

CASE 4227: Application of PENROC
CORP. FOR AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.

Case Number
4227

Application

Transcripts

Small Exhibits

ETC.



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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 8, 1969

EXAMINER HEARING

IN THE MATTER OF:

Application of Penroc Oil Corporation
for an unorthodox gas well location,
Lea County, New Mexico.

Case No.
4227

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 4227.

MR. HATCH: Case 4227. Application of Penroc Oil Corporation for an unorthodox gas well location, Lea County, New Mexico.

MR. LOSEE: A. J. Losee, Mr. Examiner, representing the Applicant. We have one witness, Mr. John Castle.

MR. UTZ: Any other appearances?

MR. HATCH: Mr. Castle, will you stand and be sworn, please?

(Witness sworn.)

JOHN CASTLE

the witness, called by Mr. Losee, was first duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. LOSEE:

- Q State your name, please?
- A John Castle.
- Q Where do you live, Mr. Castle?
- A Midland, Texas.
- Q What is your occupation?

A. I'm the President of the Penroc Oil Corporation and a geologist.

Q. Have you previously testified before this Commission as a petroleum geologist and have your qualifications been made a part of the record?

A. Yes, I have, and they have.

Q. Will you please explain the nature of this application of Penroc?

A. We request permission to re-enter an old dry hole drilled by Shell and Coastal States, located six sixty from the south and east of Section 33, Township 12 south, Range 34 east, and drill this well to the Devonian formation.

This well was originally drilled, as a regular location, to the Pennsylvanian formation, and now, we wish an orthodox approval to take it on to the Devonian.

Q. Mr. Castle, under the statewide pool rules of which the Ranger Lake or West Ranger Lake-Devonian is a part and governed by, what would a normal location be?

A. A normal location would be nineteen eighty from the short side of the lease and six sixty from the long side, which will place our location at nineteen eighty from the south and east of Section 33.

Q. Now, what portion of Section 33 did you propose

to dedicate to this well?

A. The east half of Section 33.

Q. Please refer to what has been marked as Exhibit One.

A. Exhibit One is a contour map showing the Devonian structure. It also shows the offset operators, producing wells, and dry holes.

Q. What formations are producing in this area and how have you denoted such different formations?

A. The Pennsylvanian formation is producing with the small filled-in dots. The Devonian is producing, which is a double-circled -- double-circled wells, with a gas distillate sign.

Q. And the Pennsylvanian is an oil --

A. The Pennsylvanian is an oil, and the dry holes are also shown with the dry hole symbols.

Q. Now, although you have not marked it on this contour, have you made a study of the gas-water contact in this Devonian field?

A. We estimate the gas-water contact presently at about a minus eighty-seven seventy.

Q. Do you know what kind of drive activates this reservoir?

A. We believe it's a water drive.

Q. Now, referring to the closest producing well in the Devonian, in Section 34, what is the name of the well and --

A. That is the Phillips Petroleum Company Tower One-A. And it is the highest well that has been drilled in the field up to this date -- the highest structurally.

Q. Do you know whether or not that well is producing any water?

A. It is producing a trace of water, which all of the wells in the field are producing some water.

Q. Now, if, as you have testified, in your opinion, the gas-water contact is presently at about eighty-seven seventy; would that mean that all of the east half of Section 33 is above this point?

A. Oh, yes.

Q. In the Devonian?

A. Oh, yes. All of these -- all of the east half of Section 33 is above the gas-water contact.

Q. And that is further confirmed by the fact that the Tower One-A Well, minus eighty-five ninety-two, is only at this time producing a trace of water?

A. Yes, sir. That's true.

Q. Do you have anything else you wish to point out with respect to this exhibit?

A. I might point out that every well which penetrated the Devonian formation is underlined in red and double circled, so that it is easier for you to see the Devonian wells.

Q. Please refer to what has been marked as Exhibit Two, as being the Isopach of the bough of the Devonian, and explained the important information contained in this exhibit?

A. Exhibit Two is an Isopach of the bough zone of the Pennsylvanian formation, to the top of the Devonian.

The Devonian wells, which penetrated the Devonian, are also underlined in red on this plat.

And this shows that the section does thin across the structure with the Phillips Tower Well, which we mentioned a few minutes ago, having the thinnest section of any of the other wells in the field -- also the structurally highest well in the field.

It helps corroborate our Devonian structure.

Q. So that actually the higher the structure the thinner the section?

A. That is right.

Q. And this does support your Exhibit One, being

your Devonian structure?

A. Yes, sir.

Q. Again, all of your wells that are -- that have penetrated the Devonian are underlined in red?

A. Yes, that is correct.

Q. Do you have anything further you wish to call to the Examiner's attention in connection with this exhibit?

A. No, sir.

Q. Please refer to what has been marked as Exhibit Three?

A. Exhibit Three is a cross section that crosses the highest point of the field, and it crosses Penroc's acreage to the dry hole, located to the west, on Exhibits One and Two.

Q. Would you turn to either one or two and give us the location of the well covered by the cross section, so the Examiner can follow?

A. From the east, the Amerada Number One, located nineteen eighty from the north and six sixty from the west of Section 35, to the Pan-American State A-Z Number Four, located approximately sixteen fifty from the north and east of Section 34, to the Phillips Tower One-A, located nineteen eighty from the south and west of Section 34, across Penroc's

acreage in Section 33, to the Jake Hammond State Number One-B, located six sixty from the north and east of Section 32.

Q Now, Mr. Castle, this is the only possible way to cross section -- had you a point on the north side -- I mean, it would have crossed your form out from Amerada?

A We didn't have any north or south control which would cross our acreage.

Q Now, you said that Pan-American was located approximately sixteen fifty; if you look at the top of your cross section, I think the correct location is an unorthodox at nine hundred and ninety feet --

A Is that what it is? I couldn't tell -- from this Exhibit One that I was looking at.

Q Please refer to your cross section and explain what is shown there?

A The cross section shows the total depth of the well which was shown on the cross section -- shows a producing interval in the zones, from the Bough formation to the top of the Devonian, which is shown on Isopach.

Also, it shows the gas-water contact at a minus eighty-seven seventy.

It shows our location to be high structurally, with approximately one hundred and fifty feet or more above

the gas-water contact.

Q Now, where would an orthodox location appear on this cross section?

A Well, it would appear at the same place that our drill site appears, since this old location is a six sixty location, and moving it to the north, it would still be a six sixty from the east line of our lease. And by the way, our lease is marked on this cross section in yellow.

And so, our normal location or our regular location would be the same on the cross section as this location is shown here now.

Q Now, you did point out, Mr. Castle, did you not, that this cross section shows the total depth of each of these wells?

A Yes, it does.

Q And the initial portential perforations?

A Yes, sir.

Q Do you have anything further to call to the Examiner attention on this exhibit?

A No, sir.

Q Mr. Castle, do you have an opinion as to the cost of drilling a well to the West Ranger Lake-Devonian Field from the surface?

A. Yes, we estimate the drilling of the well from the top to the bottom, at our regular location, would cost somewhere in the neighborhood of one hundred and seventy thousand dollars.

And re-entering this old dry hole and deepening it from ten thousand six hundred thirteen, I believe it is, to the Devonian, would cost somewhere from sixty-five to eighty-five thousand, depending upon the trouble we have re-entering it.

Q. So that actually there is a saving by re-entry of approximately --

A. Of approximately one hundred thousand dollars.

Q. Now, Mr. Castle, is it possible that Penroc will not drill or cause to be drilled a well in the east half of Section 33, if it's not permitted to make this re-entry?

A. Yes, it's very possible.

Q. And that would be because of the economics?

A. Yes, the increased cost.

Q. Now, would a regular location put you further away from the closest producing well in the field or further --

A. A regular location would be closer than the location that we are asking for to a producing well in the field.

Q. Would a regular location put you in any appreciable up-structure?

A. It would be favorable, it would be structurally more favorable, but not by very much.

Q. And have you contacted all the offset operators in the field?

A. Yes, we have contacted them by certified mail and have received answers, either by letter or by telephone, from all except one.

Q. Now, in order that the Commission's file will be complete on it, we have Xeroxed copies of certain of these letters, and let me ask that -- it's really not part of the record, but Mr. Hatch, do you have a letter from Amerada?

MR. HATCH: I believe the only one we have received is from Texaco.

MR. LOSEE: All right.

Q. (By Mr. Losee) Mr. Castle, there is a Xeroxed copy of a letter from Amerada in which -- the form letter that you sent out in which they purport to waive objection; is that correct?

A. That is correct.

MR. LOSEE: We would simply ask that the Commission file this.

Q (By Mr. Losee) Do you also have a similar letter from Phillips?

A That is correct.

Q And a similar letter, dated September 26th, from Pan-American, except, although, this letter does not waive objection to it, it just waives notice of hearing?

A That's correct, yes.

MR. LOSEE: We would also ask that this, together with the Phillips' letter, be placed in the file.

Q (By Mr. Losee) And you do have a letter from Del-Lee, dated September 30, 1969; what is the import of that letter?

A Well, in the first paragraph of this letter, it says, "In a recent letter, you asked that we address a letter to the New Mexico Oil Conservation Commission to state that we have no objection to re-entering or deepening the referenced well to the Devonian formation, and we waive our rights to file on the objection thereto --"

The second paragraph begins -- "We have no objection to you to re-enter and deepen the referenced well to the Devonian formation."

Q Their only question is the rate of withdrawal?

A That is right.

MR. LOSEE: We ask that that be made a part of the record. I believe the Commission has the original copy of the Texaco there, which we ask you to note that they have no objection.

Q (By Mr. Losee) Did you also contact Humble?

A. Yes, we contacted Humble by certified mail, but didn't receive a written reply from them. However, they did call our office yesterday and they said that they had no objection.

MR. LOSEE: We would ask that the receipt be made a part of the record.

THE WITNESS: That call was made by Mr. John Irving, of the Midland office.

Q (By Mr. Losee) Mr. Castle, do you have an opinion as to whether the approval of this unorthodox location will gain any advantage to you as the operator, in testing the Devonian?

A. No -- the only advantage which we will gain will be economic, by saving approximately one hundred dollars in drilling costs, structurally, and there is no advantage.

Q Now, do you have an opinion as to whether all of the acreage in the east half of Section 33 can reasonably be presumed productive from the Devonian?

A. Yes, sir. We believe our Exhibit One proves that all of the east half of Section 3 will be productive from the Devonian.

Q. Were Exhibits One through Three prepared by you or someone under your direction?

A. Yes, they were prepared by me.

Q. And the letters, which are -- which were four in number, that you had received, and the Texaco is five; were actually received by you and your Midland office?

A. That is correct.

MR. LOSEE: We move the introduction of Exhibits One through Three and ask the Commission to take note of the four letters we submitted.

MR. UTZ: Exhibits One through Three will be entered into the record and the letters will be filed and noted.

MR. LOSEE: That's all the direct examination.

(WHEREUPON, Applicant's Exhibits One through Three, inclusive, were duly admitted into evidence.)

CROSS EXAMINATION

BY MR. UTZ:

Q. Mr. Castle, if my memory serves me correctly,

Del-Lee acreage is the north half of Section 35?

A. The Del-Lee acreage is the north half of the northwest quarter of Section 33.

MR. LOSEE: They have also been offset.

Q. (By Mr. Utz) Don't they have a form out on the north half of Section 35, also?

A. Oh, yes. -- I believe -- I'm not familiar with that, but I do believe that they have a form out from Amerada on Section 35 -- a part of Section 35, yes.

Q. But you don't know whether they have started that up?

A. No, I don't.

Q. Are you familiar with the Pan-American and the Del-Lee contours of this pool?

A. I haven't seen them, no.

Q. So, then, you wouldn't know how your contours --

A. No -- I wouldn't know, but I can't see that it would be too much different, because we do have good control there.

Q. All right. And the only thing you are going to do to this well is to -- is there any plugs in it?

A. Yes, there are plugs.

Q. Drill the plugs and deepen it?

A. Right. This well was originally drilled by Shell and plugged at about ten thousand four hundred -- something like that -- and then Coastal States, about ten days later, re-entered it and drilled it on down to ten-six-thirteen -- and plugged it.

Q. They leave the pipe in it?

A. I think -- I have two sets of records and one set says that the intermediate was cemented and the cement circulated.

I have another set of records that say that it's twelve hundred feet of the intermediate was pulled -- now, I don't know how they managed to do this if the cement was circulated --

Q. I don't either -- that would be a pretty good trick, wouldn't it?

A. Yes, sir.

MR. UTZ: Any further questions of the witness?
The witness may be excused.

Statements? The case will be taken under advisement.

The hearing will be adjourned until one-thirty.

(WHEREUPON, at 12:00 o'clock, P.M.
the hearing was adjourned to be
reconvened at 1:30 o'clock, P.M.)

I N D E XPage

The Witness - JOHN CASTLE

Direct Examination by Mr. Losee

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Cross Examination by Mr. Utz

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E X H I B I T SAdmitted

Applicant's Exhibits One through Three

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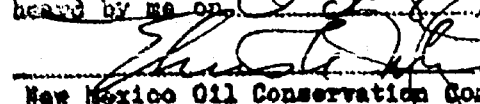
STATE OF NEW MEXICO)
) SS
COUNTY OF BERNALILLO)

I, CA FENLEY, Court Reporter in and for the County of Bernalillo, 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.

Witness my Hand this 20th of November, 1969.



CA FENLEY - COURT REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 4227
heard by me on Oct 8 1969
 Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

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

**GOVERNOR
DAVID F. CARGO
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

October 22, 1969

Mr. A. J. Losee
Attorney at Law
Post Office Box 239
Artesia, New Mexico 88210

Re: Case No. 4227
Order No. R-3855
Applicant:
Penroc Oil Corporation

Dear Sir:

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

Very truly yours,

G. L. Parker, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC

Other _____

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. 4227
Order No. R-3855

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 8, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 22nd day of October, 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, Penroc Oil Corporation, seeks authority to re-enter and recomplete its Shell-Coastal States RLB State Well No. 1 at an unorthodox location in the West Ranger Lake-Devonian Gas Pool 660 feet from the South line and 660 feet from the East line of Section 33, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico, to be dedicated to a standard unit comprising the E/2 of said Section 33.

(3) That a standard location for the subject well would require the well to be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

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CASE No. 4227

Order No. R-3855

(4) That the subject well was drilled originally as an oil well at a standard location to test the Pennsylvanian formation, but was unproductive in the Pennsylvanian formation.

(5) That the evidence indicates that the entire E/2 of said Section 33 is productive of gas in the West Ranger Lake-Devonian Gas Pool.

(6) That approval of the unorthodox location will not violate correlative rights and will afford the applicant the opportunity to produce its just and equitable share of the gas in the West Ranger Lake-Devonian 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 otherwise prevent waste.

IT IS THEREFORE ORDERED:

(1) That the applicant, Penroc Oil Corporation, is hereby authorized to deepen and to complete its Shell-Coastal States RLB State Well No. 1 at an unorthodox gas well location in the West Ranger Lake-Devonian Gas Pool 660 feet from the South line and 660 feet from the East line of Section 33, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico.

(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

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. 4207
Order No. R-3835

APPLICATION OF C. W. TRAINER AND
DEL-LEA, INC., FOR AN UNORTHODOX
GAS WELL LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 27, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of September, 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 applicants, C. W. Trainer and Del-Lea, Inc., seek authority to drill a gas well at an unorthodox gas well location in the West Ranger Lake-Devonian Gas Pool 330 feet from the North line and 660 feet from the West line of Section 35, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico, to be dedicated to a standard unit comprising the N/2 of said Section 35.

(3) That a standard location for the subject well would require the well to be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

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CASE No. 4207
Order No. R-3835

(4) That the evidence indicates that the subject pool is an active water-drive reservoir.

(5) That the productivity of approximately 242 1/2 acres in the eastern and southeastern part of the N/2 of said Section 35 is doubtful in the subject pool.

(6) That the evidence indicates that a well located up-structure at the proposed non-standard location in said Section 35 is more likely to encounter the West Ranger Lake-Devonian producing section above the gas-water contact than a well drilled at a standard location for said pool and should, therefore, result in greater ultimate recovery of gas from said pool.

(7) That the correlative rights of some offset operators will be impaired if the entire N/2 of said Section 35 is dedicated to the subject well.

(8) That to offset the advantage to be gained over offset operators by the drilling of a well at the proposed non-standard location, the acreage to be dedicated to the subject well should be reduced by approximately 75.78 percent.

(9) That approval of the proposed unorthodox location will not violate correlative rights and will afford the applicants the opportunity to produce their just and equitable share of the gas in the West Ranger Lake-Devonian 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 otherwise prevent waste, provided no more than 77.5 acres is dedicated to the subject well.

IT IS THEREFORE ORDERED:

(1) That the applicants, C. W. Trainer and Del-Lea, Inc., are hereby authorized to drill a gas well at an unorthodox gas well location in the West Ranger Lake-Devonian Gas Pool 330 feet from the North line and 660 feet from the West line of Section 35, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico;

PROVIDED HOWEVER, that no more than 77.5 acres shall be dedicated to said well, being the W/2 W/2 NE/4 NE/4 NW/4, NW/4 NE/4 NW/4, N/2 SW/4 NE/4 NW/4, SW/4 SW/4 NE/4 NW/4, NW/4 NW/4, N/2 NE/4 SW/4 NW/4, SW/4 NE/4 SW/4 NW/4, and NW/4 SW/4 NW/4 of said Section 35.

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CASE No. 4207
Order No. R-3835

(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. ARMIJO, Member

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

S E A L

ear/

Card 4227

Heard 10-8-69

Rec - 10-10-69

Grant Bureau permission
to ~~drill~~ ^{Reenter} a NSL in W. Pangea
Lake - Der. Gas Port located,
660 / S + E lines sec 33-125-
346.

It appears that the latitudes
320 - 322 sec. 33 would be
productive.

Thos. J. [Signature]

Docket No. 27-69

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 8, 1969

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

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

CASE 4220: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit E. P. Campbell, and all other interested parties to appear and show cause why the E. P. Campbell Christmas Well No. 1 located in Unit C of Section 6, Township 23 South, Range 36 East, Jalmat Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4221: Application of Tenneco Oil Company for a dual completion and water injection, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its South Hospah Unit Well No. 23 located in Unit K of Section 12, Township 17 North, Range 9 West, McKinley County, New Mexico, in such a manner as to permit the production of gas from the perforated interval 2590 feet to 2865 feet, undesignated Dakota gas pool, and the injection of water for secondary recovery purposes into the upper sand, South Hospah-Upper Sand Oil Pool, in the perforated interval from 1685 feet to 1714 feet.

CASE 4222: Application of Coastal States Gas Producing Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Sawyer-San Andres Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

CASE 3881: (Reopened)

In the matter of Case No. 3881 being reopened pursuant to the provisions of Order No. R-3533, which order established 80-acre spacing units for the South Prairie-Devonian Pool, Roosevelt County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 4181: (Continued from the September 10, 1969 Examiner Hearing)

Application of J. M. Huber Corporation for a dual completion and salt water disposal, Lea County, New Mexico. Applicant,

(Case 4181 continued)

in the above-styled cause, seeks authority to dually complete its Stoltz Federal Well No. 1 located in Unit J of Section 12, Township 15 South, Range 34 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Morton-Wolfcamp Pool and the disposal of produced salt water through the 8 5/8 X 4 1/2-inch casing-casing annulus into the San Andres, Tubb, Abo, and possibly other formations in the open-hole interval from approximately 4330 feet to 9750 feet.

CASE 4223: Application of Resler and Sheldon for two waterflood projects, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to institute two waterflood projects by the injection of water into the Grayburg, and possibly other formations in the perforated interval from approximately 3555 feet to 3617 feet in their Kelly Well No. 3 and into the Queen, and possibly other formations in the perforated interval from approximately 3439 feet to 3689 feet in their Steeler Well No. 1, said wells being located, respectively, in Unit M of Section 16, and Unit I of Section 20, Township 23 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. In the alternative, applicants seek authority to dispose of produced salt water in said wells in the intervals as described above.

CASE 4224: Application of Big "6" Drilling Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Ora Jackson "A" Well No. 1 located 660 feet from the South and West lines of Section 5, Township 19 South, Range 35 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Scharb-Bone Springs Pool and the disposal of produced salt water through the intermediate casing-production casing annulus into the Seven Rivers, Queen, San Andres, Upper Bone Springs, and possibly other formations in the interval from approximately 3989 feet to 9500 feet.

CASE 4225: Application of S. P. Yates for a pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Queen formation through his Anderson Well No. 2 located 2310 feet from the South line and 990 feet from the East line of Section 11, Township 20 South, Range 26 East, West McMillan Pool, Eddy County, New Mexico.

Examiner Hearing - October 8, 1969

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Docket No. 27-69

CASE 4226: Application of John A. Yates for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg formation through his John A. Yates-State A Wells Nos. 2 and 6 located in Units J and P, respectively, of Section 5, Township 19 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.

CASE 4227: Application of Penrock Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C 11 to permit the re-entry of a well at an unorthodox gas well location 660 feet from the South and East lines of Section 33, Township 12 South, Range 34 East, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico. The E/2 of said Section 33 to be dedicated to the well.

PENROC Oil Corporation

P. O. DRAWER 831 • MIDLAND, TEXAS • 79701

Telephone (915) 683-1861

September 19, 1969

Re: A-55 Ranger State #1
Devonian Test
660' FSL and 660' FEL
Section 33-12S-34E
Lea County, New Mexico

Certified - Return Receipt Requested

Gentlemen:

Penroc Oil Corporation desires to re-enter and deepen to the Devonian Formation the well drilled originally by Shell Oil Corporation, as follows:

660' FSL and 660' FEL
Section 33, T-12-S, R-34-E
Lea County, New Mexico

With 320 acre spacing this will be an unorthodox location for a well in the Ranger Lake Field. The only reason for requesting the unorthodox location is the economics of re-entry over drilling from top to bottom. There would not be any geological advantage.

We respectfully request that you sign and return to Penroc Oil Corporation, one copy of the enclosed waiver of objection letter.

Thank you for your assistance.

Very truly yours,

PENROC OIL CORPORATION

John B. Castle
President

Del Lea - Hobbs
N. L. Stevens, Jr. - Roswell
Amerada - Midland

JBC:mlm

To: Phillips - Midland
Texaco - Midland
Pan Am - Fort Worth

Enclosures

cc: OCC - (A. L. Porter, Jr.) - Santa Fe
OCC - Hobbs

Date: _____

Re: A-55 Unorthodox Location
Penroc Oil Corporation's
Ranger State #1
660' FSL and 660' FEL
Section 33, T-12-S, R-34-E
Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We have no objections to the re-entry and deepening of the reference well to the Devonian Formation at the subject location, and we hereby waive our right to file an objection thereto.

Very truly yours,

By _____

To: Phillips - Midland
Texaco - Midland
Pan Am - Fort Worth

Del Lea - Hobbs
N. L. Stevens, Jr. - Roswell
Amerada - Midland

cc: OCC - (A. L. Porter, Jr.) - Santa Fe
OCC - Hobbs
Jerry Lasso, Atty., Artesia

NUMBER OF COPIES RECEIVED	
STATE	
FEDERAL	
LOCAL	
TRANSPORTATION	
OPERATION	

NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Form C-101
Revised (12/1/55)

NOTICE OF INTENTION TO DRILL

Notice must be given to the District Office of the Oil Conservation Commission and approval obtained before drilling or recompletion begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in **QUINTUPPLICATE**. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission. If State Land submit 6 Copies Attach Form C-128 in triplicate to first 3 copies of form C-101

Midland, Texas

(Place)

September 22, 1969

(Date)

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

**Re-enter and drill deeper (old T. D. 10, 613'),
unorthodox location for Ranger Lake Devonian.**

Gentlemen:

You are hereby notified that it is our intention to commence the Drilling of a well to be known as

Penroc Oil Corporation (orig. Shell-Coastal RLB #1)

(Company or Operator)

Ranger-State

(Lease)

Well No. **1**, in **P** The well is

(Unit)

located **660** feet from the **south** line and **660** feet from the

east line of Section **33**, T. **12S**, R. **34E**, NMPM.

(GIVE LOCATION FROM SECTION LINE) **Ranger Lake Devonian** Pool, **Lea** County

If State Land the Oil and Gas Lease is No. **K-2447 and L-130**

If patented land the owner is

Address

We propose to drill well with drilling equipment as follows: **Rotary**

The status of plugging bond is **Active**

Drilling Contractor

We intend to complete this well in the **Devonian**

formation at an approximate depth of **12,950** feet.

CASING PROGRAM

We propose to use the following strings of Casing and to cement them as indicated:

Size of Hole	Size of Casing	Weight per Foot	New or Second Hand	Depth	Sacks Cement
17"	13-3/8"	48#	New	317 Ran by Shell	
11"	8-5/8"	32#	New	4,236 Ran by Shell	
7-7/8"	4-1/2"	11.60#	New	12,950'	200

If changes in the above plans become advisable we will notify you immediately.

ADDITIONAL INFORMATION (If recompletion give full details of proposed plan of work.)

Approved....., 19.....
Except as follows:

OIL CONSERVATION COMMISSION

By.....

Sincerely yours,

PENROC OIL CORPORATION

(Company or Operator)

By *J. D. Lasker*

Position **President**

Send Communications regarding well to

Name **PENROC OIL CORPORATION**

Address **P. O. Drawer 831, Midland, Texas**

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

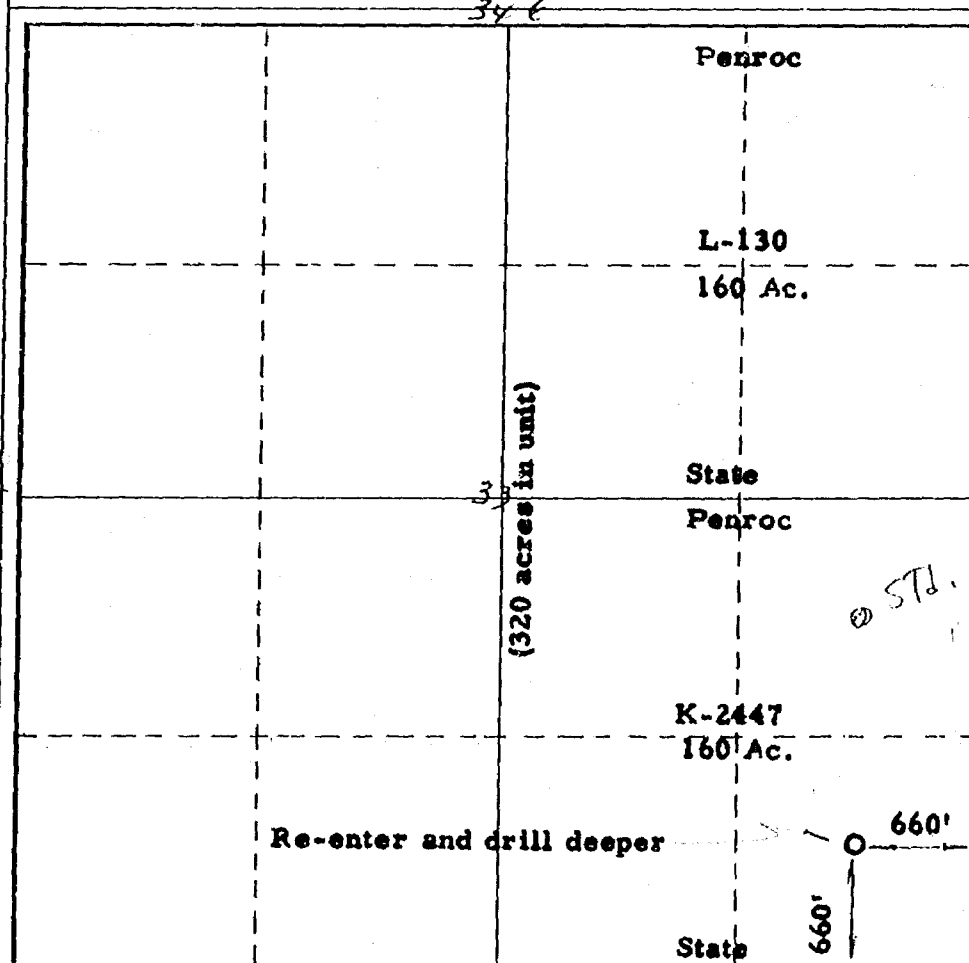
Operator Penroc Oil Corporation			Lease Ranger-State		Well No. 1
Unit Letter P	Section 33	Township 12S	Range 34E	County Lea	
Actual Footage Location of Well: 660 feet from the south line and 660 feet from the east line					
Ground Level Elev. 4169	Producing Formation Devonian		Pool Ranger Lake Devonian	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name L. B. Castle
Position **President**

Company **Penroc Oil Corporation**

Date **Sept. 22, 1969**

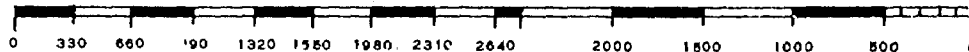
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

April 1961 by Shell

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.



INSTRUCTIONS TO DELIVERING EMPLOYEE☐ Show to whom, date, and
address where delivered☐ Deliver ONLY
to addressee*(Additional charges required for these services)***RECEIPT***Received the numbered article described below.*

REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE <i>(Must always be filled in)</i>
CERTIFIED NO. 580318	1 <i>Humble Oil & Ref</i>
INSURED NO.	2 SIGNATURE OF ADDRESSEE'S AGENT, IF ANY <i>W E Haward</i>
DATE DELIVERED 9-30-69	3 SHOW WHERE DELIVERED <i>(only if requested)</i> <i>A-55 Ranger State</i>

A-55 Ranger State

655-16-71648-10 GPO

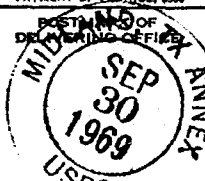
POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

CS-16-71249-10

POD Form 3811 Apr. 1967

INSTRUCTIONS: Show name and address below and complete instructions on other side, where applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article RETURN RECEIPT REQUESTED.



RETURN
TO

NAME OF SENDER

Penroc Oil Corporation

STREET AND NO. OR P.O. BOX

P. O. Box 831

POST OFFICE, STATE, AND ZIP CODE

Midland, Texas 79701

A-55 Ranger-State #1

Date: 9/29/69

Re: A-55 Unorthodox Location
Penroc Oil Corporation's
Ranger State #1
660' FSL and 660' FEL
Section 33, T-12-S, R-34-E
Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We have no objections to the re-entry and deepening of the reference well to the Devonian Formation at the subject location, and we hereby waive our right to file an objection thereto.

Very truly yours,

AMERADA DIVISION
AMERADA HESS CORPORATION

By James D. McMillen, Jr.

Date: September 26, 1969

Re: A-55 Unorthodox Location
Penroc Oil Corporation's
Ranger State #1
660' FSL and 660' FEL
Section 33, T-12-S, R-34-E
Lea County, New Mexico

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We have no objections to the re-entry and deepening of the reference well to the Devonian Formation at the subject location, and we hereby waive our right to file an objection thereto.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

By *W. H. Connell*

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

P. O. BOX 1410

D. L. RAY
DIVISION ENGINEER

FORT WORTH, TEXAS--76101
September 26, 1969

A-55

File: PEH-454-986.510.1


Subject: Unorthodox Location, Penroc Oil
Corporation's West Ranger Lake Field
Development Well, Lea County
New Mexico

Penroc Oil Corporation
P. O. Drawer 831
Midland, Texas 79701

Gentlemen:

Reference is made to your letter of September 19, 1969, requesting our waiver of objection to your re-entry of the A-55 Ranger State No. 1 to test the Devonian at an unorthodox location. It is our understanding the well is located 660' FSL and 660' FEL, Section 33, T-12-S, R-34-E, Lea County, New Mexico. Pan American Petroleum Corporation hereby waives notice of hearing on this application.

Yours very truly,

D. L. Ray 

WCW:jn



PETROLEUM PRODUCTS

PRODUCING DEPARTMENT
UNITED STATES
MIDLAND DIVISION
DARRELL SMITH
DIVISION MANAGER

October 3, 1969

TEXACO INC.
P. O. BOX 3109
MIDLAND, TEXAS 79701

UNORTHODOX WELL LOCATION
BY PENROC OIL CORPORATION
RANGER LAKE POOL
LEA COUNTY, NEW MEXICO

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

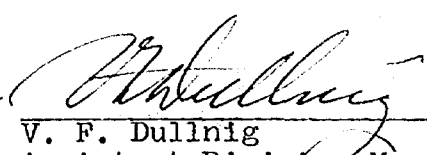
Gentlemen:

Texaco Inc., as a part interest owner in an adjoining tract, waives objection to the application of Penroc Oil Corporation for an unorthodox well location for their well designated as A-55 Ranger State #1.

By letter dated September 19, 1969 the applicant advised of their plans to re-enter the existing well located 660' FSL & FEL, Section 33, T-12-S, R-34-E, Lea County, New Mexico and deepen the well to test the Devonian formation.

Yours very truly,

Darrell Smith

By 
V. F. Dullnig
Assistant Division Manager

CIW/pw

cc: Penroc Oil Corporation
P. O. Drawer 831
Midland, Texas 79701

DEL-LEA, INC.

P. O. BOX 1889

HOBBS, NEW MEXICO 88240

505 393-3144

September 30, 1969

Penroc Oil Corporation
P. O. Box 1004
Midland, Texas 79701

Re: A-55 Unorthodox Location
Penroc Oil Corporation's
Ranger State #1
660' FSL and 660' FEL
Section 33, Twp. 12S, Rge. 34E.,
Lea County, New Mexico

Attention: Mr. John B. Castle
President

Dear John:

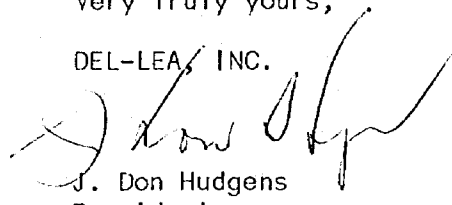
In a recent letter you asked that we address a letter to the New Mexico Oil Conservation Commission and state that we have no objections to the reentry and deepening of the reference well to the Devonian formation and waive our rights to file an objection thereto.

We have no objections for you to reenter and deepen the reference well to the Devonian formation. We do, however, object to waiving our rights from now on concerning other aspects regarding this well. Particularly we would not wish to waive our rights to object to the rate of withdrawal from the reservoir.

If, however, ^{you} obtain waivers from offset operators other than ourselves, we will reconsider the matter. Even at this time we think we might be able to word a limited waiver that would be satisfactory to you. If you would be interested in discussing this, please advise.

Very truly yours,

DEL-LEA, INC.


J. Don Hudgens
President

JDH:nm

CC: Mr. C. W. Trainer, P. O. Box 1100, Hobbs, New Mexico
Mr. A. J. Losee, P. O. Drawer 239, Artesia, New Mexico

SEP 23 1969

LAW OFFICES

A. J. LOSEE

JOEL M. CARSON

CARPER BUILDING - P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

AREA CODE 505
746-3508

22 September 1969

Case 4227

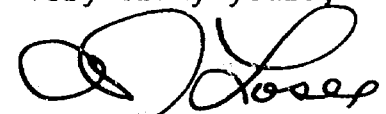
Mr. A. L. Porter, Jr.
Secretary-Director
Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Enclosed herewith please find triplicate copies of Application of Penroc Oil Corporation for unorthodox gas well location, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico.

I understand this application has been set for hearing before an examiner on October 8, 1969.

Very truly yours,


A. J. Losee

AJL:jw
Enclosures

cc: Penroc Oil Corporation

DOCKET MAILED

Date 9/24/69

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
PENROC OIL CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, WEST RANGER LAKE-
DEVONIAN GAS POOL, LEA COUNTY, NEW MEXICO

Case No. 4227

APPLICATION

DA

COMES PENROC OIL CORPORATION by its attorney and in support of this application, states:

1. Applicant is the operator of the Devonian formation underlying the E/2 of Section 33, Township 12 South, Range 34 East, N.M.P.M., Lea County, New Mexico.
2. Applicant proposes to re-enter the Shell-Coastal States RLB State No. 1 well located 660 feet from the South line and 660 feet from the East line of said Section 33, presently bottomed at 10,613 feet, and deepen said well to the West Ranger Lake-Devonian Gas Pool.
3. That a standard location for the subject well would require it to be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1,980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.
4. That a standard 320-acre gas proration unit comprising all of the E/2 of said Section 33 should be dedicated to said well.

5. The approval of this application will afford applicant the opportunity to produce its just and equitable share of the production from the West Ranger Lake-Devonian Gas Pool, and will protect correlative rights.

WHEREFORE, Applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Commission enter its order granting to Applicant an exception to Rule 104 of the Oil Conservation Commission to permit the deepening of the Shell-Coastal States RLB State No. 1 well at an unorthodox location 660 feet from the South and 660 feet from the East line of said Section 33 to the West Ranger Lake-Devonian Gas Pool and dedicate the E/2 of said Section 33 to said well.

C. And for such other relief as may be just in the premises.

PENROC OIL CORPORATION

By: 

A. J. Losee
P. O. Drawer 239
Artesia, New Mexico 88210

Attorney for Applicant

DRAFT

GMH/esr

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. 4227

Order No. R- 3855

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 8, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of October, 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, Penroc Oil Corporation, seeks
authority to ~~complete~~ ^{re-enter & recomplete} its Shell-Coastal States RLB State Well
No. 1 at an unorthodox location in the West Ranger Lake-Devonian
Gas Pool 660 feet from the South line and 660 feet from the East
line of Section 33, Township 12 South, Range 34 East, NMPM, Lea
County, New Mexico, to be dedicated to a standard unit comprising
the E/2 of said Section 33.

(3) That a standard location for the subject well would
require the well to be located not closer than 660 feet to the
nearest side boundary of the dedicated tract nor closer than
1980 feet to the nearest end boundary nor closer than 330 feet
to any quarter-quarter section or subdivision inner boundary.

(4) That the subject well was originally at a standard
location to test the Pennsylvanian formation but was
unproductive in the Pennsylvanian formation.

(4) That the evidence indicates that the subject pool is an active water-drive reservoir.

(5) That the productivity of approximately _____ acres in the _____ and _____ part of the E/2 of said Section 33 is doubtful in the subject pool.

(6) That the evidence indicates that the well located up-structure at the aforesaid non-standard location in said Section 33 is more likely to encounter the West Ranger Lake-Devonian producing section above the gas-water contact than a well located at a standard location for said pool and should, therefore, result in greater ultimate recovery of gas from said pool.

(7) That the correlative rights of some offset operators will be impaired if the entire E/2 of said Section 33 is dedicated to the subject well.

(8) That to offset the advantage to be gained over offset operators by completion of the subject well in the West Ranger Lake-Devonian Pool at the aforesaid non-standard location, the acreage to be dedicated to the subject well should be reduced by approximately _____ percent.

(4)(8) That approval of the unorthodox location ^{will not} ~~will not~~ ^{violate correlative rights and} ~~violate correlative rights and~~ will afford the applicant the opportunity to produce its just and equitable share of the gas in the West Ranger Lake-Devonian 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 otherwise prevent waste. ~~provided no more~~ than _____ acres is dedicated to the subject well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Penroc Oil Corporation, is hereby ^{deposited to} authorized to complete its Shell-Coastal States RLB State Well No. 1 at an unorthodox gas well location in the West Ranger Lake-

(5) That the evidence indicates that gas in the E/2 of said Section 33 is produced by gas in the West Ranger Lake-Devonian Pool.
(6) That the

-3-

CASE No. 4227

Devonian Gas Pool 660 feet from the South line and 660 feet from the East line of Section 33, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico;

~~PROVIDED HOWEVER, that no more than _____ acres shall be dedicated to said well, being the _____~~

~~of said Section 33.~~

(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.

West Ranger Lake Dev.

Pennock Oil Corp - to venter

Sec 33, 125, 34E

Shell - Coastal States #1 RLB State

Loc. 660-S

660 FEL

Dedicate E/2