

Case Number

4897

Application

Transcripts.

Small Exhibits

ETC.

dearnley, meier & mc cornick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87106

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
Wednesday, January 31, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Coastal States
Gas Producing Company for an
unorthodox location, Lea
County, New Mexico

Case No. 4897

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

1 MR. STAMETS: The hearing will come to order, please.

2 We will call first case 4897.

3 MR. CARR: Case 4897, Application of Coastal States
4 Gas Producing Company for an unorthodox location, Lea County,
5 New Mexico.

6 MR. STAMETS: Call for appearances in this case.

7 MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant, Cox
8 and Eaton, Roswell, New Mexico, appearing on behalf of Coastal
9 States.

10 MR. STAMETS: Are there other appearances in this
11 case? Do you have a witness to be sworn in this case?

12 MR. HINKLE: We have one witness and four exhibits.

13 JACK MCGRAW

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

16 MR. HINKLE: Here is the official exhibit.

17 MR. STAMETS: O. K.

18 DIRECT EXAMINATION

19 BY MR. HINKLE:

20 Q State your name, your residence, and by whom you are
21 employed.

22 A My name is Jack McGraw. I work for Coastal States Gas
23 Producing Company in Midland, Texas, as Division
24 Petroleum Engineer.

25 Q Have you previously testified before the Commission?

dearnley, meier & mc cormick

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dearnley, meier & mc cormick

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- 1 A Yes, I have.
- 2 Q Your qualifications as petroleum engineer are a matter of
- 3 record with the Commission?
- 4 A Yes, they are.
- 5 Q Have you made a study of the area where the subject well
- 6 is located?
- 7 A Yes, I have.
- 8 Q Are you familiar with the application of Coastal States
- 9 in this case?
- 10 A Yes, sir.
- 11 Q Was this originally filed as an application for an
- 12 administrative approval?
- 13 A Yes. It was.
- 14 Q What is Coastal States seeking to accomplish?
- 15 A Coastal States is seeking permission to complete a
- 16 second well from the San Andres formation on a proration
- 17 unit that has an existing San Andres well.
- 18 Q Have you prepared or has there been prepared under your
- 19 direction certain exhibits for introduction in this
- 20 case?
- 21 A Yes.
- 22 Q They have been marked one through four?
- 23 A Yes, sir.
- 24 Q Refer to Exhibit 1 and explain what this is and what it
- 25 shows.

dearnley, meier & mc cormick

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Exhibit 1 is a location plat showing the area of interest being the East half of the Southeast quarter of Section 31. This is in the vicinity of the Flying "M" San Andres Unit in Township 9 South, Range 33 East, in Lea County, New Mexico.

The outlines are shown of the Unit?

The Unit boundaries are shown as the dark line. The surrounding wells outside the Unit area are indicated on this map. It also shows wells that are completed from deeper zones, and this is supposedly a land plat of the area.

Does Coastal States own the East half of the Southeast quarter of 31 which is colored in yellow?

Yes, we do as to the San Andres formation.

Now, refer to Exhibit 2 and explain what that is, what it shows.

Exhibit 2 is a well location and acreage dedication plat, form C-102, as filed originally by Belco Petroleum Corporation for a well to be drilled on the Bough "C" formation in the southeast quarter of the southeast quarter of Section 31. This well was drilled by Belco in, let's see, well, I don't have the exact date.

Seventy-one there is -

Yes, September 15 was when the form was filed, 1971; and in the format agreement from Coastal States to Belco,

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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87101

1 Coastal States retained the rights to the San Andres
2 formation and farmed out only rights to the
3 Pennsylvanian formation. So, as the well was being
4 drilled at Coastal States' expense, the San Andres
5 formation was cored with the intent of checking its
6 porosity and permeability in this area. The well, of
7 course, did look favorable for a San Andres completion.
8 However, the well was drilled on down to the Bough "C"
9 formation and tested for several months actually, never
10 having actually been completed as a Bough "C" producer.

11 Q It was finally abandoned as a Bough "C" producer?

12 A Yes. It was later on.

13 Q Has Coastal States acquired this well from Belco?

14 A Yes. We purchased the well at salvage value, the casing
15 and tubing that was in the well, just recently as of
16 November 15.

17 Q Now, refer to Exhibit 3 and explain what this shows.

18 A Exhibit 3 is a location plat, Form C-102, filed by
19 Coastal States in February, 1972, for an area, Gonzales
20 Federal 31, No. 3. This shows that our 31 No. 3 was
21 drilled at a location one hundred feet west of the well
22 drilled by Belco, and the reason that we went ahead and
23 drilled the well is that they were, at that time we
24 thought that they were going to make a well to complete
25 their well in the Bough "C". And so we had already,

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1 based on the core information, obtained, we had already
2 drilled 2 other wells, producers, and we had a
3 producer on this location. So we drilled one hundred
4 feet from their well.
5 Q What is the present status of this well?
6 A It is currently producing at the rate of about 25 to 30
7 barrels a day.
8 Q Producing any water?
9 A Yes, sir. It produces some water.
10 Q Now, refer to Exhibit 4 and explain what this shows.
11 A Exhibit 4 is U S G S Form 9-331C, which is the application
12 for permit to drill deeper or plug back, and this sets
13 out our -
14 Q Now, this is the well that was drilled first there at the
15 Bough "C"?
16 A Yes. This is Coastals' application to plug back the
17 Belco well to the San Andres formation. It outlines the
18 procedure that we planned to use, the plugs that we
19 would set in plugging back the Bough "C" formation, and
20 the casing in perforated intervals that we planned to
21 complete in the San Andres.
22 Q You anticipate this will be completed as a producer
23 comparable to your well on the same forty acres -
24 A Yes.
25 Q In the San Andres formation?

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1 A Yes, sir. We have received approval from the USGS
2 with one amendment, and that was that cement plugs to be
3 a minimum of one hundred feet in length or twenty-five
4 sacks, and they requested that we place a national one
5 hundred foot cement plug at 4500 to 5000.

6 Q Which meant then that you have cemented?

7 A That's right.

8 Q Are you requesting any additional allowable because of
9 the two wells being located on this forty acres?

10 A No, sir. We would be quite happy if the two together
11 would make the allowable that we already have for this
12 forty, eighty acre location.

13 Q Your first well is not capable of making the allowable
14 at the present time?

15 A No, sir. It was potentialled for 114 barrels a day, but
16 it has declined and now produces in the neighborhood of
17 25 to 30 barrels a day. We anticipate the new well will
18 probably make 35 to 40 barrels a day for some time and
19 then level off at 25 to 30, but since it is a very
20 economical way to make a San Andres completion, we feel
21 that it will be, make an economic success.

22 Q In your opinion, the recompletion of this well will be
23 in the interest of conservation and prevention of waste?

24 A Yes, sir.

25 Q It will not tend to violate correlative rights in any

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1 way?

2 A No, sir.

3 MR. HINKLE: We'd like to offer Exhibits 1 through 4.

4 MR. STAMETS: Without objection, Exhibits 1 through
5 4 will be admitted into evidence. Are there questions of the
6 witness?

7 MR. HINKLE: That's all we have.

8 MR. STAMETS: Let the record show that the witness
9 is qualified in this particular case to testify.

10 CROSS EXAMINATION

11 BY MR. STAMETS

12 Q Mr. McGraw, what is the spacing in this particular
13 field?

14 A The Flying "M" San Andres Field has 80 acre spacing,
15 and this is, of course, within a mile of the field and
16 has been placed in the Flying "M" San Andres field.

17 Q So everything that you have colored in yellow on your
18 Exhibit No. 1 will be dedicated to both of these wells?

19 A Yes, sir. This is true.

20 Q And both wells are located in standard locations. The
21 only problem is that they are just too close to one
22 another?

23 A Too close together. Yes, sir.

24 MR. STAMETS: Are there other questions of the
25 witness? If not, he may be excused. Any further testimony

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1 or statements in this case? The case will be taken under
2 advisement.

3
4 STATE OF NEW MEXICO)
5) ss
6 COUNTY OF BERNALILLO)

7 I, JANET RUSSELL, a Notary Public, in and for the
8 County of Bernalillo, State of New Mexico do hereby certify
9 that the foregoing and attached Transcript of Hearing before
10 the New Mexico Oil Conservation Commission was reported by
11 me; and that the same is a true and correct record of the
12 said proceedings to the best of my knowledge, skill and
13 ability.

14 *Janet Russell*
15 NOTARY PUBLIC
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. *4897*,
heard by me on *January 31*, 19 *73*.
Richard L. Stamm, Examiner
New Mexico Oil Conservation Commission

dearnley, meier & mc cormick

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I N D E X

WITNESS

JACK McGRAW

Direct Examination by Mr. Hinkle

3

Cross Examination by Mr. Stamets

9

E X H I B I T S

ADMITTED

OFFERED

Exhibit #1 - Location Plat

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Exhibit #2 - Well location and Acreage Dedication Plat

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Exhibit #3 - Location Plat, Form C-102

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Exhibit #4 - U S G S Form 9-331C

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NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

JANUARY 31, 1973

TIME: 9 A.M.

| NAME | REPRESENTING | LOCATION |
|--------------------|--------------------|----------------|
| Jack R. McGraw | Coastal States | Midland, Tex. |
| James H. Hinkle | " | Oronville |
| George W. Selinger | Skeels | Tulsa, Okla. |
| Jason Kellaher | Kellaher & Son | Santa Fe |
| Nina L. Daldame | P. W. Byrum | Santa Fe |
| Dale Nichols | J. Kelly | Midland, Tex. |
| Ellen Rodgers | ✓ | ✓ |
| J. L. Moseley | ✓ | ✓ |
| Arthur E. Blodgett | ✓ | Tulsa, Okla. |
| W. A. W. W. W. | Eastern Petro | Santa Fe, N.M. |
| Glenn Capen | Beeco Petro. Corp. | Midland |



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 1088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

February 14, 1973

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: Case No. 4897

Order No. **R-4476**

Applicant:

Coastal States Gas Producing

Dear Sir:

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

Very truly yours,

A. L. Foster, 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. 4897
Order No. R-4476

APPLICATION OF COASTAL STATES GAS
PRODUCING COMPANY FOR AN UNORTHODOX
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 31, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of February, 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, Coastal States Gas Producing Company, is the owner and operator of the Gonzales Federal 31 Well No. 3 located 660 feet from the South line and 760 feet from the East line of Section 31, Township 9 South, Range 33 East, NMPM, Flying "M"-San Andres Pool, Lea County, New Mexico.

(3) That the applicant proposes to plug back and complete, in the Flying "M"-San Andres Pool, the former Belco Petroleum Corporation U. S. Coastal Well No. 1, located 660 feet from the South line and 660 feet from the East line of said Section 31 and to dedicate the E/2 of the SE/4 of the section to both wells.

(4) That the above-described wells are closer than 330 feet to each other.

(5) That the E/2 SE/4 of said Section 31 can be efficiently and economically drained and developed by said wells.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the pool, and will otherwise prevent waste and protect correlative rights.

-2-

Case No. 4897

Order No. R-4476

IT IS THEREFORE ORDERED:

(1) That the applicant, Coastal States Gas Producing Company, is hereby authorized to complete the former Belco Petroleum Corporation U. S. Coastal Well No. 1 at an unorthodox location in the Flying "M"-San Andres Pool, 660 feet from the South line and 660 feet from the East line of Section 31, Township 9 South, Range 33 East, NMPM, 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 herein-above 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 - JANUARY 31, 1973

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 4897: Application of Coastal States Gas Producing Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Conzales Federal 31 Well No. 1 located 660 feet from the South line and 760 feet from the East line of Section 31, Township 9 South, Range 33 East, Flying "M"-San Andres Pool, Lea County, New Mexico, said well being located nearer than 330 feet to another well capable of producing from the same pool.
- CASE 4898: Application of Eastern Petroleum Company for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Dakota formation in the open-hole interval from 1385 feet to 1446 feet in its Navajo Well No. 21 in Unit C of Section 3, Township 27 North, Range 17 West, Table Mesa-Dakota Pool, San Juan County, New Mexico.
- CASE 4899: Application of Skelly Oil Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Morrow gas pool for its well located in Unit F of Section 9, Township 24 South, Range 29 East, Eddy County, New Mexico. Applicant further seeks the promulgation of temporary special rules therefor, including a provision for 640-acre spacing units.
- CASE 4900: Application of Skelly Oil Company for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Fusselman gas pool for its well located in Unit H of Section 20, Township 25 South, Range 36 East, Lea County, New Mexico. Applicant further seeks the promulgation of temporary special rules therefor, including a provision for 640-acre spacing units.
- CASE 4901: Application of Belco Petroleum Corporation for two dual completions, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Union Mead Well No. 1 located in Unit H of Section 8, and its Union Mead Com Well No. 2 located in Unit N of Section 4, both in Township 22 South, Range 27 East, Eddy County, New Mexico, to produce gas from undesignated Strawn and Morrow gas pools through the casing-tubing annulus and through tubing, respectively.
- CASE 4902: Application of Belco Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its James Ranch Unit Well No. 3 located in Unit J of Section 1, Township 23 South, Range 30 East, Eddy County,

Examiner Hearing - Wednesday - January 31, 1973
-2-

Docket No. 3-73

(Case 4902 continued from page 1)

New Mexico, in such a manner as to produce gas from the Strawn and Morrow formations, Los Medanos Field Area, through parallel strings of tubing.

DOCKET: REGULAR HEARING - WEDNESDAY - FEBRUARY 7, 1973

Docket No. 4-73

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

CASE 4796: (Continued from the November 21, 1972 Regular Hearing)

Application of Michael P. Grace II and Corinne Grace for capacity allowable, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an exception to the General Rules and Regulations governing the prorated gas pools of Southeast New Mexico, promulgated by Order No. R-1670, as amended, to produce their City of Carlsbad "COM" Well No. 1, located in Unit 0 of Section 25, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, at full capacity.

(THIS CASE WILL BE CONTINUED TO AN INDEFINITE DATE AND WILL BE READVERTISED BEFORE BEING HEARD.)

CASE 4869: (De Novo)

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. Upon application of Claude C. Kennedy, this case will be heard de novo under the provisions of Rule 1220.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All distances must be from the outer boundaries of the Section

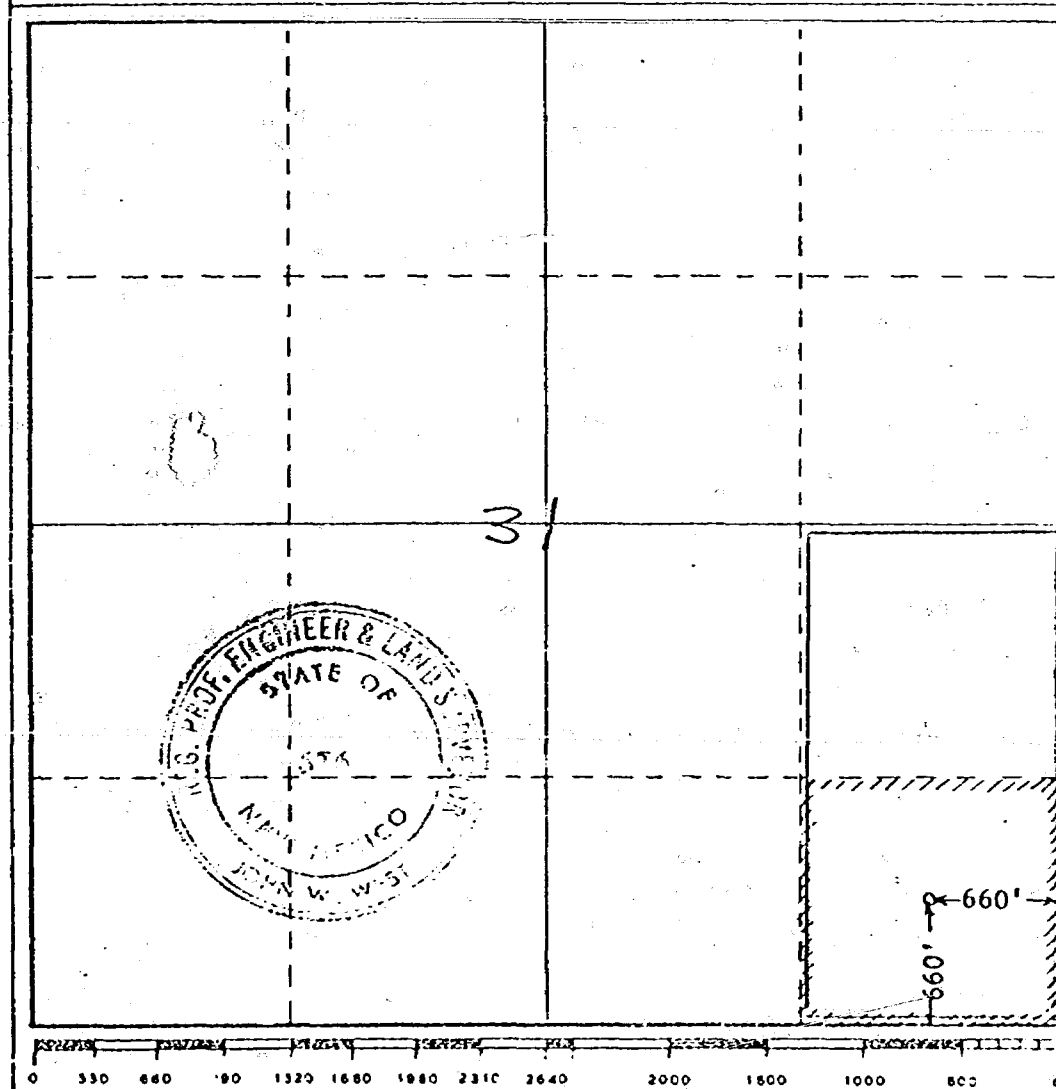
| | | | | |
|--|---|-------------------------------------|---------------------------------------|----------------------|
| Operator BELCO PETROLEUM CORP. | | Lease U. S. COASTAL | | Well No. 1 |
| Unit Letter P | Section 31 | Township 9 SOUTH | Range 33 EAST | County LEA |
| Actual Footage Location of Well: | | | | |
| 660 feet from the EAST line and | | 660 feet from the SOUTH line | | |
| Ground Level Elev. 4223' | Producing Formation BOUGH "C" | Pool WILDCAT | Dedicated Acreage: 40 Acres | |

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

John W. West
AGENT

BELCO PETROLEUM CORP.

SEPTEMBER 15, 1971

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Exhibit # 2

SEPTEMBER 15, 1971

Registered Professional Engineer and/or Land Surveyor

John W. West
676

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-101
Supersedes O-128
Effective 1-1-65

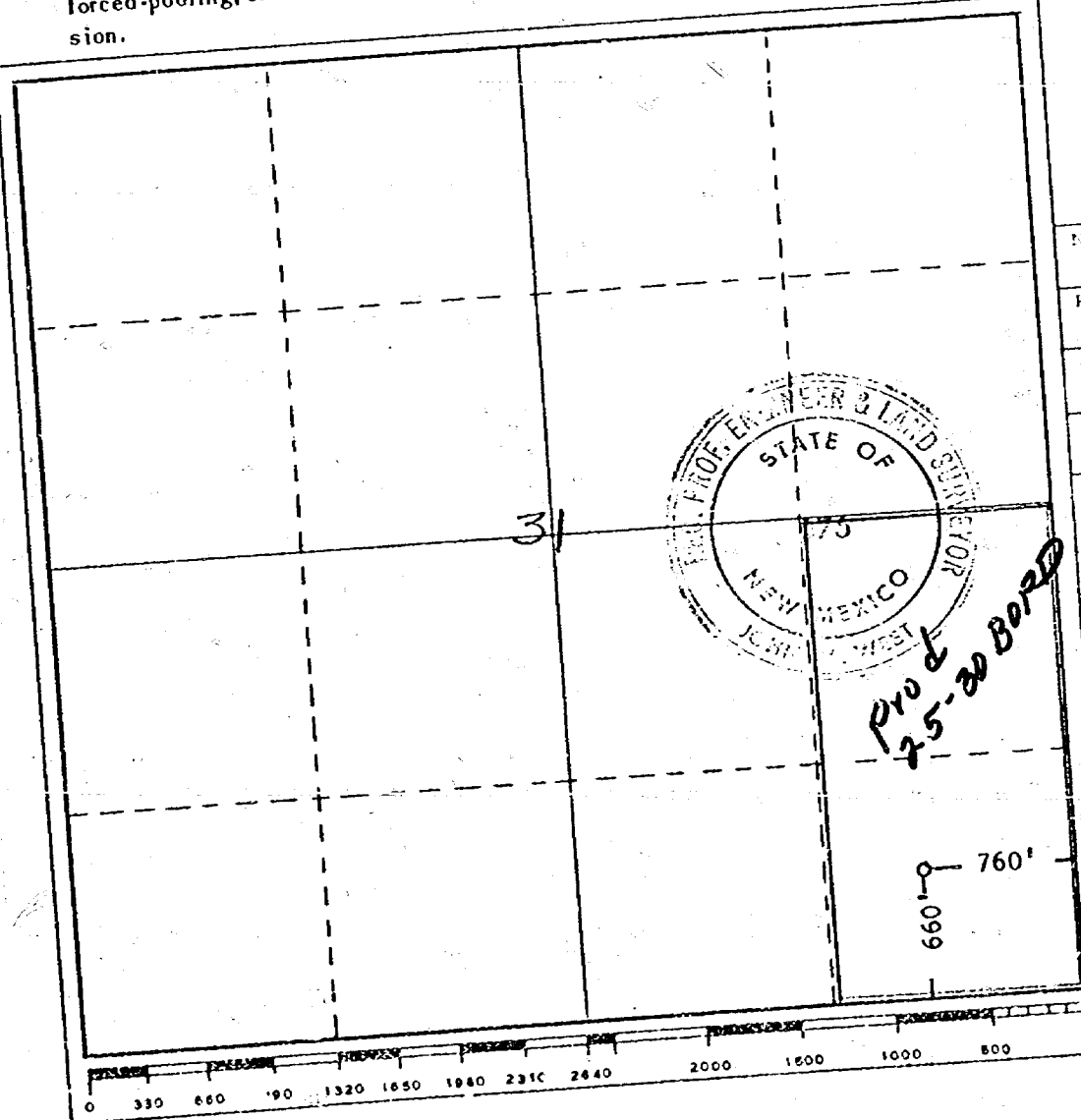
All distances must be from the outer boundaries of the Section.

| | | | | |
|--|----------------------|-------------------------------------|-------------------------|----------------------|
| Operator COASTAL STATES GAS PRODUCING CO. | | Lease GONZALES FEDERAL 31 | | Well No. 3 |
| Unit Letter P | Section 31 | Township 9 SOUTH | Range 33 EAST | County LEA |
| Actual Footage Location of Well: 660 feet from the SOUTH line and 760 feet from the EAST line | | Dedicated Acreage: Acres | | |
| Ground Level Elev. | Producing Formation | Pool | | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name _____

Position _____

Company _____

Date _____

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Exhibit # 3

Date Surveyed

FEBRUARY 2, 1972

Registered Professional Engineer and/or Land Surveyor

John W. West

Certificate No. **676**

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| | | | | |
|---|----------------|-----------------|---|--------------------|
| 1a. TYPE OF WORK DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input checked="" type="checkbox"/> | | | 5. LEASE DESIGNATION AND SERIAL NO. NM - 14204 | |
| b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> | | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME | |
| 2. NAME OF OPERATOR Coastal States Gas Producing Company | | | 7. UNIT AGREEMENT NAME | |
| 3. ADDRESS OF OPERATOR P. O. Box 235, Midland, Texas 79701 | | | 8. FARM OR LEASE NAME U. S. Coastal | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface Unit P, 660' FSL and 660' FEL, Sec. 31, T-9-S, R-33-E, Lea County, New Mexico At proposed prod. zone | | | 9. WELL NO. 1 | |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 15 miles west of Crossroads, New Mexico | | | 10. FIELD AND POOL, OR WILDCAT Flying "M" San Andres | |
| 10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660' | | | 11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 31, T-9-S, R-33-E | |
| 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 100' | | | 12. COUNTY OR PARISH 13. STATE Lea New Mex. | |
| 16. NO. OF ACRES IN LEASE 80 | | | 17. NO. OF ACRES ASSIGNED TO THIS WELL 40 | |
| 19. PROPOSED DEPTH 4,400' | | | 20. ROTARY OR CABLE TOOLS Workover rig | |
| 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4223 GR | | | 22. APPROX. DATE WORK WILL START* January 15, 1973 | |
| 23. PROPOSED CASING AND CEMENTING PROGRAM | | | | |
| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
| 7-7/8" | 5-1/2" | 17# | 4,400' | 250 SXS. |

- Coastal States purchased from Belco Petroleum Corp. this well on November 15, 1972.
- Coastal States plans to set a cement plug across all perfs. from 9,001' to 9,006' and cut and pull csg. from approximately 6,500'. A cement plug will be set at the csg. stub at 6,500'.
plug 4900-5000
- The 5-1/2", 17#, K-55, csg. will be re-run to 4,400' and cemented with 250 sacks.
- The Slaughter Zone of the San Andres will be perforated from 4,242'-55', 62'-64', 67'-73' with 2 JSPF.
- Perfs. will be acidized with 1000 gal. 28% and 2000 gal. 15% NE Acid.
- Tbg. will be run to 4,240' and well will be placed on production.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Richard M. Grant TITLE Division Petroleum Engineer DATE 1-4-73
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

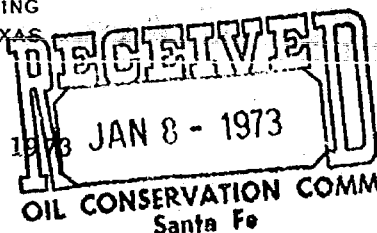
Exhibit #4

P. O. BOX 235

PHONE MU 2-7925

COASTAL STATES GAS PRODUCING COMPANY
NORTH TEXAS DIVISION
WILCO BUILDING
MIDLAND, TEXAS
79701

January 4, 1973



*Ext 10-1 C-1
10-1 F
b1*

Mr. A. L. Porter, Chairman
New Mexico Oil Conservation Commission
P. O. Box 2083
Santa Fe, New Mexico 87501

Dear Sir:

On November 15, 1972, Coastal States purchased from Belco Petroleum Corp. their U. S. Coastal No. 1 located in Unit P, Section 31, T-9-S, R-33-E. This well was originally farmed out from Coastal States and drilled to 9,100' to test the Bough C formation. The Bough C formation was determined to be non-productive, and the well was shut-in in October, 1972. The San Andres was cored from 4,249' to 4,337' at Coastal States' expense while the well was being drilled by Belco. The farmout agreement from Coastal States to Belco did not give them the rights to the San Andres formation.

Based on the information gained from this core, Coastal States drilled their Gonsales Federal 31 No. 1 in Unit J, Section 31, T-9-S, R-33-E. This well was completed on December 29, 1971 and potentialized for 133 BO and 20 BW per day. Subsequently, six additional wells were drilled in the area. In February, 1972, Coastal States drilled the Gonsales Federal 31 No. 3 100 feet west of the Belco U. S. Coastal No. 1, and completed it for 114 BO and 14 BW per day. At the present time, this well is producing 25 BOPD and 35 BWPB.

DOCKET MAILED

Date 1-18-73

Mr. A. L. Porter, Chairman
New Mexico Conservation Commission

Page 2

Coastal States respectfully requests permission to complete the U. S. Coastal No. 1 in the San Andres formation. No additional allowable is requested. Both wells will be produced simultaneously at some rate less than the maximum allowable for this proration unit. The attached USGS Form 9-331 shows the procedure that we plan to follow in plugging this well back to the San Andres formation.

We respectfully request that this be approved administratively, or that it be set for hearing at the next regular hearing date.

Attached is a location plat for both the Coastal States Consales Federal 31 No. 3 and the Belco U. S. Coastal No. 1. Also attached is a plat showing all the producing wells in the area of the Flying "M" San Andres Unit.

If additional information is needed, please advise.

Yours very truly,

Jack R. McGraw

Jack R. McGraw
Division Petroleum Engineer

JRM:rc
Attachments

CC Clarence Hinkle
Bill Elliott
Warren A. Rees

Case 4897

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All distances must be from the outer boundaries of the Section.

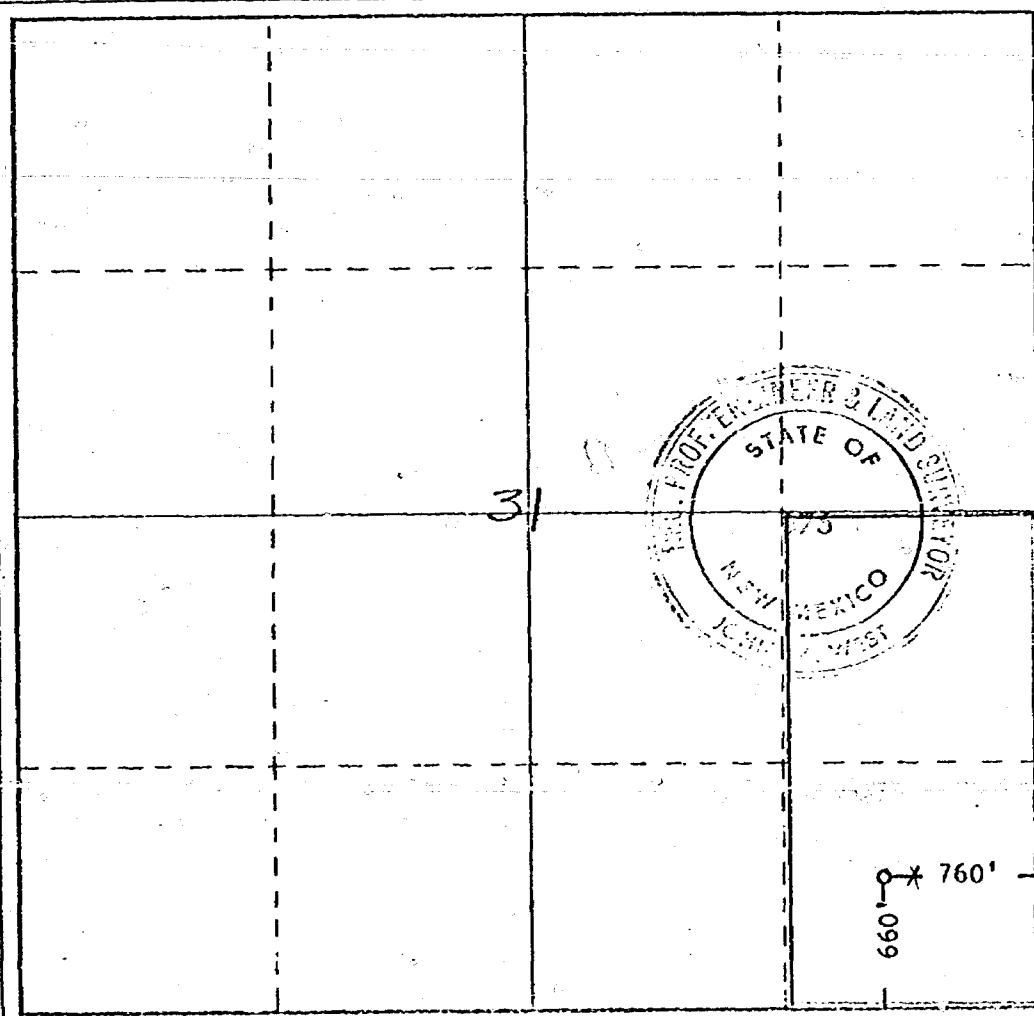
| | | | | |
|--|----------------------|-------------------------------------|-----------------------------|----------------------|
| Operator COASTAL STATES GAS PRODUCING CO. | | Lease GONZALES FEDERAL 31 | | Well No. 3 |
| Unit Letter P | Section 31 | Township 9 SOUTH | Range 33 EAST | County LEA |
| Actual Footage Location of Well: 660 feet from the SOUTH line and 760 feet from the EAST line | | | | |
| Ground Level Elev. | Producing Formation | Pool | Dedicated Acreage: Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name _____

Position _____

Company _____

Date _____

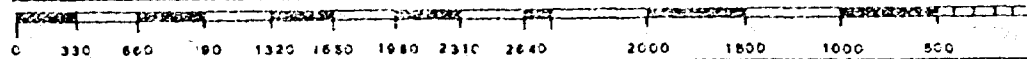
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed _____

FEBRUARY 2, 1972

Registered Professional Engineer and/or Land Surveyor

John W. West
Certificate No. **676**



Case 4897

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form G-102
Supersedes G-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

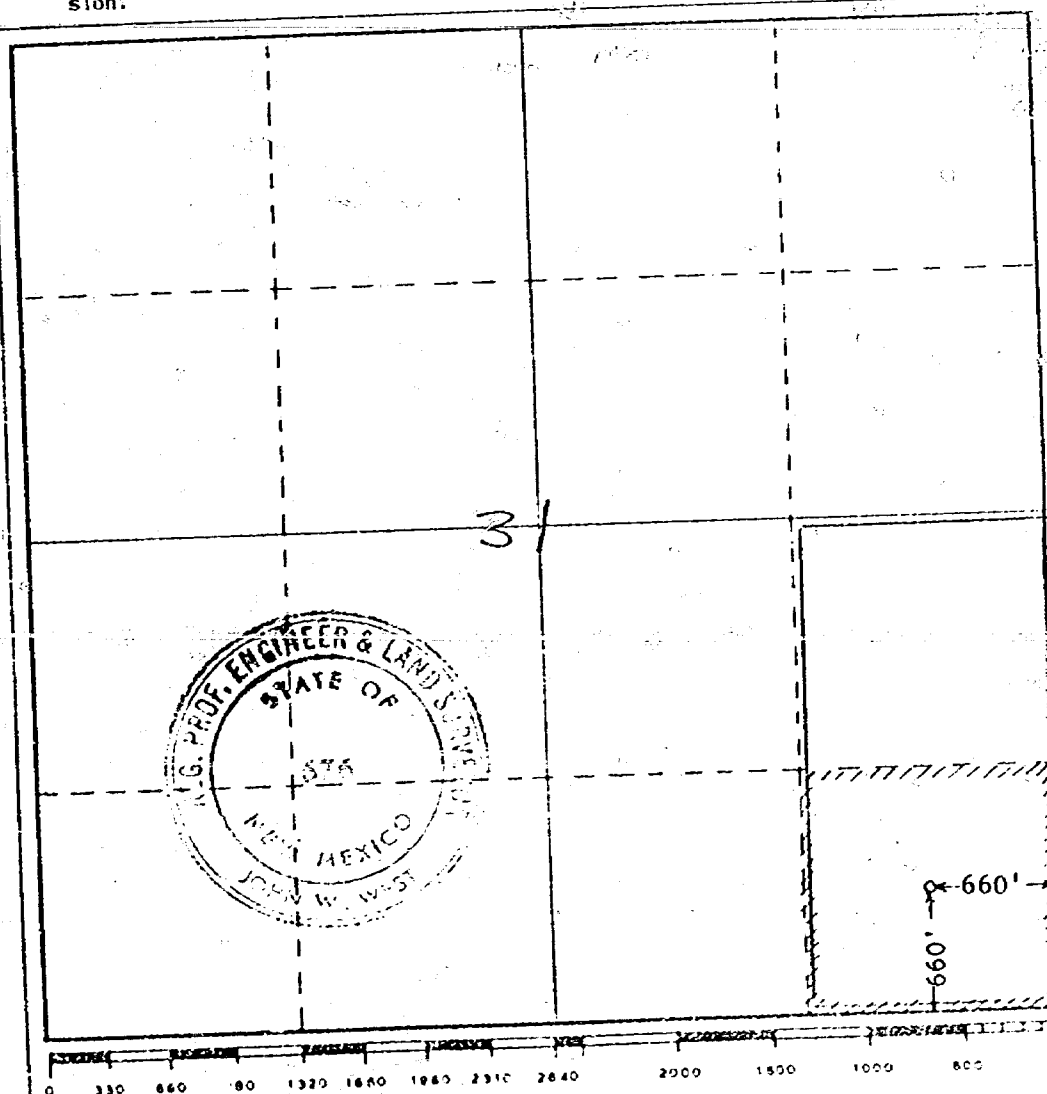
| | | | | |
|--|---|-------------------------------|---------------------------------------|----------------------|
| Operator BELCO PETROLEUM CORP. | | Lease U. S. COASTAL | | Well No. 1 |
| Unit Letter P | Section 31 | Township 9 SOUTH | Range 33 EAST | County LEA |
| Actual Footage Location of Well: 660 feet from the EAST line and 660 feet from the SOUTH line | | | | |
| Ground Level Elev. 4223' | Producing Formation BOUGH "C" | Pool WILDCAT | Dedicated Acreage: 40 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

John W West
AGENT

BELCO PETROLEUM CORP.

SEPTEMBER 15, 1971

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
SEPTEMBER 15, 1971

Registered Professional Engineer and/or Land Surveyor

John W West
676

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK
DRILL ☐ DEEPEN ☐ PLUG BACK ☒

b. TYPE OF WELL
OIL WELL ☒ GAS WELL ☐ OTHER ☐ SINGLE ZONE ☐ MULTIPLE ZONE ☐

2. NAME OF OPERATOR
Coastal States Gas Producing Company

3. ADDRESS OF OPERATOR
P. O. Box 235, Midland, Texas 79701

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
At surface Unit P, 660' FSL and 660' FEL, Sec. 31, T-9-S,
R-33-E, Lea County, New Mexico
At proposed prod. zone

5. LEASE DESIGNATION AND SERIAL NO.
NM - 14204

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME
U. S. Coastal

9. WELL NO.
1

10. FIELD AND POOL, OR WILDCAT
Flying "M" San Andres

11. SEC., T., R., M., OR BLK.
AND SURVEY OR AREA
Sec. 31, T-9-S, R-33-E

12. COUNTY OR PARISH
Lea

13. STATE
New Mex.

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
15 miles west of Crossroads, New Mexico

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any) 660'

16. NO. OF ACRES IN LEASE
80

17. NO. OF ACRES ASSIGNED
TO THIS WELL
40

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT. 100'

19. PROPOSED DEPTH
4,400'

20. ROTARY OR CABLE TOOLS
Workover rig

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
4223 GR

22. APPROX. DATE WORK WILL START*
January 15, 1973

| 23. PROPOSED CASING AND CEMENTING PROGRAM | | | | |
|---|----------------|-----------------|---------------|--------------------|
| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
| 7-7/8" | 5-1/2" | 17# | 4,400' | 250 sxs. |

- Coastal States purchased from Belco Petroleum Corp. this well on November 15, 1972.
- Coastal States plans to set a cement plug across all perfs. from 9,001' to 9,006' and cut and pull csg. from approximately 6,500'. A cement plug will be set at the csg. stub at 6,500'.
- The 5-1/2", 17#, K-55, csg. will be re-run to 4,400' and cemented with 250 sacks.
- The Slaughter Zone of the San Andres will be perforated from 4,242'-55', 62'-64', 67'-73' with 2 JSPF.
- Perfs. will be acidized with 1000 gal. 28% and 2000 gal. 15% NE Acid.
- Tbg. will be run to 4,240' and well will be placed on production.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED J. L. D. Hunt TITLE Division Petroleum Engineer DATE 1-4-73
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPPLICATE
(Other instructions on re-
verse side)

Case 4897
Form approved.
Budget Bureau No. 42-R1424.
5. LEASE DESIGNATION AND SERIAL NO.

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

| | | | |
|---|--|---|--|
| 1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> | | 7. UNIT AGREEMENT NAME | |
| 2. NAME OF OPERATOR Coastal States Gas Producing Company | | 8. FARM OR LEASE NAME U. S. Coastal | |
| 3. ADDRESS OF OPERATOR P. O. Box 235, Midland, Texas 79701 | | 9. WELL NO. 1 | |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface Unit P, 660' from south line and 660' from east line, Section 31, T-9-S, R-33-E, Lea County, New Mexico | | 10. FIELD AND POOL, OR WILDCAT Flying "M" San Andres | |
| 14. PERMIT NO. | | 15. ELEVATIONS (Show whether DF, RT, GR, etc.) | |
| | | 12. COUNTY OR PARISH Lea | |
| | | 13. STATE New Mex. | |

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
|--|--|--|--|
| TEST WATER SHUT-OFF <input type="checkbox"/> | PULL OR ALTER CASING <input checked="" type="checkbox"/> | WATER SHUT-OFF <input type="checkbox"/> | REPAIRING WELL <input type="checkbox"/> |
| FRACTURE TREAT <input type="checkbox"/> | MULTIPLE COMPLETE <input type="checkbox"/> | FRACTURE TREATMENT <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| SHOOT OR ACIDIZE <input checked="" type="checkbox"/> | ABANDON* <input type="checkbox"/> | SHOOTING OR ACIDIZING <input type="checkbox"/> | ABANDONMENT* <input type="checkbox"/> |
| REPAIR WELL <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | (Other) <input type="checkbox"/> | |

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

- Coastal States purchased from Belco Petroleum Corp. this well on November 15, 1972.
- Coastal States plans to set a cement plug across all perms. from 9,001' to 9,006' and cut and pull csg. from approximately 6,500'. A cement plug will be set at the csg. stub at 6,500'.
- The 5-1/2", 17#, K-55 csg. will be re-run to 4,400' and cemented with 250 sacks.
- The Slaughter Zone of the San Andres will be perforated from 4,242'-55', 62'-64', 67'-73' with 2 JSPF.
- Perfs. will be acidized with 1000 gal. 28% and 2000 gal. 15% NE Acid.
- Tbg. will be run to 4,240' and well will be placed on production.

18. I hereby certify that the foregoing is true and correct

SIGNED Jack R. M. [Signature] TITLE Division Petroleum Engineer DATE 1-4-73

(This space for Federal or State office use)

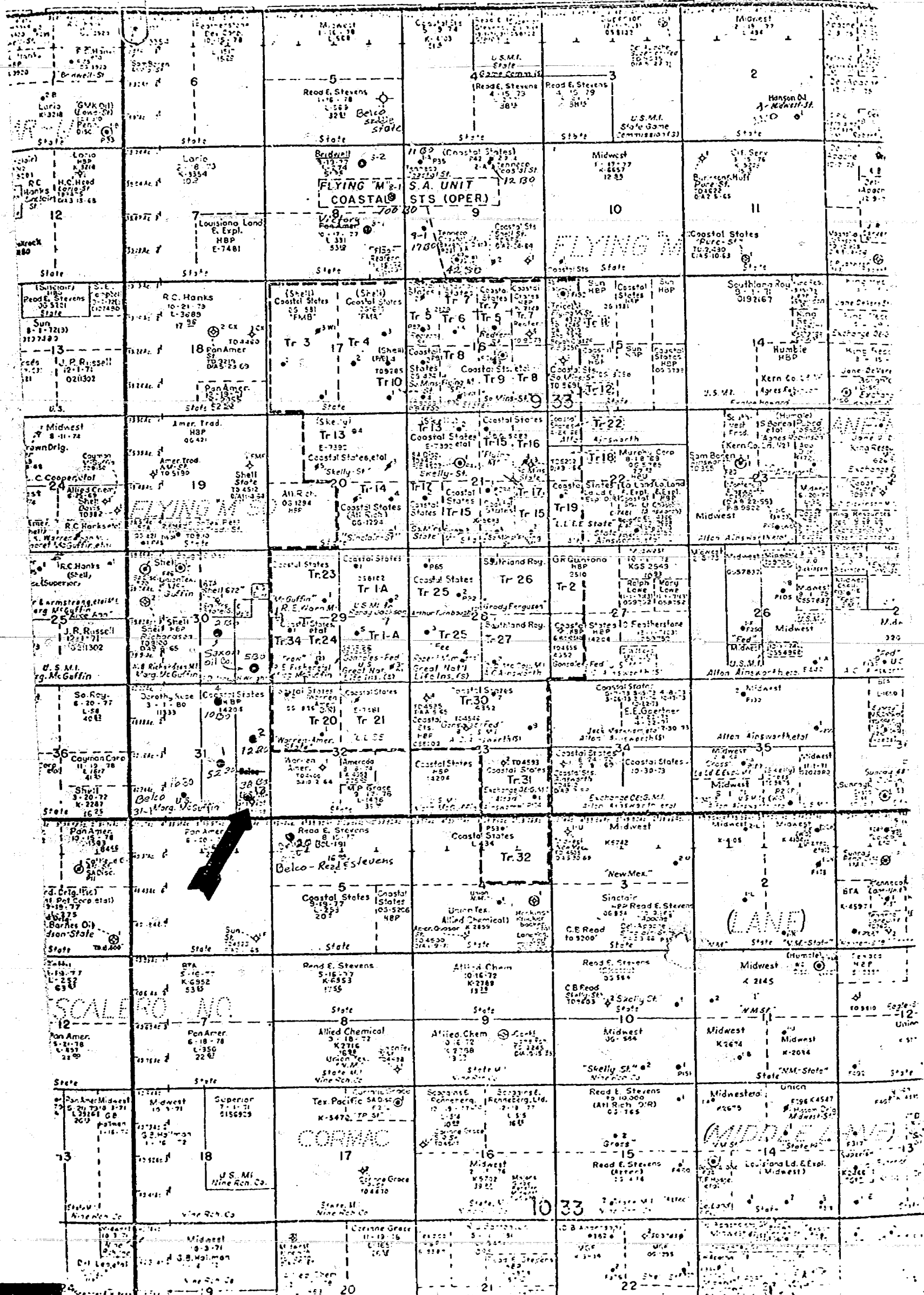
APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

V E S C O

R33E

Case 4897



DRAFT

WKC

dr/

(DW)

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. 4897

Order No. R-4476

APPLICATION OF COASTAL STATES GAS
PRODUCING COMPANY FOR AN UNORTHODOX
LOCATION, LEA COUNTY, NEW MEXICO.

psl
AJP
JAN

2-4-73

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 31, 1973,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of February, 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, Coastal States Gas Producing Company,
owner and operator of the ~~Gasco's Federal 31 well No 3 located 660 feet~~
~~is the operator of a production unit comprising the~~
~~from the South line and 760 feet from the East line~~
of Section 31, Township 9 South, Range 33 East, NMPM, Flying "M"-
San Andres Pool, Lea County, New Mexico, ~~on which are located~~

~~(3) That on the same proration unit with said Gonzales Federal 31 Well No 3, the applicant~~

(3) That the applicant proposes to plug back and complete, in the ~~in~~ Flying "M" San Andres Pool, the former Beleo Petroleum Corporation, U. S. Coastal Well No 1, located 660 feet from the South line and ~~660~~ ^{660 feet from the} East line of said Section 31 and to dedicate the E/2 of the SE/4 ~~to both wells~~ of the section to both wells.

(3) That the applicant seeks authority to drill its Federal 31 Well No. 1 at an unorthodox location 660 feet from the South line and 760 feet from the East line of Section 31, Township 9 South, Range 33 East, NMPM, Flying "M"-San Andres Pool, Lea County, New Mexico.

(4) That the above-described wells are closer than 330 feet to each other.

~~(5) That the applicant now seeks authority to produce both wells as unit wells for the above-described proration unit.~~

(5) That the E/2 SE/4 of said Section 31 can be efficiently and economically drained and developed by said wells.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Coastal States Gas Producing Company, is hereby authorized ^{to complete the former Belco Petroleum Corporation U.S. Coastal Well No. 1 at an} ~~to drill its Federal 31 Well No. 1 at an~~ unorthodox location in the Flying "M"-San Andres Pool, 660 feet ^{line and 660 feet from the} ~~from the South line and 760 feet from the~~ East line of Section 31, Township 9 South, Range 33 East, NMPM, 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.