CASE 4655: Application of WESTERN OIL PRODUCERS FOR 2 NON-STANDARD GAS PROPATION UNITS, LEA COUNTY.

Case Number

Application
Trascripts
Small Exhibits

ETC.

1	BEFORE THE
KII	NEW MEXICO OTH CONSERVATION COMMISSION
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and the second	SANTA FE, NEW MEXICO
	rebruary 2, 1972
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= 6	IN THE MATTER OF:
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7	Application of Western Oil) Case No. 4655
5	Producers, Inc. for two)
5 8	nonstandard gas proration)
	units, Lea County, New)
	Mexico.
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12 80174 00 13	IN THE MATTER OF:
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8 307 4 3 3 14	Producers, Inc. for an)
6 15 Exice Exice	unorthodox gas well)
M CX	location, Lea County New
B 2 ≥ 16	Mexico.
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18	BEFORE: Elvis A. Utz, Examiner
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	nation of the control

Do you want to take these separately?

MR. UTZ:

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MR. KELLAHIN: We want to consolidate them if we may. MR. UTZ: I see no reason why we don't have one when we do this. (Gase 4635 and 4656). MR. KELLAHIN: I am Jason Kellahin appearing for the Applicant, and we have one witness I would like to have sworn. MR. UTZ: Any other appearances? You may proceed. N. RAYMOND LAMB a witness, having been first duly sworn according to law, upon his oath, testified as follows: DIRECT EXAMINATION BY M. KELLAHIN Would you state your name, please? N. Raymond Lamb. 15 What business are you engaged in? 16 I am in the petroleum engineering and geological business. 17 Have you testified before the Oil Conservation Commission Q 18 and made your qualifications a matter of record? 19 20 Are the witness' qualifications acceptable? Q 21 MR. UTZ: Yes, they are. 22 Q (By Mr. Kellahin) In connection with your husiness as an

engineer have you had anything to do with the two cases

filed by Western Oil Producers as Case 4655 and 4656?

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its inception.

Briefly, what is proposed by the Applicant in these two cases?

Weil, the application in the first two non-standard proration units actually is to clarify and continue with an established proration unit by the Oil Conservation Commission consisting of the southeast quarter of 31 southwest quarter of 32, upon which British American drilled a discovery Morrow gas well.

This proration unit was established by the Commission.

That was also established at the request of the State Land

Commissioner, was it not?

As I understand it, yes.

Now, since this proration unit was established, Gulf Oil Corporation d_illed a well identified as North Wilson No. 4 in the southwest of the northwest of 32, with the plan that it would have a non-standard gas proration unit consisting of the northeast of 31 and the northwest of 32 of 20-36.

Vestern Oil Producers, Inc. from Roswell has re-entered the Gulf North Wilson 4 and identified it as the State M No. I and have completed it as a Devonian discovery, so to continue with the non-standard proration units we propose to establish this northeast of 31 and the northwest of 32 as the proration unit for the State M, and to carry forward the

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SPECIALIZING IN: DEPOSITIONS, MEARINGS, STATEMENTS, PXPRRT TESTIMONY, DALLY COPY, CONVENTIONS
209 SIMMS BLOG.-P.O. BOX 1092-PHONE 249-0891-ALBUQUEROUX, NEW MEXICO 87103
FIRST NATIONAL SANK BLOG. EAST-ALBUQUEROUS NEW MEXICO 87103

non-standard proration unit previously established for	the
Marrow and drill a well 660 from the west of 32 and 1,	65 0
from the south of 32, which will be a standard location	n if
the unit is approved as a non-st idard.	

- Now, referring to what has been marked as Exhibit No. 1, would you identify that exhibit, please?
- A Exhibit No. 1 is a survey plat. Actually it is a re-survey plat of the location of the State M No. 1, establishing the footage of the well, which was a re-entry, and completed as as a two-discovery.
- Q That complies with the rules of the Commission as to the location?
- A Yes, provided the non-standard unit is approved.
- Now, referring to what has been marked as Exhibit No. 3, would you identify that exhibit?
- It is a location established on the now present Marrow proration unit of 320 acres, which Western Oil Producers, Inc. produced to drill a Devonian producer, the location to be 660 from the west and 1,650 from the south.

This will be a continuation of the Marrow non-standard proration unit to extend down to the Devonian.

- Q That is already dedicated for the Marrow production in that fourth?
- A Yes.
- Now, referring to Exhibit No. 3, would you discuss that

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orhibit, please?

Exhibit No. 3 is a lease holder plat identifying all three of the tracts covered by these two cases.

The yellow one identifies the Eavonian discovery well which is now the State No. 1.

The blue designated area is the proration unit previously established for the Marrow by British American Gulf and proposed to be extended to the Devonian at the location identified with a blue circle.

Then the pink area in the south half of 29 is the proposed standard proration unit with an unorthodox location.

By continuing with the British American non-standard unit and unit proposed for the State M No. 1 will put the schedule back on a standard half section proration unit for the area.

The west half of 31 has been designated as a proration unit by Texaco.

This then will give the east half of 32 to be a proration unit, so by establishing these two for the Devonian we can get back to a standard proration unit.

No operator would be denied the right to dedicate his acreage to a standard unit?

- A That is right.
- Q Is that correct?

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

Exhibit No. 4 is a Marrow contour map of the general area in which these three cases are located.

The map was prepared in August of 1971 prior to the re-entry of the State M No. 1, and gives a review of the Marrow structure interpretation which has by far more control points than any other deep horizon in the area.

- Q Was it on the basis of this interpretation you re-entered the old Gulf well?
- 12 A Yes.

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- 13 Q Did the Gulf well substantiate your interpretation?
 - A Yes.
 - Q Referring to Exhibit No. 5, would you identify that exhibit?
 - A Exhibit No. 5 is a Devonian contour map on 50 foot intervals, and it is a map developed from the, basically the Morrow, with the interpretation for the Devonian, and identifies the structure generally where the Marrow map does, but you will note that there are steeper depths established in the Devonian than there were in the Marrow.

It gives the closure of the Devonian in the west half of the southwest of 29-20-36.

Now, this also reflects a well in the southeast quarter of

Section 31. What is the situation with that well?

That is now Gulf North Wilson 1 Morrow well. Which has a

Marrow point identified as minus 7527 and has a green

marking underneath it.

It also has a Devonian structure point of minus 9015, and then to the northeast is the State M No. 1, which is the only other well in the area that has penetrated the Devonian or encountered the Devonian, and the Devonian point there is a minus 8825, and the Morrow point is a minus 7415.

So it is a steeply dipping formation at that point?

Yes. The Devonian has a steeper dip than the Marrow at these locations.

The well southeast of 31, is it the east Morrow?

British American drilled the No. 1 North Wilson and drilled

British American drilled the No. 1 North Wilson and drilled it into the Devonian at a total depth of 12,725 feet, and tested, in my opinion, a greater thickness of Devonian than it should have. This is hindsight, and it is my firm belief that if the well had been stopped shallower in the Devonian that it could have been a marginal Devonian producer within the producing area of this contour. Then would that be approximately close to the gas water contact, Mr. Lamb?

The gas water contact is probably slightly above the 12,725 feet of this well.

Now, in your opinion, is all of the acreage proposed to be

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dedicated	to	your	new	well	in	the	southern	unit	productive
of gas fro	sm f	the D	avon:	an?					

- In my opinion, it will all be productive of gas.
- You show the 9,004 contour as cutting through a portion of the south half of Section 29.

Does that indicate that that acreage may not be productive of gas, or in your opinion is it?

- In my opinion, all of the south half of 29 will produce Devonian gas. It will have a marginal point in the extreme eastern portion of the area.
- Now, referring to what has been marked Exhibit No. 6, would you identify that exhibit, please?
- Exhibit No. 6 is a lined cross-section covering just the two wells which have penetrated the Devonian.

To give the Examiner an idea as to the change in the dip between the Marrow and the Devonian on the two wells on which we have control points -- you can see that the Devonian, identified with the pink color, has by far a steeper dip than the Marrow marker at the upper part, identified by a green line.

So, with this control, I did prepare the Devonian contour map by subjecting the Morrow map to this change of dips.

Now, by the same interpretation you would expect a similar type dip to the east in the south half of Section 29, would you not?

2	A	That is correct, because we have that information	
3		established from the Marrow control.	 I
4	Q	What is your reason then for wanting a well located at an	
5	-	uncethodox location in the south half of 29?	ĺ
6	A	It is a matter of protection of the correlative rights for	
7	: 1	the operator and gives him the opportunity to recover the	
8		gas that is located reasonably underneath his tract, and	
9	: .	also to develop for the State significant amount of gas	
10		reserve.	
ii.	Ω	Now, would a well at an orthodox location in your opinion	
12		recover all of the gas under the south half of 29?	
13	A	The furthest you would remove the location, the more gas	
14		you are going to leave underproduced underneath this tract.	
15	Q	Why do you say that?	
16	A	Well, the gas well at the crest of your structure is the	
17		optimum location for the production of gas.	
18	Q	Do you have a water drive?	
19	A	Very active water drive in this reservoir.	
20	Q	Would a well at a lower location water out sooner?	
21	A	That is right, and it would not be in the best interest of	
22		the operator or the State, either way.	
23	Ω	Would the location as you proposed give an unfair advantag	B
24		to Western Oil as against offset to the west?	
25	A	No, you will note that we have selected a location	1

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NEW MEXICO 87103 87108 TESTIMONY, DAILY COPY,

immediately ear of the crest in our opinion which will give Western their rights to recover the Oll Which is the 925 which is under their property, and will not be an unfair advantage to the operator to the west or to the north. Is it your opinion that gas would not migrate across the crest if their production is to the west of you? The only way in which gas might migrate across the crest of the structure from the west would be in the event Union failed to develop the acreage at all, which is something that Western has no control over. But if they do develop then, their correlative rights would

0 be protected?

That is right.

Now, referring to what has been marked as Exhibit No. 7, would you identify that exhibit, please?

In support of my opinion that the British American well in the southwest of the southeast of 32 was at or near the gas water contact, the Johnson tester report is submitted as evidence showing that on a drill stem test they recovered the water cushion of 7.99 barrels. It is in the left portion of the page, about two-thirds of the way up.

Salt water cut with mud, 7.99 barrels; muddy salt water, slight traces of oil and gas, 7.4 barrels: calt water cut with traces of oil at .7 barrels, which indicates there was both oil, gas, and water recovered from this drill stem test.

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Does this substantiate your opinion that they drilled the well too deep into the Formation?

- That is correct.
- Now, referring to Exhibit No. 8, would you identify that Q exhibit?
- Exhibit No. 8 is a page from a report prepared by the Geological Engineering Services, and I believe their address is Midland, Texas.

The report covers all oil and gas, shows what is encoutered during the drilling of the British American North Wilson Unit No. 1, and this report is a determination of the same people in which they falt were encountered the latter item which was drill stem tested from 12-6-74 to 12,725, and may I read this into the record? "Is described sas clear to white medium-crystalline dolomite with bright blue-white fluorescence, good vuggy porosity and fair to good cuts. Also some tan, fine-crystalline limestone with yellow-white fluorescence, good outs and evidence of vuggy and solution porosity. Traces of black stain within vugs becoming more prevalent with depth, which gives, in my opinion, an indication of gas in the upper part of this section and definitely water in the lower.

- Were you present when these samples were taken?
- I was on the well myself when the section was drilled. was in the trailer when these people described the samples

and my description coincides with this interpretation, so I would not object to taking it as my own. 2 Mr. Lamb, were Exhibits 1 through 8 prepared by you or under your supervision? These were. At this time I would like to offer in evidence Exhibits 1 through 8 inclusive. MA. UTZ: Without objection, Exhibit 1, 2, -- through 8 will be entered into the record. Q (By Mr. Kellahin) You already had a well northwest quarter 10 section of 32; is that correct? 11 Yes, that well is identified as a State M and as Devonian 12 discovery. 13 You are proposing to drill in the southwest quarter of 32? 14 That is right. Is there any urgency in getting an order in connection with .5 this case? 17 Yes, the operators of this unit have obtained from Guli the 18 right to drill at this location there on a time requirement 19 and they would appreciate expedience as the Commission sees fit. 31 MR. UTZ: Both of these wells just mentioned are 22 standard locations providing the unit is approved? 23 That is correct.

MR. UTZ: Are you through?

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Thank you.

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3 BY MR. UTZ

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, BALLY COFY, CONVENTIONS 209 SIMMS BLDG.*P.O. BOX 1092-PHONE 248-68910-ALBUQUERQUE, NEW MEXICO 87103 FIRST NATIONAL BANK BLDG. EAST-ALBUGUERQUE, NEW MEXICO 87108

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4	Q	The non-standard location that you are requesting in Case
5		4656
6	A	Yes.
7	Q	Would be the well in the southwest quarter of Section 29?
8	A	Correct.
9	Ω	That is a Devonian, that is projected for a Devonian test?
10	A	Yes. By the way, the well identified as the State M No. 1
11		was in the Morrow.
12	Q	What is the foot location from the section line on the
13		Wilson line on the southwest of 29?
14	A	It is 990 from the west line and at a legal location from
15		the sidelines, and that, of course, would be 660 from the
16		north line or 660 from the south line, or somewhere in
17		between.
18	Q	Is it 1,990 from the south line of the section?
19	A	Yes. We would like to hold that definition of distance
20		and take advantage of the geological formation we developed
21		from the drilling of the wells to the south.
22	Q	These foot locations that I just asked about, are they the
23		same as that created in your Application?
24	A	Yes. It says 660 from the side boundary of the proration
25		unit, south half of 21.
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CROSS-EXAMINATION

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The only exception to the distance is the 990 from the west line, a legal location on that tract would be 1,980 from the west and 660 from the north of the south line, or somewhere in between.

- Now, you mentioned that someone, I think you did, anyway, was a little busy-anyway-I was a little busy listening and looking-on the east half of section 32 had a standard unit that could be standard unit if these two non-standards were approved, but it isn't now?
- A There is no deep production over there. There is the Wolf camp well in the southwest of the southeast, which has a point of abandonment, the Morrow was tested in that well, but was not productive.
- Q Now, on the west half of Section 31, has that already been dedicated?
- A It is dedicated to the Texas CU, what they call the Texas

 New Mexico State Gas communique situation. It is, best as

 we are able to find out, since Texaco has not released the

 logs on this well, probably the producing horizon is the

 Dakota.

MR. UTZ: Any other questions?

MR. HATCH: bo you happen to have the order number that muthorized the original non-standard?

THE WITNESS: George, I looked for it, and I haven't located it.

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A willis the date is somewhere around June.

MR. HATCH: That was after a hearing?

THE WITNESS: Yes, they had to have a hearing. well was originally completed as a bone springs well dual completion in the bone springs. Then after depleting the reservoir in about 90 days they went to the Marrow and completed the well there. And Texaco's acreage in the west half of 31 was not a part of the North Wilson deep unit for reasons of Texaco's only, so this gave Gulf and British American the only choice of selecting those two 164's at a proration unit.

MR. UTZ: Any other questions?

The witness may be excused.

Any statements in the case?

No statements, the hearing will be-- the case will be taken under advisement and the hearing is adjourned.

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STATE OF NEW MEXICO) ss.

I, RICHARD STURGES, a Certified Shorthand 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 m; knowledge, skill and ability.

CERTIFIED SHORTHAND REPORTER

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6.00 6.00 6.00	· · · · · · · · · · · · · · · · · · ·	Direct Examination by	Mr. Kellahin	392
ta o	5	Cross-Examination by	Mr. Utz	14
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3 2				
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/ENTION	12			
TESTIMONY, BALLY COPY, CONVENTIONS QUERQUE: NEW MEXICO 87103	13			
ALY COP	14			
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EXPERT • A L B U	-	Exhibits 1 through 3	13	· · *5 기위원 · 조.
		Exhibits 4 & 5	13	7
STATES	19	Exhibit 6	13	9
ARINGS. 92 • PH(20	Exhibit 7	13 W 10 10 10 10 10 10 10 10 10 10 10 10 10	11
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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2068 - SANTA FE 87501

February 8, 1972

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER

MEMBER

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

	Re:	Case No. 465	5
fr. Jason Kellahin Kellahin & Fox		Order No. R-425	7
Attorneys at Law Post Office Box 1769		Applicant:	
Santa Fe, New Maxico		WESTERN OIL PRODUCE	RS, INC

Dear Sir:

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

A. L. PORTER, Jr.
Secretary-Director

ALP/ir		
Copy of order also	sent to:	
Hobbs OCC X Artesia OCC		
Aztec OCC		
Other		• 42

DEFORE THE OTT. 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. 4655 Order No. R-4257

APPLICATION OF WESTERN OIL PRODUCERS, INC. FOR TWO NON-STANDARD GAE PRORATION UNITS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 8th day of February, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examines, 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, Western Oil Producers, Inc., seeks approval of two 320-acre non-standard gas proration units in an undesignated Devonian gas pool; one unit comprising the NE/4 of Section 31 and the NW/4 of Section 32 and the other unit comprising the SE/4 of Section 31 and the SW/4 of Section 32, Township 27 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That the non-standard unit comprising the NE/4 of Section 31 and the NW/4 of Section 32 would be dedicated to applicant's State M Well No. 1. located 1980 feet from the North line and 660 feet from the West line of said Section 32.

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. 4655 Order No. R-4257

APPLICATION OF WESTERN OIL PRODUCERS, INC. FOR TWO NON-STANDARD GAS PRORATION UNITS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 2, 1972, at Santa New Mexico, before Examiner Elvis A. Utz.

NOW, on this 8th day of February, 1972, 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, Western Oil Producers, Inc., seeks approval of two 320-acre non-standard gas proration units in an undesignated Devonian gas pool; one unit comprising the NE/4 of Section 31 and the NW/4 of Section 32 and the other unit comprising the SE/4 of Section 31 and the SW/4 of Section 32, Township 20 South, Range 36 Bast, NMPM, Lea County, New Mexico.
- (3) That the non-standard unit comprising the NH/4 of Section 31 and the NW/4 of Section 32 would be dedicated to applicant's State M Well No. 1, located 1980 feet from the North line and 660 feet from the West line of said Section 32.

CASE NO. 4655 Order No. R-4257

- (4) That the non-standard unit comprising the SE/4 of Section 31 and the SW/4 of Section 32 would be dedicated to a well to be drilled 1650 feet from the South line and 660 feet from the West line of said Section 32.
- (5) That Order No. R-2907, dated May 10, 1965, established a non-standard gas spacing unit for the Morrow formation comprising the SE/4 of said Section 31 and the SW/4 of said Section 32.
- (6) That establishment of the above-described non-standard gas spacing units as requested would continue the spacing pattern established by said Order No. R-2907.
- (7) That the proposed non-standard gas proration units can be efficiently and economically drained and developed by the subject wells.
- (8) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the undesignated Devonian gas pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

- (1) That a 320-acre non-standard gas proration unit comprising the NE/4 of Section 31 and the NW/4 of Section 32, Township 20 South, Range 36 East, NMPM, undesignated Devonian gas pool, Lea County, New Mexico, is hereby established and dedicated to applicant's State M Well No. 1, located 1980 feet from the North line and 660 feet from the West line of said Section 32.
- (2) That a 320-acre non-standard gas proration unit comprising the SE/4 of Section 31 and the SW/4 of Section 32, Township 20 South, Range 36 East, NMPM, undesignated Devonian gas pool, Lea County, New Mexico, is hereby established and dedicated to a well to be drilled 1650 feet from the South line and 660 feet from the Mest line of said Section 32.

CASE NO. 4655 Order No. R-4257

(3) 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, Chairman

ALEX J. ARMIJO, Member

U. Salto,

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

e i / T.

4655 Heard 2-2-72 160- 2 -22 Frant Hestern Oil Reducers regulation & NSPS for Levonian phodustias. VI. Finit well is Western Oil Producers 2 State M-+/1 1888/N, 660/W line of sec. 32-205-36 E Vinit lo be. NH/4 sec. 32 & NH/4 crec. 3/ 203-36E, 2. I wint to consist of the SE/4 sec. 31 + 5W/4 see 32, 205-36 E. Vanit well to be located 450/5+660/W lever of sec. 32, a Ald Localton.

feet from the West line. Said 8/2 to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the South and West lines.

CASE 4655:

Application of Western Oil Producers, Inc. for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 320-acre non-standard gas proration units in an undesignated Devonian gas pool, the first comprising the NE/4 of Section 31 and the NW/4 of Section 32, Township 20 South, Range 36 East, Lea County, New Mexico, to be dedicated to applicant's State M Well No. 1 located 1980 feet from the North line and 660 feet from the West line of said Section 32. The second unit would comprise the SE/4 of Section 31 and the SW/4 of Section 32 and would be dedicated to a well to be drilled 1650 feet from the South line and 660 feet from the West line of said Section 32.

- CASE 4656: Application of Western Oil Producers, Inc. for an unorthodox gas well location, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to drill an undesignated Devonian gas well at an unorthodox location 990 feet from the West line of Section 29, Township 20 South, Range 36 East, Lea County, New Mexico, and 660 feet from the side boundary of the proration unit, which would comprise the S/2 of said Section 29.
- CASE 4563: (Continued from the January 5, 1972 Examiner Hearing)

 Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled seeks authority to produce her State Well No. 1 loca in Unit A of Section 1, Township 15 South, Range 29 East Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.
- CASE 4619: (Continued from the January 5, 1972, Examiner Hearing)
 Application of Corinne Grace for compulsory pooling,
 Eddy County, New Mexico. Applicant, in the above-styled
 cause, seeks an order pooling all mineral interests
 from the surface of the ground down to and including the
 Morrow formation underlying the N/2 of Section 25, Township 22 South, Range 26 East, which acreage is within one
 mile of the South Carlsbad-Morrow Gas Pool, Eddy County,
 New Mexico. Said acreage to be dedicated to a well to

DOCKET: EXAMINED HEADING WEDNESDAY PERDUARY 2, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,

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

CASE 4497 (Reopened):

In the matter of Case 4497 being reopened pursuant to the provisions of Order No. R-4102, which order established special rules and regulations for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, including provisions for the classification of oil and gas wells and the establishment of a gas-oil ratio limitation of 4,000 cubic feet of gas for each barrel of oil. All interested persons may appear and show cause why the gas-oil ratio limitation should not be reduced and why the special rules and regulations should not be discontinued.

- CASE 4652: Application of Gulf Oil Corporation for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Central Drinkard Unit Area Waterflood Project, Drinkard Pool, by the injection of water through 15 additional wells in Sections 28, 29, 31, 32, and 33 of Township 21 South Range 37 East, Lea County, New Mexico.
- CASE 4653: Application of Odessa Natural Corporation for compulsory pooling, San Juan County. New Mexico. Applicant. in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Dakota formation underlying the E/2 of Section 36, Township 26 North, Range 11 West, Basin-Dakota Pool. San Juan County, New Mexico. Said acreage to be dedicated to a well to be drilled to the Dakota formation at a location 1600 feet from the North line and 1,000 feet from the East line of said Section 36. Also to be considered will be the costs 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 the supervision of said well.
- CASE 4654: Application of Midwest Oil Corporation for two-nonstandard gas spacing units and well locations, Eddy County New Mexico. Applicant, in the above-styled cause, seeks approval for two 299-acre gas spacing units comprising the N/2 and the S/2 of Section 6, Township 18 South, Range 29 East, undesignated Morrow gas pool, Eddy County, New Mexico. Said N/2 to be dedicated to a well located at an unorthodox location 1830 feet from the North line and 1639

(Case 4619 continued)

be drilled to the Morrow formation at a location 1980 feet from the North and East lines of said Section 25. Also to be considered will be the conts of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges of supervision of said well.

CASE 4520:

(Continued from the January 5, 1972, Examiner Hearing)
Application of Corinne Grace for compulsory pooling.
Eddy County, New Mexico. Applicant, in the abovestyled cause, seeks an order pooling all mineral interests
from the surface of the ground down to and including the
Morrow formation underlying the N/2 of Section 24. Township
22 South, Range 26 East, which acreage is in the vicinity
of the South Carlsbad-Morrow Gas Pool, Eddy County, New
Mexico. Said acreage to be dedicated to a well to be
drilled to the Morrow formation at a location 1980 feet
from the North and East lines of said Section 24. Also
to be considered will be the costs 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.

Western Oil Producer, Inc. Poswell Box 2055 compla. Der prod. St M} 660' FWL #1)1980 / FNL 32 20 36 regnert NE/4 3/)20 36 NW/4 32) 320 apre. propose 660' FWC. 32 320 acre (already dedicated in Morrow)

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

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

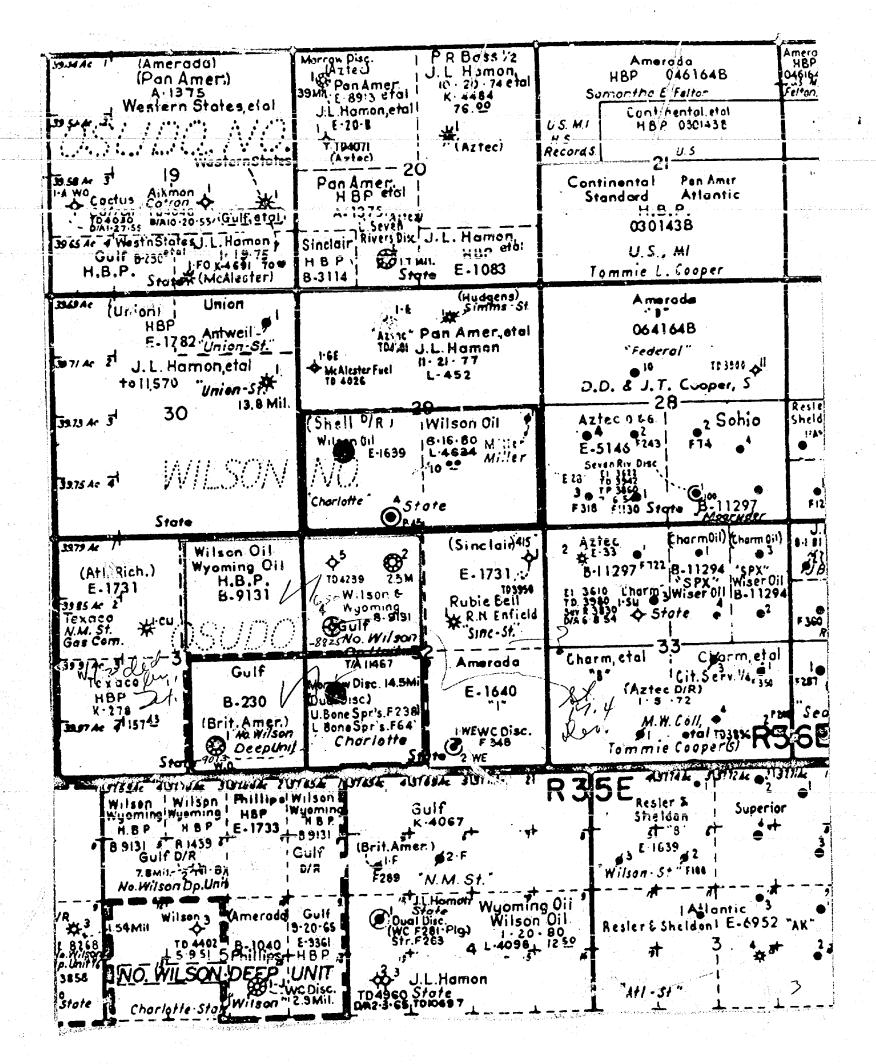
Well No. Western Oil Producers, Inc State M Unit Letter Township Range County F. 32 208 36E Lea Actual Footage Location of Well; 1980 feet from the north 660 Dodloglad Acresses Subject Ground Level Elev. Producing Formation 3661 Devonian Wild cat 320 Acre hearing 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc? If answer is "yes," type of consolidation Yes X No If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)_ No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commis-CERTIFICATION Mestern Oil Producers, Ihc. 1-20-72 I hernby certify that the well location notes of actual surveys made by me or is true and correct to the best of my knowledge and bellef. Resurveyed OWDD Date Surveyed 1-20-72 Registered Professional Engineer N. Raymond Lamb 20 R 36 E 929

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
CASE NO. 4655 & 4656

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Supersedes C-12

All distances must be from the cuter bounderle Cecrater Lease Western Oil Produce:s, Inc. Tanza-State Unit Letler Section Township Range County 32 Lea 205 JOE Location of Well: 1650 south 660 feet from the west Ground Level Elev. Dedicated Acreages Subject Producing Formation 3662' to hearing 320 cres Devonian Wila cat 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc? If answer is "yes," type of consolidation . If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.). No allowable will be assigned to the well until a literests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission. CERTIFICATION I hereby certify that the information contained herein is true and complete to the Western Oil Producers, Inc 1-20-72 Sec 31 Fice | 32 I hemby certify that the well location shown on this plat was platted from field my supervision, and that the same 660 -0 rve and correct to the best of my knowledge and belief. Date Surveyer 1-20-72 Registered Professional Engin and/or Land Surveyor
No. Raymond Lamb 929



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Waster 618 EXHIBIT NO. 3
CASE NO. 4655 and 4656

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BRITISH AMERICAN OIL PRODUCING CO. NORTH WILSON DEEP UNIT NO. 1 LEA COUNTY. NEW MEXICO

10,982' - 10,984'	Trace dull yellow fluorescence in a gray-tan, fine-crystalline limestone with fair cuts, no visible stain or porosity.
10,998' - 11,004'	Brown, colitic limestone with bright yellow- gold fluorescence, poor cuts, no visible stain and a trace of pin-point porosity.
11,038' - 11,044'	Gray, sandy limestone with traces bright yellow-gold fluorescence, poor cuts, no visible stain and a trace of pin-point porosity.
11,300' - 11,316'	Gray-brown, medium to coarse-crystalline, pyritic limestone with trace bright yellow fluorescence, fair cuts, possible fracture porosity, trace black visible stain.
11,332' - 11,336'	Few pieces of a gray-white limestone with bright yellow fluorescence, poor cuts, trace light stain.
11,372' - 11,382'	Brown, fine-grained, poorly cemented, well sorted sand with trace dull gold fluorescence, trace dry cuts and no gas increase.
12, 386' - 12, 396'	Brown, micro-crystalline to dense, siliceous limestone and white, medium-crystalline, calcitic limestone with traces bright white fluorescence, trace wet cuts and fair dry cuts.
*12,674' - 12,725'	Clear to white, medium-crystalline dolomite with bright blue-white fluorescence, good vuggy porosity and fair to good cuts. Also some tan, fine-crystalline limestone with yellow-white fluorescence, good cuts and evidence of vuggy and solution porosity. Traces of black stain within vugs becoming more prevalent with depth.

* Denotes zones drill stem tested

DRAFT

GMH/dr / 10

BEFORE THE CIL 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. 4655

Order No. R-4257

APPLICATION OF WESTERN OIL PRODUCERS, INC. FOR TWO NON-STANDARD GAS PRORATION UNITS, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

February 2___, 1972, This cause came on for hearing at 9 a.m. on _ at Santa Fe, New Mexico, before Examiner ____Elvis A. Utz

day of February , 1972, 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, Western Oil Producers, Inc., seeks approval of two 320-acre nonestandard gas proration units in an undesignated Devonian gas pool; one unit comprising the NE/4 of Section 31 and the NW/4 of Section 32 and the other unit comprising the SE/4 of Section 31 and the SW/4 of Section 32, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

- (3) That the non-standard unit comprising the NE/4 of Section 31 and the NW/4 of Section 32 would be dedicated to applicant's State M Well No. 1, located 1980 feet from the North line and 660 feet from the West line of said Section 32.
- (4) That the non-standard unit comprising the SE/4 of Section 31 and the SW/4 of Section 32 would be dedicated to a well to be drilled 1650 feet from the South line and 660 feet from the West line of said Section 32.
- (5) That Order No. R-2907, dated May 10, 1965, established a non-standard gas spacing unit for the Morrow formation comprising the SE/4 of said Section 31 and the SW/4 of said Section 32.
- (6) That establishment of the above-described non-standard gas spacing units as requested would continue the spacing pattern established by said Order No. R-2907.
- (7) That the proposed non-standard gas proration units can be efficiently and economically drained and developed by the subject wells.
- (8) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the undesignated Devonian gas pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive ramber of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

- (I) That a 320-acre non-standard gas proration unit comprising the NE/4 of Section 31 and the NW/4 of Section 32, Township 20 South, Range 36 East, NMPM, undesignated Devonian gas pool, Lea County, New Mexico, is hereby established and dedicated to applicant's State M Well No. 1, located 1980 feet from the North line and 660 feet from the West line of said Section 32.
- (2) That a 320-acre non-standard gas proration unit comprising the SE/4 of Section 31 and the SW/4 of Section 32, Township 20 South, Range 36 East, NMPM, undesignated Devonian gas pool, Lea County, New Mexico, is hereby established and dedicated to a well to be drilled 1650 feet from the South line and 660 feet from the West line of said Section 32.
- (3) 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.

CORRECTION The preceding TARGETS documents were incorrectly filmed. They are refilmed following this target.

Case Number 4655

Application
Trascripts

Small Exhibits

ETC.

CASE 4655: Application of WESTERN OIL PRODUCERS FOR 2 NON-STANDARD GAS PRORATION UNITS, LEA COUNTY.

Do you want to take these separately?

MR. KELLAHIN: We want to consolidate them if we may.

MR. UTZ: I see no reason why we don't have one when

MR. KELLAHIN: I am Jason Kellahin appearing for the

Applicant, and we have one witness I would like to have sworn.

filed by Western Oil Producers as Case 4655 and 4656?

25

MR. UTZ: Any other appearances? You may proceed. N. RAYMOND LAMB G a witness, having been first duly sworn according to law, upon 10 his oath, testified as follows: 11 DIRECT EXAMINATION 12 BY MR. KELLAHIN 13 Would you state your name, please? 14 N. Raymond Lamb. 15 What business are you engaged in? 16 I am in the petroleum engineering and geological business. 17 Have you testified before the Oil Conservation Commission 18 and made your qualifications a matter of record? 19 Yes. 20 Are the witness' qualifications acceptable? 21 MR. UTZ: Yes, they are. 22 Q (By Mr. Kellahin) In connection with your business as an 23 engineer have you had anything to do with the two cases 24

MR. UTZ:

we do this. Case 4655 and 4656.

LLY COPY CONVENTIONS

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Western Oil Producers, Inc. from to

1 and have completed it as a Devonian discover

continue with the non-standard proration union

to establish this northeast of 31 and the northwest

the proration unit for the State M, and to darky formers

the Gulf North Wilson 4 and identified

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we a postalize, its are of the adreage exeputed to be

or promoted restallatives can been that the Deventan, 2 17 prefirms tocation for the production of gas. wish the push color, has by far a steeper din g 18 0 Do you have a vater drive? rrow marker at the upper part, identified by a 19 A Very active water drive in this reservoir. 20 Q Would a well at a lower location water out sooner? th this control, I did prepare the Devonian 21 A That is right, and it would not be in the best interest of by subjecting the Morrow map to this change of the operator or the State, either way. 23 0 Would the location as you proposed give an unfair advantage same interpretation you would expect a similar to Western Oil as against offset to the west? the east in the south half of Section 29, would 25 A No, you will note that we have selected a location

elight traces of oil and das, 7.4 barrels; wait water out with traces of oil at .7 barrels, which indicates there was both oil, gas, and water recovered from this drill stem test.

Were won present when these samples were taken? I was on the well myself when the section was drilled. I was in the trailer when these people described the samples MR. UTZ: Are vou through?

here was successful to a comme as access to commention with Mes, the operators of this unit have obtained from Gulf the right to drill at this location there on a time requirement and they would appreciate expedience as the Commission sees MR. UTZ: Both of these wells just mentioned are standard locations providing the unit is approved? A That is correct,

Wilson line on the southwest or 200 A It is 990 from the west line and at a legal location a

16 north line or 560 from the south line, or somewhere in $\frac{9}{6}$ 18 O Is it 1,980 from the south line of the section?

the sidelines, and that, of course, would be 660 from

19 A Yes. We would like to hold that definition of distance

and take advantage of the geological formation we devei

24 A Yes. It says 660 from the side boundary of the prorati

unit, south half of 21.

same as that created in your Application?

These foot locations that I just asked about, are they

from the drilling of the wells to the south.

one lac, a local location on that proct sorty. fares the way, and 66t fact the north of the which i oussembers in between. . Now, you mentioned that commons I think you did, anyway, was a little busy-manyway--(was a little busy listening and looking-on the east half of section 30 had a stundard unit that could be standard with all these two non-standards were approved, but it isn't now? 16 A There is no deep production over there. There is the Wolf came well in the southwest of the southeast, which has a roint of abandonment, the Horrow was tested in that well, but was not productive. ; 14 0 Now, on the west half of Section 31, has that already been 16 A It is dedicated to the Texas CU, what they call the Texas New Mexico State Gas communique situation. It is, best as we are able to find out, since Texaco has not released the logs on this well, probably the producing horizon is the MR. UTZ: Any other amestions? MR. HATCH: Do you happen to have the order number that 23 authorized the original non-standard? THE WITNESS: George, I looked for it, and I haven't 25 located it.

4 well was emiciaally completed as a bone springs well as 5 Translation in the bone springs. The after deptering the 6 reservoir in about 90 days they went to the Marrow and care lated 7 the well there. And Texade's acrosse in the west bold of 31 8 Was not a part of the North Wilson deep wit for reasons a 9 Texaco's only, so this cave Gulf and British American the only 10 choice of selecting those two 164's at a propation unit. MR. UTM: Any other questions? The witness may be excused. Any statements in the case? No statements, the hearing will be--the case will be taken under advisement and the hearing is adjourned.

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Direct Examination by Mr. Relighis Cross-Examination by Mr. Utz EXHIBITS Exhibits 1 through 3 Exhibit 6 • d 20 Exhibit 7 Exhibit 8

No: Caus No Mr. Jason Kollahin Rellahin & For Artorneys at Gara Post Office Box 1769

Dear Sir:

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

Copy of order also sent to:

Hobbs OCC____X

Santa Fe, New Aexico

Very truly yours

a Carlo Siple of

A. I. PORTER, Jr. Secretary-Director

ALP/ir

Artesia OCC Aztec OCC____

(?) That the non-neum and the Section 31 and the NW/A common to a section 31 and the NW/A common to a section 31 and the State M Wolf Man 1, the desired from North line and 660 foot from the Man 1 and 1 a

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- (3) 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.