

Case No.

3713

Application, Transcript,
Small Exhibits, Etc.

**BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO**

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION TO CONSIDER THE AMENDMENT TO RULE 103 OF THE COMMISSION RULES AND REGULATIONS TO REQUIRE THAT WELL IDENTIFICATION SIGNS FOR WELLS DRILLED HEREAFTER SHALL DESIGNATE THE LOCATION OF SAID WELLS BY QUARTER-QUARTER SECTION RATHER THAN QUARTER SECTION AS NOW REQUIRED.

CASE No. 3713
Order No. R-3371

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 24, 1968, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 31st day of January, 1968, 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 Rule 103 of the Commission Rules and Regulations should be amended to provide that well identification signs posted after the effective date of this order shall designate the location of wells by quarter-quarter section rather than quarter section as now required.

(3) That adoption of the proposed amendment to Rule 103 of the Commission Rules and Regulations will enable the Commission to more efficiently and effectively administer the laws of the State of New Mexico concerning the prevention of waste and the protection of correlative rights.

-2-

CASE No. 3713
Order No. R-3371

IT IS THEREFORE ORDERED:

(1) That Rule 103 of the Commission Rules and Regulations is hereby amended to read in its entirety as follows:


"RULE 103. SIGN ON WELLS

Every drilling and producible well shall be identified by a sign, posted on the derrick or not more than 20 feet from such well, and such sign shall be of durable construction and the lettering thereon shall be kept in a legible condition and shall be large enough to be legible under normal conditions at a distance of 50 feet. The wells on each lease or property shall be numbered in non-repetitive, logical and distinctive sequence. Each sign shall show the number of the well, the name of the lease (which shall be different or distinctive for each lease), the name of the lessee, owner or operator, and the location by quarter section, township and range. The location, for each sign posted after March 1, 1968, shall indicate the quarter-quarter section, township, and range."

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

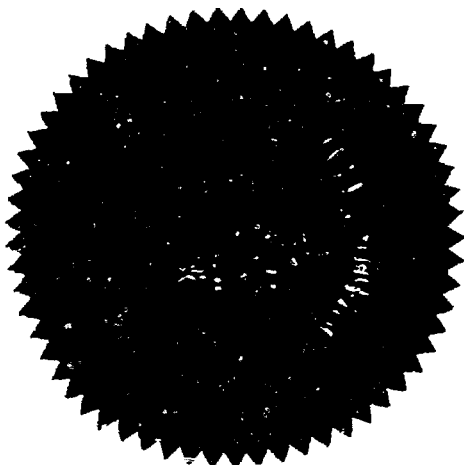
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


CLAYTON B. HAYS, Member


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



688/



SKELLY OIL COMPANY

P. O. BOX 1650

TULSA, OKLAHOMA 74102

PRODUCTION DEPARTMENT

C. L. BLACKSHER, VICE PRESIDENT
W. P. WHITMORE, MGR. PRODUCTION
W. D. CARSON, MGR. TECHNICAL SERVICES
BARTON W. RATLIFF, MGR. JOINT OPERATIONS
GEORGE W. SELINGER, MGR. CONSERVATION

January 18, 1968

Re: Case No. 3713
Hearing January 24, 1968

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

This is to advise that Skelly Oil Company has no objection to the amendment of Rule 103 to require that well identification signs for wells drilled hereafter be designated according to quarter-quarter section rather than by quarter section as presently provided.

We wish to point out, however, that the amendment should apply only to future wells, as the cost of changing signs on existing wells would be prohibitive.

Yours very truly,

George W. Selinger
68 JAN 22 AM 8 17

RIJ:br

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 24, 1968

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 3704 (Continued from the December 20, 1967, Examiner Hearing)

Application of New Mexico Salt Water Disposal Company, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bough "D" zone of the Pennsylvanian formation in the perforated interval from 9844 to 9875 feet in its Ainsworth Well No. 1 located in Unit H of Section 19, Township 9 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico.

CASE 3711: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the amendment of Rule 509 of the Commission Rules and Regulations and Commission Form C-109 to permit the production of the bonus discovery oil allowable assigned to multiple discovery wells to be produced from any discovery zone in any proportion; and to further amend said rule to permit applications for the bonus discovery allowable to be heard on dockets other than the regular pool nomenclature docket in instances where the applicant will present the evidence.

CASE 3712: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the amendment of Rule 701 of the Commission Rules and Regulations and secondary recovery Orders Nos. R-1244, R-1311, R-1456, R-1470, R-1505, R-2064, R-2178-B, R-2268-A, R-2269, R-2403, R-2541, R-2622, R-2664, R-2700, and R-2795, to delete therefrom all references to the State Engineer or the State Engineer Office.

CASE 3713: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the amendment to Rule 103 of the Commission Rules and Regulations to require that well identification signs for wells drilled hereafter shall designate the location of said wells by quarter-quarter section rather than quarter section as now required.

CASE 3714: Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "O" Well No. 1 located in Unit F of Section 16, Township 17 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the perforated interval 3140 to 3160 feet, Maljamar-Queen Gas Pool and the injection of water for secondary recovery purposes into the Grayburg-San Andres formations in the interval from 3700 to 4050 feet through parallel strings of 2-inch tubing.

- CASE 3715: Application of Gulf Oil Corporation for an amendment to Order No. R-3345, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3345, which order authorized the Gulf Stuart Langlie Mattix Unit Waterflood Project. Applicant proposes to substitute the Stuart "B" Well No. 2 located in Unit I and the Stuart "C" Well No. 3 located in Unit K as water injection wells in said project in lieu of the Stuart "A" Well No. 1 located in Unit J and the Stuart "D" Well No. 4 located in Unit L, all in Section 10, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.
- CASE 3716: Application of Carter Foundation Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Ellenburger formation through the perforated interval from 9580 to 9680 feet in its E. C. Hill "E" Federal Well No. 5 located in Unit E of Section 35, Township 23 South, Range 37 East, Teague-Ellenburger Pool, Lea County, New Mexico.
- CASE 3651 (Reopened):
- Application of Tenneco Oil Company for an amendment to Order No. R-3315, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the re-opening of Case No. 3651 and the amendment of Order No. R-3315 entered therein which order promulgated temporary pool rules for the North Morton-Pennsylvanian Pool, Lea County, New Mexico, including the establishment of 80-acre proration units for a period of one year. Applicant now seeks the amendment of said order to provide for 160-acre spacing and proration units on a temporary basis.
- CASE 3717: Application of Aztec Oil & Gas Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the authority to dually complete its State "AJ" Well No. 2 located in Unit N of Section 1, Township 18 South, Range 36 East, Arkansas Junction-San Andres Pool, Lea County, New Mexico, in such a manner as to permit the production of oil from the Upper San Andres formation in the interval from 5047 to 5079 feet and to permit the disposal of produced salt water in the Lower San Andres formation in the interval from 5430 to 5462 feet through parallel strings of 2-inch tubing.
- CASE 3718: Application of Cabot 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 Wolfcamp, Pennsylvanian, Mississippian, and Devonian formations in the overall interval from 9406 to 12,689 feet in its H. L. Lowe "C" Well No. 1 located in Unit N of Section 26, Township 13 South, Range 37 East, King-Devonian Pool, Lea County, New Mexico.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 24, 1968

IN THE MATTER OF:)
)

The hearing called by the Oil)
Conservation Commission upon)
its own motion to consider the)
Amendment to Rule 103 of the)
Commission Rules and Regulations to)
require that well identification)
signs for wells drilled hereafter)
shall designate the location of)
said wells by quarter-quarter section)
rather than quarter section as now)
required.)

CASE NO.
3713

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING



MR. UTZ: Case 3713.

MR. HATCH: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the amendment to Rule 103 of the Commission Rules and Regulations to require that well identification signs for wells drilled hereafter shall designate the location of said wells by quarter-quarter section rather than quarter section as now required.

George Hatch on behalf of the Commission staff. I will have the same witness, Mr. Nutter, and I would like for the record to show that he has been previously sworn.

MR. UTZ: The record will so show. Any other appearances in this case?

* * * * *

D A N N U T T E R, called as a witness, having been previously duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HATCH:

Q Mr. Nutter, would you state your name and position for the record again, please?

A Dan Nutter, Chief Engineer for the Oil Conservation Commission.

Q And you have already stated it is a duty of yours to make a recommendation to the Commission concerning revisions in rules?

A Yes.

Q Are you familiar with Case 3713, and what it proposes?

A Yes, I am.

Q Would you make your recommendations to the Examiner at this time?

A Yes, sir. Rule 103, as presently constituted, requires that a sign be placed on all drilling wells and producing wells identifying the well by lease name and number and also giving the location of the well. Now, as far as I have been able to find out, the earliest rules of the office of the State Geologist, and I've got a copy right here of one dated November 1st, 1931, and it recites the rules that were provided in 1925, so at least back to 1925 the rule required that a sign be put on the well and that it show the location of the well by quarter section, section, township and range. Since all these wells are located on quarter-quarter sections, I think it's maybe late to require this to be done on a quarter-quarter section basis, but not long ago, this was called to our attention that it is said

quarter section because an operator ordered a number of signs that designated the sign read "quarter-quarter Section" and read the rule and felt he might be in violation because he had his wells designated by "quarter-quarter section" and not quarter section. I propose that the following amendment be made: "each sign posted after some blank date, say February 1st, March 1st, 1968, shall show the location by quarter-quarter section, Township and Range."

Q This is really what the operators are doing at the present time?

A This is what everybody has been doing. I don't propose that any signs that were erected prior to this time and show quarter-quarter section would have to be in violation and be changed, but I think it would be nice in the future if they could show quarter-quarter section.

Q Legally?

A Legally.

MR. HATCH: That's all I have.

MR. UTZ: Any questions of the witness?

MR. PORTER: I have one question.

CROSS EXAMINATION

BY MR. PORTER:

Q Mr. Nutter, your docket here says that on signs

"for wells drilled hereafter". What about new signs for existing wells?

A Well, what I recommend is not exactly what that advertisement was. I was hoping no one would notice that. The ad says "wells drilled hereafter".

Q I see.

A And the proposed revision is for signs posted hereafter. I think that a well that was drilled back in the old days and they buy a new sign, should show quarter-quarter section.

Q Well, as a matter of fact, when you go through the oil fields you'll find that most of them are designated by quarter-quarter section now.

A It surprised me that this well said "quarter section". I thought it said quarter-quarter section. I think most people thought it said quarter-quarter. They hadn't noticed it that closely, but most of the signs do say "quarter-quarter."

MR. UTZ: Any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Any statements?

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox.

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
<u>DAN NUTTER</u>	
Direct Examination by Mr. Hatch	2
Cross Examination by Mr. Porter	4

I do hereby certify that the foregoing is
 a true and correct record of the proceedings in
 the hearing of Case No. 5107
 held at [unclear] on [unclear] 1988
 [Signature]
 [Title]

CASE 3713: OCC to consider the
amendment of RULE 103 of the
Commission Rules & Regulations.