	6,956	15,300
May, 1971	426	5,295	11,560
June, 1971	561	3,500	11,560
July, 1971	976	4,200	11,560
August, 1971	31	400	2,800
September, 1971	22	350	2,000
October, 1971	47	1,924	2,600
November, 1971	512	2,812	7,299
Cumulative Production	6,651	56,685	129,759

1-4-72

*paid out back
gas to be coun
in nov.*

*part month
only*

*Doc
over 700 bbl
oil \$ 9800
MCF*

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
AP	EXHIBIT NO. 2
CA	4482 (Neofence)

*about
5250
bbl
wtr.*

HALLIBURTON DIVISION LABORATORY
HALLIBURTON COMPANY
MIDLAND DIVISION

LABORATORY WATER ANALYSIS No. W1-468-70

To The Petroleum Corp., Inc.

Date 12/9/70

303 Lee Parkway

Dallas, Texas

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management; it may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Company.

Submitted by _____

Date Rec. _____

Well No. Petco State # 1

Depth _____

Formation _____

County _____

Field _____

Source _____

Resistivity072 @ 75 F

Specific Gravity 1.080

pH 6.2

Calcium (Ca) 8,850

*MPL

Magnesium (Mg) 1,410

Chlorides (Cl) 55,500

Sulfates (SO₄) 200

Bicarbonates (HCO₃) 710

Soluble Iron (Fe) NIL

Remarks:

*Milligrams per liter

1-6-71 4482 A.D. #5

Respectfully submitted,

Analyst: Robert Lensford

cc:

HALLIBURTON COMPANY

By

Robert Lensford
 DIVISION CHEMIST

NOTICE

This report is limited to the described sample tested. Any user of this report agrees that Halliburton shall not be liable for any loss or damage, whether it be to act or omission, resulting from such report or its use.

EXHIBIT #5

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.

LAW OFFICES
HINKLE, BONDURANT, COX & EATON
600 HINKLE BUILDING
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88201
December 17, 1970

TELEPHONE (505) 622-6510

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) MU 3-4691

Case 4482

RHA

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose in triplicate application of The Petroleum Corporation for special pool rules due to a new discovery in the Strawn formation in its Petco State No. 1 well in Section 26, Township 19 South, Range 29 East, Eddy County. The writer discussed this matter with Dan Nutter over the telephone.

You will note in the application that we also request 160 acre spacing and proration units and a limiting GOR of 4,000 to 1, as well as an exception to permit disposal of produced salt water in an open pit.

It is my understanding that this matter will be included on the docket for the examiner's hearing to be held on January 6, 1971.

Yours sincerely,

HINKLE, BONDURANT, COX & EATON

By *[Signature]*

CEH:cs
Enc.
cc: Larry Shannon

DOCKET MAILED

Date *12-23-70*

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF THE PETROLEUM CORPORATION)
FOR THE PROMULGATION OF SPECIAL FIELD)
RULES ON A TEMPORARY BASIS BECAUSE OF)
A NEW DISCOVERY MADE BY APPLICANT IN ITS)
"PETCO STATE" NO. 1 WELL LOCATED IN UNIT)
P, SECTION 26, TOWNSHIP 19 SOUTH, RANGE)
29 EAST, EDDY COUNTY, IN THE STRAWN FOR-)
MATION, SAID RULES TO INCLUDE A LIMITING)
GAS/OIL RATIO OF 4,000 TO 1 AND 160 ACRE)
SPACING AND PRORATION UNITS. APPLICANT)
ALSO DESIRES TO DISPOSE OF PRODUCED SALT)
WATER IN AN OPEN PIT.)

Case 4482

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes The Petroleum Corporation, whose address is 3303 Lee Parkway, Dallas, Texas 75219, acting by and through the undersigned attorneys, and hereby makes application for the promulgation of special field rules on a temporary basis because of a new discovery made by applicant in its "Petco State" No. 1 well located in Unit P, Section 26, Township 19 South, Range 29 East, Eddy County, New Mexico, in the Strawn formation, said rules to include a limiting gas/oil ratio of 4,000 to 1 and 160 acre spacing and proration units. Applicant also desires to dispose of produced salt water in an open pit. In support of this application, applicant respectfully shows:

1. On December 8, 1960 applicant completed its Petco State No. 1 well located in Unit P 660 feet from the east line and 760 feet from the south line of Section 26, Township 19 South, Range 29 East, N.M.P.M. Eddy County. Said well was completed in the Strawn formation at a total depth of 10,784 feet. The well was potentialized for 49 barrels of oil, 650 MCF of gas and 289 barrels of water, with a gas/oil ratio of 13,265. The well is producing through perforations from 10,655 to 10,659 feet.

2. Applicant believes that the new discovery is an edge well in a new Strawn field or pool, which could prove to be comparable to the Lusk-Strawn Pool. This is indicated by the porosity and permeability

in the Strawn formation found in the discovery well, which is comparable to that found in the wells drilled in the Lusk-Strawn Pool. Applicant is the owner of oil and gas leasehold interests under and in the immediate vicinity of the discovery well and intends to drill an additional well at a location which applicant believes will be higher structurally, but before drilling said well desires to test the discovery well for a reasonable period of time.

3. Applicant believes that it will be in the interest of conservation and the prevention of waste and the orderly future development of the new pool indicated by the discovery well that temporary pool rules be adopted by the Commission providing for 160 acre spacing and proration units and that further development will show conclusively that one well will effectively and efficiently drain 160 acres or more. Applicant further believes that such temporary special rules and regulations will prevent the possibility of economic loss resulting from the drilling of unnecessary wells and will permit the operators in the pool to gather information concerning the reservoir characteristics as well as protect correlative rights.

4. Applicant also seeks approval of a limiting gas/oil ratio of 4,000 to 1, which is the same gas/oil ratio as provided by the special pool rules for the Lusk-Strawn pool.

5. The discovery well is located in what is known as the potash area and there is no shallow fresh water in the area and applicant desires to dispose of produced salt water in an open pit as an exception to the applicable rules of the Commission.

6. Applicant desires that this matter be set down at the examiner's hearing scheduled for January 6, 1971.

Respectfully submitted,

THE PETROLEUM CORPORATION

By 

Member of the Firm of
HINKLE, BONDURANT, COX & EATON
Attorneys for Applicant
P.O. Box 10
Roswell, New Mexico 88201

DRAFT

DSN/dr

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. 4482

Order No. R-4093-B

IN THE MATTER OF CASE 4482 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-4093-A, WHICH ORDER
CONTINUED 160-ACRE SPACING UNITS AND
A MAXIMUM GAS-OIL RATIO LIMITATION
OF 3,000 CUBIC FEET OF GAS FOR EACH
BARREL OF OIL PRODUCED FOR THE PARKWAY-
STRAWN POOL, EDDY COUNTY, NEW MEXICO, FOR
AN ADDITIONAL ONE-YEAR PERIOD.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 17, 1973
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of February, 1973, 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-4093-A, dated January 12, 1972,
the temporary Special Rules and Regulations for the Parkway-
Strawn Pool, Eddy County, New Mexico, establishing 160-acre spacing
units and a limiting gas-oil ratio of 3,000 to one, were continued
for a period of one year.

(3) That pursuant to the provisions of Order No. R-4093-A, this case was reopened to allow the operators in the subject pool to appear and show cause why the Parkway-Strawn Pool should not be developed on 40-acre or 80-acre spacing units and why the limiting gas-oil ratio should not revert to the statewide limit of 2,000 to one.

(4) That the evidence establishes that one well in the Parkway Strawn Pool can efficiently and economically drain and develop 160 acres and that a limiting gas-oil ratio of 3,000 cubic feet of gas per barrel of oil produced is a reasonable and proper gas-oil ratio limitation for said pool.

(5) That the Special Rules and Regulations ~~and other provisions~~ promulgated by Order No. R-4093 and continued in effect by Order No. R-4093-A, have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations and other provisions promulgated by Order No. R-4093 and continued in effect by Order No. R-4093-A, should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Parkway-Strawn Pool ^{AS} ~~and the other provisions~~ promulgated by Order No. R-4093, and continued in effect by Order No. R-4093-A, are hereby continued in full force and effect until further order of the Commission.

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

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

DRAFT

GMH/dr

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. 4482

Order No. R-4093-A

IN THE MATTER OF CASE 4482 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-4093,
WHICH ORDER ESTABLISHED 160-ACRE SPACING UNITS
AND ESTABLISHED A MAXIMUM GAS-OIL RATIO LIMITATION
OF 3,000 CUBIC FEET OF GAS FOR EACH BARREL OF OIL
PRODUCED FOR THE PARKWAY-STRAWN POOL, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 5, 1972,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of January, 1972, 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-4093, dated January 25, 1971
temporary Special Rules and Regulations were promulgated for the
Parkway-Strawn Pool, Eddy County, New Mexico.

(3) That pursuant to the provisions of Order No. R-4093, this case was reopened to allow the operators in the subject pool to appear and show cause why the Parkway-Strawn Pool should not be developed on 40-acre or 80-acre spacing units *and why the limiting for oil ratio should not revert to the ultimate limit of*

(4) That the evidence establishes that the temporary pool rules for the Parkway-Strawn Pool, *and the other provisions of Order No. R-4093* should be continued in effect for an additional ~~two~~ ^{One} year period.

(5) That the Special Rules and Regulations, *and other provisions* promulgated by Order No. R-4093 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect *and other provisions* correlative rights, the Special Rules and Regulations, promulgated by Order No. R-4093 should be continued in full force and effect for an additional ~~two~~ ^{one year} years.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Parkway-Strawn Pool, ~~promulgated by Order No. R-4093~~, are hereby continued in full force and effect for an additional ~~two~~ ^{one} year.

CASE NO. 4482

Order No. R-

(2) That this case shall be reopened at an examiner hearing in January, 1973 at which time the operators in the subject pool may appear and show cause why the Parkway-Strawn Pool should not be developed on 40-acre or 80-acre

spacing units *and only the limiting gas-oil ratio should not exceed the statewide limit of 2000 to one.*

(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 herein-
above designated.

DRAFT

GMH/esr

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

RECORDS CENTER

CASE No. 4482

Order No. R-4093

NOMENCLATURE

APPLICATION OF THE PETROLEUM CORPORATION
FOR THE CREATION OF A NEW POOL, SPECIAL
RULES THEREFOR, AND EXCEPTIONS TO ORDERS
NOS. R-3221 AND R-4070, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 6, 1971,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of January, 1971, 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, The Petroleum Corporation, seeks
the creation of a new oil pool for Strawn production in Eddy
County, New Mexico, and the promulgation of special rules and
regulations governing said pool, including a provision for
160-acre spacing units and a gas-oil ratio of 4000 cubic feet
of gas per barrel of oil.

(3) That The Petroleum Corporation Petco State Well No. 1,
located in Unit P of Section 26, Township 19 South, Range 29
East, NMPM, Eddy County, ^{being its top perforations at 10,655 feet,} New Mexico, has discovered a separate
common source of supply which should be designated the

Parkway -Strawn Pool; that the vertical limits of said pool should be the Strawn formation; and that the horizontal limits of said pool should be the SE 1/4 of said Section 26.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the Parkway -Strawn Pool.

(5) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(6) That in order to allow each operator in the pool the opportunity to use his just and equitable share of the reservoir energy the temporary special rules and regulations should provide for a limiting gas-oil ratio of 2000 to 1 until such time as the pool has a gas gathering facility ³⁰⁰⁰ and thereafter a limiting gas-oil ratio of ₂₀₀₀ to 1. (under)

to establish the area that can be efficiently and economically drained and developed by one well.

(8) That this case should be reopened at an examiner hearing in January, 1972, at which time the operators in the subject pool should be prepared to appear and show cause why the

Parkway -Strawn Pool should not be developed on 40-acre or 80-acre spacing units and why the limiting gas-oil ratio should not revert to the Statewide limit of 2000 to one.

(9) That Order (3) of Commission Order No. R-3221, as amended, prohibits in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, the disposal, subject to minor exceptions, of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which would constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited.

(10) That the aforesaid Order No. R-3221 was issued in order to afford reasonable protection against contamination of fresh water supplies designated by the State Engineer through disposal of water produced in conjunction with the production of oil or gas, or both, in unlined surface pits.

(11) That the State Engineer has designated, pursuant to Section 65-3-11 (15), N.M.S.A., 1953 Compilation, all underground water in the State of New Mexico containing 10,000 parts per million or less of dissolved solids as fresh water supplies to be afforded reasonable protection against contamination; except that said designation does not include any water for which there is no present or reasonably foreseeable beneficial use that would be impaired by contamination.

(9) ~~That~~ That the applicant further seeks an exception to the provisions of ~~the aforesaid Order (3)~~ *Commission Order No. R-3221* to permit the disposal of salt water produced by its aforesaid Petco State Well No. 1

in an unlined surface pit located *in the vicinity of the said well.*

about 100 feet
(10) ~~That~~ That there appears to be no shallow fresh water in the vicinity of the subject pit for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the subject pit.

That the applicant should be permitted to dispose of water produced by the subject well in an unlined surface pit located in the vicinity of the said well.

- (11) That the applicant further requests an exception to Commission Order No R-4070 to permit the flowing or venting of the casinghead gas produced by the above-described well until such time as the subject well has a gas is connected to a gas gathering facility.
- (12) That the nearest gas gathering facility is more than five miles from the subject well.
- (13) That there is no prospect for an immediate connection of the well to a gas gathering facility.
- (14) That the applicant should be permitted to flow or vent casinghead gas produced by the above-described well until such time as the subject pool has a gas gathering facility.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production, is hereby created and designated the Parkway -Strawn Pool, with vertical limits comprising the Strawn formation, and horizontal limits comprising the following-described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMFM

Section 26 : S E 1/4

(2) That temporary Special Rules and Regulations for the Parkway -Strawn Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS

FOR THE

-STRAWN POOL

RULE 1. Each well completed or recompleted in the Parkway - Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another designated Strawn oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit boundary and no nearer than 330 feet to any governmental quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned a 160-acre proportional factor of 7.67 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

Rule 7. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced until such time as the pool has a gas gathering facility, and thereafter the limiting gas-oil ratio shall be ³⁰⁰⁰ 2500 cubic feet of gas for each barrel of oil produced. (under)

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Parkway -Strawn Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Parkway -Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-fourth of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in January, 1972, at which time the operators in the subject pool may appear and show cause why the Parkway -Strawn Pool should not be developed on 40-acre or 80-acre spacing units and why the limiting gas-oil ratio should not revert to the Statewide limit of 2000 to one.

(4) That the applicant, The Petroleum Corporation, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its aforesaid Petco State Well No. 1, Parkway -Strawn Pool, in an unlined surface pit located in the vicinity of said well. Provided However,

That the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such recission would serve to protect fresh water supplies from contamination.

Provided However, That the applicant is hereby granted an exception to Order No. Commission Order No. R-4070 to flow or vent eastward gas produced by the above-described Petco State Well No. 1 until such time as the Parkway Strawn Pool has a gas gathering facility. That the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such action would serve to protect fresh water supplies.

Clarence Hinkle
17600
The Petroleum Corp.
Larry Hanson
3303 Rec Parkway
Dallas 75219

DOCKET MAILED

Date: _____

Petro St # 1

26-19S-29E Sdd,

Compl. in Strawn

perf. 10.655-10659

pot. 49 BO

650 MCF

is producing

289 BWPD

60R

13,765

✓
16 Dec 1969

prod 60- to have to see what
will be.

need to have you exception
to 5000 ✓

OC has a 5000 gallon 5000
40001, ✓