

CASE No.

4829

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE
SANTA FE, NEW MEXICO
Wednesday, September 27, 1972 at 9:00 A. M.

EXAMINER HEARING

IN THE MATTER OF:

Application of Coastal States Gas
Producing Company for a special
depth bracket allowable, Lea and
Roosevelt Counties, New Mexico.

Case No. 4829

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

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PROCEEDINGS

MR. UTZ: The hearing will come to order, please.
We have one continued case. We will call it first. 4835.

MR. HATCH: Case 4835, Application of Texas Oil and
Gas Corporation for compulsory pooling, Eddy County, New Mexico.
The applicant has requested the case be continued to November
1st, 1972.

MR. UTZ: Case 4835 will be continued to November 1
examiner hearing.

Call Case 4829.

MR. HATCH: Case 4829, Application of Coastal States
Gas Producing Company for a special depth bracket allowable,
Lea and Roosevelt Counties, New Mexico.

MR. HINKLE: Clarence Hinkle of Hinkle, Bondurant,
Cox & Eaton of Roswell appearing on behalf of Coastal States.
We have two witnesses and six exhibits. I would like to have
both witnesses sworn.

(Whereupon, Mr. Fred K. Yates was called to the
stand and sworn.)

FRED K. YATES

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

DIRECT EXAMINATION

1 BY MR. HINKLE:

2 Q State your name, your residence and by whom you are
3 employed.

4 A Fred K. Yates. I live in Midland, Texas, Coastal States
5 Gas Producing Company.

6 Q What is your position with Coastal States?

7 A I am a geologist for Coastal States.

8 Q Are you a graduate geologist?

9 A Graduated from the University of Oklahoma in 1950.

10 Q Have you previously testified before the Commission?

11 A No, I have not.

12 Q State briefly your educational background and the expe-
13 rience you have had as a geologist.

14 A I graduated with a B. S. in petroleum geology and began
15 to work with Seaboard Oil Company in West Central Texas.
16 I later joined Sinclair Gas Oil Company and was 14 years
17 with that company and for the past three years I have been
18 primarily in New Mexico and mostly in Lea County.

19 Q Are you familiar with Coastal States' operations in New
20 Mexico?

21 A Yes, sir, I am.

22 Q Are you familiar with the area involved in this applica-
23 tion?
24
25

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1 A Yes. I made these exhibits.

2 Q You made a study of all the wells and so forth?

3 A Yes, sir.

4 Q You are familiar with the application of Coastal States
5 in this case?

6 A I am.

7 Q What is Coastal States seeking to accomplish?

8 A They are seeking a capacity allowable for two wells in
9 Section 8, Township 9 South, Range 34 East. The two wells
10 will be Number 1 Hutcherson and the Number 1 Mattie Price
11 and these wells are capable of producing 500 barrels which
12 would be approximately 120 barrels over the allowable at
13 the present and this is what we are trying to do is to
14 get the capacity allowable. We feel that we will show
15 there will be no damage to the reservoir by that increase
16 allowable.

17 Q Have you prepared or have there been prepared under your
18 direction certain exhibits for introduction in this case?

19 A I have prepared three exhibits in this case.

20 Q They are numbered 1, 2 and 3.

21 MR. PORTER: May I interrupt at this point, Mr.
22 Examiner. It was my understanding that it was explained by
23 someone to the applicant that under this application the
24 Commission would consider only the possibility of an increase
25 in the allowable for the entire pool, the base pool, above the

1 one hundred per cent factor that is now being employed in that
2 pool, not capacity allowable per any individual well, so maybe
3 this point should be cleared up at this time.

4 MR. HINKLE: Well, this is docketed here as the
5 application of Coastal States Gas Producing Company for a
6 special depth bracket allowable.

7 MR. PORTER: Yes, sir.

8 MR. HINKLE: Lea County. I guess you consider that
9 covered the whole pool?

10 MR. PORTER: In my opinion, Mr. Hinkle, it would
11 have to.

12 MR. HINKLE: Before you could make an exception?

13 MR. PORTER: I discussed this application with some
14 of the staff when it was first filed and it was my opinion that
15 it should be approached on a pool-wide basis rather than on an
16 individual well basis.

17 MR. HINKLE: We had not prepared for the whole pool,
18 but Jack McGraw, the petroleum engineer who will testify, is
19 familiar with all the wells in the pool and I think he can
20 testify to all of the wells and cover the whole pool. As I
21 understand it there are only three wells in the pool that would
22 be capable of making in excess of the present allowable.

23 MR. PORTER: I know there are very few. Mr. Nutter,
24 do you have any comments concerning the manner in which the
25 case was advertised or any instructions that were given to the

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1 applicant concerning it?

2 MR. NUTTER: I think that when the Commission recently
3 adopted its new depth bracket allowable and the new market
4 demand proration system it was made clear in the testimony at
5 those hearings as well as implied, certainly, in the order, if
6 not actually stated in the order, that exceptions to the depth
7 bracket allowable would be on a pool-wide basis only and
8 individual wells would not be permitted exceptions to the depth
9 bracket allowable. I think if you are going into this on a
10 pool-wide basis that we would probably want to hear information
11 as to the effect that this might have on gas-oil ratios and
12 also on the amount of gas that would be produced from the pool
13 as a whole and to the availability of the gas processing plant
14 in the area to handle this gas.

15 MR. HINKLE: We are not prepared to submit specific
16 information as to the amount of gas. Jack knows about it
17 generally and can testify generally about what the situation
18 would be but he has not prepared testimony for presenting at
19 this hearing.

20 MR. PORTER: There may be enough information in the
21 record of the Commission that they could take administrative
22 notice as to what the gas situation is now and would become
23 under any increase in allowable. As I indicated there are very
24 few wells that would be affected by whatever increase might be
25 granted under your application, so, Mr. Examiner, if you want

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1 to proceed to consider this on a pool-wide basis I certainly
2 have no objection, but I think that is the only approach to it
3 at this time.

4 MR. UTZ: Mr. Hinkle, does your witness have know-
5 ledge of the third well and what it would produce in the way
6 of gas or oil?

7 MR. HINKLE: Only from the proration schedule.

8 MR. UTZ: Are you prepared to testify as to the
9 producing capabilities of that well?

10 MR. McGRAW: No, sir.

11 MR. UTZ: Could you look up the data?

12 MR. McGRAW: Yes, sir. It does make its allowable.
13 I don't know how much more than the allowable it would make,
14 but it does make the 355 allowable.

15 MR. HATCH: I don't know if the applicant is tho-
16 roughly prepared to put on the type of case that you are
17 expecting at this time. I don't know if it would prejudice
18 the applicant's case. The application was for two wells.
19 Their written application was for the two wells.

20 MR. HINKLE: I think the notice is probably broad
21 enough for the whole field. The evidence is not going to take
22 very long and we could submit what we have and then if you feel
23 that it is deficient and would like to have a supplemental
24 hearing, why we would be glad to submit additional testimony.

25 MR. UTZ: We will continue with the case and hear it

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1 on that basis.

2 Q (By Mr. Hinkle) I believe that you stated that you had
3 prepared the first three exhibits that have been iden-
4 tified 1, 2 and 3?

5 A Yes.

6 Q Refer to Exhibit 1 and explain what this is and what it
7 shows.

8 A Exhibit 1 is a lease ownership map covering primarily this
9 Township 9 South, 34 East, Subsection 8 which Coastal
10 States recently drilled two wells, the Number 1 Hutcherson
11 located in the Northeast Quarter of Section 8 and the
12 Number 1 Mattie Price located in the Southwest Section of
13 Section 8. In addition we have drilled a well in the
14 Northwest Section of Section 8 and that well has been
15 plugged and abandoned.

16 Q As a dry hole?

17 A As a dry hole.

18 Q This also shows the ownership of the acreage in the area
19 and the wells that have been drilled and which are pro-
20 ducing from the Bough "C" formation?

21 A Yes, sir. This exhibit, in addition to Exhibit Number 2,
22 shows all completed wells that are producing from the
23 Bough "C" reservoir. No additional production is shown
24 on this map.

25 Q Refer to Exhibit 2 and explain what this is and what it

1 shows.

2 A Exhibit 2 is titled a structure map from the top of the
3 Bough "C" Pennsylvanian limestone. In addition the cross-
4 section is shown which will be on Exhibit 3 which will be A
5 A prime. This prime was prepared and all wells have been
6 placed on here showing the top of the Bough "C". In
7 addition it shows down here on the legend beneath the
8 structure point the potential well and when it was com-
9 pleted beneath the potential and then we show for the last
10 three--rather for the months of April, May, July and
11 August, the average daily oil and water production on a
12 monthly basis, but it is a per day average and per day
13 production. This map generally shows the northeast-
14 southwest strike southeast depth structure plays no
15 important role. The Bough "C" is a stratigraphic situa-
16 tion, stratigraphic trap. Permeability is the key role
17 and porosity is important but you must have permeability
18 which we will show on our well that we drilled in the
19 northwest of 8 and why it was dry because we lack
20 permeability. Basically this map points out on Section 8
21 the well which we are talking about in the Northeast
22 Quarter, the well Number 1 Hutcherson in the Southwest
23 Quarter and the Number 1 Mattie Price and also a well
24 which was drilled two or three years ago by Midwest in the
25 Southeast Quarter of Section 9, the Number 1 James

1 Petroleum. That well has been plugged and accumulative
2 production from the Bough "C" was 6,000 barrels of oil.
3 That well also encountered one of the tight spots which
4 shows up in this reservoir and it had lack of good
5 permeability.

6 Q I believe you stated that this does show all of the wells
7 which are producing from the Bough "C" formation in this
8 area.

9 A All the wells on this map shown completed are producing
10 from the Bough "C".

11 Q Refer to the next exhibit which is a cross-section.
12 That is Exhibit Number 3.

13 Q Refer to Exhibit Number 3 and explain what this shows.
14 A Exhibit 3 is a Southwest-Northeast cross-section covering

15 the Vada area. The datum is the top of the Bough "C".
16 The cross-section AA prime also showing wells 1 through

17 6 go through the subsection of Section 8 and adjoining
18 Sections 18 and 5. This, as I said, the datum is on the
19 top of the Bough "C" and the wells are shown what they
20 were originally completed in as far as the perforations
21 and the original potential.

22 Q The Number 4 well?

23 A The Number 4 is the Coastal States Number 1 King located
24 in the Northwest Quarter of Section 8 and this well has
25 been plugged and abandoned. The porosity encountered was

- 1 around three per cent plus and apparently no permeability
2 was present as the drill stem test over the Bough "C"
3 recovered five gallons of mud. This map does show
4 continuity of the reservoir. However, these tight spots
5 do show up and this reservoir is really algae mounds and
6 when these algae--in other words it is deposited in a low
7 shallow water situation where the--sometimes this algae
8 did not develop and you get these tight spots. Where the
9 algae did develop you get good permeability.
- 10 Q How does the porosity compare with the dry hole Number 14
11 with the porosity in the other wells?
- 12 A The Coastal States Number 1 Hutcherson and the Number 1
13 Mattie Price, the two subject wells, encountered seven
14 per cent to eight per cent porosity in the Bough "C" as
15 compared with three per cent plus the Number 1 King.
- 16 Q This shows the continuity of the producing zone throughout
17 this area. That is on the cross-section?
- 18 A Yes, sir. The zone is present throughout the area.
- 19 Q Are you familiar with the other wells which have been
20 drilled in the pool?
- 21 A Yes, sir.
- 22 Q If this cross-section were extended to cover the whole
23 pool, would it show essentially the same thing, the
24 continuity of it?
- 25 A It would show basically the same thing. It would show

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continuity and it would show wells where they probably encountered porosity and any dry holes would probably show low porosity and we would have to assume little to no permeability.

Q But the Bough "C" formation is prevalent throughout the whole area?

A The Bough "C" covers all the way from the Vada and east and northeast over to Allison Penn.

Q Do you have anything further you would like to state?

A No, sir, not at this time.

MR. HINKLE: We would like to offer into evidence Exhibits 1, 2 and 3.

MR. UTZ: Without objection the Exhibits 1 through 3 will be entered into the record of this case.

MR. HINKLE: That is all the direct of this witness.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Yates, which is the third well which is capable of making its allowable?

A My information shows that a well located in the Northwest Quarter of Section 19 being a Read and Stevens well was recently completed in the last two weeks for 426 barrels of oil and I do not have the water cut. I think it was something in excess of 300 barrels of water, but I do

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1 not know this to be. I am not sure on the water. There
 2 is a well currently drilling in the Southeast Quarter of
 3 Section 18 by Midwest Oil Corporation and this was Midwest
 4 and this well has been recently completed in the adjoining
 5 west township being 9 South and 33 East--that well is
 6 located in the Southeast Quarter of Section 12 drilled by
 7 Delaware Apache and I believe this well was potentialed
 8 for approximately 270 to 290 barrels of oil. I do not
 9 know the amount of water on it. Presently there is a
 10 well drilling in the Northwest Quarter of Section 5 and
 11 9 South and 34 East. I believe this well is being drilled
 12 by Delaware Apache and I believe this is the current
 13 activity in this particular area. Right now there may be
 14 some additional activity and if so that will probably be
 15 on this western side perhaps in Section 24 and 13 of 9
 16 South and 33 East and possibly a well will be drilled in
 17 the Northwest Quarter of Section 17 in 9 South and 34
 18 East. At present that has not been started.

19 MR. UTZ: Are there any questions of the witness?

20 CROSS EXAMINATION

21 BY MR. PORTER:

22 Q You show your dry hole directly between those two producing
 23 wells there, I believe, and you have no permeability for
 24 there?
 25

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1 A Yes, sir.

2 Q I think that is the reason that you get no production
3 out of that well. Does this condition prevail in other
4 parts of the pool?

5 A Yes, sir. I draw your attention to Sections 10 and 11 of
6 this subject township and range and also in Section 19,
7 you see a dry hole in the Northeast Quarter of 19 and also
8 a dry hole in the Northwest Quarter of Section 30. At one
9 time we thought that the northwest edge of the Vada area
10 was on a line being northeast and southwest from approx-
11 imately Section 10 over to the dry hole in Section 8
12 being the Midwest James which only made 6,000 barrels.
13 Continuing on in the southwest and bypassing the dry hole
14 in Section 19 and continuing southwest bypassing the well
15 in Section 30, all of these wells encountered these tight
16 spots in the Bough "C" and we figured this was the north-
17 west edge. However, in last year B. T. A. and Delaware
18 Apache began drilling some wells in Sections 3 and 4 in
19 what was originally called the Jennings field which was
20 still the Bough "C" and what they encountered in the Bough
21 "C" and what it amounts to is this tight spot will run
22 probably in the northeast-southwest direction. It is
23 narrow and we encountered a thin narrow tight part of this
24 reservoir and then wells drilled further to the northwest
25 encountered permeability in this reservoir. The dry hole

1 that we drilled in Section 8 was a tremendous surprise.
2 We didn't expect this and this is probably a situation
3 where it is very limited as far as this tight spot because
4 we even have wells, as you can see, in Sections 5 and 7
5 that are good wells and are producing from this zone, so
6 this is probably--as far as extent--it doesn't cover very
7 much area.

8 Q What about your water situation in that dry hole?

9 A That well would give us no water and no fluids at all.
10 We drill stem tested it and it gave us only five gallons
11 of drilling mud.

12 MR. PORTER: I assume, Mr. Hinkle, that Mr. McGraw
13 will testify as to producing abilities and so forth?

14 MR. HINKLE: That is right.

15 MR. UTZ: Are there other questions of the witness?
16 He may be excused.

17 (Whereupon, Mr. Jack R. McGraw was called to the
18 stand and sworn.)

19
20 MR. JACK R. MCGRAW

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

23 DIRECT EXAMINATION

24 BY MR. HINKLE:

25 Q State your name, your residence and by whom you are

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1 employed.

2 A My name is Jack McGraw. I work for Coastal States Gas
3 Producing Company in Midland, Texas as a division petro-
4 leum engineer.

5 Q Have you previously testified before the Commission and
6 your qualifications as a petroleum engineer are a matter
7 of record with the Commission and have heretofore been
8 accepted?

9 A That's right.

10 Q Are you familiar with the Bough "C" area that is involved
11 in this application?

12 A Yes, sir.

13 Q You have made a study of all the wells in the Bough "C"
14 producing by the Bough "C" formation?

15 A No, sir. I have made a study of a few of them in this
16 area.

17 Q Have you prepared or have there been prepared under your
18 direction certain exhibits for introduction in this case?

19 A Yes, there have.

20 Q Those are exhibits marked 4, 5 and 6?

21 A Yes, sir.

22 Q Will you refer to Exhibit 4 and explain what this shows.

23 A Exhibit 4 is a series of daily tests on the Coastal States
24 Hutcherson Number 1 well. This well produces into a tank
25 battery by itself and so therefore we can get any number of

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1 actual well tests on the well and this happens to be the
2 first 17 days of September. Now, this well was completed
3 in the latter part of June of this year and so it has had
4 July and August and then this is going into the third
5 month of its producing life and it shows that the well
6 makes from 311 barrels of oil and 275 barrels of water to
7 the last day and 387 barrels of oil and 267 barrels of
8 water. You will notice that some days it tests at 400
9 barrels but it is this three-eighty three-seventy to
10 three-eighty range.

11 Q Refer to Exhibit 5 and explain that.

12 A Exhibit 5 is the Coastal States Mattie Price Number 1
13 well test at the same period of time. This well is a
14 newer well and is showing a little bit higher production
15 rate now. It shows from 420 barrels of oil per day to
16 65 barrels of water up to the last test which was 505
17 barrels of oil and 270 barrels of water. Now, the
18 significant thing here in this area is--I mean the thing
19 that is different about these wells than the offset wells
20 is that our water percent is lower. We make approximately
21 the same total fluids that offsetting wells produce but
22 we happen to have a little better oil percent and so there-
23 fore we have a higher oil producing rate than most--
24 almost all the adjoining wells.

25 Q So this exhibit does show that the Price Number 1 is

1 capable of producing around 500 barrels of oil?

2 A Yes, sir.

3 Q Refer to Exhibit 6 and explain this.

4 A Exhibit 6 is a producing tabulation of a portion of the
5 Vada Pennsylvanian pool showing the total fluids of oil
6 and water that is produced on the directly offsetting
7 wells. These wells are circled--well, at least you can
8 spot them on one of the previous exhibits, probably
9 Exhibit 2 would be the easiest, but on the--you will
10 notice that the first column cumulative production 1172
11 and the Coastal States Hutcherson Number 1 and Mattie Price
12 had no cumulative at that time. They were not completed at
13 that time. The Midwest Oil Corporation Rivas Number 1 had
14 accumulated 31,193 barrels of oil. The Vada Pruitt 2-B,
15 186,256. The James Petroleum Number 1 fifty-nine ninety-
16 four. The Hutcherson Number 1, 136,080 and so on. Now,
17 I included this column so that you could see the relative
18 age of those wells and their ability to produce oil. Now,
19 the next column shows the 1971 production and that column
20 is barrels of oil and it shows that our Coastal States
21 wells produced no oil in 1971 while the Midwest produced
22 varying amounts, as you can see in this column. Then the
23 next columns listed January, February, March, April, May,
24 June, July and August. This is the volumes of total
25 fluids produced from these wells, the oil and the water

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1 added together, and then totaled for each month and the
2 purpose of this is to show as I have previously testified
3 that the Coastal States Hutcherson and Mattie Price wells,
4 which shows 20,580 for July, is approximately equal to
5 some of the better wells adjoining it, for instance, the
6 Midwest Vada Pruitt 2-B produced 23,070 in June. July
7 information was not available to us at that time. You
8 will notice on down the Delaware Apache Sun Number 1
9 produced 30,000 and their U. S. Young Number 1, 26,000,
10 so there are several wells in the area that make the same
11 volume of fluids that our wells in Section 8 produced,
12 but we are enjoying a higher percent of oil so con-
13 sequently--

14 Q Is it the volume of fluids that is critical or the oil or
15 water?

16 A If you were considering damage, we feel that we are ob-
17 ligated to show that no damage will occur to the reser-
18 voir as a result of increasing the allowable. This would
19 show that the total fluids are approximately equal with
20 what is being produced offsetting it. Of course, I think
21 the Commission and the Examiners are well aware of the
22 testimony that has been presented concerning the Bough
23 "C" in that the total fluids--the more you can produce
24 out of a well, generally the higher the oil recovery, so
25 in this particular reservoir producing large volumes of

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1 fluids does not damage the reservoir in that it would
2 limit the amount of recoverable oil to be recovered. We
3 don't have a situation where water cones and therefore
4 prevents you from recovering oil. In fact, the opposite
5 seems to occur. The more fluids you can get the higher
6 would be the oil percentage.

7 Q Now, if the allowable were increased for the whole pool,
8 what difference, if any, in your opinion would it make?

9 A In my opinion, and I looked through the proration schedule,
10 and I found one other well that was carrying the top
11 allowable other than our two wells. I don't remember the
12 name of the well or even the company that owned this
13 particular well. It was not the one that Mr. Yates
14 testified to because he was talking about a new well that
15 had not yet appeared on the proration schedule. So, if
16 the allowable were raised, I think it would make very
17 little difference in producing characteristics of the
18 Vada Pennsylvanian pool.

19 Q At present the allowable is essentially an 80 acre
20 allowable?

21 A Yes, sir. The field is developed on 160 acre spacing but
22 it has an 80 acre allowable factor. Of course, if it
23 carried to the 160 acre allowable factor then we would
24 have an allowable that we could produce and of course
25 probably the other wells also.

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1 Q Can you figure out approximately 500 barrels?

2 A I believe it would figure 520 barrels a day.

3 Q In your opinion it would only be your two wells and one
4 other that could probably make that?

5 A At this time I do feel that there will be additional
6 development in this area and probably other wells will be
7 capable of producing this high a volume.

8 Q In your opinion will going to 160 acre allowable in any
9 way damage the reservoir?

10 A No, sir. I can see no way that it would damage the
11 reservoir.

12 Q In your opinion is it in the interest of conservation,
13 prevention of waste and would it tend to protect correla-
14 tive rights?

15 A Yes, sir. We contacted the Mobile Pipeline Company and
16 they have the capacity to handle additional oil and they
17 desire to do so.

18 Q Since this application has been filed and it appeared on
19 the docket, have you had any protests from other owners
20 or operators in the pool?

21 A No, sir, we have not. I have talked with several other
22 operators in the field and they have voiced no protest.

23 Q No objection whatsoever?

24 A No, sir.

25 Q Do you know of anything that would militate against

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1 increasing the allowable in the whole pool?

2 A No, sir, I do not.

3 Q Is there anything else that you would like to bring to the

4 attention of the Commission regarding this matter?

5 A Well, it was mentioned, the fact of whether or not the

6 gas gathering facilities in the area would be able to

7 handle the additional gas. I think that there would be

8 very little additional gas since we may be talking about

9 three to four or five wells that would probably produce a

10 little more if they were allowed to produce at their

11 capacity, but in my opinion it would not significantly

12 increase the amount of gas available in the area. I do

13 know that Warren Petroleum has completed installing com-

14 pressors and so forth to handle additional volumes in the

15 past and I believe that they are now able to handle all

16 the gas that is being produced. I know they have already

17 tied up or are taking gas.

18 Q So you wouldn't anticipate any problems as far as marke-

19 ting the gas or the oil is concerned?

20 A Well, I know that we wouldn't have any problem marketing

21 the oil and I don't think we would have any problem with

22 the gas. I am not prepared to testify specifically in

23 that field, though.

24 MR. HINKLE: I would like to offer Exhibits 4, 5 and

25 6.

1 MR. UTZ: Without objection Exhibits 4, 5 and 6 will
2 be entered into the record.

3 MR. HINKLE: That is all the direct.
4

5 CROSS EXAMINATION

6 BY MR. UTZ:

7 Q Mr. McGraw, did you say Warren was your purchaser of gas?

8 A Yes, sir.

9 Q Do you have any information available on the wells on the
10 two wells as to the volume of gas that they produce and
11 volume they would produce at capacity?

12 A Yes. They produce at a gas-oil ratio of--it seems to
13 vary from 800 to 1500 cubic feet per barrel. During this
14 test that I showed they were producing at capacity--they
15 wouldn't make any more. I do feel that in the latter life
16 this gas-oil ratio will probably increase considerably as
17 has been experienced by other wells in this field and of
18 course the field carries a ten thousand to one limiting
19 gas-oil ratio.

20 Q On your Exhibits 4 and 5 you can't show the amount of
21 gas?

22 A No, sir. We were not measuring the gas on those tests
23 and I did not show it. I did gather that information on
24 the offsetting wells in the area and they vary from 500
25 to 1500 cubic feet per barrel and I know that on our test

1 it showed about that.

2 Q Mr. McGraw, can you obtain this type of information for
3 us or at least a reasonable estimate as to how much more
4 gas these wells will produce and something from Warren to
5 the effect that they can buy this gas?

6 A I certainly will.

7 MR. HINKLE: You can secure that right away, can't
8 you?

9 THE WITNESS: Yes, sir.

10 Q (By Mr. Utz) In regard to your water production, what
11 type of gravity do you consider this pool to have?

12 A Well, this pool actually has a solution gas drive. It
13 has water in the reservoir but water depletes along with
14 oil and it does not have any water drive. I have heard
15 it facetiously referred to as a water field oil dry
16 reservoir but it is rather unique. It is produced with
17 the oil but it depletes in most areas right along with the
18 oil.

19 Q What is your present allowable depth factor allowable?

20 A Three fifty-five.

21 Q What was your oil normal unit allowable?

22 A Three eighty-two.

23 Q According to Exhibits 4 and 5 it would seem that the
24 Hutcherson well would make very little more than your old
25 normal unit allowable, three eighty-two.

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- 1 A That's true.
- 2 Q However your Mattie Price would produce some 120 barrels
- 3 more.
- 4 A That's true.
- 5 Q You are asking for the capacity on each of these wells?
- 6 A Yes, sir. We would like to have the capacity allowable
- 7 for these wells.
- 8 Q I guess it would follow that you are now asking for the
- 9 capacity allowable for all wells in the pool?
- 10 A Yes, sir. I am sure you are aware of the declining
- 11 characteristic of the Bough "C" and we don't feel that
- 12 this rate will be sustained too long but we do feel that
- 13 it might hold this rate for three to six months and then
- 14 begin to decline in which case it would amount to a fairly
- 15 substantial amount of oil to Coastal States and to any
- 16 operator that would happen to have a well that was capable
- 17 of producing it and of course we need to achieve as fast
- 18 a payout as possible. This would certainly aid in this.
- 19 Q What are you doing with the water production?
- 20 A It is being received by New Mexico Salt Water Disposal
- 21 Company and they dispose of it into a Devonian disposal
- 22 well in the area.
- 23 Q Can they handle the additional water?
- 24 A Yes, sir. They have no problem handling the water.
- 25 MR. UTZ: Are there any other questions of the

1 witness?

2 MR. PORTER: I was wondering as to--I think Mr. Utz
3 pretty well covered your salt water disposal aspects on both
4 wells but there was one other question. Go ahead, Mr. Nutter.
5 I can't recall now the question that I wanted brought out.

6 CROSS EXAMINATION

7 BY MR. NUTTER:

8 Q Mr. McGraw, you are acquainted with the series of orders
9 that the Commission entered at the beginning of the life
10 of this reservoir and in adopting the spacing and allow-
11 able, are you not?

12 A Yes, sir, somewhat.

13 Q For the record's sake I would like to point out first of
14 all that Order Number R-3179 was entered by the Commission
15 January 18 of '67 adopting the 80 acre spacing and 80 acre
16 allowable for the pool. This order was the result of an
17 application by Midwest for 160 acre spacing and 160 acre
18 allowable. The Commission cut both in half. Six months
19 later Midwest came back and asked that the case be re-
20 opened and Order Number R-3179-A was entered October 4,
21 1967 adopting a 160 acre spacing for the reservoir with an
22 80 acre allowable. A year later Order Number R-3179-B
23 was entered September 12, 1968 in which the 160 acre
24 spacing was made permanent along with the 80 acre
25

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allowable that was made permanent. This was at a time when the pool was in a state of development and quite a number of wells had been drilled by the time the order was entered in 1968 and at that time the Commission felt that the 80 acre allowables were advisable because of the possibility of reservoir damage.

Mr. McGraw, has it not been a fact that the wells have been relatively short-lived as far as productivity or measurable productivity even under the 80 acre allowables over the life of the reservoir?

A Yes, sir. They are relatively short-lived, say five to eight years, probably.

Q Well, the major part of the production comes within the first 18 months usually, doesn't it?

A Yes, sir, very true.

Q Referring to the September through December proration schedule for this reservoir I note that there is 221 wells--

A Yes, sir.

Q --in the pool and that the average allowable for the pool is 71 barrels. I would also mention that while that second well that you pointed out in the proration schedule is listed as a top allowable well that is the Stahlworth Vada Pruitt Number 1. The June statistical report indicates that well produced an average of 152 barrels of

1 oil per day, although it is carried as a top allowable
2 well. Now, there may have been a workover on the well
3 that I am not aware of. Which of the two wells that you
4 have got here was completed first, Mr. McGraw?

5 A The Hutcherson Number 1.

6 Q What was the date of completion on that well?

7 A June 22, I believe, 1972.

8 Q According to your information on your cross-section that
9 well was completed for an IP of 570 barrels of oil per
10 day and 294 barrels of water?

11 A Yes, sir.

12 Q Its current production is in the neighborhood of 380 to
13 390 barrels per day?

14 A Yes, sir.

15 Q So it has fallen off in the vicinity of 200 barrels since
16 completed?

17 A Yes, sir. You will notice July on this plat also shows
18 409 and 250. That was the average daily rate for that
19 well in July and then in August the average daily rate was
20 three eighty, so it suffered an immediate drop down to the
21 400 range and it has held that fairly good. It is now
22 down a little bit. It is declining, yes, sir.

23 Q What was the date of completion of the Mattie Price?

24 A August 25, '72.

25 Q So it was about two months after the Hutcherson then?

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1 A Yes, sir.

2 Q It was actually completed with an initial potential of
3 ten barrels per day less than the Hutcherson well, was it
4 not?

5 A Yes, sir, five sixty.

6 Q So, isn't there a good chance by the time you have had
7 the same production history on the Mattie Price that it
8 will have declined as much as the Hutcherson?

9 A Yes, sir, except that it didn't drop immediately like the
10 Hutcherson did. It is staying in the 500 barrel range
11 where the other one within a month was in the 400 range.

12 Q It has only been completed a month, though, hasn't it?

13 A Yes, sir.

14 Q You have got a month and a day production on it?

15 A Yes, sir.

16 Q When the Commission adopted the new depth bracket
17 allowables for this pool you stated that the top unit
18 allowable under the old 80 acre normal unit allowable
19 was three eighty-two; is that correct?

20 A Yes, sir.

21 Q The new depth bracket allowable for the 80 acres was
22 three fifty-five so it actually sustained a loss in
23 allowable of some 27 barrels, then?

24 A Yes, sir.

25 Q You are not asking that the 27 be recovered but you are

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1 asking that 127 be restored?

2 A We of course would like to have all the wells produce and
3 I see what you are driving at and I agree that they
4 wouldn't hold this rate too long but I do feel that they
5 will hold it for maybe three to four or five or maybe
6 even six months.

7 Q When you say "they" really you are talking about one well?

8 A Yes, sir, the Hutcherson--it has been maintaining its
9 present rate pretty good. Of course, like we say, we
10 watch it every day and it hasn't been declining like it
11 did right at first. It declined kind of rapidly and then
12 leveled off. The Mattie Price is just kind of--like it
13 potentialed and has pretty well stayed there.

14 Q Do you have capacity pumps on these wells? Is this all
15 the fluid that the well will produce?

16 A It is all that we can mechanically produce. We have four
17 inch by two and three eighths by two and three-eighths
18 pumps in those which is as big as we can handle.

19 Q These are lifted by hydraulic--

20 A These are hydraulic. Probably they are not pumping off
21 but it is all that mechanically we can move.

22 MR. NUTTER: I believe that is all, thank you.

23

24

25

CROSS EXAMINATION

BY MR. PORTER:

Q I got the impression a while ago, I believe, that you indicated that you would have more ultimate recovery if these fluids are withdrawn as fast as possible. I don't know if you intended to convey this idea or not, but I kind of got that impression.

A Well, really what I intended to convey is that a well that produces--let's say you put a pumping unit on the well and it would produce 250 barrels of fluid a day. It probably wouldn't make any oil. It would probably be all water. In fact, this has been the history. This is the reason that the reservoir was developed is that they found out that if you would move one thousand barrels of fluid a day you would get 250 barrels of oil, if you moved 200, no oil.

Q As a petroleum engineer, is it your opinion that restricting these wells to 355 barrels a day will cause any loss of oil ultimately?

A That restricting them would cause the loss?

Q Yes, to the present limit of 355 barrels. Would it cause any ultimate loss of oil?

A Ultimate loss of oil in the reservoir?

Q Yes, sir.

A Of course that has in the past proven to be just about

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adequate to handle 99 per cent of the wells in the field.

Q Yes, sir.

A Let's assume that it had been 100 barrels a day, then I would say yes. This would result in loss of oil but you set it high enough to handle 99 per cent of the wells and so therefore I don't feel that any loss was incurred, but I do feel that on a given well it should be allowed to produce at the capacity of oil that it is able to produce.

Q In other words, all the fluids that you can withdraw?

A Yes, sir.

MR. PORTER: That's all I have.

MR. UTZ: Are there other questions?

RECROSS EXAMINATION

BY MR. UTZ:

Q Mr. McGraw, in regard to the gas volume information that I requested, I would like to have this information from you on all wells capable of producing more under their capacity.

A All right.

Q The ones that will not, of course our records will reflect the volumes on them.

A All right.

MR. UTZ: Are there further questions of the witness?

He may be excused.

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Statements in the case?
The case shall be taken under advisement.
* * * * *

dearnley, meier & mc cormick

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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108I N D E XWITNESSPAGE

MR. FRED K. YATES

Direct Examination by Mr. Hinkle

4

Cross Examination by Mr. Utz

13

Cross Examination by Mr. Porter

14

MR. JACK R. MCGRAW

Direct Examination by Mr. Hinkle

16

Cross Examination by Mr. Utz

24

Cross Examination by Mr. Nutter

27

Cross Examination by Mr. Porter

32

Recross Examination by Mr. Utz

33

E X H I B I T SPAGE

Exhibit 1 -

Lease ownership map

13

Exhibit 2 -

Structure map

13

Exhibit 3 -

Southwest-northeast cross section
covering the Vada area

13

Exhibit 4 -

Series of daily tests on Coastal States
Hutcherson Number 1 well

24

Exhibit 5 -

Coastal States Mattie Price Number 1 well
test

24

Exhibit 6 -

Producing tabulation of Vada Pennsylvanian pool

25

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

I, MARCIA J. HUGHES, Court Reporter, do hereby certify that the above and foregoing pages are a true and correct transcript of the proceedings had before the New Mexico Oil Conservation Commission on Wednesday, September 27, 1972.

Marcia J. Hughes

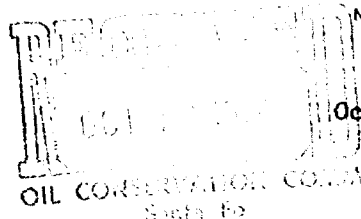
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dearnley, meier & mc cormick

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COASTAL STATES GAS PRODUCING COMPANY

NORTH TEXAS DIVISION
WILCO BUILDING
MIDLAND, TEXAS
79701



October 9, 1972

Mr. Elvis A. Utz
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

RE: Case No. 4829

Dear Elvis:

As you requested, I have contacted various operators in the Vada Penn Field concerning their allowable status with the following results:

Stallworth Oil & Gas - Their Vada Pruitt No. 1, which carries a top unit allowable for August, 1972, is not capable of producing the present allowable.

Read & Stephens - They have several wells in Section 18, T-9-S, R-34-E, which are good wells, but not capable of exceeding the present allowable. They do not have immediate plans for additional drilling in this area.

Midwest Oil Corp. - They are presently completing a well in the SE/4 of Section 18, T-9-S, R-34-E, and they have tentative plans to drill a second well in Section 17, NW/4. Mr. John Paulte, Production Superintendent for Midwest, stated they would support us in our request for capacity allowable, however, they do not presently have a well that will exceed the present allowable.

Warren Petroleum Corp. - Warren is the gas purchaser in the area. I talked with Mr. Kenneth Tibbets in their Tulsa office, and was informed that they have sufficient line capacity and plant capacity to handle approximately 20 per cent more gas from the total field than they are now handling. He stated that they would like very much to see the gas volume increase.

Mr. Elvis A. Utz
New Mexico Oil Conservation Commission
State Land Office Building
Page 2

Mobil Pipe Line Company - They have sufficient capacity to handle the additional oil expected to be produced in this area.

Each company contacted indicated they would be glad to furnish the Commission a letter verifying the above information if necessary.


No other wells on the proration schedule for the Vada Penn Pool carry the top unit allowable, and it does not appear that any other wells could benefit from an increased allowable except the Coastal States' wells.

The following table shows the GOR and other pertinent oil and gas volume data on Coastal States' two wells, which will be the only wells affected by an increase in allowable in this field. (See Attachment.)

As stated above, the gas purchaser and the oil purchaser are more than able to handle this small income in oil and gas. This is a small volume and may seem insignificant to the Commission, but an increase of 163 BOPD and 169 MCFPD represent a cash flow to Coastal States of \$14,243 per month. This will greatly improve our rate-of-return and payout on this lease and should encourage our management to explore for oil and gas in New Mexico.

Thank you very much for your consideration in this matter, and if additional information is needed please advise.

Yours very truly,



Jack R. McGraw
Division Petroleum Engineer

JRM:rc
Attachment

<u>COASTAL STATES</u>	<u>GOR</u>	<u>OIL RATES</u>	<u>GAS VOLUME AT PRESS. ALLOW.</u>	<u>OIL RATES AT CAPACITY</u>	<u>GAS VOLUME AT CAPACITY</u>	<u>INCREASED OIL RATE</u>	<u>INCREASED GAS RATE</u>
Hutcherson No. 1	1030 ft. ³ /bbl.	355 BOPD	365 MCFPD	360 BOPD	371 MCFPD	10 BOPD	6 MCFPD
Mattie Price No. 1	1060 ft. ³ /bbl.	355 BOPD	375 MCFPD	508 BOPD	538 MCFPD	153 BOPD	163 MCFPD
TOTALS		710 BOPD	740 MCFPD	868 BOPD	909 MCFPD	163 BOPD	169 MCFPD



OIL CONSERVATION COMMISSION

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

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

October 30, 1972

Re: Case No. 4829

Order No. R-4429

Applicant:

Coastal States Gas Producing Co.

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 83201

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

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X

Artesia OCC x

Aztec OCC

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 4829
Order No. R-4429

APPLICATION OF COASTAL STATES GAS
PRODUCING COMPANY FOR A SPECIAL
DEPTH BRACKET ALLOWABLE, LEA
AND ROOSEVELT COUNTIES, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 27, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 27th day of October, 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, Coastal States Gas Producing Company, is the operator of two producing wells in the Vada-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico.

(3) That the applicant seeks the assignment of an allowable to wells in the Vada-Pennsylvanian Pool equal to the ability of said wells to produce.

(4) That the assignment of a capacity allowable to wells in the subject pool may well result in damage to the reservoir causing waste, and would not be in the interest of protection of correlative rights.

(5) That the assignment of a special depth bracket allowable of 382 barrels per day will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Coastal States Gas Producing Company for capacity allowable for wells in the Vada-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico, is hereby denied.

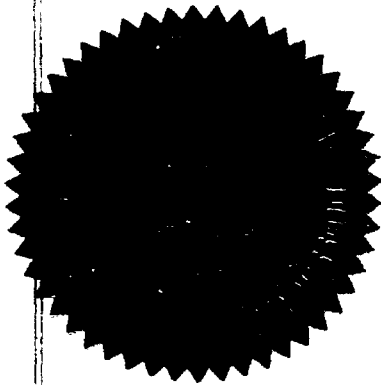
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Case No. 4829
Order No. R-4429

(2) That a special depth bracket allowable of 382 barrels of oil per day is hereby established as top unit allowable for the Vada-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

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

S E A L

dr/

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 27, 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 4829: Application of Coastal States Gas Producing Company for a special depth bracket allowable, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special depth bracket allowable greater than the present allowable for the Vada-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico.

CASE 4830: Application of Mobil Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Vacuum-Abo Unit Area comprising 5,680 acres, more or less, of Federal, State, and Fee lands in Township 17 South, Ranges 34 and 35 East, Lea County, New Mexico.

CASE 4831: Application of Mobil Oil Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its North Vacuum-Abo Unit Area by the injection of fluid into the North Vacuum-Abo Pool through 34 wells located in Township 17 South, Ranges 34 and 35 East, Lea County, New Mexico.

Applicant further seeks a procedure whereby additional producing and injection wells may be approved without notice and hearing.

CASE 4832: Application of Pennzoil Company for pool reclassification, special pool rules, and a non-standard proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the reclassification of the Northwest Todd-San Andres Gas Pool to an associated pool for the production of gas and oil and the promulgation of special rules therefor including provisions for the classification of oil and gas wells, oil and gas spacing, and a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil.

Applicant further seeks approval of an 80-acre non-standard oil proration unit in the subject pool comprising the NW/4 SW/4 and the SW/4 NW/4 of Section 3, Township 7 South, Range 35 East to be dedicated to its Superior State "Com" Well No. 1 located in Unit L of said Section 8.

CASE 4833: Application of Tesoro Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 of Section 28, Township 20 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and from 1160

(Case 4833 continued from page 1)

to 1200 feet from the East line of said Section 28, adjacent to the Springs-Upper Pennsylvanian Gas Pool.

Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4834: Application of Read & Stevens, Inc. for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a Devonian test well at an unorthodox location 1200 feet from the South line and 660 feet from the East line of Section 2, Township 14 South, Range 37 East, Lea County, New Mexico, adjacent to the King-Devonian Pool.

CASE 4835: Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Pennsylvanian formation underlying the S/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field area, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the South and East lines of said Section 13. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4836: Application of Michael P. Grace II and Corinne Grace for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests from the surface of the ground down to and including the Morrow formation underlying the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad Field area, Eddy County, New Mexico, to be dedicated to a well to be drilled at an orthodox location for said unit. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision for said well.

CASE 4819: (Continued from the September 13, 1972, Examiner Hearing)
Application of D. L. Hannifin for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in and under the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the South and East lines of said Section 24. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

HUTCHERSON NO. 1
Total Fluids - Oil & Water

	<u>OIL-BOPD</u>	+	<u>WATER-BWPD</u>	
	311		275	
9-1	369		285	
9-2	119		272	
9-3	370		292	
9-4	364		265	
9-5	392		270	
9-6	401		265	
9-7	378		262	
9-8	390		268	
9-9	392		263	
9-10	388		250	
9-11	377		255	
9-12	387		258	
9-13	317		265	
9-14	398		270	
9-15	389		273	
9-16	<u>387</u>		<u>267</u>	
9-17			4555	= 10,684
TOTAL	6129			

BEFORE EXAMINER USE
OIL CONSERVATION COMMISSION
EXHIBIT NO. 4
CASE NO. 4829
WITNESS: Costal Stearns PC
DATE: 9-27-72

MATTIE PRICE NO. 1
Total Fluids - Oil & Water

	<u>OIL-BOPD</u>	+	<u>Water-BPWD</u>	
9-1	420		265	
9-2	516		260	
9-3	523		267	
9-4	474		253	
9-5	520		250	
9-6	529		255	
9-7	527		266	
9-8	545		270	
9-9	545		262	
9-10	497		260	
9-11	498		265	
9-12	502		245	
9-13	506		240	
9-14	520		255	
9-15	507		260	
9-16	<u>505</u>		<u>270</u>	
TOTAL	8134		4142	= 12,277

BEFORE EXAMINER
 ONE COPY OF THIS
 REPORT IS TO BE
 SUBMITTED TO THE
 STATE OF TEXAS
 COMMISSIONER OF
 GEOLOGY
 DALLAS, TEXAS
 DATE 1/28/54
 SIGNATURE OF EXAMINER
 J. L. [illegible]
 TITLE OF EXAMINER
 [illegible]

PRODUCTION TABULATION
A Portion of Vada Penn Field
Lea County, New Mexico
Total Fluids - Oil and Water

	Cum. 1-1-72	1971 Prod.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
COASTAL STATES GAS PRODUCING COMPANY										
Hutcherson No. 1 - Sec. 8, NE/4										
Mattie Price No. 1 - Sec. 8, SW/4									20,580	19,137

MIDWEST OIL CORP.										
Rivas No. 1 - Sec. 4, SW/4	31,193	19,646	6,660	6,188	3,321	2,789	3,066	3,487		
Vada Pruitt 2-B - Sec. 18, NE/4	186,258	23,651	15,539	20,932	19,713	21,314	23,619	23,070		
James Vett. No. 1 - Sec. 8, SE/4	5,994	P & A								
Hutcherson No. 1 - Sec. 9, SW/4	136,080	32,918	11,696	10,556	3,477	3,679	3,224	3,466		

DELAWARE APACHE CORP.										
Midwest No. 1 Fed. - Sec. 5, SE/4	30,026	12,305	23,683	22,135	19,923	16,594	17,684	14,068		
Sun No. 1 Fed. - Sec. 5, SW/4	1,291	1,291	14,046	27,373	28,456	34,442	48,536	30,821		
U. S. Young No. 1 - Sec. 7, SE/4	4,735	4,735	32,385	38,846	37,149	35,623	27,633	26,275		
LOME ESTATE										
Vada State 2-D - Sec. 16, NW/4	135,932	SI								

BEFORE EXAMINER U72
OIL CONSERVATION COMMISSION
CASE NO. 4829
EXHIBIT NO. 6
Submitted by Coastal States Gas Co.
Hearing Date 9-27-72

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
J. M. LITTLE

LAW OFFICES
HINKLE, BONDURANT, COX & EATON

600 HINKLE BUILDING
POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

September 20, 1972

TELEPHONE (505) 622-6510

OIL CONSERVATION COM.
SANTA FE

MIDLAND, TEXAS OFFICE
521 MIDLAND TOWER
(915) 683-4891

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith application of Coastal States Gas Producing Company for a special depth bracket allowable for its Hutcherson No. 1 and Mattie Price NO. 1 wells in Section 8, Township 9 South, Range 34 East, Vada -Pennsylvanian Pool. This matter was previously discussed with your office and appears as Case No. 4829 on the September 27 examiner hearing docket.

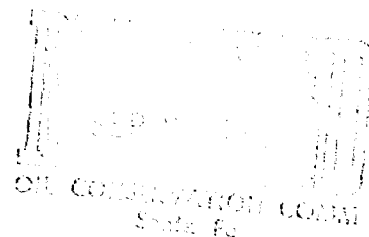
Yours very truly,

HINKLE BONDURANT, COX & EATON

By

CEH:cs
Enc.

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO



APPLICATION OF COASTAL STATES GAS)
PRODUCING COMPANY FOR A SPECIAL)
DEPTH BRACKET ALLOWABLE OR IN THE)
ALTERNATIVE FOR A 160 ACRE ALLOW-)
ABLE FOR APPLICANT'S HUTCHERSON)
NO. 1 WELL AND MATTIE PRICE NO. 1)
WELL LOCATED IN SECTION 8, TOWN-)
SHIP 9 SOUTH, RANGE 34 EAST, N.M.P.M.)
IN THE VADA-PENNSYLVANIAN POOL.)

No. 4829

Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Comes Coastal States Gas Producing Company, acting by and through the undersigned attorneys, and hereby makes application for a special depth bracket allowable or in the alternative for a 160 acre allowable for applicant's Hutcherson No. 1 well and Mattie Price No. 1 well located in Section 8, Township 9 South, Range 34 East, N.M.P.M. in the Vada-Pennsylvanian Pool, and in support thereof respectfully shows:

1. Applicant has recently completed its Hutcherson No. 1 and Mattie Price No. 1 wells in Section 8, Township 9 South, Range 34 East within the limits of the Vada-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico. Under the special pool rules adopted for the Vada-Pennsylvanian Pool under Order R-3179-A 160 acre spacing units and an 80 acre proportional factor of 4.77 is provided. The two wells referred to are each capable of producing 500 barrels or more with approximately 250 barrels of water, which is in excess of the allowable permitted by said special pool rules.

2. Applicant believes that said wells can be produced at or near capacity without damage to said wells or to the reservoir and due to the present market demand it is desirable that as much oil as possible be produced and said wells should be produced at the most efficient rate to meet the market demand.

3. Applicant believes that approval of the additional allowable for said wells will be in the interest of conservation and prevention of waste and will not violate correlative rights.

4. Applicant requests that this matter be heard at the examiner's hearing on September 27, 1972.

COASTAL STATES GAS PRODUCING COMPANY

By 

Member of the Firm of
HINKLE, BONDURANT, COX & EATON
P.O. Box 10
Roswell, New Mexico 88201
Attorneys for Applicant

DRAFT

DSN/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 4829

Order No. R-4429

APPLICATION OF COASTAL STATES GAS
PRODUCING COMPANY FOR A SPECIAL
DEPTH BRACKET ALLOWABLE, LEA
AND ROOSEVELT COUNTIES,
NEW MEXICO.

10-7 4-72
[Signature]
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 27, 1972,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of October, 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, Coastal States Gas Producing Company,
is the operator of two producing wells in the Vada-Pennsylvanian
Pool, Lea and Roosevelt Counties, New Mexico.

(3) That the applicant seeks the assignment of an allowable to wells in the Vada-Pennsylvanian Pool equal to the ability of said wells to produce.

(4) That the assignment of a capacity allowable to wells in the subject pool may well result in damage to the reservoir causing waste, and would not be in the interest of protection of correlative rights.

(5) That the assignment of a special depth bracket allowable of 382 barrels per day will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(2) That a special depth bracket allowable of 382 barrels of oil per day is hereby established as top unit allowable for the Vada-Pennsylvanian Pool, Lea ^{and Roosevelt} Counties, New Mexico.

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

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

(1) That the application of Coastal States Gas Producing Company for capacity allowable for wells in the Vada-Pennsylvanian Pool, Lea and Roosevelt Counties, New Mexico, is hereby denied.

Case No.

Order No

Application of Coastal States
Gas Producing Company
for a special depth
bracket allowance, Lea
and Roosevelt Counties,
New Mexico

Order of the Commission
By the Commission:

This cause came on for hearing
at 9 am. on September 27, 1972,
at Santa Fe, New Mexico, before
Examiner Elvira A. Utz.

Now on this — day of October,
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, Coastal
States Gas Producing Company, is
the operator of two producing wells
in the Vada-Pennsylvanian Pool, Lea
and Roosevelt Counties, New Mexico.

(3) That the applicant seeks the assignment of ^{an} allowable to wells in the Vada-Pennsylvanian Pool equal to the ability of said wells to produce.

(4) That the assignment of a capacity allowable to wells in the subject pool may well result in damage to the reservoir causing waste, and would not be in the interest of protection of correlative rights.

(5) That the assignment of a special depth bracket allowance of 382 barrels per day will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a ~~the~~ special depth bracket allowance of 382 barrels of oil per day is hereby established as top unit allowance for the Vada-Pennsylvanian Pool, Lea County, New Mexico.

(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
OCC

Case 4829

Heard 9-27-72

Rec. 10-18-72

Grant Coastal States
request for increased
allowables to the extent
of reinstating the former
allowable of \$382 BOPD per
well in the Texas Perm
Oil pool.

This should give them
some increase in cash
flow which is their concern.

John R. [Signature]