

CASE 4922: Appli. of PENNZOIL CO.  
FOR AN UNCONVENTIONAL OIL WELL  
LOCATION, LEA COUNTY, N. M.

Case Number

4922

Application  
Transcripts.

Small Exhibits

ETC.

dearnley, meier & mc cormick

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

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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
March 28, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Pennzoil Company  
for an unorthodox oil well  
location, Lea County, New Mexico.

Case No. 4922

BEFORE: Daniel S. Nutter  
Examiner

TRANSCRIPT OF HEARING

1 MR. NUTTER: Case 4922.

2 MR. CARR: Case 4922: Application of Pennzoil Company  
3 for an unorthodox oil well location, Lea County, New Mexico.

4 MR. KELLIHAN: Tom Kellihan of Kellihan & Fox,  
5 Santa Fe, New Mexico, appearing on behalf of the Applicant,  
6 Pennzoil Company. I have one witness I would like to have sworn.

7 J. C. RANEY

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

10 DIRECT EXAMINATION

11 BY MR. KELLIHAN:

12 Q Would you please state your full name, by whom you are  
13 employed, and in what capacity.

14 A J. C. Raney and I am employed by Pennzoil Company in  
15 Midland, Texas, as a petroleum engineer.

16 Q Have you previously testified before this Commission or  
17 one of its hearing examiners and had your qualifications  
18 as a petroleum engineer accepted as a matter of record?

19 A Yes, sir.

20 Q Are you familiar with the facts surrounding this particular  
21 application?

22 A Yes, sir.

23 MR. KELLIHAN: Mr. Examiner, are the witness' quali-  
24 fications as an expert acceptable?

25 MR. NUTTER: Yes, they are.

1 Q (By Mr. Kellihan) Mr. Raney, would you please state  
2 briefly what Pennzoil is seeking in this application.

3 A Pennzoil requests approval to drill an oil well at an  
4 unorthodox location 1330 feet from the north and west  
5 lines of Section 20, Township 17 South, Range 33 East,  
6 on our western state lease. We also request the adoption  
7 of administrative procedure for the drilling of additional  
8 producing wells at unorthodox locations and for the con-  
9 version of existing producing wells to injection on this  
10 lease without further hearing.

11 Q Would you identify Exhibit 1 for the Examiner, please.

12 A Exhibit 1 shows the area of the western state lease plus  
13 additional leases Pennzoil operates in the immediate area.  
14 The leases Pennzoil operates are outlined in yellow. The  
15 exhibit also shows the location in the north of Section 20  
16 and the legend in the lower right-hand corner shows the  
17 existing wells that are producing and the existing injec-  
18 tion wells. In addition to this in the south half of  
19 Section 29 of Township 17 South, Range 26 East, and in  
20 Section 25, Township 17 South, Range 26 East, there are  
21 some unorthodox producing wells that have been approved  
22 in this Maljamar Pool.

23 Our request is based partially on these wells that  
24 have been drilled at unorthodox locations.

25 Q You are then basing your project in Section 20 upon the

1 pattern of development and the plan of development that  
2 Cities Service used and Continental Oil Company used in  
3 developing this acreage?

4 A Yes, sir.

5 Q Would you please refer to what has been marked as Appli-  
6 cant's Exhibit 2 and explain what that is.

7 A This is New Mexico Oil Conservation Commission Form C-101,  
8 the application for a permit to drill which gives the  
9 location of the well and the necessary data required, plus  
10 the proposed casing and cementing program.

11 Q Is the data contained on Form C-101 consistent with good  
12 engineering practices in the drilling of this particular  
13 oil well?

14 A Yes, and part of the data is based on the history of Cities  
15 Service and Continental in the area. We hope to benefit  
16 from their experience in this area.

17 Q Please refer to what has been marked as Applicant's Exhibit  
18 3 and explain what that is.

19 A This is New Mexico Oil Conservation Commission Form C-102,  
20 the well location and acreage dedication plat. This is  
21 one of the forms submitted on all applications to drill  
22 wells in New Mexico.

23 Q Has Pennzoil made any effort to contact the offsetting  
24 operators and obtain their consent?

25 A Yes. Exhibit 4 are the letters of waiver of objection

1 from the offsetting operators surrounding the western state  
2 lease, and these operators are shown on the exhibit.

3 Q Are there any offset operators from whom you have not ob-  
4 tained the consent?

5 A No, sir.

6 Q Would you refer to what has been marked as Applicant's  
7 Exhibit No. 5 and identify it, please.

8 A Exhibit No. 5 is very similar to Exhibit 1 except that it  
9 shows the general plan on which we base our application  
10 for the adoption of this procedure for administrative  
11 approval for future wells in the north half of Section 20  
12 and the south half of Section 17. As is shown in the  
13 lower right-hand corner in the legend, the broken circles  
14 are future possible producing wells which we would apply  
15 for permission to drill. The wells shown by the broken  
16 arrows are future possible injection wells which we will  
17 ask for approval for conversion. These are existing pro-  
18 ducing wells at the current time.

19 Each individual well would be evaluated economically  
20 prior to being drilled.

21 Q Is Pennzoil the operator of the south half of Section 17  
22 and the north half of Section 20?

23 A Yes.

24 Q Would you please refer to what has been marked as Appli-  
25 cant's Exhibit No. 6 and tell us what that is.

1 A Yes, sir. Exhibit 6 is a schedule of oil production and  
2 water injection since injection was started in September,  
3 1962. This is a historical plot of the actual performance  
4 of the western state lease.

5 Q Will you summarize briefly for the benefit of the Examiner,  
6 Mr. Raney, what the history is behind this particular  
7 western state lease.

8 A Yes. The western state lease is currently producing 133  
9 barrels of oil and 501 barrels of water. This is based on  
10 the January, 1973 performance. The accumulative oil  
11 performance from the lease is 1,575,827 barrels of oil  
12 as of March, 1973. This is 33-1/2% of accumulative pro-  
13 duction to March 1, 1973. With the current operation,  
14 the estimated ultimate recovery from this lease is  
15 1,000,894 barrels.

16 Q In your opinion, Mr. Raney, will the approval of this  
17 application result in the recovery of oil and/or gas that  
18 would not otherwise be recovered?

19 A Yes. Based on our estimates, there is an additional 400 to  
20 500 thousand barrels of oil to be recovered by drilling  
21 the proposed western state well and the eight additional  
22 wells as shown on Exhibit 5.

23 Q Will the granting of this application and your additional  
24 request for administrative procedures at both orthodox  
25 and unorthodox locations impair the correlative rights of



1 anyone?

2 A No, it will not. In fact, based on the performances of  
3 other wells of this nature in the Maljamar Pool, these  
4 will recover otherwise unrecoverable hydrocarbons and  
5 will not create a waste of reservoir energy in any way.

6 Q Were Exhibits 1 through 5 prepared by you or under your  
7 supervision?

8 A Yes.

9 MR. KELLIHAN: We move for the introduction of  
10 Applicant's Exhibits 1 through 5.

11 MR. NUTTER: Without objection Applicant's Exhibits  
12 1 through 6 will be admitted in evidence.

13 (Whereupon Applicant's Exhibits 1 through 6 were  
14 admitted in evidence.)

15 MR. KELLIHAN: That concludes our direct examination.

16 CROSS EXAMINATION

17 BY MR. NUTTER:

18 Q What is your estimated secondary recovery as of March First?

19 A 528,000 barrels.

20 Q What has been the experience of these other operators you  
21 have mentioned concerning the productivity and recovery?

22 A In the immediate area south of us in Section 29, the wells  
23 have come in for approximately 90 to 120 barrels of oil  
24 per day; and if you stay out of the very thick lower San  
25 Andres, they are essentially water free. We plan to base

1 our drilling depths on existing logs in Section 20.

2 Q What about accumulative recovery from these wells?

3 A The accumulative recovery is rather high, and as you go  
4 farther west into the Continental wells, 35 wells had  
5 recovered an additional 2,000,000 barrels of hydrocarbons.

6 Q What does that average out to per well?

7 A Let me get the data. Sixty-one thousand barrels of oil  
8 and 48,000 barrels of water per day with an average accumu-  
9 lative life of 14.3 months. During July, 1972, the average  
10 producing rate was 113 barrels of oil and 135 barrels of  
11 water per well. The Continental wells are located in  
12 a much better part of the Maljamar Pool.

13 Q And you are not only asking for approval of this one loca-  
14 tion, but also administrative approval for additional  
15 producing wells at unorthodox locations?

16 A Correct.

17 Q I note from your Exhibit No. 5 that none of these unorthodox  
18 locations would be closer than 330 feet to the outer  
19 boundary of the lease.

20 A That's correct.

21 MR. NUTTER: Are there any further questions of the  
22 witness?

23 (No response)

24 MR. NUTTER: The witness may be excused.

25 (Witness excused)

1 MR. NUTTER: Do you have anything, Mr. Kellihan?

2 MR. KELLIHAN: No, sir.

3 MR. NUTTER: Does anyone have anything they wish  
4 to offer in Case 4922?

5 (No response)

6 MR. NUTTER: Case 4922 will be taken under advise-  
7 ment.

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

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

9  
 10 *Richard E. McCormick*  
 11 Certified Shorthand Reporter  
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I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the said hearing of Case No. 4922  
 held by me on 2/25, 19 73.

*C. H. ...*, Examiner  
 New Mexico Oil Conservation Commission

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I N D E X

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WITNESS

3

J. C. RANEY

Page

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Direct Examination by Mr. Kellihan

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Cross Examination by Mr. Nutter

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EXHIBITSOfferedAdmitted

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Exhibit 1 - Western state lease area

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Exhibit 2 - New Mexico Oil Conservation  
Commission Form C-101

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Exhibit 3 - New Mexico Oil Conservation  
Form C-102

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Exhibit 4 - Waiver of objection

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Exhibit 5 - General plan

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Exhibit 6 - Schedule of oil production  
and water injection

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DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 28, 1973

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

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

CASE 4913: (Continued from the February 28, 1973 Examiner Hearing)

Application of Lone Star Industries, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 12, Township 30 North, Range 5 West, to be dedicated to a well to be drilled at a standard location to the Basin-Dakota Pool.

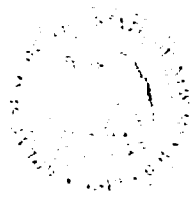
Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4919: Application of Mobil Oil Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the W/2 SW/4 and SE/4 SW/4 of Section 28, and the NW/4 and SW/4 NE/4 of Section 33, all in Township 21 South, Range 37 East, adjacent to the Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its E. O. Carson Well No. 4 located in Unit N of said Section 28.

CASE 4920: Application of Mobil Oil Corporation for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle marginal production from the Blinebry, Tubb, Drinkard, Paddock, and Wantz-Abo Oil Pools in the well-bore of its Stephens Estate Well No. 1 located in Unit L of Section 24, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 4921: Application of Sun Oil Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 4267 feet to 4416 feet in its New Mexico A-3 State Well No. 5 located in Unit D of Section 33, Township 7 South, Range 33 East, Chaveroo-San Andres Pool, Roosevelt County, New Mexico.

CASE 4922: Application of Pennzoil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing well at an unorthodox location 1330 feet from the North and West lines of Section 20, Township 17 South, Range 33 East, Maljamar Pool, Lea County, New Mexico. Applicant further seeks the adoption of a procedure for administrative approval of additional producing and injection wells at unorthodox locations in its Western State Waterflood Project in Sections 17 and 20, Township 17 South, Range 33 East.



# OIL CONSERVATION COMMISSION

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

GOVERNOR  
BRUCE KING  
CHAIRMAN

**LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER**

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

April 19, 1973

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

Re: Case No. **4922**

Order No. R-4505

Applicant:

**Pennzoil 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.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs	OCC	<b>x</b>
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. 4922  
Order No. R-4505

APPLICATION OF PENNZOIL COMPANY  
FOR AN UNORTHODOX OIL WELL  
LOCATION, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 28, 1973, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 19th day of April, 1973, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Pennzoil Company, seeks authority to drill a producing oil well in its Western State Waterflood Project at an unorthodox location 1330 feet from the North line and 1330 feet from the West line of Section 20, Township 17 South, Range 33 East, NMPM, Maljamar Pool, Lea County, New Mexico.

(3) That the proposed unorthodox location is necessary to complete an efficient oil producing pattern.

(4) That approval of the aforesaid unorthodox location will afford the applicant the opportunity to produce its just and equitable share of the oil in the Maljamar Pool, and will otherwise prevent waste and protect correlative rights.

(5) That the applicant further seeks the establishment of an administrative procedure whereby additional producing and injection wells could be drilled at unorthodox locations within the boundaries of the Western State Waterflood Project in Sections 17 and 20, Township 17 South, Range 33 East, NMPM, without notice and hearing.



-2-

Case No. 4922  
Order No. R-4505

(6) That approval of such an administrative procedure will not cause waste nor impair correlative rights provided no unorthodox location nearer than 330 feet to the outer boundary of the unit area is approved without notice and hearing.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pennzoil Company, is hereby authorized to drill a producing oil well at an unorthodox location in its Western State Waterflood Project 1330 feet from the North line and 1330 feet from the West line of Section 20, Township 17 South, Range 33 East, NMPM, Maljamar Pool, Lea County, New Mexico.

(2) That the Secretary-Director of the Commission may approve such additional producing and injection wells at orthodox and unorthodox locations within the Western State Waterflood Project in Sections 17 and 20, Township 17 South, Range 33 East, NMPM, as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 330 feet to the outer boundary of said unit area nor closer than ten feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with the provisions of Rule 701-B of the Commission Rules and Regulations.

(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, Chairman

ALEX J. ARMIJO, Member

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

S E A L

dr/

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OPERATOR	

# NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101  
Revised 1-1-65

5A. Indicate Type of Lease	
STATE <input checked="" type="checkbox"/>	FEE <input type="checkbox"/>
5. State Oil & Gas Lease No.	
B - 2148	

## APPLICATION FOR PERMIT TO DRILL, ~~DEEPEN OR PLUG BACK~~

1a. Type of Work		7. Unit Agreement Name	
b. Type of Well DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Farm or Lease Name Western State	
2. Name of Operator Pennzoil Company		9. Well No. 17	
3. Address of Operator P. O. Drawer 1828 - Midland, Texas 79701		10. Field and Pool, or Wildcat Maljamar Garburg- S.A.	
4. Location of Well UNIT LETTER F LOCATED 1330' FEET FROM THE North LINE AND 1330' FEET FROM THE West LINE OF SEC. 20 TWP. 17-S RGE. 33-E NMPM		12. County Lea	
21. Elevations (Show whether DF, RT, etc.) 4201 G.L.		19. Proposed Depth 4400'	19A. Formation Grayburg-San /
21A. Kind & Status Plug. Bond Blanket	21B. Drilling Contractor N.A.	20. Rotary or C.T. Rotary	
22. Approx. Date Work will start 4-10-73			

### 23. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12 1/4"	9 5/8"	36#	1400'	650 sx	Circ.
8 3/4"	7"	26#	4395	435 sx	2000'

Blowout preventers will be installed after the 9 5/8" casing is set

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
Pennzoil	EXHIBIT NO. 2
CASE NO. 4922	

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. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

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

Signed J. R. Roney Title Petroleum Engineer Date 3-27-73  
(This space for State Use)

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY:

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 <b>PENNZOIL COMPANY</b>			Lease <b>Western-State</b>		Well No. <b>17</b>
Unit Letter <b>F</b>	Section <b>20</b>	Township <b>17 South</b>	Range <b>33 East</b>	County <b>Lea</b>	
Actual Footage Location of Well:					
<b>1330</b> feet from the <b>north</b> line and		<b>1330</b> feet from the <b>west</b> line			
Ground Level Elev. <b>4201.4</b>	Producing Formation <b>Grayburg - San Andres</b>		Pool <b>Maljamar</b>	Dedicated Acreage: <b>40</b> Acres	
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.</p> <p>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).</p> <p>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?</p> <p><input type="checkbox"/> Yes    <input type="checkbox"/> No    If answer is "yes," type of consolidation _____</p> <p>If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>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.</p>					
				<b>CERTIFICATION</b>	
				<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Name <i>J. R. Roney</i></p> <p>Position <b>Petroleum Engineer</b></p> <p>Company <b>Pennzoil Company</b></p> <p>Date <b>3-27-73</b></p> <p>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.</p> <p>Date Surveyed <b>March 6, 1973</b></p> <p>Registered Professional Engineer and/or Land Surveyor</p> <p>Certificate No. <b>676</b></p>	

OFFSET OPERATORS  
(Address List Attached)

Gentlemen:

Pennzoil Company plans to drill an unorthodox location well at 1330' FNL & 1330' FWL of Section 20, T-17-S, R-33-E, Lea County, New Mexico. This case is set for hearing before the Oil Conservation Commission on Wednesday March 28, 1973.

If you as an offset operator have no objections to the drilling of this proposed location, please signify by signing in the space indicated below. Return one copy to the undersigned at your earliest convenience.

Yours very truly,

PENNZOIL COMPANY  
Western Division

*J. C. Raney*  
J. C. Raney  
Petroleum Engineer

Waiver of objections to the proposed unorthodox location.

Approval ✓ Disapproval \_\_\_\_\_

Company CITIES SERVICE OIL CO.

By *W. Van Horn*

Date 3/16/73

BEFORE EXAMINER MUTTER
OIL CONSERVATION COMMISSION
Pennzoil EXHIBIT NO. <u>4-A</u>
CASE NO. <u>41922</u>

OFFSET OPERATORS  
(Address List Attached)

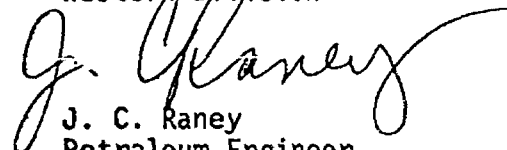
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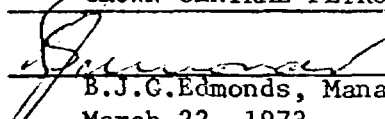
PENNZOIL COMPANY  
Western Division

  
J. C. Raney  
Petroleum Engineer

Waiver of objections to the proposed unorthodox location.

Approval Yes ~~Disapproval~~

Company CROWN CENTRAL PETROLEUM CORPORATION

By   
B.J.C. Edmonds, Manager - Drilling & Production

Date March 22, 1973

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Pennzoil OFFSET NO. 43
CASE NO. 4922



OFFSET OPERATORS  
(Address List Attached)

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Yours very truly,

PENNZOIL COMPANY  
Western Division

*J. C. Raney*  
J. C. Raney  
Petroleum Engineer

Waiver of objections to the proposed unorthodox location.

Approval X Disapproval \_\_\_\_\_

Company MURPHY H. BAXTER

By W. U. Sumner

Date MARCH 16, 1973

BENEFICIAL FIELD OFFICER
OIL CONSERVATION COMMISSION
Pennzoil FIELD NO. <u>4D</u>
CASE NO. <u>4922</u>

100,000

WESTERN STATE LEASE

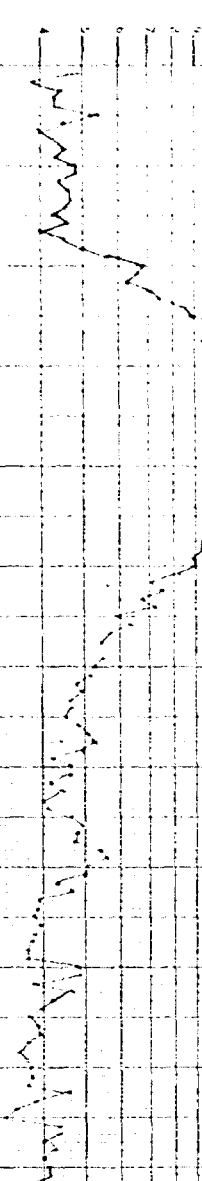
MALJAMAR FIELD  
LEA COUNTY, NEW MEXICO

WATER INJECTION



10,000

OIL PRODUCTION



BARRELS PER MONTH

1,000

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JASON W. KELLAHIN  
ROBERT E. FOX  
W. THOMAS KELLAHIN

KELLAHIN AND FOX  
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POST OFFICE BOX 1789  
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TELEPHONE 982-4315  
AREA CODE 505

March 5, 1973  
RECEIVED  
MAR - 7 1973  
OIL CONSERVATION COMM  
Santa Fe

*Case 4922*

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

Gentlemen:

Enclosed is the application of Pennzoil Company  
for approval of an unorthodox well location on its  
Western State lease, Maljamar-Grayburg-San Andres  
project, Lea County, New Mexico.

It is our understanding that this application  
will be set for hearing on March 28, 1973.

Yours very truly,

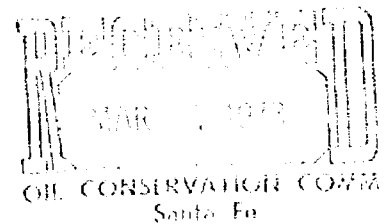
*Jason W. Kellahin*  
Jason W. Kellahin

JWK:ks

Enclosure

DOCKET MAILED

Date 3/15/73



BEFORE THE  
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF PENNZOIL COMPANY FOR APPROVAL  
OF AN UNORTHODOX WELL LOCATION,  
WESTERN STATES LEASE, MALJAMAR-  
GRAYBURG-SAN ANDRES PROJECT,  
LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

COMES NOW Pennzoil Company and applies to the Oil Conservation Commission of New Mexico for approval of an unorthodox well location for a producing well, to be drilled on its Western State Lease, Maljamar-Grayburg-San Andres project, Lea County, New Mexico, and for an administrative procedure for the approval of additional wells at orthodox and unorthodox location, for both injection and production, on its Western State Lease, and for the conversion of wells from production to injection, and from injection to production, without notice and hearing, and in support thereof would show the Commission:

1. Applicant is the operator of the Western State Lease, consisting of the S/2 of Section 17, and the N/2 of Section 20, both in Township 17 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

2. Applicant proposes to drill a well for production from its water-injection program on said lease, the well to be located 1330 feet from the North Line, and 1330 feet from the West line of Section 20, Township 17 South, Range 20 East, for production from the Grayburg-Maljamar-San Andres.

3. Applicant anticipates there will be a necessity for additional wells for both injection and for production, in connection with the operation of this lease, and therefore requests the adoption of an administrative procedure for the approval of additional wells for either injection or for production, at orthodox or unorthodox well locations, together with a procedure for the approval of conversion of wells from production to injection, or injection to production, all without the necessity of notice or hearing.

Wherefore applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order granting the relief requested.

Respectfully submitted,

PENNZOIL COMPANY

By Jason W. Kellahin  
KELLAHIN & FOX  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

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. 4922

Order No. R-7505

APPLICATION OF PENNZOIL COMPANY  
FOR AN UNORTHODOX OIL WELL  
LOCATION, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 28, 1973,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of April, 1973, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Pennzoil Company, seeks authority  
in its Western State Waterflood Project  
to drill a producing oil well at an unorthodox location 1330 feet  
from the North line and 1330 feet from the West line of Section 20,  
Township 17 South, Range 33 East, NMPM, Maljamar Pool, Lea County,  
New Mexico.

(3) That the proposed unorthodox location is necessary to complete an efficient oil producing pattern.

(4) That approval of the aforesaid unorthodox location will afford the applicant the opportunity to produce its just and equitable share of the oil in the Maljamar Pool, and will otherwise prevent waste and protect correlative rights.

(5) That the applicant further seeks the establishment of an administrative procedure whereby additional producing and injection wells could be drilled at unorthodox locations within the boundaries of the Western State Waterflood Project in Sections 17 and 20, Township 17 South, Range 33 East, NMPM, without notice and hearing.

(6) That approval of such an administrative procedure will not cause waste nor impair correlative rights provided no unorthodox location nearer than 330 feet to the outer boundary of the unit area is approved without notice and hearing.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pennzoil Company, is hereby authorized to drill a producing oil well at an unorthodox <sup>in its Western State Waterflood Project</sup> location 1330 feet from the North line and 1330 feet from the West line of Section 20, Township 17 South, Range 33 East, NMPM, Maljamar Pool, Lea County, New Mexico.

(2) That the Secretary-Director of the Commission may approve such additional producing and injection wells at orthodox and unorthodox locations within the Western State Waterflood Project in Sections 17 and 20, Township 17 South, Range 33 East, NMPM, as may be necessary to complete an efficient production and injection pattern, provided said wells are drilled no closer than 330 feet to the outer boundary of said unit area nor closer than ten feet to any quarter-quarter section or subdivision inner boundary, and provided that the application therefor has been filed in accordance with the provisions of Rule 701-B of the Commission Rules and Regulations.

(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.

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