

Case Number.

4170

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 9, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of H. C. Hood for pool
redelineation, Lea County, New
Mexico.

Case No. 4170

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: We'll call next Case 4170.

MR. HATCH: Case 4170, application of H. C. Hood for pool redelineation, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin and Fox, Santa Fe, appearing for the applicant. We have one witness i'd like to have sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibits One and Two were marked for identification.)

CHARLES LOVELACE

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Charles Lovelace.

Q Mr. Lovelace, what business are you engaged

in?

A I am an independent oil operator.

Q And in connection with your work as an independent oil operator, have you had anything to do with the application in Case 4170?

A Yes, I represented Mr. H. C. Hood, me and him a partial owner of a well which is being drilled under his name in Section 10, 14 South, 34 East, Lea County, New Mexico.

Q In effect, you are one of the applicants in this case --

A Yes, sir.

Q -- is that correct?

A That's right.

Q Mr. Lovelace, have you testified before the Oil Conservation Commission and made your qualifications a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

Q (BY Mr. Kellahin) Referring to what has been marked as the Applicant's Exhibit Number One, would you identify that exhibit, please?

A Exhibit Number One is an ownership map of the area on which the subject well is located, showing what is called the High Plains Pool, which is a -- a two-well pool producing from the pennsylvanian formation in Lea County, New Mexico.

The exhibit shows the location of the Hood Number One Southern Mineral State located 330 feet from the south and the east line, of Section 10, same township, and a well designated "A" on the exhibit, which is a Delaware-Apache High Plains unit well, located 1980 feet from the east, 660 feet from the south line of Section 15, and a producing well, the discovery well in the so-called High Plains Pool, the Delaware-Apache Number One High Plains unit, which is located 660 feet from the north and the east line of Section 22, same township and range.

The exhibit generally shows the relative position of the Hood well, which is located approximately a mile and -- one mile and thirteen hundred twenty feet from the so-called High Plains

discovery well located in Section 22.

The Delaware-Apache Number Two High Plains unit well mentioned before in Section 15 lies generally between the discovery well and the Hood location in Section 10.

The purpose of the exhibit is to show the relative positions of these wells.

Q Would you describe the circumstances under which the Hood well was drilled?

A Well, the Hood well was started on rather an emergency basis. The afternoon of the expiration of the lease, so-called Southern Minerals lease in the south half of 10, same township, which was to expire on midnight, June the 16th, Mr. Hood, through my office arranged for a rig to be put on the -- that location between three o'clock in the afternoon and midnight of the same night in order to sustain the life of that lease.

And this was done with the full knowledge of the Land Commissioner, with his approval, and upon payment of the eleven-year rentals for the lease.

This well is currently drilling in

Section 10. The purpose of this hearing, of course, is to apply to this Commission to move the so-called pool boundary, which I believe at this time extends through the centers of Section 14, 15 on the north line, to withdraw that boundary back to the south lines of Section 15 and 14 in order that the Hobbs office of the Commission can approve the applicant's application for permission to drill at the location in Section 10.

And I hasten to add that the location is erroneously put there through my ignorance of the pool as it then existed. I, on -- on this emergency condition operated on what I thought would normally be the pool line, namely along the south line of 14 and 15.

Q That would have placed the subject well more than a mile from the exterior boundaries of the pool then?

A Yes, it would have.

Q And that's where you thought it was, is that correct?

A Yes, that's right, but I did not -- I did

7

check to see the actual pool definition, I'm sorry to say, or we would --

Q Now, the well location is not conformed to the location requirements of the High Plains Pennsylvanian pool rules?

A That's correct.

Q And what --

A Which would normally be in the southwest quarter quarter -- or the northeast quarter quarter of the section. In other words, it's displaced by some thirteen hundred twenty feet either east or south of the legal locations in Section 10.

Q Now, does there appear to be a dry hole between the well you are presently drilling and the High Plains-Pennsylvanian pool?

A Yes sir, the Delaware-Apache High Plains Unit Number 2, which I believe that's Number 2 or Number 3, Number 2, it was drilled in April of 1965 and abandoned after testing the so-called field pay.

Q Now, referring to what has been marked as Applicant's Exhibit Number Two, would you identify that exhibit, please, sir?

Exhibit Number Two is a cross section of mechanical logs comparing the -- the so-called pay formation in the discovery well, the Apache Corporation High Plains Unit Number 1 located in the northeast, northeast, Section 22, with the dry hole located in the southwest, southeast, Section 15, which is a northwesterly offset to the discovery well.

The cross section, which is a gamma ray neutron sonic log in both instances, shows that the -- the field pay as defined in the initial well is dense and non-productive in the well in Section 15.

And I call your attention to the log marked "A" in the exhibit, which shows at the bottom the results of the coring of the intervals which are productive in the discovery well. The core taken from 10,410 to 428 recovered eighteen feet of dense lime, seven feet of shale and one foot of fossiliferous limestone.

Core Number Two from 10,428 to 453 recovered twenty-four feet of dense lime.

A drill stem test in the interval

10,485 to 550, which is in the bottom portion of the field pay in which there were two small porous stringers, recovered 920 feet of gas in the drill pipe, 120 feet of mud with a zero flowing pressure and an initial shut-in pressure in thirty minutes of a hundred seventy-eight pounds, and a final shut-in pressure in one hour of nine hundred fifty-nine pounds.

It is my belief that these logs, or this comparison indicates that there is substantial -- some substantial belief that the pool limits would not extend to our location in Section 10 where the -- Mr. Hood's rig is now drilling.

Q Does this indicate to you, Mr. Lovelace, that if you do complete a well for production in Section 10 where you are presently drilling, it would be in the same common source of supply as the producing well in Section 22?

A Mr. Kellahin, I would say probably not, although I think we all know in these permopine zones, there are a good -- there have been locations as you move out this distance, that the

correlation between the pay is -- is sometimes obscure.

This well that has since been completed in Section 14, the engineers -- although I am not qualified to give you an unqualified opinion, the pressure seemed to indicate that it may be in a new reservior, or a -- certainly a -- has not been depleted by the discovery -- discovery well.

MR. NUTTER: Where is that well, Mr. Lovelace?

A This is a well now located 1980 feet from the west and the south line of Section 14. That was completed subsequent to our staking of this location of Section 10.

Q (By Mr. Kellahin) Well, it is requested by the applicant that the area involved in the H. C. Hood location be deleted from the -- well, the area south of it be deleted from the High Plains-Pennsylvanian pool, is that --

A Yes, I specifically -- I would request that the Commission move the pool back to the north line of Section 22 and 23, or as you will,

the south line of 15 and 14 on an easterly -- east-west direction, and pending a demonstration by the operator in Section 14 that that well is actually in the reservoir of the so-called discovery well, that the pool limits be so designated so that we will not be in an embarrassing position of having a well drilling in an illegal location or a -- if necessary, a -- in a penalty position as far as allowable is concerned.

Q Now, if that acreage is deleted, that would eliminate from the pool the dry hole in Section 15, wouldn't it?

A This is correct.

Q Were Exhibits One and Two prepared by you and under your supervision?

A They were prepared by Mr. E. K. David, who is a consulting geologist, was retained by me, and this was done under my supervision, right.

MR. KELLAHIN: At this time, we offer in evidence Exhibits One and Two.

MR. NUTTER: Applicant's Exhibits One

and Two will be admitted in evidence.

(Whereupon, Applicant's Exhibits One and Two were offered and received in evidence.)

Q (By Mr. Kellahin) Do you have anything further, Mr. Lovelace?

A No, I haven't.

MR. KELLAHIN: That completes the examination of the witness.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lovelace, at the present time, what are the pool boundaries of the High Plains-Pennsylvanian Pool as defined by the Commission?

A I believe, sir, they are at the north line, or the boundary is at the -- mid Section 15 and 14 East and west. I believe that's --

Q You don't know the rest of the boundaries?

A I don't know the rest of the boundaries. Generally, I believe they were substantially what the old drilling unit comprised, which was the south half of 14 and 15 and Sections 22 and 23.

That is substantially what the old unit comprised.

Q But the Commission did decline the pool limits and set the limits as they are today prior to the time that this well was drilled in the southeast of Section 15, is that correct?

A Yes sir, that is correct.

Q And those limits were drawn on the basis of structure prior to the time the dry hole was drilled?

A Yes. I believe the former applicant was Apache -- Delaware-Apache, and they, based on their best knowledge at that time, did request, and based on their geological presentation, were granted the -- this limit to the pool, and I am sure at this point it was their feeling and everyone else's that it was justified on the basis of geology and the structure.

Q The well you mentioned in Section 14, who drilled that well?

A The Cayman Corporation of Palos Verdes Peninsula, California. That is their main office.

Q Have you discussed this application today

with them?

A No, I have not. As a matter of fact, I discussed it to this extent: I did the geophysical work and the geological work which led to the drilling of the well on 14 by them. In fact, they took the deal from me.

Q What was that well potentialled for?

A I think over four hundred barrels.

Q And when was the completion date on it, do you know?

A No, I am not sure, Mr. Nutter, when it was. They were still testing and drilling when we located up here. I am sure it was -- it was subsequent to our location.

MR. NUTTER: I see; are there further questions of this witness?

You may be excused.

(Witness excused.)

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

MR. KELLIHAN: That's all, Mr. Nutter, thank you.

MR. NUTTER: Does anyone have anything
further they wish to offer in Case 4170?

We'll take the case under advisement.

I N D E XWITNESSPAGE

CHARLES LOVELACE

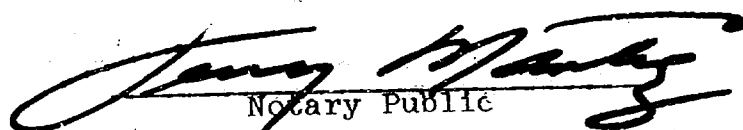
Direct Examination by Mr. Kellahin
Cross Examination by Mr. Nutter2
12EXHIBITMARKEDOFFERED AND
ADMITTEDApplicant's 1
and 2

2

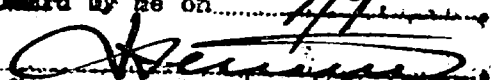
12

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of McKinley, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


Notary Public

My Commission Expires:
January 24, 1970.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examinar hearing of Case No. 4122 heard by me on 7/7, 1969.

Notary Public
New Mexico Oil Conservation Commission

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 9, 1969

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

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

CASE 4160: Application of Roger C. Hanks for pool redelineation, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the NE/4 of Section 29 from the South Prairie-Cisco Pool and the extension of the Middle Allison-Pennsylvanian Pool to include all of Section 29, the SE/4 of Section 30, and the N/2 of Section 32, all in Township 8 South, Range 36 East, Roosevelt County, New Mexico.

CASE 4161: Application of Roger C. Hanks for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the North Mescalero-Cisco Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.

CASE 3786: (Reopened)

In the matter of Case No. 3786 being reopened pursuant to the provisions of Order No. R-3437, which order established special rules and regulations for the North Paduca-Delaware Pool, Lea County, New Mexico, including provisions for the classification of and spacing for oil and gas wells and a special gas-liquid ratio limitation. All interested parties may appear and show cause why the special rules and regulations should not be discontinued.

CASE 4162: Application of Western States Producing Company for a dual completion and salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State 30 Well No. 2 located in Unit M of Section 30, Township 7 South, Range 33 East, Roosevelt County, New Mexico, in such a manner as to permit the production of oil from the Chaveroo-San Andres Pool and the disposal of produced salt water through 8 5/8 X 4 1/2 inch casing-casing annulus into the Yates, Seven Rivers, and Queen formations in the open-hole interval from approximately 1825 feet to 3785 feet.

- CASE 4163: Application of Pan American Petroleum Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 181-acre non-standard gas proration unit for its Pike Federal Well No. 1 located in Unit A of Section 6, Township 23 South, Range 38 East, Tubb Gas Pool, Lea County, New Mexico, said unit to comprise the N/2 N/2 of said Section 6.
- CASE 4164: Application of Mobil Oil Corporation for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Fristoe Well No. 8 at an unorthodox location 2470 feet from the North line and 430 feet from the East line of Section 3, Township 25 South, Range 37 East, Langlie Mattix Pool, Lea County, New Mexico.
- CASE 4165: Application of Sam Boren for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Bagley-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.
- CASE 4166: Application of Sam Boren for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete his Barbera State "A" Well No. 1 located in Unit P of Section 6, Township 12 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the East Bagley-Pennsylvanian Pool and the disposal of produced salt water through the intermediate casing-production casing annulus into the San Andres and Glorieta formations in the open-hole interval from approximately 4060 feet to 6562 feet.
- CASE 4167: Application of Charles B. Read for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete his Hobbs "Y" Well No. 1 located in Unit J of Section 29, Township 12 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the East Hightower-Pennsylvanian Pool and the disposal of produced salt water through the intermediate casing-production casing annulus into the San Andres, Glorieta, Yeso, and Abo formations in the open-hole interval from approximately 4195 feet to 7720 feet.

CASE 4168: Application of Charles B. Read for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers Reef formation in the open-hole interval between 3783 feet and 3797 feet in his Sinclair State Well No. 1 located 2310 feet from the South and West lines of Section 2, Township 21 South, Range 33 East, Lynch Pool, Lea County, New Mexico.

CASE 4169: Application of Mask, Jennings, Keohane and Westall for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicants' wells in the E/2 NW/4 and the NE/4 of Section 2, Township 19 South, Range 31 East, Shugart Pool, Eddy County, New Mexico. Applicants seek authority to dispose of salt water produced by said wells in an unlined surface pit located in Unit C of said Section 2.

CASE 4170: Application of H. C. Hood for pool redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of the High Plains-Pennsylvanian Pool by the deletion of the SW/4 of Section 14 and the SE/4 of Section 15, Township 14 South, Range 34 East, Lea County, New Mexico.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

July 23, 1969

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4170
Order No. R-3801
Applicant: H. C. HOOD

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

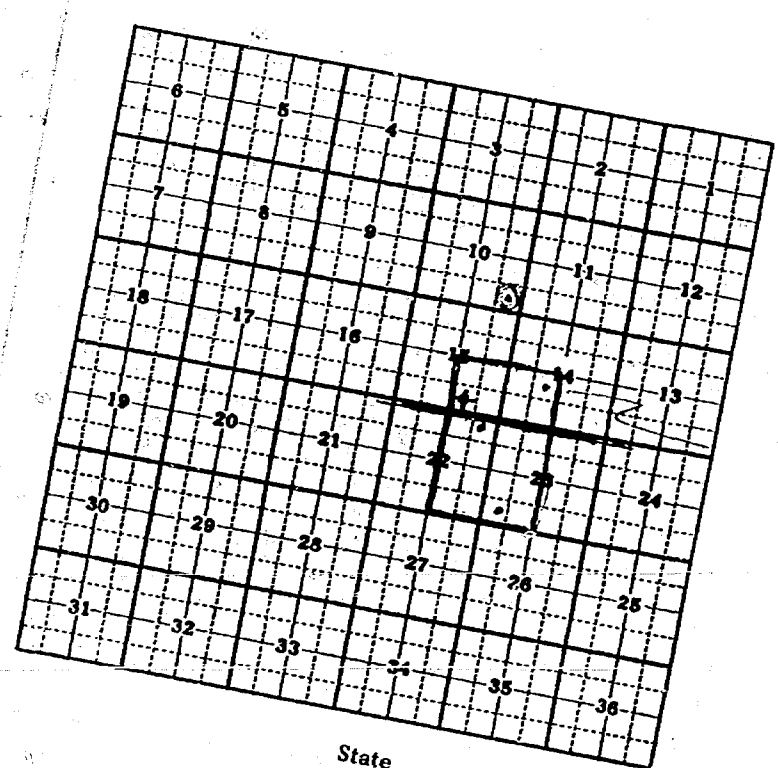
Artesia OCC

Aztec OCC

Other _____

Name
Address
Remarks:

Ph.



State

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 4170
Order No. R-3801
NOMENCLATURE

APPLICATION OF H. C. HOOD FOR
POOL REDELINEATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 9, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of July, 1969, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, H. C. Hood, seeks the contraction
of the horizontal limits of the High Plains-Pennsylvanian Pool
by the deletion of the SW/4 of Section 14 and the SE/4 of Sec-
tion 15, Township 14 South, Range 34 East, NMPM, Lea County,
New Mexico, from said pool.

(3) That approval of the subject application will not
violate correlative rights nor cause waste.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the High Plains-Pennsyl-
vanian Pool, Lea County, New Mexico, are hereby contracted by

-2-

CASE No. 4170
Order No. R-3801

the deletion therefrom of the following-described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 14: SW/4
Section 15: SE/4


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

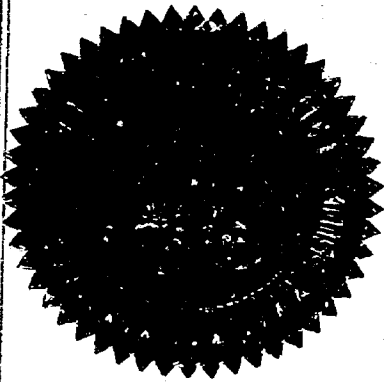
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


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



esr/

DRAFT

GMH/esr
July 16, 1969

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

RECORDS CENTER

CASE No. 4170

Order No. R-3801

APPLICATION OF H. C. HOOD FOR
POOL REDELINEATION, LEA COUNTY,
NEW MEXICO.

Women's Bureau

[Signature]
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 9, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of July, 1969, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

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

(2) That the applicant, H. C. Hood, seeks the contraction
of the horizontal limits of the High Plains-Pennsylvanian Pool
by the deletion of the SW/4 of Section 14 and the SE/4 of Section
15, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico,
from said pool.

(3) That approval of the subject application will not violate
correlative rights nor cause waste.

IT IS THEREFORE ORDERED:

(1) That ~~the horizontal limits of the High Plains-Pennsylvanian Pool, Lea County, New~~
the horizontal
limits of the High Plains-Pennsylvanian Pool, Lea County, New

-2-

CASE No. 4170

Mexico, are hereby contracted by the deletion therefrom of the following-described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM

Section 14: SW/4

Section 15: SE/4

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

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