

CASE 7092: DELTA DRILLING COMPANY FOR  
POOL EXTENSION, EDDY COUNTY, NEW  
MEXICO

Cont'd to  
Dec 10

Case No.

7092

Application

Transcripts

Small Exhibits

ETC

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

EXAMINER HEARING

IN THE MATTER OF:

Case 6668 being reopened pursuant to  
the provisions of Order No. R-6139.

CASE  
6668

and

Application of Delta Drilling Company  
for pool extension, Eddy County, New  
Mexico.

CASE  
7092

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

For the Applicant:

Conrad Coffield, Esq.  
HINKLE LAW FIRM  
Midland, Texas

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1  
2 MR. STAMETS: We'll call next Case 6668.

3 MR. PADILLA: In the matter of Case 6668  
4 being reopened pursuant to the provisions of Order No. R-6139,  
5 which order promulgated temporary special rules and regula-  
6 tions for the South Culebra Bluff-Bone Spring Pool in Eddy  
7 County, New Mexico, including a provision for 80-acre spacing  
8 units.

9 MR. COFFIELD: Conrad Coffield with the  
10 Hinkle Law Firm of Midland, Texas, appearing on behalf of  
11 Delta Drilling Company, an operator in this particular area.

12 And if the Examiner please, I would point  
13 out the fact that the next case on the docket is a case in  
14 which Delta Drilling Company is the applicant, relating to  
15 pool extension in the very same area, and much of the testimony  
16 and exhibits would be identical. We would therefor respect-  
17 fully request the two cases be consolidated for hearing.

18 MR. STAMETS: If there is no objection,  
19 we will call Case 7092 and consolidate them for purposes of  
20 testimony.

21 MR. PADILLA: Application of Delta  
22 Drilling Company for pool extension, Eddy County, New Mexico.

23 MR. COFFIELD: I have two witnesses to  
24 be sworn.

25 (Witnesses sworn.)

WHIT COPE

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

DIRECT EXAMINATION

BY MR. COFFIELD:

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

A My name is Whit Cope. I reside in Midland, Texas. I am a geologist with Delta Drilling Company.

Q Have you previously testified before the Division as a geologist?

A No, I have not.

Q Would you give the Examiner a brief resume of your educational background and work experience as a geologist?

A I have a BS degree in geology from the University of Texas at Austin. I received that degree in December of '77. I've worked for two years, from December of '77 to December of '79 for CORE Laboratories as a hydrocarbon well logger; have been with Delta as a geologist since December, '79.

Q Mr. Cope, are you familiar with the ap-

1  
2 plication in Case No. 7092 and the matters with which we are  
3 concerned in the Case 6668?

4 A Yes, I am.

5 Q And have you familiarized yourself with  
6 the properties involved in these particular cases?

7 A Yes, I have.

8 MR. COFFIELD: Do you have any other  
9 questions of Mr. Kope?

10 MR. STAMETS: No. The witness is con-  
11 sidered qualified.

12 Q Mr. Kope, would you please state what it  
13 is that is covered here in these two cases and what it is  
14 particularly, of course, that the applicant seeks in connection  
15 with Case 7092?

16 A In Case 6668 Delta seeks retention of  
17 the 80-acre spacing in our --- in the South Culebra Bluff-  
18 Bone Spring Pool in Eddy County, New Mexico.

19 In Case 7092 we seek extension of the  
20 South Culebra Bluff-Bone Spring Pool to include all of Sections  
21 2, 11, 13, 14, 23, 24, in Township 23 South, Range 28 East,  
22 of Eddy County, New Mexico.

23 Q Okay, Mr. Kope, please refer now to what  
24 we've marked as Exhibit One and describe what it is that ex-  
25 hibit shows, represents?

1  
2 A Exhibit One is a land plat, showing well  
3 locations and lease blocks which Delta operates jointly with  
4 Amoco Production Company.

5 The yellow cross hatching indicates the  
6 sections that Delta wishes included in the extension of the  
7 Bone Spring-South Culebra Bluff Pool.

8 That's pretty much it.

9 Q All right, let's go then to next Exhibit  
10 Two and explain that exhibit.

11 A Exhibit Two is a structure map on top of  
12 the uppermost producing zone in the Bone Springs interval.  
13 We have designated this upper producing zone, D zone, or  
14 Delta zone, but that's strictly inhouse. It's not an industry-  
15 wide designation.

16 The yellow line connecting the wells is  
17 the cross section line for my next exhibit.

18 The primary objective of this exhibit is  
19 to show that there is no structural closure in the area in  
20 the Bone Springs.

21 Q Is there any particular feature on that  
22 exhibit that would lead you -- lead one to that immediate  
23 conclusion?

24 A It has a -- the structure is pretty much  
25 a general dip to the east without -- a few slight structural



1  
2 noses but no -- no closure.

3 Q Okay, let's go now to Exhibit Three and  
4 describe that exhibit.

5 A Exhibit Three is a north/south cross sec-  
6 tion following the line shown on Exhibit Two.

7 The structure map of the previous exhibit,  
8 was mapped on the zone that we have colored in yellow, right  
9 beneath the marker First Bone Spring Lime.

10 All the other beds marked across these  
11 logs are -- are to show reservoir continuity across the  
12 acreage in question.

13 The red or orange coloring in certain  
14 flares indicates perforations in the individual wells. The  
15 shows, the producing intervals, are very scattered throughout  
16 the whole Bone Springs interval, with the D zone being the  
17 uppermost producing zone.

18 Q Now, Mr. Cope, from this data and the  
19 projections that you have made as a consequence of looking  
20 at the well control here in the area, is it your expert opin-  
21 ion, then, that the sections that are included within the  
22 application relative to Case Number 7092 indeed should logi-  
23 cally be included within the South Culebra Bluff-Bone Spring  
24 Pool?

25 A Yes, in my opinion they should be.

1  
2 Q Is there anything further that you want  
3 to add to your testimony on this subject?

4 A I believe that's it.

5 Q Okay. Were these Exhibits One through  
6 Three prepared by you or under your supervision?

7 A Yes, they were.

8 Q In your opinion will the approval of  
9 this application relative to 7092, specifically, and the con-  
10 tinuance -- continuation of the special pool rules in Case  
11 6668, prevent the drilling of unnecessary wells and otherwise  
12 prevent waste and protect correlative rights?

13 A Yes, I do.

14 MR. COFFIELD: Mr. Examiner, I move the  
15 admission of Exhibits One, Two, Three.

16 MR. STAMETS: These exhibits will be  
17 admitted.

18  
19 CROSS EXAMINATION

20 BY MR. STAMETS:

21 Q Turning to Exhibit Number Three, it would  
22 appear as though there are only two wells producing out of  
23 the Bone Springs, is that correct?

24 A Yes, sir.

25 MR. STAMETS: Yeah, that's right, two.

1

2

A One, two, three, yes, sir.

3

Q Okay, and reading from top to bottom on

4

Exhibit Number Two, then, that's the third well and the --

5

A I beg your pardon, second well from the

6

top.

7

Q From the top. Well, the red blocks on

8

my Exhibit Number Three are in the third well from the left.

9

A Yes. Well, the second one from the left

10

is open hole production out of that.

11

Q I see, so --

12

A Or it had been previously. We are now

13

in the process of casing that off and will selectively treat

14

zones similar to those that are shown on the Number one.

15

Q Okay, so the second well is an open hole

16

producer.

17

A Yes. The Number one, these are -- it's

18

not indicated on this, but these are proposed perforations

19

for that well, which is depleting in the Lower Atoka. That --

20

that is where we intend to come up-hole and --

21

Q Okay, so that --

22

A The only ones --

23

Q -- third well, then, is not producing --

24

A Not presently.

25

Q -- but you do intend to recomplete.

1  
2 A The second and fifth wells are producing.  
3 Or have produced from the Bone Springs interval.

4 Q The fifth well, now that's the South  
5 Culebra Bluff No. 3.

6 A Yes, sir, that is the discovery well, too.

7 Q Okay, and that's open hole?

8 A Yes, sir.

9 Q Producer. All right, and then the sixth  
10 well, you show some red markings on that.

11 A Okay, that is not -- that is shown to  
12 be producing. It's not a Delta well, but it is, from the  
13 indications we've gotten, is producing from the Bone Springs.

14 Q Okay.

15 A It's a recent recompletion in that in-  
16 terval.

17 Q In your analysis, do you see continuity  
18 of production in this area, or is what we're seeing here iso-  
19 lated stringers of Bone Spring production being picked up by  
20 these wells?

21 A I believe that the continuity is best  
22 shown in our designated D sand. It is producing or is shown  
23 potential in the Amoco Federal 11-3, South Culebra -3, but  
24 admittedly, the production in the Bone Springs is fairly  
25 scattered throughout the whole interval.

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Q Now, do you see anything on the logs which would indicate to you that these zones could be productive in the Amoco "GO" Gas Com No. 1, that's in Section 27

A Yes, sir. It is the -- the D zone is comparable to that in the Amoco Federal 11-3 and the South Culebra Bluff No. 3.

And we also believe it has potential in the Queen B, although it is not presently perforated.

Q And the basic thrust of your testimony then is to show that the formations are continuous across the area and geologically could be considered the single unit.

A Yes, sir.

Q Okay.

MR. STAMETS: Any other questions of this witness? He may be excused.

DON L. CROZIER

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

DIRECT EXAMINATION

BY MR. COFFIELD:

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

1  
2 A Okay. My name is Don L. Crozier. I  
3 reside out of Tyler, Texas. I work as Coordinator of Reservoir  
4 Engineering in the Corporate Engineering and Research Group  
5 of Delta Drilling.

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

8 A No, sir, I have not.

9 Q Then for the record would you give a  
10 brief resume of your educational background and work experience  
11 as a petroleum engineer?

12 A I received a Bachelor of Science degree  
13 in petroleum engineering out of the University of Tulsa in  
14 1962, and then obtained a Master's degree in petroleum en-  
15 gineering in 1972.

16 I've got eighteen years of experience,  
17 eight years with Amerada Hess in production and reservoir  
18 work; three years in reservoir engineering with Energy Re-  
19 serves, or formerly Clinton Oil; and three years with Koch  
20 Exploration; one year as projects engineer with American  
21 Petrofina; one year as District Engineer, East Texas District  
22 for Ensearch; and two years on reservoir duty with Delta  
23 Drilling.

24 Q Mr. Crozier, have you familiarized your-  
25 self with the application of Delta in Case 7092 and also the

1  
2 matters relating to Case 6668?

3 A Yes, sir, I have.

4 Q And have you made a study of the proper-  
5 ties involved and the location --

6 A Yes, sir, I have.

7 Q -- with which we're concerned?

8 A Yes, sir.

9 MR. COFFIELD: Any questions of the wit-  
10 ness?

11 MR. STAMETS: The witness is considered  
12 qualified.

13 Q Mr. Crozier, would you refer to what  
14 we've marked as Exhibit Four and describe that?

15 A Okay. Exhibit Four is a tabulation  
16 showing the status of development drilling thus far in the  
17 Bone Springs. It reflects the productivity we've obtained  
18 from the Bone Springs wells to date. It shows testing through-  
19 out a number of zones, giving the perforated interval and the  
20 rates that we've gained, our latest production test data.

21 Q Okay, let's go on now to our Exhibit  
22 Five.

23 A Okay.

24 Q And describe that exhibit, please.

25 A Okay. Exhibit Five indicates a contin--

1  
2 uous relatively thin sand with --

3 Q Excuse me, Mr. Crozier. First of all  
4 for the record this is a map.

5 A Okay, this is a -- this is actually a  
6 copy of a structure map that was previously introduced,  
7 showing the area in question that we're proposing to extend  
8 the field to, and showing the various wells in the area.

9 Okay, there is a thickness with a foot  
10 sign shown beside the majority of the wells, based on work  
11 accomplished under me by our log analyst, in which we have  
12 shown the thickness for the first Bone Springs interval to  
13 show it pretty well continuous over this overall area.

14 Q Now let's go on to Exhibit Number Six  
15 and describe that and indicate what that represents.

16 A Okay. Exhibit Six is a pressure build-  
17 up data that we have obtained in the field to date. The  
18 first build-up was a pressure build-up taken in the South  
19 Culebra Bluff Unit No. 3, a 72-hour build-up in which extra-  
20 polated pressure of 2997 was obtained. This was after appro-  
21 ximately 1993 barrels had been produced from the Bone Springs.

22 The second build-up was very, very re-  
23 cently obtained, 11-1980, and again, an extrapolated static  
24 build-up was obtained in this well, and it showed a pressure  
25 of 2765. Both of these two wells at approximately the same



1  
2 datum.

3 Now, this, after a cum production from  
4 the No. 3 of 26,000 barrels, shows a pressure drop of 232 psi,  
5 and to us appears to indicate a communication of the Bone  
6 Springs across between Well No. 3 and Well No. 4, both in  
7 the northeast quarter. They're both presently on 80's,  
8 standup 80's in the northeast quarter.

9 The two wells are approximately 2000  
10 feet apart. If you were to take and just make a radius  
11 around the No. 3 Well of 2000 foot, it would give you a  
12 drainage area -- or excuse me, just an area of 280 acres.

13 That's all.

14 Q Then let's go to Exhibit Seven and de-  
15 scribe that, please.

16 A Exhibit Seven is a production performance  
17 graph for this South Culebra Bluff Unit Well No. 3. It shows  
18 a relatively moderate to flat decline with a present rate of  
19 around 50 barrels of oil per day. It tends to show a pro-  
20 ducing capacity, the permeability of the Bone Springs, to  
21 actually drain an 80-acre area.

22 Q Have you been in contact or in consul-  
23 tation with any of the other operators in this general area  
24 relative to Bone Springs spacing, the 80 acre question?

25 A Yes, sir. I contacted Amoco engineers

1  
2 out of Houston and asked what spacing they would desire in  
3 the area. They said they would like 80-acre spacing and felt  
4 like 80-acre spacing would effectively drain the Bone Spring.

5 Q Okay, do you have anything further to  
6 add to your testimony, Mr. Crozier?

7 A Just one minute.

8 Q All right.

9 A The maps that you have seen show a number  
10 of proposed locations for Bone Springs. These are strictly  
11 Delta proposed locations, and Delta expects, as previously  
12 mentioned, to take advantage as Strawn and other zones deplete,  
13 to come up hole and to perforate the Bone Springs and produce  
14 in it; to fill in the area.

15 Q Were Exhibits Four through Seven prepared  
16 by you or under your supervision?

17 A Yes, sir, they were.

18 Q In your opinion will the approval of  
19 Delta's application and Delta's position in connection with --  
20 particularly with Case 6660, prevent the drilling of unnec-  
21 cessary wells and otherwise prevent waste and protect corre-  
22 lative rights?

23 A Yes, sir.

24 MR. COFFIELD: We move the admission of  
25 Exhibits Four through Seven.

1  
2 MR. STANETS: These exhibits will be  
3 admitted.  
4

5 CROSS EXAMINATION

6 BY MR. STANETS:

7 Q Mr. Crozier, what type of well costs  
8 are we looking at drilling these Bone Springs wells?

9 A Well costs in this area -- do you mind  
10 if I verify our cost to be sure we're --

11 Q You bet.

12 A I'm thinking -- okay, the testing pro-  
13 cedures we have undergone to try to determine if various  
14 Bone Springs intervals will produce, it's been costing  
15 \$500,000 per well. I think gradually, as we do not test some  
16 intervals, find them to be non-commercial, it will be reduced  
17 down to \$350,000, to \$400,000, in this bracket.

18 Q What type of reserves do you feel you  
19 are -- producable reserves do you feel that you're developing  
20 with these wells?

21 A Okay. I can only speak of SCB -- or  
22 South Culebra Bluff No. 3, primarily, as far as history is  
23 concerned. It has a cum of 25,365 barrels as of 11-1-80.  
24 Extrapolating reserves, using the performance graph shown,  
25 would yield 104,000 additional, or an ultimate of 129,000

1  
2 barrels, approximately.

3 Q Does that well appear to be better than  
4 the rest of them, an average well, or can you tell at this  
5 point?

6 A I feel like it is better than -- than  
7 the others. Now, in the status of development drilling that's  
8 provided Exhibit Four, for example, the South Culebra Bluff  
9 No. 4, operated by Delta, has shown an initial rate of 108  
10 barrels. It's only been on a short time and I noticed on a  
11 drilling report it was showing at 60 barrels per day, in this  
12 line presently.

13 Q In your opinion is this pool still under-  
14 going development at this time?

15 A Definitely, sir.

16 Q And do you feel that there is considerable  
17 knowledge to be gained in the next couple of years through  
18 drilling and production?

19 A Yes, sir, I do.

20 Q Would Delta have any problem with con-  
21 tinued application of these pool rules for a year or two,  
22 some periodic reporting reservoir data to show that this is  
23 continued efficient and economic development of the reservoir?

24 A I think Delta would not object.

25 Q I think we can do this without a hearing.

1 as well.

2  
3 A That would be good. I think, you know,  
4 with a period of two years versus one year, we will have  
5 gained enough actual drilling, as well as history, to help.  
6 Now one year, by the time you do your drilling and you get  
7 insignificant production history, but over a two-year period  
8 we'd gain quite a good bit in this particular area.

9 Q Okay. What's the drive mechanism for  
10 this reservoir?

11 A It's depletion drive solution gas, we  
12 feel. Now, generally the Bone Springs has a solution GOR of  
13 approximately 800 cubic feet per barrel and as shown, for  
14 example, on the South Culebra Bluff No. 4, it shows 1843, or  
15 pretty -- pretty high GOR, or rather an increase over solu-  
16 tion.

17 Q All right.

18 MR. STAMETS: Any questions of this  
19 witness? He may be excused.

20 Anything further in this case? These  
21 cases, I guess.

22 We will take them under advisement, then.

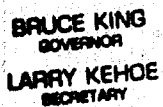
23  
24 (Hearing concluded.)  
25

C E R T I F I C A T E

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

Sally W. Boyd CSR.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 7092  
heard by me on 12-10 1980.  
Richard A. Smith Examiner  
Oil Conservation Division



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

January 16, 1981

Re: CASE NO. 7892  
ORDER NO. R-6542

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

Applicant:

Delta Drilling Company

Dear Sir:

Dear Sir:

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

Yours very truly,

JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobba OCD \_\_\_\_\_  
Artesia OCD \_\_\_\_\_  
Aztec OCD \_\_\_\_\_

Other



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7092  
Order No. R-6542  
NOMENCLATURE

APPLICATION OF DELTA DRILLING  
COMPANY FOR POOL EXTENSION,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of January, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Delta Drilling Company, seeks an extension to the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 2: All

Section 11: All

Sections 13 and 14: All

Section 23: S/2

Section 24: N/2 N/2, S/2 NE/4, and  
S/2 S/2

(3) That the proposed expansion will permit the more efficient and economic development of the Bone Spring formation in the area and should be approved.



-2-

Case No. 7092  
Order No. R-6542

IT IS THEREFORE ORDERED:

(1) That the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 2: All

Section 11: All

Sections 13 and 14: All

Section 23: S/2

Section 24: N/2 N/2, S/2 NE/4 and  
S/2 S/2

(2) That, pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

(3) That the effective date of this order and all extensions included herein shall be January 1, 1981.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

S  
fd/

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Delta Drilling Company)  
for pool extension, Eddy County, New )  
Mexico. )

CASE  
7092

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

For the Applicant:

MR. NUTTER: Call next Case Number 7092.

MR. PADILLA: Application of Delta  
Drilling Company for pool extension, Eddy County, New Mexico.

Mr. Examiner, again the applicant in  
this case requests that it be continued to December 10th.

MR. NUTTER: Case Number 7092 will be  
continued to the Examiner Hearing scheduled to be held at  
this same place at 9:00 o'clock a. m. December 10, 1980.

(Hearing concluded.)

C E R T I F I C A T E

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

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is  
a complete report of the proceedings in  
the Examiner hearing of Case No. 7022  
heard by me on 11/25 1980.

[Signature], Examiner  
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Delta Drilling Company)  
for pool extension, Eddy County, New )  
Mexico. )

CASE  
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BEFORE: Daniel S. Nutter

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A P P E A R A N C E S

For the Oil Conservation  
Division:

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

For the Applicant:

1 MR. NUTTER: Call next Case Number 7092.

2 MR. PADILLA: Application of Delta  
3 Drilling Company for pool extension, Eddy County, New Mexico.

4 Mr. Examiner, again the applicant in  
5 this case requests that it be continued to December 10th.

6 MR. NUTTER: Case Number 7092 will be  
7 continued to the Examiner Hearing scheduled to be held at  
8 this same place at 9:00 o'clock a. m. December 10, 1980.  
9

10 (Hearing concluded.)  
11  
12  
13  
14  
15  
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## C E R T I F I C A T E

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

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 70925 heard by me on 11/25 1980.

[Signature], Examiner  
Oil Conservation Division



Docket No. 40-80

Dockets Nos. 42-80 and 43-80 are tentatively set for December 30, 1980 and January 14, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 10, 1980**

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

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

- ALLOWABLE:** (1) Consideration of the allowable production of gas for January, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7095:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Bill G. Isler, United States Fidelity and Guaranty Company, and all other interested parties to appear and show cause why the Spears State Well No. 2 in Unit B of Section 28, Township 11 South, Range 27 East, Chaves County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7096:** Application of Read & Stevens, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Baum Unit Area, comprising 637 acres, more or less, of State lands in Township 13 South, Ranges 32 and 33 East.
- CASE 7097:** Application of Mesa Petroleum Co. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Jackson Unit Area, comprising 2,560 acres, more or less, of State lands in Township 24 South, Range 33 East.
- CASE 7098:** Application of The Wiser Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its McQuatters Well No. 4 located in Unit G of Section 11, Township 21 South, Range 36 East, to produce oil from the Oil Center-Glorieta and Hardy-Drinkard Pools through parallel strings of tubing.
- CASE 7077:** (Continued from November 25, 1980, Examiner Hearing)
- Application of Threshold Development Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Conoco "10" State Com Well No. 1 located in Unit I of Section 10, Township 19 South, Range 29 East, Turkey Track Field, to produce oil from the Wolfcamp formation and gas from the Atoka formation through parallel strings of tubing.
- CASE 7089:** (Continued from November 25, 1980, Examiner Hearing)
- Application of Summit Energy, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Blinberry formation through its Gulf Bunin Well No. 2 located in Unit C of Section 13, Township 21 South, Range 37 East.
- CASE 7099:** Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Unit Area, comprising 7,679 acres, more or less, of State, Federal, and fee lands in Townships 13 and 14 South, Range 35 East.
- CASE 7100:** Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Travis 24 State Com Well No. 1 in Unit H of Section 24, Township 18 South, Range 28 East.
- CASE 7101:** Application of Consolidated Oil & Gas, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Basin-Dakota production in the wellbore of its Tribal "C" Well No. 4-E in Unit H of Section 6, Township 26 North, Range 3 West.
- CASE 7102:** Application of Consolidated Oil & Gas, Inc. for approval of infill drilling and an exception to Rule 9(E) of Order No. R-1670-T, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its Jacquez Well No. 2 to be located in Unit K of Section 2, Township 31 North, Range 13 West, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the two existing wells on the unit. Applicant further seeks an exception to Rule 9(E) of Division Order No. R-1670-T to permit calculating the proration unit's allowable on the basis of three Mesaverde wells on the unit.



- CASE 7103: Application of E. L. Latham, Jr. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Pennsylvanian formations underlying the N/2 of Section 7, Township 22 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7104: Application of Conoco Inc. for the amendment of Orders Nos. R-4633 and WFX-462, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Orders Nos. R-4633 and WFX-462, which authorized the injection of water into applicant's Maljamar Mitchell Waterflood Project in Section 5, Township 17 South, Range 32 East. The amendments sought would include carbon dioxide in the injection authorization for said project.
- CASE 7105: Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the N/2 of Section 9, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7106: Application of C and E Operators, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying the S/2 of Section 8, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7107: Application of C and E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 9, Township 30 North, Range 11 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7090: (Continued from November 25, 1980, Examiner Hearing)  
Application of Dorchester Exploration, Inc. for directional drilling and an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the old Union Hill Well No. 1, the surface location of which is 2310 feet from the North and West lines of Section 27, Township 12 South, Range 28 East, and to directionally drill in an indeterminate direction from a kick-off point at 7300 feet, bottoming said well at an approximate depth of 8100 feet in the Mississippian formation less than 330 feet away from the surface location. The W/2 of said Section 27 would be dedicated to the well.
- CASE 6668: (Continued from November 25, 1980, Examiner Hearing)  
In the matter of Case 6668 being reopened pursuant to the provisions of Order No. R-6139 which order promulgated temporary special rules and regulations for the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, including a provision for 80-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 40-acre spacing units.
- CASE 7092: (Continued from November 25, 1980, Examiner Hearing)  
Application of Delta Drilling Company for pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the South Culebra Bluff-Bone Spring Pool to include all of Sections 2, 11, 13, 14, 23, and 24, Township 23 South, Range 28 East.
- CASE 7056: (Continued and Readvertised)  
Application of Getty Oil Company for the extension of vertical limits of the Jalmat Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Langlie-Mattix Pool and the downward extension of the vertical limits of the Jalmat Pool to a depth of 3740 feet, subsurface, under the NW/4 SW/4 of Section 3, Township 24 South, Range 36 East.

LEWIS O. COX, JR.  
PAUL W. EATON, JR.  
CONRAD E. COFFIELD  
HAROLD L. HENSLEY, JR.  
STUART O. SHANOR  
C. D. MARTIN  
PAUL J. KELLY, JR.  
JAMES H. BOZARTH  
DOUGLAS L. LUNSFORD  
PAUL M. BOHANNON

ERNEST R. FINNEY, JR.  
J. DOUGLAS FOSTER  
K. DOUGLAS PERRIN  
C. RAY ALLEN  
JACQUELINE W. ALLEN  
T. CALDER EZZELL, JR.  
WILLIAM S. BURFORD  
JOHN S. NELSON  
RICHARD E. OLSON  
PHILIP T. BREWER

LAW OFFICES  
HINKLE, COX, EATON, COFFIELD & HENSLEY

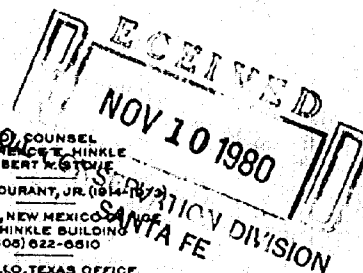
1000 FIRST NATIONAL BANK TOWER

POST OFFICE BOX 3580

MIDLAND, TEXAS 79702

(915) 683-4891

November 4, 1980



OF COUNSEL  
CLARENCE E. HINKLE  
ROBERT K. STONE

W. E. BONDURANT, JR. (1914-1979)  
ROSWELL, NEW MEXICO  
600 HINKLE BUILDING  
(505) 622-6610

AMARILLO, TEXAS OFFICE  
1701 AMERICAN NATIONAL BANK BUILDING  
(806) 372-5569

ONLY ATTYS. EATON, COFFIELD, MARTIN, BOZARTH,  
BOHANNON, FINNEY, FOSTER, ALLEN, ALLEN,  
BURFORD, BREWER & STONE  
LICENSED IN TEXAS

Mr. Dan Nutter  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Case 7092

Re: Delta Drilling Company  
Application for Pool Extension,  
Eddy County, New Mexico  
November 25, 1980 Docket

Dear Dan:

Per our conversation of this afternoon, I am transmitting herewith, executed in triplicate, the Application for Delta Drilling Company for Pool Extension to include Sections 2, 11, 13, 14, 23 and 24, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, in the South Culebra Bluff Bone Spring Pool.

As we have previously discussed, we would appreciate having this case set on the November 25, 1980 docket.

Very truly yours,

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

  
Conrad E. Coffield

CEC:rh  
Enclosures

xc: Mr. Don Crozier  
Delta Drilling Company  
Post Office Box 2012  
Tyler, Texas 75710

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

RECEIVED  
NOV 10 1980  
OIL CONSERVATION DIVISION  
SANTA FE

APPLICATION BY DELTA DRILLING )  
COMPANY FOR POOL EXTENSION, )  
EDDY COUNTY, NEW MEXICO )

APPLICATION

Case 7092

Delta Drilling Company, by its undersigned attorneys, hereby makes application for pool extension in connection with certain Eddy County, New Mexico lands as follows:

1. Applicant seeks to extend the geographical limits of the South Culebra Bluff Bone Spring Pool to include Sections 2, 11, 13, 14, 23 and 24, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

2. Applicant believes this is a logical extension inasmuch as the pertinent geological features throughout the area are clearly associated with the South Culebra Bluff Bone Spring Pool now established in parts of Sections 22 and 23.

3. Matters urged by the Applicant herein are in the interest of conservation, prevention of waste and protection of correlative rights.

4. Applicant requests this matter to be heard at the November 25, 1980 Examiner's hearing.

HINKLE, COX, EATON, COFFIELD & HENSLEY

By: 

Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702  
Attorneys for Delta Drilling  
Company

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

RECEIVED  
NOV 10 1980  
OIL CONSERVATION DIVISION  
SANTA FE

APPLICATION BY DELTA DRILLING )  
COMPANY FOR POOL EXTENSION, )  
EDDY COUNTY, NEW MEXICO )

Case 7092

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4. Applicant requests this matter to be heard at the November 25, 1980 Examiner's hearing.

HINKLE, COX, EATON, COFFIELD & HENSLEY

By: 

Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702  
Attorneys for Delta Drilling  
Company

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

RECEIVED  
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SANTA FE

APPLICATION BY DELTA DRILLING )  
COMPANY FOR POOL EXTENSION, )  
EDDY COUNTY, NEW MEXICO )

Case 7092

APPLICATION

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4. Applicant requests this matter to be heard at the November 25, 1980 Examiner's hearing.

HINKLE, COX, EATON, COFFIELD & HENSLEY

By: Conrad E. Coffield

Conrad E. Coffield  
Post Office Box 3580  
Midland, Texas 79702  
Attorneys for Delta Drilling  
Company

Application of Delta Dredging Co  
for Pool Extension, Eddys  
Co NM

Appl. in the above styled cause, seeks  
the extension of the South Culberson Huff-  
Bane Spring Pool to include all of  
Sections 2, 11, 13, 14, 23, and 24, Township  
23 South, Range 28 East.

called in by Conrad Coffield 2 pm, 11-04-80  
written application to forum

Wants this on 11-25-80 docket along  
with Case No. 6668.



ROUGH

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

NOMENCLATURE

CASE NO. 7092

Order No. R-6542

APPLICATION OF DELTA DRILLING  
COMPANY FOR POOL EXTENSION, EDDY  
COUNTY, NEW MEXICO.

JDR  
JSM

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10  
1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this \_\_\_\_\_ day of December, 1980, the  
Division Director, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

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

(2) That the applicant, Delta Drilling Company, seeks an  
extension to the South Culebra Bluff-Bone Spring Pool in  
Eddy County, New Mexico. To include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 2: All

Section 11: All

Sections 13 and 14: All

Section 23: ~~entire~~ S/2

Section 24: ~~entire~~ N/2 N/2, S/2 NE/4  
and S/2 S/2

(3) That the proposed expansion will permit  
the more efficient and economic development  
of the Bone Spring formation in the area  
and should be approved.

IT IS THEREFORE ORDERED:

(1) That the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 2: All

Section 11: All

Sections 13 and 14: All

Section 23: ~~all~~ <sup>5/2</sup>

Section 24: <sup>70-2-18</sup> N/2 N/2, S/2 NE 1/4  
and S/2 S/2

(2) That, pursuant to Section <sup>70-2-18</sup> ~~65-3-14.5~~, NMSA <sup>1978</sup> ~~1953~~, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

(3) That the effective date of this order and all extensions included herein shall be January 1, 1981.

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

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.