

Case Number

4383

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
July 15, 1970

EXAMINER HEARING

IN THE MATTER OF:)

Application of MWJ Producing Company)
for an unorthodox oil well location,)
Lea County, New Mexico.)

Case No. 4383

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. KELLAHIN: I am Jason Kellahin appearing for the Applicant. We have one witness I'd like to have sworn.

DAVID RATHJEN,
being duly sworn according to law, upon his oath testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A My name is David Rathjen.

Q Mr. Rathjen, what business are you engaged in?

A I am a Petroleum Geologist.

Q Are you employed by the applicant in this case?

A Yes.

Q Where are you employed?

A Midland, Texas.

Q Have you ever testified before the Oil Conservation Commission or one of its Examiners?

A No, I have not.

Q For the benefit of the Examiner, would you briefly review your education and experience as a geologist?

A I was graduated from what is now known as Texas Tech University in January of 1957 with a BS Degree and Major in Geology. Since that time I have worked, which is thirteen years plus, as an acting Petroleum Geologist.

Q Where have you worked?

A I have worked primarily in West Texas and Southeastern New Mexico, also the Four Corners area and returned back to the West Texas, Southeastern New Mexico area.

Q And you are presently working in Southeastern New Mexico area, is that correct?

A That's correct.

Q Are you familiar with the area involved in this application?

A Yes, sir. I am.

Q Have you made a study of this particular area and the problem involved here?

A I certainly have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes. They are.

Q (By Mr. Kellahin) Mr. Rathjen, are you familiar with the application of MWJ Producing Company in Case No. 4383?

A Yes. I am.

Q Briefly what is proposed by the applicant in this case?

A Well, gentlemen, as you are well aware, we are here to request your permission for MWJ Producing Company to drill a test well in an unorthodox or nonstandard location.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

Q Now, referring to what has been marked as Applicant's Exhibit No. 1, would you identify that exhibit?

A Yes. I will. Those of you who have the plat available, it is our area map and on it are the names of the operators within the area. I have also designated the three producing fields that are in the immediate area.

You will note on the north, outlined in green, are the southern limits of the Lazy J Field. On the west side, outlined in red, are the eastern limits of the Baum Penn Field. On the south, outlined in orange, is the northern limit of the Saunders Field. Our proposed location is in the immediate area in 14 South, 33 East of Section 9 to be located 2310 from the west line and 330 feet from the north line of Section 9.

Q Now, the well location is actually physically closer to the outer boundaries of the Baum Pool, is that correct?

A That is correct.

Q And what acreage would you dedicate to that well, in the event it is approved?

A I would designate the northwest quarter.

Q That would be surrounded on two sides by the Baum?

A That is correct.

Q Now, one other question. Does Exhibit No. 1 reflect

the lease ownership, insofar as you know, as it exists today?

A It indicates the operators, leaseholders that are surrounding and in the immediate area of the proposed location.

MR. NUTTER: Mr. Kellahin, let me interrupt you here.

Now, Mr. Rathjen, this is being proposed for 2310 from the west line and 330 from the north line of Section 9 there adjacent to the Baum Pool. Now, what is the spacing requirement for the Baum Pool?

THE WITNESS: I believe the requirement is the center of a 40-acre spacing.

MR. NUTTER: Of any 40?

THE WITNESS: Yes.

MR. KELLAHIN: I believe it is within 150 feet of the center.

MR. NUTTER: Of any 40?

MR. KELLAHIN: Yes.

MR. NUTTER: So far as the 40 is concerned, you are all right?

MR. KELLAHIN: That is correct.

MR. NUTTER: It is only the 330, 330 rather than 150 feet of the center that requires the exception?

MR. KELLAHIN: This would put us about 180 feet off, I believe.

MR. NUTTER: I just wanted to clarify it.

(Whereupon, Applicant's Exhibit Number 2 was marked for identification.)

Q (By Mr. Kellahin) Now, referring to what has been marked as Exhibit 2, would you identify that exhibit, please?

A That Exhibit No. 2 is a cross section with a structure map that is attached and before going into this Exhibit No. 2, I'd like to state the purpose of this request and the purpose is to locate the well in the best position that will create the most efficient drainage pattern and enable us to recover oil that would otherwise be left in the ground. In other words, this request is to prevent waste.

Now that we have familiarized ourselves with the area, we are in northwest Lea County, 14 South, 33 East, I would like to go into the justification of this proposal or this request.

Exhibit No. 2 consists of my cross section and a structure map. Let's investigate our structure map first. It is a contoured map contoured on top of the Bough "C" Porosity Zone which is the main producing zone in this area. The scale is on a one inch equals two thousand feet. The contour interval is one inch equals twenty-five feet.

You will note there are many wells in the immediate area, therefore, we feel we have excellent control to establish our rate of dip, our structural position for a well to be drilled

in Section 9.

You will notice a blue dashed line at a datum of approximately 5690. I will discuss this datum as we look into our cross section. The red line that begins on the north in Section 4 extends south from the Cabot T Two Well to the MWJ Producing B No. 1 Well through the proposed location and west to the wells in Section 8. This red line designates the path of this cross section.

Q You say it extends to the proposed location. It also extends to the standard location, does it not?

A Yes.

Q Is that also shown on the cross section, according to your interpretation of it?

A That is shown on the cross section. Our concern in drilling a test well in this area is involved with a structural relationship of the porosity in relation to a datum that we have found below this datum, if the porosity exists contains one hundred percent water. Where the porosity is above this datum, the wells are commercial oil producers. I believe the best place to start will be the down-dip wells which are the wells in Section 8. Those are the wells on the right-hand side of the cross section and are the southwest wells. The well in Section 8 designated as the Coastal States Aztec State A-1 has perforated at an interval between 9978 and 9990.

They acidized these perforations and swabbed salt water, so at this point, which is a point at a datum of minus 5694, we have obtained salt water from the porous Bough "C" Zone productive in the Baum Field.

Moving over to the 8-2, they ran a drillstem test that covers the same interval, 9940 to 1020. They recovered over 6,000 feet of salt water. Again, we have tested the porosity below a datum of 5690. We have taken the next well updip, the next higher well which is the MWJ Producing Company Baum State B No. 1 located in Section 4. You will note that well is perforated and completed as a commercial well. The bottom perforation is at a datum of minus 5688. In other words, we can see we have commercial production down to a datum of minus 5688. We have water below a datum of minus 5694.

To construct this cross section -- to forget that for one minute -- I used gamma ray neutron logs of the immediate wells in the area. I hung these wells on a datum of minus 5600. Then connecting the top of the Bough "C" marker which is the top middle line below your 55 datum, I have established the picture that the present day structure of the Bough "C" is found.

Now, from our drillstem test and perforated intervals and producing intervals that we have discussed, we have

established a datum where we have porosity below in the Bough "C" that will give up one hundred percent water. I have designated this line in blue on the cross section. It is also the dashed line on the structure map.

We can then go through a cross section and I have colored in yellow the porous zones that are the main producers in the Baum Field. There are two zones, an upper zone that will average eight to nine feet of net porosity; a lower zone that will average a net of five to six feet.

We go back to our structure map and determine the structural position which is well controlled and apply those datums into our cross section for the non-standard location and the standard location.

Let's examine the standard location first. We will notice that the top of the Bough "C" formation is at a minus datum of minus 5668. An examination of the logs on the cross section will show that there is a zone between four and six feet thick of dense limestone before encountering porosity. This is fairly consistent throughout the area. Below this dense zone we come into our porosity zone. In the standard location taken from our Bough "C" porosity map, we come up with a datum of minus 5673. We scale off our porosity zones from the attached wells. We find the bottom of this porous zone at a datum of approximately 5690 to 5694. We encounter the second

dense zone that separates the lower porosity and it is found to be at a datum below 5690 which we have established would be one hundred percent water. Therefore, as a standard location we feel and can show, with good control, that we will lose approximately a third of our pay zone.

This has another factor to be considered. As you are aware of these wells in this field, they have large pumps installed and move a tremendous amount of fluid, therefore, we feel, being this close to the water table and losing a third of our porosity, that we may prematurely cone this well out and prevent us from obtaining the recoverable oil that is in place.

If we move now to our proposed location, we will notice that the top of the Bough "C" is a datum of 5656. The top of the porosity is 5662. The bottom of the porosity of the lower zone is at a datum of minus 5688 and if you will look over to the Baum State B Well to the left, it should be approximately flat with this well which is a commercial producer.

With these thoughts in mind we request your permission to move this well to the proposed location with the idea of preventing waste and a premature water-out of the zone.

Q Mr. Rathjen, I don't believe you mentioned Cabot Corporation NMT Two. Is that a commercial well?

A That is a commercial well and it is noted on the cross

section. It is structurally higher again than the Baum State B Well and I incorporated it just to show additional control indicating a porous zone and the production in relationship to the water contact line that I have established.

Q Now, you say that the water contact is approximately 5690?

A Yes.

Q I note that in the south half of Section 9 there is a Tamarack Well No. 1 at 5707 feet. Is that a producer?

A That is a producer. It does produce from the same interval as the Bough "C" that we are requesting to drill and complete in. The reason that this is producing at a lower interval is due to the fact we are on a separate feature. In other words, it is included in the Saunders Field. You will note from the contours that that well is just outside of a closing contour. However, if you had a map contoured on say, ten foot intervals, I am sure you would see a closure wrapped around that well and separating this feature from the feature we are looking. Now, that is one explanation why that well is producing at a lower rate datum. It is separated due to a lower area separating the Saunders Field from the Baum Penn Field.

Another explanation which is not shown by any controlling well is there could be a porosity barrier where you have

a dense area with no porosity that would separate stratigraphically the production in the Saunders Field from the production in the Baum Penn Field.

Q Now, in your opinion then, is the Commission correct in designating Saunders as a separate pool from the Baum?

A Definitely.

Q They are not the same pool, is that correct?

A They are not. They are the same formation, but they are not the same pool.

Q Now, your well location, your proposed well location would fall in what pool, in your opinion?

A It would definitely fall within the Baum Penn Field.

Q Now, does the applicant in this case, MWJ, control all of the north half of Section 9?

A Yes. They do.

Q And what about the south half of Section 4?

A They control the south half of Section 4.

Q So if they are crowding any line, they are crowding their own line?

A Exactly.

Q Now, according to the contours, this 5690 datum cuts across the proposed proration unit. Have you any opinion as to what portion of that unit would be productive of oil from

the Bough "C"?

A Of course we all realize these lines can change slightly, but with the interpretation I have I am hopeful and optimistic that we will have at least three-quarter of the northwest quarter to be productive.

Q Would the applicant be willing to take a proportional cut in its allowable based on that?

A Yes. We certainly would, to get our proposed location.

Q And you would expect to take a cut?

A Yes.

Q Do you have anything further to add, Mr. Rathjen?

A No. I don't.

Q Were Exhibits 1 and 2 prepared by you under your supervision?

A Yes. They were.

MR. KELLAHIN: At this time I'd like to offer in evidence Exhibits 1 and 2.

MR. NUTTER: MWJ Exhibit 1 and 2 will be admitted in evidence.

(Whereupon, MWJ Exhibits 1 and 2 were admitted in evidence.)

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

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Rathjen, as I understand it, this dashed blue line both on your structure map and on the cross section, is not an oil-water contact. It is the line of a hundred percent water?

A Yes. I am sure you are aware the Bough "C" formation gives up an extremely large amount of water with oil production.

Q Even these wells which are completed above the dashed blue line are making lots of water?

A Exactly. That is why I could not call it an oil-water contact.

Q It is just a hundred percent water line?

A Yes.

MR. NUTTER: Okay. Thanks. Any further questions of Mr. Rathjen?

You may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: That is all.

MR. NUTTER: Does anyone have anything they wish to add on 4383?

We will take the case under advisement.

I N D E X

WITNESS	PAGE
DAVID RATHJEN	
Direct Examination by Mr. Kellahin	2
Cross Examination by Mr. Nutter	14

E X H I B I T S

<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED INTO EVIDENCE</u>
Applicant's Exhibit 1	4	13
Applicant's Exhibit 2	6	13

Peter A. Lammie
Certified Shorthand Reporter

July 15 1983
70
New Mexico Oil Conservation Commission

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. 4383
Order No. R-3998

APPLICATION OF MWJ PRODUCING COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on July 15, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 20th day of July, 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, MWJ Producing Company, seeks an exception to Rule 4 of the Special Rules and Regulations governing the Baum-Upper Pennsylvanian Pool, as promulgated by Order No. R-3368-A, to permit the drilling of an oil well at an unorthodox location 330 feet from the North line and 2310 feet from the West line of Section 9, Township 14 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) That the NW/4 of said Section 9 would be dedicated to the subject well.

(4) That the productivity of approximately 40 acres in the southern and southwestern part of said Section 9 is doubtful in the subject pool.

(5) That a well drilled at the proposed non-standard location is more likely to encounter more of the Baum-Upper Pennsylvanian producing section above 100% water saturation than a well drilled at a standard location for said pool and should, therefore, result in greater ultimate recovery of oil from the pool.

(6) That approval of the proposed unorthodox location will not violate correlative rights and will afford the applicant the opportunity to produce its just and equitable share of the oil from the subject 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 the subject well receives no more than 120/160 of a standard allowable for the pool.

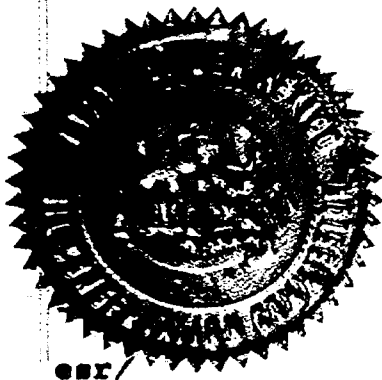
IT IS THEREFORE ORDERED:

(1) That the applicant, MWJ Producing Company, is hereby granted an exception to the well location requirements of the Baum-Upper Pennsylvanian Pool, as promulgated by Order No. R-3368-A, and is hereby authorized to drill an oil well at an unorthodox location 330 feet from the North line and 2310 feet from the West line of Section 9, Township 14 South, Range 33 East, NMPM, Lea County, New Mexico;

PROVIDED HOWEVER, that the subject well shall receive no more than 120/160 of a standard allowable for the subject pool.

(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. ARMISTEAD, Member

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

Docket No. 17-70

DOCKET: REGULAR HEARING - WEDNESDAY - JULY 15, 1970

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

ALLOWABLE: Consideration of the allowable production of gas for August, 1970, from thirteen prorated pools in Lea, Eddy, and Roosevelt Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for August, 1970.

THE FOLLOWING CASES WILL BE HEARD BEFORE DANIEL S. NUTTER,
EXAMINER, OR ELVIS A. UTZ, ALTERNATE EXAMINER, IN THE OIL
CONSERVATION COMMISSION CONFERENCE ROOM ON THE SECOND
FLOOR OF SAID BUILDING AT 9:30 A.M.

CASE 4381:

Southeastern New Mexico nomenclature case calling for an order for the creation, extension, and contraction of certain pools in Lea, Chaves, Eddy and Roosevelt Counties, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Atoka production and designated as the West Crossroads-Atoka Pool. The discovery well is the Union Oil Company of California Lea "M" State Well No. 1 located in Unit A of Section 6, Township 10 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 36 EAST, NMPM
SECTION 6: NE/4

(b) Create a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the West Garrett-Devonian Pool. The discovery well is the Freeport Oil Company Mattie Price Well No. 1 located in Unit A of Section 6, Township 17 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 38 EAST, NMPM
SECTION 6: NE/4

(c) Create a new pool in Chaves County, New Mexico, classified as an oil pool for Devonian production and designated as the Race Track-Devonian Pool. The discovery well is the Klabzuba, Munson, and Seamon White Well No. 1 located in Unit I of Section 13, Township 10 South, Range 27 East, NMPM. Said pool described as:

Wednesday - July 15, 1970
Regular Hearing
-2-

Docket No. 17-70

(Case No. 4381 continued)

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
SECTION 13: NE/4 SE/4

(d) Contract the Bough Permo-Pennsylvanian Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
SECTION 18: NE/4

(e) Extend the Vada-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
SECTION 18: NE/4

(f) Extend the Blinebry Oil Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
SECTION 30: SW/4

(g) Extend the Bluitt-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM
SECTION 20: NW/4

(h) Extend the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
SECTION 6: E/2
SECTION 7: N/2

(i) Extend the High Plains-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
SECTION 14: SW/4

Wednesday - July 15, 1970
Regular Hearing
-3-

Docket No. 17-70

(j) Extend the Loco Hills-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
SECTION 31: SE/4 NE/4 and NE/4 SE/4

(k) Extend the Midway-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
SECTION 17: S/2

(l) Extend the Quail-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
SECTION 12: S/2

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
SECTION 7: SW/4

(m) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
SECTION 34: NW/4

(n) Extend the East Weir-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
SECTION 12: NE/4 and N/2 SE/4

CASE 4382: In the matter of the application of the Oil Conservation Commission upon its own motion for an order for the contraction of the Aztec-Pictured Cliffs Pool in San Juan County, New Mexico, by the deletion of certain lands in Township 28 North, Ranges 8 and 9 West; Township 29 North, Ranges 8, 9, and 10 West; and Township 30 North, Range 10 West; further, for the extension of the Blanco-Pictured Cliffs Pool and the South Blanco-Pictured Cliffs Pool in San Juan County, New Mexico, to include, among other lands, the lands being deleted from the aforesaid Aztec-Pictured Cliffs Pool; and for the further extension of the Aztec-Pictured Cliffs Pool in San Juan County, New Mexico.

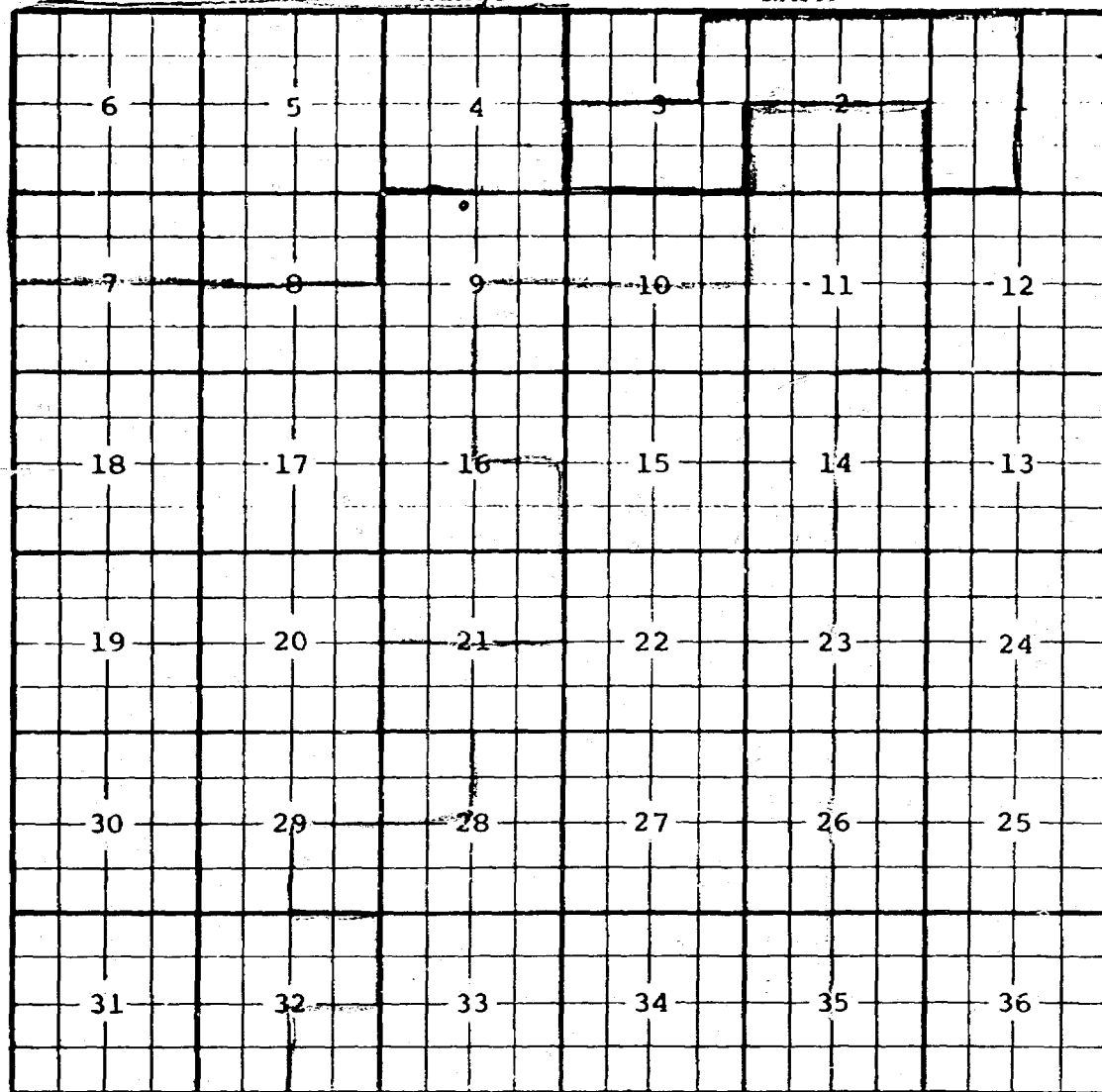
Wednesday - July 15, 1970
Regular Hearing

-4-

Docket No. 17-70

- CASE 4383: Application of MWJ Producing Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the rules governing the Baum-Upper Pennsylvanian Pool to permit the drilling of an oil well at an unorthodox location 330 feet from the North line and 2310 feet from the West line of Section 9, Township 14 South, Range 33 East, Lea County, New Mexico.
- CASE 4384: Application of Shell Oil Company for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 3606 feet to 3680 feet in its Eastland Shell Federal Well No. 1 located in Unit A, Section 35, Township 8 South, Range 30 East, Cato-San Andres Pool Area, Chaves County, New Mexico.
- CASE 4385: Application of King Resources Company for a unit agreement, Otero County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Brokeoff Mountain Unit Area comprising 37,747 acres, more or less, of Federal, State and Fee lands in Townships 24, 25, and 26 South, Ranges 19 and 20 East, Otero County, New Mexico.
- CASE 4386: Application of Texaco Inc. for an exception to Order No. R-3221, as amended, Chaves 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 wells located on its V. G. Kinahan Federal and Peery Federal leases comprising respectively, Sections 20 and 29 of Township 15 South, Range 30 East, Little Lucky Lake-Devonian Pool, Chaves County, New Mexico. Applicant seeks authority to dispose of produced salt water in an unlined surface pit located in Unit K of said Section 29.
- CASE 4387: Application of Benson-Montin-Greer Drilling Corporation for surface commingling of oil, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle the production from its Cañada Ojitos Unit Well No. 13, a non-participating well located in Unit L of Section 27, Township 26 North, Range 1 West, Rio Arriba County, New Mexico, with oil production from the participating area of said unit.

County _____ Pool _____
 TOWNSHIP 14 Range 33 NMPM



Range 33 - Upper Parcel - 160 acres - 80 acres left
Lower 5 - Parcel - 40 acres -
Shoreline - Parcel - 40 acres -

Case 4283

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 4383

JASON W. KELLAHIN
ROBERT E. FOX

000 8 12
KELLAHIN AND FOX
ATTORNEYS AT LAW
54½ EAST SAN FRANCISCO STREET
POST OFFICE BOX 169
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

June 17, 1970

Case 4383

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

Re: MWJ Producing Company

Dear Gentlemen:

Enclosed find an application for an unorthodox well location in the Baum-Upper Pennsylvanian Pool, Lea County, New Mexico, submitted by the above-named company. Please advise us of the date set for hearing.

Very truly yours,

Jason W. Kellahin

Jason W. Kellahin

jwk;jh

Encls. Original and 2 copies

cc: Mr. Ken Williams

DOCKET MARKED

Date 7-2-70

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF MWJ PRODUCING COMPANY FOR APPROVAL
OF AN UNORTHODOX WELL LOCATION,
BAUM -UPPER PENNSYLVANIAN POOL,
LEA COUNTY, NEW MEXICO

Case 4383

A P P L I C A T I O N

Comes now the MWJ Producing Company and applies to the Oil Conservation Commission of New Mexico for approval of an unorthodox well location in the Baum-Upper Pennsylvanian Pool, formerly the Baum-Wolfcamp Pool, Lea County, New Mexico, and in support thereof would show the Commission:

1. Pool rules for the Baum-Upper Pennsylvanian Pool as contained in Commission Order No. 3368, and Order No. 3368-A provide that each well drilled in the Baum-Upper Pennsylvanian Pool shall be drilled on standard proration unit of 160 acres, and shall be located within 150 feet of the center of a governmental quarter-quarter section.
2. Applicant proposes to drill at a location 330 feet from the North line, and 2310 feet from the West line of Section 9, 14 South, Range 33 East, which location is within one mile of the exterior boundaries of the Baum-Upper Pennsylvanian Pool as defined by the Commission, and to dedicate thereto the NW/4 of said Section 9.
3. Said well location is offset by wells operated by applicant, and the correlative rights of other operators and interest owners will not be impaired.
4. A well located as proposed by applicant will create a more efficient drainage pattern than would one at a standard location; will result in the recovery of oil that would not

DOCKETED 7-2-70

Date 7-2-70

otherwise be recovered, and is in the interests of conservation and the prevention of waste, and the protection of correlative rights.

WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as provided by law, the Commission enter its order approving the well location as prayed for.

Respectfully submitted,

MWJ PRODUCING COMPANY

BY: Jason W. Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico

Attorneys 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. 4383

Order No. R-2998

APPLICATION OF MWJ PRODUCING COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

9:30

This cause came on for hearing at 9 a.m. on July 15, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of July, 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, MWJ Producing Company, seeks an
exception to Rule 4 of the Special Rules and Regulations govern-
ing the Baum-Upper Pennsylvanian Pool, as promulgated by Order
No. R-3368-A, to permit the drilling of an oil well at an unortho-
dox location 330 feet from the North line and 2310 feet from the
West line of Section 9, Township 14 South, Range 33 East, NMPM,
Lea County, New Mexico.

(3) That the ~~330~~ 330 1/4 9 said section 9 would be dedicated to the subject well.
(4) That the productivity of approximately 40 acres in the south and south-western part of said section 9
is doubtful in the early part of the pool.
(5) That a well drilled at the proposed non-standard
location is more likely to encounter more of the Baum-
upper Pennsylvanian producing section above 100% water
saturation than a well drilled at a standard
location for said pool and should, therefore, result
in greater ultimate recovery of oil from the pool.

(4) That approval of the subject application will prevent the drilling of unnecessary wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, MWJ Producing Company, is hereby granted an exception to the well location requirements of the Baum-Upper Pennsylvanian Pool, as promulgated by Order No. R-3368-A, and is hereby authorized to drill an oil well at an unorthodox location 330 feet from the North line and 2310 feet from the West line of Section 9, Township 14 South, Range 33 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.

(6) That approval of the proposed unorthodox location will not violate correlative rights and will afford the applicant the opportunity to produce its joint and equitable share of the oil from the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the accumulation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste provided the subject well receives no more than 120/160 of a standard allowable for the pool.

Provided However that the subject well shall receive no more than 120/160 of a standard allowable for the subject pool.