

Case Number

4683

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
Wednesday, April 11, 1973

EXAMINER HEARING

IN THE MATTER OF:

In the matter of Case 4683 being
reopened pursuant to the provisions
of Order No. R-4286, which order
established special rules and
regulations for the West Tres
Papalotes-Pennsylvanian Pool,
Lea County, New Mexico, including
a provision for 160-acre proration
units.

Case No. 4683

BEFORE: Elvis A. Utz

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 4683.

2 MR. CARR: Case 4683, in the matter of Case 4683 being
3 reopened pursuant to the provisions of Order No. R-4286,
4 which order established special rules and regulations
5 for the West Tres Papalotes-Pennsylvanian Pool, Lea
6 County, New Mexico, including a provision for 160-acre
7 proration units.

8 MR. UTZ: We have also had a request from the
9 applicant in this case to continue the case until
10 May 23, 1973. The case will be continued to May 23.

11

12

* * * * *

13

STATE OF NEW MEXICO)

14

) ss

15

COUNTY OF BERNALILLO)

16

I, JANET RUSSELL, a Certified Shorthand Reporter, do

17

hereby certify that the foregoing and attached Transcript of

18

Hearing before the New Mexico Oil Conservation Commission was

19

reported by me; and that the same is a true and correct record

20

of the said proceedings; to the best of my knowledge, skill,

21

and ability.

22

23

24

25

Janet Russell
CERTIFIED SHORTHAND REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 4683,
heard by me on 5/23/73, 1973.

[Signature] Examiner
New Mexico Oil Conservation Commission

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
April 5, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Mark Produc-
tion Company for the crea-
tion of a new oil pool and
special pool rules, Lea
County, New Mexico.

Case No. 4683

BEFORE: Daniel S. Nutter
Alternate Examiner.

TRANSCRIPT OF HEARING

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1 MR. NUTTER: The hearing will come to order,
 2 please. The next case will be case number 4683.

3 MR. HATCH: Case 4683. Application of Mark
 4 Production Company for the creation of a new oil pool and
 5 special pool rules, Lea County, New Mexico.

6 MR. KELLAHIN: If the Examiner please, Jason
 7 Kellahin, Kellahin and Fox, Santa Fe, appearing for the appli-
 8 cant. We have one witness I would like to have sworn.

9 (THEREUPON, the witness was duly sworn.)
 10

11 DAVID A. METTS

12 was called as a witness on behalf of the applicant, and having
 13 been first duly sworn, testified upon his oath as follows,
 14 to-wit:

15
 16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Would you state your name, please?

19 A David A. Metts.

20 Q What business are you engaged in, Mr. Metts?

21 A I am a consultant geologist associated with
 22 Mark Production Company at this time.

23 Q And where are you located?

24 A Midland, Texas.

25 Q And in connection with your work as a consulting

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1 geologist, did you do any work for Mark Production Company
 2 involving the case before the Examiner now?

3 A. Yes. I developed the idea and presented it to
 4 them and drilled it.

5 Q Have you ever testified before the Oil Conserva-
 6 tion Commission or one of its examiners?

7 A. No, sir, I sure haven't.

8 Q For the benefit of the Examiner, would you
 9 briefly outline your education and your experience as a
 10 geologist?

11 A. Yes. I graduated from the University of Arkan-
 12 sas in 1960 with a master's degree in geology. I worked for
 13 Texaco from -- Texaco, Incorporated, from 1960 to '66, where
 14 I was development geologist, exploration geologist, et cetera,
 15 and then worked four years for G. M. Huber Corporation.
 16 Essentially the same thing, and have been an independent or
 17 consultant geologist for two years.

18 Q And have you done geological work in southeastern
 19 New Mexico, and in the area involved in this application?

20 A. Yes.

21 Q Briefly, what does the applicant propose in this
 22 application, Mr. Metts?

23 A. The Mark Production Company requests the estab-
 24 lishment of special rules and regulations under which the
 25 development of the undesignated field -- under which to

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1 develop the undesignated field centered in Section 29, 14
 2 South, 34 East, Lea County, New Mexico, including a provision
 3 for a hundred and sixty acre spacing.

4 Further, Mark Production requests the field
 5 to be designated the west Tres Papalotes Permo-Penn field,
 6 in that the Permo-Penn pay interval be -- include that section
 7 as described in the Mark Production Company number one, John
 8 Etcheverry, and that interval would be from ten thousand
 9 three seventy-eight to ten thousand five twelve.

10 We would also like location of the wells to be
 11 specified as any quarter quarter of any governmental section,
 12 and we ask all of this for -- to prevent economic loss by
 13 over-drilling and to assure orderly development of the pool.

14 Q. Now, referring to what has been marked as the
 15 Applicant's Exhibit Number One, would you identify that exhibit,
 16 please?

17 A. Yes. That is a geological structure map on top
 18 of the Permo-Penn pay section. It depicts what appears to
 19 be the structural picture of the Tres Papalotes west field.

20 Q. Now, would you identify by the markings you have
 21 made on the exhibit, the west Tres Papalotes field as you
 22 refer to it?

23 A. Yes. That would include a hundred and sixty
 24 acre units, the southwest quarter of Twenty-nine, the southeast
 25 quarter of Thirty, the east half of Thirty-one, and the

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1 northwest quarter of Section 32, 14 South, 34 East.

2 Q Now, those are all the wells that have been
3 drilled in the proposed pool at this time, is that correct?

4 A That's correct, yes, sir.

5 Q Is that the area that is outlined in red on
6 the exhibit?

7 A Yes.

8 Q And what is the significance of the outline in
9 yellow?

10 A That is the acreage of Mark Production Company.

11 Q And Mark Production Company has all but one of
12 the wells in the pool, is that correct?

13 A Actually, there is two. K. K. Amini owns, or
14 has two wells in Section 31.

15 Q And Mark Production has the other three wells?

16 A That's correct.

17 Q Now, referring to what has been marked as
18 exhibit number two, which -- would you identify that exhibit,
19 please?

20 A That is a cross-section, I believe. That is
21 the cross-section extending from the discovery well, the
22 Mark Production Company number one, Etcheverry, the number
23 two, the number one south and state, Section 32 through the
24 McDonald well, and Section 32, and I should put that in the
25 northeast quarter of Section 32 and over to the discovery

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1 well in Section 33, the discovery well of the Tres Papalotes
2 field.

3 Q Now, is that the line which is shown on your
4 exhibit number one?

5 A That is the line designated "A-prime".

6 Q Now, by reference to your structure map, and
7 to your exhibit number two cross-section, in your opinion is
8 there an effective separation between the area which is
9 designated as the Tres Papalotes field and the new pool?

10 A Yes. There is separation. The state diagram
11 that I have here indicates -- depicts the McDonald well. I
12 have a log, but it is not of the same scale, and that well
13 tested water, I believe seventy-seven hundred and eight feet
14 of water, from the Permo-Penn section, which is producing oil
15 in both -- or in the Tres Papalotes field, and when -- the
16 number one John Etcheverry also tested oil with no water on
17 a drill stem test, so that that shows -- to me it indicates
18 that we have oil structurally high to the west and oil struc-
19 turally high to the east in the equivalent Permo-Penn section.

20 Q And that the two highs constitute separate
21 sources of supply in your opinion?

22 A Yes.

23 Q Now, as I understand you, you recommend that
24 a hundred sixty acre spacing for this pool, is that correct?

25 A That's correct.

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1 Q Now, in your opinion, will one well effectively
 2 develop in a hundred and sixty acres?

3 A Yes. I sure do, and I think the presence is
 4 set here by the Tres Papalotes field and also the Saunders
 5 east field, which is producing from the same text. Now, the
 6 porosity zones vary throughout the section, so that you can
 7 divide them into A, B, C, and D porosity zones, and they may
 8 or may not be relative as far as that is concerned, I prefer
 9 to call the nine Permo-Penn sections.

10 Q But it varies from one area to another, is
 11 that correct?

12 A Definitely so, yes, sir.

13 Q But is the Saunders pool on a hundred sixty acre
 14 spacing?

15 A Saunders east is on a hundred sixty.

16 Q And the Tres Papalotes is on a hundred sixty
 17 acres?

18 A That's correct, yes, sir.

19 Q All right. In your opinion are they comparable
 20 to the area involved here?

21 A Yes. They sure are.

22 Q Do you find the same characteristics?

23 A Find the same characteristics as indicated by
 24 logs, tests, samples, et cetera.

25 Q Do you have any information -- have any of these

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1 wells been cored?

2 A. No, none of them have been cored, and I feel,
 3 and I have no information that cores are going to start in
 4 the Tres Papalotes field.

5 Q Now, as I understand, you also want essentially
 6 the same rules as were adopted for the Tres Papalotes,
 7 Pennsylvania pool, is that correct?

8 A. That is correct.

9 Q And that would be under order number R-3963?

10 A. That's correct.

11 Q Do you have anything else to add, Mr. Metts?

12 A. Only in right of that -- the reason for asking
 13 for identical rules to the Tres Papalotes is that these are
 14 all extremely narrow and treacherous to find. We have several
 15 dry holes to prove it, around here. We feel like that if we
 16 can keep these -- the development spacing on a hundred and
 17 sixty acres and have them located in any quarter sections,
 18 any quarter quarter section, that we can follow these trends
 19 fairly economically and with success. Thank you.

20 Q Would you be willing to have an order entered
 21 on the temporary basis for one year, and then present addi-
 22 tional testimony at the end of that period?

23 A. Yes. That would be fine.

24 Q Would that be your recommendation to the
 25 Commission?

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1 A. That would be, yes, yes.

2 Q Were exhibits one and two prepared by you or
 3 under your supervision?

4 A. Yes.

5 Q And exhibit number three, would you identify it,
 6 please?

7 A. Yes. This is a letter from Superior Oil Company
 8 supporting our request at this hearing.

9 MR. KELLAHIN: At this time I would like to
 10 offer in evidence exhibits one and two.

11 MR. NUTTER: Mark Exhibits One, Two, and Three
 12 will be admitted in evidence.

13
 14 CROSS EXAMINATION

15 BY MR. NUTTER:

16 Q Mr. Metts, you mentioned, and it is shown on
 17 the cross-section, that the well in the northeast quarter of
 18 Section 32 recovered salt water on the drill stem test. Now,
 19 how about that well in the southeast of Section 29? What was
 20 the result of drilling that well?

21 A. There hasn't been a log run through the pay
 22 section there. However, I have talked with B.T.A. people.
 23 This is B.T.A.'s well, and it was relative at this time,
 24 from the drill stem tests they recovered small amounts of
 25 oil and water, and they felt like they --it would be uneconomical

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1 to complete, so they plugged it.

2 Q Where was the drill stem test made on there?

3 A It was through that same interval, the equiva-
 4 lent to the interval on the McDonald well, the dry hole.

5 Q And how about the well down here in the south-
 6 west of Section 32?

7 A That well was also a dry hole. It was a
 8 Pennsylvanian test, went through the Permo-Penn section.
 9 They had a packer failure in that interval and never really
 10 completely tested it at all.

11 Q I see.

12 A Now, there is a well -- K. K. Amini is drilling
 13 a well at this time in the northwest of the southwest of
 14 Thirty-two, that would be directly west of that well.

15 Q So apparently this B.T.A. well which is struc-
 16 turally lower than your Etcheverry well and also your south
 17 line well, apparently it is getting into the water zone if
 18 it yielded some oil and water?

19 A Yes. That's the way we feel about it.

20 Q But principally it was just a tight formation?

21 A Right, but there was enough permeability to
 22 recover a small amount of oil and water for formation of
 23 water.

24 Q And I guess it is your estimate, then, that the
 25 area between the -- or the Tres Papalotes and the closed west

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1 Tres Papalotes are separated by a trough which is productive
 2 of water over in the productive interval.

3 A. Yes, sir.

4 Q. Now, apparently from looking at the logs of
 5 your Etcheverry and your south land state well, you are pro-
 6 ducing from an upper pay in the Permo-Penn zone, while Lone
 7 Star is not producing from it in their well, is that correct?

8 A. That's correct.

9 Q. In the Permo-Penn section, as you mentioned
 10 earlier, you have from three to four porosity zones that may
 11 or may not be equivalent. They are located upper, middle,
 12 and lower?

13 A. Uh-huh, and in fact, I have been -- I had
 14 designated them one, two, and three zones, but they -- as I
 15 say, I believe these things are all linked out at -- in a
 16 sequence as algae tanks, and although
 17 they are not also connected, they are what I would consider
 18 a common reservoir, the same type oil, the same essential
 19 G.O.R.'s and so forth.

20 Q. But your drill stem tests in the equivalent
 21 pay of the Lone Star well yielded only gas and small amounts
 22 of gas?

23 A. At fourteen hundred feet of oil, I believe,
 24 unless I forgot to put it on there.

25 Q. Oh, yes. Right, it's on there.

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1 A. We feel like -- what we plan to do is -- if our
 2 well drops below -- near top allowable, we intend to open
 3 that zone up.

4 Q. You think you do have a productive zone, then?

5 A. Yes, sir, we sure do.

6 Q. Now, what are the horizontal limits of the Lone
 7 -- of the Papalotes field at the present time?

8 A. The horizontal limits would be Section -- let's
 9 see, oh, the -- you are talking about the --

10 Q. The Commission-designated limits?

11 A. Yes. That is the west half of Thirty-three,
 12 the northeast quarter of Thirty-three, and the northwest
 13 quarter of Thirty-two.

14 Q. So there wouldn't be any conflict in the hori-
 15 zontal limits of the pool as you have depicted in your
 16 proposal, then?

17 A. No, there would not be.

18 Q. No overlapping?

19 A. No, sir.

20 Q. And your proposed vertical limits for this pool
 21 are from ten three seventy-eight to ten five twelve from the
 22 log of this number one Etcheverry, which is the extreme left-
 23 hand well on your cross-section?

24 A. That's correct, yes, sir.

25 MR. NUTTER: Are there any further questions

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1 of this witness? He may be excused.

2 (THEREUPON, the witness was excused.)

3 MR. NUTTER: Do you have anything further,
 4 Mr. Kellahin?

5 MR. KELLAHIN: That's all, Mr. Nutter. Thank
 6 you.

7 MR. NUTTER: Does anyone have anything they
 8 wish to offer in case 4683?

9 MR. BROWN: I'm Fred Brown, with Amini Oil
 10 Company, and we support Mark Production's request for the
 11 field designation and the proposed field rules.

12 MR. NUTTER: Fred Brown, you say?

13 MR. BROWN: Yes, sir, with Amini Oil
 14 Company.

15 MR. NUTTER: Does anyone have anything further
 16 to offer in case number 4683? We'll take the case under
 17 advisement.
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1 STATE OF NEW MEXICO)
) SS.
 2 COUNTY OF BERNALILLO)

3 I, LINDA MALONE, a Certified Shorthand Reporter,
 4 do hereby certify that the foregoing and attached Transcript
 5 of Hearing before the New Mexico Oil Conservation Commission
 6 was reported by me; and that the same is a true and correct
 7 record of the said proceedings, to the best of my knowledge,
 8 skill and ability.

Linda Malone
 CERTIFIED SHORTHAND REPORTER

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22 I do hereby certify that the foregoing is
 a complete record of the proceedings at
 the hearing before the New Mexico Oil Conservation
 Commission on 4/5 1972.
4/5
 23
 24
 25

[Signature]
 New Mexico Oil Conservation Commission

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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

June 8, 1973

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

Re: Case No. 4683
Order No. R-4286-A
Applicant:
OCC

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ix

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other Mr. Glen L. Houston

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. 4683
Order No. R-4286-A

IN THE MATTER OF CASE 4683 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF ORDER NO. R-4286, WHICH ORDER
ESTABLISHED SPECIAL RULES AND
REGULATIONS FOR THE WEST TRES
PAPALOTES-PENNSYLVANIAN POOL, LEA
COUNTY, NEW MEXICO, INCLUDING A
PROVISION FOR 160-ACRE PRORATION UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 11, 1973,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 8th day of June, 1973, 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-4286, dated April 17, 1972,
temporary special rules and regulations were promulgated for
the West Tres Papalotes-Pennsylvanian Pool, Lea County, New
Mexico, establishing temporary 160-acre spacing units.

(3) That pursuant to the provisions of Order No. R-4286,
this case was reopened to allow the operators in the subject
pool to appear and show cause why the West Tres Papalotes-
Pennsylvanian Pool should not be developed on less than 160-acre
units.

(4) That the evidence establishes that one well in the
West Tres Papalotes-Pennsylvanian Pool can efficiently and
economically drain and develop 160 acres.

(5) That the Special Rules and Regulations promulgated
by Order No. R-4286 have afforded and will afford to the
owner of each property in the pool the opportunity to produce
his just and equitable share of the gas in the pool.

-2-

Case No. 4683
Order No. R-4286-A

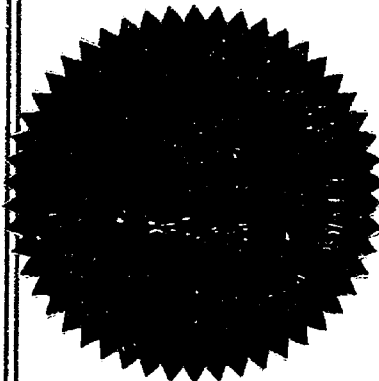
(6) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the Special Rules and Regulations promulgated by Order No. R-4286 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-4286, are hereby continued in full force and effect until further order of the Commission.

(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

I. R. Trujillo
I. R. TRUJILLO, Chairman

Alex J. Armiño
ALEX J. ARMIJO, Member

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

S E A L

dr/

4683
Haud. 5-23-77
Rec. 5-30-77

Grant a permanent a. d.
for the Ins-Population
Penn. Port. R-4286

John D. H.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 23, 1973

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 Richard L. Stamets, Alternate Examiner:

CASE 4683: (Reopened) (Continued from the April 11, 1973 Examiner Hearing)

DAVE METZ
In the matter of Case 4683 being reopened pursuant to the provisions of Order No. R-4286, which order established special rules and regulations for the West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre proration units. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre units.

CASE 4946: (Continued from the May 9, 1973 Examiner Hearing)

Application of Union Texas Petroleum for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Crosby-Fusselman Pool, Lea County, New Mexico, including a provision for classification of oil wells and gas wells, 320-acre spacing for all wells, and a limiting gas-oil ratio of 5000 to one.

CASE 4966: (Continued from the May 9, 1973 Examiner Hearing)

Application of Read & Stevens, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 36, Township 12 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled to the Queen formation in Unit B of said Section 36, in the Southeast Chaves Queen Gas Area. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a 200 percent charge for risk involved in drilling said well.

CASE 4969: Application of Amoco Production Company for a special depth bracket allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of a special depth bracket allowable of 764 barrels of oil per day for the Tocito Dome Pennsylvanian "D" Oil Pool, San Juan County, New Mexico, to replace the current regular depth bracket allowable for said pool of 382 barrels per day.

CASE 4970: Application of Robert G. Cox for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter his Federal "EA" Well No. 1, a crooked hole the surface location of which is 330 feet from the North and West lines of

Engraved

(Case 4970 continued from page 1)

Section 12, Township 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico, to set a whipstock at a depth of 4,200 feet and to drill in such a manner as to return the hole to the vertical, and to bottom said well at a depth of 6,200 feet approximately beneath the surface location.

- CASE 4971: Application of Tesoro Petroleum Corporation for a secondary recovery project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by injection of water and/or gas into the Hospah sand in its Santa Fe RR "A" Well No. 84 to be located five feet from the South line and 2,950 feet from the East line of Section 1, Township 17 North, Range 9 West, South Hospah-Lower Sand Oil Pool, McKinley County, New Mexico.
- CASE 4972: Application of Skelly Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Forty-Niner Ridge Unit Area comprising 7,679 acres, more or less, of State, Federal, and Fee lands in Township 23 South, Range 30 East, Eddy County, New Mexico.
- CASE 4973: Application of Clayton W. Williams, Jr. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Badger Unit Area comprising 10,158 acres, more or less, of State and Federal lands in Township 22 South, Range 31 East, Eddy County, New Mexico.
- CASE 4974: Application of Atlantic Richfield Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of a non-standard 160-acre unit comprising the W/2 NE/4 and E/2 NW/4 of Section 12, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Cooper Wells Nos. 1, 2, and 3 located in Units G, F, and B, respectively, of said Section 12.
- CASE 4975: Application of Atlantic Richfield Company for a non-standard proration unit, simultaneous dedication, and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard 320-acre gas proration unit comprising the NW/4, N/2 SW/4, and W/2 NE/4 of Section 11, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its W. P. Byrd Wells Nos. 5, a non-standard location 1650 feet from the North line and 330 feet from the West line, and No. 7, located 990 feet from the North line and 1980 feet from the West line of said Section 11.

CASE 4951: (Continued from the April 25, 1973 Examiner Hearing)

Application of Atlantic Richfield Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 15, Township 21 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled by the applicant at a standard location to test the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator and the risk involved in drilling said well.

CASE 4976: Application of The Petroleum Corporation for a dual completion, creation of two gas pools and special rules therefor, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Parkway West Unit Well No. 1 located in Unit C of Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico, to produce gas and associated liquid hydrocarbons from the Strawn and Atoka formations through parallel strings of tubing. Applicant further seeks the designation of a Strawn pool and an Atoka pool for said well and the promulgation of special pool rules for each, including classification of oil wells and gas wells and special gas-oil ratio limitations.

CASE 4977: Application of Michael P. Grace II for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 12, Township 22 South, Range 26 East, South Carlsbad Gas Field, Eddy County, New Mexico, to be dedicated to a well to be drilled to the Morrow formation at an unorthodox location 1440 feet from the North line and 1880 feet from the East line of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as operator of the well, and the establishment of a 200 percent risk factor for the well.

? CASE 4978: Application of Adobe Oil Company for a dual completion and non-standard gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Smith Federal Well No. 2 in such a manner as to produce gas from an undesigned Atoka gas pool and from the Rock Tank-^{Upper} Morrow gas pool through parallel strings of tubing. Applicant further seeks approval for the non-standard location of said well for the Atoka formation at a point 660 feet from the South line and 330 feet from the East line of Section 11, Township 23 South, Range 24 East, Rock Tank Gas Field, Eddy County, New Mexico, said location having previously been approved for the Upper Morrow formation by Order No. R-4456.

107 - multiple completion - use upper
R 1424 - open flows - lower formation

*Permit
Process*

CASE 4979: Application of Michael P. Grace II for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to set a whip-stock in his Airport Grace Well No. 1, the surface location of which is 1980 feet from the South line and 2164 feet from the West line of Section 36, Township 22 South, Range 26 East, South Carlsbad Gas Field, Eddy County, New Mexico, and to directionally drill said well in such a manner as to bottom the well in the Morrow formation at a point approximately 500 feet Northeast of the surface location.

CASE 4980: Application of Pubco Petroleum Corporation for pool creation, an oil discovery allowable, and surface commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Humble City-Wolfcamp Pool and the assignment of approximately 47,970 barrels of oil discovery allowable to the discovery well for said pool, applicant's Shipp Well No. 4 located in Unit I of Section 11, Township 17 South, Range 37 East, Lea County, New Mexico. Applicant further seeks authority to commingle production from said pool with production from the Humble City-Strawn Pool underlying applicant's Shipp lease after separately metering the Wolfcamp production.

CASE 4981: Southeastern nomenclature case calling for an order for the creation and extension of certain pools in Eddy, Lea, and Chaves Counties, New Mexico:

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the West Atoka-Cisco Gas Pool. The discovery well is the Coquina Oil Corporation Five Mile No. 1 located in Unit H of Section 14, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 14: E/2

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Cabin Lake-Morrow Gas Pool. The discovery well is the Phillips Petroleum Company James A Com No. 1 located in Unit O of Section 2, Township 22 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 2: S/2

(c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Sand Dunes-Morrow Gas Pool. The discovery well is the El Paso Natural Gas Company Mobil Federal No. 1 located in Unit J of Section 29, Township 23 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 29: E/2

(d) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Shoe Bar-Wolfcamp Pool. The discovery well is the Pubco Petroleum Corporation Skelly State No. 1 located in Unit 1 of Section 14, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 14: SE/4

(e) Extend the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 18: S/2

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

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 1: NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 6: N/2

(g) Extend the East Brunson-McKee Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 24: SW/4

(h) Extend the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 11: E/2

(i) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 2: Lots 1 through 8
Section 3: Lots 1 through 8

(j) Extend the East Caprock-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 10: SE/4

(k) Extend the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 30: All

(l) Extend the Cedar Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 10: All

(m) Extend the Double L-Queen Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM
Section 35: All

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 5: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 21: S/2 SE/4

(o) Extend the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 5: Lots 1, 2, 7, 8, 9, 10,
15 and 16

(p) Extend the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 28: N/2

(q) Extend the Justis-Montoya Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 13: SE/4

(r) Extend the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 23: SW/4 SE/4

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

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
Section 22: SE/4
Section 23: E/2 SW/4

(t) Extend the West Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 29: NW/4

(u) Extend the Twin Lakes-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM
Section 1: SE/4 NW/4 and NE/4 SW/4

CASE 4943: (Continued from the May 9, 1973 Examiner Hearing)

Application of M. W. Staples for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce oil from his Vanderverter Well No. 2 located 1310 feet from the North line and 1330 feet from the East line of Section 20, Township 18 South, Range 28 East, Artesia Pool, Eddy County, New Mexico. Said well was drilled as an injection well at said location pursuant to authority granted by Order No. R-3341.

Order R - 2/286

FTchevery well no 1
Unit L - Sec 29
T 14 S R 34 E

Top of pay at 10,400'

vertical limits of pad

should be Pennsylvanian

formation or found 10,378

includes

10,512

SW/4 Sec 29

SE/4 sec 30

E/2 Sec 31

NW/4 sec 32

160 acre spacing -

1-5 →

CASE 4937: Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Bell Lake-Bone Spring Pool, Lea County, New Mexico, including a provision for 160-acre proration units.

CASE 4683: (Reopened)

In the matter of Case 4683 being reopened pursuant to the provisions of Order No. R-4286, which order established special rules and regulations for the West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre proration units. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre units.

CASE 4938: Application of Hanson Oil Corporation for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 990 feet from the South line and 1650 feet from the West line of Section 2, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico.

CASE 4939: Application of Penroc Oil Corporation for compulsory pooling, a non-standard proration unit, an unorthodox gas well location, and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Atoka and Morrow formations underlying the E/2 W/2 and the W/2 E/2 of Section 11, Township 24 South, Range 34 East, Antelope Ridge Gas Field extension, Lea County, New Mexico, to form a 320-acre non-standard gas proration unit in said pools to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1980 feet from the West line of said Section 11. 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. Applicant further seeks authority to dually complete said well in the above-named formations.

CASE 4940: Application of Pennzoil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to dually complete its Mobil 12-Federal Well No. 1 located in Unit B of Section 12, Township 23 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from the South Carlsbad-Canyon Pool extension and from the South Carlsbad-Morrow Gas Pool through parallel strings of tubing.

CASE 4941: Application of Pennzoil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing gas well at an unorthodox location 1980 feet from the North line and 660 feet from the East line of Section 13, Township 18 South, Range 25 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 13 to be dedicated to said well.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 23, 1973

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 Richard L. Stamets, Alternate Examiner:

CASE 4683: (Reopened) (Continued from the April 11, 1973 Examiner Hearing)

In the matter of Case 4683 being reopened pursuant to the provisions of Order No. R-4286, which order established special rules and regulations for the West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre proration units. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre units.

CASE 4946: (Continued from the May 9, 1973 Examiner Hearing)

Application of Union Texas Petroleum for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Crosby-Fusselman Pool, Lea County, New Mexico, including a provision for classification of oil wells and gas wells, 320-acre spacing for all wells, and a limiting gas-oil ratio of 5000 to one.

CASE 4966: (Continued from the May 9, 1973 Examiner Hearing)

Application of Read & Stevens, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 36, Township 12 South, Range 30 East, Chaves County, New Mexico, to be dedicated to a well to be drilled to the Queen formation in Unit B of said Section 36, in the Southeast Chaves Queen Gas Area. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a 200 percent charge for risk involved in drilling said well.

CASE 4969: Application of Amoco Production Company for a special depth bracket allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of a special depth bracket allowable of 764 barrels of oil per day for the Tocito Dome Pennsylvanian "D" Oil Pool, San Juan County, New Mexico, to replace the current regular depth bracket allowable for said pool of 382 barrels per day.

CASE 4970: Application of Robert G. Cox for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter his Federal "EA" Well No. 1, a crooked hole the surface location of which is 330 feet from the North and West lines of



OIL CONSERVATION COMMISSION

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

April 17, 1972

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 176
Santa Fe, New Mexico

Re: Case No. 4683

Order No. R-4286

Applicant:

Mark Production Company

DOCKET MAILED

Date 5-11-73

for 5/23/73

DOCKET MAILED

Date 3/28/73
4/11/73

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. 4683
Order No. R-4286

NOMENCLATURE

APPLICATION OF MARK PRODUCTION
COMPANY FOR THE CREATION OF A NEW
OIL 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 April 5, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of April, 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, Mark Production Company, seeks the creation of a new oil pool for Pennsylvanian production in Lea County, New Mexico, and the promulgation of special rules and regulations governing said pool, including a provision for 160-acre spacing units.

(3) That the Mark Production Company Etcheverry Well No. 1 located in Unit L of Section 29, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico, having its top perforations at 10,400 feet has discovered a separate common source of supply which should be designated the West Tres Papalotes-Pennsylvanian Pool; that the vertical limits of said pool should be the Pennsylvanian formation as found in the interval from 10,378 feet to 10,512 feet on the log of said well; and that the horizontal limits of said pool should be the SW/4 of Section 29, SE/4 of Section 30, E/2 of Section 31, and NW/4 of Section 32, said Township and Range.

(4) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of

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CASE NO. 4683
Order No. R-4286

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 should be promulgated for the West Tres Papalotes-Pennsylvanian Pool.

(5) 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.

(6) 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.

(7) That this case should be reopened at an examiner hearing in April, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the West Tres Papalotes-Pennsylvanian Pool should not be developed on less than 160-acre spacing units.

(8) That the horizontal limits of the Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, should be contracted by deleting therefrom the SW/4 of Section 28 and the S/2 of Section 29, Township 14 South, Range 34 East, NMPM.

IT IS THEREFORE ORDERED:

(1) That the horizontal limits of the Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, are hereby contracted by the deletion therefrom of the following described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 28: SW/4
Section 29: S/2

(2) That a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production, is hereby created and designated the West Tres Papalotes-Pennsylvanian Pool, with vertical limits comprising the Pennsylvanian formation as found in the interval from 10,378 feet to 10,512 feet on the log of the discovery well, Mark Production Company's Etcheverry Well No. 1, located in Unit L of Section 29, Township 14 South, Range 34 East, NMPM, Lea County, New Mexico, and horizontal limits comprising the following-described area:

LEA COUNTY, NEW MEXICO
TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 29: SW/4
Section 30: SE/4
Section 31: E/2
Section 32: NW/4

-3-

CASE NO. 4683
Order No. R-4286

(3) That temporary Special Rules and Regulations for the West Tres Papalotes-Pennsylvanian Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
WEST TRES PAPALOTES-PENNSYLVANIAN POOL

RULE 1. Each well completed or recompleted in the West Tres Papalotes-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 a 160-acre proportional factor of 7.67 for

-4-

CASE NO. 4683
Order No. R-4286

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 Tres Papalotes-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 May 1, 1972.

(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 Tres Papalotes-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.

(3) That this case shall be reopened at an examiner hearing in April, 1973, at which time the operators in the subject pool may appear and show cause why the West Tres Papalotes-Pennsylvanian Pool should not be developed on less than 160-acre spacing units.

(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


BRUCE KING, Chairman

ALEX J. ARMIJO, Member

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

dr/

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 5, 1972

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 4539: (Continued from the November 17, 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 4690: Application of Shell Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Antelope Ridge-Morrow Pennsylvanian and Antelope Ridge-Devonian Gas Pools in the wellbore of its Antelope Ridge Well No. 2, a dual completion, in Unit B of Section 4, Township 24 South, Range 34 East, Lea County, New Mexico.

CASE 4688: Application of Gulf Oil Corporation for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of two non-standard gas proration units to form one 600-acre non-standard gas proration unit comprising the SW/4, S/2 NW/4, NW/4 NW/4, and E/2 of Section 4, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its J. F. Janda (NCT-F) Wells Nos. 7 and 13 located, respectively, in Units K and P of said Section 4.

CASE 4683: Application of Mark Production Company for the creation of a new oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause,

(Case 4683 Continued)

seeks the creation of a new pool for the production of oil to be designated the Metts Permo-Pennsylvanian Pool for its three wells located in Unit L of Section 29, Unit P of Section 30 and Unit D of Section 32, Township 14 South, Range 34 East, Lea County, New Mexico. Applicant further seeks the promulgation of special rules for the pool including a provision for 160-acre spacing and proration units.

CASE 4684: Application of The Petroleum Corporation for 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 Tenneco Federal Well No. 1 located 990 feet from the South line and 2310 feet from the West line of Section 12, Township 26 South, Range 37 East, Lea County, New Mexico. Applicant further seeks the promulgation of special rules therefor, including a provision for 640-acre spacing and proration units.

CASE 4689: Application of Petroleum Corporation of Texas for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose into unlined surface pits water produced by its Dexter Federal Well No. 15 located in Unit J of Section 15, and all of its wells located or to be located in the NW/4 of Section 20, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

CASE 4685: Application of Fluid Power Pump Company for two non-standard oil proration units, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard oil proration units in Township 19 North, Range 3 West, Media-Entrada Oil Pool, Sandoval County, New Mexico, comprising the following-described acreage:

1. S/2 SW/4 of Section 14 and the N/2 NW/4 of Section 23;
2. S/2 SE/4 of Section 15 and N/2 NE/4 of Section 22.

CASE 4686: Application of Jack L. McClellan for a waterflood expansion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to expand the waterflood projects in the Sulimar-Queen Pool, Chaves County, New Mexico, authorized by Order No. R-4214, by the injection of water into said pool through three additional injection wells located in Township 15 South, Range 29 East, as follows:

Smernoff Federal No.	1 - Unit B - Section 24
Carthel Federal No.	2 - Unit P - Section 23
La Rue Federal No.	1 - Unit D - Section 25

Applicant further seeks amendment of the rules governing said projects to permit expansion administratively without a showing of well response.

CASE 4687: Application of Riggs Oil & Gas Corporation for down-hole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from an undesignated Fruitland gas pool and the Fulcher Kutz-Pictured Cliffs Gas Pool in the wellbore of its Federal Well No. 1 located in Unit F of Section 4, Township 29 North, Range 12 West, San Juan County, New Mexico.

MARK PRODUCTION COMPANY

1108 SIMONS BUILDING
DALLAS, TEXAS 75201

CURTIS W. MEWBOURNE
PRESIDENT

April 7, 1972

748-0388
AREA CODE 214

STATE LAND OFFICE
SANTA FE, N.M.

APR 11 8 32 AM '72

RECEIVED

*Rec'd OCC
April 18*

State Land Office
Santa Fe, New Mexico

Attention: Mr. Daniel S. Nutter

Gentlemen:

Enclosed please find two copies each of Exhibits 1 and 2
as per your request.

Yours very truly,

David A. Metts

DAM:pm

*File Case
4683*

THE SUPERIOR OIL COMPANY

P. O. BOX 1900
MIDLAND, TEXAS 79701

April 4, 1972

Mr. Elvis Utz
Mr. D. S. Nutter, Examiner NMOCC
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87501

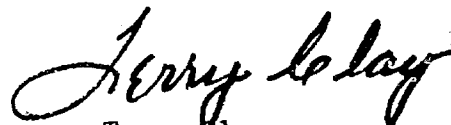
Re: Case No. 4683
Application for Creation
of New Pool and Special Rules
by Mark Production Company
Lea County, New Mexico

Dear Sirs:

As lessee of the W/2 Section 31, T-14-S, R-34-E, Lea County, New Mexico, The Superior Oil Company supports the above captioned application for Special Rules providing 160 acre spacing with wells located in any quarter-quarter of a Governmental Section for development of the Permo-Pennsylvanian Reservoir located at an approximate depth of 10,378 to 10,510 feet in Mark Production John Etcheverry No. 1 Well. The aforementioned well being located in Unit L, Section 29, T-14-S, R-34-E.

Yours very truly,

THE SUPERIOR OIL COMPANY



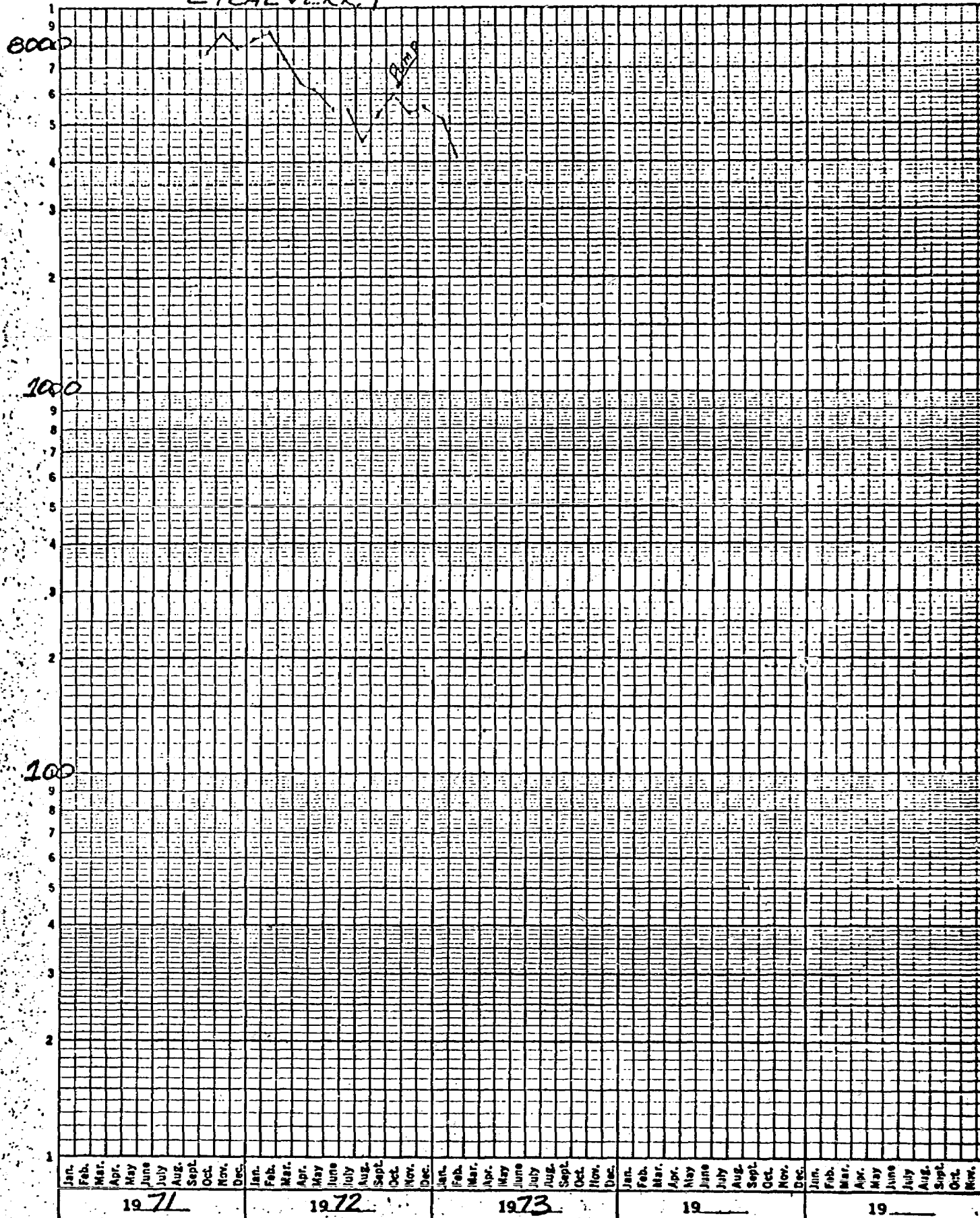
Terry Lay
Petroleum Engineer

TDC/jf

BEFORE EXAMINER NUTTER OIL CONSERVATION COMMISSION <u>mark</u> EXHIBIT NO. <u>3</u> CASE NO. <u>4683</u> Submitted by <u>David Muth</u> Hearing Date <u>April 5, 1972</u>
--

1

ETCHEVERRY

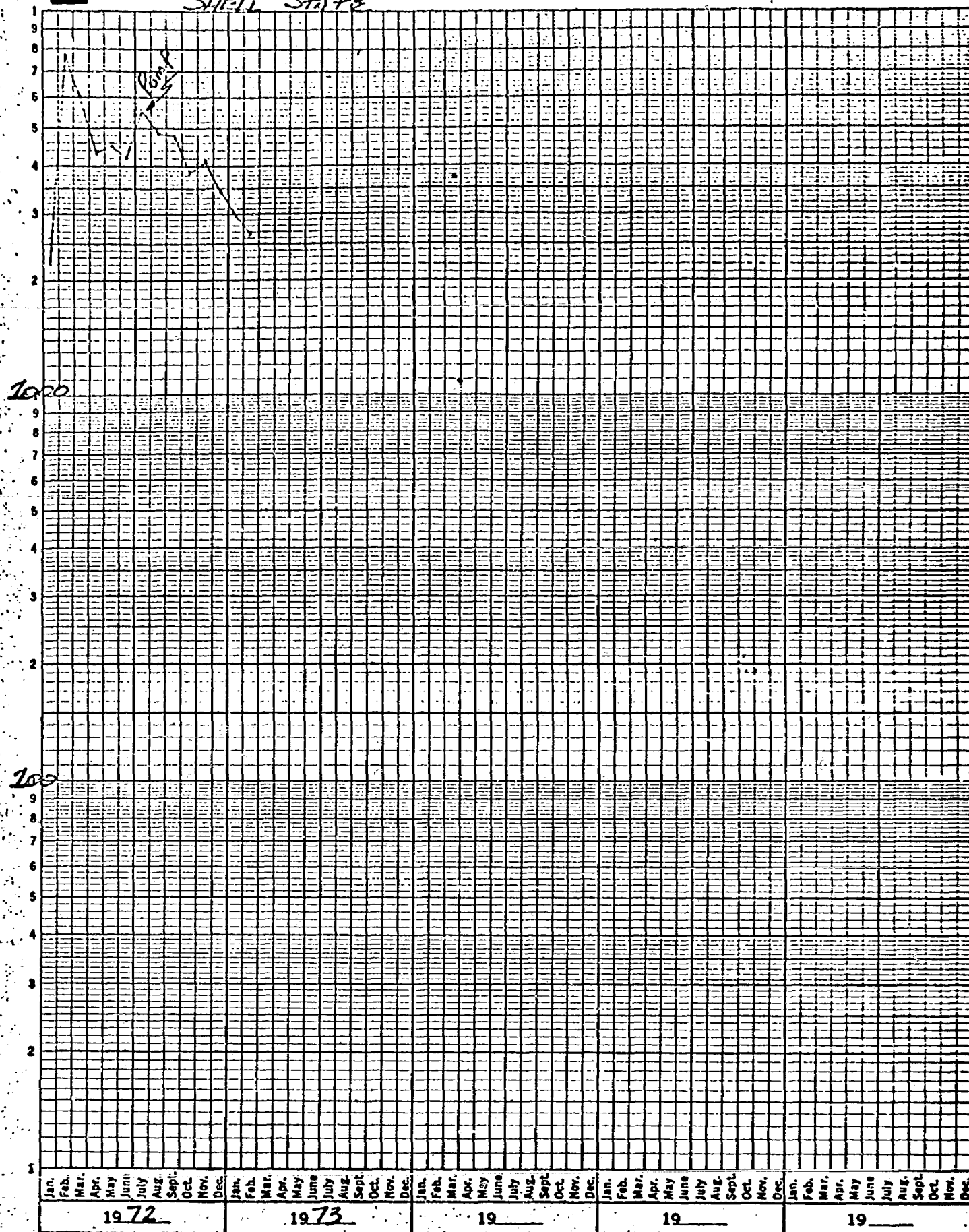


K-E 10 YEARS BY MONTHS 359-205L
X-3 CYCLES
KEUFFEL & ESSER CO. MADE IN U.S.A.

IPF 4'15 BO/D
Cum. 61,345 BO to 3/1/73

2

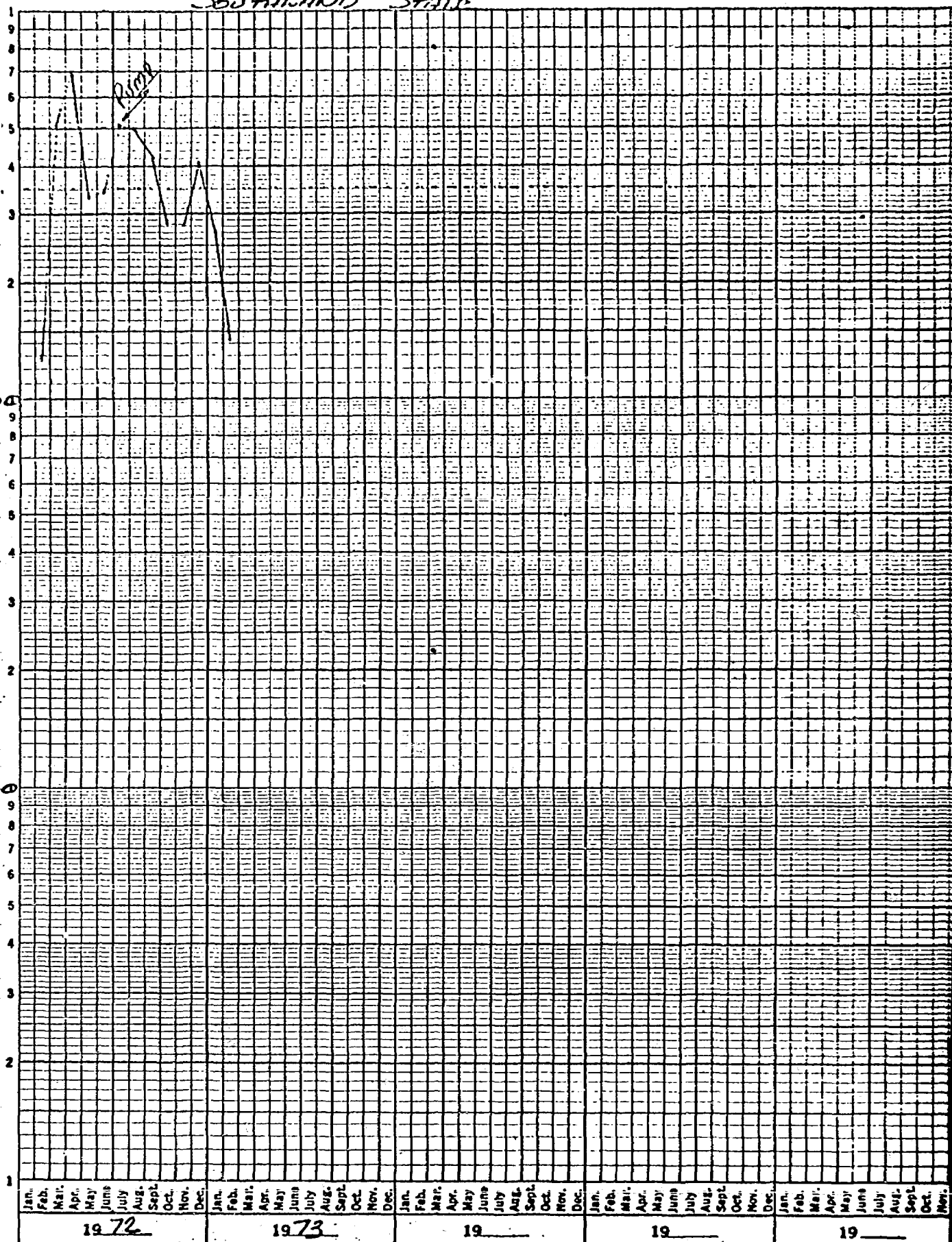
SHELL STATE



K&W 10 YEARS BY MONTHS 359-205L
X 3 CYCLES
Kruppel & Esser Co. MADE IN U.S.A.

13

SOUTHLAND STATE



K&E 10 YEARS BY MONTHS 359-205L
X 3 CYCLES
KEUFFEL & ESSER CO. MADE IN U.S.A.

1972

1973

1974

1975

1976

IPF 300 BO/D
Cum. 13,003 BO

4 *SHILL STAIR "A"*

KE 10 YEARS BY MONTHS 359-205L
X 3 CYCLES
KEUPPEL & ESSER CO. MADE IN U.S.A.

1000

100



MARK PRODUCTION COMPANY
1108 SIMONS BUILDING
DALLAS, TEXAS 75201

CURTIS W. MEWBOURNE
PRESIDENT

February 23, 1972

748-0388
AREA CODE 214

RECEIVED
FEB 23 1972

OIL CONSERVATION COMM.
SANTA FE

George Hatch

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Case 4683

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Mark Production Company operates three wells located in Sections 29, 30 and 32, T14S, R34E, Lea County, New Mexico. These three wells have been completed on 160 acre spacing and have been developed as a part of the Tres Papalotes (Permo-Penn) Field, the field to which they were assigned by the Commission. We have been requested to apply for new pool designation for this area, and we hereby do so, requesting that this area be named the Metts (Permo-Penn) Field. We request that the spacing be designated as 160 acres per well and request the same special rules in effect for the Tres Papalotes (Permo-Penn) Field, since these are the rules under which this area has been developed.

Very truly yours,

Curtis W. Mewbourne
Curtis W. Mewbourne

CWM/bw

cc: Mr. J. D. Ramey
New Mexico Oil Conservation
Commission
P. O. Box 1980
Hobbs, New Mexico

RECEIVED

FEB 23 1972

OIL CONSERVATION COMM.
HOBBS, N. M.

DOCKET # 1110

DATE 3/23-72

DRAFT

GMH/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. 4683

Order No. R- 4286

APPLICATION OF MARK PRODUCTION
COMPANY FOR THE CREATION OF A NEW
OIL POOL AND SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

NOMENCLATURE

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 5, 1972,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of April, 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, Mark Production Company, seeks the
creation of a new oil pool for ~~Pennsylvania~~ Pennsylvanian production
in Lea County, New Mexico, and the promulgation of special rules
and regulations governing said pool, including a provision for
160-acre spacing units, and a gas-oil ratio of cubic
~~feet of gas per barrel of oil.~~

Wack Production Company, Etcheverry well No. 1

(3) That the ~~three wells~~, located in Unit L of Section 29,
~~Unit P of Section 30 and Unit D of Section 32~~, Township 14 South,
Range 34 East, NMPM, Lea County, New Mexico, having ^{its} top
perforations at 10,400 feet

~~respectively~~, ^{has} discovered a separate common source of supply
which should be designated the ~~Motts Permian Pennsylvanian~~ ^{West Tres Papalotes-Pennsylvanian} Pool;

that the vertical limits of said pool should be the ~~Pennsylvanian~~ ^{as found in the interval from 10,378 feet to 10,512 feet on the log of said well;}
formation ^A and that the horizontal limits of said pool should be
the SW/4 of Section 29, SE/4 of Section 30, E/2 of Section 31, and NW/4 of
Section 32, said Township and Range.

(4) 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 should be promulgated for
the ~~Motts Permian Pennsylvanian~~ ^{West Tres Papalotes} ~~Papalotes~~ Pool.

(5) 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.

~~(6) That in order to allow each operator in the pool the
opportunity to use his just and equitable share of the reservoir
energy, the temporary special rules and regulations should provide
for a limiting gas-oil ratio of 2000 to 1 until such time as the
pool has a gas gathering facility and thereafter a limiting gas-
oil ratio of _____ to 1.~~

⁽⁶⁾ 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.

(7) That this case should be reopened at an examiner hearing in April, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the ^{West Tree Papalote} ~~Motta Pomo-~~ Pennsylvanian Pool should not be developed on ^{less than 160-acre} ~~40-acre or 80-acre~~ spacing units, and why the limiting gas-oil ratio should not revert ~~to the Statewide limit of 2000 to one.~~

~~(9) That the applicant further seeks an exception to the provisions of Commission Order No. R-3221 to permit the disposal of salt water produced by its aforesaid wells in unlined surface pits located in the vicinity of said wells.~~

~~(10) That there appears to be no shallow fresh water in the vicinity of the subject pits for which a present or reasonably foreseeable beneficial use is or will be made that would be impaired by contamination from the subject pits.~~

~~(11) That the applicant should be permitted to dispose of water produced by the subject wells in unlined surface pits located in the vicinity of said wells.~~

~~(12) That the applicant further seeks an exception to Commission Order No. R-4070 to permit the flaring or venting of the casinghead gas produced by the above-described wells until such time as the subject wells/xx are connected to a gas gathering facility.~~

~~(13) That the nearest gas gathering facility is more than five miles from the subject wells.~~

~~(14) That there is no prospect for an immediate connection of the wells to a gas gathering facility.~~

~~(15) That the applicant should be permitted to flare or vent casinghead gas produced by the above-described wells until such time as the subject pool has a gas gathering facility.~~

(8) That the horizontal limits of the Tree Papalote ^{Pennsylvanian} Pool, Lea County, New Mexico, should be restricted by deleting therefrom the SW 1/4 of Section 28 and the SE 1/4 of Section 29, Township 14 South, Range 34 East, N.M.P.M.

IT IS THEREFORE ORDERED:

(2) That a new pool in Lea County, New Mexico, classified as an oil pool for ~~Pennsylvanian~~ ^{west Three Papalote} production, is hereby created and designated the ~~Metts Pennsylvanian~~ ^{west Three Papalote} Pool, with vertical limits comprising the ~~Pennsylvanian~~ ^{as found in the} formation and horizontal limits comprising the following-described area:

Lea County, New Mexico
Township 14 South, Range 34 East, N.M.P.M.
Section 29: SW 1/4
Section 30: SE 1/4
Section 31: E 1/2
Section 32: NW 1/4

(3) That temporary Special Rules and Regulations for the ~~Metts Pennsylvanian~~ ^{west Three Papalote} Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
~~Metts Pennsylvanian~~ ^{west Three Papalote} POOL

RULE 1. Each well completed or recompleted in the ~~Metts Pennsylvanian~~ ^{west Three Papalote} 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

(1) That the horizontal limits of the Three Papalote Pool, Lea County, New Mexico, are hereby corrected by the deletion thereof of the following described area:

Section 28: SW 1/4
Section 29: SE 1/2

Township 14 South,
Range 34 East, N.M.P.M.,
Lea County, New Mexico,
well 89, Section 29

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} ~~no nearer than 660 feet~~
~~to the outer boundary of the proration unit boundary and no nearer~~
~~than 330 feet to any governmental quarter-quarter section~~ ^{or lot} ~~line~~.

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 a 160-acre proportional factor of 7.67 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.

~~RULE 7. That the limiting gas-oil ratio shall be 2000 cubic feet of gas for each barrel of oil produced until such time as the pool has a gas gathering facility and thereafter the limiting gas-oil ratio shall be 3000 cubic feet of gas for each barrel of oil produced.~~

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the ~~Metts Permo-Pennsylvanian~~ ^{West Ives Papalatus -} ~~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

May 1, 1972.

(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 ~~Metts Permo-Pennsylvanian~~ ^{West Ives Papalatus} 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 Ives Papalatus} ~~Metts Permo-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.

-7-
CASE NO. 4683
Order No. R-

(3) That this case shall be reopened at an examiner hearing in April, 1973, at which time the operators in the subject pool may appear and show cause why the ^{Metts Permo-Pennsylvanian Pool} ~~Metts Permo-Pennsylvanian Pool~~ should not be developed on ^{less than 160-acre} ~~40-acre or 80-acre~~ spacing units, and ~~why the limiting gas-oil ratio should not revert to the Statewide limit of 2000 to one.~~

~~(4) That the applicant, Mark Production Company, is hereby granted an exception to Order (3) of Commission Order No. R-3221, as amended, to dispose of water produced in conjunction with the production of oil or gas, or both, by its aforesaid three wells, Metts Permo-Pennsylvanian Pool, in unlined surface pits located in the vicinity of said wells;~~

~~PROVIDED HOWEVER, that the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such rescission would serve to protect fresh water supplies from contamination.~~

~~(5) That the applicant is hereby granted an exception to Commission Order No. R-4070 to flare or vent casinghead gas produced by the above-described wells until such time as the Metts Permo-Pennsylvanian Pool has a gas gathering facility;~~

~~PROVIDED HOWEVER, that the Secretary-Director of the Commission may by administrative order rescind such authority whenever it reasonably appears to the Secretary-Director that such rescission would serve to prevent waste or protect correlative rights.~~

(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

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. 4683

Order No. R-4286-A

IN THE MATTER OF CASE 4683 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO.
R-4286, WHICH ORDER ESTABLISHED SPECIAL
RULES AND REGULATIONS FOR THE WEST TRES
PAPALOTES-PENNSYLVANIAN POOL, LEA COUNTY,
NEW MEXICO, INCLUDING A PROVISION FOR 160-
ACRE PRORATION UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 11, 1973
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of April, 1973, 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-4286, dated April 17, 1972,
temporary special rules and regulations were promulgated for
the West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico,
establishing temporary 160-acre spacing units.

-2-
Case No. 4683
Order No. R-

(3) That pursuant to the provisions of Order No. R-4286, this case was reopened to allow the operators in the subject pool to appear and show cause why the West Tres Papalotes-Pennsylvanian Pool should not be developed on less than 160-acre units.

(4) That the evidence establishes that one well in the West Tres Papalotes-Pennsylvanian Pool can efficiently and economically drain and develop 160 acres.

(5) That the Special Rules and Regulations promulgated by Order No. R-4286 have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool.

(6) 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, the Special Rules and Regulations promulgated by Order No. R-4286 should be continued in full force and effect until further order of the Commission.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-4286, are hereby continued in full force and effect until further order of the Commission.

(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.

dearnley, meier & mc cormick

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
May 23, 1973

EXAMINER HEARING

IN THE MATTER OF:

Case 4683 being reopened pursuant
to the provisions of Order No.
R-4286, which order established
special rules and regulations for
the West Tres Papalotes-Pennsylvanian
Pool, Lea County, New Mexico, including
a provision for 160-acre proration
units.

Case No. 4683

BEFORE: Elvis A. Utz
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-5691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 MR. UTZ: Case 4683.

2 MR. CARR: Case 4683: (Reopened) (Continued from
3 the April 11, 1973 Examiner Hearing) In the matter of Case
4 4683 being reopened pursuant to the provisions of Order No.
5 R-4286, which order established special rules and regulations
6 for the West Tres Papalotes-Pennsylvanian Pool, Lea County,
7 New Mexico, including a provision for 160-acre proration
8 units.

9 MR. UTZ: Appearances?

10 MR. KELLAHIN: Tom Kellahin of Kellahin & Fox, Santa
11 Fe, New Mexico, appearing on behalf of Mark Petroleum Company.
12 I have one witness to be sworn.

13 DAVID A. METTS

14 was called as a witness and, after being duly sworn according
15 to law, testified as follows:

16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Will you please state your name and by whom you are
19 employed and in what capacity.

20 A David A. Metts, I'm a Geologist for Mark Oil Company.

21 Q What is your working relationship with Mark Production
22 Company?

23 A I am formerly associated with Mark Production Company as
24 a consultant.

25 Q Have you previously testified before the Commission or

dearnley, meier & rnc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 one of its Hearing Examiners and had your qualifications
2 as an expert accepted as a matter of record?

3 A Yes, I have.

4 Q Did you previously testify in behalf of Mark Production
5 Company at the Commission hearing of April 5, 1972,
6 concerning the establishment of pool rules for the
7 West Tres Papalotes-Pennsylvanian Pool?

8 A Yes.

9 Q Since that testimony, Mr. Metts, have you continued to
10 work and make a study of this area?

11 A Yes, we have drilled five or six wells in the area, the
12 immediate area.

13 MR. KELLAHIN: Mr. Examiner, are the witness' qualifi-
14 cations as an expert acceptable?

15 MR. UTZ: Yes, they are.

16 Q (By Mr. Kellahin) Mr. Metts, will you please refer to
17 what has been marked as Exhibit No. 1 and identify that
18 for us, please, and explain what information it contains.

19 A Exhibit 1 is a structure map of the top of the pay interval
20 in the Tres Papalotes-Pennsylvanian pay interval. It
21 demonstrates not only the structure of the formation, but
22 the position of the wells that have been drilled in there
23 since April of 1972.

24 Q This structure map includes the West Tres Papalotes-
25 Pennsylvanian Pool, would you outline for us the areas of

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103
1210 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

- 1 the pool?
- 2 A Yes. The pool now consists of the west half of Section 29;
- 3 the east half of Section 30; the northwest quarter of
- 4 Section 32; and the east half of Section 31.
- 5 Q Is this a similar structure map you are using today as
- 6 the one you submitted at the April 5, 1972 hearing?
- 7 A Yes, it's the same map with some slight revisions.
- 8 Q What are the changes?
- 9 A Only the structural depths as related to the new wells
- 10 drilled.
- 11 Q What are the new wells drilled?
- 12 A Mark Production Company has drilled the Shell State One,
- 13 the two producing wells in the east half of Section 30;
- 14 the producing well and the dry hole in the northwest
- 15 quarter of Section 29; and Media Oil Company has drilled
- 16 the producer in the southeast quarter of Section 31.
- 17 Q Where is the West Tres Papalotes Pool in relation to the
- 18 pool that is the subject of this hearing?
- 19 A It would be one mile -- approximately one mile due west
- 20 of the pool in question.
- 21 Q What, if any, wells have been drilled between the two pools?
- 22 A There has been a dry hole in the southeast quarter of
- 23 Section 29 and a dry hole in the southwest quarter of
- 24 Section 32.
- 25 Q What do you conclude from this evidence?

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- 1 A I think we have definitely established a tight band of
2 rock separating the two producing areas which obviously
3 are porous and permeable.
- 4 Q What are the two adjoining pools immediately adjacent to
5 this area?
- 6 A The Saunders East and, to the west, the Saunders Field.
- 7 Q What is the spacing for the adjoining fields?
- 8 A They're all 160 acres except the old Saunders Field.
- 9 Q Please refer to what has been marked as Exhibit 2.
- 10 A All right.
- 11 Q Would you identify this and please explain what information
12 it contains.
- 13 A Yes, this is the Etcheverry Number 1 "T" discovery well
14 production decline curve showing monthly production
15 actually demonstrating the production decline.
- 16 Q Please refer to what has been marked as Exhibit 3 and
17 explain what information it contains.
- 18 A This is also the same type of production curve for the
19 Shell State. Exhibit No. 4 gives the same information
20 for the South State.
- 21 Q And what is Exhibit 5?
- 22 A Exhibit 5 is the production decline curve of the Shell
23 State Aba. All of these exhibits are marked by red numbers
24 which correspond to the red numbers on the map.
- 25 Q In your opinion, Mr. Metts, what do you conclude by the

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1 decline in production?

2 A It's my opinion and the opinion of Mark Production Company
3 that 160 acres would be the minimum proration unit.
4 In fact it is a good proration unit because we are
5 obviously effectively draining the entire reservoir as it
6 has been drilled to date.

7 As you can see, the decline curves on all the exhibits,
8 2 through 5, the decline curves seem to be at quite a
9 sharp angle and we believe any further drilling on the
10 normal proration unit would be a waste of money and
11 resources.

12 Q Will the continuation of the pool rules prevent waste and
13 protect the correlative rights of others?

14 A Yes, it will prevent waste and protect the rights of
15 others.

16 Q Were Exhibits 1 through 5 prepared by you or under your
17 direction and supervision?

18 A Yes, sir.

19 MR. KELLAHIN: We move for the introduction of Mark
20 Production Company Exhibits 1 through 5.

21 MR. UTZ: Without objection, Exhibits 1 through 5 will
22 be entered into the record of this case.

23 (Whereupon Applicant's Exhibits 1 through 5 were
24 admitted in evidence.)

25 MR. KELLAHIN: That concludes our direct examination.

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2 BY MR. UTZ:

3 Q Do you have any pressure information?

4 A We haven't run bottomhole pressures, but after our
5 second well, we drilled the Etcheverry first and then
6 the Shell State, and if you will notice on each of the
7 decline curves, I have indicated "with pumps".

8 Q Was the Etcheverry your discovery well?

9 A Yes.

10 Q That is the red Number 1 in Section 29?

11 A Yes. That was the initial well and it flowed for a
12 little over a year. As you can see, we put the pump on
13 and then pumps were installed in the rest of the wells.

14 There is one thing I would like to point out, on the
15 next to last well we drilled, the Shell State "A", we
16 potentialed that flowing 300 barrels a day and in less than
17 a month we had to install a pump on it. By the way, this
18 well is making no water.

19 Q How deep are these wells?

20 A Ten thousand five hundred feet.

21 Q But you haven't run any bottomhole pressure tests?

22 A No. We installed our pumps and we just assumed that the
23 pressures were down.

24 By the way, we just completed the Number 2 "A"
25 Etcheverry in the southwest of the northwest of Section 29

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1 and that well's initial potential was 151 barrels a day,
2 that was April 13th of this year, and it's already down
3 below 100 barrels in production. We have similar reser-
4 voir rock in all of these wells, there was only a few
5 feet difference in thicknesses and the farther along we
6 went, the more wells we got into the reservoir, the less
7 daily production we were recovering even by enlarging
8 the pumps.

9 Q Did you have any initial bottomhole pressure?

10 A Yes, we tested the initial well and I believe -- I failed
11 to bring that with me, but I believe it was either 36
12 plus or 3800 pounds plus.

13 Q What gravity oil are these wells flowing?

14 A Thirty-eight degrees, that's the average.

15 Q How about the GOR?

16 A The GOR was 500 to one initially and they're hanging
17 in there pretty close to that right now. I think one
18 well was closer to 1950.

19 Q Then you are basing your entire case on the rate of decline
20 as to whether 160 acres is being drained?

21 A Yes, plus the fact the Saunders and the Tres Papalotes
22 are both identical rock sections and they are 160-acre
23 spacing.

24 MR. UTZ: Are there other questions of the witness?

25 MR. HOUSTON: Glenn Houston of Hobbs, New Mexico,

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1 Attorney representing John M. Etcheverry. We have a case
2 which is set for hearing on June 6 and I understand this
3 hearing today is limited only to 160-acre pool rules and will
4 not affect the case that is set on June 6th?

5 MR. UTZ: Well, I'm not familiar with that case.

6 MR. HOUSTON: It's to ask that the southwest quarter
7 of Section 29 be separated into two 80-acre units.

8 I have checked with Mr. Nutter and was advised that
9 this hearing today dealt only with pool rules and would not
10 affect our application.

11 MR. UTZ: It deals only with the contents of Order
12 R-4286.

13 MR. HOUSTON: With that understanding, we have no
14 questions of this witness.

15 MR. UTZ: All right. Are there other questions of
16 the witness?

17 (No response)

18 MR. UTZ: The witness may be excused.

19 (Witness excused)

20 MR. UTZ: Any statements in the case?

21 (No response)

22 MR. UTZ: Case 4683 will be taken under advisement.

23 * * * *

24

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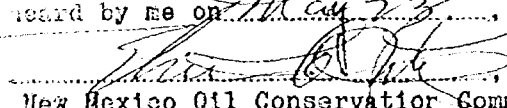
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1 STATE OF NEW MEXICO)
2) ss.
3 COUNTY OF BERNALILLO)

4 I, RICHARD E. MCCORMICK, a Certified Shorthand Reporter,
5 do hereby certify that the foregoing and attached Transcript
6 of Hearing before the New Mexico Oil Conservation Commission
7 was reported by me; and that the same is a true and correct
8 record of the said proceedings, to the best of my knowledge,
9 skill and ability.

10 
11 CERTIFIED SHORTHAND REPORTER

22 do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Examiner hearing of Case No. 14683
25 heard by me on May 23, 1973.
 Examiner
New Mexico Oil Conservation Commission

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CASE 4684: Appli. of PETROLEUM
CORP. FOR CREATION OF NEW GAS
POOL AND SPECIAL POOL RULES.