Lase Number Dans

Application Trascripts

Small Exhibits

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dearnley, meier & associates

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MR. UTZ: Case 4789.

MR. CARR: In the matter of Case No. 4739 being reopened pursuant to the provisions of Order No. R-4375, which order established special rules and regulations the Many Catas-Alab Pool, Cheves tounty, New Menico, including a provision for 80-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant and Christy, of Roswell, appearing on behalf of Exxon. We have two witnesses I'd like to have sworn.

(Whereupon, the witnesses were sworn by Mr. Carr.)

MR. HINKLE: Here's the official marked exhibits.

Here's an extra copy.

MR. UTZ: You may proceed.

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W. R. JORDAN,

called as a witness, after having been first duly sworn according to law, testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

- State your name, your residence and by whom you are employed.
- A I'm W. R. Jordan, Andrews, Texas, Exxon Corporation.
- Q You mentioned Exxon Corporation, being employed by Exxon.

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3	Q	And were you a witness in the original case under the
4		application of Humble Oil and Refining Company?
5	ĩ.	THE PARTY OF THE P
6	.Q	And is Humble now being merged into Exxon?
7	A	That's true.
8	Q	As of January 1?
9	A	Yes.
10	હ	Your qualifications as a petroleum geologist are a
11		matter of record with the Commission, having previously
12	, ,	testified?
13	· A / · · ·	That's correct.
14	Q.	Have you kept up with the development in the Many Gates -
15		Abo Pool?
16	A	Yes, I have.
17	Q	Have you prepared or has there been prepared under your
18	·	direction certain exhibits for introduction in this case?
19	A	That's correct.
20	ି ର	And the ones that you've prepared or had prepared under
21		your direction are exhibits that have been marked from
22	÷:	One to Five, inclusive?
23	Α	This is correct.
24	ର	Refer to Exhibit One and explain what this is and what
25		it shows.

Was it formerly Humble Oil and Refining Company?

Yes, that's true.

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

g programme and the	3		surrounding pools. Many Gates-Abo will lie about six
and the control has proper with a con-	4		miles south of the Chaveroo-San Andres Pool and about
	5		twenty miles west of Flying M - Abo Pool, the nearest
	6		Abo production.
	7	Q	All right. Refer to Exhibit Two and explain what this
	8		shows.
	9	A	Exhibit Two is a lease and well location plat indicating
	10		oil wells within a two mile radius of the pool. It shows
	11		the two producing wells, two dry holes, and the dry hole
103	12		later converted to a salt water disposal well which Exxon
11CC 87 87108	13	e.	operates.
NEW MEXICO 87108 MEXICO 87108	14	Q	Which one is that?
	15	Α	That's the CR No. 2 in the southwest corner of Section 32
* ALBUQUERQUE. Buquerque, new	16	ତ୍	Which was the first well drilled?
	17	A	The first well was drilled by Phillips, that is now
243-6691 AST • AL	18		Exxon No. 21 Isler Federal.
0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	19	Q	Exxon has taken over that well since it's been built?
1002 • PH	20	A	Exxon now operates that well.
×®	21	Q	When did that occur?
o. ⊦	22	A	This month.
SIMMS BLDG 1216 FIRST N	23	Q	Recently?
209 SIN	24	A	This month.
e de	25	ြ .	In fact, it's in the process of being approved by USGS:
	× .		

Exhibit One is a regional pool location map, showing the

location of the Many Gates-Abo Pool with respect to

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isn't it?

That's correct. Α

What do the yellow boundary lines indicate? Q.

The acreage bound by yellow is operated by Exxon Α Corporabilen.

Now, turn to Exhibit Three and explain what this shows. Ç

Exhibit Three is a regional structure map, the subsea Â map point. The top of the pay contour interval is 100 feet and the scale is one inch equals 4000 feet. The depth in the area is approximately 90 feet per mile or one degree to the southeast. It's very regional. It shows a slight structural node, but very little.

- Is this substantially the same structural map or plat Q that was introduced in the original hearing?
- It's very close to the same map. A
- Changed a little bit on account of the additional two Q wells that have been drilled since the original hearing?
- That's correct. A
- I'll turn to Exhibit Four. Explain what this is. Q
- Exhibit Four is a four-well cross section in the lower A right hand side portion. There is an index map showing the line of section extending from Exxon's New Mexico CR State No. 2 on the south to the Exxon No. 1 Isler Federal on the north. The cross section shows the oil-water contact at minus 3242 as determined from core

The top and the base of the pay zone and the

upper and lower correlation line are separated interval

dearnley, meier & associates

analysis.

3		and well test completion dates are all shown.
	Q	This goes through the four wells that have been drilled;
5		is that right?
6	A	It goes through the two dry holes and the two completions
7	Q	And that's shown by the little index map on the corner
8		of the plat?
9	A	Correct.
10	Q	Does this show the continuity of the producing shown
11	• .	between the two producing wells?
12	A	It does. The colored-in area, oil is green, water being
13		blue, a cross section shows the porous zone with the Abo
14		formation.
15	Q	Also shows the perforated interval?
16	A	The perforated intervals are within the colored zone.
17	Q	Now, turn to Exhibit Five and explain what that is.
18	A	Exhibit Five is a tabulation of completion data, the
19		lease and well numbers, totaled drilled production,
20		casing and perforations, as well as stimulation, initial
21		potential and cumulative production to 7/1/73, and
22		current daily productions are shown. The Exxon No. 1
23	·	Isler has cumulative production of 38,100 barrels of oil.
24		While the Exxon New Mexico CR State No. 1 has cumulative
25	L	of 56,000 barrels of oil for the same date.

209 SIMMS BLDG. P.O. BOX 1092 PHONE 249-6691 ALBUQUERQUE. NEW MEXICO 87103 1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108
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1	Ó	That's done to July 1?
2	Α	Yes. Current daily production for the CR State well is
3		115 barrels of oil per day plus Ill barrels of water.
4		The No. 1 Isler Federal produces 48 barrels of oil per
5		ady and live barrels of waver.
6	Q	Do you have any further testimony regarding these exhibits?
7	Α	No.
8		MR. HINKLE: We would like to offer in evidence
9		the exhibits 1 through 5.
10		MR. UTZ: Without objection, Exhibits 1 through 5
11	l	will be entered into the record of this case.
12		MR. HINKLE: That's all of this witness. We have
13		another witness.
14		MR. UTZ: Is the other witness an engineering witness?
15		MR. HINKLE: Yes, to go into the engineering.
16		MR. UTZ: This witness may be excused.
17	e e	MR. HINKLE: Okay. You want to take the stand?
18		
19		HARLEY REAVIS,
20		a witness, after having been first duly sworn according
21	· ·	to law, testified as follows:
22		DIRECT EXAMINATION
23		BY MR. HINKLE:
24	Q	State your name, residence and by whom you are employed.
25	A	My name is Harley Reavis. I'm employed by Exxon Corporation

200 SIMMS BLOC P.O. BOX 1002 - PHONE 243-6601- ALBUQUERQUE. NEW MEXICO 87103	1216 FIRST NATIONAL BANK BLDG. EAST #ALBUDUERQUE, NEW MEXICO 87108	

2		Mid-Continent Division.
3	ବ୍	Have you previously testified before the Commission?
4	Α	I have not. I've been here many, many times. I don't
ő		believe 1've ever made that tour yet.
6	Q	Would you state briefly your educational background,
7		experience as a petroleum engineer?
8	A	I'm a graduate from petroleum engineering from Texas
9		A & M, BS degree. I've been in petroleum engineering
10		since I graduated in 1940, and have been conservation
11		engineering about twenty three years.
12	ଢ	Have you had a good deal of experience with oil, gas
13		development in New Mexico?
14	A	Yes, sir. I have.
15	ହ	You're familiar with the Exxon operation in New Mexico?
16	A	Yes, sir, I am.
17	ର	And in the Many Gates Pool?
18	A	Yes, sir, I am.
19	Q	And you have kept up with the development in that area?
20	A	Yes, I have.
21		MR. HINKLE: Qualifications sufficient?
22		MR. UTZ: Yes, they are.
23	Q:	(By Mr. Hinkle) Have you prepared or has there been
24		prepared under your direction the exhibits six through
25	L	ten?
-=*	-	

in Midland, Texas, as a conservation engineer for the

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Λ	Yes,	unuy	have.

Refer to Exhibit Six and explain what this is and what it shows.

Exhibit Six is a reservoir data tabulation over the Many Gates-Abo poor. This poor is a dolomite formation. Stratigraphic porosity is about sixteen percent. The oil-water contact which has been established since the last hearing is 3242 feet. The average feet payoff of the oil-water contact is twelve feet. The rhythm of stress or pressure is 2424 pounds. The oil- gas is 43. The solution oil-gas ratio is some 690 cubic feet per barrel. There are two producing wells, both of them pumping. This field is developed on 80-acre spacing. It is past the mid-primary stage of depletion. At the bottom of this exhibit is the cumulative production and oil barrels as of 7-1-73, of 94,100 barrels. The gas production and water production is for Exxon's State CR No. 1 only. We did not have the production of gas or water from the Phillips operated Isler Federal well. That is not noted on this exhibit and I would like to point that out.

Now, you mentioned two producing wells. Have two wells been drilled since the original hearing in this case? Yes, sir. There have been two wells drilled since the previous hearing on this particular case.

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70 acres.

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2	A	The Exxon CR State No. 2 in the southwest corner of
3		Section 32 was drilled as a third well in the field and
4		was dry and abandoned. The Isler Federal No. 2 was the
5		rourth well arilled in the field. It was drilled through
5	a ⁿ	the pay formation and was dry and abandoned.

in connection with these wells?

were any tests, any cross section perforation tests made

Which wells were there and where are they drilled?

- A Yes, sir, during the tests we set up pipe and completed the No. 2 CR State well, and at that time we obtained a pressure of some 140 pounds. I shut in the bottom hole pressure, built up pressure of 140 pounds below the original pressure of 2420 pounds. This indicates some drainage of -- if we draw a circle around that well on the nearest producing well, we would be some 460 or
- Q All right. Refer to Exhibit Seven and explain that.
- A Exhibit Seven is a decline curve based on the item.

 I mean, monthly production from the Isler Federal No. 1,
 as you can see, this curve was taken down to ten barrels
 per day, economic limit, and the estimated ultimate
 recovery would be some 70.7 thousand barrels.
- Q Now, refer to Exhibit Eight and explain that.
- A Exhibit Eight is a similar production decline curve with the production plotted in barrels per month, on semi-log

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200 SIMMS BLDG. P.O. BOX 1092 PHONE 248-66910 ALBUQUERQUE. NEW MEXICO 87103 1216 First national bank bldg. Rast-albuquerque, new mexico 87108 paper and it's declined as though an ultimate recovery of 133.2 thousand barrels taken to an economic limit of ten barrels per day.

Now, refer to Exhibit Nine and explain what that shows.

Exhibit hime is a color to carve. It shows the cost of an average well. This tabulation also shows the decline curve estimated recovery, on the far right hand tabulation. This tabulation is by wells, showing the Isler Federal No. 1 and 2, New Mexico CR State No. 1 and 2, and then the average for all wells, an average of two producing wells. We can see that the ultimate recovery from average of two producing wells for forty acres at a volumetric basis is some 79,000 barrels, Eighty acres of 158,000, while the decline curve gives 104,000. Now, on your costs to drill and complete a well with the related facets, it's estimated at \$164,000.

- Q What is your conclusion as to the economics of drilling and completing wells on a 40-acre basis rather than 80 acres?
- A These figures show that 40 acres a well would hardly pay out, while it takes almost 80 acres to make a well making quantity to pay out a well in this particular field.
 - Now, turn to Exhibit Ten and explain what that is and

what it shows.

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Exhibit Ten is a pressure history. It lists the wells, whereby pressures have been measured, daily pressures are measured. The pressures were 7290 feet. The damalative production on the date that the pressure was measured. The Isler Federal No. 1 which had been operated by Phillips, had the last pressure measured in January of 1972 of 1299 pounds, which is almost half pressure gone and it had produced some 11,000 barrels at that time. The New Mexico CR State No. 1 had a pressure measured the second day of this month of 971 pounds, which is about sixty percent pressure gone, and it produced at that time some 58,700 cumulative barrels of oil. The New Mexico CR State No. 2 on 10-6-72 had a pressure of 2280 pounds and it had not produced any fluid at that time.

That's what you call a dry hole? Q

That was a dry hole. It showed a pressure of 140 pounds, even though it was dry, indicating it is connected to the reservoir that these other two wells are completed in. Now, the rapid pressure decline that is shown in most of these wells and if we take the pressure decline versus the cumulative production, our reserves would be even less than shown on the decline curve.

Q Does this again show that the area that the producing wells

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209 SIMMS BLOC. # P.O. BOX 1092 PHONE 249-06910 ALBUQUERQUE, NEW MEXICO 87103	1216 FIRST NATIONAL BANK BLDG. EAST AALBUQUERQUE, NEW MEXICO 87108

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that we had here, it did bring the pressure down some 140 pounds. So, in your opinion, these wells are effectively and efficiently draining more than 80 acres? 10 Yes, sir. I believe these wells are draining more than 11 80 acres. 12 What is your recommendation to the Commission with respect to the rules that have been heretofore adopted? 13 I recommend that the temporary rules that have been 14 adopted at the previous hearing by the Commission be 15 adopted as permanent rules for this field. 16 In your opinion, will the continuation of these rules, 17 making them permanent, be in the interest of conservation 18 and prevention of waste and tend to protect correlative 19 rights? 21 Yes, sir, I do. Do you have anything further you would like to present? No, sir, I believe that is all. 23

Exhibits Six through Ten.

are draining, does this show drainage?

It shows the drainage from all of these wells, very

clearly, particularly the New Mexico CR State No. 2.

And having a 140 pound drop in this reservoir is relatively

tight, over a long condition. But some of the conditions

MR. HINKLE: We'd like to offer into evidence

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MR. UTZ: Without objection, Exhibits Six through
Ten will be entered into the record of this case.
MR. HINKLE: That's all we have on direct.

CHUSS-EXAMINATION

BY MR. UTZ:

Q I note that the initial pressure on the Isler Federal No. 1, 10-16-71 is 2420. The initial pressure of the CR State No. 1, 5-20-72 is 2311. What do you attribute that to?

- A This reservoir is relatively tight, so we did not get a large pressure draw down over this, but we did get a pressure draw down from the Isler Federal No. 1 to the CR State No. 1 of about 100 pounds. This does indicate drainage on the base that it exists.
- Q Would you consider the initial pressure on 10-16-71 on the CR State was probably near 2400 pounds?
- A Yes, sir. We took that pressure ourselves. For evidence for this hearing, we knew it would be coming up.

MR. UTZ: Are there other questions?
(No response.)

MR. UTZ: The witness may be excused.

MR. HINKLE: Thank you.

MR. UTZ: Statements in the case?

(No response.)

REPORTER'S CERTIFICATE

I, CLAUDIA FAHRENTHOLD, a Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

Claudia Jahrenthold
COURT REPORTER

I do nersby certify that the foregoing is a complete record of the proceedings in the Exeminer hearing of Case No. 4789, heard by me on lung 1933.

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

August 9, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Humble Oil & Refining) Company for special pool rules, Chaves County, New Mexico.

Case No. 4789

BEFORE: Elvis a. Utz, Examiner.

TRANSCRIPT OF HEARING

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MR. HATCH: Case 4789: Application of Humble Oil and Refining Company for special pool rules, Chaves County, New Mexico.

MR. HINKLE: Clarence Hinkle, of Hinkle, Bondurant, and Christy, Roswell, appearing on behalf of Humble Oil and Refining Company. We have two witnesses and six exhibits. I would like to have both witnesses stand and be sworn.

(Whereupon the witnesses were sworn simultaneously by Mr. Hatch.)

W. L. JORDON,

was called as a witness, and having been already duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Would you state your name, your residence, and by whom you are employed?

I am a geologist for the Humble Oil and Refining Company, and I live in Andrews, Texas.

And your name? Q

W. L. Jordon. Α

Have you previously testified before the Commission?

No, I have not. А

State briefly your educational background and experience as a petroleum geologist.

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in New Mexico. I am presently employed in Southeastern New Mexico. 5 Are you familiar with Humble's operations in New Mexico? 6 Q Yes. A And in particular with the area involved in this case? Α Yes. Have you made a study of the wells that have been drilled? 10 I have. 11 Have you prepared or have there been prepared under 12 your direction certain exhibits for introduction in 13 this case? 14 I have prepared the first four exhibits. 15 MR. HINKLE: Are the witness's qualifications 16 acceptable? 17 MR. UTZ: They are. 18 (By Mr. Hinkle) Are you familiar with the application Q 19 of Humble in this case? 20 Α I am. 21 What is Humble seeking to accomplish? 22 Humble is seeking special rules for the Many Gates-23 Abo Pool, Chaves County, New Mexico, including provisions 24 for 80-acre spacing units and wells to be located

I graduated from the University of Texas with a

bachelor of science degree in geology, and I have worked

for Humble for twenty-two years, nine of these years

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209 SIMMS BLDG. P.O. BOX 1092-PHONE 249-6491-641BUQUERQUE, NEW MEXICO 87103-1216 FIRST NATIONAL BANK BLDG. EAST-64-GUQUERQUE, NEW MEXICO 57109

is also requested that standard proration units be assigned of 80 acres. Also that an allowable factor of 3.33 for allowable purposes be assigned.

Mr. Jordon, referring you to Exhibit Number One, would you explain what this is and what it shows?

Exhibit One is a regional plat showing the location of the Many Gates-Abo Pool with respect to the other pools in the area. It is in Sections 31 and 32, Township 9 South, Range 30 East, and is indicated by the green circle on the exhibit. This pool is four and a half miles south of the San Andres Pool and the nearest Abo producing pool is twenty miles to the east.

in the approximate center of the Northeast quarter

of the Southwest quarter of each quarter section. It

Q Now, referring you to Exhibit Number Two, will you explain what this shows?

A Exhibit Two is a lease ownership and well location plat showing the locations of the Phillips Federal Number 1, the discovery well, in the Northeast quarter of the Northeast quarter of Section 31, Township 9 South, Range 30 East. It also shows the Humble Confirmation Well, the New Mexico State Number 1 in the Southwest quarter of the Northwest quarter of Section 32. Also shown is the proposed Humble location for its CR State Number 2 located in the Southwest quarter of the

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3	A	That's acreage which Humble has a majority interest in
4		and would be the operator of.
5	Q	Now, referring you to Exhibit Number Three, can you
6		explain what that shows?
7	A	Exhibit Three is a regional structure map of the general
8		vicinity of the Many Gates-Abo Pool. The top of the
9		pay zone of the pool area is circled in red, and the
10		original dip is approximately 100 feet per mile to the
11		Southeast.
12	Q	Does this show any appreciable structure in connection
13		with the Phillips Well or the Humble Well in Section 32?
14	A	No, sir.
,15	Q	It simply shows the regional dip?
16	A	Yes, sir, the entire area shows a normal regional dip.
17	Q	So these wells then are not based on structure, but
18		what?
19	A	This is a stratigraphic trap.
20	Q 4	Referring you to Exhibit Number Four, would you explain
21		what that shows?
22	Α	Exhibit Four is a structural cross section including
23		the Phillips Federal Number 1 in the Northwest and the
24		Humble-New Mexico CR State Number 1 to the Southeast.
25		Included on the cross section are the pay sections

Southwest quarter of Section 32.

What do the yellow lines denote?

1	colored in green.
2	Q The little insert on the plat shows where the cross
3	sections are located?
4	A Yes, sir.
5	Q Do you have anything further that you would like to
6	state with respect to any of these exhibits?
7	A No, sir.
8	MR. HINKLE: That's all we have on direct. We will
9	have a petroleum engineer as our next witness.
10	
11	CROSS EXAMINATION
12	BY MR. UTZ:
13	Q This is a designated pool undoubtedly, do you know what
14	the horizontal delineation is for the pool?
15	A The Northeast quarter of Section 31, and I do not know
16	that the Commission has designated anything else.
17	MR. UTZ: Any other questions?
18	* * * *
19	CROSS EXAMINATION
20	BY MR. STAMETS:
21	Q Is this similar to the pay in the Flying "M", or what
22	relationship would this be to the formation at Abo Reef?
23	A I can see no resemblance to the Abo Reef, and since it
24	is twenty miles away from the Flying A Pool, I didn't
25	work that pool up to check similarities.

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1	MR. STAMETS: That's the only question I have.
2	MR. UTZ: Any other questions?
3	(No response)
4	MR. UTZ: The witness may be excused.
5 5	(Witness excused.)
6	* * * *
7	R. L. FRASIER,
8	was called as a witness, and having been already duly sworn,

DIRECT EXAMINATION

BY MR. HINKLE:

testified as follows:

- Q Will you state your name, your residence, and by whom you are employed?
- A R. L. Frasier, project engineer with Humble.
- Q Have you previously testified before the Commission?
- A No, sir.
- Q Briefly describe your educational background and your experience as a petroleum engineer.
- A I attended Texas Tech in Lubbock, and was graduated in 1967 with a B.S. in mechanical engineering. I was employed by Humble in July of 1967 as a petroleum production engineer, and in May, 1969, became a petroleum reservoir engineer.
- Q Have you made a study of the Many Gates-Abo Pool?
- A Yes, sir.

Have you prepared, or has there been prepared under

your direction, exhibits that have been marked as

dearnley, meier & mc cormick

3		Exhibits Five and Six?
4	A	Yes, sir.
5		MR. HINKLE: Are the witness's qualifications
6	acce	ptable?
7		MR. UTZ: Yes, they are.
8	Q	(By Mr. Hinkle) Referring you to Exhibit Number Five,
9		would you explain what this shows?
o Ì	A .	This shows completion data for the two wells in the
ı		Many Gates-Abo Pool. The Federal Well Number 1 which
,		was drilled to an original depth of 10,200 feet with
		four and a half inch casing was cemented at 9,884. There
		was stimulation treatment of 9,500 gallons of acid and
,		an accumulative production of 15,793 barrels of oil.
		On the second well, the Humble-New Mexico CR State
		Number 1 was drilled to a depth of 9,450 feet and set
		with five and a half inch casing and cemented at 7,432.
	,	It was treated with 5,000 barrels of acid and its
	e e	initial potential in May of 1971 was 16 barrels of oil
		per day. The accumulative production is 9,421 barrels
:		of oil for that well.
	Q	Referring you to Exhibit Number Six, will you explain
,	<u> </u>	this exhibit?
5	A	The first page of Exhibit Six is reservoir data of the

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The formation is a stratigraphic Many Gates-Abo Pool. trap with sixteen percent porosity and twenty miladarcies. The dip of the formation is approximately 100 feet per mile, and the oil-water contact is unknown. The average not pay is thirty-five fact for the two wells. The original reservoir pressure was 2,420 PSI. There are currently two wells producing, and there are no wells being drilled currently. The spacing of the active wells is 80 acres per well, which is consistent with the special pool rules. The pool is in its initial stage of depletion.

Attached to Exhibit Six are pages A, B, and C, explain each of those.

Page A shows the volumetric reserve estimates for the two wells. The Federal Number 1 has forty-feet of net pay with seventeen percent porosity, with an estimated thirty-five percent water saturation. This gives 26,900 stock tank barrels per acre. For 40 acres, this would be 161,000 stock tank barrels, and on 80 acres, 323,000 barrels of stock tank. The Humble-New Mexico CR State Number 1 Well has only twenty-six feet of net pay with fifteen percent porosity. On 80 acres, there would be 168,000 barrels, so the average of the two wells would be 121,000 barrels of stock tank oil for 40-acre development and 242,000 for 80-acre development.

Q

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Page B?	
Page B shows the pressure history of the two we	lls.
The initial reservoir pressure was 2,420 PSI.	On the
Federal Number 1 by the time 8,672 barrels of o	il had
been produced, the pressure had dropped over 1,	000 PSI
to 1,308 PSI. With an additional 250 barrels p	roduced,
the reservoir pressure dropped to 1,299, which	was a
total of 1,121 PSI drop on the Federal Number 1	with
a little over 11,000 barrels of production. On	the
Humble-New Mexico CR State Number 1, the origin	al
pressure was 2,300 PSI, this is 100 pounds lowe	r than
the original pressure on the Federal Well, and	is
indicative of drainage between wells. The pres	sure
dropped down to 2,059 PSI with only 5,850 barre	ls of
accumulative production.	
You say the drop in pressure in the drilling of	the

say was drained?

A If a circle was drawn around the Federal Well, in excess of 250 acres would be included in the circle.

second well indicates drainage. What area would you

Q So you concluded from that that one well effectively drained 80 acres or more?

A Yes, I believe so.

Q Explain Page C.

A Page C is a comparison of 40-acre versus 80-acre

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development based on the result of the Humble-New Mexico
CR State Number 1. On this well, there were 84,000
barrels for 40 acres and 168,000 barrels for 80 acres.
The actual volume before income tax would be about
\$2.15 per barrel. So on 40 acres, the pay would be
around \$181,000, and the cost to drill and complete
the average well would be approximately \$164,000. So
on 80-acre spacing, the recovered oil would little more
than pay for the drilling of the well.
Von mean on 40 acres?

- Q You mean on 40 acres?
- A Yes, sir. On 80 acres, however, the value of the recoverable oil we believe would provide an adequate return.
- Now, does Humble contemplate the drilling of any additional wells in the area?
- A There is a location a half a mile to the South of the Humble-New Mexico CR State Number 1 which is expected in production in a couple of weeks. Depending on the result of that well then, we may come back and drill a well a half a mile to the South of the Federal Number 1 Well.
- Q And this would be on the 80-acre pattern?
- A Yes, it would.
- Q That you are requesting taking in the fact that each well would be located either Northeast or Southwest of

dearnley, meier & mc cormick

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2	A	Yes, sir.
3	Q	And you are asking for temporary field rules?
4	A	Yes, we are.
5	Q	And a year from now, if approved, you should have
6		considerable more information due to the production
7		history and drilling of these additional wells, is that
8		correct?
7,	Ã	That's correct.
10	Q	What recommendation do you have to make to the Commission
11		with respect to the adoption of special pool rules?
12	A	I do recommend special pool rules be adopted to allow
13	.* *	development of this field on 80-acre spacing with wells
14		to be drilled within 150 feet of the center of either
15		the Northeast or the Southwest quarter of the quarter
16	!	section and that the allowable be set based on the
17		3.33 factor, which is consistent with the development
18	!	of this field for 80 acres.
19	Q	Have any similar rules been recently adopted by the
20		Commission?
21	A	Yes, in the Mesa-Verde Oil Pool, similar rules were
22	٠	adopted in January of this year.
23	Q	If the Commission approved the application in this case,
24		in your opinion, would it be in the interest of
25		conservation and the prevention of waste?

each quarter section?

	1	A I believe so.
	2	Q And protect correlative rights?
() ·	3	A Yes, sir.
	4	MR. HINKLE: We offer Exhibits One through Six in
Ż	5	evidence.
	6	MR. UTZ: Without objection, Applicant's Exhibits
dearnley, meier & mc cormick	7	One through Six will be entered into the record of this case.
. coř	8	(Whereupon Applicant's Exhibits One through Six
E HC	9	were entered in evidence.)
	10	MR. HINKLE: That's all we have.
E .	11	* * *
nley,	" 12	CROSS EXAMINATION
ear	0. 2 13	BY MR. UTZ:
5	14	Q What was the order number on the Mesa-Verde Pool?
		A R-4246.
	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	MR. PORTER: How do you arrive at the fifteen
	17	percent recovery factor?
	18	THE WITNESS: Based on the pressure depletion of
	וַ בַּי	the reservoir we have seen so far, it is my estimation
	1985 HONE BLOG.	that this is a solution gas-oil drive reservoir.
	×®	Q (By Mr. Utz) It appeared to me it might be a little high.
•	o o o o o o o o o o o o o o o o o o o	A It quite well could be, we have a limited amount of
	23 FIRST 7	data to work with at this time.
4	24 24 24	Q You don't have muc' production, but you do have a lot
	24	of pressure drop?

of pressure drop?

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Yes, indeed.

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Do you know whether any other owners in the area have plans to drill in the near future or are any of them drilling at the present time?

No, sir, to my knowledge, none of them are drilling or Ä have immediate plans to drill.

MR. UTZ: That's all I have.

CROSS EXAMINATION

BY MR. HATCH:

You have requested that the wells be in the Northeast quarter or the Southwest quarter, and I don't think you have given the Examiner any reason for that.

We think that will allow for the orderly development of the pool.

Is casing head gas being sold?

No, it is currently being flared.

Is there potential for the sale of casing head gas in Q the area?

Negotiations are going on right now for that.

MR. UTZ: What allowable factor are you asking for?

THE WITNESS: An 80-acre allowable factor.

MR. UTZ: Would twice this much gas be vented as

compared to 40 acres?

If the wells were making their full THE WITNESS:

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allowable, yes.

MR. UTZ: What are the capabilities of the wells at the present time?

THE WITNESS: Currently, they are both producing, and production is about 350 barrels a day for the two wells. Fairly recently, we put our well on pump, and I believe right now, it is capable of making slightly in excess of 200 barrels a day. The Federal Well has been on pump for some time, and it's capability is 150 barrels a day.

MR. UTZ: It would appear that the 80-acre allowable would be somewhat higher than the 40-acre allowable.

THE WITNESS: Yes, I believe so.

MR. UTZ: Would Humble have any objections to maintaining the 40-acre allowable in there until such time as there is a casing head gas connection in the field?

THE WITNESS: In view of the economics for the wells in the field, we think it would hinder our development of the field if we were to be cut back to a 40-acre allowable. It is going to be nip and tuck whether we make any money out of the reservoir as we stand right now.

MR. STAMETS: Humble would make a little more money if it could sell the casing head gas, wouldn't it?

THE WITNESS: Yes.

MR. STAMETS: And this would add to your income and pay-out, and the wells are not going to lose anything if

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INS BLDG. & P.O. BOX 1092 *PHONE 243-6691*AFBLDDGRRDDG. NEW MEXICO 87103 o first national bank bldg. Rast*Afbudderdug. New Mexico 87108 the gas is still in the ground. What is the status of getting a casing head gas connection, do you anticipate it will be relatively soon?

THE WITNESS: I honestly don't know. There is an El Paso line a mile and a half north of the field, and the estimated cost for connection would be approximately \$30,000.

MR. STAMETS: If you drilled the other well and got a good well there, then probably you could get the connection pretty fast.

THE WITNESS: That would certainly help, yes.

MR. STAMETS: That's all I have.

MR. UTZ: Are there any other questions?

(No response)

MR. UTZ: If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there any statements in this case?

MR. MALLOY: I would like to make a statement.

I am Thomas Malloy, with Amoco. Amoco holds the leases for a considerable amount of acreage in the immediate vicinity of the Many Gates-Abo Pool. We offer no objection to the proposal to adopt 80-acre units, however, Amoco does object to the rigid spacing requirements and urge that the order allow for the drilling of initial wells on either quarter-quarter section. With only two wells completed in the

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MR. UTZ: Thank you. Are there any other statements?

(No response)

MR. UTZ: Case 4789 will be taken under advisement.

pool, it is too early in the history of the pool to

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STATE OF NEW MEXICO SS COUNTY OF BERNALILLO

I, RICHARD E. McCORMICK, a Certified Shorthand Reporter, in and for the County of Bernalilio, Snate of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

y that the foregoing is

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7	R. L. FRASIER				
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13	APPLICANT'S		ADMITTED	OFFER	ED
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209 SIMMS BLDG. # P.O. BOX 1092 # PHONE 243-6691 # ALBUQUERQUE. NEW MEXICO 67103 1216 FIRST NATIONAL BANK BLDG. EAST # ALBUQUERQUE, NEW MEXICO 67108

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OIL CONSERVATION COMMISSION

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

August 27, 1973

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER ALEX J. ARMIJO MEMBER

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

••	Re:	CASE NO	4789				
Mr. Clarence Hinkle Hinkle, Bondurant, Cox	& Eaton	ORDER NO.	R-4375-A				
Attorneys at Law Post Office Box 10		Applicant:					
Roswell, New Mexico 882	01	Humble O	ll & Refining Co.				
			•				
Dear Sir:							
Enclosed herewith are to	Wo copies -						
Enclosed herewith are to Commission order recent	wo copies or ly entered i	the above-r	eferenced t case				
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	Secretary-	-Director					
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BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

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

> CASE NO. 4789 Order No. R-4375-A

IN THE MATTER OF CASE NO. 4789 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NO. R-4375, WHICH ORDER ESTABLISHED SPECIAL RULES AND REGULATIONS FOR THE MANY GATES-ABO POOL, CHAVES COUNTY, NEW MEXICO, INCLUDING A PROVISION FOR 80-ACRE PRORATION UNITS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 24th day of August, 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-4375, dated August 28, 1972, temporary special rules and regulations were established for the Many Gates-Abo Pool, Chaves County, New Mexico, including a provision for temporary 80-acre spacing and a provision for wells to be located in the approximate center of the NE/4 or the SW/4 of each quarter section.
- (3) That pursuant to the provisions of Order No. R-4375 this case was reopened to allow the operators in the subject pool to appear and show cause why the Many Gates-Abo Pool should not be developed on 40-acre spacing units.
- (4) That the evidence establishes that one well in the Many Gates-Abo Pool can efficiently and economically drain and develop 30 acres.

-2-Case No. 4789 Order No. R-4375-A

(5) 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-4375 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 Many Gates-Abo Pool, Chaves County, New Mexico, promulgated by Order No. R-4375, 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, Chairman

ALEX J. ARMIJO, Member

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

SEAL

Core 4789

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OIL CONSERVATION COMMISSION

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

August 29, 1972

GOVERNOR BRUCE KING CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

	Re:	Case No	4789	
Mr. Clarence Hinkle	•	Order No.	R-4375	
Hinkle, Bondurant, Cox & Ea Attorneys at Law	ton	Applicant:		
Post Office Box 10 Roswell, New Mexico 88201	đ .	Humble Oil	& Refining	Co.
DOCKET	MAILED			
Dear Sire Date 1-	27-73			
Dear Sir: Date				
Enclosed herewith are two of Commission order recently	-			
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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. 4789 Order No. R-4375

APPLICATION OF HUMBLE OIL & REFINING COMPANY FOR SPECIAL POOL RULES, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 28th day of August, 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, Humble Oil & Refining Company, seeks the promulgation of special rules and regulations for the Many Gates-Abo Pool, Chaves County, New Mexico, including a provision for 80-acre spacing and proration units, and wells to be located in the approximate center of the NE/4 or SW/4 of each quarter section.
- (3) 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 80-acre spacing units should be promulgated for the Many Gates-Abo Pool.
- (4) 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.
- (5) 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.

-2-CASE NO. 4789 Order No. R-4375

(6) That this case should be reopened at an examiner hearing in August, 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the Many Gates-Abo Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

That temporary Special Rules and Regulations for the Many Gates-Abo Pool, Chaves County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THE MANY GATES-ABO POOL

- RULE 1. Each well completed or recompleted in the Many Gates-Abo Pool or in the Abo formation within one mile thereof, and not nearer to or within the limits of another designated Abo 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 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section.
- 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 comprising a governmental quarter-quarter section or lot, 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 either the NE/4 or the SW/4 of a governmental quarter-quarter section or lot.
- RULE 5. The Secretary-Director may grant an exception to the footage 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

-3-CASE NO. 4789 Order No. R-4375

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 (79 through 81 acres) shall be assigned an 80-acre proportional factor of 3.33 for allowable purposes. 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 80 acres.

IT IS FURTHER ORDERED:

- (1) That the locations of all wells presently drilling to or completed in the Many Gates-Abo Pool or in the Abo 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 September 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 Many Gates-Abo Pool shall have dedicated thereto 80 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 80 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 Many Gates-Abo Pool or in the Abo formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

- (3) That this case shall be reopened at an examiner hearing in August, 1973, at which time the operators in the subject pool may appear and show cause why the Many Gates-Abo Pool should not be developed on 40-acre spacing units.
- (4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-4-CASE NO. 4789 Order No. R-4375

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

BRUCE-KING, Chairman

ALEX J. ARMIJO, Member

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

S E A L

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 9, 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 Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1)

- (1) Consideration of the allowable production of gas for September, 1973, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for September, 1973.

CASE 4933: (Readvertised)

Application of Texaco Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation through the perforated interval from 4280 feet to 4288 feet in its R. T. Wilson Federal Well No. 5 located in Unit J of Section 24, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.

CASE 5040:

Application of Wallen Production Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Yates Seven-Rivers formation in its Federal Well No. 2 located in Unit C of Section 20, Township 20 South, Range 34 East, North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico.

CASE 5041:

Application of W. T. Wynn for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Kaiser Lake Unit Area comprising 960 acres, more or less, of federal and fee lands in Township 18 South, Ranges 26 and 27 East, Eddy County, New Mexico.

CASE 4789:

o (diam

(Reopened)

In the matter of Case No. 4789 being reopened pursuant to the provisions of Order No. R-4375, which order established special rules and regulations for the Many Gates-Abo Pool, Chaves County, New Mexico, including a provision for 80-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing.

CASE 4548:

(Reopened)

In the matter of Case No. 4548 being reopened pursuant to the provisions of Order No. R-4157, which order established special rules and regulations for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, including a provision for 640-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 9, 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 Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for September, 1973, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
 - (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for September, 1973.

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Application of Texaco Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation through the perforated interval from 4280 feet to 4288 feet in its R. T. Wilson Federal Well No. 5 located in Unit J of Section 24, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.

CASE 5040: Application of Wallen Production Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Yates Seven-Rivers formation in its Federal Well No. 2 located in Unit C of Section 20, Township 20 South, Range 34 East, North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico.

CASE 5041: Application of W. T. Wynn for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Kaiser Lake Unit Area comprising 960 acres, more or less, of federal and fee lands in Township 18 South, Ranges 26 and 27 East, Eddy County, New Mexico.

CASE 4789: (Reopened)

In the matter of Case No. 4789 being reopened pursuant to the provisions of Order No. R-4375, which order established special rules and regulations for the Many Gates-Abo Pool, Chaves County, New Mexico, including a provision for 80-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing.

CASE 4548: (Reopened)

In the matter of Case No. 4548 being reopened pursuant to the provisions of Order No. R-4157, which order established special rules and regulations for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, including a provision for 640-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

Memo

From

R. L. STAMETS Technical Support Chief

Includes no provision

for restricted allowables

until casinghead

gas connection

available in the

Oil Conservation Commission - Santa Fe, New Mexico

Heard 8-9-72 Rec 8-11-72. Licent Heemble special Fates ato food. To acrespacing 150 fr. celon of SE or SW 40° Here R 4246 or /yr. Densk order, 3,33 Heplhfæder

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 9, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING - SANTA PE, NEW MEXICO

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

CASE 4785: Application of Gulf Oil Corporation for rededication of acreage and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the consolidation of a 40-acre non-standard proration unit comprising the SE/4 NW/4 of Section 28 and an 80-acre non-standard proration unit comprising the W/2 NE/4 of Section 28; Township 21 South, Range 37 East, Blinebry Gas Pool, Lea County, New Mexico, to form a 120-acre non-standard proration unit. Applicant also seeks permission to produce the allowable assigned to said 120-acre unit from its Eunice King Wells Nos. 5 and 9 located, respectively, in Units F and G of said Section 28 in any proportion.

CASE 4786: Application of Highland Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the open-hole interval from 4378 feet to 4418 feet in its Russell Federal Well No. 6 located in Unit K of Saction 20, Town-ship 26 South, Range 32 East, East Mason-Delaware Pool, Lea County, New Mexico.

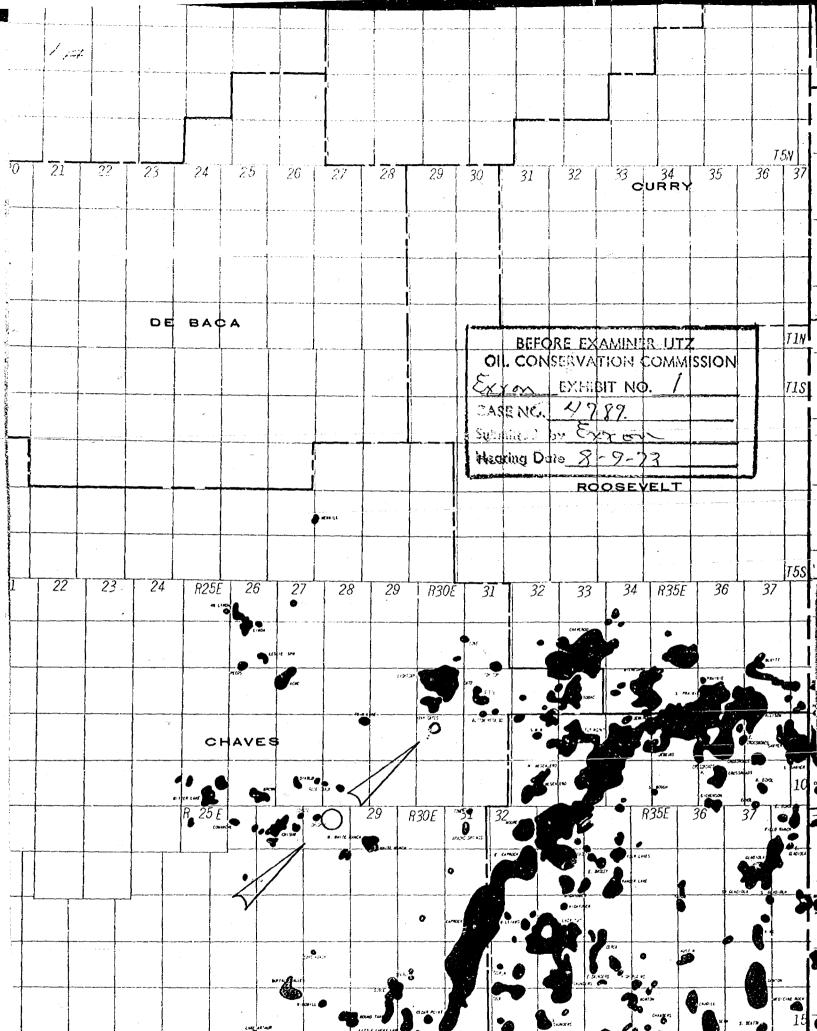
CASE 4787: Application of Superior Oil Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a gas well to test the Morrow and other formations at an unorthodox location 660 feet from the North line and 990 feet from the West line of Section 5, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, with the N/2 of said Section 5 to be dedicated to the well.

CASE 4788: Application of Murphy H. Baxter for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing well approximately in the center of the SW/4 of Section 18, Township 17 South, Range 33 East, Maljamar (Grayburg-San Andres) Pool, Lea County, New Mexico. Said well to be within the area of a waterflood project approved by Order No. R-2156.

CASE 4789:

Application of Humble Oil & Refining Company for special pool rules. Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the Many Gates-Abo Pool, Chaves County, New Mexico, including provisions for 80-acre spacing units and wells to be located in the approximate center of the NE/4 or SW/4 of each quarter section.

CASE 4790: Application of The Petroleum Corporation for special pool rules and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules



CHAVES COUNTY, NEW MEXICO

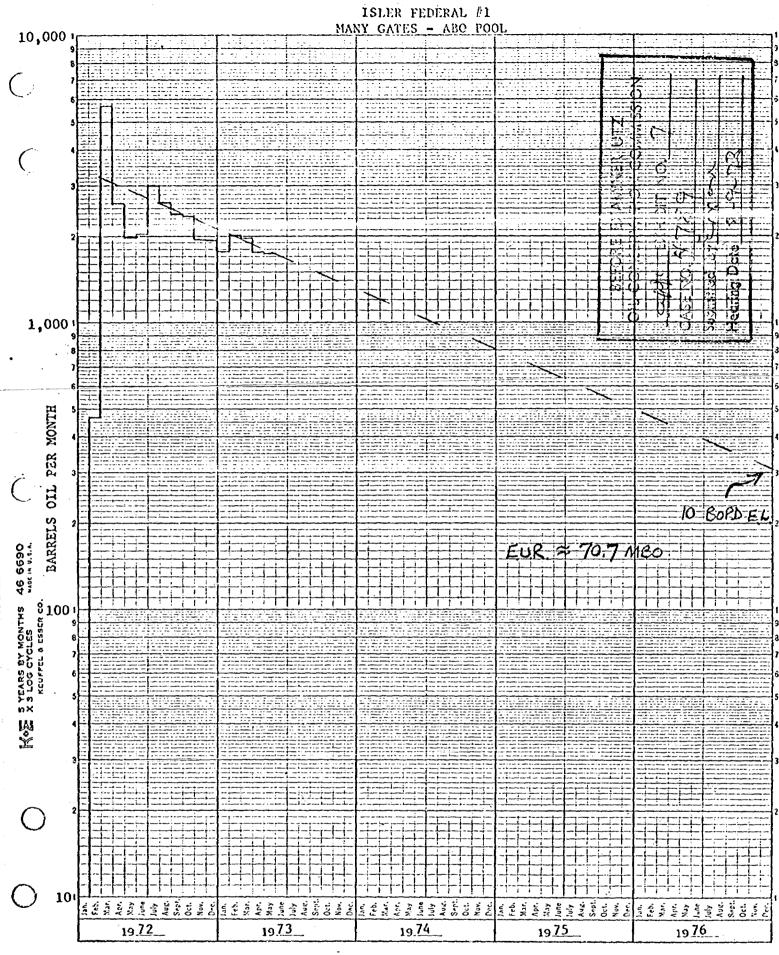
COMPLETION DATA

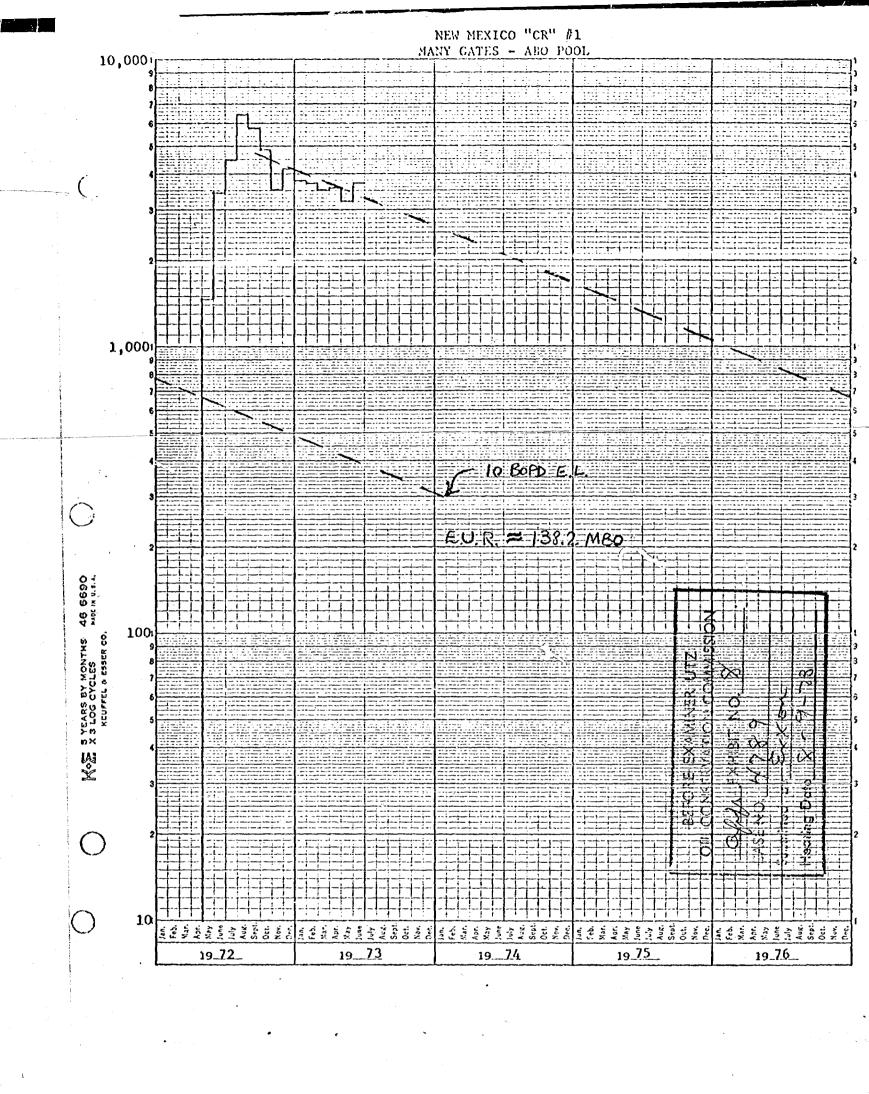
I.EASE	WELL NO	TOTAL DEPTH	PRODUCTION CASING	PERFORATIONS	STIMULATION TREATMENT	INITIAL POTENTIAL	CUM. PRODUCTION TO 7-01-73	CURRENT PROD.
Isler-Federal	1	10,200	4-1/2" Csg. 0 9480' with 750 sks. cmt.	7248-57 7263-75 7278-81	9500 gal.	Flow 227 BOPD, 3/8" choke TP 165#, GOR 652, 3-8-72	38.1 MBO	48 BOPD 5 BWPD
Isler-Federal	2	7,321	Not Set. Pay below 0/W contact	, , , , , , , , , , , , , , , , , , , 	22 20-10	Plugged & Abandoned		
N.M. "CR" State	. 1	9,450	5" Csg. @ 7434' with 1375 sks. cmt.	7266–90	6000 gal.	Flow_216_BOPD + 7_BW, 16/64" choke, TP 100#, GOR 1405, 5-25-72	56.0-MBO	115 BOPD 111 BWPD
N.M. "CR" State	2	7,450	5-1/2" Csg. @ 7450' with 175 sks. cmt.	7287–98 7310–17	4000 gal. 3000 gal.	Swabbed 100% water Abandoned Abo, converted to SWD well in San Andres		

THE PROPERTY OF THE PROPERTY O
BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
all pitibit NO. 5
CASE NO. 4789
Submitted by Exx ox
Hearing Date 7-7-73

RESERVOIR DATA

Formation	Dolomite
Type Structure	Stratigraphic Trap
Porosity (%)	16
Permeability (md)	20
Connate Water Saturation (%)	31
Dip of Formation (feet/mile)	100
Oil-Water Contact	-3242
Average Net Pay (ft. above 0/W contact)	12
Original Reservoir Pressure (psi)	2420
Reservoir Temperature (°F)	145
Reservoir Datum (ft. subsea)	-3250
Oil Gravity (°API)	43
Oil Viscosity (cp)	.44
Formation Volume Factor (RBO/STBO)	1.432
Solution Gas-Oil Ratio (cu ft/bbl)	690
Gas Gravity (air = 1.0)	.96
No. Wells Producing	2 2
No. Wells Pumping	Ois S
No. Wells Flowing	5 N 0
No. Wells Abandoned	
No. Wells Drilling	EXAMINAR VATION OF PARTIES NO. CO. P.
Spacing of Active Wells (acres/well)	
Stage of Depletion	BEHORE CONSERVED TO SECULOR OF SE
Cumulative Production as of 7/1/73 Oil (M Bbls)	CASE NO. Submitted Hearing 1.16
Gas (MMCF)	24.9
Water (M Bbls)	18.9





VOLUMETRIC RESERVE ESTIMATES AND COSTS FOR AN AVERAGE WELL

LEASE	WELL	NET PAY*	POROSITY (%)	EST. Sw (%)	EST. F.V.F. (RBO/STBO)	EST. VOLUMETRIC OOIP (MBSTO/AC)	40 ACRE VOLUMETRIC WELL RESERVES** (MBSTO)	80 ACRE VOLUMETRIC WELL RESERVES** (MBSTO)	DECLINE CURVE E.U.R. (MBSTO)
Isler Federal	1	30	1.7	31	1.432	19.1	114.6	229.2	70.7
Isler Federal	,2	3	17	31	1.432	1.9	11.4	22.8	0***
N.M. "CR" State	1	13	15	31	1.432	7.3	43.8	87.6	.138.2
N.M. "CR" State	2	0	15	31	1.432	0	o	0	()***
AVERAGE ALL WELL		12	16	31	1.432	7.2	43.2	86.4	52.2
AVERAGE 2 PROD.	WELLS	22	16	31	1.432	13.2	79.2	158.4	104.5
*Above Oil/Wtr **Based on Reco ***Well Drilled &	very of	f 15% of 00	DIP					164000/	well.

> REQUIRED INVESTMENTS PER AVERAGE WELL Drill and Complete \$129 M Artificial Lift 25 M Related Facilities 10 M TOTAL \$164 M

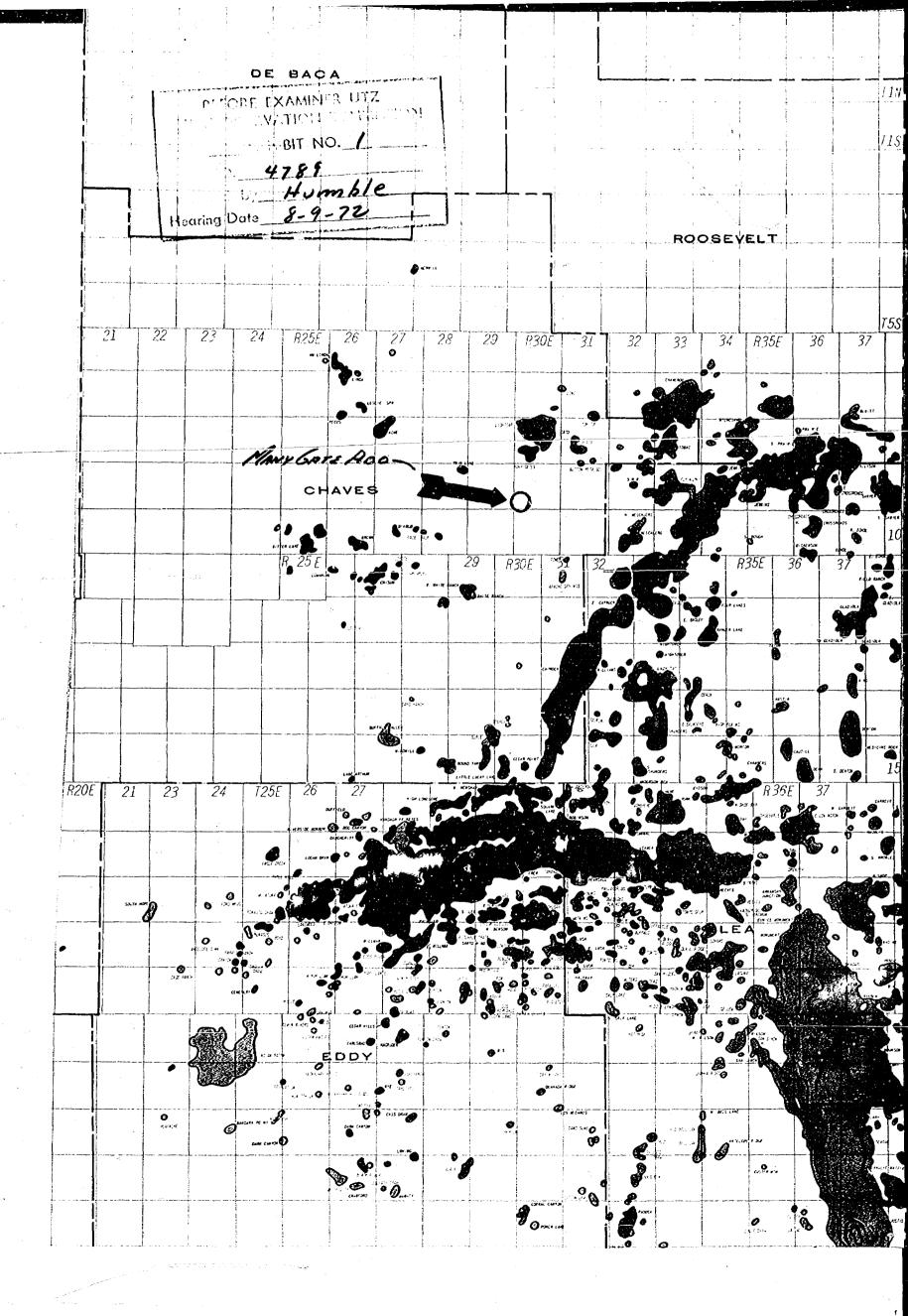
BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION EXHIBIT NO. 9 Hearing Date_

PRESSURE HISTORY

WELL	DATE	SHUT IN PRESSURE @ 7290' (ps1)	CUMULATIVE PRODUCTION (BBLS.)
Isler Federal #1	10-16-71	2420	
	5-13-72	1380	8,672
	6-03-72	1299	11,122
New Mexico "CR" State #1	5-20-72	2311	***
•	5-30-72	2224	2,161
	7-10-72	2059	5,853
	11-14-72	1740	28,504
· • • • • • • • • • • • • • • • • • • •	8-02-73	971	58,700
New Mexico "CR" State #2	10-06-72	2280	***

· · · · · · · · · · · · · · · · · · ·
BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
Chl. Samuella Samuell
CHARLEST NO. 10
JASE NO. 4789
in opinion ph Enxen
Heating Date 8-9-73
SAME TO SECURE AND THE SECURE OF STATE

5000



COMPARISON OF ECONOMICS 40 ACRE VS. 80 ACRE SPACING BASED ON HUMBLE'S NEW MEXICO "CR" STATE #1

	40 ACRE	80 ACRE
Recoverable Oil (M BBLS)	84.3	168.6
Actual Value to Operator @ \$2.15/BO (M \$)	181.2	362.4
Cost to Drill, Complete, & Equip an Average Well (M \$)	164.0	164.0

PRESSURE HISTORY

ISLER FEDERAL #1

DATE	SHUT IN PRESSURE @ -3250 ss (psi)	CUMULATIVE PRODUCTION (BRIS.)		
10-16-71	2420			
5-13-72	1380	8,672		
6-03-72	1299	11,122		

NEW MEXICO "CR" STATE #1

DATE	SHUT IN PRESSURE @ -3250 ss (psi)	CUMULATIVE PRODUCTION (BBLS.)
5-20-72	2311	
5-30-72	555#	2,161
7-10-72	2059	5,853

MANY GATES - ABO POOL VOLUMETRIC RESERVE ESTIMATES

OPERATOR	LEASE	WELL	NET PAY	POROSITY ¹	est. Sw (%)	EST. F.V.F. (RBO/STBO)	EST. VOLUMETRIC COIP (STBO/AC)	40 ACRE VOLUMETRIC WELL RESERVES ² (STBO)	80 ACRE VOLUMETRIC WELL RESERVES ² (STBO)
Jack Phillips	Isler Federal	1	44	17	35	1.4	26,942	161,652	323,304
Humble Oil & Refining Company	New Mexico "CR" State	1	26	15	35	1.4	14,048	84,288	168,576
	AVI	ERAGE	35	16	35	1.4	20,171	121,026	242,052

¹ Based on Log Analysis

² Based on Recovery of 15% of OOIP

CHAVES COUNTY, NEW MEXICO

COMPLETION DATA

Humble Oil & Refining Co.	Jack L. Phillips	Operator
N. M. "CR" State	Isler-Federal	Lease
فيدو	. •••	Well No.
9, 450	10, 200	Total Depth
5" Csg. @ 7434' w/1375 sks cm	4-1/2" Csg. @ 9480' w/750 sks cmt.	Production Casing
7266-90	7248-57 7263-75 t. 7278-81	Perforations
6000 gal.	9500 gai.	Stimulation Treatment
Flow 216 BOPD \neq 7 BW, 16/64" choke, TP 100#, GOR 1405, 5-25-72	Flow 227 BOPD, 3/8" choke TP 165#, GOR 652, 3-8-72	Initial Potential
9,421 bbls. oil	15,793 bbls. oil	Cum. Production to 8-1-72

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMO
EXHIBIT NO. 5
CASE NO. 4785
Submitted by Humble
Humble Septon

RESERVOIR DATA

Formation	Do	olomite
Type Structure	Stratigraphi	.c Trap
Porosity (%)	•	16
Permeability (md)		20
Connate Water Saturation (est.	%)	35
Dip of Formation (feet/mile)		100
Oil - Water Contact	U.	nknown
Average Net Pay (ft)	· · · · · · · · · · · · · · · · · · ·	35
Original Reservoir Pressure (ps	1)	5/150
Reservoir Temperature (OF)		145
Reservoir Datum (ft. subsea)		-3250
Oil Gravity (OAPI)		43
Oil Viscosity (cp)		.44
Formation Volume Factor (RBO/STE	30)	1.40
Solution Gas-Oil Ratio (cu ft/bb	o 1)	690
Gas Gravity (air = 1.0)	DECOR EVALUED LET	.96
No. Wells Producing	BEFORE EXAMINER UTZ OIL CONSERVATION COMMISSION	2
No. Wells Pumping	EXHIBIT NO. 6	2
No. Wells Flowing	CASE NO. 4789	
No. Wells Drilling	Indicated by Humble Inspiring Date 8-9-72	
Spacing of Active Wells (acres/w	Commence of the second	 - 80
Stage of Depletion		itial
Cumulative Production as of 7/1/	· · · · ·	LUIGI
Oil (BBLS)		8,194
Gas (MCF)	·i	2,736
Water (BBLS)		1,418

HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS 79701

PRODUCTION DEPARTMENT MIDCONTINENT DIVISION L. H. BYRD MANAGER

July 5, 1972

Santa Fo

POST OFFICE BOX 1600

Rules Hearing Many Gates Abo Pool Chaves County, New Mexico

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

Can. 4189

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

Gentlemen:

We respectfully request an examiner hearing be scheduled to consider Humble Oil & Refining Company's application for special rules and regulations for the Many Gates Abo Oil Pool located in Sections 31 and 32 of T-9-S, R-30-E, Chaves County, New Mexico.

Humble will request the Commission to establish 80-acre spacing units with wells to be located in the NE/4 or SW/4 of a governmental quarter-section. A standard proration unit would be assigned an 80-acre proportional factor of 3.33 for allowable purposes.

Jack Phillips discovered this field with the completion of his Federal Isler No. 1 in the NE/4 of NE/4 of Section 31. Humble operates the only other well in the pool, the New Mexico "CR" State No. 1 loacted in the SW/4 of NW/4 of Section 32. Other interested parties in the area are AMOCO, Getty and Mission and a copy of this letter has been furnished each of these operators.

Your early scheduling of this hearing will be appreciated.

Yours very truly,

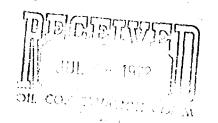
L. H. BYRD

DOCTOR MADEO

HNR/rs

(See Attached Sheet for Distribution of Copies)

Doro 1-27-12 + Send Socket to m. Hinkle



Copies to:

New Mexico Oil Conservation Commission P. O. Box 1980 Hobbs, New Mexico 88240

AMOCO Production Company P. O. Box 3092 Houston, Texas 77001

Getty Oil Company P. O. Box 1231 Midland, Texas 79701

Mission Corporation P. O. Box 1231 Midland, Texas 79701

Jack Phillips P. O. Drawer 392 Gladewater, Texas 75647 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:

AMA

CASE NO. 4789

Order No. R-4375

APPLICATION OF HUMBLE OIL & REFINING COMPANY FOR SPECIAL POOL RULES, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this day of August, 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, Humble Oil & Refining Company, seeks the promulgation of special rules and regulations for the Many Gates-Abo Pool, Chaves County, New Meixoc, including a provision for 80-acre spacing and proration units, and wells to be located in the approximate center of the NE/4 or SW/4 of each quarter section.

-2-Case No. 4789 Order No. R-

- 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, special rules and regulations providing for 80-acre spacing units should be promulgated for the Many Gates-Abo Pool.
- (4) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(5) Lot 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.

That this case should be reopened at an examiner hearing in 1973, at which time the operators in the subject pool should be prepared to appear and show cause why the West Tree Papalotes Ponnsylvanian Pool should not be developed on less than 160 agre spacing units.

follows:

SPECIAL RULES AND REGULATIONS
FOR THE
MANY GATES-ABO POOL

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter quarter sections in the unit.

-3-Case No. 4789 Order No. R-

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 comprising a governmental quarter-quarter section or lot, 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 no nearer than 330 with the NE/4 or the S W/4 g a. feet to any governmental quarter-quarter section or lot line.

RULE 5. The Secretary-Director may grant an exception to the footage requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions of the recompletion of a well previously drilled to another horizon provided the well will be located no nearer than 330 feet to the outer boundary of the unit. 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.

-4-Case No. 4789 Order No. R-

RULE 6. A standard proration unit (79 through 81 acres)
shall be assigned an 80-acre proportional factor of 2.77 for
allowable purposes, and in the event there is more than one well
on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any
proportion.

math

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 80 acres.

IT IS FURTHER ORDERED:

- (1) That the locations of all wells presently drilling to or completed in the Many Gates-Abo Pool or in the formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before
- (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 Many Gates-Abo Pool shall have dedicated thereto 80 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.

-5-Case No. 4789 Order No. R-

entry of such further orders as the Commission may deem necessary.

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

3) That this core shall be reopened at an examine bearing in august, 1973, at which time the operators in the surject part way appear and about course why the many Hates-Obs Poul should real be developed on 40-acre spain remits.

TWD/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. 4789

Order No. R-4375-A

IN THE MATTER OF CASE NO. 4789 BEING REOPENED PURSUANT TO THE PROVISIONS OF ORDER NO. R-4375, WHICH ORDER ESTABLISHED SPECIAL RULES AND REGULATIONS FOR THE MANY GATES-ABO POOL, CHAVES COUNTY, NEW MEXICO, INCLUDING A PROVISION FOR 80-ACRE PRORATION UNITS.

order of the commission

BY THE COMMISSION:

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

NOW, on this day of <u>August</u>, 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-4375, dated August 28, 1972, temporary special rules and regulations were established for the Many Gates-Abo Pool, Chaves County, New Mexico, including a provision for temporary 80-acre spacing and a provision for wells to be located in the approximate center of the NE/4 or the SW/4 of each quarter section.

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- (3) That pursuant to the provisions of Order No. R-4375 this case was reopened to allow the operators in the subject pool to appear and show cause why the Many Gates-Abo Pool should not be developed on not
- (4) That the evidence establishes that one well in the Many Gates-Abo Pool can efficiently and economically drain and develop 80 acres.
- 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-4375 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 Many Gates-Abo Pool, Chaves County, New Mexico, promulgated by Order No. R-4375, 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. CASE 4790: Application of THE PETROLEUM CORPORATION for special rules for Dublin-Ellenburger Pool.

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