

CASE 4448: Application of MWJ PRO-
DUCING CO. FOR POOL REDELINEATION,
NEW POOL AND SPECIAL POOL RULES.

Referred to

Case. Number.

4448

Application,
Transcripts.

Sm all Exhibts.

ETC.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Roswell, New Mexico

October 13, 1971
Examiner Hearing

IN THE MATTER OF:

Case 4448 being reopened pursuant
to the provisions of Order No.
R-4060, which order established
160-acre spacing units and an
80-acre proportional factor of
4.00 for the West Mescalero-
Pennsylvanian Pool, Lea County,
New Mexico, for a period of one
year.

Case No. 4448
(Reopened)

BEFORE: DANIEL S. NUTTER, EXAMINER

TRANSCRIPT OF HEARING

1 MR. NUTTER: Call Case No. 4448.

2 MR. HATCH: Case 4448, reopened. In the matter of
3 Case 4448 being reopened pursuant to the provisions of Order
4 No. R-4060, which order established 160-acre spacing units and
5 80-acre proportional factor of 4.00 for the West Mescalero-
6 Pennsylvanian Pool, Lea County, New Mexico, for a period of
7 one year.

8 MR. KELLAHIN: If the Examiner please, we would
9 like to ask that the case be dismissed, and I am Jason Kellahin,
10 Kellahin and Fox appearing for M. W. J. who was the applicant
11 in the original case.

12 M. W. J. advised me that the well involved has been
13 plugged and abandoned and issue is now moving.

14 MR. NUTTER: There is no necessity for these pool
15 rules?

16 MR. KELLAHIN: No necessity.

17 MR. NUTTER: In that case, Case No. 4448 will be
18 dismissed.

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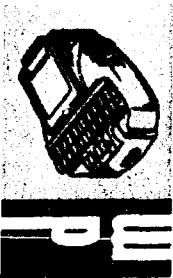
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1	STATE OF NEW MEXICO)
2	COUNTY OF BERNALILLO)
3	I, LINDA MALONE, Court Reporter, do hereby certify that
4	the foregoing and attached Transcript of Hearing before the
5	New Mexico Oil Conservation Commission was reported by me;
6	that the same is a true and correct record of the said
7	proceedings, to the best of my knowledge, skill and ability.
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11	<i>Linda Malone</i>
12	Court Reporter
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22	I do hereby certify that the foregoing is a correct record of the hearing before the New Mexico Oil Conservation Commission held by me on <u>10/13</u> 19 <u>48</u> .
23	<i>[Signature]</i>
24	New Mexico Oil Conservation Commission
25	

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
October 28, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of MWJ Producing Company)
for pool redelineation and the creation))
of a new pool and special pool rules,)
Lea County, New Mexico.)
_____)

Case No. 4448

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. HATCH: This is the application MWJ Producing Company for pool redelineation and the creation of a new pool and special rules, Lea County, New Mexico.

ME. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, appearing for the applicant. We have one witness I'd like to have sworn.

RALPH VINEY,

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

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A My name is Ralph Viney.

Q What business are you engaged in, Mr. Viney?

A In the consulting engineering business.

Q Where are you located?

A Midland.

Q Have you ever testified before the Oil Conservation Commission or its examiners and made your qualifications as an engineer a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir. They are.

Q Mr. Viney, in connection with your work as a consulting engineer, have you made an investigation for MWJ Producing Company in connection with Case 4448?

A Yes, sir.

Q And are you prepared to testify in connection with the application?

A Yes, sir.

Q Referring to what has been marked as the Applicant's Exhibit A, would you identify that exhibit, please?

A Yes, sir. Exhibit A contains a discussion and supporting exhibits for the particular Case No. 4448.

Q Would you go ahead with your discussion of this application?

A Yes, sir. Counsel, do you want me to read from the text or can we review it?

Q Just review it, if you wish. In the first place, what is the applicant proposing in this case?

A The applicant, MWJ Producing Company, is asking for a pool redelineation and the creation of a new pool and special pool requirements in Lea County, New Mexico.

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Redelineation involves the carrying out of certain areas from the existing Mescalero Permo-Pennsylvanian Pool and creating a new pool such that spacing can be set on a larger and wider pattern.

Q Now, has the applicant completed a well in this pool?

A Yes, sir. MWJ has completed their Huber State Well No. 1. This well is producing from the Bough series of Pennsylvanian through perforations at 8,778 to 88.

Q Now, in connection with the nomenclature of this formation, you refer to it as the Bough "C" series of the Pennsylvanian. Sometimes in this area it is referred to as the Permo-Pennsylvanian, is it not?

A Yes, sir.

Q Is that the same formation?

A Yes, sir. We believe that the series in the Huber State area and the same producing series that is evident and being produced in the Baum Field, in the Veda Field, the Bar-U and the MWJ all through the northwest Lea County Bough series is equivalent geologically.

Q Now, referring to what you have marked as Exhibit 1 of Exhibit A, will you identify that exhibit?

A Yes, sir. Exhibit 1 of Exhibit A indicates the area in question and the area is shown by an arrow to the part-

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icular Huber State MWJ area. It shows in relationship the Mescalero Field and other fields through northwest Lea County.

Q That is the fields you just referred to as being similar?

A Yes, sir, geologically it is similar.

Q Geologically?

A Yes, sir.

Q Referring to what has been marked as Exhibit 2 of Exhibit A, would you identify that exhibit?

A Yes, sir. Exhibit 2 is a structure map contoured on the top of the Bough series or on the base of the unconformity at the top of the Bough series. Mr. David Rathjen with MWJ has cooperated and prepared this map and based on the best study through the area we believe that it gives the most realistic points to use for contouring and showing the structures that exist throughout the area.

Q You say Mr. Rathjen prepared the information?

A Yes, sir, on the structure map. Yes, sir.

Q And have you examined it and the supporting data and are you in agreement with this interpretation?

A Yes, sir. We have reviewed the material, checked the logs and discussed this with Mr. Rathjen and we are in

complete agreement with his interpretation.

Q Now, does this indicate to you that the area involved or area where the Huber State well is located is a separate source of supply from the Mescalero Pool?

A The structure alone indicates either a nosing or a separate anticline and would suggest separation.

Q What other information do you have that indicates that this is separate?

A Following completion of this well we conducted reservoir pressure buildup tests.

Q Well, before we get into that, were there some other wells drilled which would indicate separation?

A Well, let me point out this -- excuse me, counsel --

Q Yes.

A You will note on this Exhibit 2 that there was a dry hole drilled in Section 21, the southeast of the southeast of Section 21. A dry hole was drilled in position C of Section 34 in the northeast of the southwest of 34. These three wells penetrated the entire Pennsylvanian section without finding any permeable Bough series pays.

Q So on that basis would you interpretate it as a permeability barrier which is the affective separation?

A We would have to conclude that there was a loss of pay

section or permeability or porosity through this area.

Q Now, you started to discuss a pressure survey. Would you give the information on that?

A Yes, sir. As further confirmation the areas are separate -- and when we speak about the areas, we are speaking about the MWJ Huber State area and the Mescalero Permo-Pennsylvanian Pool -- we conducted a reservoir pressure buildup survey right after the well was completed. During the first forty-six hours of buildup we had a reservoir pressure of approximately twenty-five hundred pounds. It was twenty-four ninety-four, from the material included in the text. We shut the well in an additional nine days and the pressure had built up another four hundred pounds to approximately twenty-nine hundred pounds. You will notice in the text it reads twenty-eight ninety-four. The pressure was still building at this time. On Exhibit 3 of Exhibit A this information was plotted in the conventional dimensionalized time technique and the reservoir pressure extrapolated which indicated a three thousand pound pressure condition.

Q Would you consider that virgin reservoir pressure?

A It is near virgin reservoir pressure and the only qualification that I would submit at this time would be

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the fact that a well was drilled in the southeast of the northwest of 33 and abandoned many years ago. This particular well produced approximately sixteen barrels of oil.

Now, further to relate the pressures that were obtained in this area with the pressures that exist in the Mescalero Permo-Pennsylvanian Pool, we have to rely on comparative techniques and somewhat dated information. Mobil Oil Company supplied us with reservoir pressures that they conducted on their wells in the Mescalero Permo-Pennsylvanian Pool. Both pressures are in excess of fifteen years old.

In December of 1953 the reservoir pressure in the Permo-Pennsylvanian Pool was twenty-five hundred pounds and in December of 1955 it was fifteen hundred pounds.

Now, the producing rate of the remaining wells in the Mescalero Pool is very small and we find very little evidence of much water being produced or reported. We have to make a conclusion that without having benefit of fluid levels in the Mescalero Field wells that the reservoir pressure is probably quite low at this time and in view of the existing pressure in the MWJ Huber State area and the apparent low pressures in the now

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Mescalero Permo-Pennsylvanian Pool we think this is sufficient or additional information to indicate separation.

Q Now, has there been a decrease in the productivity of the Mescalero Permo-Pennsylvanian Pool?

A Yes, sir. Very definitely.

Q Is that a solution gas drive reservoir?

A It appears to have been a solution gas drive mechanism.

Q On the basis of what you presently know about the Huber State well would you say the same is true of it?

A Since the well is now in the stages of being completed, I couldn't say definitely that it would, but by similarity of formation of the Bough series wells through this particular close area, I would assume that it would probably be similar.

Q It has tested some water, hasn't it?

A Yes. On tests it made thirty-two barrels of oil and three hundred sixty barrels of water per day.

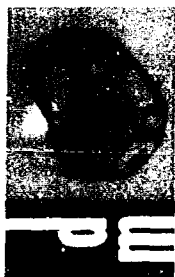
Q Now, referring to what has been marked as Exhibit No. 4 of Exhibit A, would you identify that exhibit?

A Yes, sir. Exhibit 4 shows selected Bough producing fields, namely the Bar-U, the Veda, the Baum and, of course, there are others, but we just selected these and then the area in which the MWJ Huber State well is

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located. It is significant to note that in all but the Huber State area the proration unit established for the Bough series formation are one hundred sixty acres whereas the Mescalero is forty acres and has been since creation of the pool rules.

Q It is quite an old pool, however, is it not?

A Yes, sir.

Q Referring to what has been marked as Exhibit 5 of Exhibit A, will you identify that exhibit?

A Yes, sir. Exhibit 5 is a projection of four logs from four separate fields and, here again, we used the logs that came out of the Baum, the Bar-U and the Veda and in the MWJ Huber State area. Significantly the Bough series appears to be the same regardless of where you find it through this trend.

Q Now, this exhibit doesn't purport to be a cross section?

A No, sir.

Q It is for comparison only?

A It is just to show that these series appear to be of equivalent size throughout the various fields reviewed.

Q And that would indicate that if the reservoir performance is similar in the other pools, it would be somewhat the same, you would expect, in the Huber State well?

A We should expect this, yes, sir.

Q Now, referring to what has been marked as Exhibit No. 6, would you identify that exhibit, please?

A Exhibit 6 is a lease plat that provides lease ownership of the acreage in the immediate area of this hearing.

Q And outlined in yellow, what does that indicate?

A The outline in yellow shows the MWJ Producing Company acreage in Sections 28 and 33 of 10-32.

Q And that is the area that the applicant proposed to be included in the new pool, is that correct?

A That is correct. Yes, sir.

Q Now, in summary, Mr. Viney, would you say that the area involved in the Huber State well is a separate source of supply from any other defined pool?

A At this writing and based on the information we have, yes, sir.

Q And in your opinion and based on the information presently available will a well located in this pool effectively and economically drain and develop one hundred sixty acres?

A Based on what we can see of the formation from the logs and comparing it to other wells in these other fields that we have reviewed, we feel that this would be

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reasonable.

Q Would it be your recommendation that this area be spaced on one hundred sixty acre spacing until the additional information can be gathered?

A Yes, sir. I think it may be somewhat even more pressing if additional development is to be conducted in the area that this spacing be at least one hundred sixty acres.

Q Now, in the application the applicant proposed that pool rules be adopted. Have you any recommendations as to specific provisions of those rules?

A Other than we should have one hundred sixty acre proration units with eighty acre allowable, flexible spacing.

Q Would you recommend a well be located in any quarter-quarter section?

A Yes, sir.

Q Within substantially the center of such a quarter-quarter section?

A Yes, sir.

Q Otherwise would you recommend that an order similar to that adopted in the other one hundred sixty acre Pennsylvanian Pools be adopted by the Commission?

A Yes. This would be adequate.

Q Do you have any other comments to make in connection with this, Mr. Viney?

A No, sir, unless you want to read the document, but I don't think it is necessary.

Q Was Exhibit A with the attached Exhibits 1 through 6 inclusive prepared by you or under your supervision?

A Yes, sir.

MR. KELLAHIN: At this time I'd like to offer into evidence Exhibit A.

MR. UTZ: Exhibit A, Parts 1 through 6, will be entered into the record of this case.

MR. KELLAHIN: That completes the direct testimony.

CROSS EXAMINATION

BY MR. UTZ:

Q I thought I saw somewhere where you recommended spacing --

A Yes, sir.

Q One hundred sixty acres --

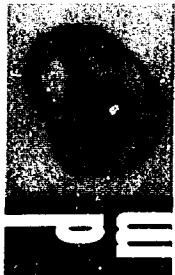
A But with the assignment of eighty acre allowables.

Q On your flexible spacing then I gather you mean you drill in any forty acre tract?

A In the quarter.

Q In the approximate center?

A Yes, sir.



Q One hundred fifty feet?

A Yes, sir.

Q Mr. Viney, are you aware of the horizontal limits of the Mescalero Permo-Pennsylvanian Pool at the present time as being all of Section 28, northwest quarter of 33?

A Yes, sir.

Q You are recommending that this area be taken out?

A Yes, sir. This is correct.

Q Out of the Mescalero?

A Yes.

Q And all of 28 and 33 be put in a new pool?

A Yes, sir.

Q What is the situation so far as the abandoned hole in the northwest quarter of 33 -- is it plugged and abandoned?

A It is plugged and abandoned at this time. Yes, sir.

Q Now, was it producing out of the same zone?

A Out of the same sections, yes, sir.

Q Which was one of the Bough series?

A Yes, sir.

Q Can you identify which Bough series?

A Well, in this particular area it is a little bit difficult. We have quite a bit of reworking through the area of 33 and from the anticline on it is Mescalero

Pool and this is why I suggested using the Bough series because I can't definitely buy it as to A, B, C, D or E.

Q Did you have a suggested name?

A No, sir. I did not.

MR. KELLAHIN: So long as it isn't "Mescalero".

Mr. Williamson suggested "Mescalero West".

MR. UTZ: I must be thinking of another case. I'd have sworn I saw a name suggested somewhere.

MR. KELLAHIN: Mr. Examiner, please, in connection with the pool nomenclature, the Mescalero Permo-Pennsylvanian Pool, the existing Huber State well was included in that pool so the area would have been distinct. Just what was covered, I don't recall.

MR. UTZ: Well, I will have to speak to Kapteina about keeping his books up to date.

Q Mr. Viney, I don't know whether you are aware of the Commission policy. In most instances, in regard to horizontal delineation of new pools, we usually take it under one hundred sixty acres at a time or a small area at a time rather than take in two whole sections on the basis of one well.

MR. KELLAHIN: We'd have no objection to that, Mr. Utz. That is quite satisfactory.

MR. UTZ: I just wanted to call this to the witness' attention and if he had any argument, I wanted to hear it.

Q Now, you don't have specific pressure information as to the Mescalero pressures at the present time except that you feel sure they are under fifteen hundred pounds.

A Yes, sir. And this is all I can say other than without having the benefit of fluid levels, Mr. Utz -- I don't know how else I can tell you what it was.

Q How about the quality of oil and the type of oil; do you know if there is any difference?

A No, sir. Everything is -- they are within the gravity range and appearance is the same, so that there is --

Q Do you have any idea what the GOR of this well is?

A Well, at this time it is probably in the neighborhood of seven to eight hundred, at best. It is very low.

Q On Exhibit No. 3 there is extrapolation of stabilized pressure.

A Yes, sir.

Q In other words, these points are all actually tab points?

A Yes, sir.

Q So from twenty-five hundred up is extrapolated, is that correct?

A No. From twenty-nine hundred.

Q Up to three thousand?

A Yes, sir.

MR. UTZ: Any other questions of the witness?

The witness may be excused.

Any statements?

MR. KELLAHIN: Examiner, please, there is a telegram in the file, I believe, from Cities Service in connection with this case.

MR. HATCH: The Commission has received a telegram saying that Cities Service has no objection to MWJ's application.

MR. KELLAHIN: Only one other comment, Examiner, please, we do have -- assuming that we are going to be spaced on one hundred sixty acres -- we have a communitization problem and a lease date involved and as soon as we can hear on this order, we'd appreciate it.

MR. UTZ: What is the lease date?

MR. KELLAHIN: The middle of November.

MR. UTZ: Any other statements?

The case will be taken under advisement.

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

I, PETER A. LUMIA, a 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.

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

I do hereby certify that the foregoing is a complete record of the proceedings of the hearing of Case No. 4448, on 10-25-79.
[Signature]
New Mexico Oil Conservation Commission

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I N D E X

WITNESS:

PAGE:

RALPH VINEY

Direct Examination by Mr. Kellahin

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Cross Examination by Mr. Utz

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E X H I B I T S

APPLICANT'S

MARKED

OFFERED AND
ADMITTED

Exhibit No. A

2

13



OIL CONSERVATION COMMISSION

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

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

October 19, 1971

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

Re: Case No. 4448 & 4598
Order No. R-4209 & R-4210
Applicant:
(OCC) - MWJ Producing Co.
and Continental

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X
Artesia OCC _____
Aztec OCC _____

Other _____

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. 4448
Order No. R-4209

IN THE MATTER OF CASE 4448 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-4060, WHICH ORDER
ESTABLISHED 160-ACRE SPACING UNITS
AND AN 80-ACRE PROPORTIONAL FACTOR OF
4.00 FOR THE WEST MESCALERO-PENNSYLVANIAN
POOL, LEA COUNTY, NEW MEXICO, FOR A
PERIOD OF ONE YEAR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 13, 1971, at Roswell, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of October, 1971, 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 by Order No. R-4060, dated November 10, 1970, temporary Special Rules and Regulations were promulgated for the West Mescalero-Pennsylvanian Pool, Lea County, New Mexico, establishing 160-acre spacing units and an 80-acre proportional factor of 4.00 for allowable purposes for a period of one year.
- (3) That pursuant to the provisions of Order No. R-4060, this case was reopened to allow the operators in the subject pool to appear and show cause why the West Mescalero-Pennsylvanian Pool should not be developed on less than 160-acre

-2-

CASE NO. 4448
Order No. R-4209

spacing units and to show cause why the 80-acre proportional factor of 4.00 should or should not be retained.

(4) That no wells are presently producing from the subject pool.

(5) That it is not anticipated that additional wells will be drilled in the subject pool.

(6) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-4060 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the West Mescalero-Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-4060, are hereby abolished.

(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



Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

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

S E A L

dr/

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. 4448
Order No. R-4060
NOMENCLATURE

APPLICATION OF MWJ PRODUCING COMPANY
FOR POOL REDELINEATION AND THE CREA-
TION OF A NEW POOL AND SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 28, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 10th day of November, 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 the
redelineation of the Mescalero Permo-Pennsylvanian Pool by the
deletion therefrom of that portion of said pool contained in
Sections 26 and 33, Township 10 South, Range 32 East, NMPM, Lea
County, New Mexico.

(3) That the applicant further seeks the creation of a new
pool for the production of oil from the Pennsylvanian formation
for its Huber State Well No. 1, located in Unit K of said Sec-
tion 33, with vertical limits comprising the Pennsylvanian forma-
tion, and with horizontal limits comprising the lands to be
deleted from the Mescalero Permo-Pennsylvanian Pool.

-2-

CASE No. 4448

Order No. R-4060

(4) That the reservoir information presently available indicates that the horizontal limits of the Mescalero Permo-Pennsylvanian Pool, as presently designated, encompass more than one separate common source of supply.

(5) That the horizontal limits of the Mescalero Permo-Pennsylvanian Pool should, in order to prevent waste and protect correlative rights, be contracted by deleting therefrom the following-described lands in Lea County, New Mexico:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 21: All

Section 28: All

Section 33: NW/4

(6) That in order to prevent waste and protect correlative rights, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, should be created and designated the West Mescalero-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation, and horizontal limit comprising the following-described lands in Lea County, New Mexico:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 33: W/2

(7) That the applicant further seeks the promulgation of special rules and regulations governing the newly created West Mescalero-Pennsylvanian Pool, including a provision for 160-acre spacing units and the assignment of an 80-acre proportional factor for allowable purposes.

(8) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units and the assignment of 80-acre proportional factor of 4.00 should be promulgated for the West Mescalero-Pennsylvanian Pool.

(9) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

-3-

CASE No. 4448

Order No. R-4060

(10) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(11) That this case should be reopened at an examiner hearing in October, 1971, at which time the operators in the subject pool should be prepared to appear and show cause why the West Mescalero-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.00 assigned to the subject pool should or should not be retained.

IT IS THEREFORE ORDERED:

(1) That, effective November 15, 1970, the horizontal limits of the Mescalero Permo-Pennsylvanian Pool, Lea County, New Mexico, are hereby contracted by the deletion therefrom of the following-described lands:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 21: All

Section 28: All

Section 33: NW/4

(2) That, effective November 15, 1970, a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, is hereby created and designated the West Mescalero-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation and horizontal limits comprising the following-described lands:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 33: W/2

(3) That, effective November 15, 1970, temporary Special Rules and Regulations for the West Mescalero-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS

FOR THE

WEST MESCALERO-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the West Mescalero-Pennsylvanian Pool or in the Pennsylvanian formation

within one mile thereof, and not nearer to or within the limits of another designated Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned an 80-acre proportional factor of 4.00 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

-5-

CASE No. 4448
Order No. R-4060

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the West Mescalero-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before December 1, 1970.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1959, existing wells in the West Mescalero-Pennsylvanian Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the West Mescalero-Pennsylvanian Pool or in the Pennsylvanian formation within one mile thereof shall receive no more than one-fourth of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in October, 1971, at which time the operators in the subject pool may appear and show cause why the West Mescalero-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.00 assigned to the subject pool should or should not be retained.

-6-

CASE No. 4448

Order No. R-4060

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

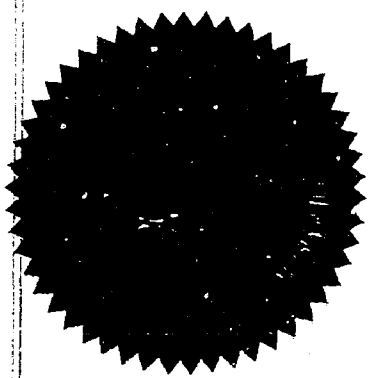
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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



esr/

JASON W. KELLAHIN
ROBERT E. FOX

KELLAHIN AND FOX
ATTORNEYS AT LAW
54½ EAST SAN FRANCISCO STREET
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

October 4, 1971

RECEIVED

OCT - 6 1971

OIL CONSERVATION COMM.
SANTA FE

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

Re: New Mexico Oil Commission Case #4448
Pool Rules, West Mescalero-Pennsylvanian Pool

Gentlemen:

I am advised by MWJ Producing Company, on whose application the pool rules of the above pool were established, that the discovery well in the pool proved to be non-commercial and has been, or will be, plugged and abandoned. A re-entry attempt in the SW/4 of Section 28, three-fourths of a mile north of the discovery well, resulted in the production of 100% water.

Since there is no commercial oil MWJ Producing Company asks that the case be dismissed.

Yours very truly,

Jason Kellahin

Jason W. Kellahin

JWK/sr

cc: Mr. R. Ken Williams

DOCKET: REGULAR HEARING - WEDNESDAY - OCTOBER 13, 1971

OIL CONSERVATION COMMISSION - 9 A.M. - ROSWELL INN, 1815 NORTH MAIN,
ROSWELL, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for November and December, 1971;
- (2) Consideration of the allowable production of gas for November, 1971, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves 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 November, 1971.

CASE 4575: (De Novo)

Application of Anadarko Production Company for the amendment of the special pool rules for an existing pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations governing the South Eunice-San Andres Pool to provide for the classification of oil and gas wells, spacing and well location requirements, and an allocation formula for withdrawals by oil and gas wells.

Upon application of Anadarko Production Company, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4557: (De Novo)

Application of Continental Oil Company for transfer of allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to transfer allowable across boundaries of the participating area and the leases outside said area, but within the Maljamar Co-operative Area, MCA Unit Area, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

Upon application of Continental Oil Company, this case will be heard De Novo under the provisions of Rule 1220.

THE FOLLOWING CASES WILL BE HEARD BEFORE DANIEL S. NUTTER, EXAMINER, OR ELVIS A. UTZ, ALTERNATE EXAMINER, ALSO AT THE
ROSWELL INN:

- CASE 4605: Application of Elk Oil Company for special pool rules and a non-standard gas proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Round Tank-Queen Pool,

(Case 4605 continued)

including provisions for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and a limiting gas-oil ratio of 6,000 to 1. Applicant further seeks approval of a 120-acre non-standard gas proration unit comprising the W/2 SW/4 and SE/4 SW/4 of Section 30, Township 15 South, Range 29 East, Chaves County, New Mexico, to be dedicated to its JW Well No. 2 located in Unit L of said Section 30.

CASE 4606: Application of Black River Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Cities-Federal Well No. 2 located 2310 feet from the South and East lines of Section 34, Township 25 South, Range 24 East, undesignated Morrow gas pool, Eddy County, New Mexico, with the E/2 of said Section 34 to be dedicated to the well.

CASE 4448: (Reopened)

In the matter of Case 4448 being reopened pursuant to the provisions of Order No. R-4060, which order established 160-acre spacing units and an 80-acre proportional factor of 4.00 for the West Mescalero-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested persons may appear and show cause why said pool should not be developed on less than 160-acre spacing units and why the 80-acre proportional factor of 4.00 assigned to the pool should or should not be retained.

CASE 4607: Application of Penroc Oil Corporation for a waterflood expansion and amendment of Order No. R-3494, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Phillips Artesia Waterflood Project, Artesia Pool, by an additional injection well to be located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, Eddy County, New Mexico. Applicant further seeks the amendment of Order No. R-3494 to permit administrative approval for additional

(Case 4607 continued)

injection wells in said project without a showing of well response.

CASE 4608: Application of Jack L. McClellan for the creation of a new pool and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Siluro-Devonian formation for his Bar-J Federal Well No. 1 located in Unit E of Section 15, Township 6 South, Range 27 East, Chaves County, New Mexico, and the assignment of approximately 32,300 barrels of discovery allowable to said well. Applicant further seeks the promulgation of special rules for said pool including a provision for 80-acre spacing and proration units.

CASE 4609: Application of Jack L. McClellan for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sulimar-Queen Unit Area comprising 1520 acres, more or less, of Federal lands in Sections 13, 23, 24, 25, and 26 of Township 15 South, Range 29 East and Sections 18 and 19 of Township 15 South, Range 30 East, Chaves County, New Mexico.

CASE 4610: Application of Jack L. McClellan for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Sulimar-Queen Pool by the injection of water through various wells located in Sections 13, 23, 24, 25, and 26 of Township 15 South, Range 29 East and Sections 18 and 19 of Township 15 South, Range 30 East, Chaves County, New Mexico.

CASE 4611: Southeastern New Mexico nomenclature case calling for an order for the extension of certain pools in Lea, Chaves and Roosevelt Counties, New Mexico.

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

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
SECTION 3: N/2 SE/4

(Case 4611 continued)

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

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM
SECTION 16: S/2

(c) Extend the Vest Ranch-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
SECTION 28: SE/4

(d) Extend the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
SECTION 12: NE/4

CASE 4539: (Continued from the September 1, 1971 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Doanbuy Lease & Company, Inc., and all other interested persons to appear and show cause why its following described wells in Section 27, Township 14 South, Range 33 East, Saunders Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4593: (Continued from the September 15, 1971 Examiner Hearing)

Application of Continental Oil Company 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, to dispose of water produced by wells located on its W. R. Means lease comprising the S/2 and NW/4 of Section 28, and E/2 and E/2 W/2 of Section 29, Township 14 South, Range 30 East, Vest Ranch-Queen Pool, Chaves County, New Mexico, in unlined surface pits.

Case 4448

Hend 10-28-70

Rec. 10-30-70

Grant M.W. Jr.'s request for
deletion of sections 28 + NW/4
of sec. 33 from the Meschler
Penn oil Pool + grant the
delineation of a new pool consisting
of the SW/4 of sec. 33 to be called
the West Meschler-Penn. oil
pool.

The Homombe upper & lower pools
order #2929 could be used.

1. 150' from center of any 1/4 sec.
2. 80 ac. allowable
3. 1 yr. temp order.

Thos. W. Jr.

TOWNSHIP Range NMPM

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DOCKET: EXAMINER HEARING - WEDNESDAY- OCTOBER 28, 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 4443: Application of Pan American Petroleum Corporation for down-hole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the BS Mesa-Gallup and Basin-Dakota Gas Pools in the wellbores of its Jicarilla Apache 102 Wells Nos. 7, 9, 11, and 12, located respectively in Sections 3, 4, 10, and 9, Township 26 North, Range 4 West, Rio Arriba County, New Mexico. Applicant further seeks a procedure whereby other wells on said Jicarilla Apache 102 lease now dually completed in said pools may be approved administratively for downhole commingling.
- CASE 4444: Application of Tenneco Oil 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 Allison-Pennsylvanian Pool to permit the completion of an oil well at an unorthodox location 1830 feet from the North line and 660 feet from the West line of Section 10, Township 9 South, Range 36 East, Lea County, New Mexico.
- CASE 4445: Application of Byron McKnight for an exception to Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the potash-oil area casing and cementing rules as set forth in Commission Order No. R-111-A. Applicant proposes to drill two exploratory wells in the NW/4 NW/4 of Section 35 and the NE/4 NE/4 of Section 34, both in Township 19 South, Range 33 East, Lea County, New Mexico, in such a manner as to eliminate the necessity of running the salt protection string required by said Order No. R-111-A, provided the production string would be cemented to the surface.
- CASE 4446: Application of Ford Chapman for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the open-hole interval from 2899 feet to 2905 feet in his Gulf Pipkin Federal Well No. 1 located 330 feet from the South line and 605 feet from the East line of Section 34, Township 26 South, Range 29 East, Pecos-Delaware Pool, Eddy County, New Mexico.

CASE 4447: Application of Morris R. Antweil for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his Allen Well No. 1 located in Unit J of Section 31, Township 22 South, Range 27 East, Eddy County, New Mexico, in such a manner as to permit the production of gas from the South Carlsbad-Strawn and South Carlsbad-Morrow Gas Pools through parallel strings of tubing.

CASE 4173: Reopened - (Continued from the September 30, 1970 Examiner Hearing)

In the matter of Case 4173 being reopened pursuant to the provisions of Order No. R-3811-A, which order extended 80-acre spacing units and a limiting gas-oil ratio of 4000 cubic feet of gas per barrel of oil for the Hobbs-Drinkard Pool, Lea County, New Mexico, for a period of 90 days. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing, why the limiting gas-oil ratio should not revert to 2000 to one, and/or why all casinghead gas produced by wells in the pool should not be reinjected.

CASE 4448: Application of MWJ Producing Company for pool redelineation and the creation of a new pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the redelineation of the Mescalero Permo-Pennsylvanian Pool by the deletion of all lands in Sections 28 and 33, Township 10 South, Range 32 East, Lea County, New Mexico, from said pool. Applicant further seeks the creation of a new pool for the production of oil from the Permo-Pennsylvanian formation for its Huber State Well No. 1 located in Unit K of said Section 33, and for the promulgation of special rules therefor including a provision for 160-acre spacing units and the assignment of 80-acre allowables.

CASE 4449: Application of Petro-Thermo Corporation for authority to operate an oil treating plant, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to install and operate a water-bath and heat-treatment type oil treating plant in the SW/4 NW/4 of Section 31, Township 18 South, Range 37 East, Lea County, New Mexico, for the reclamation of sediment oil.

CASE 4450: Application of Anderson Oil and Gas Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete the New Mexico State B. T. (Q) Well No. 1 located 660 feet from the South and East lines of Section 33, Township 11 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil through tubing from the Bagley-Pennsylvanian Pool and the disposal of produced salt water through tubing into the Devonian formation, Bagley-Siluro-Devonian Pool at a depth of approximately 11,075 feet.

CASE 4451: Application of Union Oil Company of California for a non-standard oil proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit comprising the SW/4 SE/4 of Section 17 and the NW/4 NE/4 of Section 20, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, to be dedicated to a well to be drilled at a standard location in the SW/4 SE/4 of said Section 17.

CASE 4423: Continued from the September 30, 1970 Examiner Hearing

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 4434: (Continued from the September 30, 1970, Examiner Hearing)

Application of Union Oil Company of California for the creation of a new gas pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for its Pipeline Federal Well No. 1 located in Section 4, Township 19 South, Range 34 East, Lea County, New Mexico. Applicant further seeks the promulgation of special rules therefor, including a provision for 640-acre spacing and proration units and fixed well location requirements.

CASE 4452: Application of David C. Collier 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 Queen formation through 4 wells located in Sections 1 and 12 of Township 19 South, Range 29 East, and Section 6 of Township 19 South, Range 30 East, East Turkey Track-Queen Pool, Eddy, County, New Mexico.



Telegram

(1336)

KA087 NSC274

NS MDA065 RS PDF=MIDLAND TEX 26 333P CST=
NEW MEX OIL CONSERVATION COMM=

ATTN ELVIS A UTZ SANTA FE NMEX

1970 OCT 26 PM 3 14

AM
Case
4448

CITIES SERVICE OIL CO HAS MINERAL INTERESTS IN SECTION
28 TOWNSHIP TEN SOUTH RANGE 32 EAST LEA COUNTY NEW
MEXICO WHICH IS PROPOSED FOR DELETION FROM THE EXISTING
ME SCALERA PERMO PENN POOL BY MWJ PRODUCING CO IN CASE
4448. WE HAVE NO OBJECTION TO MWJ'S APPLICATION FOR
CREATING A NEW POOL, 160 ACRE SPACING UNITS AN
ASSIGNMENT OF 80 ACRES ALLOWABLES=

E F MOTTER REGIONAL ENGINEER SOUTHWESTERN
REGION PRODUCTION DIVN=

NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING
WEDNESDAY, OCTOBER 28, 1970

CASE 4448

APPLICATION OF MWJ PRODUCING COMPANY FOR POOL REDELINEATION AND THE
CREATION OF A NEW POOL AND A SPECIAL POOL RULES, LEA COUNTY, NEW MEXICO

Acreage in requested new pool is designated as follows:

Township 10 South, Range 32 East
Sections 28 and 33

MWJ Producing Company requests the creation of a new pool based on evidence that the producing Pennsylvanian pay in the MWJ Producing Company Huber State Well No. 1 is not in communication with the producing Pennsylvanian Reservoir in the Mescalero Permo-Pennsylvanian Pool.

The requested new pool is located in Northwest Lea County (see area shown on Exhibit 1). The MWJ Producing Company Huber State Well No. 1 was completed on September 26, 1970, for 32 barrels of oil and 360 barrels of water per day. The Huber State Well is approximately two (2) miles southwest of the Mescalero Permo-Pennsylvanian Pool. Geological data and reservoir pressure surveys indicate the MWJ Huber State Well No. 1 is in a separate reservoir.

Exhibit 2 is a structure map contoured on top of the Bough Series of the Pennsylvanian. Geologically speaking, the structure in Section 28 and Section 33, which is now included in the Mescalero Permo-Pennsylvanian Pool, is a separate anticline from the trapping anticline which created the Mescalero Permo-Pennsylvanian Field. Three dry holes drilled in Sections 21 and 34 penetrated the Pennsylvanian section and did not cut any permeable zones in the Bough Series.

A reservoir build up pressure survey was conducted in the MWJ Producing Company Huber State well of the perforated zone (8778-88'). After 46 hours the reservoir pressure was 2494 psi and building. The well was shut in for an additional nine days, and a reservoir pressure of 2894 psi was measured. This data was plotted (Exhibit 3) using the dimensionless time as a coordinate, and the extrapolated reservoir pressure is approximately 3000 psi. This value approximates virgin conditions, although the MWJ Huber State well may have suffered some reservoir pressure draw down as a result of production from an offsetting well that produced 16,545 barrels of oil prior to abandonment.

Recent pressure data is not available in the zones of the Bough Series in the Mescalero Permo-Pennsylvanian Pool wells. Most wells in the Mescalero Permo-Pennsylvanian Pool have either been abandoned or are producing at very low rates. The pressure data available in the Mescalero Pool is somewhat dated. Reservoir pressures of 2500 psi and 1500 psi were reported by Mobil Oil Company on their wells for December, 1953, and December, 1955, respectively. Current fluid levels in the Mescalero Pool were not readily available; however, in view of the current producing rates of the existing field wells, the reservoir pressure is considered to be quite low. There has not been a significant amount of water production reported in the Mescalero Permo-Pennsylvanian Pool, which, when considered with the current field and well performances suggests that the producing reservoir mechanism is possibly solution gas drive. The large pressure differential between the MWJ Producing Company Huber State No. 1 Well area and the Mescalero Permo-Pennsylvanian Pool suggests the two areas are not connected.

While it may not be significant, the performance of the wells in the Mescalero Permo-Pennsylvanian Pool showed a definite decreasing oil productivity and recovery as wells were completed and produced in a southwest direction indicating a possible decrease in the quality of the pay zone due to a loss of porosity and/or permeability or a reservoir boundary.

Exhibit 4 shows the relationship of the MWJ Huber State producing area to other Bough Pools in Northwest Lea County.

Exhibit 5 presents logs from the Baum, Bar-U and Vada Pools and the MWJ Huber State area. These wells all produce from the same geological horizon of the Bough Series; and, with the exception of the Huber State well in the MWJ area, are all located on 160-acre proration units. The established proration units in these other pools appear to be effectively recovering the oil reserves and are providing economic returns which justify continuing development activity.

In the area of the MWJ Huber State well, development costs are identical to costs in other Bough Pools; and to encourage additional development in the area, a minimum proration should be not less than 160 acres.

Exhibit 6 is a plat showing lease ownership in the MWJ Huber State Well No. 1 area.

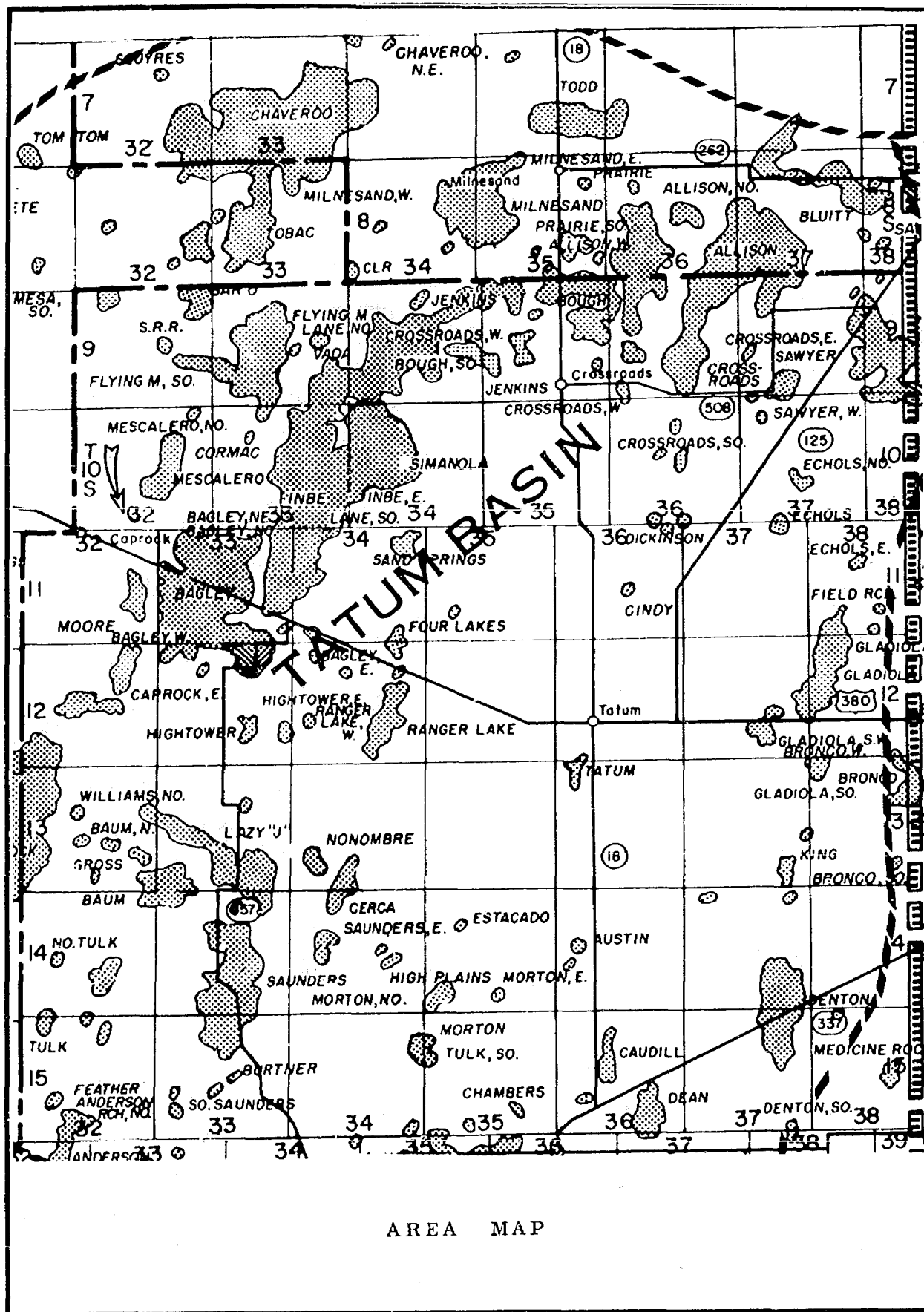
In summary, it is the applicant's opinion based on supporting evidence that the subject well is:

- (a) In a separate reservoir and
- (b) Produces from a reservoir that effectively and economically drains 160 acres.

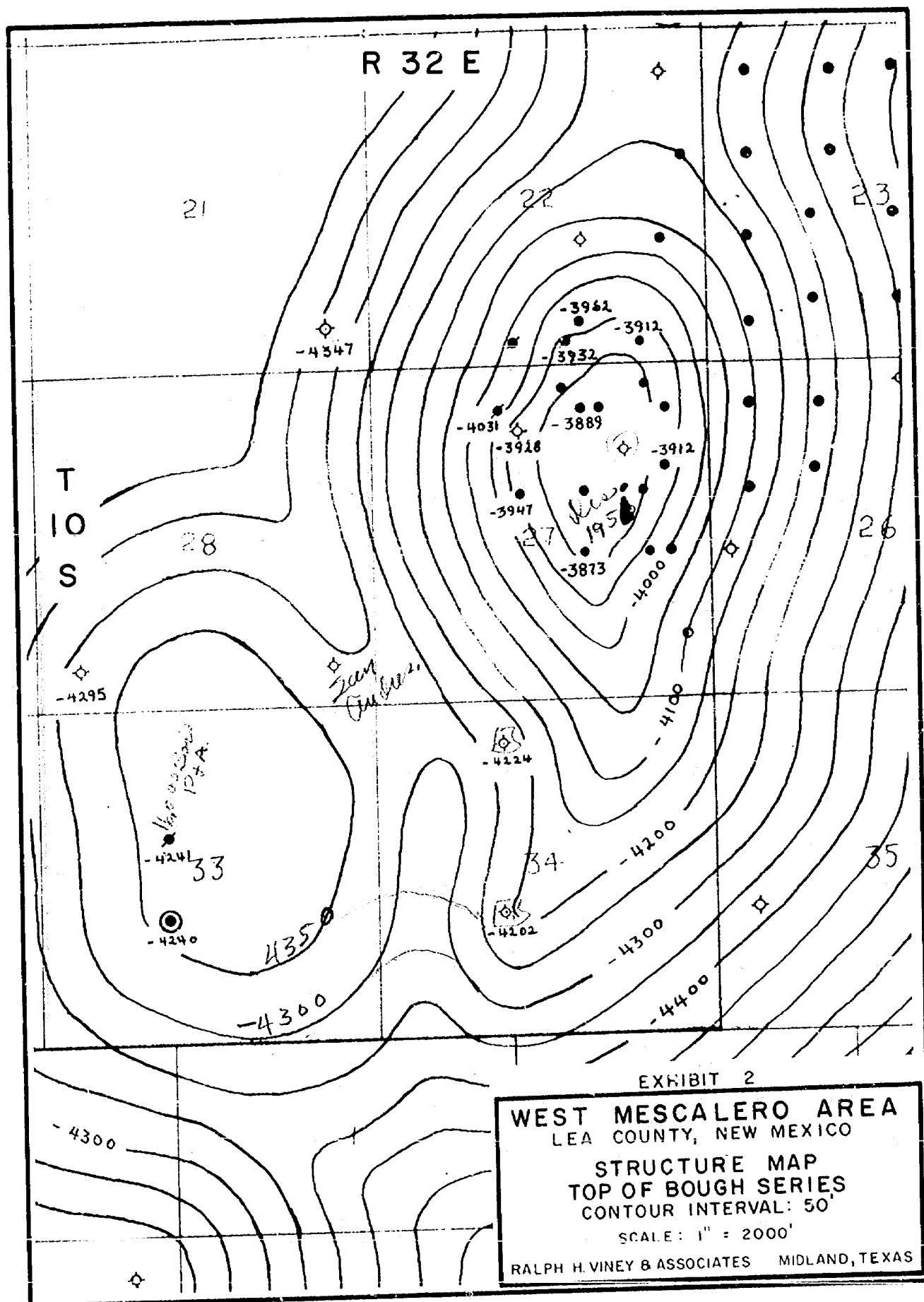
The applicant respectfully requests that a new pool designation be established for the area and for the promulgation of special field rules including a provision for 160-acre spacing units and the assignment of 80-acre allowables.

EXHIBITS

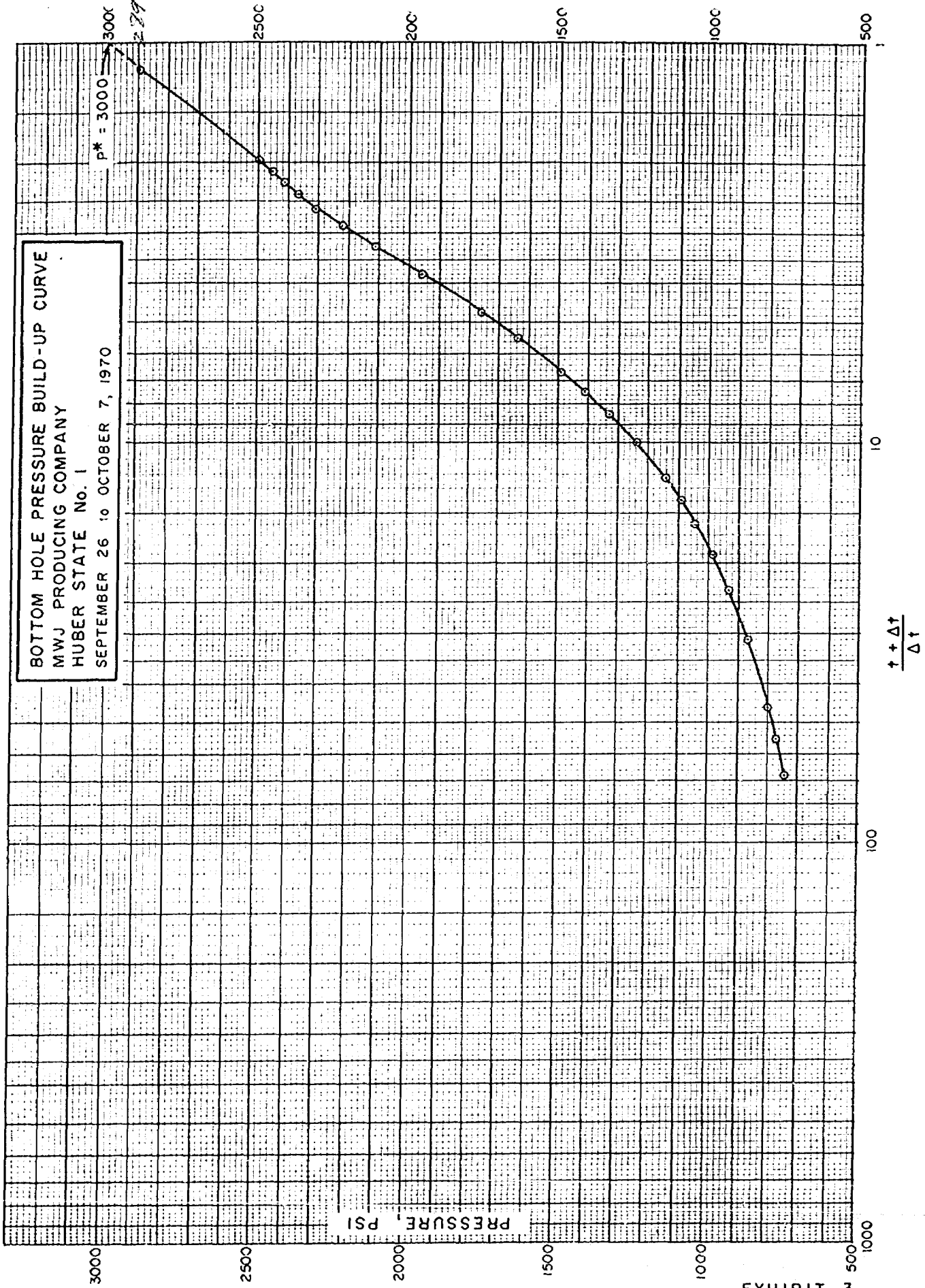
EXHIBIT 1	Area Map
EXHIBIT 2	Structure Map
EXHIBIT 3	Reservoir Pressure Buildup MWJ Producing Company Huber State Well No. 1
EXHIBIT 4	Area Map
EXHIBIT 5	Log Correlations
EXHIBIT 6	Lease Plat West Mescalero Area

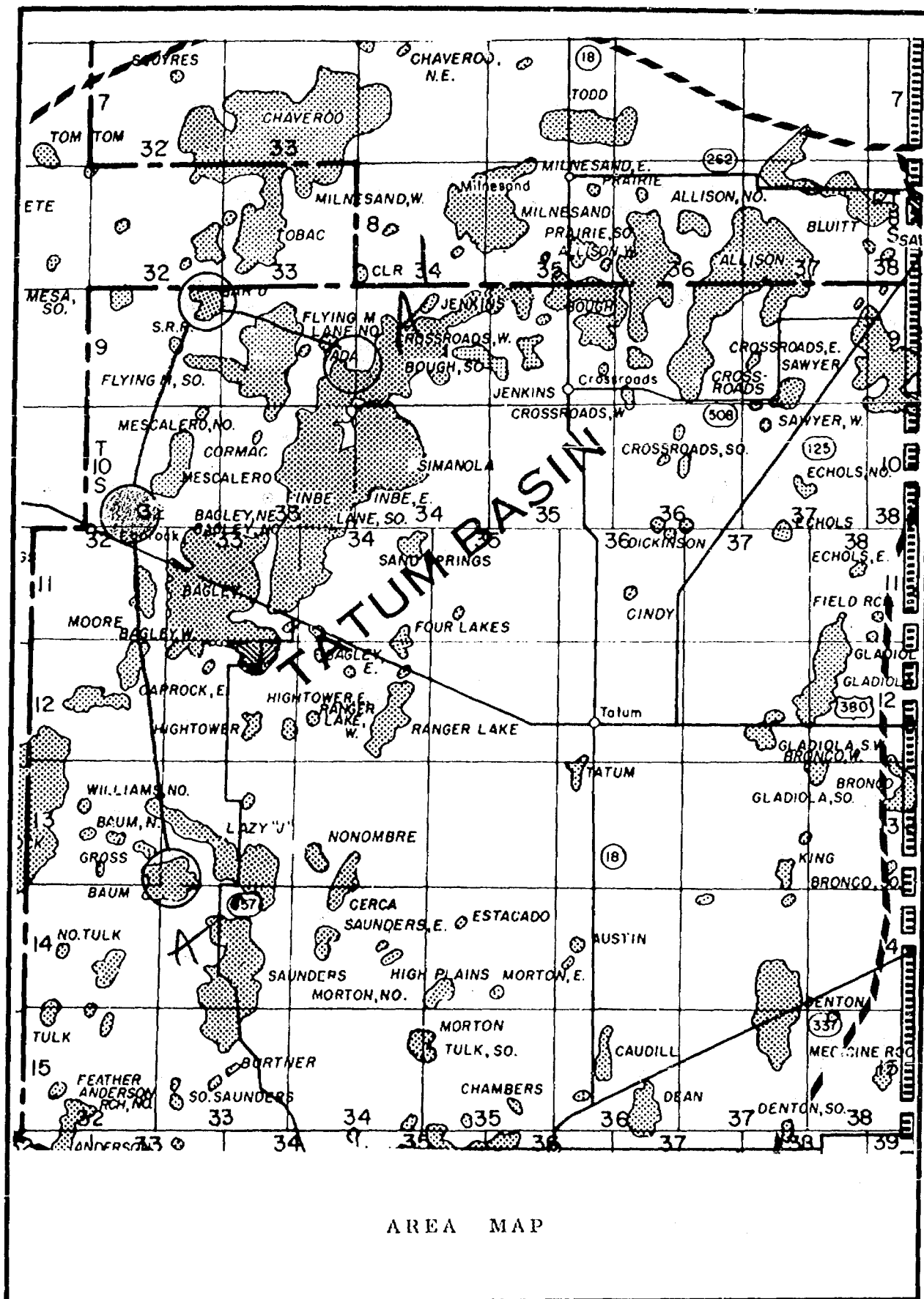


AREA MAP



BOTTOM HOLE PRESSURE BUILD-UP CURVE
 MWJ PRODUCING COMPANY
 HUBER STATE No. 1
 SEPTEMBER 26 to OCTOBER 7, 1970





AREA MAP

JASON W. KELLAHIN
ROBERT E. FOX

KELLAHIN AND FOX
ATTORNEYS AT LAW
54 1/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

October 5, 1970

70 OCT 6 PM 1 03

TELEPHONE 982-4315
AREA CODE 505

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

Case 4448

Gentlemen:

Enclosed, in triplicate, is the application of MWJ Producing Company for the contraction of the Mescalero Permo-Pennsylvanian Pool, création of a new pool, and the adoption of pool rules.

It is requested that this application be set for hearing before the Commission's examiner at the October 28th hearing.

Yours very truly,

Jason W. Kellahin

Jason W. Kellahin

jwk:ls

cc: Ken Williams, MWJ

DOCKET MAILED

Date 10-14-70

Oct 6 1910

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF MWJ PRODUCING COMPANY FOR
CONTRACTION OF THE MESCALERO
PERMO-PENNSYLVANIAN POOL, CREATION
OF A NEW POOL FOR PENNSYLVANIAN
PRODUCTION, AND THE ADOPTION OF
POOL RULES.

Page 4448

A P P L I C A T I O N

Comes now MWJ Producing Company and applies to the Oil Conservation Commission of New Mexico for an order deleting from the Mescalero Permo-Pennsylvanian Pool all lands in said pool in Sections 28 and 33, Township 10 South, Range 32 East, N.M.P.M., Lea County, New Mexico: for the creation of a new pool for the production of oil and gas from the Pennsylvanian formation, or the Permo-Pennsylvanian formation; for the adoption of pool rules including a provision for 160-acre spacing and proration units, with flexible well locations, with the assignment of allowables based upon an 80-acre proportional factor; and for such other provisions as may be proper in the premises, and in support thereof would show the Commission:

1. Applicant has completed its ~~Austral~~ ^{Huber} State Well No. 1 located in Unit K of Section 33, Township 10 South, Range 32 East, N.M.P.M., for the production of oil from the Pennsylvanian formation, which location is presently designated as being within the boundaries of the Mescalero Permo-Pennsylvanian Pool.

2. Nearest current production from the Mescalero Permo-Pennsylvanian Pool is approximately two miles from applicant's

well site.

3. Applicant states that the Pennsylvanian formation in Sections 28 and 33 constitutes a separate structure and a separate common source of supply from the formation from which wells in the Mescalero Permo-Pennsylvanian Pool are presently producing, and there is effective separation between the two common sources of supply. Evidence presently available indicates that one well will effectively and economically drain and develop not less than 160 acres.

4. The area surrounding applicant's well should be administered as a separate pool in the interests of more efficient production, the prevention of waste, and the protection of correlative rights. In order to accomplish this, it will be necessary for the acreage to be deleted from the Mescalero Permo-Pennsylvanian Pool and included in a new pool, with pool rules applicable to the new pool.

5. Applicant proposes that pool rules be adopted, similar to the rules adopted for other Pennsylvanian oil pools, which rules should include a provision for 160-acre spacing and proration units consisting of a governmental quarter section, with a provision for wells to be drilled in any quarter-quarter section within the drilling or spacing unit.

6. Applicant further proposes that said rules provided that allowables be assigned to wells within the pool on the basis of an 80-acre spacing and proration unit, with application of the appropriate depth factor.

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 required by law, the Commission enter its order granting the relief 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:

RECORDS CENTER

CASE No. 4448

Order No. R- 4060

NOMENCLATURE

APPLICATION OF MWJ PRODUCING COMPANY
FOR POOL REDELINEATION AND THE CREA-
TION OF A NEW POOL AND SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 28, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of November, 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 the
redelineation of the Mescalero Permo-Pennsylvanian Pool by the
deletion therefrom of that portion of said pool contained in
Sections 28 and 33, Township 10 South, Range 32 East, NMPM,
Lea County, New Mexico.

(3) That the applicant further seeks the creation of a new
pool for the production of oil from the ~~Permo~~-Pennsylvanian forma-
tion for its Huber State Well No. 1, located in Unit K of said
Section 33, with vertical limits comprising the ~~Permo~~-Pennsyl-
vanian formation ~~as found in the interval from _____ fact to~~

pages 8778 - 8788

to feet on the log of the aforesaid Huber State Well No. 1, having its top perforations at 8776 feet, and with horizontal limits comprising the lands to be deleted from the Mescalero Permo-Pennsylvanian Pool.

(4) That the reservoir information presently available indicates that the horizontal limits of the Mescalero Permo-Pennsylvanian Pool, as presently designated, encompass more than one separate common source of supply.

(5) That the horizontal limits of the Mescalero Permo-Pennsylvanian Pool should, in order to prevent waste and protect correlative rights, be contracted by deleting therefrom the following described lands in Lea County, New Mexico:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 28: all

Section 33: NW 1/4

(6) That in order to prevent waste and protect correlative rights, a new pool in Lea County, New Mexico, classified as an oil pool for ~~Permo~~-Pennsylvanian production, should be created and designated the West Mescalero ~~Permo~~-Pennsylvanian Pool, with vertical limits comprising the ~~Permo~~-Pennsylvanian formation ~~as found in the interval from~~ feet to feet on the log of the aforesaid Huber State Well No. 1, and horizontal limits comprising the following-described lands in Lea County, New Mexico:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

~~Section 28:~~

Section 33: SW 1/4 NW 1/2

(7) That the applicant further seeks the promulgation of special rules and regulations governing the newly created West Mescalero ~~Permo~~-Pennsylvanian Pool, including a provision for 160-acre spacing units and the assignment of an 80-acre proportional factor for allowable purposes.

(8) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units and the assignment of 80-acre proportional factor of 4.00 should be promulgated for the ~~Mescalero~~ ^{West} Permo-Pennsylvanian Pool.

(9) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(10) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(11) That this case should be reopened at an examiner hearing in October, 1971, at which time the operators in the subject pool should be prepared to appear and show cause why the ~~Mescalero~~ ^{West} Permo-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.00 assigned to the subject pool should or should not be retained.

IT IS THEREFORE ORDERED:

(1) That, effective November 15, 1970, the horizontal limits of the Mescalero Permo-Pennsylvanian Pool, Lea County, New Mexico, are hereby contracted by the deletion therefrom of the following-described lands:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 28: all

Section 33: NW 1/4

Section 21: All

(2) That, effective November 15, 1970, a new pool in Lea County, New Mexico, classified as an oil pool for ~~Permian~~ Pennsylvanian production, is hereby created and designated the West Musulas ~~Permian~~-Pennsylvanian Pool, with vertical limits comprising the ~~Permian~~-Pennsylvanian formation as found in the interval from _____ feet to _____ feet on the log of the MWJ Producing Company Huber State Well No. 1, located in Unit K of Section 33, Township 10 South, Range 32 East, NMPM, Lea County, ~~New Mexico~~, and horizontal limits comprising the following-described lands:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 28:

Section 33: supp W/✓

(3) That, effective November 15, 1970, temporary Special Rules and Regulations for the West Musulas ~~Permian~~-Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS

FOR THE

West Musulas ~~Permian~~-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the West Musulas ~~Permian~~-Pennsylvanian Pool or in the ~~Permian~~-Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated ~~Permian~~-Pennsylvanian oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Land Surveys.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

RULE 6. A standard proration unit (158 through 162 acres) shall be assigned an 80-acre proportional factor of 4.00 for allowable purposes, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the West Mesquite ~~Permian~~ Pennsylvanian Pool or in the Permian-Pennsylvanian formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before December 1, 1970.

(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the West Mesquite ~~Permian~~ Pennsylvanian Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.


Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this

order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the West Marcellus ~~Permian~~ Pennsylvanian Pool or in the Permian-Pennsylvanian formation within one mile thereof shall receive no more than one-fourth of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in October, 1971, at which time the operators in the subject pool may appear and show cause why the West Marcellus ~~Permian~~ Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.00 assigned to the subject pool should or should not be retained.

(4) 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.


DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

ASP
CASE No. 4448

Order No. R- 4209

IN THE MATTER OF CASE 4448 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER
NO. R-4060, WHICH ORDER ESTABLISHED
160-ACRE SPACING UNITS AND AN 80-ACRE
PROPORTIONAL FACTOR OF 4.00 FOR THE
WEST MESCALERO-PENNSYLVANIAN POOL,
LEA COUNTY, NEW MEXICO, FOR A PERIOD
OF ONE YEAR.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 13, 1971,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of October, 1971, 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 by Order No. R-4060, dated November 10, 1970,
temporary Special Rules and Regulations were promulgated for the
West Mescalero-Pennsylvanian Pool, Lea County, New Mexico, estab-
lishing 160-acre spacing units and an 80-acre proportional factor
of 4.00 for allowable purposes for a period of one year.

(3) That pursuant to the provisions of Order No. R-4060, this case was reopened to allow the operators in the subject pool to appear and show cause why the West Mescalero-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.00 should or should not be retained.

~~(4) That no operator in the subject pool appeared to show cause why the West Mescalero-Pennsylvanian Pool should not be developed on less than 160-acre spacing units and to show cause why the 80-acre proportional factor of 4.00 should or should not be retained.~~

^{no}
(4) (5) That ~~only two~~ wells are presently producing from the subject pool.

(5) (6) That it is not anticipated that additional wells will be drilled in the subject pool.

~~(7) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 160 acres.~~

(6) (8) That no necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-4060 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the West Mescalero-Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-4060, are hereby abolished.

-3-

CASE NO. 4448

Order No. R-

(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 herein-
above designated.

CASE 4449: Application of PETRO-
THERMO CORP. FOR AUTHORITY TO
OPERATE AN OIL TREATING PLANT.