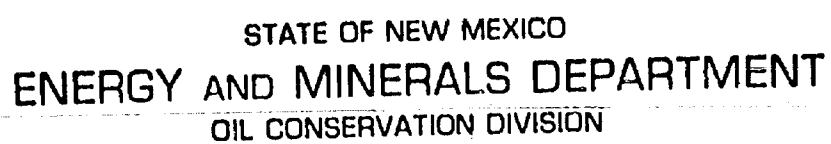


CASE NO.

7148

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

March 10, 1981

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

Mr. Kenneth Bateman
White, Koch, Kelly & McCarthy
Attorneys at Law
P. O. Box 787
Santa Fe, New Mexico

Re: CASE NO. 7148
ORDER NO. R-6617

Applicant:

Twin Montana Oil Company

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:

Hobbs OCD	<u> </u>	X
Artesia OCD	<u> </u>	X
Aztec OCD	<u> </u>	

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. 7148
Order No. R-6617

APPLICATION OF TWIN MONTANA OIL
COMPANY FOR A NON-STANDARD OIL
PRORATION UNIT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 25, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of March, 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, Twin Montana Oil Company, seeks approval of an 80-acre non-standard oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, NMPM, to be dedicated to its Webb Federal Well No. 1, located in Unit G of said Section 3.

(3) That the entire non-standard proration unit may reasonably be presumed productive of oil from the Vada-Pennsylvanian Pool and that the entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Vada-Pennsylvanian Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will

-2-

Case No. 7148
Order No. R-6617

otherwise prevent waste and protect correlative rights.

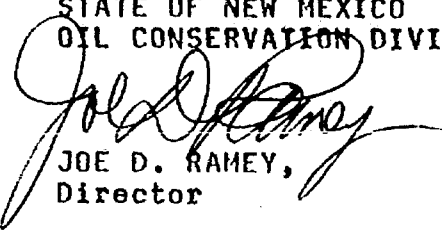
IT IS THEREFORE ORDERED:

(1) That an 80-acre non-standard oil proration unit in the Vada-Pennsylvanian Pool comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, NMPM, Lea County, New Mexico, is hereby established for Twin Montana Oil Company and dedicated to its Webb Federal Well No. 1, located in Unit G of said Section 3.

(2) 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,
Director


S E A L

dr/

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

25 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Twin Montana Oil Com-
pany for a non-standard oil proration
unit, Lea County, New Mexico.

CASE
7148

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:

Ken Bateman, Esq.
WHITE, KOCH, KELLY, & McCARTHY
220 Otero Street
Santa Fe, New Mexico 87501

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I N D E X

HARRY TOM HUNNIWELL

Direct Examination by Mr. Bateman	4
Cross Examination by Mr. Nutter	12

E X H I B I T S

Applicant Exhibit One, Plat	5
Applicant Exhibit Two, Structure Map	5
Applicant Exhibit Three, Cross Section	7
Applicant Exhibit Four, Cross Section	7
Applicant Exhibit Five, Log	8
Applicant Exhibit Six, Scout Ticket	8
Applicant Exhibit Seven, Map	9
Applicant Exhibit Eight, Calculation	10

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MR. NUTTER: We'll call next Case Number

7148.

MR. PADILLA: Application of Twin
Montana Oil Company for a nonstandard oil proration unit,
Lea County, New Mexico.

MR. BATEMAN: Mr. Examiner, I'm Ken
Bateman of White, Koch, Kelly, and McCarthy, and I have one
witness. I request that he be sworn, please.

(Witness sworn.)

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

DIRECT EXAMINATION

BY MR. BATEMAN:

Q Sir, would you state your full name and
place of residence and employment, for the record, please?

A. My name is Harry Tom Hunniwell. I'm
employed by Twin Montana, Incorporated, in Graham, Texas.

Q Have you previously testified before the
Commission?

A. I have not.

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Q Would you state then for the record your educational background and work experience in the oil industry?

A I have a Bachelor of Science degree in petroleum engineering and Bachelor of Science degree in geological engineering from Texas A & M University. I graduated in 1950 at which time I went to work for the Magnolia Petroleum Company, which is now the Mobil Oil Company. I worked for them for nine years.

When I left their employment I was District Engineer in Electra, Texas, at which time I went to work for what was then the Twin Mountain Oil Corporation in Graham, Texas, and it later became the Twin Montana, Incorporated.

And I've been employed as in charge of production and exploration ever since.

Q You've had experience, then, both as a professional engineer, a petroleum engineer, and as a geologist?

A That's right. I am registered in professional engineering in the State of Texas.

MR. BATEMAN: I offer Mr. Hunniwell as an expert in this case.

MR. NUTTER: Mr. Hunniwell is qualified.

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Q Mr. Hunniwell, you are familiar with the well in question in this application?

A Yes, sir.

Q Would you refer now to what's been marked Exhibits One and Two and explain the exhibits and also state what Twin Montana is requesting by its application?

A On Exhibit One, which is a land map which shows Section 3 of Township 9 North, 35 East, which is located in Lea County, New Mexico, right on the county line, Roosevelt County, it shows the well which shows up on this map as the old Coquina No. 1 Webb Federal. This well was drilled in 1971. The other wells in this section were drilled in '69 to '71, all of which have been plugged except this well.

In 1978 Coquina experienced difficulty with the subject well by dropping the tubing in the well, which resulted in a fishing job and they could not clean it up.

Later they sold this well to a Mr. John Bissett and Twin Montana bought the well from Mr. Bissett. When they assigned the acreage to Mr. Bissett they only assigned the south half of the northeast quarter. The whole northeast quarter had originally been communitized to form 160-acre unit. The north half of this 160 acres is owned

1
2 by Coquina and Cactus Drilling Company, and they were contacted
3 to see what the problem was here, and the man who -- Coquina
4 was the operator, and the man who made this assignment left
5 Coquina and they did not care to do anything else.

6 So after investigation it was shown --
7 we were shown definitely that this well is not draining but
8 considerably less acreage. Therefor, to protect correlative
9 rights and prevent waste, 160-acre unit was not -- is not
10 required.

11 The Yates Petroleum Company owns the
12 property to the south; Amoco property to the west. These
13 people were -- Yates was contacted relative to this thing
14 and naturally they had no objections. Coquina had originally
15 farmed out this property from Amoco, and their Federal lease
16 encompassed the east half of the northwest quarter, also,
17 so that this whole section is Federal land.

18 Q Mr. Hunniwell, is there any significant
19 difference in the royalty interests in the south half and
20 the north half of the northeast quarter?

21 A No, sir.

22 Q There are also marked on Exhibit One
23 A-A' and B-B'. Would you --

24 A These represent cross sections to show
25 that the Bough C formation is continuous throughout this

1
2 area.

3 Q Would you continue then with Exhibits
4 Three and Four, which I believe are --

5 A Let me get Two here, which is a structure
6 map of this area --

7 Q Excuse me.

8 A -- on top of the Bough C. It is actually
9 prepared by a commercial mapping company, GeoData. I have
10 checked it for its accuracy.

11 It shows Section 3 and the fact that
12 the Bough C formation in this particular section is a mono-
13 cline, which is dipping to the southwest, with some sort of
14 a little structure also appearing to the southwest. To the
15 southeast, I'll get correct, to the southeast.

16 Q All right, sir, now will you refer to
17 Exhibits Three and Four?

18 A All right.

19 Q Which are the cross sections.

20 A Exhibit Four -- Three is cross section
21 A-A', which is marked on Exhibit One and shows the dipping
22 of the Bough C formation to the west -- to the east.

23 The logs that were run on this are gamma
24 ray neutron logs and neutron logs have been found to be
25 quantitative and not qualitative.

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The Exhibit Four, B-B', also shows that the Bough C is dipping from north to south with the same type of gamma ray neutron logs.

This also conforms to the structure map.

Q. All right, sir. Would you refer again to Exhibit Five and tell the Examiner whether or not you've determined the productive thickness in the Bough C in the well in question?

A. Yes, sir. Exhibit Five is the enlarged section of the Coquina's Webb Federal No. 1 log, which can be more readily read, showing the subsea depth and the estimated productive thickness in this well.

Q. And that is 26 feet, is that correct?

A. Yes, sir, that is correct.

Q. All right, Mr. --

A. Also marked are the perforations.

Q. Would you then refer to Exhibit Six and explain further the productive intervals in this well?

A. All right. Exhibit Six is a copy of a scout ticket on the subject well, which shows the casing which was set, the 13-3/8ths, 385 feet with 350 sacks of cement; 8-5/8ths at 4040 foot with 500 sacks of cement; and 5-1/2 at 9840 with 400 sacks of cement.

The well was perforated with 18 holes

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2 from 9772 to 81 and with 18 holes from 9785 to 94.

3 Q What has been the cumulative production
4 of this well?

5 A It has produced approximately 80,000
6 barrels of oil.

7 Q And have you determined what the re-
8 maining production is expected to be?

9 A The estimated -- the information that
10 we have, that we should be able to recover an additional
11 10,000 barrels of oil out of this well.

12 Q Did you calculate the drainage area of
13 the well in question?

14 A Yes, sir.

15 Q Would you proceed then with Exhibit
16 Seven and explain that for the Commission?

17 A Exhibit Seven is an enlarged map of
18 Section 3 and the surrounding sections, which is on a scale
19 of one inch equal 1000, that shows the wells in the area and
20 in the little red block there the top figure is the net pay;
21 the next figure is the cumulative production; and the bottom
22 figure is the estimated drainage area.

23 For instance, on the Twin Montana's
24 Webb Federal, we show that we have 26 feet of net pay, 8488
25 barrels of cumulative production, with a drainage area of

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25.5 acres to date.

If you went to the 90,000 barrels of ultimate recovery, it is estimated that this drainage area would increase to approximately 28-1/2 acres and that the drainage radius would be 629 feet. The drainage radius is also shown for the Twin Montana Well at the present time to be 594.6 feet.

Q So based on your calculation the recovery of an additional 10,000 barrels would not expand the drainage radius beyond the lease line?

A That is correct.

Q How did you calculate the drainage radius and the drainage area?

A On Exhibit Eight, which is shown as sample calculations, the oil in place was calculated using the average reservoir characteristics of the Bough C formation as best it could be determined. It was that it had 12 percent porosity, 40 percent water saturation, and 1.15 formation volume factor.

With this it was estimated that 485.7 barrels per acre foot were in place and estimated recovery factor of 25 percent was employed, giving a drainage estimated recovery of 121.4 barrels per acre foot. This, for the particular well, converted into 8156.4 barrels per acre, which

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2 when that was divided into the cumulative recovery gave 25.5
3 acres; using the radius of drainage, it came out to 594.6
4 feet for radius of drainage.

5 MR. NUTTER: That's as of today.

6 A. That is as of to date.

7 Q. Is the formula on which this calculation
8 was based a standard in the industry?

9 A. Yes, sir.

10 Q. And in your opinion will the grant of
11 your application prevent waste and protect correlative rights
12 and permit the recovery of additional oil?

13 A. Yes, sir, it will definitely prevent
14 waste because another well cannot -- at this particular loca-
15 tion you can't afford to drill another well for 10,000 bar-
16 rels, and from these calculations we're not draining any oil
17 off of the offset leases, and all of which are Federal land.

18 Q. Have you been advised that USGS will
19 permit you to proceed with this production if you have an
20 approved 80-acre unit?

21 A. Yes, sir, I have.

22 Q. Were Exhibits One through Eight prepared
23 by you or under your direction?

24 A. They were.

25 MR. BATEMAN: Mr. Examiner, I offer

Exhibits One through Eight, and have no further questions.

MR. NUTTER: Applicant's Exhibits One through Eight will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Hunniwell, I understand how you've arrived at your 25-1/2 acres and 594.6 feet; however, I don't understand where you arrived at this additional 10,000 barrels you expect to recover.

A This was strictly an estimate, sir. We what was giving Coquina their main problem was that they was trying to operate this well on gas and handle all this water and when we electrified it the well currently will produce approximately 10 barrels of oil and 100 barrels of water per day, and from this I estimated that we should be able to recover another 10,000 barrels if we can just keep the troubles down on the well.

Q Some of these cumulative recoveries of wells in the neighborhood have been over 200,000 barrels --

A They sure have.

Q Which would give this one only 90,000 total cumulative.

A That's right. Now, as you will note,

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2 the recoveries from various wells in the area vary greatly.

3 Q Now the one to the northwest, that
4 Coquina Federal 1-3 only made 91,000. Was it abandoned be-
5 cause of mechanical problems like this one was?

6 A I don't think so. I think it was just
7 the low price of oil and high operating cost, resulted in
8 it --

9 Q As I recall, when this pool was being
10 produced to --

11 A Yes, sir.

12 Q -- its later life, they were lifting
13 huge volumes of water in some of these wells.

14 A They sure are. In fact they'd come in,
15 it seemed like the more water you could make initially, the
16 more oil it would make.

17 Q Right, the water didn't cut the oil off --

18 A No, sir.

19 Q -- it just made it more difficult to
20 produce, but you could produce a lot of water and a lot of
21 oil.

22 A That is correct. If you can just handle
23 the water at a low enough cost, apparently you can make the
24 oil.

25 Q What is Twin Montana's plan for pro-

1
2 ducing the well?

3 A. We have on this well a large air balance
4 pumping unit, a 640,000 unit with a 144-inch stroke on it,
5 and --

6 Q What total volume can you lift with that
7 unit?

8 A. We can lift approximately 250 barrels
9 of water -- total fluid a day with this.

10 Q That's not very much for the Vada
11 Pennsylvanian, though.

12 A. No, it sure isn't, but the --

13 Q Some of the wells produce 7 - 800 barrels
14 of water a day when they were being completed.

15 A. That is correct. When they were -- the
16 fluid levels in them were relatively high. Our fluid level
17 is not that high and we are having to pump from bottom. In
18 fact, the well actually pounds fluid. Now this is probably
19 partially due to some steel that's still in the bottom of
20 the hole as a result of the tubing being lost, but --

21 Q You never did get all that tubing out?

22 A. Never did get it all out, but we were
23 able to acidize the well and get it started coming back our
24 direction.

25 Q Well, where do you have to set your

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pump?

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A. The pump is set approximately 50 foot

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above the top of the perforations.

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Q So there's not much junk in the bottom

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of the hole, then?

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A. No, sir.

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Q Okay, now who owns the lease? Apparently

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it was two leases at one time.

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A. Yes, sir.

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Q And in the north half of the northeast

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quarter of Section 3.

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A. Yes, sir.

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Q Who owns those leases?

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A. Well, the best I can determine, that the

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east 40 is owned by Cactus Drilling Company, and that the

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north 40 would be owned now by Coquina.

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Q You mean the west 40.

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A. The west 40 would be owned by Coquina.

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Q And now you mentioned you talked to

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Amoco and you talked to Yates about your proposal here.

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A. Yes, sir.

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Q Did you talk to Cactus and to Coquina?

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A. I talked to Coquina. I did not talk to

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Cactus. They're out of Dallas and -- but Coquina had no ob-

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jections but they didn't want to join us.

Q So your route became the application for
a non-standard proration unit.

A That is correct, sir.

Q I see.

MR. NUTTER: Are there any further
questions of Mr. Hunniwell? He may be excused.

Do you have anything further, Mr. Bate-
man?

MR. BATEMAN: Nothing further, thank
you.

MR. NUTTER: Does anyone have anything
they wish to offer in Case Number 7148?

We'll take the case under advisement.

(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.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7148
heard by me on 7/25 1981.
[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 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Twin Montana Oil Com-
pany for a non-standard oil proration)
unit, Lea County, New Mexico.

CASE
7148

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:

Ken Bateman, Esq.
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220 Otero Street
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I N D E X

HARRY TOM HUNNIWELL

Direct Examination by Mr. Bateman	4
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E X H I B I T S

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2 MR. NUTTER: We'll call next Case Number
3 7148.

4 MR. PADILLA: Application of Twin
5 Montana Oil Company for a nonstandard oil proration unit,
6 Lea County, New Mexico.

7 MR. BATEMAN: Mr. Examiner, I'm Ken
8 Bateman of White, Koch, Kelly, and McCarthy and I have one
9 witness. I request that he be sworn, please.

10
11 (Witness sworn.)

12
13 HARRY TOM HUNNIWELL
14 being called as a witness and being duly sworn upon his oath
15 testified as follows, to-wit:

16
17 DIRECT EXAMINATION

18 BY MR. BATEMAN:

19 Q Sir, would you state your full name and
20 place of residence and employment, for the record, please?

21 A My name is Harry Tom Hunniwell. I'm
22 employed by Twin Montana, Incorporated, in Graham, Texas.

23 Q Have you previously testified before the
24 Commission?

25 A I have not.

Q Would you state then for the record your educational background and work experience in the oil industry?

A I have a Bachelor of Science degree in petroleum engineering and Bachelor of Science degree in geological engineering from Texas A & M University. I graduated in 1950 at which time I went to work for the Magnolia Petroleum Company, which is now the Mobil Oil Company. I worked for them for nine years.

When I left their employment I was District Engineer in Electra, Texas, at which time I went to work for what was then the Twin Mountain Oil Corporation in Graham, Texas, and it later became the Twin Montana, Incorporated.

And I've been employed as in charge of production and exploration ever since.

Q You've had experience, then, both as a professional engineer, a petroleum engineer, and as a geologist?

A That's right. I am registered in professional engineering in the State of Texas.

MR. BATEMAN: I offer Mr. Hunniwell as an expert in this case.

MR. NUTTER: Mr. Hunniwell is qualified.

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Q Mr. Hunniwell, you are familiar with the well in question in this application?

A Yes, sir.

Q Would you refer now to what's been marked Exhibits One and Two and explain the exhibits and also state what Twin Montana is requesting by its application?

A On Exhibit One, which is a land map which shows Section 3 of Township 9 North, 35 East, which is located in Lea County, New Mexico, right on the county line, Roosevelt County, it shows the well which shows up on this map as the old Coquina No. 1 Webb Federal. This well was drilled in 1971. The other wells in this section were drilled in '69 to '71, all of which have been plugged except this well.

In 1978 Coquina experienced difficulty with the subject well by dropping the tubing in the well, which resulted in a fishing job and they could not clean it up.

Later they sold this well to a Mr. John Bissett and Twin Montana bought the well from Mr. Bissett. When they assigned the acreage to Mr. Bissett they only assigned the south half of the northeast quarter. The whole northeast quarter had originally been communitized to form 160-acre unit. The north half of this 160 acres is owned

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2 by Coquina and Cactus Drilling Company, and they were contacted
3 to see what the problem was here, and the man who -- Coquina
4 was the operator, and the man who made this assignment left
5 Coquina and they did not care to do anything else.

6 So after investigation it was shown --
7 we were shown definitely that this well is not draining but
8 considerably less acreage. Therefor, to protect correlative
9 rights and prevent waste, 160-acre unit was not -- is not
10 required.

11 The Yates Petroleum Company owns the
12 property to the south; Amoco property to the west. These
13 people were -- Yates was contacted relative to this thing
14 and naturally they had no objections. Coquina had originally
15 farmed out this property from Amoco, and their Federal lease
16 encompassed the east half of the northwest quarter, also,
17 so that this whole section is Federal land.

18 Q Mr. Hunniwell, is there any significant
19 difference in the royalty interests in the south half and
20 the north half of the northeast quarter?

21 A. No, sir.

22 Q There are also marked on Exhibit One
23 A-A' and B-B'. Would you --

24 A. These represent cross sections to show
25 that the Bough C formation is continuous throughout this

1
2 area.

3 Q Would you continue then with Exhibits
4 Three and Four, which I believe are --

5 A Let me get Two here, which is a structure
6 map of this area --

7 Q Excuse me.

8 A -- on top of the Bough C. It is actually
9 prepared by a commercial mapping company, GeoData. I have
10 checked it for its accuracy.

11 It shows Section 3 and the fact that
12 the Bough C formation in this particular section is a mono-
13 cline, which is dipping to the southwest, with some sort of
14 a little structure also appearing to the southwest. To the
15 southeast, I'll get correct, to the southeast.

16 Q All right, sir, now will you refer to
17 Exhibits Three and Four?

18 A All right.

19 Q Which are the cross sections.

20 A Exhibit Four -- Three is cross section
21 A-A', which is marked on Exhibit One and shows the dipping
22 of the Bough C formation to the west -- to the east.

23 The logs that were run on this are gamma
24 ray neutron logs and neutron logs have been found to be
25 quantitative and not qualitative.

1
2 The Exhibit Four, B-B', also shows that
3 the Bough C is dipping from north to south with the same type
4 of gamma ray neutron logs.

5 This also conforms to the structure map.

6 Q All right, sir. Would you refer again
7 to Exhibit Five and tell the Examiner whether or not you've
8 determined the productive thickness in the Bough C in the
9 well in question?

10 A Yes, sir. Exhibit Five is the enlarged
11 section of the Coquina's Webb Federal No. 1 log, which can
12 be more readily read, showing the subsea depth and the esti-
13 mated productive thickness in this well.

14 Q And that is 26 feet, is that correct?

15 A Yes, sir, that is correct.

16 Q All right, Mr. --

17 A Also marked are the perforations.

18 Q Would you then refer to Exhibit Six and
19 explain further the productive intervals in this well?

20 A All right. Exhibit Six is a copy of
21 a scout ticket on the subject well, which shows the casing
22 which was set, the 13-3/8ths, 385 feet with 350 sacks of
23 cement; 8-5/8ths at 4040 foot with 500 sacks of cement;
24 and 5-1/2 at 9840 with 400 sacks of cement.

25 The well was perforated with 18 holes

from 9772 to 81 and with 18 holes from 9785 to 94.

Q What has been the cumulative production of this well?

A It has produced approximately 80,000 barrels of oil.

Q And have you determined what the remaining production is expected to be?

A The estimated -- the information that we have, that we should be able to recover an additional 10,000 barrels of oil out of this well.

Q Did you calculate the drainage area of the well in question?

A Yes, sir.

Q Would you proceed then with Exhibit Seven and explain that for the Commission?

A Exhibit Seven is an enlarged map of Section 3 and the surrounding sections, which is on a scale of one inch equal 1000, that shows the wells in the area and in the little red block there the top figure is the net pay; the next figure is the cumulative production; and the bottom figure is the estimated drainage area.

For instance, on the Twin Montana's Webb Federal, we show that we have 26 feet of net pay. 8488 barrels of cumulative production, with a drainage area of

25.5 acres to date.

If you went to the 90 000 barrels of ultimate recovery, it is estimated that this drainage area would increase to approximately 28-1/2 acres and that the drainage radius would be 629 feet. The drainage radius is also shown for the Twin Montana Well at the present time to be 594.6 feet.

Q So based on your calculation the recovery of an additional 10,000 barrels would not expand the drainage radius beyond the lease line?

A That is correct.

Q How did you calculate the drainage radius and the drainage area?

A On Exhibit Eight, which is shown as sample calculations, the oil in place was calculated using the average reservoir characteristics of the Bough C formation as best it could be determined. It was that it had 12 percent porosity, 40 percent water saturation, and 1.15 formation volume factor.

With this it was estimated that 485.7 barrels per acre foot were in place and estimated recovery factor of 25 percent was employed, giving a drainage estimated recovery of 121.4 barrels per acre foot. This for the particular well, converted into 8156.4 barrels per acre, which

1
2 when that was divided into the cumulative recovery gave 25.5
3 acres; using the radius of drainage, it came out to 594.6
4 feet for radius of drainage.

5 MR. NUTTER: That's as of today.

6 A. That is as of to date.

7 Q Is the formula on which this calculation
8 was based a standard in the industry?

9 A Yes, sir.

10 Q And in your opinion will the grant of
11 your application prevent waste and protect correlative rights
12 and permit the recovery of additional oil?

13 A Yes, sir, it will definitely prevent
14 waste because another well cannot -- at this particular loca-
15 tion you can't afford to drill another well for 10,000 bar-
16 rels, and from these calculations we're not draining any oil
17 off of the offset leases, and all of which are Federal land.

18 Q Have you been advised that USGS will
19 permit you to proceed with this production if you have an
20 approved 80-acre unit?

21 A Yes, sir, I have.

22 Q Were Exhibits One through Eight prepared
23 by you or under your direction?

24 A They were.

25 MR. BATEMAN: Mr. Examiner, I offer

1 Exhibits One through Eight, and have no further questions.

2 MR. NUTTER: Applicant's Exhibits One
3 through Eight will be admitted in evidence.
4

5 CROSS EXAMINATION
6

7 BY MR. NUTTER:

8 Q Mr. Hanniwell, I understand how you've
9 arrived at your 25-1/2 acres and 594.6 feet; however, I
10 don't understand where you arrived at this additional 10,000
11 barrels you expect to recover.

12 A This was strictly an estimate, sir. We
13 what was giving Coquina their main problem was that they
14 was trying to operate this well on gas and handle all this
15 water and when we electrified it the well currently will
16 produce approximately 10 barrels of oil and 100 barrels of
17 water per day, and from this I estimated that we should be
18 able to recover another 10,000 barrels if we can just keep
19 the troubles down on the well.

20 Q Some of these cumulative recoveries of
21 wells in the neighborhood have been over 200,000 barrels ---

22 A They sure have.

23 Q Which would give this one only 90,000
24 total cumulative.

25 A That's right. Now, as you will note,

1
2 the recoveries from various wells in the area vary greatly.

3 Q Now the one to the northwest, that
4 Coquina Federal 1-3 only made 91,000. Was it abandoned be-
5 cause of mechanical problems like this one was?

6 A I don't think so. I think it was just
7 the low price of oil and high operating cost, resulted in
8 it --

9 Q As I recall, when this pool was being
10 produced to --

11 A Yes, sir.

12 Q -- its later life, they were lifting
13 huge volumes of water in some of these wells.

14 A They sure are. In fact they'd come in,
15 it seemed like the more water you could make initially, the
16 more oil it would make.

17 Q Right, the water didn't cut the oil off

18 A No, sir.

19 Q -- it just made it more difficult to
20 produce, but you could produce a lot of water and a lot of
21 oil.

22 A That is correct. If you can just handle
23 the water at a low enough cost, apparently you can make the
24 oil.

25 Q What is Twin Montana's plan for pro-

1
2 ducing the well?

3 A. We have on this well a large air balance
4 pumping unit, a 640,000 unit with a 144-inch stroke on it,
5 and --

6 Q What total volume can you lift with that
7 unit?

8 A. We can lift approximately 250 barrels
9 of water -- total fluid a day with this.

10 Q That's not very much for the Vada
11 Pennsylvanian, though.

12 A. No, it sure isn't, but the --

13 Q Some of the wells produce 7 - 800 barrels
14 of water a day when they were being completed.

15 A. That is correct. When they were -- the
16 fluid levels in them were relatively high. Our fluid level
17 is not that high and we are having to pump from bottom. In
18 fact, the well actually pounds fluid. Now this is probably
19 partially due to some steel that's still in the bottom of
20 the hole as a result of the tubing being lost, but --

21 Q You never did get all that tubing out?

22 A. Never did get it all out, but we were
23 able to acidize the well and get it started coming back our
24 direction.

25 Q Well, where do you have to set your

1
2 pump?

3 A The pump is set approximately 50 foot
4 above the top of the perforations.

5 Q So there's not much junk in the bottom
6 of the hole, then?

7 A No, sir.

8 Q Okay, now who owns the lease? Apparently
9 it was two leases at one time.

10 A Yes, sir.

11 Q And in the north half of the northeast
12 quarter of Section 3.

13 A Yes, sir.

14 Q Who owns those leases?

15 A Well, the best I can determine, that the
16 east 40 is owned by Cactus Drilling Company, and that the
17 north 40 would be owned now by Coquina.

18 Q You mean the west 40.

19 A The west 40 would be owned by Coquina.

20 Q And now you mentioned you talked to
21 Amoco and you talked to Yates about your proposal here.

22 A Yes, sir.

23 Q Did you talk to Cactus and to Coquina?

24 A I talked to Coquina. I did not talk to
25 Cactus. They're out of Dallas and -- but Coquina had no ob-

1

2

jections but they didn't want to join us.

3

Q So your route became the application for

4

a non-standard proration unit.

5

A That is correct, sir.

6

Q I see.

7

MR. NUTTER: Are there any further

8

questions of Mr. Hunniwell? He may be excused.

9

Do you have anything further, Mr. Bate-

10

man?

11

MR. BATEMAN: Nothing further, thank

12

you.

13

MR. NUTTER: Does anyone have anything

14

they wish to offer in Case Number 7148?

15

We'll take the case under advisement.

16

17

(Hearing concluded.)

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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.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7148, heard by me on 2/25 1981.

[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
11 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Twin Montana Oil Com-
pany for a non-standard oil pro-
duction unit, Lea County, New Mexico.

CASE
7148

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:

1
2 MP. STAMETS: And call next Case 7148,
3 being application of Twin Montana Oil Company for a non-standard
4 oil proration unit, Lea County, New Mexico.

5 And again, at the request of the appli-
6 cant this case will be continued until the February 25th
7 Examiner Hearing.
8

9
10 (Hearing concluded.)
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the Examinatory hearing of Case No. 7148,
heard by me on 2/11 19 81.
Richard L. Starn, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

El. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
11 February 1981

EXAMINER HEARING

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Application of Twin Montana Oil Com-
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Division:

Ernest L. Padilla, Esq.
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State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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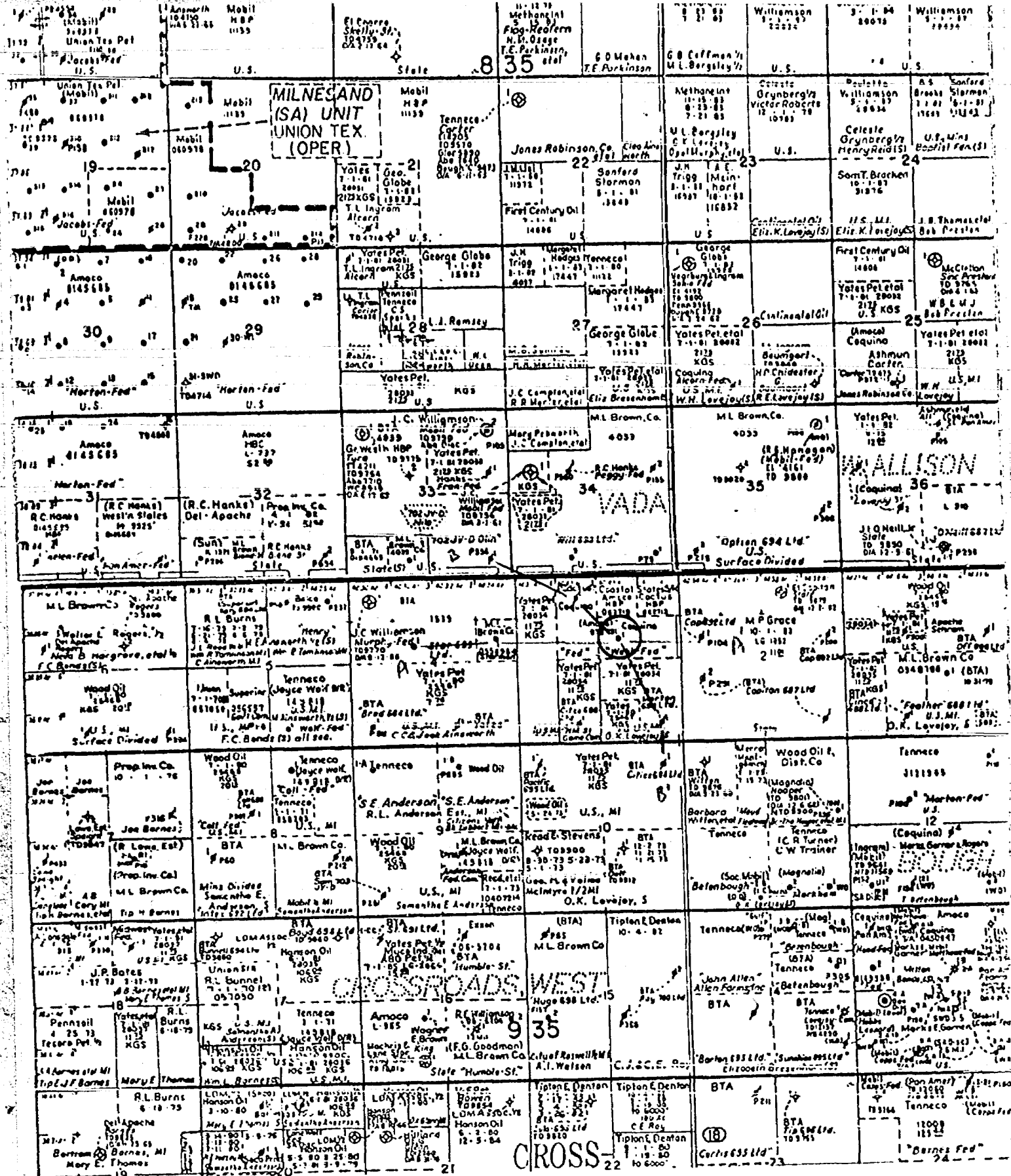
(Hearing concluded.)

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tion Division was reported by me; that the said transcript
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Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____, 19____.
_____, Examiner
Oil Conservation Division



TWIN MONTAÑA INC.

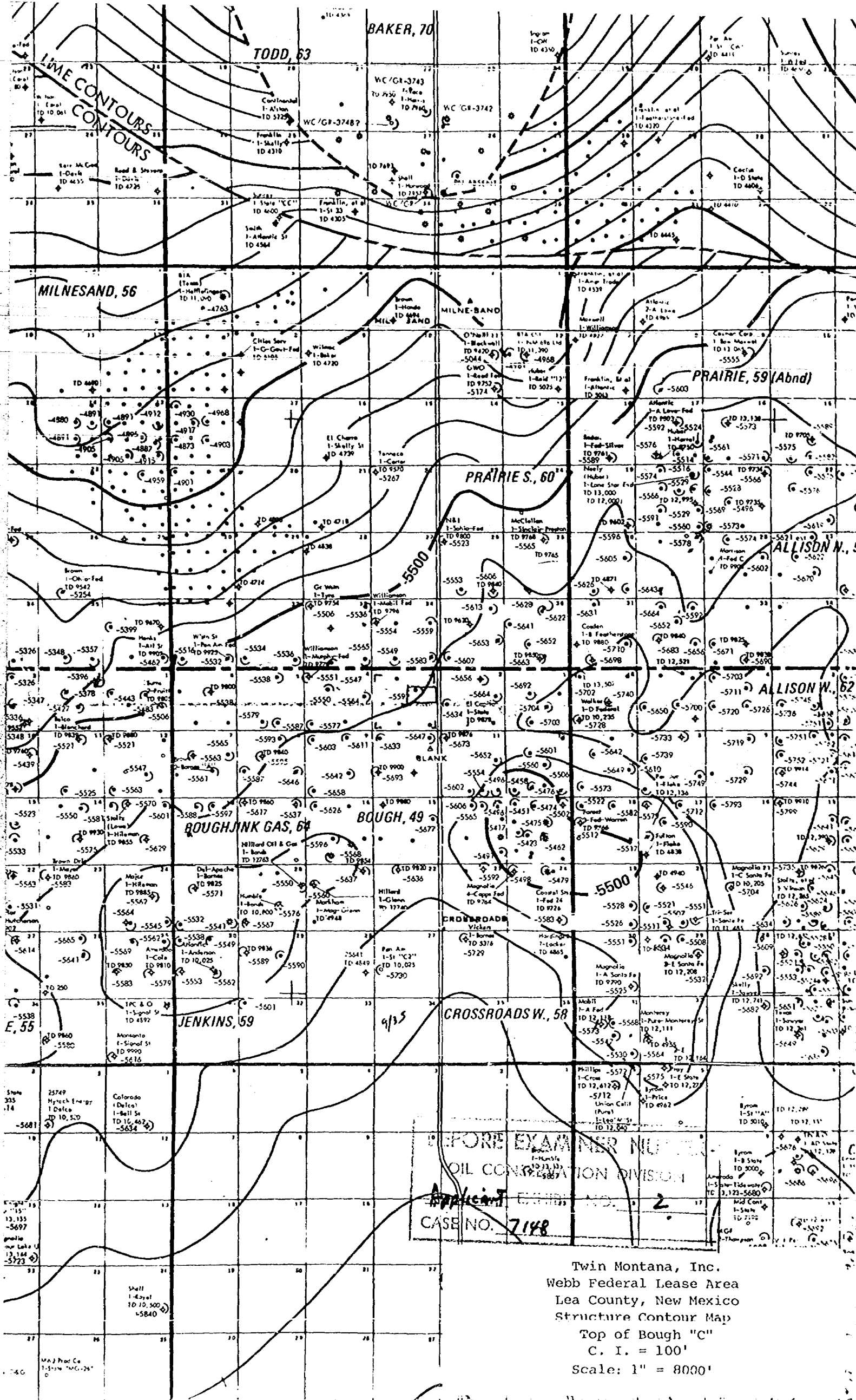
WEBB FEDERAL LEASE AREA

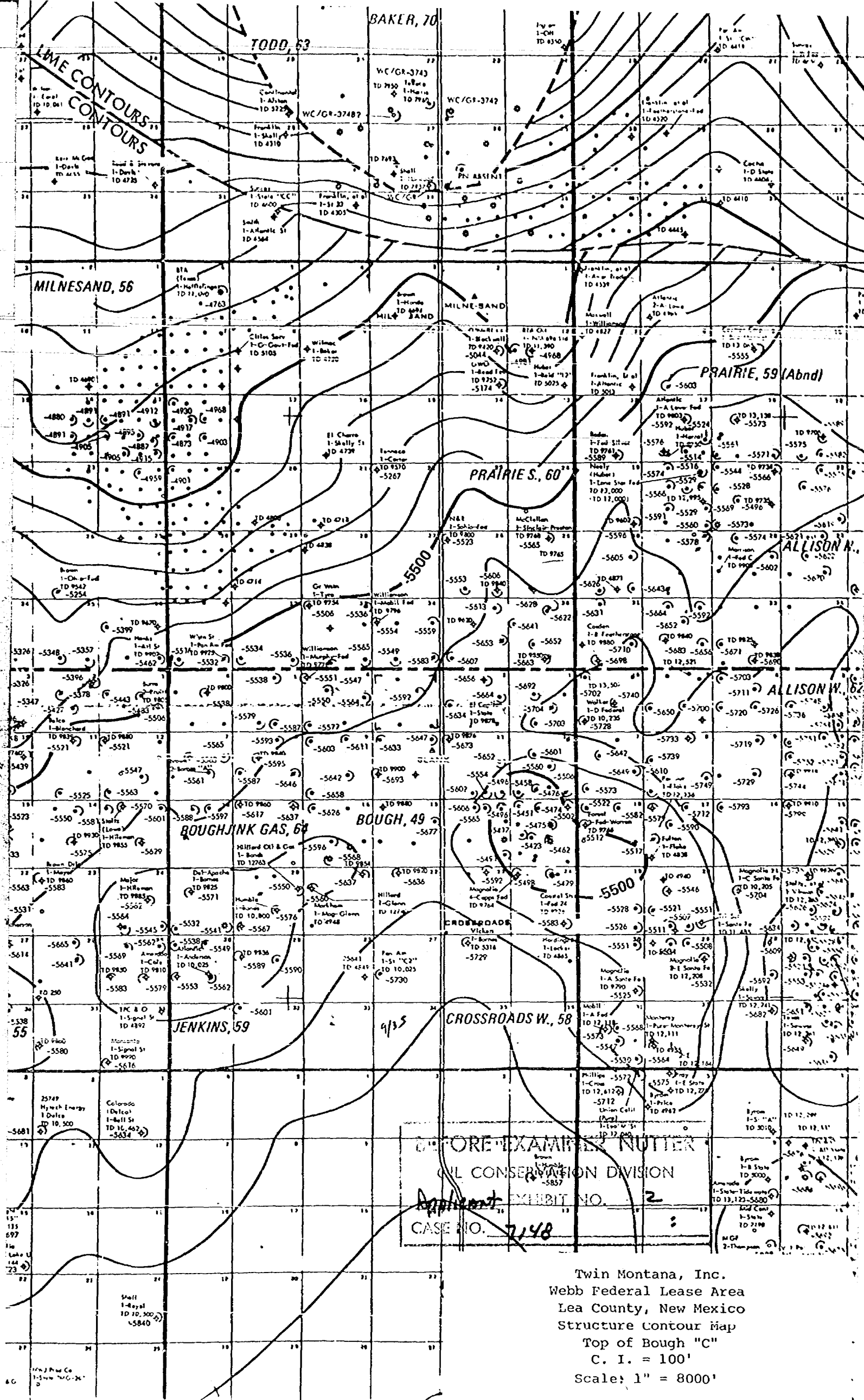
LEA COUNTY, NEW MEXICO

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

Applicant EXHIBIT NO. 1
7148

SCALE 1" = 4000'





COUNTY LEA, NEW MEXICO FIELD VADA (PENN)

OPR COQUINA OIL CORP. WELL NO. 1

LSE WEBB FEDERAL

LOC Sec 3, T-9-S, R-35-E (G)

1980 FNL & FEL of Sec

UNIQUE NO. 30-025-23752

MAPS 4-7-71 OBJ 9900' RT SPUD 4-14-71

F. R. Cactus Drlg. LAHEE CLASS ELEV D. F.

CTR GL 4178' KB

LOGS SPLS

TD 9840' PBD ABD LOC P & A

PAY ZONE PROD INTERVAL IP EQ W HRS CHK TEST BASIS

Penn 9772-94 P 300 515 24

GOR GTY CP TP BHP POT DATE TREATMENT

404 43 6-17-71 A/4000

CSG 13 3/8" @ 385 w/350 5 1/2" @ 9840 w/400

8 5/8" @ 4040 w/ 500

COUNTY LEA, NEW MEXICO FIELD VADA (PENN)

WELL: COQUINA OIL #1 WEBB FEDERAL ELEV

DATE WELL RECORD REACHED T. D. SPL (LOG) MARKERS

TD 9840' Archy (2278)

DST #1 9755-9800 op 90" Rec 2240' OIT Salt (2305)

660' O&GCXW, 60" ISIP 1197, FP 467- Yates (2760)

1080, 120" ESIP 1197, HP 5112-5063 SA (4004)

PF 18/9772-81 Glor (6462)

18/9785-94 Drink (6932)

A/4000 Abo (7755)

W1fc (9005)

Penn (9770)

(6-23-71) BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Applicant EXHIBIT NO. 6

CASE NO. 7148

THE SURFACE LIBRARY

SAMPLE CALCULATION
DRAINAGE AREA VADA PENN FIELD
BOUGH C FORMATION LEA COUNTY, NEW MEXICO

OIL IN PLACE

$$O = \frac{(7758) P(1-SW)}{FVF}$$

O = OIL IN PLACE, STOCK TANK BARRELS PER ACRE OF RESERVOIR VOLUME

P = POROSITY, FRACTION OF ROCK VOLUME

SW = WATER SATURATION FRACTION OF PORE SPACE

FVF = VOLUME OF RESERVOIR OIL PER VOLUME OF STOCK TANK OIL. BBL/BBL

TWIN MONTANA INC, WEBB FEDERAL WELL

$$O = \frac{(7758) (.12) (1-.40)}{1.15}$$

$$P = .12$$

$$SW = .40$$

$$FVF = 1.15$$

$$O = 485.7 \text{ BBLS PER ACRE FOOT}$$

ESTIMATED RECOVERY FACTOR (R_p) IN FRACTION OF OIL PLACE

$$R_p = 0.25$$

$$R_p = (0.25)(485.7)$$

$$= 121.4 \text{ BBLS PER ACRE FT.}$$

AVERAGE THICKNESS OF WEBB FEDERAL NO. 1 DRAINAGE AREA = 26 FEET

$$R_p = (121.4)(26) = 3156.4 \text{ BBLS PER ACRE}$$

DRAINAGE AREA = CUMMULATIVE PRODUCTION/RECOVERY IN BBLS PER ACRE

$$= 80,488/3156.4$$

$$= 25.5 \text{ ACRES}$$

$$\text{RADIUS OF DRAINAGE} = \left[\frac{(25.5 \text{ ACRES})(43560 \text{ SQ FT/ACRE})}{3.1416} \right]^{\frac{1}{2}}$$

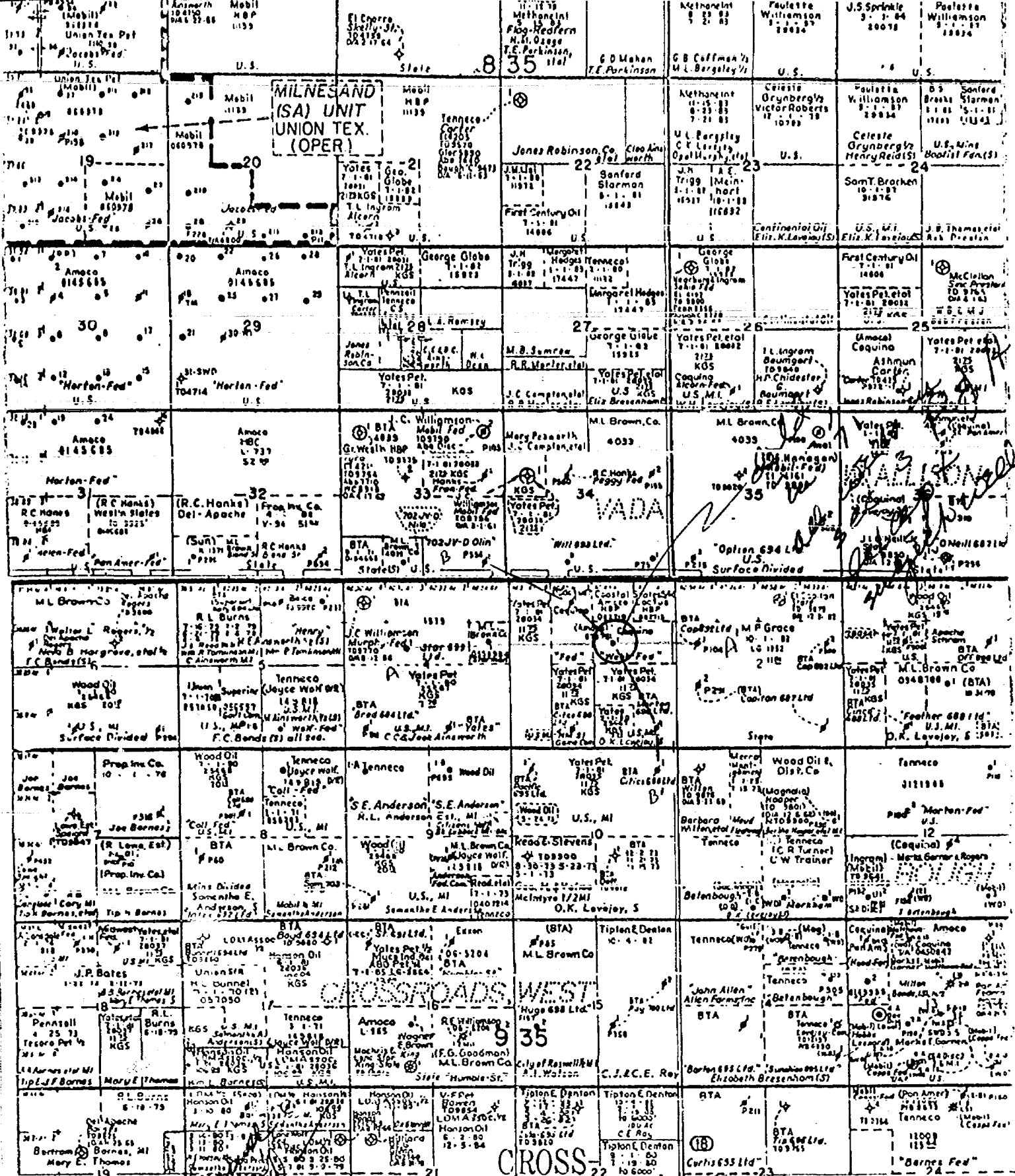
$$= 594.6 \text{ FT.}$$

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Applicant EXHIBIT NO. 8

CASE NO. 7148



*well we
not pda
 tubing was dropped
 now was TA*

TWIN MONTAÑA INC.

WEBB FEDERAL LEASE AREA
BEFORE EXAMINER NUTTER
LEA COUNTY, NEW MEXICO
CONSERVATION DIVISION
Applicant EXHIBIT NO. 1
SCALE 1" = 4000'

7148

COUNTY LEA, NEW MEXICO FIELD VADA (PENN)
OPR COQUINA OIL CORP.
LSE WEBB FEDERAL WELL NO. 1
LOC Sec 3, T-9-S, R-35-E (G)
1980 FNL & FEL of Sec

UNIQUE NO. 30-025-23752

MAPS 4-7-71 OBJ 9900' RT CO. ORD 4-14-71

F. R. Cactus Dr1g. LAHEE CLASS ELEV D. F.

LOGS SPLS GL 4178' KB

TD 9840' PBD ABD LOC P & A

PAY ZONE Penn PROD INTERVAL 9772-94 IP P BO 300 W 515 HRS 24 CHK TEST BASIS

GOR	GTY	CP	TP	BHP	POT DATE	TREATMENT
404	43				6-17-71	A/4000

GOR 404 GTY 43 CP TP BHP POT DATE 6-17-71 TREATMENT A/4000

CSG 13 3/8" @ 385 w/350 5 1/2" @ 9840 w/400

8 5/8" @ 4040 w/ 500

COUNTY LEA, NEW MEXICO FIELD VADA (PENN)

WELL: COQUINA OIL #1 WEBB FEDERAL ELEV

DATE WELL RECORD REACHED T. D. SPL (LOG) MARKERS

TD 9840'	Arby(2278)
DST #1 9755-9800 op 90" Rec 2240' OIL	Salt(2305)
660' O&GCXW, 60" ISIP 1197, FP 467-	Yates(2760)
1080, 120" FSIP 1197, HP 5112-5063	SA(4004)
Pf 18/9772-81	Glor(6462)
18/9785 9'	Drink(6932)
A/4000	Abc(7755)
	W1fc(9005)
	Penn(9770)

(6-23-71)

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Applicant EXHIBIT NO. 6

CASE NO. 7148

THE SURFACE LIBRARY

SAMPLE CALCULATION
DRAINAGE AREA VADA PENN FIELD
BOUGH C FORMATION LEA COUNTY, NEW MEXICO

OIL IN PLACE

$$O = \frac{(7758) P(1-SW)}{FVF}$$

O = OIL IN PLACE, STOCK TANK BARRELS PER ACRE OF RESERVOIR VOLUME

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FVF = VOLUME OF RESERVOIR OIL PER VOLUME OF STOCK TANK OIL. BBL/BBL

TWIN MONTANA INC. WEBB FEDERAL WELL

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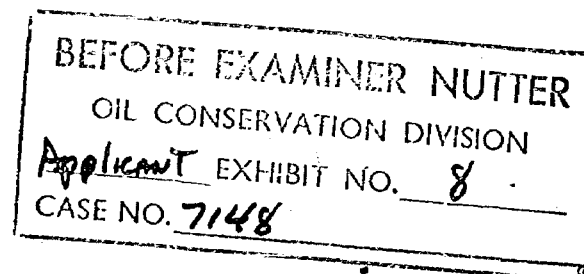
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$$= 80,488/3156.4$$

$$= 25.5 \text{ ACRES}$$

$$\text{RADIUS OF DRAINAGE} = \left[\frac{(25.5 \text{ ACRES})(43560 \text{ SQ FT/ACRE})}{3.1416} \right]^{\frac{1}{2}}$$

$$= 594.6 \text{ FT.}$$



Dockets Nos. 8-81 and 9-81 are tentatively set for March 11 and 25, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 25, 1981

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

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

CASE 7157: Application of Carl A. Schellinger for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Campbell Station Unit Area, comprising 3,841 acres, more or less, of State lands in Townships 8 and 9 South, Range 27 East.

CASE 7158: Application of Grynberg & Associates for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Silman Lake Unit Area, comprising 13,743 acres, more or less, of State and fee lands in Townships 9 and 10 South, Ranges 26 and 27 East.

CASE 7159: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Greenhorn and Dakota production in the wellbore of its Navajo Well No. 2-E located in Unit C of Section 11, Township 25 North, Range 10 West.

CASE 7160: Application of Harlan Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2370 feet from the North line and 1528 feet from the West line of Section 31, Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, the NW/4 of said Section 31 to be dedicated to the well.

CASE 7148: (Continued from February 11, 1981, Examiner Hearing)

Application of Twin Montana Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre Vada-Pennsylvanian oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, to be dedicated to its Webb Federal Well No. 1 located in Unit G of said Section 3.

CASE 7051: (Continued from January 28, 1981, Examiner Hearing)

Application of Petro Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry and Drinkard production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit G of Section 19, Township 21 South, Range 37 East.

CASE 7140: (Continued from February 11, 1981, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 26, Township 21 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1650 feet from the East line of said Section 26. 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 7149: (Continued from February 11, 1981, Examiner Hearing)

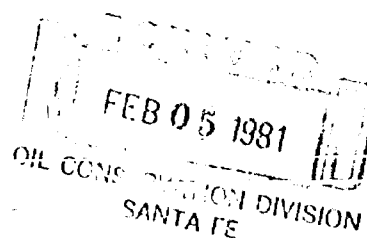
Application of John H. Hendrix Corporation for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, underlying Unit O of Section 19, Township 23 South, Range 37 East.

CASE 7161: Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

- CASE 7162:** Application of McCulloch Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee formation underlying the E/2 of Section 25, Township 20 South, Range 38 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 7163:** Application of ARCO Oil and Gas Company for the extension of the vertical limits of the Langlie Nattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Nattix Pool by 165 feet underlying the NE/4 SE/4 of Section 35, Township 23 South, Range 36 East.
- CASE 7164:** Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 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 7165:** Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Ellenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 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 7166:** Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chosa Draw Unit Area, comprising 2,560 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 25 East.
- CASE 7167:** Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Made Well Anticline Unit Area, comprising 39,238 acres, more or less, of State, Federal, and fee lands in Townships 12, 13, and 14 South, Ranges 21 and 22 East.
- CASE 7168:** Application of Cavalcade Oil Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit K or L of Section 33, Township 18 South, Range 30 East.
- CASE 7129:** (Continued from February 11, 1981, Examiner Hearing)
Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 20, Township 28 North, Range 8 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 7169:** Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 22, Township 28 North, Range 8 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 7170:** Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

- CASE 7171: Application of Zia Energy Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit in the Fumont Gas Pool comprising the SW/4 SE/4 of Section 27, and the N/2 NE/4 of Section 34, Township 20 South, Range 36 East, to be dedicated to its Elliott "A" State Well No. 1 located 660 feet from the South line and 1980 feet from the East line of said Section 27.
- CASE 7172: Application of Caulkins Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of the following two wells on its Breech A Lease to be recompleted in the Chacra, Mesaverde, and Dakota formations: No. 157 located 1980 feet from the North line and 660 feet from the West line of Section 10 and No. 629 located 660 feet from the North line and 760 feet from the West line of Section 9, both in Township 26 North, Range 6 West.
- CASE 7173: Application of V-F Petroleum Inc. for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North line and 1150 feet from the East line of Section 5, Township 16 South, Range 38 East, South Denton-Devonian Pool, the NE/4 NE/4 of said Section 5 to be dedicated to the well.
- CASE 7174: Application of Jake L. Hamon for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South and West lines of Section 36, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, the S/2 of said Section 36 to be dedicated to the well.
- CASE 7175: Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellemburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellemburger formations. 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.

WHITE,
KOCH, KELLY
&
McCARTHY



February 4, 1981

Oil Conservation Division
Energy and Minerals Department
State Capitol Building
Santa Fe, NM 87503

RE: Case No. 7148, Application of Twin Montana Oil Company

Gentlemen:

At the direction of Twin Montana Oil Company, I respectfully request continuation of Case No. 7148 from the scheduled hearing date of February 11, 1981 to the next regularly scheduled hearing set for February 25, 1981.

Sincerely,

Kenneth Bateman

KB:dka

CC: Mr. Joe Joyer

L. C. White	C. Emery Cuddy, Jr.
Sumner S. Koch	Larry C. White
William Booker Kelly	Forrest S. Smith
John F. McCarthy, Jr.	Daniel H. Friedman
Kenneth Bateman	John N. Patterson
Benjamin Phillips	Paula Tackett

220 Otero St., P.O. Box 787, Santa Fe, N.M. 87501 (505) 982-4374

Attorneys and Counselors at Law

Dockets Nos. 7-81 and 8-81 are tentatively set for February 25 and March 11, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 11, 1981

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 March, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for March, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

(3) Consideration of purchaser's nominations for the one year period beginning April 1, 1981, for both of the above areas.

CASE 7146: Application of Amoco Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Perro Grande Unit Area, comprising 3524 acres, more or less, of State and Federal lands in Townships 25 and 26 South, Range 35 East.

CASE 7135: (Continued and Readvertised)

Application of Celeste C. Grynberg for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the South Cottonwood Draw Unit Area, comprising 3,195 acres, more or less, of State lands in Township 16 South, Range 24 East.

CASE 7147: Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 1650 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 25 East, the S/2 of said Section 35 to be dedicated to said well and to applicant's "JX" Well No. 2 located in Unit N.

CASE 7140: (Continued from January 28, 1981, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 26, Township 21 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1650 feet from the East line of said Section 26. 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 4063: (Reopened and Readvertised)

In the matter of Case No. 4063 being reopened on the motion of the Oil Conservation Division to consider the abolishment of the special rules and regulations for the Four Mile Draw-Morrow Gas Pool, Eddy County, New Mexico, as promulgated by Order No. R-3698. In the absence of objection said rules will be rescinded.

CASE 7148: Application of Twin Montana Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre Vada-Pennsylvanian oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, to be dedicated to its Webb Federal Well No. 1 located in Unit G of said Section 3.

CASE 7149: Application of John H. Hendrix Corporation for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, underlying Unit O of Section 19, Township 23 South, Range 37 East.

CASE 7150: Application of Cavalcade Oil Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit K or L of Section 33, Township 18 South, Range 30 East.

CASE 7151: Application of C & 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 in the NE/4 and a well to be drilled at a previously approved unorthodox location in the NW/4 of said Section 9. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 7152: Application of C & 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 7153: Application of C & 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 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 7129: (Continued from January 28, 1981, Examiner Hearing)

Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 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 6670: (Continued from January 14, 1981, Examiner Hearing)

In the matter of Case 6670 being reopened and pursuant to the provisions of Order No. R-6183 which order promulgated temporary special rules and regulations for the Red Hills-Devonian Gas Pool in Lea County, New Mexico, including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 320-acre spacing units.

CASE 7154: Application of Mobil Producing Texas and New Mexico, Inc. for designation of a tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Mesaverde formation underlying portions of Townships 26 and 27 North, Ranges 2 and 3 West, containing 13,920 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.

CASE 7134: (Continued and Readvertised)

Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the NW/4 of Section 13, Township 15 South, Range 27 East, to be dedicated to its Langley "Com" Well No. 1 in Unit C, and the other being the NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the North and East lines of the section.

DOCKET: COMMISSION HEARING - WEDNESDAY - FEBRUARY 18, 1981

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 7155: Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 35, Township 18 South, Range 29 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 7057: (DE NOVO)

Application of Doyle Hartman for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Langlie Mattix Pool to the following depths underlying the following 40-acre tracts in Township 24 South, Range 37 East: SE/4 SE/4 of Section 30: 3364 feet; NE/4 SE/4 of Section 30: 3367 feet; and SE/4 SW/4 of Section 20: 3390 feet.

Upon application of ARCO Oil and Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7156: Application of Parabo, Inc. for amendment of Order No. R-5516, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5516 which authorized the disposal of produced salt water in unlined surface pits in Section 29, Township 21 South, Range 38 East. Applicant proposes modification of the Commission's requirements for the number, location, and depths of monitor wells, casing and perforating monitor wells, and a change in maximum depths of water permitted in the pits.

WHITE,
KOCH, KELLY
&
McCARTHY

January 9, 1981

Mr. Ernest Padilla
Division Attorney
Energy and Minerals Department
Oil Conservation Division
State Capitol Building
Santa Fe, New Mexico 87503

Case 7148

Re: Application of Twin Montana Oil Company

Dear Ernie:

I enclose a copy of the original and one copy of the Application which I have prepared in connection with the nonstandard proration unit in Vada-Pennsylvanian Pool which you and I discussed some time ago.

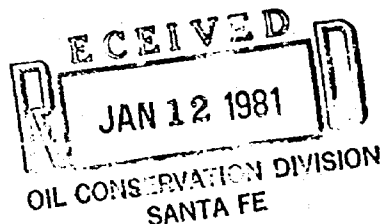
I would appreciate it if you would have the application set for hearing at the earliest convenience.

Sincerely,


KENNETH BATEMAN

KB:ksh
Enclosure

cc: Mr. Joe Joyer



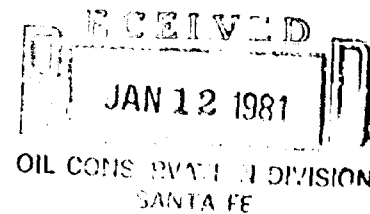
L. C. White
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220 Otero St., P.O. Box 787, Santa Fe, N.M. 87501 (505) 982-4374

Attorneys and Counselors at Law

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF:

Case 7148

Application of Twin Montana
Oil Company, for a non-
standard proration unit,
Lea County, New Mexico.

COMES NOW Twin Montana Oil Company, by its undersigned
attorneys and for its application states:

1. It is the holder of the operating rights from the
surface down to a depth of 9,940 feet insofar as United
States Oil and Gas Lease NM 073791 (29-73791) covers the
south half of the northeast quarter, Section 3, Township
9 South, Range 35 East, N.M.P.M., New Mexico.

2. A productive well, the Number One Webb Federal
was completed on the said property.

3. The Number One Webb Federal was previously the
subject of a communization agreement involving Lots 1 and
2 in the southeast quarter, northeast quarter, Section 3,
Township 9 South, Range 35 East, N.M.P.M., Lea County, New
Mexico containing 161.04 acres. Such communization agreement
dated June 1, 1971 has been terminated due to non-production
of the well.

Unit G
Webb Fed
1
Cognina

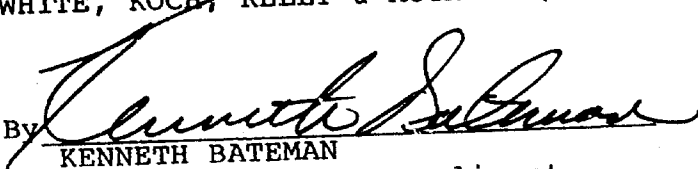
4. The Applicant desires to recomplete the well, to
dedicate a non-standard proration unit comprised of eighty
(80) acres, which well will be otherwise subject to the special
rules and regulations for the Vada-Pennsylvanian Pool.

5. The grant of this application will protect correlative rights, and will prevent economic waste.

WHEREFORE, the Applicant prays for the Department's Order approving a non-standard proration unit comprised of the south half northeast quarter of Section 3, Township 19 South, Range 35 East, N.M.P.M., New Mexico to future production from the Number One Webb Federal Well.

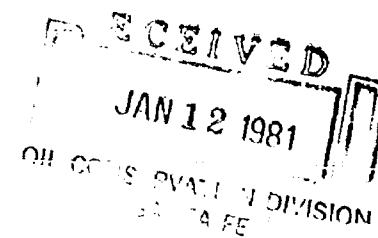
WHITE, KOCH, KELLY & MCCARTHY, P.A.

By


KENNETH BATEMAN

Attorneys for the Applicant
P. O. Box 787
Santa Fe, NM 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



IN THE MATTER OF:

Application of Twin Montana
Oil Company, for a non-
standard proration unit,
Lea County, New Mexico.

Case 7148

COMES NOW Twin Montana Oil Company, by its undersigned
attorneys and for its application states:

1. It is the holder of the operating rights from the
surface down to a depth of 9,940 feet insofar as United
States Oil and Gas Lease NM 073791 (29-73791) covers the
south half of the northeast quarter, Section 3, Township
9 South, Range 35 East, N.M.P.M., New Mexico.

2. A productive well, the Number One Webb Federal
was completed on the said property.

3. The Number One Webb Federal was previously the
subject of a communization agreement involving Lots 1 and
2 in the southeast quarter, northeast quarter, Section 3,
Township 9 South, Range 35 East, N.M.P.M., Lea County, New
Mexico containing 161.04 acres. Such communization agreement
dated June 1, 1971 has been terminated due to non-production
of the well.

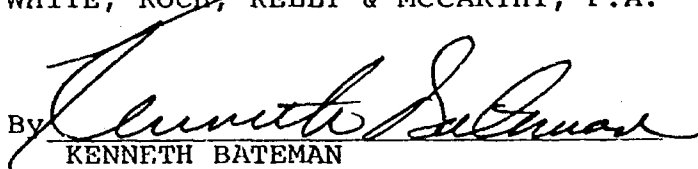
4. The Applicant desires to recomplete the well, to
dedicate a non-standard proration unit comprised of eighty
(80) acres, which well will be otherwise subject to the special
rules and regulations for the Vada-Pennsylvanian Pool.

5. The grant of this application will protect correlative rights, and will prevent economic waste.

WHEREFORE, the Applicant prays for the Department's Order approving a non-standard proration unit comprised of the south half northeast quarter of Section 3, Township 19 South, Range 35 East, N.M.P.M., New Mexico to future production from the Number One Webb Federal Well.

WHITE, KOCH, KELLY & MCCARTHY, P.A.

By


KENNETH BATEMAN

Attorneys for the Applicant

P. O. Box 787

Santa Fe, NM 87501

DRAFT

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:

CASE NO. 7148

Order No. R- 6617

APPLICATION OF TWIN MONTANA OIL COMPANY
UIC
FOR A NON-STANDARD/PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 25,
19 81, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.
NOW, on this _____ day of _____, 19 81, 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, Twin Montana Oil Company
seeks approval of an 80-acre non-standard ^{oil} ~~gas~~ proration unit
comprising the S/2 NE/4 of Section 3, Town-
ship 9 South, Range 35 East, NMPM, to be dedicated to
its Webb Federal Well No. 1, located in
Unit 6 of said Section 3.

(3) That the entire non-standard proration unit may reasonably
be presumed productive of ^{oil} ~~gas~~ from the Vada-Pennsylvanian ~~oil~~
~~Gas~~ Pool and that the entire non-standard ^{oil} ~~gas~~ proration unit can
be efficiently and economically drained and developed by the
aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the ^{oil} ~~gas~~ in the Vada-Pennsylvanian ~~Gas~~ Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a ^{oil} ~~gas~~ 80-acre non-standard ~~gas~~ proration unit in the Vada-Pennsylvanian Oil ~~Gas~~ Pool comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, NMPM, Lea County, New Mexico, ^{for Twin Montana Oil Company} is hereby established and dedicated to its Webb Federal Well [^] No. 1, located in Unit G of said Section 3.

(2) 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.