

CASE 4324: Application of PENNZOIL
UNITED FOR AN UNORTHODOX OIL WELL
LOCATION, LEA COUNTY, NEW MEXICO.

Case Number

4324

Application
Transcripts.

Small Exhibits

ETC.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 25, 1970

EXAMINER HEARING

IN THE MATTER OF:)

Application of Pennzoil United,)
Inc. for an unorthodox oil well)
location, Lea County, New Mexico.)

Case No. 4324

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 4324.

MR. HATCH: Case 4324. Application of Pennzoil United, Inc. for an unorthodox oil well location, Lea County, New Mexico.

MR. DURRETT: If the Examiner please, J. M. Durrett of Albuquerque, appearing on behalf of Pennzoil United, Inc. I have one witness, Mr. Sinclair.

(Witness sworn).

(Whereupon, Applicant's Exhibits 1 through 3 were marked for identification).

MR. UTZ: Are there other appearances in this case? You may proceed, Mr. Durett.

B. C. SINCLAIR

the Witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. DURRETT:

Q Mr. Sinclair, would you please state your full name and position for the record?

A My name is B. C. Sinclair. I am a petroleum engineer with Pennzoil United Incorporated, Midland, Texas.

Q Have you previously testified as an expert witness

before this Commission, had your qualifications made a matter of record?

A Yes, sir, I have.

MR. DURRETT: Are the witness' qualifications acceptable, Mr. Examiner?

MR. UTZ: Yes, sir, they are.

O (By Mr. Durrett) Mr. Sinclair, are you familiar with Pennzoil's application in Case 4324?

A Yes, I am.

O What is Pennzoil seeking by that application?

A We are seeking approval of an unorthodox location for the Pennzoil United --

MR. UTZ: Do you have some exhibits?

MR. DURRETT: Just a minute, I don't have them marked yet.

O (By Mr. Durrett) Now, I believe you were stating that Pennzoil was seeking an unorthodox location for what well was that?

A This is the Pennzoil United Mescalero Ridge Unit Number Two Well located 1800 feet from the east line and 2310 feet from the south line of Section 35, Township 19 South, Range 34 East of Lea County, New Mexico.

This will be an exception to the Lea-Bone Springs

Pool Rule.

Q Okay. Mr. Sinclair, will you please refer to what has been marked as Pennzoil's Exhibit Number One and explain what that is?

A Yes. This is a map of the area around the Pennzoil United Mescalero Ridge Unit Number Two Well. The well in question is shown near the center of the map and is colored green.

Shown just to the southeast of the well is a location, a well that is owned by Hanson. It's the Mescalero Ridge Unit Thirty-five Number Nine Well. This well is a shallow well and is located 1980 feet from the east line and 1980 feet from the south line of Section 35.

I would like to point out that this well is in the center of that quarter-quarter section and point out that Pennzoil would have drilled its well on this location had not that well been there. This is the only shallow well shown on the map.

All the other wells shown were drilled to the Bone Springs Formation or deeper. There are three Bone Springs Fields shown on the map, the Scar Bone Springs Field to the northeast, the Quail Ridge Bone Springs Field to the northwest portion of the map and the Lea-Bone Springs Field to the

southeast portion of the map.

O Now, Mr. Sinclair, there are numerous shallow wells in this area that you just haven't put on here, isn't that correct?

A Yes, that's correct. If you will notice, there are some dashed lines on the map and those outline the shallow pools that do exist in this area.

The Bone Springs completions are shown in green on the map. The other outlines shown are federal units and the proposed proration unit for the Pennzoil Well is shown outlined in red. The contour lines shown on the map are contours on a marker within the Bone Springs Formation.

This is commonly referred to as the top of the middle Bone Springs. The Pennzoil United Well is completed in the middle Bone Springs Zone. Pennzoil Mescalero Ridge Number Two Well was perforated as a 14,000 foot Morrow test.

The Morrow usually produces gas in this area and our plans were to drill to the Morrow and if the Morrow was dry to drill on into the Mississippian and if the structural situation was favorable to deepen the well then to the Devonian which is a good oil reservoir in this area.

I would like to point out if the well had been completed in the Morrow or the Devonian Zones it would have

been at a standard location. During the drilling of the well, we did take some drill stem tests in the Bone Springs Zone that indicated commercial production.

It was necessary to set a protection string to protect this zone and after drilling the well to 13,980 feet and finding the Morrow zone dry and the structural position was not good enough to justify drilling on into the Devonian, we plugged back and completed the well in the Bone Springs Zone.

We then realized that we probably would be placed in the Lea-Bone Springs Field and realized we were at an unorthodox location for this field. The field rule for the Lea-Bone Springs Pool provide for locations in any quarter-quarter section within 150 feet of the center of the quarter-quarter section.

Our well is 30 feet too far east and 180 feet too far north to be in compliance with these rules. We submitted a request for an administrative approval of this unorthodox location, but since the Lea-Bone Springs rules don't provide for administrative approvals, this request could not be approved.

Therefore, that's why we are here today and we request first that the Lea-Bones Field be extended to include

the north half of the southeast quarter of Section 35 which is the proration unit that we would like to dedicate to this well and, of course, we request that the unorthodox location be approved.

Q Now, Mr. Sinclair, would you show us, referring to your plat, who the offset operators are and what acreage you have?

A Yes. Pennzoil United controls the deep rights and by that, I mean everything below the Queen Formation, which includes the Bone Springs in the unit outlined, the federal unit outline in which the well is located.

We also control the Bone Springs rights in Section 2 just south. That is the north half of Section 2 just south of the well in question. The Bone Springs rights in Section 36, which is the east offsetting section to our well, are controlled by Gulf and Union Oil Company of California.

Q So, the only way you would be crowding anybody would be over to the eastern side of your unit? In other words, you would be crowding Section 36 slightly with this?

A Yes. We would be crowding Section 36 by 30 feet and all other directions we would be crowding ourself.

Q What acreage -- you may have testified to this previously, but let me ask you again -- what acreage would

you propose to dedicate to this well now?

A The north half of the southeast quarter of Section 35.

Q Have you received waivers from Gulf and Union concerning this application?

A Yes, we have.

Q Are those marked as Exhibits Two and Three for the purpose of this hearing?

A Right.

Q Do you have anything further, Mr. Sinclair?

A No, sir.

Q Was Exhibit Number One prepared by you or under your supervision?

A Yes, it was.

Q And Exhibits Two and Three are the letters that you sent out and received back from the offset operators?

A Yes.

MR. DURRETT: If the Examiner please, I would move the introduction of Exhibits One, Two and Three and that would conclude my direct examination.

MR. UTZ: Without objection, Exhibits One, Two and Three will be entered into the record of this case.

Does anyone have a question of Mr. Sinclair?

9

CROSS EXAMINATION

BY MR. UTZ:

Q There is one oil well between the present pool limits and your well: is that correct?

A No, sir. That well is in the Lea-Bone Springs Field. That outline down there is a federal unit outline, Mr. Utz.

Q You don't have the Bone Springs Field outlined on here?

A No, sir, we don't.

Q I see. Where is the northern extremity of the Lea-Bone Springs?

A I haven't checked that out myself. The information I had did not show all the amendments and the additions to the field, but I assumed that it was the north half of the 80-acre tract. That Texaco Well there is the well between the fields there.

Q To the right?

A Our well, by my calculations, likes 13 feet being a mile from the north half of that 80-acre tract.

Q Do you have any recommendations as to the horizontal limits of the intervening acreage?

A The acreage between ---

O Present pool limits and your acreage?

A Yes, sir. I would recommend that that area not be placed in the Lea-Bone Springs Field at this time. We think there might be a possibility that we are in a separate reservoir. We don't have sufficient information to establish that now, but that is a possibility that might develop later.

O I thought your recommendation was that we extend the Lea-Bone Springs Field?

A It is, sir. We just don't have enough information to establish separation at this time.

O You had rather it not be in the pool then and be within a mile of the pool and operate under the pool rules at this time rather than extending the horizontal limits; do I understand you correct?

A We have no objection to being placed in the pool at this time. We have no objection to being placed in a separate pool at this time.

O Then, I guess I misunderstood you the second time.

MR. UTZ: Are there other questions of the witness?
He may be excused.

(Witness excused).

MR. UTZ: Statements in this case?

MR. DURRETT: I don't have any statement.

MR. UTZ: The case will be taken under advisement.

MR. DURRETT: Thank you, Mr. Examiner.

MR. UTZ: You bet you.

I N D E X

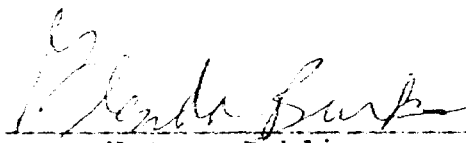
<u>WITNESS</u>	<u>PAGE</u>
B. C. SINCLAIR	
Direct Examination by Mr. Derrett	2
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E X H I B I T S

Applicant's 1 through 3	2
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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, GLENDA BURKS, 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 pro-
 ceedings to the best of my knowledge, skill and ability.



 Notary Public

My Commission Expires:

March 12, 1973

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Bernalillo hearing of case no. 1324
 heard by us on March 25, 1970.

 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

April 2, 1970

Mr. James M. Durrett
Attorney at Law
Post Office Box 3001
San Mateo NE
Albuquerque, New Mexico 87106

Re: Case No. 4324
Order No. R-3937
Applicant:
Pennzoil United, Inc.

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.
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. 4324
Order No. R-3937

APPLICATION OF PENNZOIL UNITED, INC.,
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 25, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 1st day of April, 1970, 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, Pennzoil United, Inc., seeks an
exception to the well location requirements of the Special Rules
and Regulations governing the Lea-Bone Springs Pool to complete
its Mescalero Ridge Unit Well No. 2 at an unorthodox location
for said pool 2310 feet from the South line and 1800 feet from
the East line of Section 35, Township 19 South, Range 34 East,
NMPM, Lea County, New Mexico.

(3) That the subject well was drilled at a standard loca-
tion to test the Morrow formation but was not productive of gas
in said formation and was subsequently recompleted in the Bone
Springs formation as an oil well.

(4) That the applicant proposes to dedicate the N/2 SE/4
of said Section 35 to the subject well.

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CASE No. 4324

Order No. R-3937

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Lea-Bone Springs 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 and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pennzoil United, Inc., is hereby granted an exception to the well location requirements of the Special Rules and Regulations governing the Lea-Bone Springs Pool to complete its Mescalero Ridge Unit Well No. 2 at an unorthodox location for said pool 2310 feet from the South line and 1800 feet from the East line of Section 35, Township 19 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/

Case 4324

Heard B-25-70

Rec. 3-26-70

Recommendation.

Grant Perry Oil an NSL
for their Mesadale Ridge
unit #2, 35-195-34 E.
2310' / 5, 1800' / E (J) an exception
for R-1827, Lea-Bone Spring.
special pool rules. These
rules call for 150' from center of
either 1/4, 80 A. spacing. Well
is 30' too far east & 180' too far
North.

Also extend Lea-Bone
Spring pool. as follows:
205-34 E.

sec. 2 E/2
495-34 E.
SE/4.

Handwritten signature

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 25, 1970

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 4321: Application of Sun Oil Company-DX Division for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Cass Ranch-Morrow Gas Pool, Eddy County, New Mexico. Said pool was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the pool.
- CASE 4324: Application of Pennzoil United, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations governing the Lea-Bone Springs Pool to permit the completion of a well at an unorthodox location 2310 feet from the South line and 1800 feet from the East line of Section 35, Township 19 South, Range 34 East, Lea County, New Mexico.
- CASE 4325: Application of Mobil Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp Pool and the Vacuum-Upper Pennsylvanian Pool in the wellbore of its Bridges State Well No. 119, a triple completion, located in Unit F of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico.
- CASE 4326: Application of Newmont Oil Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 104 C I to permit the recompletion of a well at an unorthodox oil well location 1325 feet from the South line and 990 feet from the East line of Section 31, Township 17 South, Range 30 East, Loco Hills-Queen Pool, Eddy County, New Mexico.
- CASE 4327: Application of Franklin, Aston & Fair for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 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. Said exception would be for applicant's leases comprising the NE/4 and N/2 SE/4 of Section 1, Township 18 South, Range 29 East and the E/2, N/2 NW/4, and S/2 SW/4 of Section 6, Township 18 South, Range 30 East, Loco Hills Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by wells located or to be located on said leases in unlined surface pits.

Examiner Hearing - March 25, 1970

-2-

- CASE 4328: Application of Pubco Petroleum Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the undesignated Fractured Cliffs gas pool underlying the SE/4 of Section 33, Township 30 North, Range 14 West, San Juan County, New Mexico. Said SE/4 to be dedicated to a well to be drilled in the SW/4 SE/4 of said Section 33. Applicant further seeks an order pooling all mineral interests in said gas pool underlying the NE/4 of Section 4, Township 29 North, Range 14 West, San Juan County, New Mexico. Said NE/4 to be dedicated to a well to be drilled in the NW/4 NE/4 of said Section 4. Also to be considered will be the costs of drilling said wells, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said wells.
- CASE 4329: Application of R. D. Collier for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 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 ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicant's Sinclair Parke Well No. 1 located in Unit F, Section 22, Township 17 South, Range 30 East, Jackson-Abo Field, Eddy County, New Mexico. Applicant seeks authority to dispose of salt water produced by said well in an unlined surface pit in the vicinity of said well.
- CASE 4314: (Continued and readvertised from February 25, 1970, Examiner Hearing and March 4, 1970 Examiner Hearing)
Application of Coastal States Gas Producing Company for pool redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of certain pool boundaries to include the deletion of the W/2 and SE/4 of Section 21, Township 13 South, Range 33 East, Lea County, New Mexico, from the Lazy J-Pennsylvanian Pool and the extension of the North Baum Upper Pennsylvanian Pool to include said deleted acreage.
- CASE 4319: (Continued from the March 4, 1970, Examiner Hearing)
Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the North Vacuum-Abo Pool and the Vacuum-Wolfcamp Pool in the wellbores of its New Mexico "Q" State Well No. 4 and its New Mexico "N" State Well No. 6, triple completions located respectively in Unit P of Section 25, Township 17 South, Range 34 East and Unit L

(Case 4319 continued)

of Section 30, Township 17 South, Range 35 East, Lea County, New Mexico.

- CASE 4322: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Vacuum-Wolfcamp and Vacuum-Upper Pennsylvanian Pools in the wellbore of its Shell State Well No. 1, a triple completion, located in Unit J of Section 25, Township 17 South, Range 34 East, Lea County, New Mexico.
- CASE 4323: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg and San Andres formations through its USA Federal "C" Well No. 1 located in Unit P, Section 15, Township 17 South, Range 32 East, Maljamar (Grayburg-San Andres) Pool, Lea County, New Mexico.
- CASE 4330: Application of Tenneco Oil Company for an unorthodox location and dual completion, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion of its Hospah Well No. 37X to produce oil from the Hospah-Upper and South Hospah-Lower Sand Oil Pools at an unorthodox location for said pools 1280 feet from the North and West lines of Section 12, Township 17 North, Range 9 West, McKinley County, New Mexico.
- CASE 4331: Application of Wynn & Brooks for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "E" Well No. 3, to be located 790 feet from the North and West lines of Section 13, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.
- CASE 4264: (Continued from the February 4, 1970 Examiner Hearing)
Application of Wynn & Brooks for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "J" Well No. 1, to be located 2390 feet from the South line and 2410 feet from the East line of Section 11, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.

CASE 4301: (Continued from the February 4, 1970 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Robert T. Smith and all other interested persons to appear and show cause why the following Robert T. Smith wells located in Section 32, Township 20 North, Range 9 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

State Well No. 1 located 487 feet from the North line and 990 feet from the East line;

State "A" Well No. 1 located 400 feet from the North line and 990 feet from the East line;

State Well No. 3 located 330 feet from the North line and 330 feet from the West line;

State Well No. 6 located 220 feet from the North line and 1485 feet from the East line;

State Well No. 6-Y located approximately 5 feet West of the above-described Well No. 6;

State Well No. 8 located 1155 feet from the North line and 2475 feet from the East line.

MAR 5 1976



PENNZOIL UNITED, Inc.

MIDLAND

WESTERN DIVISION OFFICE • WALL TOWERS WEST - MIDLAND, TEXAS • PHONE (915) 682-7016

MAILING ADDRESS: P. O. DRAWER 1828

MIDLAND, TEXAS 79701

February 24, 1970

Union Oil Company of California
P. O. Box 671
Midland, Texas 79701

Gentlemen:

This is to advise you that Pennzoil United, Inc. has completed the Mescalero Ridge Unit No. 2 well located 1800 FEL & 2310 FSL of Section 35, Township 19-S, Range 34-E, Lea County, New Mexico.

This well was projected to the Morrow and subsequently plugged back to the Bone Spring for completion. Since this location is not in conformance with existing pool rules for the Lea Bone Spring Pool a hearing has been set for March 25, 1970 to consider our request for a non-standard location.

The well was moved from the original location of 1980 FSL & 1980 FEL because of a shallow well drilled in the Pearl Queen Field by Ernest A. Hanson at this location.

If you have no objection to approval of this non-standard location please sign returning the original to our office and retaining the copy for your files.

Yours very truly,

Rodney C. Boyd

Rodney C. Boyd
Petroleum Engineer

APPROVED.

Company Union Oil Company of California

By *G. W. Goombes*

G. W. Goombes, District Operations Manager

Date March 4, 1970

BEFORE EXAMINER UTZ

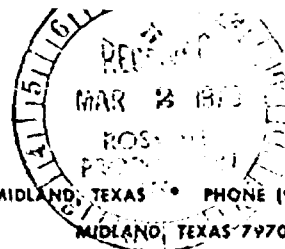
OIL CONSERVATION COMMISSION

EXHIBIT NO. 3

CASE NO. 4-324

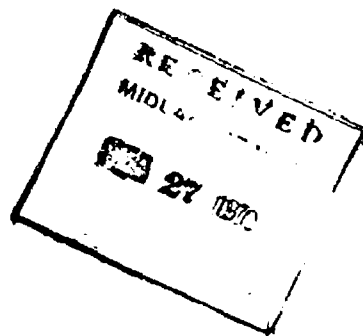
PENNZOIL UNITED, Inc.

WESTERN DIVISION OFFICE • WALL TOWERS WEST • MIDLAND, TEXAS • PHONE (915) 682-7316
MAILING ADDRESS: P. O. DRAWER 1828



February 24, 1970

Gulf Oil Company
1150 Gulf Building
Midland, Texas 79701



MAR 9 1970

MIDLAND

Gentlemen:

This is to advise you that Pennzoil United, Inc. has completed the Mescalero Ridge Unit No. 2 well located 1800 FEL & 2310 FSL of Section 35, Township 19-S, Range 34-E, Lea County, New Mexico.

This well was projected to the Morrow and subsequently plugged back to the Bone Spring for completion. Since this location is not in conformance with existing pool rules for the Lea Bone Spring Pool a hearing has been set for March 25, 1970 to consider our request for a non-standard location.

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If you have no objection to approval of this non-standard location please sign returning the original to our office and retaining the copy for your files.

Yours very truly,

Rodney C. Boyd

Rodney C. Boyd
Petroleum Engineer

APPROVED:

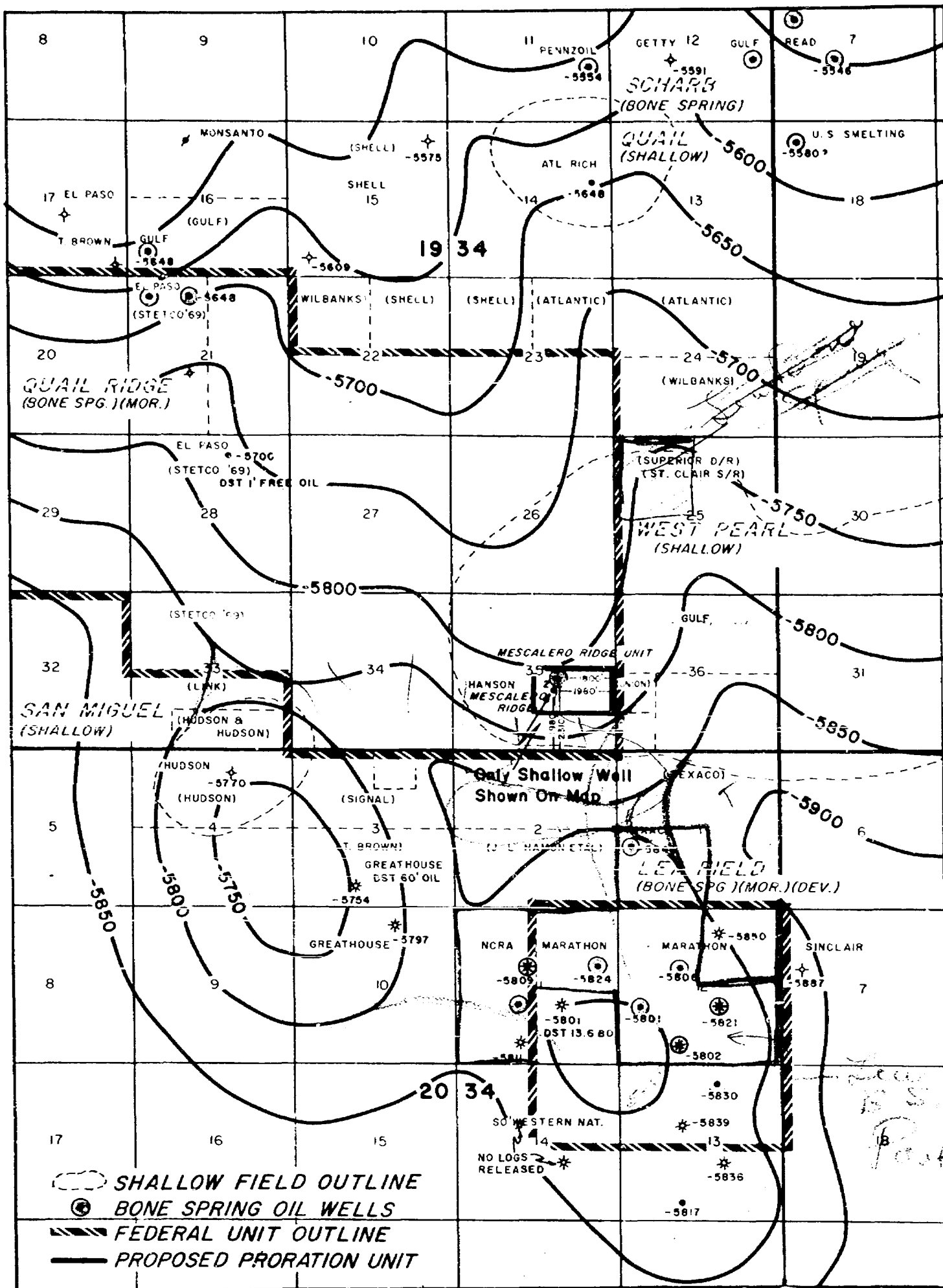
Company Gulf Oil Company U.S.

By *M. J. Taylor*

District Production Manager
Date March 6, 1970

GULF OIL COMPANY - U. S.
P. O. BOX 1838
ROSWELL, NEW MEXICO 88201

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
App. <u>EXP. N. 2</u>	
SE NO. <u>4324</u>	



PENNZOIL UNITED, Inc.



WESTERN DIVISION

MIDLAND, TEXAS

MESCALERO RIDGE UNIT AREA

LEA COUNTY, NEW MEXICO

STRUCTURE MAP

T. MIDDLE BONE SPRING

CONTOUR INTERVAL: 50'

MAR. 23, 1970

SCALE: 1"=4000'

BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

App EXHIBIT NO. 1

NO. 4324

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

February 20, 1970

Case 4374

COPY
Pennzoil United, Inc.
Western Division
P. O. Drawer 1828
Midland, Texas 79701

*Send copy of docket to
Jim Harrell at new address
P.O. Box 3001-Albany.*

DOCKET MAILED

Attention: Mr. Rodney C. Boyd

Date 3-12-70

Gentlemen:

Reference is made to your letter of February 18, 1970 wherein you request administrative approval of unorthodox location in the Lea-Bone Spring Pool for your Mescalero Ridge Unit Well No. 2 located 2310 feet from the South line and 1800 feet from the East line of Section 35, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

The pool rules governing the Lea-Bone Spring Pool do not provide an administrative procedure for approval of unorthodox locations; therefore, we are docketing your application for the March 25, 1970, Examiner Hearing.

If this hearing date is not satisfactory, please notify us as soon as possible.

Very truly yours,

GEORGE M. HATCH
Attorney

GMH/esr

PENNZOIL UNITED, Inc.

WESTERN DIVISION OFFICE • WALL TOWERS WEST - MIDLAND, TEXAS • PHONE (915) 682-7316
MAILING ADDRESS: P. O. DRAWER 1824 MIDLAND, TEXAS 79701

19 APR 19 1970

February 18, 1970

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

ATTENTION: Mr. George Hatch

Gentlemen:

Please find attached a plat showing our recently drilled well,
the Mescalero Ridge Unit Well No. 2 in Section 35, T-19-S, R
34-E, Lea County, New Mexico.

This well was drilled to the projected depth of 13,980', Morrow
formation, and would have been a standard location for a gas
well at this depth. However, the well was barren in the Morrow
and was subsequently plugged back to the Bone Spring at 10,017'.
The Lea Bone Spring Pool is within one (1) mile of this well;
therefore, our well will probably be placed in this pool and
will thus create a non-standard location. Since we control all
the surrounding leases, as shown on the plat, we would appre-
ciate administrative approval for this non-standard location.

Yours very truly,

PENNZOIL UNITED, INC.
Western Division

Rodney C Boyd

Rodney C. Boyd
Petroleum Engineer

RCB:TB
Attachments:

*Not eligible as
the pool rules for
Lea Bone Spring do
not have an adm. procedure
set for hearing -
March 25, 1970*

*Set for hearing
Case 4324*

A M E N D E D
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.

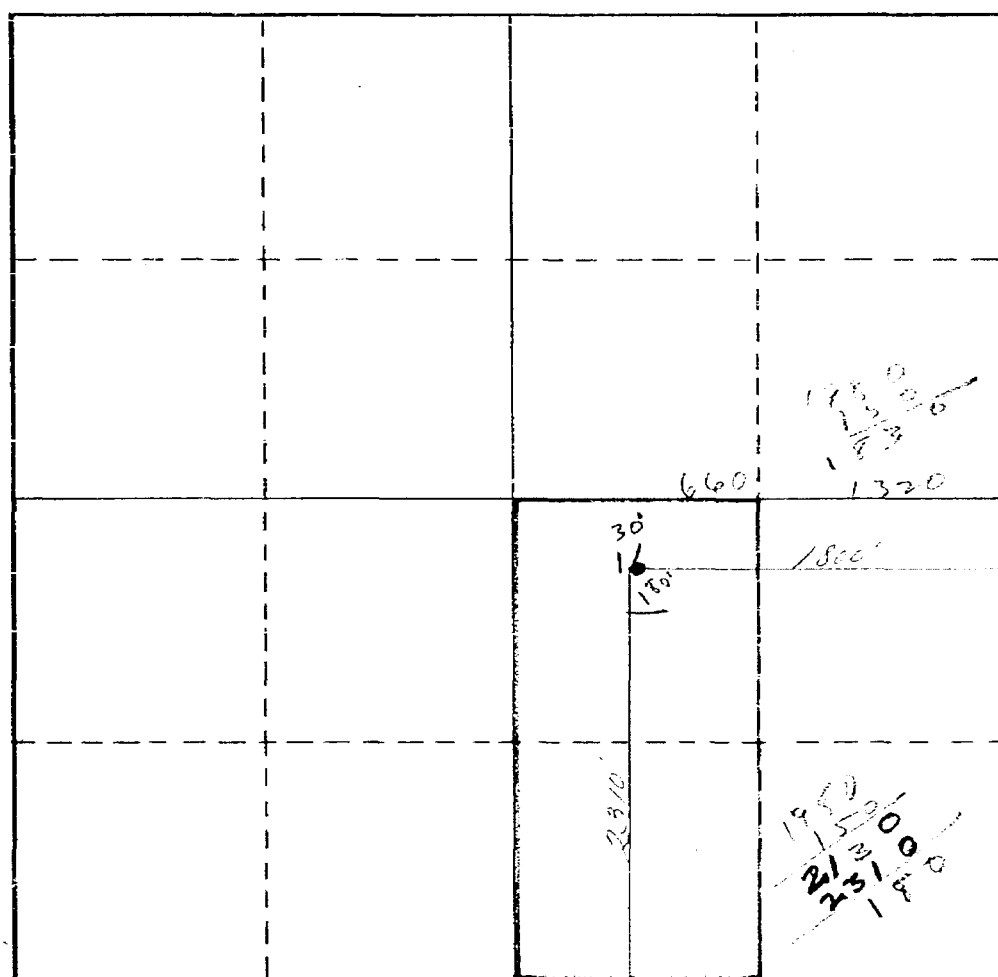
Operator Pennzoil United, Inc.		Lease Mescalero Ridge Unit		Well No. 2
Unit Letter J	Section 35	Township 19-S	Range R-34-E	County Lea
Actual Footage Location of Well:				
2310	feet from the South	Line and 1800	feet from the East	Line
Ground Level Elev. 3709.4 GL	Producing Formation Bone Spring	Pool Undesignated	Dedicated Acreage: 80 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 Rodney C Bayl
Position Petroleum Engineer
Company Pennzoil United, Inc.
Date 2-18-70

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.

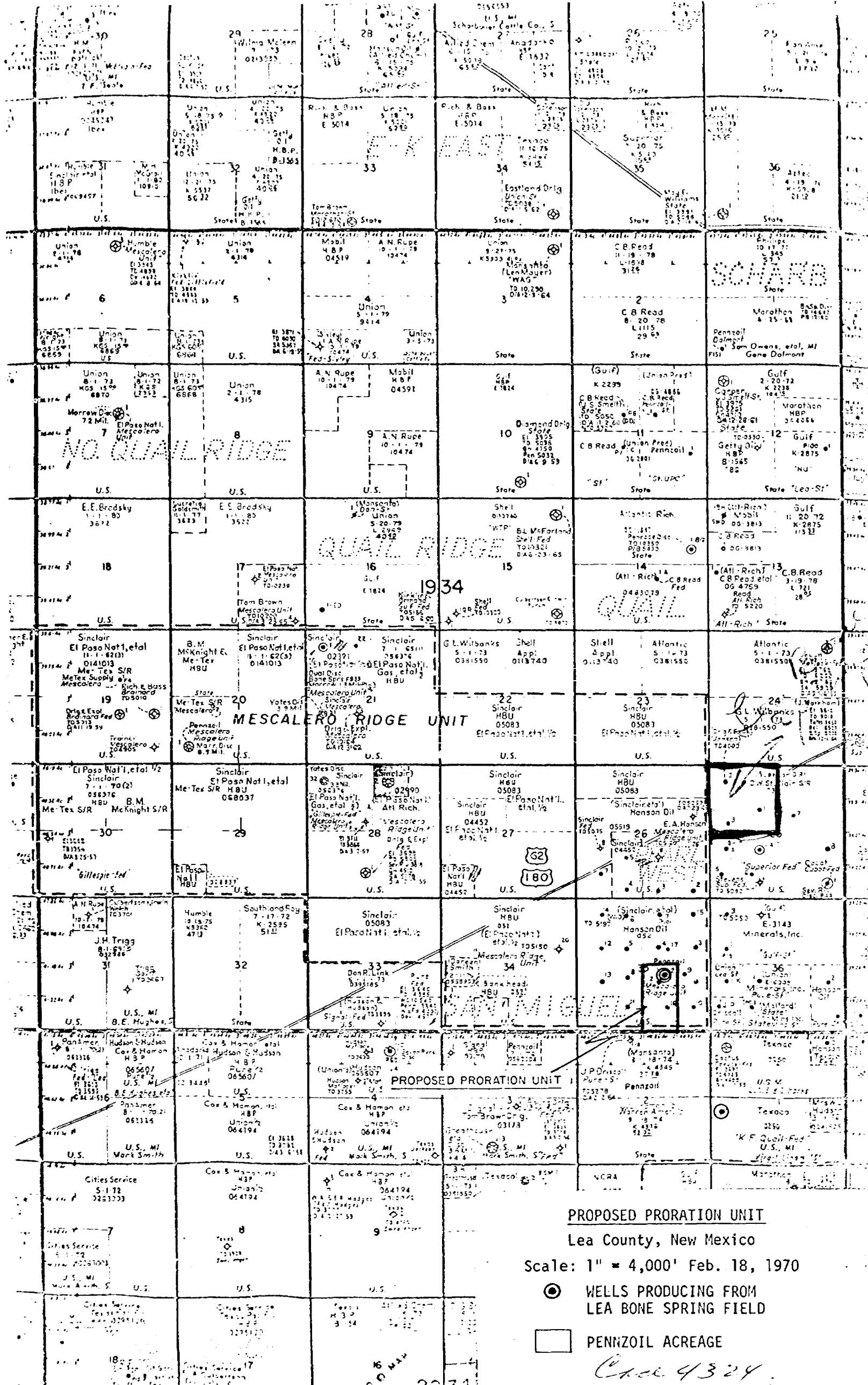
Date Surveyed September 25, 1969
Registered Professional Engineer
and/or Land Surveyor

John W. West

Certificate No.

676

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600



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. 4324

Order No. R-3937

Recommendation

APPLICATION OF PENNZOIL UNITED, INC.
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 25, 19670,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this April day of 19670, 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, Pennzoil United, Inc., seeks an
exception to the well location requirements of the Special Rules
and Regulations governing the Lea-Bone Springs Pool to complete
its Mescalero Ridge Unit Well No. 2 at an unorthodox location
for said pool 2310 feet from the South line and 1800 feet from the
East line of Section 35, Township 19 South, Range 34 East, NMPM,
Lea County, New Mexico.

(3) That the subject well was drilled at a
standard location ^{for a gas well} to test the Marmon formation
but was not productive ^{of gas} from said formation and
was subsequently recompleted in the Bone
Springs formation as an oil well.

(4) That the applicant proposes to dedicate the N/2 SE/4
of said Section 35 to the subject well.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Lea-Bone Springs 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 and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pennzoil United, Inc., is hereby granted an exception to the well location requirements of the Special Rules and Regulations governing the Lea-Bone Springs Pool to complete its Mescalero Ridge Unit Well No. 2 at an unorthodox location for said pool 2310 feet from the South line and 1800 feet from the East line of Section 35, Township 19 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.

(2) That the horizontal limit of the Lea-Bone Springs Pool, Lea County, New Mexico, are hereby extended to include the following described area:

Township 19 South, Range 34 East, NMPM
Section 35: SE 1/4
Township 20 South, Range 34 East, NMPM
Section 2: E 1/2

It is that the horizontal limit of the Lea-Bone Springs Pool should be extended to include the following described area:

Lea County, New Mexico
Township 19 South, Range 34 East, NMPM
Section 35: SE 1/4
Township 20 South, Range 34 East, NMPM
Section 2: E 1/2