

Case Number

4419

Application
Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
State Land Office Building
Santa Fe, New Mexico
September 2, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of Billings, Keyser
and Kennedy for a non-standard gas
proration unit, Eddy County, New
Mexico.

Case No. 4419

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE

MR. HATCH: Application of Billings, Keyser and Kennedy for a non-standard gas proration unit, Eddy County, New Mexico. Applicant in the above styled cause, seeks , in exception to Rule 104 B I, approval of a 320-acre non-standard gas proration unit comprising the Northwest Quarter of Section 2 and Lots 1, 2 and 3 and the Southeast Quarter of the Northeast Quarter of Section 3, Township 22 South, Range 26 East, Eddy County, New Mexico, said unit to be dedicated to a wildcat gas well to be drilled in the Northeast Quarter of the Northeast Quarter of said Section 3.

Mr. Billings here is going to represent himself.

(Witness was sworn)

DON BILLINGS,

the witness, having been first duly sworn upon his oath, according to law, testified as follows:

DIRECT EXAMINATION

BY MR. HATCH:

Q Mr. Billings, you are a partner here?

A Pardon?

Q You are a partner in this?

A Yes, that is right.

Q You are going to represent yourself?

A Yes.

Q Alright. Is this the only exhibit that you will have?

A You can keep that one.

MR. UTZ: What tract are we talking about here?

THE WITNESS: The Northwest Quarter of Section 2.

MR. UTZ: It is not on this map, is it?

THE WITNESS: It is right east of Section 3. It has a State lease.

MR. UTZ: It is really not on this map.

THE WITNESS: No. It don't show on that map, but it is the Northwest Quarter of that section. It is under Super Oil and runs out 9, 17, 71. I am going by memory there.

MR. UTZ: Alright. You may proceed.

THE WITNESS: I want to unitize the Northwest Quarter of Section 2 with Lots 1, Tracts 1, 2 and 3 in the Southeast, the Northeast of Section 3.

MR. UTZ: You don't have a map that shows those clearly, do you?

THE WITNESS: That map shows that lot.

Q Why don't you come up here and point those out on this map?

A Alright. I want to include this one here, make it 320 acre regular spacing units.

MR. UTZ: You are wanting to form a non-standard unit consisting of the Northwest Quarter of Section 2, Lots 1, 2, and 3, which would be here, here and here and the Northeast, the Southeast of the Northeast, which would be

here, of 22 South and 26 East. O. K. Now, you may proceed.

THE WITNESS: In other words, that is it -- cut up in there it wouldn't be economical, feasible to go in there, try to put that together by abstracts and everything, see. That is half of the valley. That is what it is and these tracts down here are cut up. In other words, I haven't, you know, broke them out. I am sure this is subdivided over here. Now, Atlantic Richfield has the lease on this. They have a lease on the whole section over here.

MR. UTZ: You are talking about the South Half of Section 34?

THE WITNESS: That is right, and it has several leases on all of 35 covering the entire section. Now, they have agreed to farm the entire section out to me. Superior owns this lease. They have agreed to either join or farm out.

I have a letter of agreement right here from Texas Oil and Gas who has got the oil and gas lease on this.

MR. UTZ: You are speaking of the Northwest Quarter of Section 2 on the Northeast Quarter of 3?

THE WITNESS: Yes.

MR. UTZ: Now, where do you plan to drill the well?

THE WITNESS: Right here, Northeast of the Northeast 11,500 feet. This is a state lease. Here is the city limits of Carlsbad right there, see. I want to pool these two together. All I am worried about is gas, you know, when we get some oil.

We don't need it.

MR. UTZ: So the Northwest Quarter of Section 2 is a state lease?

THE WITNESS: Yes.

MR. UTZ: And the rest of the proposed unit is Federal?

THE WITNESS: Yes. This is Federal.

MR. UTZ: How large are these lots in this Southeast Southwest Quarter?

THE WITNESS: That is forty acres here. Those lots are about fifty feet wide and maybe three hundred feet long. I am just guessing at that, I mean. It can vary.

MR. UTZ: Any other oil, gas production in this area?

THE WITNESS: Down south about six miles to the south.

MR. UTZ: Have you made any attempt to try to contact any of these owners?

THE WITNESS: No. I have not because it would be futile, I think.

MR. UTZ: How do you know until you try?

THE WITNESS: I haven't got the money to put out for it.

MR. UTZ: How much money would it cost, do you think?

THE WITNESS: Several thousands, anyway.

MR. UTZ: Mr. Billings, if you made a gas well here, the Southwest Quarter of the Northeast Quarter of Section 3, you would undoubtedly be productive, is that right?

THE WITNESS: Possibly, yes, Sir.

MR. UTZ: And if these owners don't participate in this, then they will be crying for this gas, won't they?

THE WITNESS: Well, if somebody wants to go in there, put it together, they can. So far as a wildcat, I hardly think it is worth while to go in there and try to put it together.

MR. UTZ: What would be your proposal if you made a well out of this?

THE WITNESS: Well, we are shooting for three things. We are shooting for sulphur, oil and gas. It is entirely up to what my partner wants to do. I just represent myself and them -- you know what I mean -- in this case. I would be obligated to come over here to see if I got a gas well --

MR. UTZ: My question is in reference to this Southwest Quarter of the Northeast Quarter of Section 3. What would be your proposal -- would you want to go in there and try to communitize that with the rest of the acreage, if you got a procedure?

THE WITNESS: If we got a procedure, yes. We make every effort but still in all it is still going to be some

holes in there. That is what I am getting at.

MR. UTZ: The Northeast Quarter of the Northwest Quarter, Section 3, is a part of the lease?

THE WITNESS: Yes.

MR. UTZ: Over in the Northeast Quarter?

THE WITNESS: Yes. This is all one.

MR. UTZ: Mr. Billings, what we might have to do is to leave this out of the non-standard unit with possibly some provision that if you got a procedure, some attempt would be made to communitize this.

THE WITNESS: I don't want to stick my neck out that far, you understand. This is practice. That is impracticable.

MR. UTZ: All these owners are listed in the County Courthouse down there, are they not?

THE WITNESS: Yes, to the best of my knowledge.

MR. UTZ: It wouldn't take too much to write them a letter, would it?

THE WITNESS: You got to check the mineral ownership, too. Some of the minerals are severed from the surface in a couple of places in there that I know of.

MR. UTZ: This is the subdivision which you call Happy Valley?

THE WITNESS: Yes. All of this is Happy Valley in here. This is just cut up over here.

MR. UTZ: This is west of Carlsbad?

THE WITNESS: Yes. This is the city limits of
Carlsbad right here.

MR. UTZ: Any further questions of Mr. Billings?

MR. HATCH: No.

MR. UTZ: Anyone have any questions?

Does that conclude your case?

THE WITNESS: That is about all I got to offer.

MR. UTZ: Any statement in the case?

We will take your case under advisement.

THE WITNESS: Thank you.

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, Peter A. Lumia, Court Reporter, 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.

Peter A. Lumia
Peter A. Lumia, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings at the hearing of case No. 4412, heard by me on 7-2-28. 10
W. D. [Signature] Examiner
New Mexico Oil Conservation Commission

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I N D E X

PAGE

WITNESS:

DON BILLINGS

Direct Examination by Mr. Hatch

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OIL CONSERVATION COMMISSION

STATE OF TEXAS
OIL CONSERVATION COMMISSION

Approved: 10, 1970

Mr. D. E. Billings
412 Wilkinson-Foster Building
Midland, Texas 79701

Mr. Case No. _____
Order No. _____
Applicable _____
Effective Date _____

Dear Sir:

Enclosed herewith are two copies of the State Technical Production order recently entered in the subject case.

Very truly yours,
A. L. Parker, Jr.
A. L. PARKER, JR.
Executive Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
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. 4419
Order No. R-4028

APPLICATION OF BILLINGS, KEYSER AND
KENNEDY FOR A NON-STANDARD GAS PRORA-
TION UNIT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 2, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of September, 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 applicants, Billings, Keyser and Kennedy, are the
operators of leases comprising the NW/4 of Section 2 and Lots 1, 2 and
3 and the SE/4 NE/4 of Section 3, Township 22 South, Range 26 East,
NMPM, Eddy County, New Mexico.

(3) That the applicants seek approval of a 320-acre non-standard
gas proration unit comprising all of the above-described acreage to be
dedicated to a wildcat gas well to be drilled in said Lot 1 to the
Morrow formation.

(4) That the unorthodox shape of the proposed 320-acre non-
standard gas proration unit is due to the configuration of the leases
held by the applicants.

(5) That a non-standard gas proration unit comprising the NW/4
of Section 2 and Lots 1, 2 and 3 and the SE/4 NE/4 of Section 3, said
Township and Range can be efficiently and economically drained and
developed by a well located approximately in the center of said
Lot 1.

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CASE No. 4419
Order No. R-4028

(6) That approval of the 320-acre non-standard gas proration unit as requested by the applicants will afford the applicants the opportunity to produce their just and equitable share of gas from the Morrow formation, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard proration unit comprising the NW/4 of Section 2 and Lots 1, 2 and 3 and the SE/4 NE/4 of Section 3, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, is hereby established for the production of gas from the Morrow formation and dedicated to a wildcat well to be drilled within 150 feet of the center of said Lot 1.


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

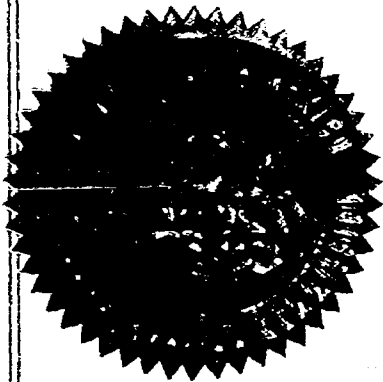
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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



esr/

Docket No. 20-70

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 2, 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 4415: Application of Depco, Inc. for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by injection into the Grayburg and San Andres formations through 6 wells located in Sections 27, 33 and 34, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico.
- CASE 4416: Application of Robert L. Parker Trust for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a cooperative waterflood project in the Langlie-Mattix Pool on its George L. Erwin Lease by the injection of water through its Erwin Well No. 2 located in Unit L of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.
- CASE 4417: Application of J. Cleo Thompson 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 the applicant's Evans Wells Nos. 9 and 12 located, respectively, in Units A and B of Section 33, Township 16 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico. Applicant seeks authority to dispose of water produced by said wells in unlined surface pits located in the vicinity of said wells.
- CASE 4418: Application of Texas Pacific Oil Company for amendment of Order No. R-3200, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3200, which order authorized the applicant to institute a waterflood project in the South Eunice Pool, Lea County, New Mexico, by the injection of water through six wells located in Sections 5, 8, and 9 of Township 22 South, Range 36 East. Applicant seeks authority to delete the six wells authorized in said Order R-3200 and substitute therefor six other wells located in said Sections 8 and 9.

September 2, 1970 - Examiner Hearing

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Docket No. 20-70

CASE 4419: Application of Billings, Keyser and Kennedy for a non-standard gas proration unit, Eddy County, New Mexico. Applicant in the above-styled cause, seeks, in exception to Rule 104 B I, approval of a 320-acre non-standard gas proration unit comprising the NW/4 of Section 2 and Lots 1, 2 and 3 and the SE/4 NE/4 of Section 3, Township 22 South, Range 26 East, Eddy County, New Mexico, said unit to be dedicated to a wildcat gas well to be drilled in the NE/4 NE/4 of said Section 3.

CASE 4420: Application of Xplor Company for a dual completion, authority to gas-lift oil production, and to flare gas, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Cleveland Well No. 1 located in Unit G of Section 23, Township 12 South, Range 32 East, Lea County, New Mexico, in such a manner as to produce oil from the East Caprock-Devonian Pool through 2 3/8-inch tubing and gas from the Pennsylvanian formation within one mile of the East Caprock-Pennsylvanian Pool. Applicant further seeks authority to use a portion of said gas to gas-lift said oil production and to subsequently flare said gas in exception to Rule 404 of the Commission Rules and Regulations.

CASE 4421: Application of Phillips Petroleum Company for creation of a new oil pool, special pool rules therefor, and redesignation of the vertical limits of the Ranger Lake-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Bough section of the Pennsylvanian formation for its Phillips West Ranger Lake Unit Well No. 1 located in Unit C of Section 26, Township 12 South, Range 34 East, Lea County, New Mexico, and for the promulgation of special rules therefor including a provision for 80-acre spacing and proration units, with vertical limits of said pool to be the interval from sub-sea datum -5671 feet to -6016 feet as found in said Well No. 1. Applicant further seeks the contraction of the vertical limits of the Ranger Lake-Pennsylvanian Pool to that interval from sub-sea datum -6080 feet to -6230 feet as found in its West Ranger Lake Unit Tract 2 Well No. 1 located in Unit P of Section 23, said township and range.

CASE 4422: Application of Atlantic Richfield Company for amendment of Order No. R-3588, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-3588, which order authorized the disposal of produced salt water into the Yates and Seven Rivers formation in the perforated

September 2, 1970 - Examiner Hearing
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Docket No. 20-70

Case 4422 continued

and open-hole interval from 3110 feet to 3300 feet in the Sinclair ARC Federal Well No. 1 located in Unit O of Section 9, Township 20 South, Range 33 East, West Teas Pool, Lea County, New Mexico. Applicant now seeks authority to dispose into said zones in the interval from 3010 feet to 3300 feet.

CASE 4423: Application of Union Oil Company of California for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the San Andres formation underlying the N/2 NE/4 of Section 20, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico. Said acreage to be dedicated to a well to be drilled at an orthodox location in the NW/4 NE/4 of said Section 20. Also to be considered will be the cost of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4410: (Continued from the August 19, 1970 Examiner Hearing) Application of Major, Giebel & Forster for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 of Section 28, Township 25 South, Range 37 East, Crosby-Devonian Pool, Lea County, New Mexico, said acreage to be dedicated to a well to be drilled in said quarter section. Also, to be considered will be the cost of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

BUS. PHONE MUTUAL 2-7237
RES. PHONE MUTUAL 2-5585

D. E. (DON) BILLINGS
Independent Petroleum Landman
412 WILKINSON-FOSTER BLDG.
MIDLAND, TEXAS 79701
August 8, 1970

11 PH 1 08
270 AUG 11

State of New Mexico Land Office
P. O. Box 2088
Santa Fe, New Mexico 87501
Attention: Mr. Porter

40.19
40.03
39.85
40.00

40.30
40.33
40.63
160.63

Coal 4419

Re: NW/4 of Section 2, ^{Rolls} Tracts
1, 2, 3 and SE/4 of NE/4
of Section 3, T-22-S, R-26-E,
Eddy County, New Mexico

Dear Sir:

This is to advise that I have a farm-out from Texas Oil & Gas covering the captioned acreage in Section 3, and Superior will either farm-out or join in operations on the acreage in Section 2.

I would like an exception to your ruling that a Unit (320 Acres) cannot be formed with adjacent Sections. The reason for this being that the balance of the acreage on Section 3 is subdivided into small lots known as "Happy Valley" and it would be rather costly and difficult to put together 320 acres in the said Section 3.

I and my associates, Joseph E. Keyser and Ed Kennedy of Midland, Texas, contemplate drilling a 11,500 foot Morrow Gas test in the NE/4 of the NE/4 of the captioned Section 3, provided we can get an exception and pool all of the captioned for a 320 Acre Unit.

Trusting you will give this your earliest attention and thanking you in advance for any consideration, I am

Very truly yours

D. E. Billings
D. E. Billings

DOCKET MAILED

Date 8-21-70

ROUGH
DRAFT
GMH/ir
9/8/70

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

ASP *Adm*
CASE NO. 4419

Order No. R- 4028

APPLICATION OF BILLINGS, KEYSER AND
KENNEDY FOR A NON-STANDARD GAS
PRORATION UNIT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 2, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of September, 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 applicants, Billings, Keyser and Kennedy, are
the operators of leases comprising the NW/4 of Section 2 and Lots
1, 2 and 3 and the SE/4 NE/4 of Section 3, Township 22 South,
Range 26 East, Eddy County, New Mexico.

(3) That the applicants seek approval of a 320-acre non-
standard gas proration unit comprising all of the above-described
acreage to be dedicated to a wildcat gas well to be drilled in
said Lot 1 to the Morrow formation.

(4) That the unorthodox shape of the proposed 320-acre non-
standard gas proration unit is due to the configuration of the
leases held by the applicants.

(5) That a non-standard gas proration unit comprising the
NW/4 of Section 2 and Lots 1, 2 and 3 and the SE/4 NE/4 of Section
3, said Township and Range can be efficiently and economically
drained and developed by a well located approximately in the center
of said Lot 1.

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Case No. 4419

Order No. R-_____

(b) That approval of the 320-acre non-standard gas proration unit as requested by the applicants will afford the applicants the opportunity to produce their just and equitable share of gas from the Morrow formation, will prevent the economic loss caused by the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard proration unit comprising the NW/4 of Section 2 and Lots 1, 2, and 3 and the SE/4 NE/4 of Section 3, Township 22 South, Range 26 East, Eddy County, New Mexico, is hereby established for the production of gas from the Morrow formation and dedicated to a wildcat well to be drilled within 150 feet of the center of said Lot 1.

(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

CARGO
ARMIJO
PORTER

S E A L

Case 4417

Heard 9-2-70

Rec. 9-4-70

Grant Billings, Keyser & Kennedy a
Hon. old unit for their W.C. well
to drilled to the Monow fm. in lot 3
of sec. 3 of 225-26E.
The unit is NW/4 sec. 2, Lots
1, 2, 3 & SE/4 NE/4 sec. 3.

Thudell

P.S. The SE/4 NE/4 sec. 3 is left
out because of operators reluctance
to spend the money to contact
all of the lot owners in the "Happy
Valley" subdivision.

Thudell

CASE 4420: Application of XPLOR
FOR NEW GAS POOL, RULES, DUAL
AND AUTHORITY TO COMMINGLE.