

CASE 5630: VEST RANCH QUEEN
ASSOCIATED POOL SPECIAL POOL RULES
CHAVES COUNTY, NEW MEXICO

CASE NO.

5630

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

131

CASE FILE

5630

MAPS

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 18, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conserva-
tion Commission on its own motion to
consider the contraction of the
Double L-Queen Associated Pool by the
deletion of certain lands on the east
side thereof and the concurrent exten-
sion of the Vest Ranch-Queen Pool to
include said lands.

CASE
5630

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

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1 MR. NUTTER: The hearing will come to order, please.
2 We will call now Case 5630 which is the hearing called by the
3 Oil Conservation Commission on its own motion to consider the
4 contraction of the Double L-Queen Associated Pool by the
5 deletion of certain lands and the concurrent extension of
6 the Vest Ranch Pool to include those lands. Also to consider
7 special pool rules for the Vest Ranch Pool.

8 We will call for appearances in this case.

9 MR. CARR: Mr. Examiner, I'm William F. Carr appear-
10 ing for the Commission. I have one witness to be sworn.

11 MR. NUTTER: I'll call for further appearances. No
12 other appearances?

13 (THEREUPON, the witness was duly sworn.)

14 MR. NUTTER: Mr. Carr, will you proceed?

15
16 R. L. STAMETS

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

19
20 DIRECT EXAMINATION

21 BY MR. CARR:

22 Q Will you state your name and position for the record,
23 please?

24 A R. L. Stamets, Technical Support Chief, Oil
25 Conservation Commission, Santa Fe, New Mexico.

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1 Q. Mr. Stamets, do your duties with the Commission
2 include serving as an examiner and testifying as an expert
3 witness in various cases for the Commission?

4 A. They do.

5 Q. Are you familiar with the subject matter of Case
6 5630?

7 A. Yes, I am.

8 MR. CARR: Mr. Examiner, are the witness's qualifica-
9 tions acceptable?

10 MR. NUTTER: Yes, they are.

11 Q. (Mr. Carr continuing.) Mr. Stamets, what is the
12 Commission seeking in this case?

13 A. Basically what we are trying to do here is correct
14 a little bit of the nomenclature problem we have in Chaves
15 County and to set up special pool rules for oil wells and gas
16 wells in this area, set up an associated pool.

17 Q. Will you refer to Commission Exhibit One and explain
18 to the Examiner what it shows?

19 A. All right, we have two exhibits in this case and
20 they are the same base map which was Exhibit Number Two in
21 Case 4352 concerning the Double L-Queen Associated Pool.
22 Exhibit Number One is to show a structure contour map on the
23 top of the Queen formation. You see there the oil wells, gas
24 wells, dry holes, locations, temporarily abandoned wells,
25 marked in the common symbols. You can also see that there are

1 three general producing areas on the map. The two lines of
2 cross section shown on there, let's say AA prime runs from
3 the north down to the Double L-Queen Pool, across the
4 squiggly orange line, south into the Sulimar-Queen Pool.

5 The BB prime line crosses the Double L-Queen Pool
6 and up in the northeast corner of the exhibit is what is known
7 as the Vest Ranch-Queen Pool.

8 What we have here is a typical Queen sequence in
9 this part of Chaves County. We have oil in a rim, down dip
10 from gas. You can see in the Vest Ranch area, there's a thin
11 string of oil wells with gas wells up dip to the west. The
12 squiggly orange line running from Section 32, 14, 30 down to
13 Section 16 in 15, 30 is a permeability porosity pinch-out and
14 then we move on to the west and we find the oil wells of the
15 Double L-Queen Pool proper. And then I have already mentioned
16 the squiggly line in the south part of this exhibit, separating
17 the Double L-Queen Associated Pool from the Sulimar.

18 MR. NUTTER: Mr. Stamets, would you define what a
19 squiggly line is for the record?

20 A. For the record, we have an orange line which looks
21 somewhat snake-like, with an arrow at each end, separating
22 the three producing areas.

23 MR. NUTTER: And that's a squiggly line?

24 A. That's a squiggly line.

25 MR. NUTTER: Thank you, sir.

1 Q (Mr. Carr continuing.) Do you have any further
2 testimony relating to Exhibit Number One?

3 A No, I don't.

4 Q Mr. Stamets, moving to Exhibit Number Two, would you
5 first state just generally what this exhibit shows?

6 A Okay. This is the same exhibit as I have already
7 mentioned, except on this exhibit I have shown the pools in
8 question. The heavy black line outlines the Double L-Queen
9 Associated Pool. The southern portion of the Vest Ranch Pool
10 is shown in the heavy blue line and there is some part of the
11 pool that extends off the map to the north.

12 Not shown on this map is what is known as the
13 Southeast Chaves Queen Gas Area. This is a large area in
14 Chaves County which is not really a pool but it is an area
15 recognized for the development of the Queen formation for gas
16 production. There are special rules in that area which limit
17 the gas allowables, which provides for the three hundred and
18 twenty acre spacing for gas wells. However, the special pool
19 rules do not discuss oil development.

20 Q Now, Mr. Stamets, before you go one, would you
21 please refer to Exhibit Two and the docket that has been
22 prepared and distributed at this hearing and point out any
23 differences between the two?

24 A Yes, we are talking about contracting the Double L-
25 Queen Pool and in sort of a hash-mark grayish line, which

1 is shown on this exhibit, we have marked what we propose to
2 be the final eastern pool limit of the Double L-Queen Pool.

3 Perhaps I should just mention here now what we
4 propose to contract from the Double L differs from what is
5 shown on the docket in this case. In Township 14 South,
6 Range 30 East in Section 31, we propose to delete only the
7 northeast quarter of the southeast quarter. The other quarter
8 section being included in the Double L-Queen Unit area and
9 testimony in that case indicating that there is productive
10 acreage under that quarter section contributing to the Double L-
11 Queen Pool.

12 In Township 15 South, Range 30 East in Section 6,
13 instead of deleting the southeast quarter, we are only deleting
14 the east half, southeast quarter in the southwest quarter,
15 southeast quarter for the same reason.

16 MR. NUTTER: In other words, the northwest quarter
17 of the southeast quarter would remain in the Double L-Queen?

18 A. Yes, that is correct.

19 There are some other changes but they are related
20 to the Vest Ranch-Queen and I would like to get into that when
21 I get to that point of the exhibit.

22 Going back to the original dark line, the black line
23 of the Double L-Queen, it can be seen that that pool boundary
24 crosses the permeability porosity pinch-out and actually it
25 extends east of what should be the Double L-Queen Pool and we

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1 are proposing that it be contracted so that only the Queen
2 formation, which is actually in contact with the Double L-Queen
3 Pool is in that pool.

4 Now, we have also shown on Exhibit Two a red line.
5 That is what we are proposing to be expanded or this outlines
6 the area that we are proposing to be expanded to the Vest
7 Ranch Pool.

8 There is a slight change in the docket and what we
9 are proposing here. In Section 8 we are proposing that the
10 entire section be added to the Vest Ranch Pool instead of the
11 north half and the southeast quarter and in Section 9 we are
12 proposing that the west half be included in the Vest Ranch
13 Pool.

14 Now, if this addition to the Vest Ranch were made,
15 it is easily seen that we would have both oil production in
16 a very narrow rim on the east side and gas production in a
17 much wider belt on the west side of the pool. To allow
18 development of both the gas and the oil in this pool, it is
19 proposed that the Vest Ranch-Queen Pool be redesignated the
20 Vest Ranch-Queen Associated Pool and that special pool rules
21 and regulations similar to the Double L-Queen Associated Pool
22 be put in force and effect there. These regulations should
23 allow development of the oil and the gas in a manner which
24 will not cause waste and which will protect the correlative
25 rights of all of the owners in there.

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1 And the allowable would be no different from what
2 it is today on those wells, both the oil and the gas.

3 There are a couple of differences which we are
4 proposing between the Vest Ranch rules and the Double L-Queen
5 rules. For example, in Rule Number Four, we are proposing
6 that any well which is to be drilled in a known gas area should
7 be located according to the statewide spacing rules for wells
8 on three hundred and twenty acres, that being no closer than
9 six, sixty to the nearest side boundary or nineteen, eighty to
10 the nearest end boundary, nor closer than three, thirty to
11 any governmental quarter-quarter section line, instead of,
12 within a hundred and fifty feet of the center of a quarter-
13 quarter section as it is set out in the Double L rules.

14 In Rule Nine we are proposing that instead of two
15 gas liquid ratio tests per year, that only one be taken. The
16 development is not new in this area and checking the gas oil
17 ratios reported to the Commission as reflected in the oil
18 proration schedule, in checking production as shown in our
19 statistical report, none of the gas wells are producing any
20 liquids and none of the oil wells in the pool are producing
21 at high gas oil ratios, so it would appear that an additional
22 gas oil ratio test is an unnecessary expense on the operators
23 involved. Aside from that, we are not proposing any difference
24 in the rules and regulations.

25 Q. Mr. Stamets, the recommended special pool rules

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1 that you have been reading from, is it your desire that they
2 be marked as an exhibit and offered in the case?

3 A. No, this was just simply prepared for the aid and
4 assistance to the Examiner in preparing a form of order.

5 Q. Do you have any further testimony you would like
6 to offer in respect to Exhibit Two or the proposed special
7 pool rules?

8 A. No, I have no specific testimony. There is a letter
9 that I received from Leon Lampert of the Dalport Oil
10 Corporation and he asked for a couple of changes in the Vest
11 Ranch rules. He concurs with our recommendation that GOR
12 tests be taken annually, rather than semi-annually.

13 He asked that a gas well be defined as one with a
14 GOR in excess of a hundred thousand to one, rather than the
15 thirty thousand to one that now currently exists in the
16 Double L field. I don't believe this will be a problem
17 either way.

18 His third point, he says he retained the provision
19 that each future gas well shall be located on a standard three
20 hundred and twenty acre unit. I don't see that that is a
21 problem since allowables are restricted to the number of
22 dedicated acres, so whichever way we go I don't believe we
23 will have a problem there.

24 Q. Do you have anything further to add to your testimony?

25 A. No.

1 Q In your opinion would granting the Commission's
2 motion prevent waste and protect correlative rights?

3 A There would be no harm. There really would be no
4 change in what is already occurring, so there would be no
5 waste, correlative rights would continue to be protected and
6 we would just have a lot cleaner nomenclature situation.

7 MR. CARR: Mr. Examiner, at this time I offer Oil
8 Conservation Commission Exhibits One and Two.

9 MR. NUTTER: Exhibits One and Two will be admitted
10 into evidence.

11 (THEREUPON, Oil Conservation Commission Exhibits
12 One and Two were admitted into evidence.)

13 MR. CARR: I have nothing further.

14
15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q Mr. Stamets, I'm not sure if I followed your
18 description of the extension of the Vest Ranch Pool as it
19 deviates from the docket. Now, in Township 15 South, Range 30
20 East, Section 4 is the same as the docket, right?

21 A Yes.

22 Q Section 5 is the same as the docket?

23 A It should be.

24 Q There is no extension in 6 or 7. In Section 8 you
25 would add all of Section 8?

1 A. Yes.

2 Q. Rather than the north half and southeast quarter
3 as shown on the docket?

4 A. That's right.

5 Q. Okay, now, what are you putting in in Section 9?

6 A. Section 9 would include the west half.

7 Q. And Section 9 is not included on the docket at all?

8 A. That is correct.

9 Q. Then in Section 16, the extension is as shown on
10 the docket, northwest quarter and northwest-southwest?

11 A. Yes, that is correct.

12 Q. And Section 17 is the same as the docket, northwest
13 half?

14 A. That is correct.

15 MR. NUTTER: Okay, thank you. Are there any further
16 questions of Mr. Stamets? He may be excused.

17 (THEREUPON, the witness was excused.)

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

19 MR. CARR: Nothing further.


20 MR. NUTTER: Does anyone have anything to offer in
21 Case 5630? We will take the case under advisement and the
22 hearing is adjourned.
23
24
25

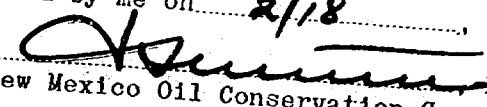
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 2630
heard by me on 2/18, 1976.
 Examiner
New Mexico Oil Conservation Commission

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 ON ITS OWN MOTION TO CONSIDER THE
REVISION OF THE VEST RANCH-QUEEN AND THE
DOUBLE L-QUEEN POOL POOL BOUNDARIES, CHAVES
COUNTY, NEW MEXICO, AND THE PROMULGATION OF
SPECIAL POOL RULES FOR THE VEST RANCH-QUEEN
POOL.

CASE NO. 5630
Order No. R-5180

NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 18, 1976,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of March, 1976, 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 there is need for the contraction of the Double L-
Queen Associated Pool, Chaves County, New Mexico, by the
deletion therefrom of the following-described lands:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM

Section 31: NE/4 SE/4
Section 32: All
Section 33: SW/4

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Section 4: W/2
Section 5: All
Section 6: SW/4 SE/4 and E/2 SE/4
Section 7: NE/4
Section 8: All
Section 9: W/2
Section 16: NW/4
Section 17: N/2

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(3) That there is need for the extension of the Vest Ranch Queen Pool, Chaves County, New Mexico, by inclusion therein of the following described lands:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM

Section 28: SW/4
Section 29: SE/4
Section 32: E/2
Section 33: W/2 and SE/4

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Section 4: W/2
Section 5: All
Section 8: All
Section 9: W/2
Section 16: NW/4 and NW/4 SW/4
Section 17: N/2

(4) That while the said Vest Ranch-Queen Pool is currently classified as an oil pool, the evidence presently available indicates it is, in fact, an associated oil and gas reservoir.

(5) That said Vest Ranch-Queen Pool should be reclassified as an associated pool for the production of oil and gas from the Queen formation and designated the Vest Ranch-Queen Associated Pool and Special Rules and Regulations should be promulgated therefor.

(6) That the reservoir characteristics of the subject pool indicate that the gas area can be efficiently and economically drained and developed on 320-acre spacing, and that the oil area can be efficiently and economically drained and developed on 40-acre spacing, and such spacing requirements should be adopted for each of the aforesaid respective areas.

(7) That the reservoir characteristics of the subject pool presently available justify the definition of a gas well as a well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons.

(8) That the reservoir characteristics of the subject pool presently available justify the establishment of a gas-liquid ratio limitation of 2000 cubic feet of gas per barrel of liquid hydrocarbons.

(9) That special rules and regulations providing for 320-acre gas well spacing and 40-acre oil well spacing should be promulgated for the subject pool in order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result

from the drilling of too few wells, and otherwise prevent waste and protect correlative rights.

(10) That the special rules and regulations should provide for the classification of a gas well as a well producing with a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons and should provide for a gas-liquid ratio of 2000 cubic feet of gas per barrel of liquid hydrocarbons in order to afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil or gas, or both, and for this purpose to use his just and equitable share of the reservoir energy.

(11) That in order to prevent waste and protect correlative rights, the above-described pool boundary revisions and pool reclassification should be approved, and Special Rules and Regulations embodying the above findings adopted.

(12) That the temporary special rules and regulations should also establish gas production limits for gas wells in order to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1976, the Double L-Queen Associated Pool, Chaves County, New Mexico, is hereby contracted by the deletion of the following described lands:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
Section 31: NE/4 SE/4
Section 32: All
Section 33: SW/4

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 4: W/2
Section 5: All
Section 6: SW/4 SE/4 and E/2 SE/4
Section 7: NE/4
Section 8: All
Section 9: W/2
Section 16: NW/4
Section 17: N/2

(2) That effective April 1, 1976, the Vest Ranch-Queen Pool, Chaves County, New Mexico, is hereby reclassified and redesignated the Vest Ranch-Queen Associated Pool and is extended to include therein:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
Section 28: SW/4
Section 29: SE/4
Section 32: E/2
Section 33: W/2 and SE/4

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TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Section 4: W/2
Section 5: All
Section 8: All
Section 9: W/2
Section 16: NW/4 and NW/4 SW/4
Section 17: N/2

(3) That effective April 1, 1976, Special Rules and Regulations for the Vest Ranch-Queen Associated Pool, Chaves County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
VEST RANCH-QUEEN ASSOCIATED POOL

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

RULE 2. (a) Each gas well shall be located on a tract comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision (half-section) of the U. S. Public Lands Survey. For purposes of these rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard unit.

(b) Each oil well shall be located on a standard unit containing 40 acres, more or less, consisting of a governmental quarter-quarter section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 (a) without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental half-section and contains less acreage than a standard unit.

- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the half-section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary of the tract.

RULE 5. A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced.

RULE 7. An oil well which has 40 acres dedicated to it shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a 320-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

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RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9. Gas-liquid ratio tests shall be taken on all wells each year during the month of March. The initial gas-liquid ratio test shall suffice as the first annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. Commission District supervisors may grant exceptions to the above test requirements where it is demonstrated that wells produce no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

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RULE 12. The date 7:00 a.m. April 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period.

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut-in upon a showing after notice and hearing that complete shut-in of the well would result in material damage to the well or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

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Order No. R-5180

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 20. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Vest Ranch-Queen Associated Pool or in the Queen formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well by May 1, 1976.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, all existing gas wells in the Vest Ranch-Queen Associated Pool shall have dedicated thereto 320 acres in accordance with Rule 2 of the above Special Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

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Case No. 5630
Order No. R-5180

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

DRAFT

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CHAVES COUNTY, NEW MEXICO,

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO ON ITS
OWN MOTION TO CONSIDER THE
REVISION OF THE VEST RANCH-QUEEN
AND THE DOUBLE L-QUEEN POOL POOL
BOUNDARIES, AND THE PROMULGATION
OF SPECIAL POOL RULES FOR THE
VEST RANCH-QUEEN POOL.

CASE NO. 5639

Order No. R- 5180

NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 18, 1976,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of March, 1976, 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 there is need for the contraction of the
Double L-Queen Associated Pool, Chaves County, New
Mexico, by the deletion therefrom of the following-
described lands:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM

Section 31: NE/4 SE/4

Section 32: All

Section 33: SW/4

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Section 4: W/2

Section 5: All

Section 6: SW/4 SE/4 and E/2 SE/4

Section 7: NE/4

Section 8: All

Section 9: W/2

Section 16: NW/4

Section 17: N/2

(12)

(3) That there is need for the extension of the Vest Ranch Queen Pool, Chaves County, New Mexico, by inclusion therein of the following described lands:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM

Section 28: SW $\frac{1}{4}$

Section 29: SE $\frac{1}{4}$

Section 32: E $\frac{1}{2}$

Section 33: W $\frac{1}{2}$ and SE $\frac{1}{4}$

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Section 4: W $\frac{1}{2}$

Section 5: All

Section 8: All

Section 9: W $\frac{1}{2}$

Section 16: NW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$

Section 17: N $\frac{1}{2}$

(4) That while the said Vest Ranch-Queen Pool is currently classified as an oil pool, the evidence presently available indicates it is, in fact, an associated oil and gas reservoir.

(5) That said Vest Ranch-Queen Pool should be reclassified as an associated pool for the production of oil and gas from the Queen formation and designated the Vest Ranch-Queen Associated Pool and Special Rules and Regulations should be promulgated therefor.

(6) That the reservoir characteristics of the subject pool indicate that the gas area can be efficiently and economically drained and developed on 320-acre spacing, and that the oil area can be efficiently and economically drained and developed on 40-acre spacing, and such spacing requirements should be adopted for each of the aforesaid respective areas.

(4)

(2) That effective April 1, 1976, The Vest Ranch-Queen Pool Chaves County, New Mexico, is hereby reclassified and redesignated the Vest Ranch-Queen Associated Pool and is extended to include therein

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM

Section 28: SW/4

Section 29: SE/4

Section 32: E/2

Section 33: W/2 and SE/4

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Section 4: W/2

Section 5: All

Section 8: All

Section 9: W/2

Section 16: NW/4 and NW/4 SW/4

Section 17: N/2

(3) That effective April 1, 1976, Special Rules and Regulations for the Vest Ranch-Queen Associated Pool, Chaves County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
VEST RANCH-QUEEN ASSOCIATED POOL

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

RULE 2. (a) Each gas well shall be located on a tract comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision (half-section) of the U. S. Public Lands Survey. For purposes of these rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard unit.

(b) Each oil well shall be located on a standard unit containing 40 acres, more or less, consisting of a governmental quarter-quarter section.

(5)

-5-

CASE NO. ~~XXXX~~

Order No. ~~R-2881-A~~

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 (a) without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental ~~half~~-section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the ~~half~~-section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary of the tract.

6

RULE 5. A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced.

RULE 7. An oil well which has 40 acres dedicated to it shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a ~~320~~-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9. Gas-liquid ratio tests shall be taken on all wells *each year during the month of March.* The initial gas-liquid ratio test shall suffice as the first annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. Commission District supervisors may grant exceptions to the above test requirements where it is demonstrated that wells produce no liquids.

(7)

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's district office is hereby authorized to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

RULE 12. *The date 7:00 a.m. April 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period.*

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

8

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 19. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 20. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

9

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Vest Ranch-Queen Associated Pool or in the Queen formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well by May 1, 1976.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, all existing gas wells in the Vest Ranch-Queen Associated Pool shall have dedicated thereto 320 acres in accordance with Rule 2 of the above Special Rules and Regulations; or pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard units dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the effective date of this order shall subject the well to cancellation of allowable.

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

DONE at

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 18, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conserva-
tion Commission on its own motion to
consider the contraction of the
Double L-Queen Associated Pool by the
deletion of certain lands on the east
side thereof and the concurrent exten-
sion of the Vest Ranch-Queen Pool to
include said lands.

CASE
5630

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	William F. Carr, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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R. L. STAMETS

3

Direct Examination by Mr. Carr

11

Cross Examination by Mr. Nutter

EXHIBIT INDEX

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OCC Exhibit No. One, Map

11

OCC Exhibit No. Two, Map

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1 MR. NUTTER: The hearing will come to order, please.
2 We will call now Case 5630 which is the hearing called by the
3 Oil Conservation Commission on its own motion to consider the
4 contraction of the Double L-Queen Associated Pool by the
5 deletion of certain lands and the concurrent extension of
6 the Vest Ranch Pool to include those lands. Also to consider
7 special pool rules for the Vest Ranch Pool.

8 We will call for appearances in this case.

9 MR. CARR: Mr. Examiner, I'm William F. Carr appear-
10 ing for the Commission. I have one witness to be sworn.

11 MR. NUTTER: I'll call for further appearances. No
12 other appearances?

13 (THEREUPON, the witness was duly sworn.)

14 MR. NUTTER: Mr. Carr, will you proceed?

15
16 R. L. STAMETS

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

19
20 DIRECT EXAMINATION

21 BY MR. CARR:

22 Q Will you state your name and position for the record,
23 please?

24 A R. L. Stamets, Technical Support Chief, Oil
25 Conservation Commission, Santa Fe, New Mexico.

1 Q Mr. Stamets, do your duties with the Commission
2 include serving as an examiner and testifying as an expert
3 witness in various cases for the Commission?

4 A They do.

5 Q Are you familiar with the subject matter of Case
6 5630?

7 A Yes, I am.

8 MR. CARR: Mr. Examiner, are the witness's qualifica-
9 tions acceptable?

10 MR. NUTTER: Yes, they are.

11 Q (Mr. Carr continuing.) Mr. Stamets, what is the
12 Commission seeking in this case?

13 A Basically what we are trying to do here is correct
14 a little bit of the nomenclature problem we have in Chaves
15 County and to set up special pool rules for oil wells and gas
16 wells in this area, set up an associated pool.

17 Q Will you refer to Commission Exhibit One and explain
18 to the Examiner what it shows?

19 A All right, we have two exhibits in this case and
20 they are the same base map which was Exhibit Number Two in
21 Case 4352 concerning the Double L-Queen Associated Pool.
22 Exhibit Number One is to show a structure contour map on the
23 top of the Queen formation. You see there the oil wells, gas
24 wells, dry holes, locations, temporarily abandoned wells,
25 marked in the common symbols. You can also see that there are

1 three general producing areas on the map. The two lines of
2 cross section shown on there, let's say AA prime runs from
3 the north down to the Double L-Queen Pool, across the
4 squiggly orange line, south into the Sulimar-Queen Pool.

5 The BB prime line crosses the Double L-Queen Pool
6 and up in the northeast corner of the exhibit is what is known
7 as the Vest Ranch-Queen Pool.

8 What we have here is a typical Queen sequence in
9 this part of Chaves County. We have oil in a rim, down dip
10 from gas. You can see in the Vest Ranch area, there's a thin
11 string of oil wells with gas wells up dip to the west. The
12 squiggly orange line running from Section 32, 14, 30 down to
13 Section 16 in 15, 30 is a permeability porosity pinch-out and
14 then we move on to the west and we find the oil wells of the
15 Double L-Queen Pool proper. And then I have already mentioned
16 the squiggly line in the south part of this exhibit, separating
17 the Double L-Queen Associated Pool from the Sulimar.

18 MR. NUTTER: Mr. Stamets, would you define what a
19 squiggly line is for the record?

20 A For the record, we have an orange line which looks
21 somewhat snake-like, with an arrow at each end, separating
22 the three producing areas.

23 MR. NUTTER: And that's a squiggly line?

24 A That's a squiggly line.

25 MR. NUTTER: Thank you, sir.

1 Q (Mr. Carr continuing.) Do you have any further
2 testimony relating to Exhibit Number One?

3 A No, I don't.

4 Q Mr. Stamets, moving to Exhibit Number Two, would you
5 first state just generally what this exhibit shows?

6 A Okay. This is the same exhibit as I have already
7 mentioned, except on this exhibit I have shown the pools in
8 question. The heavy black line outlines the Double L-Queen
9 Associated Pool. The southern portion of the Vest Ranch Pool
10 is shown in the heavy blue line and there is some part of the
11 pool that extends off the map to the north.

12 Not shown on this map is what is known as the
13 Southeast Chaves Queen Gas Area. This is a large area in
14 Chaves County which is not really a pool but it is an area
15 recognized for the development of the Queen formation for gas
16 production. There are special rules in that area which limit
17 the gas allowables, which provides for the three hundred and
18 twenty acre spacing for gas wells. However, the special pool
19 rules do not discuss oil development.

20 Q Now, Mr. Stamets, before you go on, would you
21 please refer to Exhibit Two and the docket that has been
22 prepared and distributed at this hearing and point out any
23 differences between the two?

24 A Yes, we are talking about contracting the Double L-
25 Queen Pool and in sort of a hash-mark grayish line, which

1 is shown on this exhibit, we have marked what we propose to
2 be the final eastern pool limit of the Double L-Queen Pool.

3 Perhaps I should just mention here now what we
4 propose to contract from the Double L differs from what is
5 shown on the docket in this case. In Township 14 South,
6 Range 30 East in Section 31, we propose to delete only the
7 northeast quarter of the southeast quarter. The other quarter
8 section being included in the Double L-Queen Unit area and
9 testimony in that case indicating that there is productive
10 acreage under that quarter section contributing to the Double L-
11 Queen Pool.

12 In Township 15 South, Range 30 East in Section 6,
13 instead of deleting the southeast quarter, we are only deleting
14 the east half, southeast quarter in the southwest quarter,
15 southeast quarter for the same reason.

16 MR. NUTTER: In other words, the northwest quarter
17 of the southeast quarter would remain in the Double L-Queen?

18 A Yes, that is correct.

19 There are some other changes but they are related
20 to the Vest Ranch-Queen and I would like to get into that when
21 I get to that point of the exhibit.

22 Going back to the original dark line, the black line
23 of the Double L-Queen, it can be seen that that pool boundary
24 crosses the permeability porosity pinch-out and actually it
25 extends east of what should be the Double L-Queen Pool and we

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1 are proposing that it be contracted so that only the Queen
2 formation, which is actually in contact with the Double L-Queen
3 Pool is in that pool.

4 Now, we have also shown on Exhibit Two a red line.
5 That is what we are proposing to be expanded or this outlines
6 the area that we are proposing to be expanded to the Vest
7 Ranch Pool.

8 There is a slight change in the docket and what we
9 are proposing here. In Section 8 we are proposing that the
10 entire section be added to the Vest Ranch Pool instead of the
11 north half and the southeast quarter and in Section 9 we are
12 proposing that the west half be included in the Vest Ranch
13 Pool.

14 Now, if this addition to the Vest Ranch were made,
15 it is easily seen that we would have both oil production in
16 a very narrow rim on the east side and gas production in a
17 much wider belt on the west side of the pool. To allow
18 development of both the gas and the oil in this pool, it is
19 proposed that the Vest Ranch-Queen Pool be redesignated the
20 Vest Ranch-Queen Associated Pool and that special pool rules
21 and regulations similar to the Double L-Queen Associated Pool
22 be put in force and effect there. These regulations should
23 allow development of the oil and the gas in a manner which
24 will not cause waste and which will protect the correlative
25 rights of all of the owners in there.

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1 And the allowable would be no different from what
2 it is today on those wells, both the oil and the gas.

3 There are a couple of differences which we are
4 proposing between the Vest Ranch rules and the Double L-Queen
5 rules. For example, in Rule Number Four, we are proposing
6 that any well which is to be drilled in a known gas area should
7 be located according to the statewide spacing rules for wells
8 on three hundred and twenty acres, that being no closer than
9 six, sixty to the nearest side boundary or nineteen, eighty to
10 the nearest end boundary, nor closer than three, thirty to
11 any governmental quarter-quarter section line, instead of,
12 within a hundred and fifty feet of the center of a quarter-
13 quarter section as it is set out in the Double L rules.

14 In Rule Nine we are proposing that instead of two
15 gas liquid ratio tests per year, that only one be taken. The
16 development is not new in this area and checking the gas oil
17 ratios reported to the Commission as reflected in the oil
18 proration schedule, in checking production as shown in our
19 statistical report, none of the gas wells are producing any
20 liquids and none of the oil wells in the pool are producing
21 at high gas oil ratios, so it would appear that an additional
22 gas oil ratio test is an unnecessary expense on the operators
23 involved. Aside from that, we are not proposing any difference
24 in the rules and regulations.

25 Q Mr. Stamets, the recommended special pool rules

1 that you have been reading from, is it your desire that they
2 be marked as an exhibit and offered in the case?

3 A. No, this was just simply prepared for the aid and
4 assistance to the Examiner in preparing a form of order.

5 Q. Do you have any further testimony you would like
6 to offer in respect to Exhibit Two or the proposed special
7 pool rules?

8 A. No, I have no specific testimony. There is a letter
9 that I received from Leon Lampert of the Dalport Oil
10 Corporation and he asked for a couple of changes in the Vest
11 Ranch rules. He concurs with our recommendation that GOR
12 tests be taken annually, rather than semi-annually.

13 He asked that a gas well be defined as one with a
14 GOR in excess of a hundred thousand to one, rather than the
15 thirty thousand to one that now currently exists in the
16 Double L field. I don't believe this will be a problem
17 either way.

18 His third point, he says he retained the provision
19 that each future gas well shall be located on a standard three
20 hundred and twenty acre unit. I don't see that that is a
21 problem since allowables are restricted to the number of
22 dedicated acres, so whichever way we go I don't believe we
23 will have a problem there.

24 Q. Do you have anything further to add to your testimony?

25 A. No.

1 Q In your opinion would granting the Commission's
2 motion prevent waste and protect correlative rights?

3 A There would be no harm. There really would be no
4 change in what is already occurring, so there would be no
5 waste, correlative rights would continue to be protected and
6 we would just have a lot cleaner nomenclature situation.

7 MR. CARR: Mr. Examiner, at this time I offer Oil
8 Conservation Commission Exhibits One and Two.

9 MR. NUTTER: Exhibits One and Two will be admitted
10 into evidence.

11 (THEREUPON, Oil Conservation Commission Exhibits
12 One and Two were admitted into evidence.)

13 MR. CARR: I have nothing further.

14
15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q Mr. Stamets, I'm not sure if I followed your
18 description of the extension of the Vest Ranch Pool as it
19 deviates from the docket. Now, in Township 15 South, Range 30
20 East, Section 4 is the same as the docket, right?

21 A Yes.

22 Q Section 5 is the same as the docket?

23 A It should be.

24 Q There is no extension in 6 or 7. In Section 8 you
25 would add all of Section 8?

1 A. Yes.

2 Q Rather than the north half and southeast quarter
3 as shown on the docket?

4 A. That's right.

5 Q Okay, now, what are you putting in in Section 9?

6 A. Section 9 would include the west half.

7 Q And Section 9 is not included on the docket at all?

8 A. That is correct.

9 Q Then in Section 16, the extension is as shown on
10 the docket, northwest quarter and northwest-southwest?

11 A. Yes, that is correct.

12 Q And Section 17 is the same as the docket, northwest
13 half?

14 A. That is correct.

15 MR. NUTTER: Okay, thank you. Are there any further
16 questions of Mr. Stamets? He may be excused.

17 (THEREUPON, the witness was excused.)

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

19 MR. CARR: Nothing further.


20 MR. NUTTER: Does anyone have anything to offer in
21 Case 5630? We will take the case under advisement and the
22 hearing is adjourned.
23
24
25

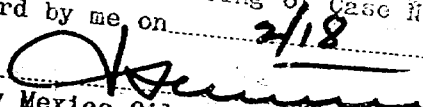
sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

Page 13

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5230,
heard by me on 2/18, 1976.
 Examiner
New Mexico Oil Conservation Commission

Docket No. 7-76

Dockets Nos. 8-76 and 9-76 are tentatively set for hearing on March 3 and March 17, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY -- FEBRUARY 24, 1976
OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5571: (De Novo) (Continued from January 21, 1976 Commission Hearing)

Application of Robert G. Cox for amendment of Order No. R-4561, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4561, which order permitted the directional drilling of applicant's Federal "EA" Well No. 1, located 330 feet from the North and West lines of Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, in such a manner as to be bottomed within 100 feet of the surface location. Applicant seeks the amendment of said order to permit bottoming of the subject well approximately 58 feet from the North line and 8 feet from the West line of said Section 12 and to permit verification of said downhole location by single-shot directional surveys made concurrently with the drilling of said well.

Upon application of Robert G. Cox, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 8-76 and 9-76 are tentatively set for hearing on March 3 and March 17, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 18, 1976

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 Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for March, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for March, 1976, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- (3) Consideration of purchaser's nominations for the one-year period beginning April 1, 1976, for both of the above areas.

CASE 5627: Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Blinebry and Drinkard oil and gas production in the wellbore of his Eubanks Well No. 3, located in Unit K of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 5628: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Blinebry, Drinkard, and Brunson-Ellenburger production in the wellbore of its A. H. Blinebry Federal Well No. 3, located in Unit E of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico.

CASE 5629: Application of Odessa Natural Corporation for pool creation, assignment of a discovery allowable and special pool rules, Rio Arriba and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Dakota formation in Township 23 North, Range 3 West, Rio Arriba and Sandoval Counties, New Mexico, and the promulgation of special pool rules for said pool, including a provision for 320-acre spacing. Applicant further seeks the assignment of an oil discovery allowable to the discovery well for the pool being the Dave W. Thomas Chacon Jicarilla Apache "D" Well No. 1, located in Unit A of Section 23, Township 23 North, Range 3 West, Sandoval County, New Mexico.

CASE 5098: (Reopened)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 5630: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the contraction of the Double L-Queen Associated Pool by the deletion of certain lands on the east side thereof and the concurrent extension of the Vest Ranch-Queen Pool to include said lands. Further, to consider the reclassification of said Vest Ranch-Queen Pool and the promulgation of special pool rules therefor similar to those rules previously adopted for the Double L-Queen Associated Pool. Also to consider redesignation of the Vest Ranch Queen Pool as the Vest Ranch Queen Associated Pool.

The Double L-Queen Associated Pool would be contracted by the deletion of the following-described lands:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM

Section 31: ~~NE/4~~ SE/4 Section 32: All
Section 33: SW/4

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Section 4: W/2 Section 5: All
Section 6: ~~SW/4~~ E/2 SE/4 & SW/4 SE/4 Section 7: NE/4
Section 8: All Section 9: W/2
Section 16: NW/4 Section 17: N/2

The Vest Ranch Associated Queen Pool would be extended by the addition of the following-described lands:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM

Section 28: SW/4 Section 29: SE/4
Section 32: E/2 Section 33: W/2 and SE/4

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM

Section 4: W/2 Section 5: All
Section 8: ~~N/2 and SW/4~~ N/2 Section 16: NW/4 and NW/4 SW/4
Section 17: N/2 Section 9: W/2

SPECIAL RULES AND REGULATIONS
FOR THE
VEST Ranch ~~DOUBLE L-QUEEN ASSOCIATED POOL~~

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

RULE 2. ~~(a)~~ ~~(As Amended by Order No. R-4184, November 14, 1944.)~~ (a) Each gas well shall be located on a tract comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision (half-section) of the U. S. Public Lands Survey. For purposes of these rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard unit.

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(b) Each oil well shall be located on a standard unit containing 40 acres, more or less, consisting of a governmental quarter-quarter section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 (a) without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental ^{half} ~~quarter~~ section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the ^{half} ~~quarter~~ section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located

no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any governmental quarter-quarter section line.

RULE 5. A well shall be classified as a gas well if it has a gas-liquid ratio of 30,000 or more cubic feet of gas per barrel of liquid hydrocarbons. A well shall be classified as an oil well if it has a gas-liquid ratio of less than 30,000 cubic feet of gas per barrel of liquid hydrocarbons. The simultaneous dedication of any acreage to an oil well and a gas well is prohibited.

RULE 6. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced.

RULE 7. An oil well which has 40 acres dedicated to it shall be permitted to produce only that amount of gas determined by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool. In the event there is more than one oil well on a 40-acre oil proration unit, the operator may produce the allowable assigned to the 40-acre unit from the wells on the unit in any proportion.

A gas well shall be permitted to produce that amount of gas obtained by multiplying the top unit oil allowable for the pool by the limiting gas-liquid ratio for the pool and by a fraction, the numerator of which is the number of acres dedicated to the particular gas well and the denominator of which is 40. In the event there is more than one gas well on a ~~40~~³²⁰-acre gas proration unit, the operator may produce the amount of gas assigned to the unit from the wells on the unit in any proportion.

-6-

CASE NO. 4352

Order No. R-3981-A

RULE 8. The operator of each newly completed well shall cause a gas-liquid ratio test to be taken on the well upon recovery of all load oil from the well, provided however, that in no event shall the test be commenced later than 30 days from the date of first production unless the well is connected to a gas-gathering facility and is producing under a temporary gas allowable assigned in accordance with Rule 11. Any well which is shut in shall be exempted from the gas-liquid ratio test requirement so long as it remains shut in. The initial gas-liquid ratio test shall be taken in the manner prescribed by Rule 9. If the gas-liquid ratio is 30,000 cubic feet of gas per barrel of liquid hydrocarbons, or more, the operator shall not produce the well until beneficial use can be made of the gas.

RULE 9. Gas-liquid ratio tests shall be taken on all wells during the months of March and September of each year. The initial gas-liquid ratio test shall suffice as the first semi-annual test. Tests shall be 24-hour tests, being the final 24 hours of a 72-hour period during which the well shall be produced at a constant normal rate of production. Results of such tests shall be filed on Commission Form C-116 on or before the 10th day of the following month. At least 72 hours prior to commencement of any such gas-liquid ratio tests, each operator shall file with the appropriate district office of the Commission a test schedule for its wells specifying the time each of its wells is to be tested. Copies of the test schedule shall also be furnished to all offset operators. Commission District supervisors may grant exceptions to the above test requirements where it is demonstrated that wells produce no liquids.

Special tests shall also be taken at the request of the Secretary-Director and may also be taken at the option of the operator. Such special tests shall be taken in accordance with the procedures outlined hereinabove, including notification to the Commission and offset operators.

RULE 10. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Commission on Form C-125.

RULE 11. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Commission district office of Commission Forms C-104 and C-116, properly executed. The District Supervisor of the Commission's district office is hereby authorized

-7-

CASE NO. 4352

Order No. R-3981-A

to assign a temporary gas allowable to wells connected to a gas transportation facility during the recovery of load oil, which allowable shall not exceed the number of cubic feet of gas obtained by multiplying the daily top unit allowable for the pool by the limiting gas-liquid ratio for the pool.

RULE 12. a.m. April 1 of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period. The date 7:00 p.m. of
~~the first and~~
~~time bounded by these dates shall be gas proration periods.~~

RULE 13. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 14. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 15. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equalling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 16. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 17. The Commission may allow overproduction to be compensated for at a lesser rate than would be the case if the

-8-

CASE NO. 4352
Order No. R-3981-A

well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 18. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 so as to reach the Commission on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

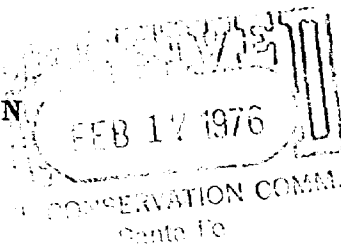
RULE 19. Each purchaser or taker of gas shall submit a report to the Commission so as to reach the Commission on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 20. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied with. The Secretary-Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

RULE 21. All transporters or users of gas shall file gas well-connection notices with the Commission as soon as possible after the date of connection.

RULE 22. Allowables to wells whose classification has changed from oil to gas or from gas to oil as the result of a gas-liquid ratio test shall commence on the first day of the month following the month in which such test was reported, provided that a plat (Form C-102) showing the acreage dedicated to the well and the location of all wells on the dedicated acreage has been filed.

DALPORT OIL CORPORATION
1134 THE 600 BUILDING
CORPUS CHRISTI, TEXAS 78401



CODE 512-882-7863

February 12, 1976

R. L. Stamets
NMOCC
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Case #5630

Dear Sir:

With reference to the above case which will be heard on February 18, 1976, Dalport Oil Corporation wishes to propose the following changes in your Vest Ranch-Queen Field rules:

- 1) GOR's to be taken annually, rather than semi-annually. Past history in the Double L-Queen Associated Field proves that semi-annual tests do not provide significant changes in GOR's.
- 2) Definition of a "gas" well to be one with a GOR in excess of 100,000-1, rather than 30,000-1. In the Double L-Field, the 30,000-1 limitation is too low, and that reservoir characteristics could allow adoption of 100,000-1.
- 3) Retain the provision that each future gas well shall be located on a standard 320-acre unit.

Respectfully submitted,


Leon M. Lampert

LML/ml

Docket No. 6-76

Dockets Nos. 8-76 and 9-76 are tentatively set for hearing on March 3 and March 17, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 18, 1976

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 Richard L. Stamets, Alternate Examiner:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for March, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1976, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one-year period beginning April 1, 1976, for both of the above areas.

CASE 5627: Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Blinebry and Drinkard oil and gas production in the wellbore of his Eubanks Well No. 3, located in Unit K of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 5628: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle Blinebry, Drinkard, and Brunson-Ellenburger production in the wellbore of its A. H. Blinebry Federal Well No. 3, located in Unit E of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico.

CASE 5629: Application of Odessa Natural Corporation for pool creation, assignment of a discovery allowable and special pool rules, Rio Arriba and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Dakota formation in Township 23 North, Range 3 West, Rio Arriba and Sandoval Counties, New Mexico, and the promulgation of special pool rules for said pool, including a provision for 320-acre spacing. Applicant further seeks the assignment of an oil discovery allowable to the discovery well for the pool being the Dave W. Thomas Chacon Jicarilla Apache "D" Well No. 1, located in Unit A of Section 23, Township 23 North, Range 3 West, Sandoval County, New Mexico.

CASE 5098: (Reopened)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 5630: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the contraction of the Double L-Queen Associated Pool by the deletion of certain lands on the east side thereof and the concurrent extension of the Vest Ranch-Queen Pool to include said lands. Further, to consider the reclassification of said Vest Ranch-Queen Pool and the promulgation of special pool rules therefor similar to those rules previously adopted for the Double L-Queen Associated Pool. Also to consider redesignation of the Vest Ranch Queen Pool as the Vest Ranch Queen Associated Pool.

The Double L-Queen Associated Pool would be contracted by the deletion of the following-described lands:

Chg to NE/SE →

<u>TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM</u>	
Section 31: E/2 SE/4	Section 32: All
Section 33: SW/4	

Chg to NESE and S/2 SE →

<u>TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM</u>	
Section 4: W/2	Section 5: All
Section 6: SE/4	Section 7: NE/4
Section 8: All	Section 9: W/2
Section 16: NW/4	Section 17: N/2

The Vest Ranch Associated Queen Pool would be extended by the addition of the following-described lands:

<u>TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM</u>	
Section 28: SW/4	Section 29: SE/4
Section 32: E/2	Section 33: W/2 and SE/4

<u>TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM</u>	
Section 4: W/2	Section 5: All
Section 8: N/2 and SE/4	Section 16: NW/4 and NW/4 SW/4
Section 17: N/2	

Docket No. 7-76

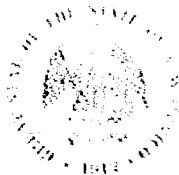
Dockets Nos. 8-76 and 9-76 are tentatively set for hearing on March 3 and March 17, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - FEBRUARY 24, 1976
OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5571: (De Novo) (Continued from January 21, 1976 Commission Hearing)

Application of Robert G. Cox for amendment of Order No. R-4561, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4561, which order permitted the directional drilling of applicant's Federal "EA" Well No. 1, located 330 feet from the North and West lines of Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, in such a manner as to be bottomed within 100 feet of the surface location. Applicant seeks the amendment of said order to permit bottoming of the subject well approximately 58 feet from the North line and 8 feet from the West line of said Section 12 and to permit verification of said downhole location by single-shot directional surveys made concurrently with the drilling of said well.

Upon application of Robert G. Cox, this case will be heard De Novo pursuant to the provisions of Rule 1220.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 1980 - HOBBS

88240

LAND COMMISSIONER

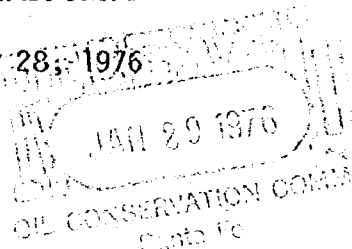
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

DIRECTOR
JOE D. RAMEY

January 28, 1976



Mr. R. L. Stamets
Oil Conservation Commission
Box 2038
Santa Fe, New Mexico 87501

Dear Dick:

The following pressures are all that I could come up with and most are taken from Form C-122. The Continental Oil Co., W.R. Means #1 was obtained from Continental Oil Co. by phone.

Also, a well needs to be added to the map that you have (the ones enclosed have been corrected), The Dalport Oil Company, State C #3, located 2310/S and 660/W, Section 16, Township 15 South, Range 30 East, an oil well.

Jack F. Grimm	C.W. Hicks	Continental Oil Co.	McClellan
Federal 28 #1	Amerada Hess #1	W.R. Means #1	Federal I #1
G-28-14-30	M-33-14-30	L-28-14-30	I-8-15-30
ISIP = 1628#	PC = 589#	BHP = 780#	PC = 756#
Oil Well	oil well	gas well	gas well
Dalport Oil Co.	Dalport Oil Co.	C. Grace	McClellan
Federal 4 #1	Federal 5 #1	Poco Loco #1	Federal 17 #1
L-4-15-30	A-5-15-30	K-8-15-30	A-17-15-30
PC = 749#	PC = 765#	PC = 753#	PC = 700#
gas well	gas well	gas well	gas well

I hope that the above information will be of some help.

Enclosed are three more structure maps on the "Double L Queen Pool Area", as you requested.

Sincerely,

OIL CONSERVATION COMMISSION

John W. Runyan

John W. Runyan
Geologist

JWR/ed
Encl.

PRESENT

Case 5630

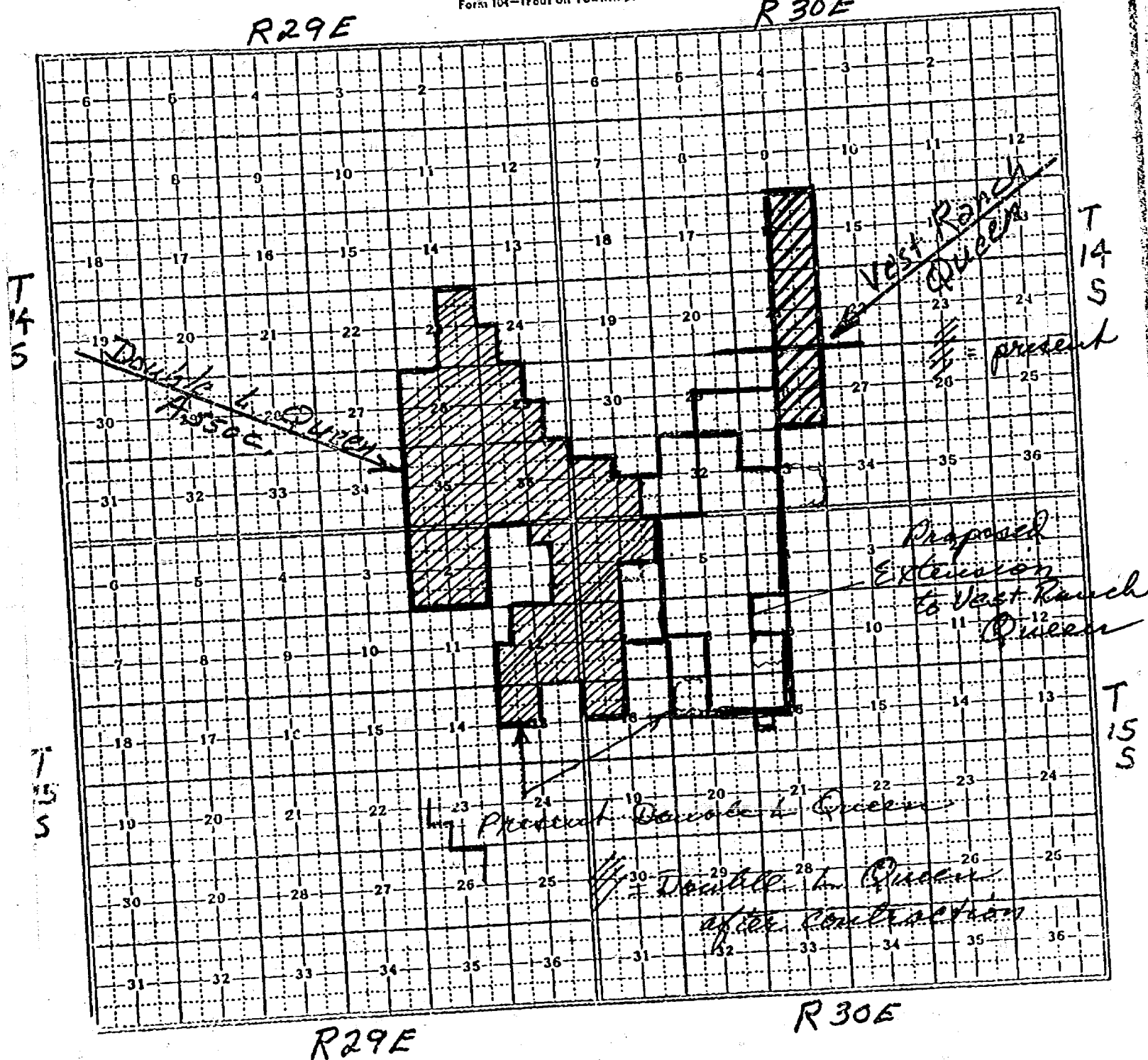
County, CHAVES

Township _____ Range _____ Township _____ Range _____
Township _____ Range _____ Township _____ Range _____

Form 104—(Four on Township)

R29E

R30E



J.W.R.

Proposed

Case 5630

County, _____

CHAVES

Township _____ Range _____

Township _____ Range _____

Township _____ Range _____

Township _____ Range _____

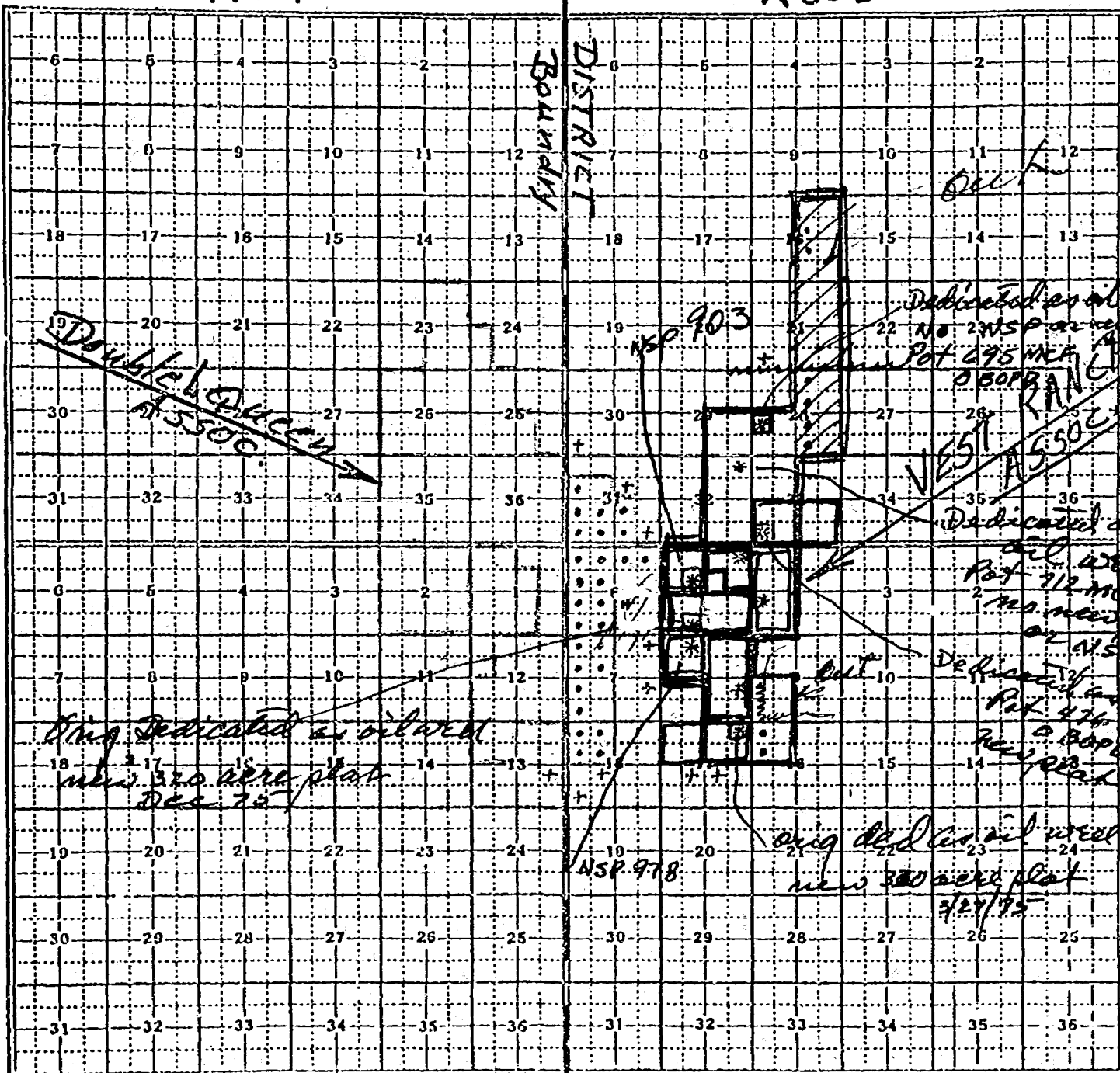
Form 104—(Four on Township)

R 29 E

R 30 E

T
14
S

T
15
S



R 29 E

R 30 E

+ = P&A wells
* = Gas wells
o = oil wells

J.W.K.

Case 5630



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 1980 - HOBBS

88240

LAND COMMISSIONER

PHIL R. LUCERO

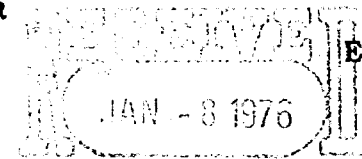


STATE GEOLOGIST

EMERY C. ARNOLD

DIRECTOR
JOE D. RAMEY

January 7, 1976



OIL CONSERVATION COMM.
Santa Fe

Mr. R. L. Stamets
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Dear Dick,

A study of the Double L Queen Associated Pool and the Vest Ranch Queen Area found that the east side of the Double L Queen Associated Pool is a separate reservoir and is separated from that pool by a permeability barrier (refer to structure map), and that the area in question is geologically and reservoir-wise a part of the Vest Ranch Queen Pool.

The gas wells on the east side of the Double L Queen Pool are located down-dip of the oil zone and are producing from the same identical geological zone, but they are separated from this pool by a series of north-south trending dry wells (refer to structure map). The narrow oil rim of the Vest Ranch Queen Pool and the oil rim located in Section 16, Township 15 South, Range 30 East, are geologically and structurally equivalent.

I recommend that the east portion of the Double L Queen Associated Pool be abolished and the acreage be annexed to the Vest Ranch Queen Pool as shown on plat and attached sheet. I also recommend that the Vest Ranch Queen Pool be redesignated as the Vest Ranch Queen Associated Pool with pool rules complying with R-4435-A "Southeast Chaves Queen Gas Area".

Sincerely,

John W. Runyan

John W. Runyan
Geologist

JWR/ed
Attachments

*For
and 2/1/76
Occ
m. F. 1/31/76
w/ Special
Pool Rules
Same as
Double L
Queen*

Case 5630

ABOLISH CERTAIN AREAS OF THE DOUBLE L QUEEN ASSOCIATED POOL

Township 14 South - Range 30 East

Section 31: E/2 SE/4
Section 32: All
Section 33: SW/4

Township 15 South - Range 30 East

Section 4: ~~S/2~~ *W/2*
Section 5: All
Section 6: SE/4
Section 7: NE/4
Section 8: All
Section 9: W/2
Section 16: NW/4
Section 17: N/2

EXTEND VEST RANCH QUEEN POOL

Township 14 South - Range 30 East

Section 28: SW/4
Section 29: SE/4
Section 33: W/2 *& SE/4*
Section 32: E/2

Township 15 South - Range 30 East

Section 4: W/2
Section 5: All
Section 8: N/2 & SE/4
Section 9: SW/4
Section 16: NW/4 *& NW/4 SW/4*
Section 17: NE/4 *N/2*

Change pool rules on Vest Ranch Queen to Vest Ranch Queen Associated (R-4435-A)

PRESENT

Case 5630

County, CHAVES

Township _____ Range _____ Township _____ Range _____

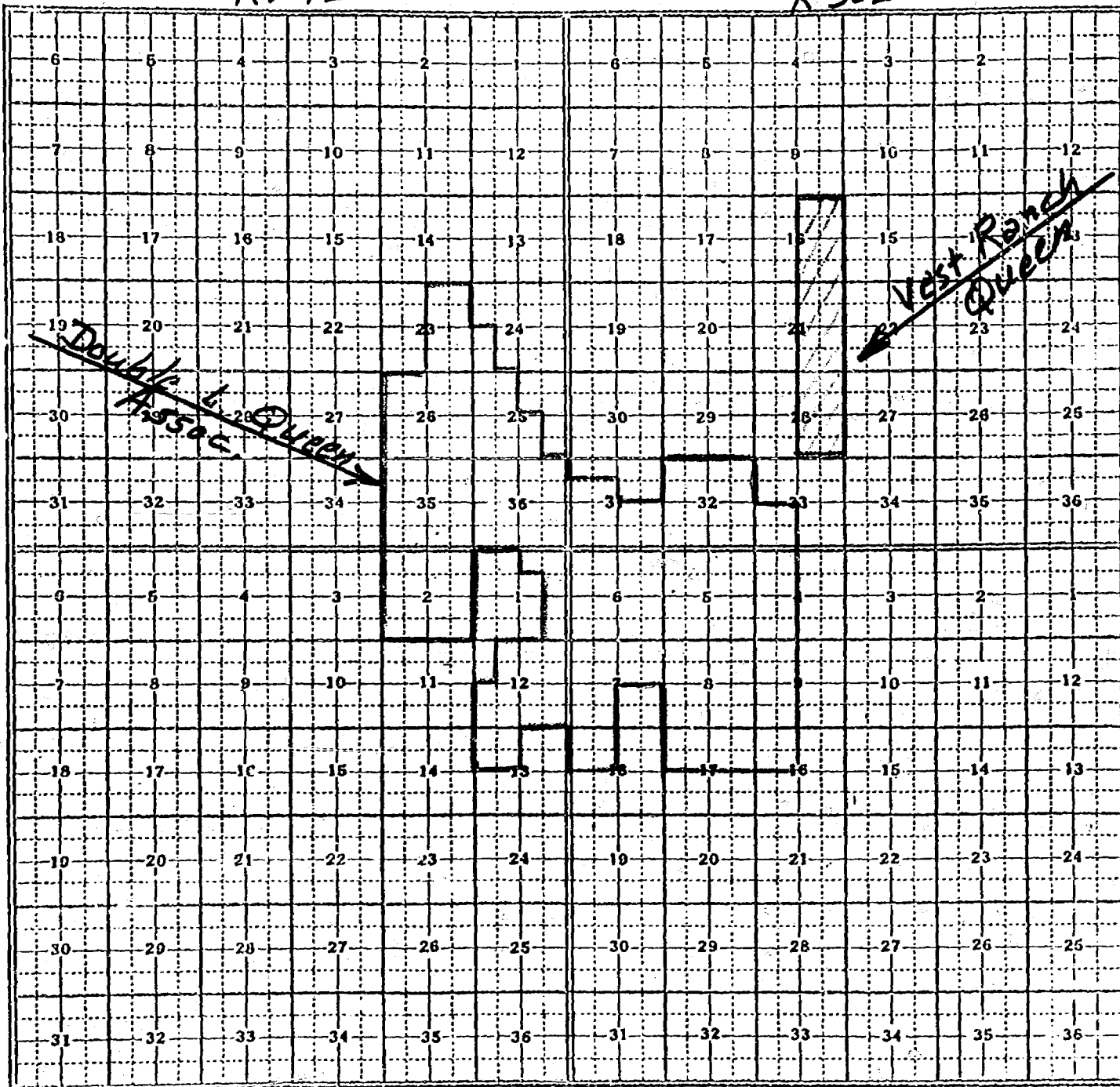
Township _____ Range _____ Township _____ Range _____

Form 104- (Four on Township)

R29E

R30E

T
14
S



T
14
S

T
15
S

T
15
S

R29E

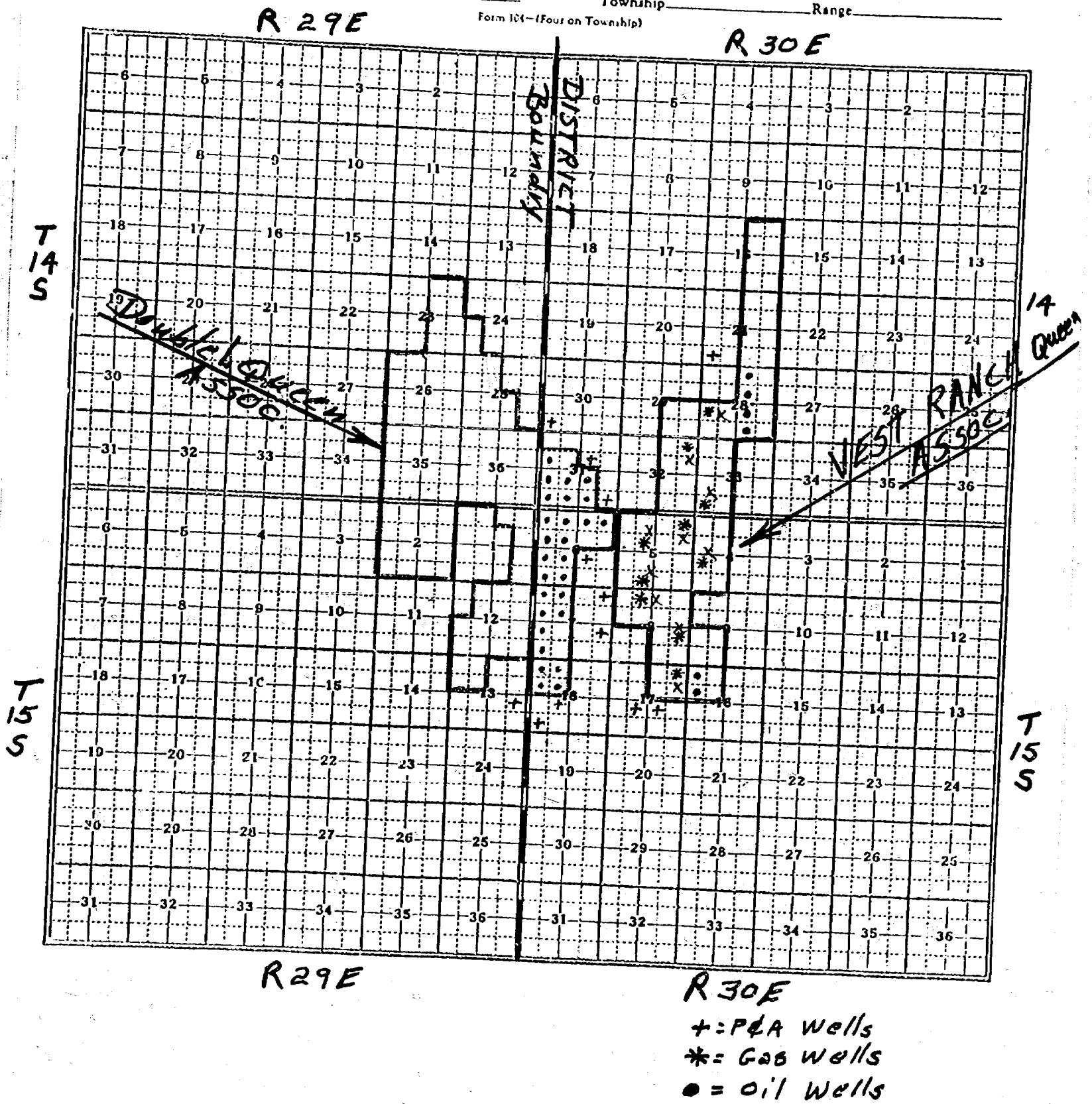
R30E

J.W.R.

Proposed

Case 5630

County, CHAVES
Township _____ Range _____ Township _____ Range _____
Township _____ Range _____ Township _____ Range _____
Form 104—(Four on Township)



J.W.R.