Case 47

STANOLIND STATEMENT FOR CASE NUMBER 47 PRESENTED AT THE HEARING BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION IN SANTA FE ON AUGUST 3rd, AT 10 A. M.

1. Stanolind would favor a plan whereby the allowable for wells at depths below the present producing horizons would be proportional to depth and/or cost of development. Deeper wells in Southeastern New Mexico will cost amounts greatly exceeding the cost of present wells and up to $250,000.00 or more. This depends upon the nature of the geological formations to be drilled. The expense of drilling and completing wells in the lower formations increases in a greater proportion than the depth due to the harder formations to be penetrated, greater mechanical difficulties, and increased hazards. For instance, we would favor an allowable based on a sliding scale whereby a 10,000' producer would realize an allowable of approximately four times that of a 5,000' producer, and with wells in between these depths receiving allowables commensurate with their respective depths.

We feel that the increased allowables for deeper development are necessary to stimulate and encourage such development and to increase the known reserves for the State. Encouraging deeper productions prevents waste since the deeper reserves would likely not be developed otherwise. An extension into New Mexico of the present drilling campaign in West Texas for Ordovician production should be encouraged.

2. Regarding the establishment of a definite size of drilling unit for deeper production, it is difficult to assign a certain number of

acres to each well prior to the accumulation of pertinent subsurface data. However, Stanolind favors a relatively wider spacing of wells. For Ordivician production, we favor 160 acre drilling units. With this size of unit, the productive limits of the field and general characteristics of the reservoir rock-- such as permeability, poresity, fluid content, and type of reservoir energy or control-- can be determined with a minimum number of wells. If these facts indicate the need for a closer spacing pattern to insure maximum ultimate recovery from the pool, more wells may be drilled at a later date on fractional parts of the basic 160 acre units.

The Commission should require the drilling of each well on the 160 acre unit in the center of some 40 acre tract. This would preclude the establishment of a non-uniform spacing pattern for later drilling.