

CASE 3371: Application of MIDWEST
OIL CORP. for an unorthodox oil
well location, Lea County, N.M.

ASE No.

3371

Application,
Transcripts,
Small Exhibits
ETC.

MIDWEST OIL CORPORATION

1500 WILCO BUILDING

MIDLAND, TEXAS

GENERAL OFFICES
1700 BROADWAY
DENVER 2, COLORADO


DIVISION OFFICE
1200 CONTINENTAL NATIONAL
BANK BUILDING
FORT WORTH 2, TEXAS

January 3, 1966

Cactus Drilling Corporation
P. O. Box 32
Midland, Texas

Sun Oil Company
Hinkle Building
Roswell, New Mexico
ATTN: Mr. John P. Carnes

Phillips Petroleum Company
P. O. Box 791
Midland, Texas
ATTN: Mr. E. M. Gorence

 Mr. C. W. Trainer
P. O. Box 1100
Hobbs, New Mexico

U.S. Smelting, Refining & Mining Co.
9th Floor, Wilco Building
Midland, Texas
ATTN: Mr. H. L. Stonestreet

Amerada Petroleum Corporation
600 Petroleum Life Building
Midland, Texas
ATTN: Mr. Joe B. Denton

Re: L-10493
S/2 of Section 29-13S-34E
LEA COUNTY, NEW MEXICO

Gentlemen:

Midwest Oil Corporation has made application to the New Mexico Oil Conservation Commission for a special permit to drill the Harris State No. 1 to be located 1980 feet from the west line and 660 feet from the south line of Section 29, T-13-S, R-34-E, Nonombre Field, Lea County, New Mexico.

This test does not comply with the fixed locations as described in the temporary field rules of the Nonombre Field.

Midwest Oil Corporation requests your signature on this document signifying your willingness to waive any objections pertaining to the above proposed location.

Would you please signify your approval for waiver by acknowledging in the space below. Your cooperation in this matter would be greatly appreciated.

Yours truly,

MIDWEST OIL CORPORATION

By: *Don D. Matson*
Don D. Matson
District Manager

DDM/mar

ONLY
THIS APPROVAL FOR WAIVER IS GIVEN ON CONDITION THAT MIDWEST OIL CORPORATION WILL GIVE A SIMILAR APPROVAL ON REQUEST FOR OUR LOCATIONS 1980' ± N & W L Sec 29-135-34E & 1980' ± W L & 660' ± S L Sec 20-135-34E

APPROVAL:

By: *CW Trainer*

Title:

Date: *January 5, 1966*

MIDWEST OIL CORPORATION

1500 WILCO BUILDING

MIDLAND, TEXAS


GENERAL OFFICES
1700 BROADWAY
DENVER 2, COLORADO

DIVISION OFFICE
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January 3, 1946

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Would you please signify your approval for waiver by acknowledging in the space below. Your cooperation in this matter would be greatly appreciated.

Yours truly,

MIDWEST OIL CORPORATION

By: *Don D. Matson*

Don D. Matson
District Manager

DDM/mar

APPROVAL:

By: *W. L. Ballou*

Title: _____

Date: *1-13-66*

MIDWEST OIL CORPORATION

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- 2 -

Would you please signify your approval for waiver by acknowledging in the space below. Your cooperation in this matter would be greatly appreciated.

Yours truly,

MIDWEST OIL CORPORATION

By: *Don D. Matson*

Don D. Matson
District Manager

DDM/mar

APPROVAL: *J. V. Neuman, Jr.*

By: *J. V. Neuman, Jr.*

J. V. Neuman, Jr.

Title: Vice President and General
Manager - Oil Operations

Date: January 10, 1966

UNITED STATES SMELTING REFINING AND
MINING COMPANY

*WCD
AOS
1/12*



PHILLIPS PETROLEUM COMPANY
BATTLESVILLE, OLLAHOWA TADOM

January 7, 1966

EXPLORATION AND PRODUCTION DEPARTMENT

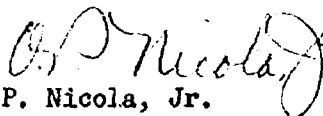
Nonombre Field, Lea County,
New Mexico

Midwest Oil Corporation
1500 Wilco Building
Midland, Texas

Gentlemen:

As requested in your letter of January 3, 1966, enclosed is waiver of objection signed by Phillips Petroleum Company covering the off-pattern location of your Harris State Well No. 1, Section 29-T13S-R34E, Nonombre Field, Lea County, New Mexico.

Yours very truly,


O. P. Nicola, Jr.
Director of Proration

JRB:dg
Encl.

MIDWEST OIL CORPORATION

1500 WILCO BUILDING

MIDLAND, TEXAS

GENERAL OFFICES
1700 BROADWAY
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January 3, 1966

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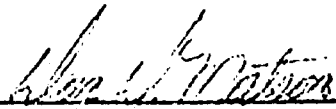
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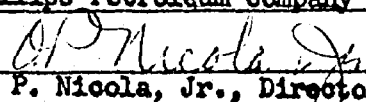
Yours truly,

MIDWEST OIL CORPORATION

By: 
Don D. Matson
District Manager

DDM/mar

APPROVAL:

By: Phillips Petroleum Company
Title: 
O. P. Nicola, Jr., Director of Proration
Date: January 7, 1966

MIDWEST OIL CORPORATION

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MIDLAND, TEXAS

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January 3, 1966

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This test does not comply with the fixed locations as described in the temporary field rules of the Nonombre Field.

Midwest Oil Corporation requests your signature on this document signifying your willingness to waive any objections pertaining to the above proposed location.

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	17
CASE NO.	2371

Would you please signify your approval for waiver by acknowledging in the space below. Your cooperation in this matter would be greatly appreciated.

Yours truly,

MIDWEST OIL CORPORATION

By:

Don D. Matson
Don D. Matson
District Manager

DDM/mar

APPROVAL:

By:

Walter E. Crockett

Title:

Vice President

Date:

January 4, 1966

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2083
SANTA FE

February 9, 1966

Mr. Richard S. Morris
Seth, Montgomery, Federici & Andrews
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Re:

Case No. 3371
Order No. R-3041
Applicant:

Midwest Oil Corporation

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other Mr. George Hunker

Case 3371

Heard 1-26-66

Rec. 1-28-66

1. Grant Midwest an exception
to Rule 47 order R-2929. to allow
them to drill their Lewis Sh.,
660/5, 1980/W sec. 29-135-34E.

2. This location was protested by
C.W. Tramer. However Tramer is
not being crowded in this
instance.

3. The NW/4, SE/4 of sec. 29
is of doubtful productivity
as indicated by the contour
maps & the dry hole in
SE/4 SE/4 sec. 30, Patton Sh. & 1/2.
Therefore I recommend a
NSP of 120 Ac. be dedicated
to the well. in both the
Hornombre. Upper & Lower Perm
pools until such time
as additional drilling shows
this 1/4 ~~sec.~~ sec. to be productive.

Thurs. 1/28/66

DRAFT

JMD/esr

Feb. 7, 1966

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CF Subj. _____

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3371

Order No. R- 3041

APPLICATION OF MIDWEST OIL CORPORATION
FOR AN UNORTHODOX OIL WELL LOCATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 26, 1966, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this _____ day of February, 1966, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Midwest Oil Corporation, seeks an
exception to the Special Rules and Regulations governing the
Nonombre-Upper Pennsylvanian and Nonombre-Lower Pennsylvanian
Pools to drill its Harris State Well No. 1 at an unorthodox
location 660 feet from the South line and 1980 feet from the West
line of Section 29, Township 13 South, Range 34 East, NMPM, Lea
County, New Mexico.

(3) That the E/2 SW/4 and ~~NE/4~~ SW/4 of said Section 29
can reasonably be presumed to be productive of oil in the subject
pools, but the productivity of the NW/4 SW/4 of said Section 29
is doubtful in both pools.

(4) That approval of the subject application will impair correlative rights if the NW/4 SW/4 of said Section 29 is dedicated to the subject well.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil from the subject pools and otherwise prevent waste and protect correlative rights, provided the E/2 SW/4 and ~~NE/4~~ ^{SW/4} SW/4 of said Section 29 is dedicated to the subject well and the well does not receive more than a 120-acre allowable in either pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Midwest Oil Corporation, is hereby granted an exception to the Special Rules and Regulations governing the Nonombre-Upper Pennsylvanian and Nonombre-Lower Pennsylvanian Pools to drill its Harris State Well No. 1 at an unorthodox location 660 feet from the South line and 1980 feet from the West line of Section 29, Township 13 South, Range 34 East, NMPM, Lea County, New Mexico;

PROVIDED HOWEVER, that only the E/2 SW/4 and ~~NE/4~~ ^{SW/4} SW/4 of said Section 29 shall be dedicated to the subject well, and said well shall not receive more than a 120-acre allowable in either pool.

(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.

January 26, 1966 Examiner Hearing

CASE 3369: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Devonian formation through perforations from 10,604 to 10,780 feet in its State "BO" Well No. 4 located in Unit M, Section 13, Township 11 South, Range 32 East, Moore-Devonian Pool, Lea County, New Mexico.

CASE 3370: Application of Shell Oil Company for an exception to Rule 8 of Order No. R-2065 and to Rule 301, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 8 of Order No. R-2065 and to Rule 301 of the Commission rules and regulations to permit discontinuance of individual gas-oil ratio tests in its Carson Bisti-Lower Gallup Pressure Maintenance Project, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico. Applicant proposes to report gas production and ratios on a unit-wide basis rather than individual well GOR data.

*Dec. 11, 1965
after noon*
CASE 3371: Application of Midwest Oil Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Harris State Well No. 1 at an unorthodox location 660 feet from the South line and 1980 feet from the West line of Section 29, Township 13 South, Range 34 East, Nonombre-Pennsylvanian Field, Lea County, New Mexico.

CASE 3372: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment to Rule 104 F of the Commission rules and regulations to provide administrative procedure for the approval of an unorthodox location necessitated by recompletion of a well previously drilled to another horizon.

CASE 3373: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider amendment of Rule 301 to provide executive authority for the Secretary-Director to exempt, for good cause, certain pools from the annual gas-oil ratio test requirements; further, the Secretary-Director could, where necessary, order annual oil production tests in lieu of gas-oil ratio tests.

CASE 3374: In the matter of the hearing called by the Oil Conservation Commission on its own motion to amend Rule 302 of the Commission rules and regulations to eliminate the requirement for calibration of bottom-hole pressure test bombs prior and subsequent to each pressure test.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 26, 1966

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

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

CASE 2720: (Reopened and continued from the January 5, 1966 Examiner Hearing)

In the matter of Case No. 2720 being reopened pursuant to the provisions of Order No. R-2397-B which continued the original order for an additional year, establishing special rules governing the production of oil and gas wells in the Double-X Delaware Pool, Lea County, New Mexico, including classification of wells as gas wells when the gas-liquid hydrocarbon ratio exceeds 30,000 to one.

CASE 3365: Application of Humble Oil & Refining Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Cedar Hills Unit Area comprising approximately 8,500 acres of Federal, State and Fee lands in Township 20 South, Range 28 East, and Township 21 South, Range 27 East, Eddy County, New Mexico.

CASE 3366: Application of Coastal States Gas Producing Company for a pilot pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot pressure maintenance project by the injection of water into the San Andres formation through three wells in Sections 15, 21 and 33, Township 9 South, Range 33 East, Flying "M" San Andres Pool, Lea County, New Mexico; applicant further seeks rules governing said project including a provision for administrative approval for the conversion of additional wells to water injection.

CASE 3367: Application of Penroc Oil Corporation for a non-standard oil proration unit and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard oil proration unit comprising the NE/4 SW/4, N/2 SE/4, and SW/4 SE/4 of Section 7, Township 19 South, Range 32 East, Lusk-Strawn Pool, Lea County, New Mexico, said unit to be dedicated to a well to be drilled at an unorthodox location for said pool 660 feet from the South line and 1650 feet from the East line of said Section 7. *2/8*

CASE 3368: Application of Standard Oil Company of Texas for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Maljamar Waterflood Project, formerly the Leonard Nichols Maljamar Waterflood Project, by the conversion to water injection of nine wells located in Sections 3, 4, 9, 10, 11 and 15, Township 17 South, Range 32 East, Lea County, New Mexico.

C. W. TRAINER

PHONE EX 7-1518 or EX 3-9716 717 NORTH TURNER ST.

P. O. BOX 1100

HOBBS, NEW MEXICO 88240

January 5, 1965

Case 3371

Midwest Oil Corporation
1500 Wilco Building
Midland, Texas

Re: Your Application to NMOCC for
Unorthodox location. Harris
St. #1, Sec. 29-13S-34E,
Nonombre Field, Lea Co., N. M.

Gentlemen:

Your request for my approval of a waiver is signed conditionally and is enclosed.

The condition for not protesting your application for an unorthodox location is that Midwest will support me (or at least not oppose me) when I make application to drill my unorthodox location in SE/4 NW/4 Section 29 and to re-enter the old Gulf Betenbough #1 in SE/4 SW/4 Section 20.

The geology of the Nonombre field indicates to me that Section 29 and Section 20 will produce more oil and make more profit for everybody if all the wells are drilled in the SE/4 or the NW/4 of each quarter section. I favor changing to this alternate pattern if possible for this portion of the field.

I am sending a copy of this letter to New Mexico Oil Conservation Commission to inform them of the condition upon which my approval has been given.

Yours very truly,

CW Trainer
C. W. Trainer

CWT/pw

cc: New Mexico Oil Conservation Commission ✓

J. O. SETH (1883-1963)

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

SETH, MONTGOMERY, FEDERICI & ANDREWS

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE

SANTA FE, NEW MEXICO 87501

January 6, 1966

POST OFFICE BOX 2307

AREA CODE 505

TELEPHONE 982-3876

Case 3371

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Gentlemen:

Midwest Oil Corporation requests that a hearing be scheduled to consider this application for an unorthodox location for a well to be drilled 660 feet from the south line and 1980 feet from the west line of Section 29, Township 13 South, Range 34 East, Lea County, New Mexico. The well is to be designated the Harris State Well No. 1 and is projected for the Nonombre-Upper Pennsylvanian and Nonombre-Lower Pennsylvanian Pools.

This hearing is required due to the fixed well location requirements of Rule 4 of the special rules for these pools as promulgated by Order No. R-2929, Case No. 3259, dated June 15, 1965.

Very truly yours,

Seth, Montgomery, Federici & Andrews

By *Richard S. Morris*

Attorneys for Midwest Oil Corporation

DOCKET MAILED

Date *1-13-66*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3371
Order No. R-3041

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ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
January 26, 1966, at Santa Fe, New Mexico, before Examiner
Elvis A. Utz.

NOW, on this 9th day of February, 1966, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Midwest Oil Corporation, seeks an
exception to the Special Rules and Regulations governing the
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(3) That the E/2 SW/4 and SW/4 SW/4 of said Section 29
can reasonably be presumed to be productive of oil in the subject
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correlative rights if the NW/4 SW/4 of said Section 29 is dedi-
cated to the subject well.

-2-

CASE No. 3371
Order No. R-3041

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil from the subject pools and otherwise prevent waste and protect correlative rights, provided the E/2 SW/4 and SW/4 SW/4 of said Section 29 is dedicated to the subject well and the well does not receive more than a 120-acre allowable in either pool.

IT IS THEREFORE ORDERED:


(1) That the applicant, Midwest Oil Corporation, is hereby granted an exception to the Special Rules and Regulations governing the Nonombre-Upper Pennsylvanian and Nonombre-Lower Pennsylvanian Pools to drill its Harris State Well No. 1 at an unorthodox location 660 feet from the South line and 1980 feet from the West line of Section 29, Township 13 South, Range 34 East, NMEN, Lea County, New Mexico;

PROVIDED HOWEVER, that only the E/2 SW/4 and SW/4 SW/4 of said Section 29 shall be dedicated to the subject well, and said well shall not receive more than a 120-acre allowable in either pool.

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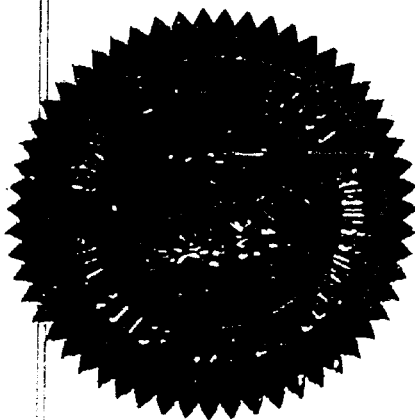
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


GUYTON B. HAYS, Member


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



gex/

dearnley-meier reporting service, inc.

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

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 26, 1966

EXAMINER HEARING

IN THE MATTER OF:

Application of Midwest Oil Corporation
for an unorthodox oil well location,
Lea County, New Mexico

Case No. 3371

BEFORE:

Elvis A. Utz, Gas Engineer

TRANSCRIPT OF HEARING

MR. UTZ: Call Case 3371. Application of Midwest Oil Corporation for an unorthodox oil well location, Lea County, New Mexico.

(Witness sworn.)

(Whereupon, Applicant's Exhibits 1,2,3 & 4 marked for identification)

MR. MORRIS: I'm Richard Morris of Seth, Montgomery, Federici & Andrews of Santa Fe, appearing for the Applicant, Midwest Oil Corporation.

MR. UTZ: Any other appearances?

MR. HUNKER: Yes, sir, George H. Hunker, Roswell, appearing on behalf of Mr. C. W. Trainer of Hobbs.

MR. UTZ: Any others? You may proceed.

N O R B E R T D. M C I N T Y R, a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

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

A My name is Norbert McIntyr, I reside in Midland, Texas, employed as a geologist by Midwest Oil Corporation.

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

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A Yes, sir, I have.

MR. MORRIS: Are the witnesses qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q (By Mr. Morris) Mr. McIntyr, will you state briefly what it is that Midwest Oil Corporation seeks by the application and why this hearing is necessary?

A Midwest seeks to drill an unorthodox location or an exception to the fixed pattern or fixed location set up by the Commission in the Nonombre Field from the present rules which call for wells to be drilled in either the Northeast or the Southwest Quarter Quarter Section.

Q There you are referring to Rule 4 of the Special Rules and Regulations for this field as promulgated by Order Number R-2929 dated June 15, 1965?

A That's correct.

Q What is the location of the well that you seek to drill?

A The location would be 660 feet from the South line and 1980 feet from the West line of Section 29, Township 13 South, Range 34 East.

Q Is this well projected to the upper Pennsylvanian or the lower Pennsylvanian in the Nonembre Field?

A It would be projected to the lower pay zone in the

Nonembre Field.

Q Is it beyond the realm of probability that a completion would be attempted in the upper Pennsylvanian?

A We feel like if we encounter any potential pay zones in the upper portion of the Pennsylvanian we would attempt completion.

Q You're at least going to look at both the upper and the lower although the lower is your prime objective?

A Right.

Q Would you refer now to both Exhibits 1 and 2 in this case, state what those exhibits are, just identify both of those exhibits at the same time.

A Exhibit 1 is a geological interpretation of the area in and surrounding the Nonembre Pool mapped on top of the Bough Lime Member. Exhibit Number 2 is the same area, is contoured in top of the Ranger Zone porosity which is our lower pay zone.

Q Your Exhibit 1 is your structure on the top of the upper Pennsylvanian; Exhibit 2 is this structure on the top of the lower Pennsylvanian?

A That's right.

Q They appear to be very much the same?

A Right, it appears to be no thickening or thinning of the section within any of the wells within this area.

Q Would you point out the other information shown on these exhibits with particularly the wells that have been drilled in this field and in each portion of the Pennsylvanian they have been completed?

A Our Number 1C State which is located in the Northeast Southwest of Section 32 was dually completed from the Bough B Zone and the Ranger pay zone. The subsequent well, the 1D State was drilled to the lower, to the Ranger Zone, but was found to contain water and we completed it from the Bough B Zone also.

Q It's a single completion in the Bough B?

A Yes.

Q All right.

A Our latest well, the Number 2D State, which is in the Northeast of the Northwest of Section 32 was drilled to the lower zone and was completed from the open hole section in the Ranger pay zone between 10,698 and 717.

Q Now, are these three wells the only producing wells in the field?

A Yes, that's correct.

Q Have any other wells been drilled in the field that are not producers?

A Subsequent to drilling the 1C State, the discovery well in this pool, three tests were drilled, namely the Lowe NWO State which is in the Northeast of the Northwest of Section

5 to the South of the pool; subsequently the Cactus and Sun drilled a State well located in the Southeast Southeast of Section 30, and the Northwest side of the pool, and the latest well, the Phillips Dye 1B located in the Southwest of Southwest of Section 28 on the Northeast side of the pool. There was one other hole, the Gulf Beton Bough which is located approximately a mile North of our 2D State which was drilled in the 50's and abandoned, and it's felt that with subsequent drilling in here we've limited our reservoir pretty well laterally or to the East and West of our North South trend and to the South.

Q On these two exhibits you have a red line passing through the three producing wells and also through the point of your proposed location. What does that line represent?

A That's the line of section for the cross-section which is Exhibit 3.

Q Would you go to that exhibit now and point out the features shown on it?

A The cross-section here, in the first place this is a formation of the Bough Lime and the Ranger pay which is the lower pay in this field, and this correlation was reviewed with the Conservation Commission in Hobbs and this is the formation that they designate in that particular area, it shows drill stem tests information; completion zones; and it also shows, and this might be very important when we look back to our

cross-sections, there was a drill stem test taken on logs 1 and 2, on the left-hand side of the section. The drill stem tests taken in the Gulf Beton Bough Well which is Number 1, between 10,484 and 518 in the F Zone which recovered 8418 feet of salt water; in the Midwest Number 2 State D Well, which is Number 2 on the section, that same zone was tested and the interval being from 10,462 to 10,512 in which we had gas to the surface reversed out all or no water at a datum point some 8 or 10 feet lower than this zone encountered in the Gulf Beton Bough. This would indicate fairly effectively there must be some vertical separation between these two wells.

Q Now, the cross-section also shows that you're, all the members of your upper Pennsylvanian, the various Bough Zones are continuous on this line of cross-section as is the lower Pennsylvanian, is that correct?

A That's correct.

Q Is there any other drill stem test on this exhibit that you believe to be pertinent to this case?

A Not particularly for the location except that it should be noted that in drill stem testing these zones separately we have pretty well defined they are separate zones lithologically and from pressure data, drill stem test data.

Q Now, from the information obtained in these drill stem tests and from the logs and the analysis that you have made of

this information have you come to any conclusions as to the trend of this field and the areas in which the greatest productivity is to be obtained?

A Yes, I think well control is sufficient certainly within this area to indicate that we have basically a North South trending and anticlinal feature, probably a series of anticlinal features all the way from the Eash high to your field approximately 4 miles to the South through this area, and it has been the cast in the development of these fields that your better wells are crystal, in other words, the structure has been pretty well defined with dry holes so that any movement laterally East and West from this axis of this anticline would be pretty hairy on the basis of getting into the water. We have a critical thing here, we have a very thick oil column and as you approach water it's almost impossible to avoid it.

MR. UTZ: Do you have the water-oil contact located?

THE WITNESS: No, sir, we don't. We have it located in the sense that all three of these wells will make water. Now, our latest well is going to make some water from the lowest zone.

MR. UTZ: Which one?

THE WITNESS: 2D State, the most recent completion, Northeast Northwest of 32. We completed it from the open hole

section in an attempt to avoid water, but in the last week or ten days it has begun to make some water, not a marginal portion yet.

Q (By Mr. Morris) Which of your three wells make the most water?

A Well, the 1C at the present time does in the lower zone, in the 1C State Northeast Southwest of Section 32. At the present time we're off production in the Ranger pay zone because of the water.

Q Now, in looking at further development in this field and particularly possible development in the Southwest Quarter of Section 29, what standard locations would have been available to you there?

A We could have drilled in the Southwest corner of the section, in the Southwest Southwest approaching the Cactus State Well which was the dry hole, or we could have moved to the Northeast Quarter Quarter and drilled on pattern. However, our structural representations and indications from the Gulf Well on our Number 2D State indicate that there is probably reversal between those two wells. If we venture too far North we'll probably drill a poor well or a dry hole on the basis of what we see now.

Q In other words, the standard location in the Southwest of the Southwest of Section 29 would be putting you over too far off your North South axis and too close to the Cactus State



Well?

A That's correct.

Q The other possibility for you was to move up into the Northeast of the Southwest which would be putting you up in the area where you feel that there has been a structural reversal?

A That's correct. In other words, this structural reversal occurs at some point between those wells. Not being able to pin it down it's a little bit too risky to move too far North.

Q Now, if your location is approved at the location where you have proposed it and you drill that well, would you then be in a better position to evaluate further drilling in the North part of this pool?

A That's correct. In other words, there's a possibility that we will be flat too high of the 2D. With that structural information it's quite possible that we would in effect prove another location on the Southeast Quarter of Section 29.

Q Then as a result of the drilling of this well at the off-pattern location it could be that the way would be paved for further development in this area?

A That's correct.

Q In your opinion, Mr. McIntry, is the entire Southwest Quarter of Section 29 productive of oil in both the upper and lower members of the Pennsylvanian?

A It's quite probable that it is productive of oil in some quantity. To say that you could make a commercial well, for instance, in the Northwest of the Southwest would be, well, I wouldn't venture to say you could make a well there of commercial value.

Q Mr. McIntyr, have you sought the approval of the offset operators in this field to your proposed off-pattern location?

A Yes, we have.

Q Have copies of those, of your efforts in that regard, been furnished to the Commission here as Exhibit Number 4?

A Yes, they have.

Q Would you state the nature of your efforts to secure the approval of the offset operators?

A We wrote a letter to each offset operator, the operator is shown on the plat here, some time ago, asking to drill this off-pattern location and received approval of all with the exception of Amerada. It got tied up in a production over there and it wasn't returned to us, but that is the only exception.

Q Has Amerada indicated that they were opposed to your proposal?

A No.

Q You just didn't hear from them?

A Right.

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Q Did you receive a response to your letter addressed to Mr. C. W. Trainer?

A Yes.

Q And what was the nature of his response?

A Mr. Trainer said that he would approve this off-pattern location if at a subsequent date we would offer no opposition to his also drilling an off-pattern location to the North.

Q Was his condition or conditional approval, is that as stated and shown on the letter that you received back from him, that is a part of Exhibit Number 4 in this case?

A Yes, it is.

Q What would be Midwest Oil Corporation's attitude toward other wells drilled in this pool that might not comply with the rigid well location requirements?

A Midwest would have no objections. I think as we're situated structurally here I can see or rather I can't see where a well drilled off space would hurt our production.

Q In your original application to the Commission, Mr. McIntyr, did Midwest request fixed well locations in this pool?

A No, they did not.

Q Would it be a fair statement to say that by virtue of the type of structure you're dealing with here, exception to the fixed well locations, may well be necessary for the

additional wells that are drilled in this field?

A Yes, I do, definitely.

Q Do you have anything further you care to add to your testimony to give the Examiner further information concerning this application?

A The only thing I might add that might have bearing on this case is on Exhibit 1, in comparing the subsea datums between our three producing wells in the field and for instance the Cactus Smelter State on the Northwest side of the field in the Southeast corner of Section 30, it would appear that 31 feet of structural relief there was the difference between making an oil well and--on a drill stem test of the Cactus Well making a hundred percent water. We're working with extremely thin oil columns in this field and it's possible, quite possible that 660 feet could be the difference between making a decent oil well and probably a well which would produce little or no oil.

Q Thank you. Were Exhibits 1, 2 and 3 prepared by you or under your direction?

A Yes, they were.

MR. MORRIS: We offer 1, 2, 3 and 4, 4 being the setup of waivers received from offset operators, we offer those exhibits into evidence.

(Whereupon, Applicant's Exhibits
1, 2, 3 & 4 offered into evidence.)

MR. UTZ: If there are no objections the exhibits will be entered into this case.

(Whereupon, Applicant's Exhibits 1, 2, 3 & 4 admitted into evidence.)

MR. MORRIS: That's all I have of Mr. McIntyr at this time.

CROSS-EXAMINATION

BY MR. HUNKER:

Q Mr. McIntyr, for my edification will you explain why you cross-hatched the area in Section 28?

A Twenty?

Q Twenty.

A That is term royalty.

Q And Midwest owns the mineral rights?

A Yes, sir.

Q And why is the South half of Section 29 and the North half of 32 colored the solid blue?

A These are Midwest leases, all of Section 32 and the South half.

Q You weren't trying to define the pool by these notations?

A No, they had no significance at all, it was just a base plat that we had made on our work.

Q Would you care to make any comments as to where the

next well will be drilled by Midwest should the Commission approve your proposed location?

A Well, it wouldn't necessarily have to be drilled in the Southeast Quarter of Section 29, but which location I'd be hesitant to guess.

Q You think Midwest might come in and ask for an unorthodox location in connection with the well they might drill in Section 29?

A Yes, I think it's a definite possibility depending on what we see structurally, if we're allowed to drill this well here.

Q Should you drill in the Southwest Quarter of the Northeast Quarter--I beg your pardon, should you drill a well in the Southwest Quarter of the Southeast Quarter of Section 29 would it be a 660 location in all probability out of that corner?

A Probably from the center line of the section.

Q Do you contemplate another well in Section 32 at this time?

A Not to my knowledge, no.

Q Your map, your Exhibit Number 2, shows that you're coming up dip in connection with the three wells that you show as wells Number 1, 2 and 3, yet you show a separation between 1 and 2. How do you account for that?

A Back to our cross-section on Exhibit 3, we have other reasons for having separation there but we are in the approving department and they don't let geologists out with that very often, but one point I think would indicate separation between wells 1 and 2 on the cross-section is a drill stem test information in the "F" Zone, which I brought out previously in which the Gulf Well recovered 8418 feet of salt water on the drill stem test in the "F" Zone at a datum point that I haven't marked on it.

MR. HUNKER: That's all.

CROSS-EXAMINATION

BY MR. UTZ:

Q What is the datum on here?

A I didn't put it on here and I don't have it on one of these maps, but it would probably be 10, 12 feet higher, structurally.

Q Your elevation is 4,179?

A Yes.

Q And where is that, 10, 5?

A In the Gulf Well, it would be at 10,455, it's the "F" Zone.

Q Actually, you had water?

A Well, this cross-section is hung on -6,000 and the base of the test that we ran water free is considerably

below the base of the tests that Gulf was running in the Gulf Well and made all the water.

Q They got water in that well above your producing zone?

A Yes, they got it in the 2D. We also are making some water from the lower zone but in the 2D above that point we made no water on the drill stem tests.

CROSS-EXAMINATION

BY MR. KENDRICK:

Q But with the knowledge the zone would make water?

A We don't know. Certain drill stem test information wouldn't indicate it in the 2D.

Q I'm talking about the 1, a hundred feet above the 1 that you're separating the field with?

A I'm sorry, you'll have to edify me on that. In other words, that drill stem test data would seem--you would be faced with either a sudden lithologic change or you would have to explain it by structural reversal, separate features. That is the only explanation we can give. It was sufficient to cause Midwest to go much farther North in this location.

RECROSS-EXAMINATION

BY MR. HUNKER:

Q Would your opinion change, Mr. McIntyr, if the Gulf Beton "A" Bough Well be reentered and the Ranger Zone be found to

be productive as to this reversal?

A No, it certainly wouldn't, for this reason; this could very well produce from the upper and the lower zones on a separate feature. In other words, here what I'm trying to stress, in the Gulf Well the only test, drill stem test that was taken that recovered any fluid at all was the one I was pointing to, that would be the test across the interval at 105. I don't think the lower zone has been evaluated in the Gulf Well nor do I think the upper zones have. I think they were drilled through and not tested and as to its potential for production I couldn't tell you. I think it's structurally a sound location but I have no data to base any opinions on.

Q As a correlator to this you would indicate to the Examiner that if the Gulf Beton Bough should be productive that it would be a different pool, is that correct?

A I think it probably would, I believe it is some separation between the two.

MR. HUNKER: That's all I have, thank you.

RE CROSS-EXAMINATION

BY MR. UTZ:

Q Do you have any information as to the drill stem test in the Ranger Zone on the Cactus State 1?

A I don't have with me, sir, but this Ranger Zone can be an elusive thing. There's several little lime stringers

above which do make minor amounts of oil. If you could refer back to our Number 1D State in the Nonombre Pool which is Number 4 on the cross-section, you'll see that we perforated a section between 10,665 and 10,681 and attempted a completion from a lime stringer there before completing from the "B" Zone. We swabbed some oil and water from that zone and found it to be non-commercial, and plugged back. Now, this is the zone, if you correlate across that Cactus and some tested, spraddle tested over in their Smelter State Well, it had a pressure draw-down. This is from memory from probably in the neighborhood of 3400 pounds set in pressure to a final set in of 16 to 1700 pounds over a two hour flow period in which they recovered, oh, probably somewhere in the neighborhood of 800 feet of free oil down in the Ranger Zone where we are completed, they made water.

Q Now, the Cactus State Well was dry in both the completion zones, both the Bough and the Ranger, in the same zones that your 2D was productive in, is that correct?

A That's right. The 1C, the 2D is a single completion.

Q If these contours are accurate at all, well, then, it would be highly questionable that the entire 160 acres would be productive.

A From that zone, yes, sir. Well, that's a mute question, I would hate to say, and 1F or other zones might not be productive to some extent in the Northwest corner of that Quarter where it



shows to be structurally low.

Q Well, would you expect it to be productive at a lower zone than the Cactus State was dry?

A Not commercially, certainly not. These porosities in this area have a tendency to shift up and down within the lime member and occasionally you'll find an entrapment where it will produce a few thousand barrels and be gone.

MR. UTZ: Are there other questions of the witness? The witness may be excused. Are there any statements in this case?

MR. MORRIS: Mr. Examiner, I would like to point out a couple of features of this case that may already be evidenced to you. Mr. McIntyr, I think, has shown that the off-pattern location as proposed is needed in order to take a cautious approach toward further development in this field. If the proposed location is approved then they'll be in a better position to think about additional development. If it's not approved the additional development in the pool could be drastically curtailed if they had to drill at a standard or on pattern location and then got a poor well, that would just about be the end of it. We're not condemning anybody's acreage here, but Mr. McIntyr's testimony has merely been to the effect that he doesn't want to move to the West of this Quarter Section because of the Cactus State Well, and he doesn't want

to move to the North because of the saddle that he feels exists somewhere between the 2D and the Gulf Number 1 Beton Bough. And for these reasons we request the approval of this off pattern location.

Mr. McIntyr has further testified here that other off pattern locations may be needed in order to secure adequate development of this small structure that we have, and that those exceptions may be needed for Midwest or they may be needed for other people that are going to receive their money on this type of a structure.

In that regard, Mr. McIntyr also testified concerning the thin oil column that we're dealing with here and the water problems that are encountered when you move very far off the North South axis that he believes to exist in this area. That's all.

MR. UTZ: Any other statements?

MR. HUNKER: Mr. Examiner, I would like Mr. Trainer to be sworn and have him testify if you don't mind.

(Witness sworn.)

C. W. T R A I N E R, a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HUNKER:

Q You're Mr. C. W. Trainer of Hobbs, New Mexico?

A That's correct.

Q Do you own interests in leaseholds in the North half of Section 29 and in the Southwest Quarter of Section 20, Township 13 South, Range 34 East, Mr. Trainer?

A Yes, I do, and additional to the Southeast Quarter of Section 20.

Q What is your principal occupation, Mr. Trainer?

A Producer of crude oil.

Q Have you a considerable amount of experience of reentry of wells that other people have drilled, other operators have drilled?

A Yes, that's how I got this business.

Q Would you explain to the Examiner what your position has been in the connection with the spacing and location of wells in this area?

A I've supported the 160 acre spacing, I think that's necessary in a field of this type, I think it's real smart for the State and all of us for the location of the wells. My interest is primarily that it be equitable and not nobody ruled out. I recommended at first that we have it flexible and we got a rigid rule, and then this time I recommended that let Midwest drill here provided that we don't have a rule that prohibits me from drilling unorthodox locations. My position at this

point must be not to let Midwest drill this well because the rules will be the same and I'll have to be prohibited from drilling on my leases.

Q In the location you would like to drill?

A Yes. In particular I propose to reenter that Gulf Beton Bough Well, and there is a well proposed on the South half of 29. The Guld Beton Bough would be in an unorthodox location according to my understanding of the rules, and I don't want to loose the hundred thousand dollars advance that I would enjoy using that well.

Q You are not a geologist, is that correct, Mr. Trainer?

A Not by training, no; by practice perhaps.

Q For what it's worth would you care to express an opinion from the studies you have made of the Gulf Beton Bough and the Midwest Number 2D with regard to whether or not there is a saddle between the two wells?

A In my opinion, I'm a log man, I spent my life working with electric logs and the electric logs are about carbon copies between those wells. I see no justification for putting a saddle there, I don't have geophysics.

Q It's possible that geophysics would show separate pools, is that correct?

A Yes, it's possible and could be wrong. The Phillips well was on a geophysical high, the high was Section 28 and they

showed me a real nice map.

Q Are you familiar with the wells that have been drilled in the East Sanders Pool?

A Yes.

Q Have they been drilling on a 660 acre basis?

A Yes.

Q Has there been a flexible or fixed pattern?

A Fixed.

Q Have the operators there maintained the fixed pattern?

A I think so, I don't know of an exception there. I believe their rule is the same as this one, as a matter of fact.

MR. HUNKER: I have no other questions unless you have any other remarks you would like to make for the benefit of the Examiner in connection with this matter.

THE WITNESS: I believe we've covered it.

CROSS-EXAMINATION

BY MR. UTZ:

Q Do you know what the pool limits are to the North of this Nonombre Pool, do you happen to know where they are?

A I believe its all of Section 32. You may not have your order to include this because it's only a month old, but I believe it includes Section 32.

Q At this time your Gulf Beton Bough Well would be more than a mile from the pool limits?

A That's right, I could produce it now but when this Midwest Well is drilled down there then it will be at a mile and as a matter of fact, Mr. Utz, I propose to have a little race with the Midwest whether you grant them this location or not so I don't jeopardize that hole, but I still have the leases between the two wells and if Midwest is going to be granted a competitive advantage then I think it should be considered that I should be able to drill in the Southeast of the Northwest of 29 in particular and without such an authority at this time then I'm opposed to them being able to drill where they want to.

Q You might win the race on your Gulf Beton Bough Well and be legal but on your other well you would have to take the other chances.

A I'm willing to play by the rules you set up; let's just let them play, too.

MR. UTZ: Other questions?

CROSS-EXAMINATION

BY MR. MORRIS:

Q Do I understand you right, are you retracting the statement now that you endorsed upon the waiver that Midwest sent to you and that you returned to them?

A Well, if you want to take it that way, Mr. Morris, I guess so. My position is not changed but I've got no guarantee that conditional labor that I gave. I was told that there was

no conditional labor and so I couldn't make a trade. Well, if you condition trade well, then we don't.

Q Mr. Trainer, there's very few guarantees in the oil business but you have been here in the hearing room today and have heard the representative of Midwest testify that Midwest can see where not only they but the other operators in this pool may need exceptions to this fixed well location requirement and as I understood you that was the condition of your statement of that sort, was the condition of your returning their waver and not objecting to the proposed location in this case. Now, if I'm wrong well maybe I need to be straightened out.

A I got no reply to my conditional labor that I sent to Midwest from Midwest. I mean, at the hearing today McIntyr said that they wouldn't be opposed.

Q That's right.

A But I did get a reply from the Commission and that was that the Commission was not for horse trading, they wouldn't.

Q Well, the Commission is not going to approve an application that you haven't filed yet, Mr. Trainer, I'm sure of that.

A This is fine, I'm against it.

MR. UTZ: You can make any kind of deal you want to with Midwest but you can't make a deal with us.

MR. TRAINER: When you make those rules the rules

are for everybody, and the law is for everybody, and Midwest has now what he has shown here, a 320 acre oil field, and he wants to drill a fourth one in the edge of it.

Q (By Mr. Morris) Are you saying that you're not going to make any application to this Commission for off pattern wells?

A No, not at all, the last one I made I got beat.

MR. UTZ: So you really still don't know whether you made a trade with your objection with Midwest?

THE WITNESS: I'm not trying to trade, I just said--

MR. UTZ: I thought you were from that note on your letter.

THE WITNESS: I was trying to trade at that point but I'm not trying to trade now. It's all right, I'll abide by the rules as the Commission sets them, but I'm opposed to letting Midwest drill that well there at this time. You can see who takes all the risks there if you drill here and the salt turns out then I drill three dry holes.

Q (By Mr. Morris) I point out, Mr. Trainer, the only ones taking the risks so far to obtain development in this area has been Midwest. Do you feel, Mr. Trainer, that you are in a worse position by Midwest drilling in its proposed location than if they drilled a well in the Northeast of the Southwest Quarter; wouldn't the Midwest be in a better position to drain your leases if they drilled up there at a standard location?

A That's true and they might get the best well up there if that saddle turned out to be a pump.

MR. MCINTYR: They wouldn't drill a well up there.

A Maybe the best thing for Midwest is not to be in such a hurry.

MR. UTZ: Any other questions? The witness may be excused. Any statements in the case?

MR. HUNKER: Mr. Examiner, I would like to call your attention to the fact the Commission has adopted certain fixed rules in connection with this particular pool, and at this time I know of no compelling reason why the rules should be changed. I feel that Midwest stepped out considerable distance from their Number 3 well to drill the well that they marked Number 2 on the exhibit, and I see no reason why they couldn't again step out to a location that is within the rules and complete a producing well. Mr. McIntyr has indicated that all of the Southwest Quarter would be productive and I see no reason why the Commission shouldn't abide by its established rules. That's all, thank you very much.

MR. MORRIS: I've already made a statement in summary of Mr. McIntyr's testimony on the substance of the case here, but I would like to make this comment. I don't think that Mr. Trainer has shown his standing to object to this location. Certainly he is an offset operator, but he hasn't shown he's going

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to be injured in any way by this exception that Midwest is seeking here. It maybe an unfortunate thing that fixed locations were established in this pool, now that the development has shown it to be the type of structure that we think we have here, but if the Commission made a mistake in establishing fixed rules I submit it shouldn't make another mistake by adhering to this rigidily, and the exception should be granted here. In view of the additional facts of the geology that has come to light since those facts were adopted it seems very unfair to me that an operator should come in and oppose an exception to the well location rules where it so definitely appears that the exception is needed in order to promote further development in the pool, and again we submit that the proposed off pattern location should be approved.

MR. UTZ: The case will be taken under advisement and the hearing is adjourned.

(Whereupon, the hearing was
adjourned at 3:40 o'clock P.M.)

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E X H I B I T S

<u>NUMBER</u>	<u>MARKED FOR IDENTIFICATION</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Applt's. 1	2	13	14
Applt's. 2	2	13	14
Applt's. 3	2	13	14
Applt's. 4	2	13	14

