

-ase Number

4877

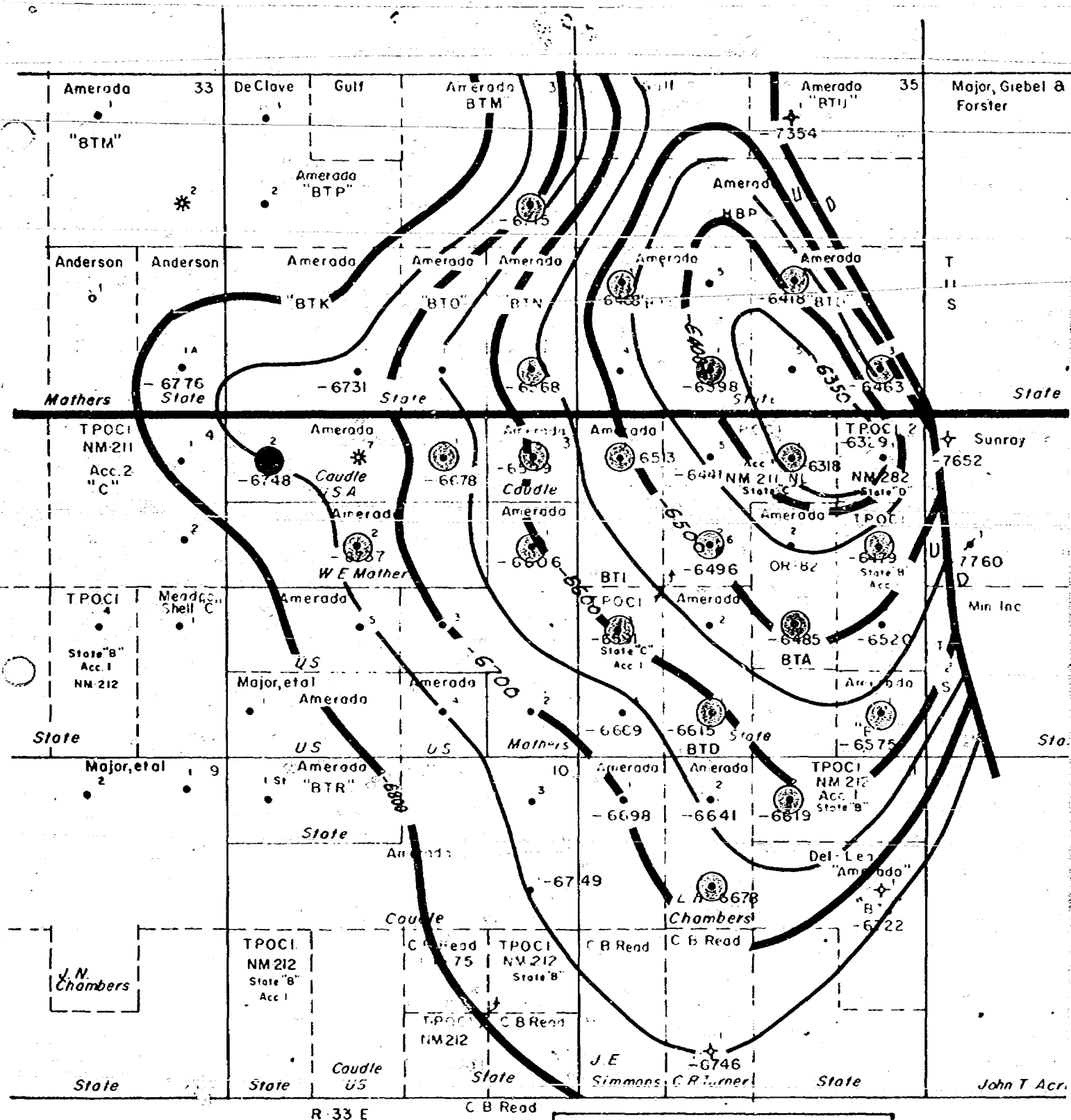
Application
Transcripts.

Small Exhibits

ETC.

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
APPN EXHIBIT NO. 1
CAS. NO. 4877
Submitted by _____
Hearing Date 12-19-72

TEXAS PACIFIC OIL COMPANY, INC.
EXHIBITS
OIL CONSERVATION COMMISSION
CASE 4877
DECEMBER 19, 1972

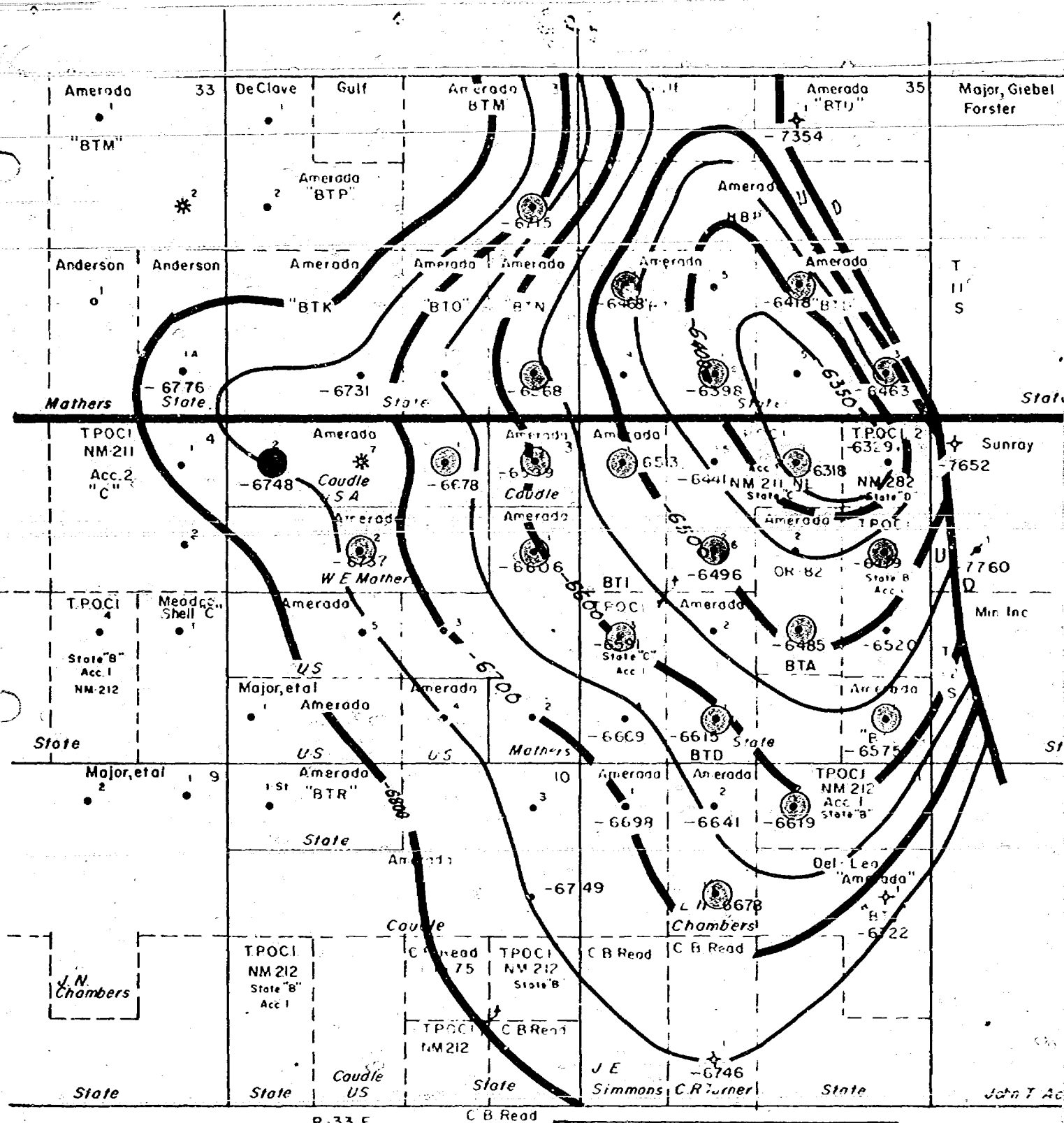


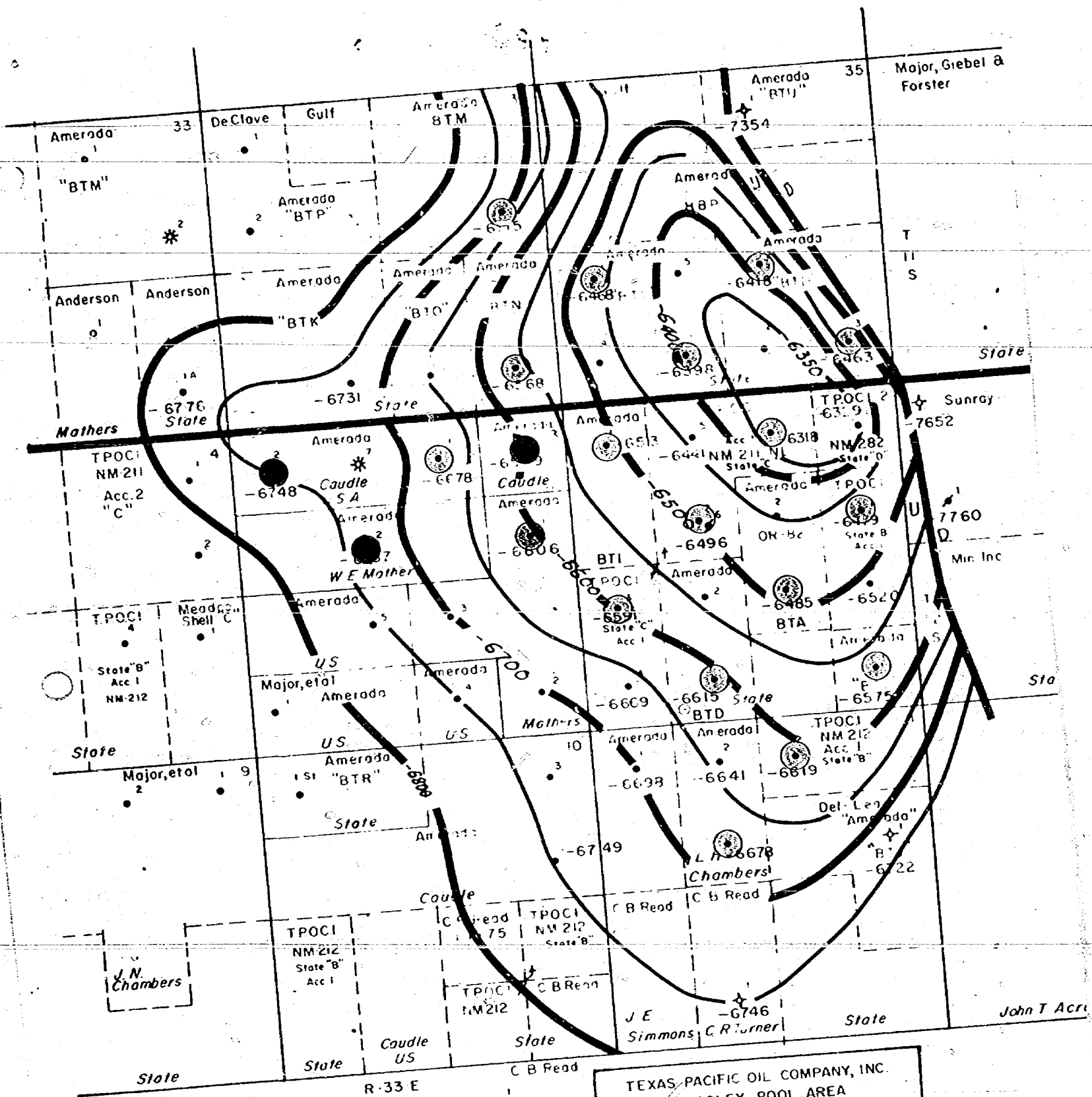
Amerada Caudle No.2 5-60
 State BTC No.1 2-60
 State BTA No.1 3-60

- ACTIVE WELLS 12-60
- PLUGBACK OR WATER SHUTOFF 1-60 to 1-61
- ABANDONED WELLS

TEXAS PACIFIC OIL COMPANY, INC
 BAGLEY POOL AREA
 Lea County New Mexico
 TOP DEVONIAN
 T11812-S-R 33 E
 C.I. 50'
 Scale: 1"=2000'
 Date 5-5-71
 By T.P.F.

EXHIBIT 87A





Amerada Caudle No. 5 8-64
 Mathers "A" No. 2 2-64
 Mathers No. 1 7-64

- ACTIVE WELL 12-64
- PLUGBACK OR WATER SHUTOFF 1-64 to 1-65
- ABANDONED WELL

TEXAS PACIFIC OIL COMPANY, INC.
 BAGLEY POOL AREA
 Lea County New Mexico
 TOP DEVONIAN
 T11 & 12-S-R 33-E
 C.I. 50'
 Scale: 1"=2000'
 Date 5-5-71
 By T.P.F.

EXHIBIT 39A

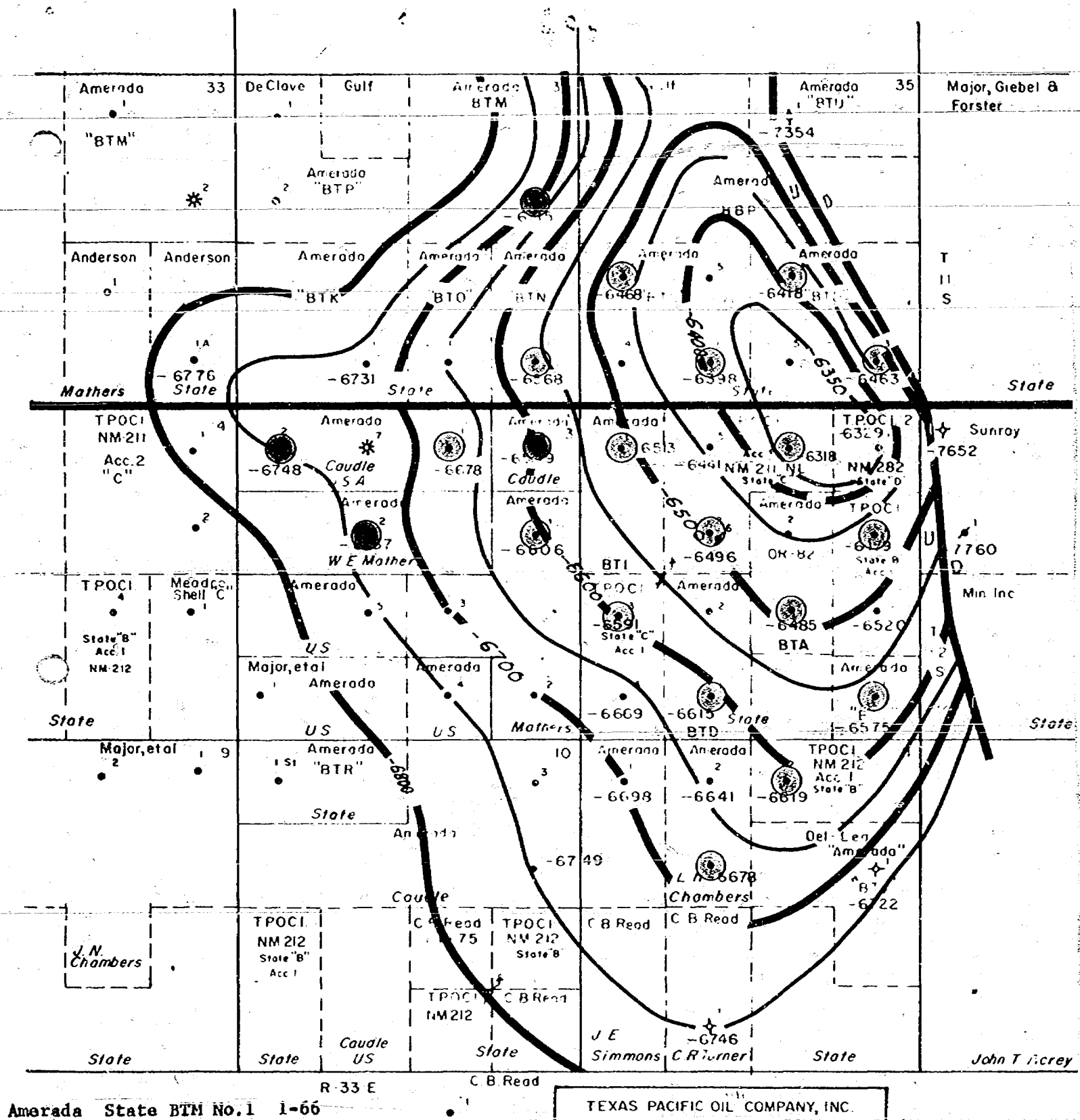
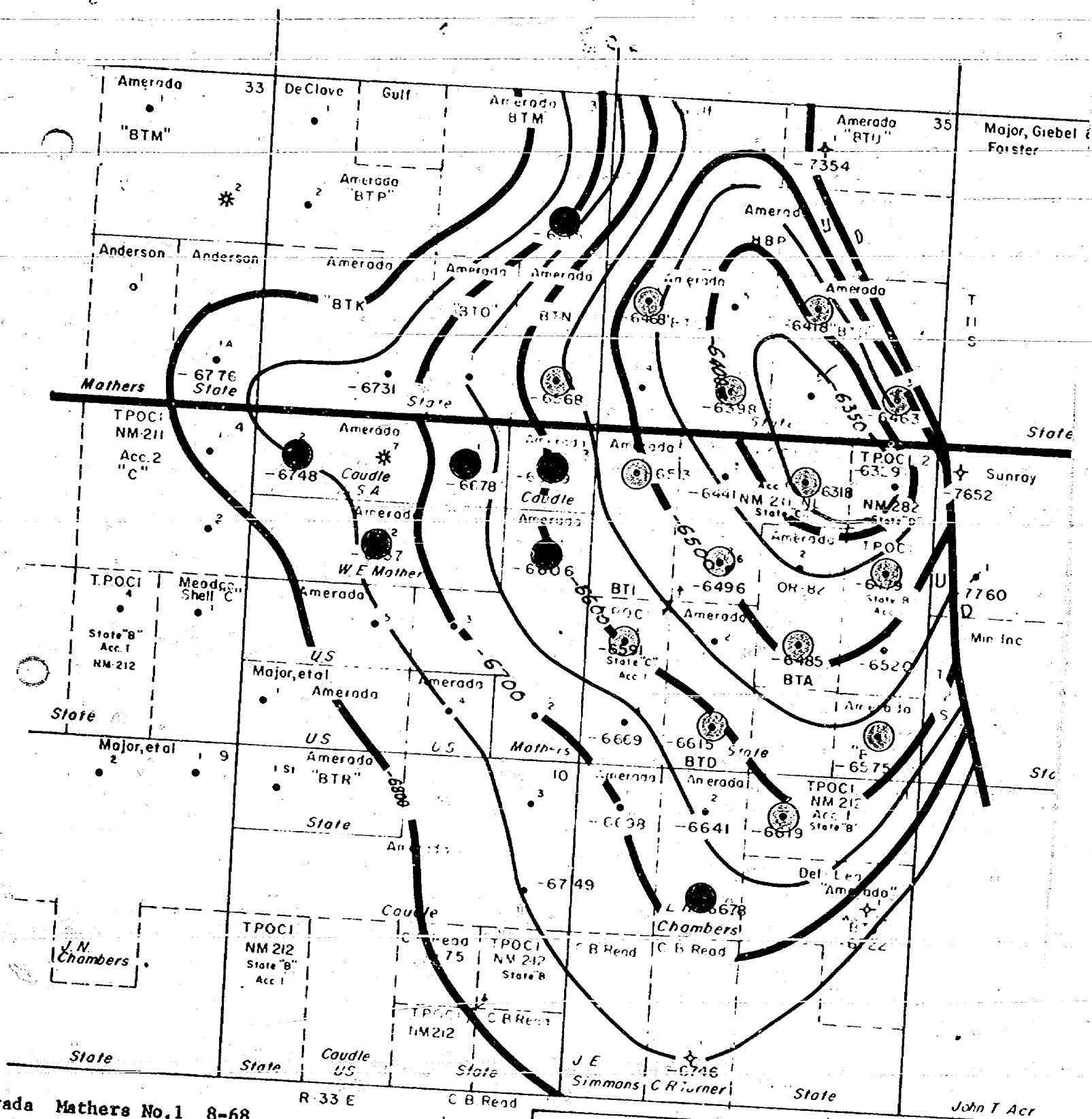


EXHIBIT 40A



Amerada Mathers No.1 8-68
 Chambers No.1 1-68
 Mathers "A" No.1 1-68

- ACTIVE WELL 12-68
- Plugback or Water Shutoff 1-67 to 1-69
- Abandoned Well

TEXAS PACIFIC OIL COMPANY, INC
 BAGLEY POOL AREA
 Leo County New Mexico
 TOP DEVONIAN
 T11 & T12 S-R 33-E
 C.I. 50'
 Scale: 1" = 2000'
 Date: 5-5-71
 By: J.E.F.

EXHIBIT 41A

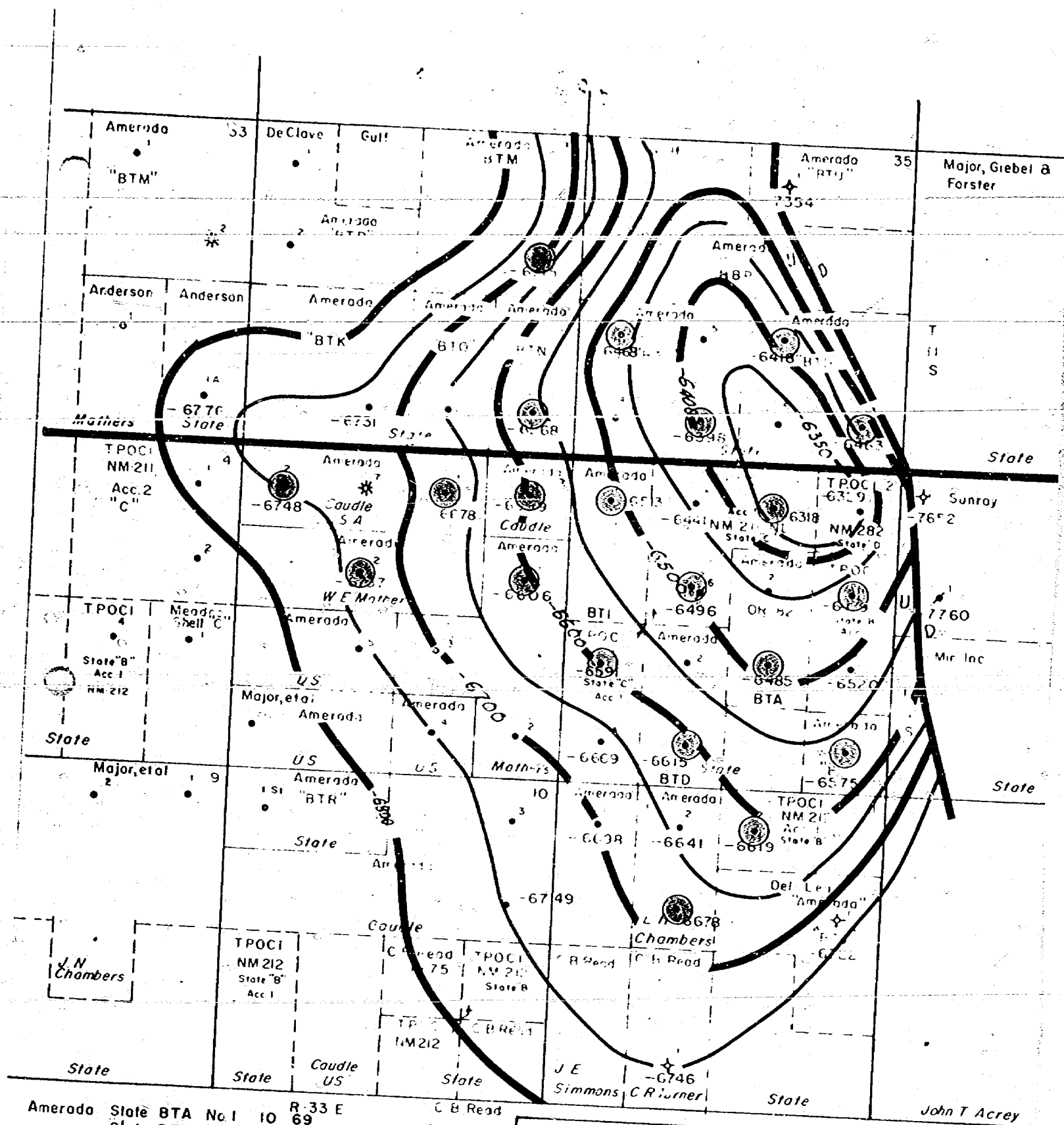
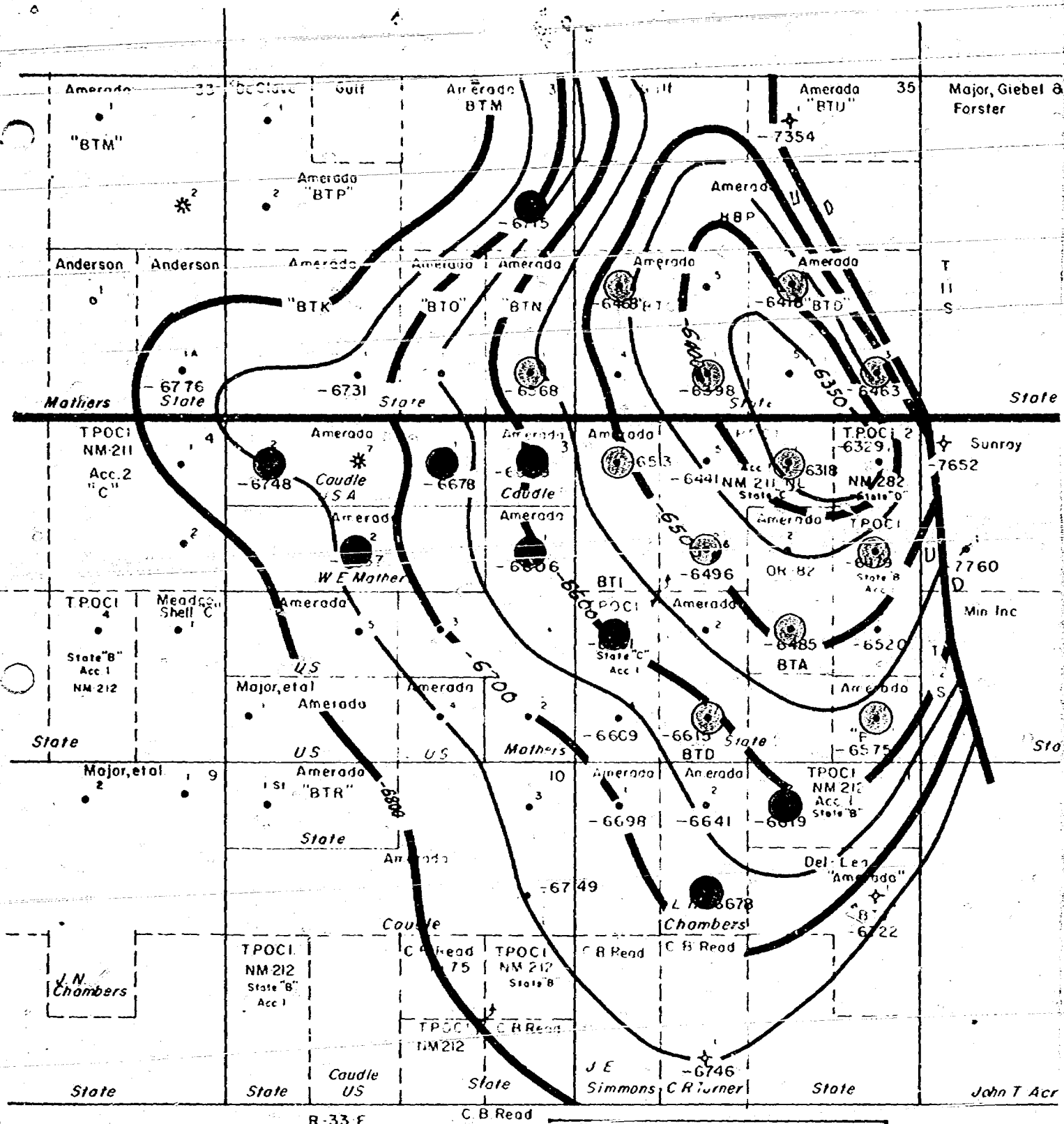


EXHIBIT 42A



TPOCI State "B" Act.1 No.2 12-70
 State "C" Act.1 No.3 12-70

- ACTIVE WELL 12-70
- ⊙ PLUGBACK OR WATER SHUTOFF 1-70 to 1-71
- ⊙ ABANDONED WELLS

TEXAS PACIFIC OIL COMPANY, INC
 BAGLEY POOL AREA
 Lea County New Mexico
 TOP DEVONIAN
 T11 & 12 S - R 33 E
 C 150'
 Scale 1" = 2000'
 Date 5-5-71
 By T.P.F.

EXHIBIT 43A

SUBSEA PLUGBACK DATUMS
BAGLEY SILURO-DEVONIAN FIELD
LEA COUNTY, NEW MEXICO

Amerada Hess

State BTD No. 2	From -6711-6766' to -6671-6696' (8/51) Wtr. to -6422-6531' (8/51)
State BTD No. 3	From -6650-6710' to -6481-6558' (8/51)
State BTD No. 1	From -6730-6745' to -6708-6726' (3/51) From -6708-6726' to Abandoned (2/72)
State BTI No. 1	From -6672-6710' to -6672-6692' (2/59) From -6672-6692' to -6592-6655' (7/59)
State BTA No. 1	From -6705-6720' to -6620-6689' (2/55) From -6620-6689' to -6620-6650' (7/59) From -6620-6650' to -6567-6603' (3/60) From -6567-6603' to -6507-6530' (10/69)
State BTC No. 1	From -6707-6727' to -6535-6683' (2/60) Wtr. From -6535-6683' to -6535-6578' (2/60) From -6535-6578' to -6422-6522' (3/69) From -6422-6522' to -6422-6502' (7/71)
State BTC No. 3	From -6643-6713' to -6625-6638' (10/62) From -6625-6638' to -6534-6568' (1/63)
Mathers No. 1	From -6680-6710' to -6612-6618' (2/63) From -6612-6618' to -6612-6651' (3/63) From -6612-6651' to -6668-6674' (7/64)
State BTM No. 1	From -6721-6751 to Abandoned (1/66)

Texas Pacific Oil Company, Inc.

State B A/c-1 No. 1	From -6522-6671' to -6563-6575' (9/62) Wtr. From -6563-6575' to -6533-6539' (9/62) Wtr. From -6533-6539' to -6488-6521' (9/62)
State B A/c-1 No. 2	From -6693-6744' to -6629-6722' (4/70)
State C A/c-1 No. 1	From -6383-6583' to -6347-6423' (4/69)

Subsea Plugback Datums
Bagley Siluro-Devonian Field
Lea County, New Mexico

Page 2

State C A/c-1 No. 2 From -6530-6700' to -6672-6682' (7/62) Wtr.
 From -6672-6682' to -6632-6652' (7/62) Wtr.
 From -6632-6652' to -6586-6592' (7/62)
 From -6586-6592' to -6512-6523' (6/69)
 From -6512-6523' to -6512-6517' (7/72)

State C A/c-1 No. 3 From -6662-6749' to -6611-6749' (8/66)
 From -6611-6749' to -6611-6645' (8/69)

WCY:kg
12/5/72

EXHIBIT 46A

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PAGE 1

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

December 19, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Texas Pacific Oil
Company, Inc. for two non-standard
oil proration units and a
non-standard location, Lea
County, New Mexico.

Case No. 4877

BEFORE: Elvis A. Utz,
Examiner.

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 4877: Application of Texas
2 Pacific Oil Company, Inc. for two non-standard oil proration
3 units and a non-standard location, Lea County, New Mexico.

4 MR. RUSSELL: John F. Russell, Roswell, New
5 Mexico, appearing on behalf of the Applicant, and I have one
6 witness.

7 MR. UTZ: Are there any other appearances in this
8 case?

9 (No response)

10 WILLIAM G. YOUNG,
11 was called as a witness, and after being duly sworn, testified
12 as follows:

13 DIRECT EXAMINATION

14 BY MR. RUSSELL:

15 Q Will you please state your name, address, and the name
16 of your employer?

17 A William G. Young, 2805 Auburn Drive, Midland, Texas,
18 and I'm employed by Texas Pacific Oil Company.

19 Q In what capacity are you employed?

20 A As a senior engineer.

21 Q Mr. Young, have you previously been qualified to give
22 expert testimony before this Commission?

23 A I have not.

24 Q Will you give us a brief resumé of your educational
25 background and your practical experience in your field

1 of expertise?

2 A I hold a bachelor of science degree in geology and
3 petroleum engineering from the University of Texas.

4 I have been a practicing field petroleum engineer for
5 ten years and a registered professional engineer in
6 the State of Texas. I am a member of the A.P.I.

7 Q And you are familiar with the Bagley Siluro-Devonian
8 field in New Mexico?

9 A I am.

10 Q Are you familiar with the application of Texas Pacific
11 Oil Company, Inc. in this case?

12 A I am.

13 Q In connection therewith, have you prepared certain
14 exhibits for presentation at this time?

15 A I have.

16 Q I will refer you to Exhibit Number One, which consists
17 of forty-six sub-exhibits, and I ask you if that was
18 prepared by you, or under your direction?

19 A It was.

20 Q This exhibit is in two parts, is it not? Exhibits Two
21 through Six being cross sections of larger sheets?

22 A That's correct.

23 Q But given the same exhibit number?

24 A Correct.

25 Q Now, will you start at the beginning and just briefly

1 go through and explain what these exhibits are, and
2 what they portray, and if on any particular exhibit
3 there is anything which you want to bring to the
4 attention of the Examiner at this time, make your
5 comment at that point.

6 A Exhibit One-A is a structural map of the top of the
7 Devonian-- the Bagley Siluro-Devonian field.

8 Exhibit Two in the folder-- Exhibit Two-A rather
9 is an isopack map of the same formation.

10 Exhibits Three through Six are cross sections
11 just showing the stratographic continuity.

12 MR. UTZ: You are referring to Exhibits Two-A and
13 Three-A?

14 THE WITNESS: Yes, sir.

15 MR. UTZ: And does that then continue with Seven-A,
16 which is in the folder?

17 THE WITNESS: Correct.

18 MR. UTZ: All right, you may continue.

19 A (Continuing) Exhibit Seven is a graph of the monthly
20 production versus accumulative oil for the field.

21 Exhibit Eight-A through Exhibit Twenty-A are
22 curves for the individual wells, with the same
23 relationship, monthly production versus accumulative
24 gas. These curves were used in determining the
25 remaining reserves.

1 Exhibit Twenty-one-A is a graph of the monthly
2 production versus time for the field.

3 Exhibits Twenty-two-A through Thirty-four-A are
4 for individual wells with the same relationship.
5 This information was also used in reserve determinations.

6 Exhibits Thirty-five-A through Forty-six-A are
7 graphical representations of well status, with time.
8 We show on these graphs the active wells, wells that
9 were worked over during a period. These also include
10 work-overs which were plugged back to reduce water
11 production, and also abandoned wells.

12 Q Now, in connection with those exhibits, will you
13 identify the various colorings which you have used for
14 the wells?

15 A Well, the wells circled in green are active wells during
16 the time period so indicated. The orange wells were
17 wells which were plugged back and then re-completed
18 in the Devonian formation over the same time interval.
19 The purple circles indicate wells where the Devonian
20 formation has been abandoned.

21 Exhibit Forty-six-A is a tabulation of the
22 Sub-C datums representing the work-overs.

23 Q Now, you have also prepared Exhibits Two and Three.
24 Will you identify those?

25 A Exhibit Two represents the nine active wells in the

1 Siluro-Devonian field at present. The green wells
2 are wells operated by Amarada Hess; the wells in
3 orange are operated by Texas Pacific Oil Company.
4 Also indicated is the present acreage dedicated to the
5 three active wells of Texas Pacific.

6 Exhibit Three again indicates the nine active
7 wells, and also indicates the proration unit changes
8 and the unorthodox well location changes requested by
9 Texas Pacific.

10 MR. UTZ: Does Exhibit Two represent something
11 new, or are those old units?

12 THE WITNESS: Number Two are the units in force now.

13 Q (By Mr. Russell) Will you give a brief history of
14 the Bagley Siluro-Devonian field, and wherever
15 appropriate, you can refer to your various exhibits.

16 A The Bagley Siluro-Devonian field was discovered in
17 April, 1949 by Amarada Hess, with their State B.T.A.
18 Number 1. The first production was in July, 1949,
19 and development was completed with the completion of
20 the Amarada State B.T.M. Number 1 in June, 1952.

21 Initial oil in place was estimated to be
22 58,600,000 stock barrels. Accumulative production from
23 twenty-one wells has been 24,533,583 stock barrels
24 as of the 1st of October, 1972. This represented
25 production equalling 41.86 percent of the initial oil

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1 in place.

2 Q Have you made any estimates of the remaining reserves
3 in this field?

4 A Yes.

5 Q What are they?

6 A Remaining reserves have been estimated by the use of
7 production rate versus accumulative production, and
8 the information can be found in Exhibits Seven-A
9 through Thirty-four-A. Using the economic limit of
10 275 barrels per month per well, reserves have been
11 estimated at 460,400 stock barrels.

12 MR. UTZ: What was that figure?

13 THE WITNESS: Four hundred sixty thousand four
14 hundred.

15 MR. UTZ: How was that arrived at?

16 THE WITNESS: Rate versus accumulative.

17 MR. UTZ: Okay.

18 A (Continuing) This represents seventy-nine hundredths
19 of one percent of the initial oil in place, and using
20 the same figure, the ultimate recovery is estimated
21 to be 24,993,983 barrels of oil, and the recoverable
22 oil represents 1.84 percent.

23 Q You also worked on the estimated reserves from the
24 decline curve and analysis, did you not?

25 A That's correct.

1 Q Was it close to the reserves arrived at by the
2 producing rate versus accumulative production?

3 A Within reason, they are identical.

4 Q They are within a couple of hundred barrels?

5 A Yes.

6 Q What, in your opinion, is the estimated life of this
7 field?

8 A Based on the assumption that all wells will produce
9 to their economic limit of 275 barrels per month per
10 well, the ultimate reserves will be recovered in six
11 years.

12 Q Have you, in your studies, been able to determine the
13 type of reservoir mechanism responsible for the oil
14 to date?

15 A Yes, in reviewing the field and the early bottom hole
16 pressure history in conjunction with the production
17 history and the work-over history, indications are
18 that the field has been under the influence of water
19 drive.

20 Q This review is represented by Exhibits Thirty-five-A
21 through Forty-six-A, is that correct?

22 A That's correct.

23 Q Have you past operating practices in the field been
24 conducive to the prevention of waste?

25 A Yes. The history of the water shut-off operations and

1 the re-completions have all had the same object, to
2 reduce the oil-water ratio, and to date, they have
3 been successful in maintaining a low oil-water ratio
4 throughout the history of the field.

5 Q May these practices be continued during the recovery
6 of the estimated remaining reserves in the field?

7 A The three active wells of Texas Pacific do not have
8 plug-back or re-completion possibilities.

9 Q Are there any other re-completion possibilities for
10 your wells?

11 A Yes, the proposed non-standard proration unit and
12 unorthodox location will result in the completion of
13 the Texas Pacific Well State "D" Account 1, Number 1
14 at an optimum structural position. This well is
15 located in Unit A of Section 2. At present, the
16 structural top of the reservoir above Sub-C is being
17 drained by only one well, and this well is the Texas
18 Pacific State "C" Account 1, Number 1, which in
19 September had a water-oil ratio of 1.3 to 1, and it's
20 the only top allowable well in the field. The other
21 water-oil ratios of the other eight active wells range
22 from 2.1 to 1, this is the Amarada State B.T. 3, to
23 66.6 to 1.

24 By re-completing our State "D" Account 1, Number 1,
25 and possibly the Amarada Hess B.T.D. Number 5, which

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1 is located in Unit O of Section 35, and two additional
2 wells could be produced from a position equal to that
3 of our State "C" Account Number 1, Number 1, and
4 probably within a water-oil ratio similar to the
5 State "C" Account 1, Number 1.

6 MR. UTZ: What is the completion zone of these
7 wells at the present time?

8 THE WITNESS: The Pennsylvanian.

9 Q (By Mr. Russell) How would these re-completions
10 benefit Texas Pacific Oil Company, Inc. and Amarada
11 Hess?

12 A Historically operating costs have increased with time,
13 and Texas Pacific has found this to be true in the
14 Bagley Siluro-Devonian Pool. In the past twelve
15 months, our operating costs on our State "D" Well
16 Number 1 have increased from twenty-four percent to
17 30.6 percent, an increase of twenty-five percent.
18 On the State "C" Well, the operating costs have
19 increased from 16.3 percent to 25.2 percent, which
20 represents an increase of thirty-three percent over
21 the past twelve months. Continuing increases in
22 operating costs will ultimately reduce the amount of
23 reserves, and thus reduce the ultimate recovery from
24 the field.

25 Q And this would cause waste by premature abandonment

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of wells with oil still in place, is that correct?

A Correct. The re-completions should increase oil production, and the optimum portion of the reservoir will be exploited.

Q How long will the re-completions result in increased production?

A Every indication is that the re-completions will result in wells capable of producing gas found in the State "C" Number 1 at present.

Q How will these proposed re-completions aid in the prevention of waste?

A Upon reviewing the history of the plug-backs and the water shut-offs, in an attempt-- in conjunction with individual well performance indicates the correlation between effective water control and recovery. Because of the fact that the field is so close to abandonment now with less than two percent of the recoverable oil left to be recovered, Texas Pacific feels that all necessary steps should be taken at this time to delay abandonment. We feel any delay in abandonment will ultimately result in increased recovery of oil from the field.

Q Turning to what has been marked as Exhibit Two, is there anything on that particular exhibit that you want to comment on at this time?

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1 a Yes. Our proposed re-completion of the field would
2 result in an unorthodox location in re-completing our
3 State "D" Account 1, Number 1 Well. This well offsets
4 one of the Amarada Hess wells, their State "D" Number 3.
5 In September, this well produced 415 barrels of oil
6 and 890 barrels of water. It has remaining reserves,
7 based on our estimates, of 3,500 barrels. The proposed
8 re-completion would alleviate drainage against Amarada
9 to the south, because production would be at a distance
10 greater than it is at present.

11 Q Now, referring you to Exhibit Three. Do you have any
12 comments on that specific exhibit that you would like
13 to make?

14 A I think I just made them on Exhibit Two.

15 Q Exhibits Thirty-five-A through Forty-five-A are
16 contours showing the various wells in the field, and
17 whether they are producing, abandoned, or are being
18 re-worked?

19 A Correct.

20 Q How many producing wells were there in the field
21 originally?

22 A At maximum, there were twenty-one.

23 Q And that is reflected on Exhibit Thirty-five-A?

24 A Thirty-six-A would have that, there were two wells
25 that hadn't been completed at the time Exhibit

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1 Thirty-five-A was made.

2 Q On Exhibit Forty-five-A, how many producing wells are

3 left in the field out of the twenty-one original wells?

4 A Nine.

5 Q And three of those are Texas Pacific wells, and six

6 belong to Amarada Hess?

7 A That's correct.

8 Q Now, you have asked for an 80-acre proration unit to

9 be assigned to the well which you are asking for.

10 Are you also asking for an 80-acre allowable to be

11 assigned to that well?

12 A Yes.

13 Q Is there a present well which will be abandoned?

14 A Yes, upon the reassignment of acreage and the

15 re-completion of the State "D" Number 1 Well, we will

16 shut in and abandon our State "B" Account 1, Number 1.

17 This well is presently active in Unit H of Section 2.

18 Q Do you have anything further you would like to discuss

19 at this point?

20 A No, sir.

21 MR. RUSSELL: Mr. Examiner, at this time, I would

22 like to offer into evidence Texas Pacific Oil Company Inc.'s

23 Exhibit Number One, which consists of forty-six sub-exhibits.

24 I would at this time also offer Exhibits Two and Three.

25 MR. UTZ: Without objection, the exhibits as

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1 stated, Exhibit Number One, with forty-six parts, and
2 Exhibits Two and Three will be entered into the record of
3 this case.
4 (Whereupon Applicant's Exhibits One, Two and Three
5 respectively were admitted in evidence.)
6 MR. RUSSELL: That's all I have to offer at this
7 time.
8 * * * * *
9 CROSS EXAMINATION
10 BY MR. UTZ:
11 Q Mr. Young, let me recapitulate a bit here, and see if
12 I understand precisely what you want regarding your
13 wells. Your "D" Number 1 and "C" Number 5 wells are
14 not completed in the Pennsylvanian Zone, and you
15 intend to abandon that zone, is that right?
16 A Our Well "C" Number 5 is abandoned-- it has experienced
17 mechanical problems and is incapable of production.
18 Q What is the current status of the "D" Number 1 Well?
19 A It's a temporarily abandoned well completed in the
20 Pennsylvanian.
21 Q In other words, the Pennsylvanian Zone in this well
22 has been depleted?
23 A Yes, sir.
24 Q Then your application is to re-complete these wells
25 in the Siluro-Devonian?

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- 1 A That's correct-- it's only to re-complete one well in
- 2 the Siluro-Devonian, the State "D" Number 1 in Unit A.
- 3 Q Are you going to abandon the Number 5 Well?
- 4 A It's been abandoned.
- 5 Q You don't intend to re-complete it in the Devonian?
- 6 A That's correct.
- 7 Q On the 80-acre unit consisting of the Northeast of the
- 8 Northwest and the Northwest of the Northeast, you will
- 9 only have one Devonian well which will be the Number
- 10 1 "C", is that correct?
- 11 A That's correct.
- 12 Q Now, regarding the non-standard unit consisting of the
- 13 Northeast of the Northeast and the Southwest of the
- 14 Southeast, you will have two wells on that unit?
- 15 A No, sir, the State 1 "B" will be abandoned.
- 16 Q In the Southeast quarter of the Northwest quarter, you
- 17 will have a 40-acre unit?
- 18 A Yes, that's correct. This well currently makes 30
- 19 barrels of oil a day, and has a water-oil ratio of
- 20 18.5 to 1. It's nearing the end of its economic life.
- 21 Q Does this pool have special pool rules?
- 22 A Yes, sir.
- 23 Q Do you know the order number?
- 24 A R-69.
- 25 Q R-69?

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- 1 A I think so.
- 2 Q That's a pretty old order.
- 3 A Yes, 1952.
- 4 Q Is this an 80-acre order?
- 5 A Yes, sir.
- 6 Q And your Unit "C" Number 1 would be a non-standard
- 7 unit because it crosses quarter-section lines?
- 8 A That's correct.
- 9 Q Is the 80-acre unit consisting of the East half of the
- 10 Northeast dedicated to your Number 1 "B" Well a
- 11 non-standard unit?
- 12 A No, sir-- is the present allocation to the 1 "B" Well
- 13 currently in force? Was that your question?
- 14 Q No, is this a non-standard unit?
- 15 A This would be a standard proration unit.
- 16 Q And the 40-acre unit dedicated to your Number 2 Well
- 17 would be a non-standard unit?
- 18 A That's correct.
- 19 Q Now, I will allow you to explain to me where the
- 20 non-standard location comes in.
- 21 A By re-completing our State Number 1 Well, there will
- 22 be two wells with 80-acre spacing adjoining. The
- 23 proposed re-completion of this State "D" Number 1
- 24 Well will be directly offset by our "C" Number 1 Well
- 25 in Unit B.

- 1 Q Now, I'm confused. I thought you were going to
2 abandon that well, the Number 1 "D".
- 3 A No, this is the well we want to re-complete in the
4 Siluro-Devonian.
- 5 Q You are going to re-complete that well in the Siluro-
6 Devonian?
- 7 A Yes, sir.
- 8 Q And it is now temporarily abandoned in the Pennsylvanian?
- 9 A That's correct.
- 10 Q What's going to happen to your Number 1 "B" Well?
- 11 A We will abandon the Number 1 "B".
- 12 Q Okay, I have the wells confused. Now, what makes the
13 Number 1 "D" a non-standard location?
- 14 A Well, initially the field rules were temporary rules
15 under Order R-29. This was later amended several times
16 and extended, and then finally made permanent, and
17 this called for standard proration units with wells
18 on alternate forties. So we have a standard location
19 in the State "C" Number 1, and anything that's offsetting
20 that would be non-standard.
- 21 Q The order called for fixed spacing?
- 22 A Yes, sir.
- 23 Q I'm sure I don't have to tell you by now that I didn't
24 read this order, but I figured that you had.
- 25 MR. UTZ: Are there any other questions?

dearnley, meier & mc cormick reporting service
200 SIMMS BLDG., P.O. BOX 1092, PHONE 243-0691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

PAGE 18

1 MR. RUSSELL: Mr. Examiner, may I point out,
2 and I think I'm correct, but under the special field rules,
3 if that well is at a non-standard location, it would be
4 assigned a 40-acre allowable which would require an exception,
5 since they are asking for an 80-acre allowable.

6 MR. UTZ: Any other questions of the witness?
7 (No response)

8 MR. UTZ: If not, the witness may be excused.
9 (Witness excused.)

10 MR. UTZ: Are there any statements in this case?
11 (No response)

12 MR. UTZ: The case will be taken under advisement.
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dearnley, meier & mc cormick reporting services, inc.

206 SIMMS BLDG., P.O. BOX 1092, PHONE 243-0691, ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO } ss

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

Richard E. McCormick
CERTIFIED SHORTHAND REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 4872
heard by me on *Dec 11*, 1922.
[Signature], Examiner
New Mexico Oil Conservation Commission

dearnley, meier & mc cormick reporting services, inc.

200 SIMMS BLDG., P.O. BOX 1002, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87109
1216 FIRST NATIONAL BANK BLDG., EAST ALBUQUERQUE, NEW MEXICO 87108

1	<u>I N D E X</u>		
2	<u>WITNESS</u>	<u>PAGE</u>	
3	WILLIAM G. YOUNG		
4	Direct Examination by Mr. Russell		2
5	Cross Examination by Mr. Utz		14
6			
7			
8			
9			
10	<u>E X H I B I T S</u>		
11	<u>EXHIBIT</u>	<u>ADMITTED</u>	<u>OFFERED</u>
12	Exhibit #1	14	3
13	Exhibit #2	14	5
14	Exhibit #3	14	6
15			
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Case 4877

Grant 12-19-72

Rec. 12-20-72

Grant T & P. the following
W. S. P. 5!

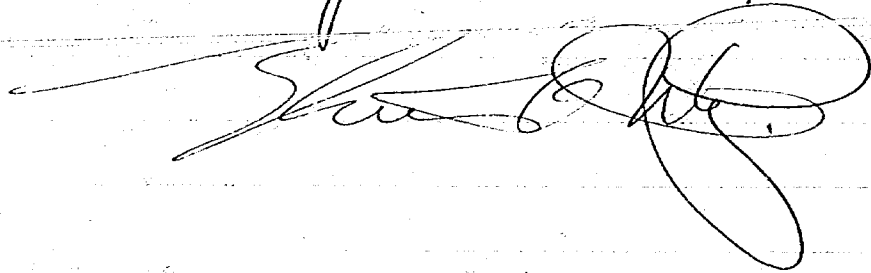
All in Sec 21-25-33 E.

1. E/2 NE/4 to be dedicated to
a recom~~pletion~~ to the Bagley
Silv. Dev. of their State "B"
A/c #1 well in unit A 660/N+E.

2. NW/4 NE/4 & NE/4 NW/4 to be
dedicated to the presently
~~comple~~ completed Bag. Silv. Dev.
well State "C" A/c #1 unit B
7-660/N, 1980/E of 2.

3. SW/4 NW/4 to be dedicated to
their State "C" A/c #2 unit
F, 1980/N+W of 2.

The State "D" A/c #1 in unit A
is an NSL as per order R-69.





OIL CONSERVATION COMMISSION

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

January 9, 1973

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

Mr. John Russell
Attorney at Law
Post Office Drawer 640
Roswell, New Mexico 88201

Re: Case No. 4877

Order No. R-4460

Applicant:

Texas Pacific Oil Company

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 4877
Order No. R-4460

APPLICATION OF TEXAS PACIFIC OIL
COMPANY, INC. FOR TWO NON-STANDARD
OIL PRORATION UNITS AND A NON-
STANDARD LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 19, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 5th day of January, 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 the applicant, Texas Pacific Oil Company, Inc., seeks approval of an 80-acre non-standard proration unit comprising the NE/4 NW/4 and NW/4 NE/4 of Section 2 to be dedicated to its State "C" Well No. 1 located in Unit B, and a 40-acre non-standard proration unit comprising the SE/4 NW/4 of Section 2 to be dedicated to its State "C" Well No. 2 located in Unit F, and an 80-acre standard proration unit comprising the E/2 NE/4 of Section 2 to be dedicated to its State "D" Well No. 1 at an unorthodox location in Unit A, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

(3) That approval of the subject application will prevent the drilling of unnecessary wells, will afford the applicant the opportunity to produce its just and equitable share of the oil in the Siluro-Devonian formation, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texas Pacific Oil Company, Inc., is hereby authorized approval of an 80-acre non-standard proration

-2-

Case No. 4877

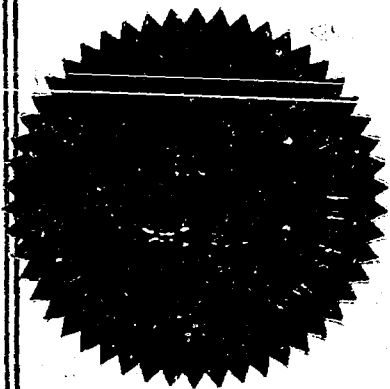
Order No. R-4460

unit comprising the NE/4 NW/4 and NW/4 NE/4 of Section 2 to be dedicated to its State "C" Well No. 1 located in Unit B, and a 40-acre non-standard proration unit comprising the SE/4 NW/4 of Section 2 to be dedicated to its State "C" Well No. 2 located in Unit F, and an 80-acre standard proration unit comprising the E/2 NE/4 of Section 2 to be dedicated to its State "D" Well No. 1 at an unorthodox location in Unit A, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

(2) That the allowable for the above-described 40-acre non-standard oil proration unit shall bear the same ratio to a standard allowable as 40 bears to 80.

(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. Armiijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

DOCKET: EXAMINER HEARING - TUESDAY - DECEMBER 19, 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 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 January, 1973.

CASE 4608: (Reopened) (Continued from November 14, 1972)

In the matter of Case 4608 being reopened pursuant to the provisions of Order No. R-4213 which order established special rules and regulations for the Haystack Siluro-Devonian Pool, Chaves County, New Mexico, including a provision for 80-acre spacing units. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 4860: (Continued from the November 29, 1972 Examiner Hearing)

Application of Craig Folsom for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well to test the Queen formation at an unorthodox oil well location 1340 feet from the South line and 1300 feet from the East line of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico.

CASE 4869: (Continued and Readvertised)

Application of Claude C. Kennedy for the amendment of Order No. R-4263, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4263 to prohibit the transfer of allowable to any well located closer than 1320 feet from the outer boundary of the Lone Pine Dakota "D" Unit Area, Lone Pine Dakota "D" Pool, McKinley County, New Mexico.

CASE 4874: Application of Skelly Oil Company for a dual completion and water injection well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Skelly Waterflood Unit Well No. 3 located in Unit D of Section 22, Township 17 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Fren-Seven Rivers Pool and the injection of water into the Grayburg-Jackson Pool through parallel strings of tubing.

CASE 4875: Application of ESH Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Lower San Andres formation in the perforated interval from 5144 feet to 5170 feet in its Hobbs State Well No. 5 located in Unit F of Section 29, Township 8 South, Range 38 East, Hobbs Field, Lea County, New Mexico.

CASE 4876: Application of Gulf Oil Corporation for an unorthodox oil well location and amendment of Order No. R-2248, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its West Dollarhide Devonian Unit Well No. 118 at an unorthodox location 2540 feet from the South line and 1420 feet from the West line of Section 33, Township 24 South, Range 38 East, West Dollarhide-Devonian Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-2248 to provide for administrative approval of additional production and injection wells in the aforesaid unit at unorthodox locations.

CASE 4877: Application of Texas Pacific Oil Company, Inc. for two non-standard oil proration units and a non-standard location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard proration unit comprising the NE/4 NW/4 and NW/4 NE/4 of Section 2 to be dedicated to its State "C" Well No. 1 located in Unit B and a 40-acre non-standard proration unit comprising the SE/4 NW/4 of Section 2 to be dedicated to its State "C" Well No. 2 located in Unit F of Section 2 and an 80-acre standard proration unit comprising the E/2 NE/4 of Section 2 to be dedicated to its State "D" Well No. 1 at an unorthodox location in Unit A of Section 2, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

CASE 4878: Application of Harding Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn and Atoka formations underlying the E/2 SE/4 of Section 10, Township 17 South, Range 37 East, Lea County, New Mexico, to be dedicated to a Humble City Field extension well to be drilled at a standard location for said pools; 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 4879: Application of Atlantic Richfield Company for gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard proration unit comprising the N/2 of Section 30, Township 23 South, Range 37 East, to be dedicated to its Eva Blinbry Wells Nos. 2 and 7 located in Units D and G, respectively, of said Section 30; a 320-acre non-standard proration unit comprising the E/2 of Section 26, Township 22 South, Range 36 East to be dedicated to its McDonald State Wells Nos. 8 and 9 located in

(Case 4879 continued from page 2)

Units P and G, respectively, of said Section 26, and a 640-acre standard gas proration unit comprising all of Section 15, same township, to be dedicated to its McDonald State Wells Nos. 13, 14, and 15 located in Units P, G, and L, respectively, of said Section 15, Jalmat Gas Pool, Lea County, New Mexico.

CASE 4880: Application of Jake L. Hamon for the amendment of Order No. R-638-C, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-638-C which established 150 barrels of oil per day as the maximum allowable for the South Knowles-Devonian Pool. Applicant proposes that the regular 80-acre depth bracket allowable be applied to said pool.

CASE 4881: Application of Anadarko Production Company for two unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill two wells at unorthodox locations 1980 feet from the South line and 1310 feet from the West line of Section 9 and 1310 feet from the North line and 1980 feet from the East line of Section 16, both in Township 18 South, Range 29 East, Loco Hills Pool, Eddy County, New Mexico.

Applicant further seeks the adoption of a procedure for administrative approval of additional production and injection wells in its Far West Loco Hills Sand Unit at unorthodox locations.

CASE 4882: Application of Shell Oil Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the San Andres formation through the following five wells in the Cato-San Andres Pool, Chaves County, New Mexico: Amoco Federal Wells Nos. 4, 6, 7, and 8 in Units G, O, E, and M, respectively, of Section 33 and Hodges Federal B Well No. 4 in Unit M of Section 34, all in Township 8 South, Range 30 East.

CASE 4883: Application of El Paso Natural Gas Company for non-standard gas spacing units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following non-standard gas spacing units adjacent to the Blanco-Pictured Cliffs Pool in Township 31 North, Range 9 West, San Juan County, New Mexico:

A 145.6-acre unit comprising lots 9 and 10 and 15 through 18 of Section 31;

A 153.5-acre unit comprising lots 14 through 17 of Section 30 and lots 7 and 8 of Section 31;

A 156.5-acre unit comprising lots 17 and 18 of Section 19 and lots 6 through 9 of Section 30;

A 152.6-acre unit comprising lots 7 through 10 and 15 and 16 of Section 19.

CASE 4853: (Continued and Readvertised)

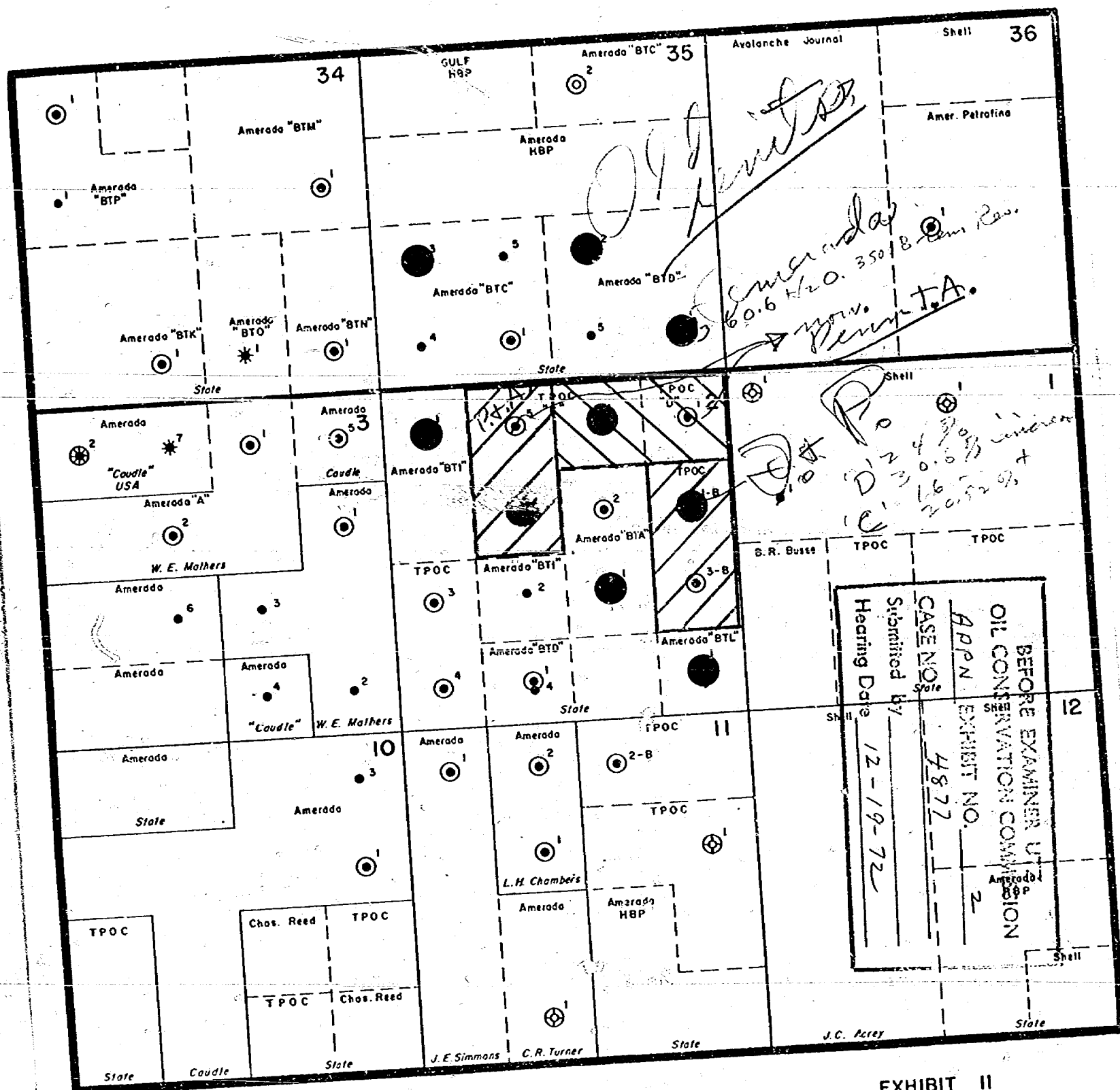
Application of El Paso Natural Gas Company for amendment of gas well testing procedures, San Juan Basin, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the gas well testing procedures for the San Juan Basin, New Mexico, promulgated by Order No. R-333-F, as amended, to remove the requirement for annual deliverability and shut-in pressure tests for marginal wells.

Applicant further requests the Commission to consider:

1. Other means of avoiding or minimizing the loss of pipeline availability attributable to the period wells in prorated pools are shut in in order to conduct the annually required deliverability and shut-in pressure tests;
2. Exempting wells in non-prorated pools from the annual deliverability and shut-in pressure requirements; and,
3. Exempting all wells in the San Juan Basin from the requirement for annual shut-in pressure tests as provided in the General Rules and Regulations.

CASE 4884: Application of Colorado Plateau Geological Services, Inc., for an extension of Order No. R-4227, McKinley County, New Mexico. Applicant, in the above-styled cause, as managing agent for oil and gas for the Henry Birdseye Estate, seeks a one-year extension to certain provisions of Order No. R-4227 which, as amended by Order No. R-4227-A, required that certain of the Birdseye wells in the Chaco Wash Mesaverde Oil Pool be placed on active production or water injection by December 31, 1972, or be plugged and abandoned. Applicant, or United States Fidelity and Guaranty Company, or any other interested party will be permitted to show cause why the effective date of the aforesaid order should not be enforced.

CASE 4885: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John Lemley and Juanita Franks and Aetna Casualty and Surety Company and all other interested parties to appear and show cause why the Lemley and Franks Greathouse Well No. 1, located in Unit F of Section 10, Township 23 North, Range 1 West, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.



LEGEND

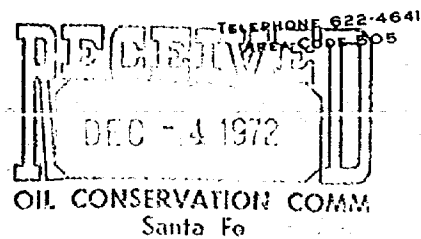
- T.P.O.C. WELL
- AMERADA HESS WELL
- ▨ PRESENT PRORATION UNIT FOR T.P.O.C. WELLS

EXHIBIT II

TEXAS PACIFIC OIL CO. INC.	
BAGLEY SILURO-DEVONIAN FIELD	
Lea County, New Mexico	
CURRENT ACTIVE WELLS	
T-11 & 12-S	R-33-E
Scale 1" = 2000'	Date 12-15-72
	By

LAW OFFICES OF
JOHN F. RUSSELL
412 HINKLE BUILDING
P. O. DRAWER 640
ROSWELL, NEW MEXICO 88201

November 30, 1972



Mr. A. L. Porter, Secretary Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

I transmit herewith in triplicate an Application of Texas Pacific Oil Company, Inc. for the designation of three non-standard oil pro-ration units and a non-standard well location in the Bagley Siluro-Devonian Field.

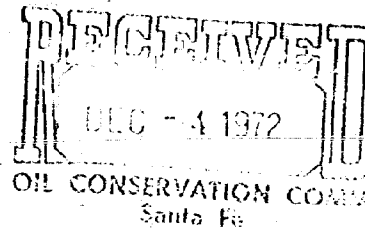
Please substitute this application for the one transmitted to you with my letter of November 27, which application erroneously described the pro-ration units as gas and failed to give the locations of the wells involved.

Very truly yours,

John F. Russell
John F. Russell

JFR:mg

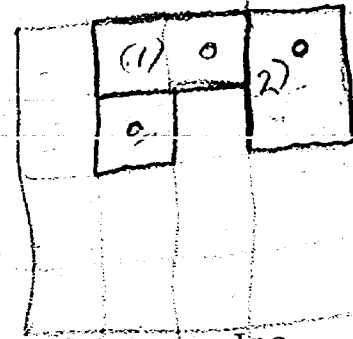
Enclosures - 3



BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF TEXAS PACIFIC OIL COMPANY, INC.,
FOR SEVERAL NON-STANDARD OIL PRO-
RATION UNITS AND A NON-STANDARD
WELL LOCATION, LEA COUNTY, NEW MEXICO,
AND FOR THE REDEDICATION OF CERTAIN
ACREAGE AND THE ESTABLISHMENT OF
CERTAIN NON-STANDARD OIL PRO-RATION
UNITS IN SECTION 2, TOWNSHIP 12 SOUTH,
RANGE 33 EAST, BAGLEY SILURO-DEVONIAN
FIELD, LEA COUNTY, NEW MEXICO

Case 4877



APPLICATION

COMES NOW Applicant, Texas Pacific Oil Company, Inc.,
through its attorney, John E. Russell, and requests that the
Commission enter an Order authorizing the rededication of acre-
age and the establishment of the following non-standard oil
pro-ration units, and a non-standard well location, in Section
2, Township 12 South, Range 33 East, Bagley Siluro-Devonian
Field, Lea County, New Mexico,

1. An 80 acre non-standard oil pro-ration unit com-
prising the NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, Township 12 South,
Range 33 East, to be dedicated to its State C A/C-1 No. 1 Well
located 660 feet from the North line and 1980 feet from the East
line of said Section 2.

2. An 80 acre non-standard oil pro-ration unit com-
prising the E $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 2, Township 12 South, Range 33
East to be dedicated to its State D A/C-1 No. 1 Well at a non-
standard well location 660 feet from the North and East lines
of said Section 2.

3. A 40 acre non-standard oil pro-ration unit com-
prising SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, Township 12 South, Range 33 East
to be dedicated to its State C A/C-1 No. 2 Well located 1980
feet from the North and West lines of said Section 2.

4. That each of the proposed non-standard oil pro-
ration units is productive of oil.

DOCKET MAILED
Date 12-6-72

5. That each of the proposed non-standard oil pro-ration units can be efficiently and economically drained and developed by the well or wells to which it is to be dedicated.

6. That approval of the proposed non-standard oil pro-ration units will afford the Applicant the opportunity to produce its just and equitable share of the oil in the field. and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before an Examiner, to publish its notice as provided by law, and after hearing, to issue its order authorizing the rededication of acreage and establishment of certain non-standard oil pro-ration units and non-standard well location as prayed for herein.

Respectfully submitted,
TEXAS PACIFIC OIL COMPANY, INC.

By: John F. Russell
P. O. Drawer 640
Roswell, New Mexico 88201
Attorney for Applicant

DATED November 27, 1972

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 4877

Order No. R-4460

APPLICATION OF TEXAS PACIFIC OIL
COMPANY, INC. FOR TWO NON-STANDARD
OIL PRORATION UNITS AND A NON-
STANDARD LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 19, 1972,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of December, 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, Texas Pacific Oil Company, Inc.,
seeks approval of an 80-acre non-standard proration unit comprising
the NE/4 NW/4 and NW/4 NE/4 of Section 2 to be dedicated to its
State "C" Well No. 1 located in Unit B, and a 40-acre non-standard
proration unit comprising the SE/4 NW/4 of Section 2 to be dedicated
to its State "C" Well No. 2 located in Unit F, ~~of Section 2~~ and
an 80-acre standard proration unit comprising the E/2 NE/4 of
Section 2 to be dedicated to its State "D" Well No. 1 at an
unorthodox location in Unit A, ~~of Section 2~~, Township 12 South,

-2-

Case No. 4877

Order No. R-

Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

(3) That approval of the subject application will prevent the drilling of unnecessary wells, will afford the applicant the opportunity to produce its just and equitable share of the oil in the Siluro-Devonian formation, and will otherwise prevent waste and protect correlative rights.

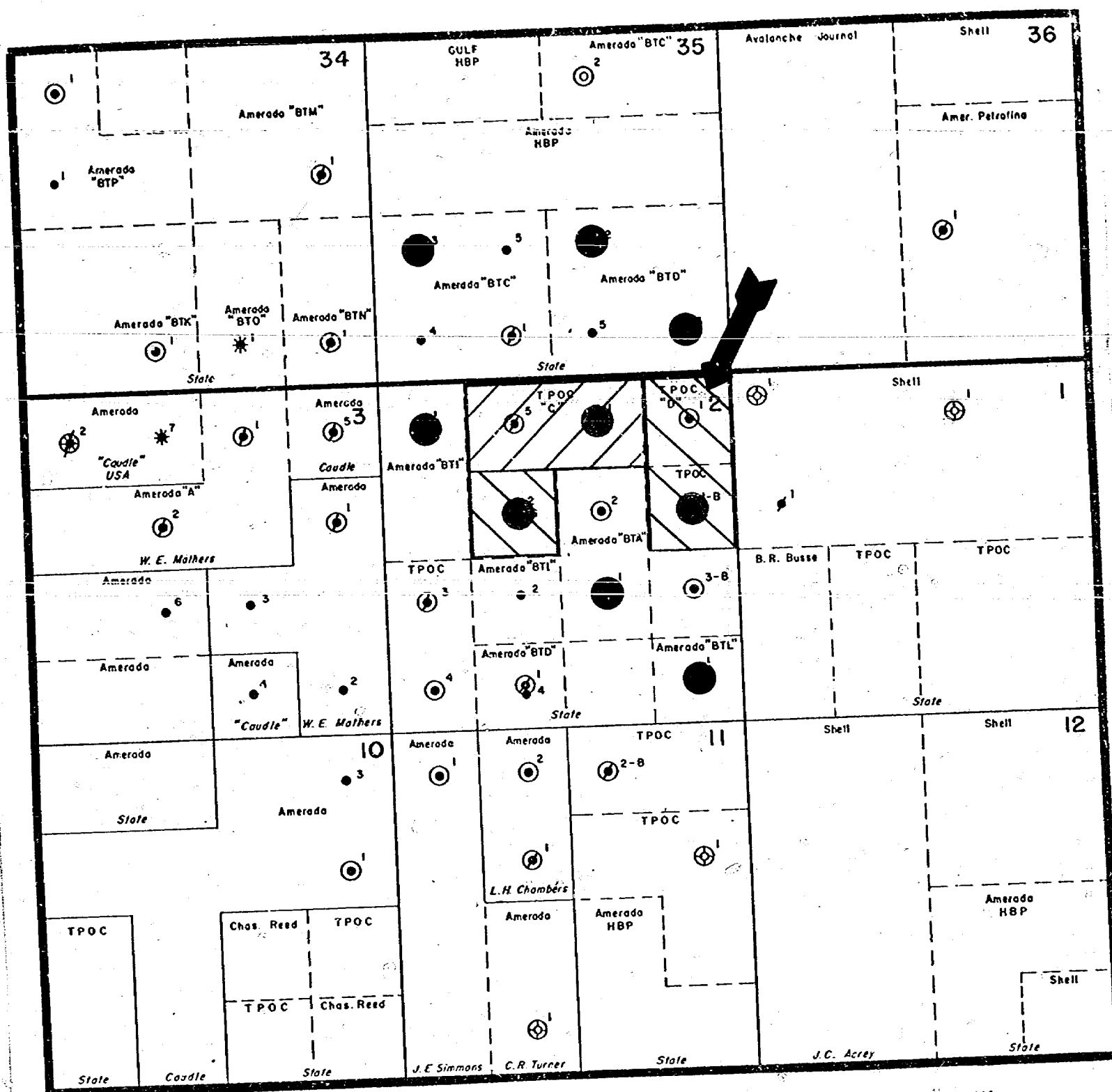
IT IS THEREFORE ORDERED:

(1) That the applicant, Texas Pacific Oil Company, Inc., is hereby authorized approval of an 80-acre non-standard proration unit comprising the NE/4 NW/4 and NW/4 NE/4 of Section 2 to be dedicated to its State "C" Well No. 1 located in Unit B, and a 40-acre non-standard proration unit comprising the SE/4 NW/4 of Section 2 to be dedicated to its State "C" Well No. 2 located in Unit F, ~~of Section 2~~ and an 80-acre standard proration unit comprising the E/2 NE/4 of Section 2 to be dedicated to its State "D" Well No. 1 at an unorthodox location in Unit A, ~~of Section 2~~, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

(2) That the allowable for the above-described ^{40-acre} non-standard oil proration unit, shall bear the same ratio to a standard allowable as 40 bears to 80.

(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.



LEGEND

- T.P.O.C. WELL
- AMERADA HESS WELL
- ▨ PROPOSED T.P.O.C. PRORATION UNIT

← REPLACEMENT WELL FOR T.P.O.C.
STATE B A/C NO. 1

EXHIBIT III

TEXAS PACIFIC OIL CO. INC.

BAGLEY SILURO-DEVONIAN FIELD
Lea County, New Mexico
CURRENT ACTIVE WELLS
T-11 & 12-S R-33-E

Scale 1" = 2000' Date 12-15-72
By

Case
4877

CASE 4878: Application of HARDING
OIL COMPANY FOR COMPULSORY POOL-
ING, LEA COUNTY, NEW MEXICO.