

CASE 5653: MATHIS, SPENCER & HUTSON
FOR POOL CREATION AND SPECIAL POOL
RULES, LEA COUNTY, NEW MEXICO

11
Lea to
Court

CASE NO.

5653

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 11, 1977

EXAMINER HEARING

IN THE MATTER OF:

Case 5653 being reopened pursuant to the
provisions of Order No R-5191 which
order established temporary special
pool rules for the Daisey-Wolfcamp Pool,
Lea County, New Mexico.

CASE
5653
(Reopened)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	Lynn Teschendorf, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 MR. NUTTER: We will call Case Number 5653.

2 MS. TESCHENDORF: Case 5653, in the matter of Case
3 5653 being reopened pursuant to the provisions of Order No.
4 R-5191 which order established temporary special pool rules for
5 the Daisey-Wolfcamp Pool, Lea County, New Mexico.

6 MR. NUTTER: Are there any appearances in Case
7 Number 5653? We will take the case under advisement and
8 recess the hearing until one-thirty.


9 (THEREUPON, the hearing was in recess.)

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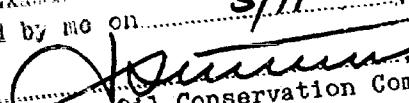
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

sid morrish reporting service
General Court Reporting Service
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Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5963
heard by me on 5/11, 1977.
 Examiner
New Mexico Oil Conservation Commission

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 11, 1977

EXAMINER HEARING

IN THE MATTER OF:)
)
)
Case 5653 being reopened pursuant to the) CASE
provisions of Order No R-5191 which) 5653
order established temporary special) (Reopened)
pool rules for the Daisey-Wolfcamp Pool,)
Lea County, New Mexico.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

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For the New Mexico Oil	Lynn Teschendorf, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

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Sidney F. Morrish, C.S.R.

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Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 453
heard by me on 5/11, 19 77.
[Signature] Examiner
New Mexico Oil Conservation Commission

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. 5653
Order No. R-5191-A

IN THE MATTER OF CASE 5653 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-5191
WHICH ORDER ESTABLISHED TEMPORARY SPECIAL POOL
RULES FOR THE DAISEY-WOLFCAMP POOL, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 11, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of June, 1977, the Commission, a
quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

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

(2) That by Order No. R-5191, dated March 30, 1976,
temporary special rules and regulations were promulgated for
the Daisey-Wolfcamp Pool, Lea County, New Mexico, establishing
temporary 160-acre spacing units and proration units.

(3) That pursuant to the provisions of Order No. R-5191,
this case was reopened to allow the operators in the subject
pool to appear and show cause why the Daisey-Wolfcamp Pool
should not be developed on 40-acre spacing units.

(4) That no operator in the subject pool appeared to show
cause why the Daisey-Wolfcamp Pool should not be developed on
40-acre spacing units.

(5) That the operators in the subject pool have not
established that one well can efficiently and economically drain
and develop 160 acres.

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Case No. 5653
Order No. R-5191-A

(6) That no apparent necessity exists for the continuation of the Special Rules and Regulations promulgated by Order No. R-5191 and that said rules should therefore be abolished.

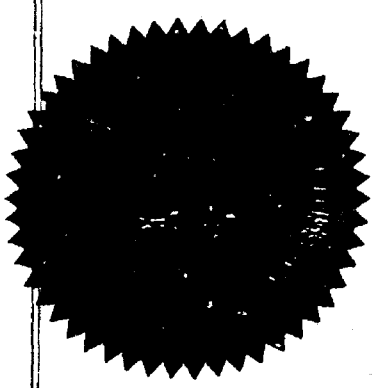
IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Daisey-Wolfcamp Pool, Lea County, New Mexico, promulgated by Order No. R-5191, are hereby abolished.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

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. 5653
Order No. R-5191

NOMENCLATURE

APPLICATION OF MATHIS, SPENCER
& HUTSON FOR POOL CREATION AND
SPECIAL POOL RULES, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 17, 1976,
at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 30th day of March, 1976, 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, Mathis, Spencer & Hutson, seeks
the creation of a new oil pool for Wolfcamp production in Lea
County, New Mexico.

(3) That the applicant also seeks the promulgation of
special rules for said pool, including a provision for 160-acre
proration units.

(4) That the evidence presently available indicates that
applicant's Clayton Well No. 1, located in Unit L of Section
22, Township 15 South, Range 33 East, NMPM, Lea County, New
Mexico, has discovered a separate common source of supply which
should be designated the Daisey-Wolfcamp Pool; that the vertical
limits of the pool should be the Wolfcamp formation, and that
the horizontal limits of said pool should be as follows:

TOWNSHIP 15 SOUTH, RANGE 33 EAST, NMPM
Section 22: SW/4

-2-

Case No. 5653
Order No. R-5191

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the Daisey-Wolfcamp Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should provide for a depth bracket allowable of 515 barrels.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in April, 1977, at which time the operators in the subject pool should be prepared to appear and show cause why the Daisey-Wolfcamp Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1976, a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production, is hereby created and designated the Daisey-Wolfcamp Pool, with vertical limits comprising the Wolfcamp formation and horizontal limits comprising the following-described area:

TOWNSHIP 15 SOUTH, RANGE 33 EAST, NMPM
Section 22: SW/4

(2) That temporary Special Rules and Regulations for the Daisey-Wolfcamp Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE DAISEY-WOLFCAMP POOL

RULE 1. Each well completed or recompleted in the Daisey-Wolfcamp Pool or in the Wolfcamp formation within one mile of the Daisey-Wolfcamp Pool, and not nearer to nor within the limits of another designated Wolfcamp Pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

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Case No. 5653

Order No. R-5191

RULE 2. Each well completed or recompleted in the Daisey-Wolfcamp Pool shall be located on a unit containing 160-acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Lands Survey.

RULE 3. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising less than 160 acres. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the Daisey-Wolfcamp Pool as the acreage in such non-standard unit bears to 160-acres.

RULE 4. Each well completed or recompleted in said pool shall not be drilled closer than 660 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director received the application.

RULE 6. A standard proration unit (158 through 162 acres) in the Daisey-Wolfcamp Pool shall be assigned a depth bracket allowable of 515 barrels, subject to the market demand percentage factor, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the Daisey-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs district office of the Commission in writing of the name and location of the well on or before June 1, 1976.

-4-

Case No. 5653
Order No. R-5191

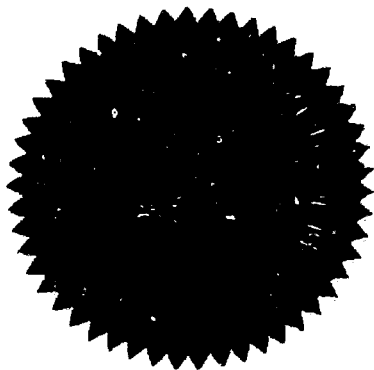
(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the Daisey-Wolfcamp Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Daisey-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof shall receive no more than one-fourth of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in April, 1977, at which time the operators in the subject pool should be prepared to appear and show cause why the Daisey-Wolfcamp Pool should not be developed on 40-acre spacing units.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 6, 1977

EXAMINER HEARING

IN THE MATTER OF:

Of Case 5653 being reopened pursuant to)
the provisions of Order No. R-5191 which)
order established temporary special pool)
rules for the Daisey-Wolfcamp Pool, Lea)
County, New Mexico.)

CASE
5653
(Reopened)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

sid morrish reporting service

General Court Reporting Service
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Phone (505) 982-9212

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2 MS. TESCHENDORF: Case 5653 in the matter of Case
3 5653 being reopened pursuant to the provisions of Order
4 No. R-5191 which order established temporary special pool rules
5 for the Daisey-Wolfcamp Pool, Lea County, New Mexico.

6 MR. NUTTER: Are there any appearances in Case
7 Number 5653? Just leave that one open.

8
9 MR. NUTTER: There being no appearances at this
10 present time in Case Number 5653 this case will be continued
11 to the Examiner Hearing scheduled to be held at this same
12 place at nine o'clock A.M., May 11, 1977.


13 The hearing is adjourned.

14 (THEREUPON, the hearing was adjourned.)
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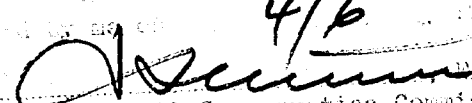
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New Mexico Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 6, 1977

EXAMINER HEARING

IN THE MATTER OF:

Of Case 5653 being reopened pursuant to)
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CASE
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(Reopened)

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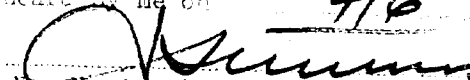
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I do hereby certify that the foregoing
is a true and correct record of the proceedings
before the Examiner at No. 5653
held on 4/6 1977


Examiner
New Mexico Oil Conservation Commission

- CASE 5919: Application of Tenneco Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Strawn formation through the perforated interval from 11,174 feet to 11,236 feet in its Jones Federal Well No. 1, located in Unit K of Section 23, Township 19 South, Range 31 East, Lusk-Strawn Pool, Eddy County, New Mexico.
- CASE 5920: Application of New Mexico Salt Water Disposal Co., Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the perforated interval from approximately 13,000 feet to 13,500 feet in its Sinclair State Lea Well No. 1, located in Unit M of Section 1, Township 11 South, Range 34 East, Sand Springs-Devonian Pool, Lea County, New Mexico.
- CASE 5921: Application of Eastland Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Grayburg formation through perforated intervals from 3506 feet to 3593 feet in its Power Deep Unit Well No. 1, located in Unit F of Section 6, Township 18 South, Range 31 East, Power Grayburg-San Andres Pool, Eddy County, New Mexico.
- CASE 5922: Application of A. L. Daugherty for an exception to Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose of produced salt water into an intermittent saline lake located in Section 24, Township 8 South, Range 29 East, and Section 19, Township 8 South, Range 30 East, both in Chaves County, New Mexico.
- CASE 5653: (Reopened) (Continued from April 6, 1977, Examiner Hearing)
- In the matter of Case 5653 being reopened pursuant to the provisions of Order No. R-5191 which order established temporary special pool rules for the Daisey-Wolfcamp Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.
- CASE 5923: Application of El Paso Natural Gas Company for underground gas storage, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute its Barker Dome Gas Storage Project by utilizing certain wells for the injection into and withdrawal of gas from the Upper Dakota formation underlying all of Sections 8, 9, 10, 11, 14, 15, 16, 17, 20, 21, 22, 23, 28, and 29, and portions of Sections 7, 18, 19, 27, 30, and 32, all in Township 32 North, Range 14 West, Barker Creek-Dakota Pool, San Juan County, New Mexico.
- CASE 5904: (Continued from April 20, 1977, Examiner Hearing)
- Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Fruitland and Pictured Cliffs formations underlying the NE/4 and/or SE/4 of Section 20, Township 32 North, Range 6 West, San Juan County, New Mexico, and in the Mesaverde and Dakota formations underlying the E/2 of said Section 20, the above-described lands to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5905: (Continued from April 20, 1977, Examiner Hearing)
- Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the W/2 SE/4 and the E/2 SW/4 of Section 3, and the NW/4 of Section 10, and all mineral interests in the Pictured Cliffs and Fruitland formations underlying the NW/4 of Section 10, all in Township 31 North, Range 7 West, San Juan County, New Mexico, to be dedicated to a well to be drilled 1800 feet from the North line and 850 feet from the West line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5906: (Continued from April 20, 1977, Examiner Hearing)
- Application of Palmer Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the W/2 SW/4 of Section 2, the E/2 SE/4 of Section
- (Case 5906 continued on Page 3)

CASE 5651: Application of Burmah Oil & Gas Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 1780 feet from the South line and 660 feet from the West line of Section 11, Township 24 South, Range 28 East, Eddy County, New Mexico, the W/2 of said Section 11 to be dedicated to the well.

CASE 5652: Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Basin-Lakota gas and Otero-Gallup oil production in the wellbores of the following wells on its Northeast Haynes Lease in Township 24 North, Range 5 West, Rio Arriba County, New Mexico:

No. 1 in Unit L of Section 9
No. 2 in Unit D of Section 16
No. 3 in Unit P of Section 16
No. 4 in Unit E of Section 21
No. 5 in Unit E of Section 22
No. 6 in Unit D of Section 15
No. 7 in Unit L of Section 19
No. 8 in Unit P of Section 15

CASE 5653: Application of Mathis, Spencer & Hutson for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Permo-Penn production, Lea County, New Mexico, and the promulgation of special pool rules therefor, including a provision for 160-acre spacing and proration units.

CASE 5654: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 2, Township 22 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, said unit to be simultaneously dedicated to applicant's State J-2 Wells Nos. 9 and 12, located in Units C and D, respectively, of said Section 2.

CASE 5422: (Reopened)

In the matter of Case 5422 being reopened pursuant to the provisions of Order No. R-4981, which order established special rules and regulations for the EK-Bone Springs Pool, Lea County, New Mexico, including a provision for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

Case 5653

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

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

TELEPHONE 982-4315
AREA CODE 505

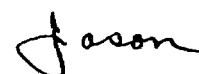
February 18, 1974

Mr. Joe Ramey, Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2008
Santa Fe, New Mexico 87501

Dear Joe:

Enclosed please find the original and two copies
of the application of Mathis, Spencer & Hutson for
adoption of pool rules, Lea County, New Mexico. We
would appreciate this case being set for hearing on
March 18, 1976.

Sincerely,



Jason W. Kellahin

JWK:kjf

Enclosure

Dockets Nos. 12-77 and 14-77 are tentatively set for hearing on April 20 and May 11, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 6, 1977

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 Richard L. Stamets, Alternate Examiner:

CASE 5884: (Continued & Readvertised)

Application of BCO, Inc., for an unorthodox location and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Greenhorn, Graneros and Dakota production in the wellbore of its Dunn Well No. 1 at an unorthodox Dakota location in Unit M of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 5894: Application of Consolidated Oil & Gas, Inc., for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla Well No. 5-34, at a point 790 feet from the South line and 1850 feet from the East line of Section 34, Township 26 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to the E/2 of said Section 34.

CASE 5895: Application of C & K Petroleum, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 12, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 840 feet from the South line and 1760 feet from the East line of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5896: Application of Exxon Company, USA, for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of a special gas-oil ratio limit of 6000 cubic feet of gas per barrel of oil for the Wantz-Abo Pool, Lea County, New Mexico.

CASE 5897: Application of Read & Stevens, Inc., for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Rose Well No. 2 to be located 1650 feet from the South line and 990 feet from the West line of Section 18, Township 15 South, Range 28 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.

CASE 5653: (Reopened)

In the matter of Case 5653 being reopened pursuant to the provisions of Order No. R-5191 which order established temporary special pool rules for the Daisy-Wolfcamp Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5898: Application of Chace Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Ballard-Pictured Cliffs and South Lindrith Gallup-Dakota production in the wellbore of its Jicarilla 70 Well No. 3 located in Unit C of Section 33, Township 24 North, Range 4 West, Rio Arriba County, New Mexico. In the alternative, applicant seeks authority to commingle said production at the surface without prior measurement and waiver of the gas-oil ratio test requirement.

CASE 5899: (This case will be continued and will be heard by the Commission at 2 p.m. on April 20, 1977, Oil Conservation Commission Conference Room, State Land Office Building, Santa Fe, New Mexico)

Application of Robert P. Wallach, Ray A. Wallach, and Patricia Louise Wallach House for an exception to Order No. R-3221, Lea County, New Mexico. Applicants, in the above-styled cause, seek, as an exception to the provisions of Commission Order No. R-3221, permission to construct and operate several earthen evaporation pits in the gravel pits in the SW/4 of Section 29, Township 21 South, Range 38 East, Lea County, New Mexico, for the disposal of produced salt water from oil and gas wells in Lea County, New Mexico.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 17, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Mathis, Spencer & Hutson) CASE
for pool creation and special pool rules) 5653
Lea County, New Mexico.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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1 MR. NUTTER: We will call the next Case Number 5653.

2 MR. CARR: Case 5653, application of Mathis,
3 Spencer and Hutson for pool creation and special pool rules,
4 Lea County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox
6 appearing on behalf of the applicant and I have one witness
7 to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
10 ROY C. WILLIAMSON, JR.

11 called as a witness, having been first duly sworn, was
12 examined and testified as follows:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Please state your name, by whom you are employed
17 and in what capacity?

18 A I'm Roy C. Williamson, Jr. and I'm President of the
19 consulting firm of Sipes, Williamson and Aycock from Midland,
20 Texas.

21 Q What is your working relationship with the applicant
22 in this case?

23 A I have been retained as a consultant for Mathis,
24 Spencer and Hutson.

25 Q Are you familiar with and have you made a study of

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1 the facts surrounding this particular application?

2 A. Yes, I have.

3 Q Have you previously testified before this Commission
4 and had your qualifications as an expert witness accepted and
5 made a matter of record?

6 A. Yes, I have.

7 MR. KELLAHIN: If the Examiner please, are the
8 witness's qualifications acceptable?

9 MR. NUTTER: Yes, they are.

10 Q (Mr. Kellahin continuing.) Mr. Williamson, would
11 you please refer to what we've marked as Exhibit Number One,
12 identify it and explain what the applicant is seeking?

13 A. Exhibit One is Form C-123, which is the request for
14 the extension of an existing pool or the creation of a new
15 pool. I would like to clarify what, in my opinion is an error
16 that had been, this particular form had been filed earlier
17 on February 6th of 1976 by a production foreman in the
18 employment of Mathis, Spencer and Hutson. At that time they
19 asked that the well that is the subject of this study, the
20 Mathis, Spencer and Hutson Clayton No. 1 Well be shown as an
21 extension to a Permo-Penn field which was originally called
22 the Burtner Field and the Burtner Field consisted of one
23 well, the Standard of Texas State No. 1, which was in the
24 northeast quarter of Section 22 of 15 South, 33 East. This
25 well produced for some period of time less than thirty days

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1 and had a cumulative production of approximately eight hundred
2 and twenty-six barrels of oil. The production foreman assumed
3 that this would be an extension of that particular field and
4 therefore, so noted that in his 2/6/76 filing of 123. It is
5 my opinion that the Spencer and Hutson Clayton No. 1 Well,
6 although it produces from a correlative interval will show with
7 future testimony, I do not think it is an extension of that
8 field and, therefore, we are requesting the creation of a new
9 pool. We are asking that three names be considered, the MHS
10 Wolfcamp, the Clayton Wolfcamp or the Daisy Wolfcamp Field.

11 MR. KELLAHIN: That State of Texas Well that you
12 referred to, if the Examiner please, is the subject of
13 Order No. R-2946, entered September 1st, 1966. That is
14 designated as the Burtner, B-u-r-t-n-e-r Wolfcamp.

15 MR. NUTTER: Is that the only well that was ever
16 drilled in that pool?

17 MR. KELLAHIN: Yes, sir.

18 THE WITNESS: And the field area was designated as
19 the northeast quarter of Section 22, I believe.

20 MR. KELLAHIN: That's right.

21 Q (Mr. Kellahin continuing.) Please refer to Exhibit
22 Number Two and identify it?

23 A Exhibit Number Two is an area plat showing the well
24 in question, the Mathis Spencer Hutson Clayton No. 1, which
25 is located in the northwest quarter of the southwest quarter

1 of Section 22, 15 South, 33 East. This well was completed
2 and the C-104 Form filed. It potentialed for three hundred and
3 twenty barrels of oil on January 26th, 1976, no water and
4 three hundred MCF of gas.

5 The Exhibit Two depicts an estimated limit of
6 production from the particular interval that this well is
7 completed in and I will show by a later exhibit, a cross
8 section, the relationship of this zone to the well previously
9 mentioned, the Standard of Texas State No. 1 and the Ashman
10 and Hilliard Clayton No. 1 Well which lies immediately south
11 of the Mathis Spencer Hutson Well.

12 Q What is the spacing and proration unit you would
13 dedicate to this well?

14 A One hundred and sixty acres and the well location
15 is six sixty from the quarter line section which is what we
16 would ask for in the rules.

17 Q All right, let me ask you that again. Now, do you
18 have a proposed recommendation as to spacing of wells within
19 the pool?

20 A Yes, we are asking that an acreage allocation of
21 a hundred and sixty acres be applied and no well be allowed
22 to be drilled closer than six hundred and sixty feet to a
23 quarter section line.

24 Q Do you have any proposed recommendations with
25 regards to a special depth bracket allowable?

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1 A. No, just the standard.

2 Q The existing allowable for wells of that depth is
3 sufficient to satisfy your proposed needs?

4 A. That is correct, we are not asking for a discovery
5 allowable per se.

6 Q Please refer to Exhibit Number Three and identify
7 it?

8 A. Exhibit Number Three is a cross section that includes
9 the Ashman and Hilliard Clayton No. 1 Well in the southwest
10 quarter of the southwest quarter of Section 22 of 15, 33.

11 Q We are ready for Exhibit Number Three, it is.

12 A. Right. Exhibit Number Three is a cross section
13 between the Ashman and Hilliard Clayton No. 1 Well and the
14 Mathis Spencer Hutson Clayton No. 1 Well and the Standard of
15 Texas State No. 1 Well. You will notice that the Ashman and
16 Hilliard Clayton No. 1 Well was completed from a zone
17 considerably below the completion interval of the Clayton No. 1.
18 This zone was identified as the Cisco zone, the well produced
19 nine hundred and forty-three barrels of oil before being
20 plugged. The Mathis Spencer and Hutson No. 1 Well is producing
21 from a porosity interval at approximately ninety-seven, seventy-
22 two to eighty-two within the Wolfcamp zone and has accumulated
23 to date something over five thousand barrels of oil.

24 Q With regards to the Daisy Clayton No. 1 Well, is
25 there any potential for production from the Wolfcamp in that

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1 Well?

2 A. There is not. You will notice referring back
3 to the Ashman Hilliard Clayton No. 1, a drill stem test was
4 taken over the interval ninety-seven ten to ninety-seven,
5 sixty-two and recovery was ninety feet of drilling mud with a
6 slight show of oil, the final shut-in pressure was sixty-six
7 pounds.

8 Q. Okay.

9 A. Whereas in the Mathis Spencer Hutson Clayton No. 1
10 the DST over the interval ninety-six, eighty to ninety-eight,
11 oh, four flowed oil at the rate of eleven barrels per hour
12 with a final shut-in pressure of thirty-three, ninety-two psig.

13 Q. How does this compare to the Standard Company Texas
14 State 22 No. 1 Well?

15 A. Okay the Standard of Texas State 22 Well was
16 completed over a very large interval from approximately ninety-
17 seven twenty to ninety-nine ten. The DST over approximately
18 that same interval had gas in thirteen minutes at three hundred
19 and eighty-seven MCF, decreasing to too small to measure. It
20 recovered sixteen hundred and seventy feet of oil, eight
21 hundred and twenty feet of oil and gas cut mud, seven hundred
22 and twenty-eight feet of slightly oil and gas cut mud and
23 thirty feet of mud cut salt water. The flowing pressure was
24 two hundred and ninety-nine pounds, increasing to six ninety-
25 four. It had a final shut-in pressure of two thousand, three

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1 hundred and thirty-seven. With such a large interval
2 perforated there is no way to know precisely where the recovery
3 of this well occurred from. It did produce a total of eight
4 hundred and twenty-six barrels of oil, five hundred and fifty
5 barrels of water and eleven hundred and forty-two MCF of gas
6 and these figures were obtained from Standard of Texas. So,
7 it is my contention that although it is a grossly correlatable
8 interval that the zone in which the Clayton No. 1, Spencer
9 and Hutson Clayton No. 1 Well is producing is non-existent in
10 the Standard of Texas State 22 No. 1 Well or in the Ashman
11 Hilliard Daisy Clayton No. 1 Well.

12 Q Please refer to what has been marked as Exhibit
13 Number Four and identify it?

14 A Exhibit Number Four is a summary of the available
15 pressure history on the Mathis Spencer and Hutson Clayton No.
16 Well showing the initial DST, final shut-in pressure of
17 thirty-three, ninety-two, a measured flowing bottom-hole
18 pressure was taken January 17th of '76 and was three thousand
19 one hundred and twenty-one pounds. A shut-in bottom-hole
20 pressure was taken on January 19th after forty-seven hours
21 and was measured at thirty-four, seventy-three psig. Another
22 bottom-hole pressure was measured after two hundred and eleven
23 hours and thirty minutes shut-in of three thousand, five
24 hundred and ten pounds. Then a draw-down flowing test was
25 taken on January 27th, '76 and after flowing twenty-seven hours

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1 the bottom-hole pressure at that point measured twenty-nine
2 hundred and forty pounds. The well then was produced for a
3 period of time and then was shut-in again on March the 4th,
4 1976 and after being shut-in for ninety-six hours the bottom-
5 hole pressure was still building, the measured pressure was
6 two thousand and sixty-one pounds and a conservative extrapola-
7 tion indicated two thousand, four hundred and seventy-three
8 pounds. This extrapolation is probably very inaccurate in that
9 the pressure curve was still curving upward at the time but
10 the operator chose not to leave the well shut in for a longer
11 period of time. The cumulative production at that time was
12 five thousand, three hundred barrels of oil and approximately
13 five thousand, eight hundred and thirty MCF of gas.

14 In an attempt to define the drainage area available
15 to this wellbore I made a volumetric estimate, utilizing a
16 porosity value of eleven point eight percent from the logs,
17 water saturation of eighteen percent from the logs, an
18 estimated recovery factor of fifteen percent, a formation
19 volume factor determined from lineature of one point seven
20 five, a net pay thickness of ten feet, a drainage area of
21 a hundred and sixty acres, which calculates a recoverable oil
22 reserve of one hundred and two thousand, four hundred barrels
23 of oil. In an attempt to verify that number, I assumed two
24 production decline rates at the time that fifty-three hundred
25 barrels of oil had been produced. If we assume a twenty percent

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1 annual decline the ultimate recovery would be two hundred and
2 thirty-eight thousand, four hundred and eighteen barrels of
3 oil. If we assume a forty percent decline the ultimate
4 recovery would be a hundred and eight thousand, one hundred
5 and eight barrels of oil.

6 Inasmuch as the well at this time is not exhibiting
7 any decline and for the five-day period ending March the 11th,
8 1976, the well averaged a hundred and forty-three barrels of
9 oil per day with a gas-oil ratio between nine and eleven hundred
10 cubic feet per barrel, so it appears rather obvious that the
11 well is not about to begin a sharp decline and the recovery
12 then should lie somewhere between the twenty and forty percent
13 estimate just as a rough estimate.

14 Q If the recovery falls between those two estimates,
15 in your opinion, will this well be able to drain an acreage
16 area of a hundred and sixty acres?

17 A Yes, sir, it appears that it will if the reservoir
18 does indeed cover the area that we have estimated and, of
19 course, this is something that will have to be proven by
20 later drilling. There is no way to know, of course, what the
21 total area is. This is a stratigraphic trap and the size at
22 this time of the total trap, of course, is unknown.

23 Q You would request temporary rules for a period of
24 one year from the date of the order entered in this case?

25 A That is correct. This would allow time to evaluate

1 further development as well as the performance of the currently
2 developed well, to more accurately define what the reservoir
3 characteristics are.

4 Q In your opinion, Mr. Williamson, will approval of
5 this application be in the best interests of conservation,
6 prevention of waste and the protection of correlative rights?

7 A Yes.

8 Q And were Exhibits One through Four either prepared
9 by you directly or compiled under your direction and supervision?

10 A Yes.

11 MR. KELLAHIN: If the Examiner please, we move the
12 introduction of Exhibits One through Four.

13 MR. NUTTER: Applicant's Exhibits One through Four
14 will be admitted into evidence.

15 (THEREUPON, Applicant's Exhibits One
16 through Four were admitted into evidence.)

17 MR. KELLAHIN: That concludes our case.

18

19 CROSS EXAMINATION

20 BY MR. NUTTER:

21 Q Mr. Williamson, I think you stated that the old
22 Standard of Texas Well over here had only produced for thirty
23 days with a total cumulative of eight hundred and twenty-six
24 barrels, is that it?

25 A Yes, sir, those were the figures that we were able to

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1 derive from --

2 Q Then what happened to it?

3 A It was plugged.

4 Q Why did it quit producing, did it just water out or
5 quit producing everything or what?

6 A It just quit producing.

7 Q How much water did it make with that eight hundred
8 and twenty-six barrels of oil?

9 A It had made five hundred and fifty barrels of water
10 and, of course, there was no way to determine whether that came
11 from the lower part of the perforations or not, they had
12 perforated over such a large interval.

13 Q Now, the interval that it was producing from does
14 include the interval that you are producing from in this
15 MSH Well, right?

16 A Yes, sir.

17 Q So, you don't know that they are not correlative or
18 that they are not producing from the same zone, you
19 suspect that they may not be?

20 A Yes, sir, that's all, because just from my gross
21 correlation there is no way to separate them.

22 Q On any of these three logs here are you able to
23 pick the top of the Pennsylvanian?

24 A No, sir, we've got a top of the Wolfcamp and, of
25 course, the correlations in here are somewhat uncertain as to

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1 terminology and various things but the Pennsylvanian should
2 lie above.

3 Q Well, I think you have mentioned the word "Cisco
4 zone" in referring to the Ashman and Hilliard Well over here.

5 A Yes, sir, that is what they call that zone, that
6 they perforated the Cisco zone.

7 Q Is that the perforation shown on the extreme left
8 way out here near the bottom?

9 A Yes, sir.

10 Q So, Cisco is Pennsylvanian?

11 A Right, yes, sir, it should lie somewhere in here but
12 I notice also that the Burtner Well or the well that was called
13 the Burtner Field, they call that Permo-Penn, so I guess that
14 is an indication that they were uncertain as to exactly where
15 the completion lay.

16 Q So, apparently back in 1966 they didn't know where
17 the top of the Pennsylvanian was either?

18 A No, sir.

19 Q Now, this oval shape that you have drawn on your
20 Exhibit Number Two, that is just a randomly drawn oval shaped
21 thing there that doesn't bear on any geology or stratigraphy
22 or anything does it?

23 A No. The only thing that we have and I should have
24 mentioned this earlier, in Section 16, in the southwest quarter
25 of the southeast quarter of 15, 33, a well was drilled there

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1 by Humble and I don't see the date but it was an abandoned well
2 and the logs indicate just a trace of this Wolfcamp zone that
3 is completed in the Mathis Spencer Clayton No. 1, so, somewhere
4 between the completion and that hole, of course, the Wolfcamp
5 zone that we are completed in goes out.

6 Q Wolfcamp or Permo-Penn?

7 A Well, interchangeably probably, it is not certain
8 exactly which one is what.

9 Q Now, how about this Ashman Hilliard Well, did it
10 actually go on production?

11 A Yes, sir, it produced, according to the record, a
12 total of nine hundred and forty-three barrels of oil and
13 production ceased and it was plugged.

14 Q Did it make water too, do you know.

15 A I was unable to find any record of water so I don't
16 know.

17 Q But your well has already made fifty-three hundred
18 barrels?

19 A Yes, sir, and it is currently producing about an
20 average of a hundred and forty to fifty barrels a day.

21 Q A hundred and forty-three, I think.

22 A With no water and the gas-oil ratio has been
23 relatively constant throughout its life.

24 Q Now, you had proposed hundred and sixty acre
25 units here and you would dedicate the hundred and sixty acres,

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1 being the southwest quarter of Section 22 to the Clayton No. 1
 2 I guess, even though you've got a completed well or whatever
 3 it is on that one hundred and sixty.

4 A. Yes, sir, it might be that even the proration units
 5 may have to be changed to lie within this productive area
 6 after additional drilling is done.

7 Q. And as I understand your proposed rules with the
 8 one hundred and sixty acre unit you propose that the well
 9 locations be permitted no closer than six hundred and sixty
 10 feet to the quarter section line?

11 A. Yes, sir.

12 Q. And you mentioned a standard allowable, what kind
 13 of a standard allowable was it?

14 A. Just whatever the current allowable is for this
 15 depth well.

16 Q. On what spacing?

17 A. One hundred and sixty acres.

18 Q. On a hundred and sixty?

19 A. Yes, sir.

20 Q. That would be five hundred and some?

21 A. Yes, sir, which is well above the capacity of this
 22 well.

23 MR. NUTTER: Are there any further questions of
 24 the witness? He may be excused.

25 (THEREUPON, the witness was excused.)

1 MR. NUTTER: Do you have anything further, Mr.
2 Kellahin?

3 MR. KELLAHIN: No, sir.

4 MR. NUTTER: Does anyone have anything they wish to
5 offer in Case 5653? We will take the case under advisement?

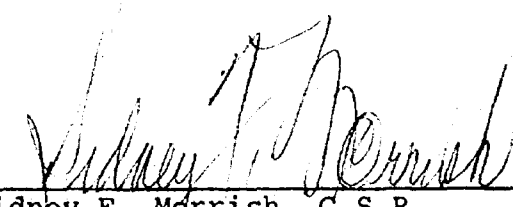
6 We will recess the hearing until one fifteen.

7 (THEREUPON, the hearing was in recess.)
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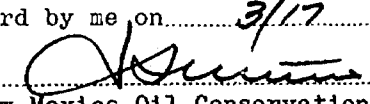
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5653,
heard by me on 3/17, 19 76.

, Examiner
New Mexico Oil Conservation Commission

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 17, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Mathis, Spencer & Hutson)
for pool creation and special pool rules)
Lea County, New Mexico.)

CASE
5653

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
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EXHIBIT INDEX

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1 MR. NUTTER: We will call the next Case Number 5653.

2 MR. CARR: Case 5653, application of Mathis,
3 Spencer and Hutson for pool creation and special pool rules,
4 Lea County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox
6 appearing on behalf of the applicant and I have one witness
7 to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
10 ROY C. WILLIAMSON, JR.

11 called as a witness, having been first duly sworn, was
12 examined and testified as follows:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Please state your name, by whom you are employed
17 and in what capacity?

18 A I'm Roy C. Williamson, Jr. and I'm President of the
19 consulting firm of Sipes, Williamson and Aycock from Midland,
20 Texas.

21 Q What is your working relationship with the applicant
22 in this case?

23 A I have been retained as a consultant for Mathis,
24 Spencer and Hutson.

25 Q Are you familiar with and have you made a study of

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1 the facts surrounding this particular application?

2 A Yes, I have.

3 Q Have you previously testified before this Commission
4 and had your qualifications as an expert witness accepted and
5 made a matter of record?

6 A Yes, I have.

7 MR. KELLAHN: If the Examiner please, are the
8 witness's qualifications acceptable?

9 MR. NUTTER: Yes, they are.

10 Q (Mr. Kellahn continuing.) Mr. Williamson, would
11 you please refer to what we've marked as Exhibit Number One,
12 identify it and explain what the applicant is seeking?

13 A Exhibit One is Form C-123, which is the request for
14 the extension of an existing pool or the creation of a new
15 pool. I would like to clarify what, in my opinion is an error
16 that had been, this particular form had been filed earlier
17 on February 6th of 1976 by a production foreman in the
18 employment of Mathis, Spencer and Hutson. At that time they
19 asked that the well that is the subject of this study, the
20 Mathis, Spencer and Hutson Clayton No. 1 Well be shown as an
21 extension to a Permo-Penn field which was originally called
22 the Burtner Field and the Burtner Field consisted of one
23 well, the Standard of Texas State No. 1, which was in the
24 northeast quarter of Section 22 of 15 South, 33 East. This
25 well produced for some period of time less than thirty days

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1 and had a cumulative production of approximately eight hundred
2 and twenty-six barrels of oil. The production foreman assumed
3 that this would be an extension of that particular field and
4 therefore, so noted that in his 2/6/76 filing of 123. It is
5 my opinion that the Spencer and Hutson Clayton No. 1 Well,
6 although it produces from a correlative interval will show with
7 future testimony, I do not think it is an extension of that
8 field and, therefore, we are requesting the creation of a new
9 pool. We are asking that three names be considered, the MHS
10 Wolfcamp, the Clayton Wolfcamp or the Daisy Wolfcamp Field.

11 MR. KELLAHIN: That State of Texas Well that you
12 referred to, if the Examiner please, is the subject of
13 Order No. R-2946, entered September 1st, 1966. That is
14 designated as the Burtner, B-u-r-t-n-e-r Wolfcamp.

15 MR. NUTTER: Is that the only well that was ever
16 drilled in that pool?

17 MR. KELLAHIN: Yes, sir.

18 THE WITNESS: And the field area was designated as
19 the northeast quarter of Section 22, I believe.

20 MR. KELLAHIN: That's right.

21 Q (Mr. Kellahin continuing.) Please refer to Exhibit
22 Number Two and identify it?

23 A Exhibit Number Two is an area plat showing the well
24 in question, the Mathis Spencer Hutson Clayton No. 1, which
25 is located in the northwest quarter of the southwest quarter

1 of Section 22, 15 South, 33 East. This well was completed
2 and the C-104 Form filed. It potentialled for three hundred and
3 twenty barrels of oil on January 26th, 1976, no water and
4 three hundred MCF of gas.

5 The Exhibit Two depicts an estimated limit of
6 production from the particular interval that this well is
7 completed in and I will show by a later exhibit, a cross
8 section, the relationship of this zone to the well previously
9 mentioned, the Standard of Texas State No. 1 and the Ashman
10 and Hilliard Clayton No. 1 Well which lies immediately south
11 of the Mathis Spencer Hutson Well.

12 Q What is the spacing and proration unit you would
13 dedicate to this well?

14 A One hundred and sixty acres and the well location
15 is six sixty from the quarter line section which is what we
16 would ask for in the rules.

17 Q All right, let me ask you that again. Now, do you
18 have a proposed recommendation as to spacing of wells within
19 the pool?

20 A Yes, we are asking that an acreage allocation of
21 a hundred and sixty acres be applied and no well be allowed
22 to be drilled closer than six hundred and sixty feet to a
23 quarter section line.

24 Q Do you have any proposed recommendations with
25 regards to a special depth bracket allowable?

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1 A. No, just the standard.

2 Q The existing allowable for wells of that depth is
3 sufficient to satisfy your proposed needs?

4 A That is correct, we are not asking for a discovery
5 allowable per se.

6 Q Please refer to Exhibit Number Three and identify
7 it?

8 A Exhibit Number Three is a cross section that includes
9 the Ashman and Hilliard Clayton No. 1 Well in the southwest
10 quarter of the southwest quarter of Section 22 of 15, 33.

11 Q We are ready for Exhibit Number Three, it is.

12 A Right. Exhibit Number Three is a cross section
13 between the Ashman and Hilliard Clayton No. 1 Well and the
14 Mathis Spencer Hutson Clayton No. 1 Well and the Standard of
15 Texas State No. 1 Well. You will notice that the Ashman and
16 Hilliard Clayton No. 1 Well was completed from a zone
17 considerably below the completion interval of the Clayton No. 1.
18 This zone was identified as the Cisco zone, the well produced
19 nine hundred and forty-three barrels of oil before being
20 plugged. The Mathis Spencer and Hutson No. 1 Well is producing
21 from a porosity interval at approximately ninety-seven, seventy-
22 two to eighty-two within the Wolfcamp zone and has accumulated
23 to date something over five thousand barrels of oil.

24 Q With regards to the Daisy Clayton No. 1 Well, is
25 there any potential for production from the Wolfcamp in that

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1 Well?

2 A. There is not. You will notice referring back
3 to the Ashman Hilliard Clayton No. 1, a drill stem test was
4 taken over the interval ninety-seven ten to ninety-seven,
5 sixty-two and recovery was ninety feet of drilling mud with a
6 slight show of oil, the final shut-in pressure was sixty-six
7 pounds.

8 Q Okay.

9 A. Whereas in the Mathis Spencer Hutson Clayton No. 1
10 the DST over the interval ninety-six, eighty to ninety-eight,
11 oh, four flowed oil at the rate of eleven barrels per hour
12 with a final shut-in pressure of thirty-three, ninety-two psig.

13 Q How does this compare to the Standard Company Texas
14 State 22 No. 1 Well?

15 A. Okay the Standard of Texas State 22 Well was
16 completed over a very large interval from approximately ninety-
17 seven twenty to ninety-nine ten. The DST over approximately
18 that same interval had gas in thirteen minutes at three hundred
19 and eighty-seven MCF, decreasing to too small to measure. It
20 recovered sixteen hundred and seventy feet of oil, eight
21 hundred and twenty feet of oil and gas cut mud, seven hundred
22 and twenty-eight feet of slightly oil and gas cut mud and
23 thirty feet of mud cut salt water. The flowing pressure was
24 two hundred and ninety-nine pounds, increasing to six ninety-
25 four. It had a final shut-in pressure of two thousand, three

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1 hundred and thirty-seven. With such a large interval
2 perforated there is no way to know precisely where the recovery
3 of this well occurred from. It did produce a total of eight
4 hundred and twenty-six barrels of oil, five hundred and fifty
5 barrels of water and eleven hundred and forty-two MCF of gas
6 and these figures were obtained from Standard of Texas. So,
7 it is my contention that although it is a grossly correlatable
8 interval that the zone in which the Clayton No. 1, Spencer
9 and Hutson Clayton No. 1 Well is producing is non-existent in
10 the Standard of Texas State 22 No. 1 Well or in the Ashman
11 Hilliard Daisy Clayton No. 1 Well.

12 Q Please refer to what has been marked as Exhibit
13 Number Four and identify it?

14 A Exhibit Number Four is a summary of the available
15 pressure history on the Mathis Spencer and Hutson Clayton No.
16 Well showing the initial DST, final shut-in pressure of
17 thirty-three, ninety-two, a measured flowing bottom-hole
18 pressure was taken January 17th of '76 and was three thousand
19 one hundred and twenty-one pounds. A shut-in bottom-hole
20 pressure was taken on January 19th after forty-seven hours
21 and was measured at thirty-four, seventy-three psig. Another
22 bottom-hole pressure was measured after two hundred and eleven
23 hours and thirty minutes shut-in of three thousand, five
24 hundred and ten pounds. Then a draw-down flowing test was
25 taken on January 27th, '76 and after flowing twenty-seven hours

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1 the bottom-hole pressure at that point measured twenty-nine
2 hundred and forty pounds. The well then was produced for a
3 period of time and then was shut-in again on March the 4th,
4 1976 and after being shut-in for ninety-six hours the bottom-
5 hole pressure was still building, the measured pressure was
6 two thousand and sixty-one pounds and a conservative extrapola-
7 tion indicated two thousand, four hundred and seventy-three
8 pounds. This extrapolation is probably very inaccurate in that
9 the pressure curve was still curving upward at the time but
10 the operator chose not to leave the well shut in for a longer
11 period of time. The cumulative production at that time was
12 five thousand, three hundred barrels of oil and approximately
13 five thousand, eight hundred and thirty MCF of gas.

14 In an attempt to define the drainage area available
15 to this wellbore I made a volumetric estimate, utilizing a
16 porosity value of eleven point eight percent from the logs,
17 water saturation of eighteen percent from the logs, an
18 estimated recovery factor of fifteen percent, a formation
19 volume factor determined from lineature of one point seven
20 five, a net pay thickness of ten feet, a drainage area of
21 a hundred and sixty acres, which calculates a recoverable oil
22 reserve of one hundred and two thousand, four hundred barrels
23 of oil. In an attempt to verify that number, I assumed two
24 production decline rates at the time that fifty-three hundred
25 barrels of oil had been produced. If we assume a twenty percent

1 annual decline the ultimate recovery would be two hundred and
2 thirty-eight thousand, four hundred and eighteen barrels of
3 oil. If we assume a forty percent decline the ultimate
4 recovery would be a hundred and eight thousand, one hundred
5 and eight barrels of oil.

6 Inasmuch as the well at this time is not exhibiting
7 any decline and for the five-day period ending March the 11th,
8 1976, the well averaged a hundred and forty-three barrels of
9 oil per day with a gas-oil ratio between nine and eleven hundred
10 cubic feet per barrel, so it appears rather obvious that the
11 well is not about to begin a sharp decline and the recovery
12 then should lie somewhere between the twenty and forty percent
13 estimate just as a rough estimate.

14 Q If the recovery falls between those two estimates,
15 in your opinion, will this well be able to drain an acreage
16 area of a hundred and sixty acres?

17 A Yes, sir, it appears that it will if the reservoir
18 does indeed cover the area that we have estimated and, of
19 course, this is something that will have to be proven by
20 later drilling. There is no way to know, of course, what the
21 total area is. This is a stratigraphic trap and the size at
22 this time of the total trap, of course, is unknown.

23 Q You would request temporary rules for a period of
24 one year from the date of the order entered in this case?

25 A That is correct. This would allow time to evaluate

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1 further development as well as the performance of the currently
2 developed well, to more accurately define what the reservoir
3 characteristics are.

4 Q In your opinion, Mr. Williamson, will approval of
5 this application be in the best interests of conservation,
6 prevention of waste and the protection of correlative rights?

7 A Yes.

8 Q And were Exhibits One through Four either prepared
9 by you directly or compiled under your direction and supervision?

10 A Yes.

11 MR. KELLAHIN: If the Examiner please, we move the
12 introduction of Exhibits One through Four.

13 MR. NUTTER: Applicant's Exhibits One through Four
14 will be admitted into evidence.

15 (THEREUPON, Applicant's Exhibits One
16 through Four were admitted into evidence.)

17 MR. KELLAHIN: That concludes our case.

18
19 CROSS EXAMINATION

20 BY MR. NUTTER:

21 Q Mr. Williamson, I think you stated that the old
22 Standard of Texas Well over here had only produced for thirty
23 days with a total cumulative of eight hundred and twenty-six
24 barrels, is that it?

25 A Yes, sir, those were the figures that we were able to

1 derive from --

2 Q Then what happened to it?

3 A It was plugged.

4 Q Why did it quit producing, did it just water out or
5 quit producing everything or what?

6 A It just quit producing.

7 Q How much water did it make with that eight hundred
8 and twenty-six barrels of oil?

9 A It had made five hundred and fifty barrels of water
10 and, of course, there was no way to determine whether that came
11 from the lower part of the perforations or not, they had
12 perforated over such a large interval.

13 Q Now, the interval that it was producing from does
14 include the interval that you are producing from in this
15 MSH Well, right?

16 A Yes, sir.

17 Q So, you don't know that they are not correlative or
18 that they are not producing from the same zone, you just
19 suspect that they may not be?

20 A Yes, sir, that's all, because just from my gross
21 correlation there is no way to separate them.

22 Q On any of these three logs here are you able to
23 pick the top of the Pennsylvanian?

24 A No, sir, we've got a top of the Wolfcamp and, of
25 course, the correlations in here are somewhat uncertain as to

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1 terminology and various things but the Pennsylvanian should
2 lie above.

3 Q Well, I think you have mentioned the word "Cisco
4 zone" in referring to the Ashman and Hilliard Well over here.

5 A Yes, sir, that is what they call that zone, that
6 they perforated the Cisco zone.

7 Q Is that the perforation shown on the extreme left
8 way out here near the bottom?

9 A Yes, sir.

10 Q So, Cisco is Pennsylvanian?

11 A Right, yes, sir, it should lie somewhere in here but
12 I notice also that the Burtner Well or the well that was called
13 the Burtner Field, they call that Permo-Penn, so I guess that
14 is an indication that they were uncertain as to exactly where
15 the completion lay.

16 Q So, apparently back in 1966 they didn't know where
17 the top of the Pennsylvanian was either?

18 A No, sir.

19 Q Now, this oval shape that you have drawn on your
20 Exhibit Number Two, that is just a randomly drawn oval shaped
21 thing there that doesn't bear on any geology or stratigraphy
22 or anything does it?

23 A No. The only thing that we have and I should have
24 mentioned this earlier, in Section 16, in the southwest quarter
25 of the southeast quarter of 15, 33, a well was drilled there

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1 by Humble and I don't see the date but it was an abandoned well
2 and the logs indicate just a trace of this Wolfcamp zone that
3 is completed in the Mathis Spencer Clayton No. 1, so, somewhere
4 between the completion and that hole, of course, the Wolfcamp
5 zone that we are completed in goes out.

6 Q Wolfcamp or Permo-Penn?

7 A Well, interchangeably probably, it is not certain
8 exactly which one is what.

9 Q Now, how about this Ashman Hilliard Well, did it
10 actually go on production?

11 A Yes, sir, it produced, according to the record, a
12 total of nine hundred and forty-three barrels of oil and
13 production ceased and it was plugged.

14 Q Did it make water too, do you know.

15 A I was unable to find any record of water so I don't
16 know.

17 Q But your well has already made fifty-three hundred
18 barrels?

19 A Yes, sir, and it is currently producing about an
20 average of a hundred and forty to fifty barrels a day.

21 Q A hundred and forty-three, I think.

22 A With no water and the gas-oil ratio has been
23 relatively constant throughout its life.

24 Q Now, you had proposed hundred and sixty acre
25 units here and you would dedicate the hundred and sixty acres,

1 being the southwest quarter of Section 22 to the Clayton No. 1
2 I guess, even though you've got a completed well or whatever
3 it is on that one hundred and sixty.

4 A Yes, sir, it might be that even the proration units
5 may have to be changed to lie within this productive area
6 after additional drilling is done.

7 Q And as I understand your proposed rules with the
8 one hundred and sixty acre unit you propose that the well
9 locations be permitted no closer than six hundred and sixty
10 feet to the quarter section line?

11 A Yes, sir.

12 Q And you mentioned a standard allowable, what kind
13 of a standard allowable was it?

14 A Just whatever the current allowable is for this
15 depth well.

16 Q On what spacing?

17 A One hundred and sixty acres.

18 Q On a hundred and sixty?

19 A Yes, sir.

20 Q That would be five hundred and some?

21 A Yes, sir, which is well above the capacity of this
22 well.

23 MR. NUTTER: Are there any further questions of
24 the witness? He may be excused.

25 (THEREUPON, the witness was excused.)

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1 MR. NUTTER: Do you have anything further, Mr.
2 Kellahin?

3 MR. KELLAHIN: No, sir.

4 MR. NUTTER: Does anyone have anything they wish to
5 offer in Case 5653? We will take the case under advisement?

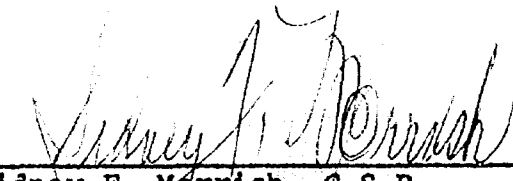
6 We will recess the hearing until one fifteen.

7 (THEREUPON, the hearing was in recess.)
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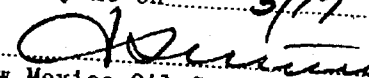
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Phone (505) 982-9212

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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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. 2653
heard by me on 3/17, 1976

Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
April 1, 1976

STATE GEOLOGIST
EMERY C. ARNOLD

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

Re: CASE NO. 5653
ORDER NO. R-5191

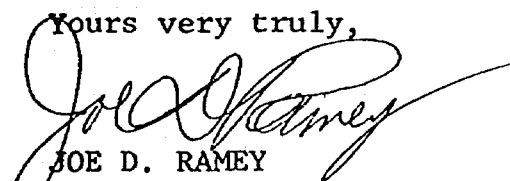
Applicant:

Mathis, Spencer & Hutson

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC _____
Aztec OCC X

Other _____

REQUEST FOR THE EXTENSION OF AN EXISTING POOL

OR

THE CREATION OF A NEW POOL

TO: The Oil Conservation Commission
State of New Mexico

Date March 16, 1976

The Mathis, Spencer & Hutson
Name of Operator

Clayton
Name of Lease

1 Located 1980 feet from the South line and 660 feet
Well No.

from the west line of 22 155 33E
Section Township Range

is outside the boundaries of any pool producing from the same formation. On the basis of the information submitted here-
with on form C-105, we hereby request that the

pool be extended to include the following described area

or that a new pool be created to include the following described area Sec. 21, W/2 Sec. 22, E/2 Sec. 15

TNP 155, Range 33E Lea County, New Mexico.

Suggested name: 1) MSH (Wolfcamp) 2) Clayton (Wolfcamp) 3) Daisey (Wolfcamp)

Name of Producing Formation: Wolfcamp

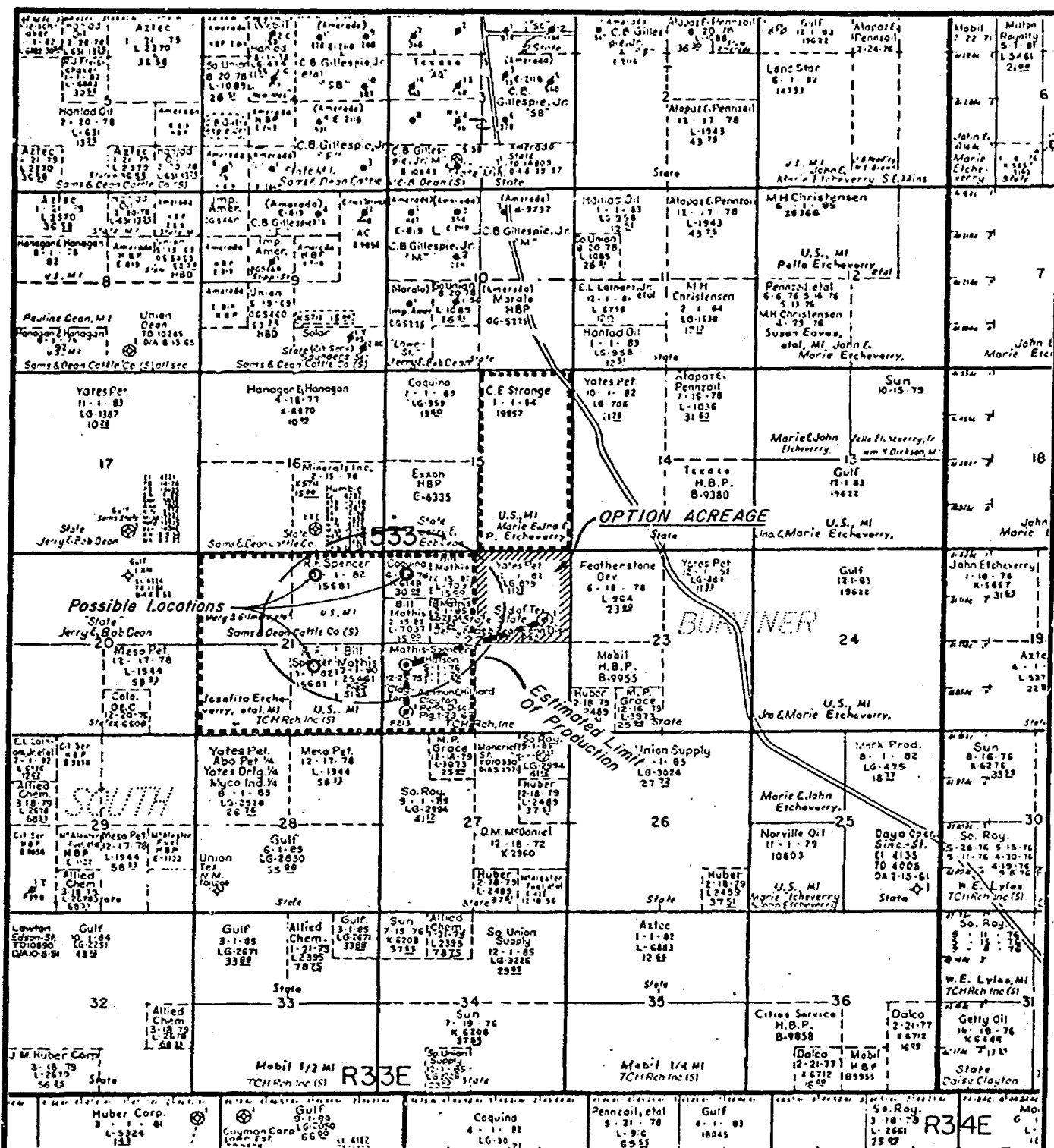
Mathis, Spencer & Hutson

Operator

Roy C. Williamson Jr.
Roy C. Williamson Jr., P.E.
Consultant for Mathis, Spencer & Hutson

Representative

Exhibit 1
Case 5653



AREA MAP

Exhibit 2
Case 5653

FIELD	M S H (Wolfcamp)	County	LEA	State	NEW MEX.
Engineer	R. C. W.	Drwn. By	Del	Date	3-16-76
SIPES, WILLIAMSON & AYCOCK, INC.				Ref. No.	6.917
Consulting Engineers				FIGURE NO.	
Midland - Houston, Texas					

SIPES, WILLIAMSON & AYCOCK, INC.

CONSULTING ENGINEERS

Midland, Texas

March 17, 1976

EXHIBIT

1100 OIHLS TOWER WEST
MIDLAND, TEXAS 79701
915 683-1841

1212 THE MAIN BUILDING
SUITE 712
HOUSTON, TEXAS 77002
713 228-8146

Bottom Hole Pressure History

TYPE OF TEST	DATE	MEASURED PRESSURE		REMARKS
		@ 9778'	psig	
DST-FSIP	1/8/76	3392	PKR Depths 9680-9804	
FLWG BHP	1/17/76	3121	FLWG on 12/64" chk	
CI BHP	1/19/76	3473	CI 47 hrs.	
CI BHP	1/26/76	3510	CI 211 hrs. 30 min.	
Draw-Down - FLWG	1/27/76	2940	After FLWG 27 hrs.	
Build Up	3/4/76	Meas. 2061	CI 96 hrs.	
		Extrap. 2473	Cum. Prod. to time of CI is 5300 BO + 5830 MCF	

Reserve Estimates

1. Volumetric Estimate:

Porosity % 11.8
Water Sat. % 18.0
Recovery Factor % 15
FVF (est. from literature) 1.75
Net Pay Thickness, feet 10
Drainage area, acres 160
Oil Reserves, BBL 102,400

2. Estimated Production Decline Approach (after the production of 5300 BO)

If 20% Annual Decline, Ultimate oil recovery = 5300 BO + 233,118 BO
= 238,418 BO

If 40% Annual Decline, Ultimate oil recovery = 5300 BO + 103,608 BO
= 108,908 BO

Exhibit 4
Case 5653

/cjs

REQUEST FOR THE EXTENSION OF AN EXISTING POOL
OR
THE CREATION OF A NEW POOL

TO: The Oil Conservation Commission
State of New Mexico

Date March 16, 1976

The Mathis, Spencer & Hutson
Name of Operator

Clayton
Name of Lease

1 Located 1980 feet from the South line and 660 feet
Well No.
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Section Township Range

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or that a new pool be created to include the following described area Sec. 21, W/2 Sec. 22, E/2 Sec. 15
TNP 155, Range 33E Lea County, New Mexico.

Suggested name: 1) MSH (Wolfcamp) 2) Clayton (Wolfcamp) 3) Daisey (Wolfcamp)

Name of Producing Formation: Wolfcamp

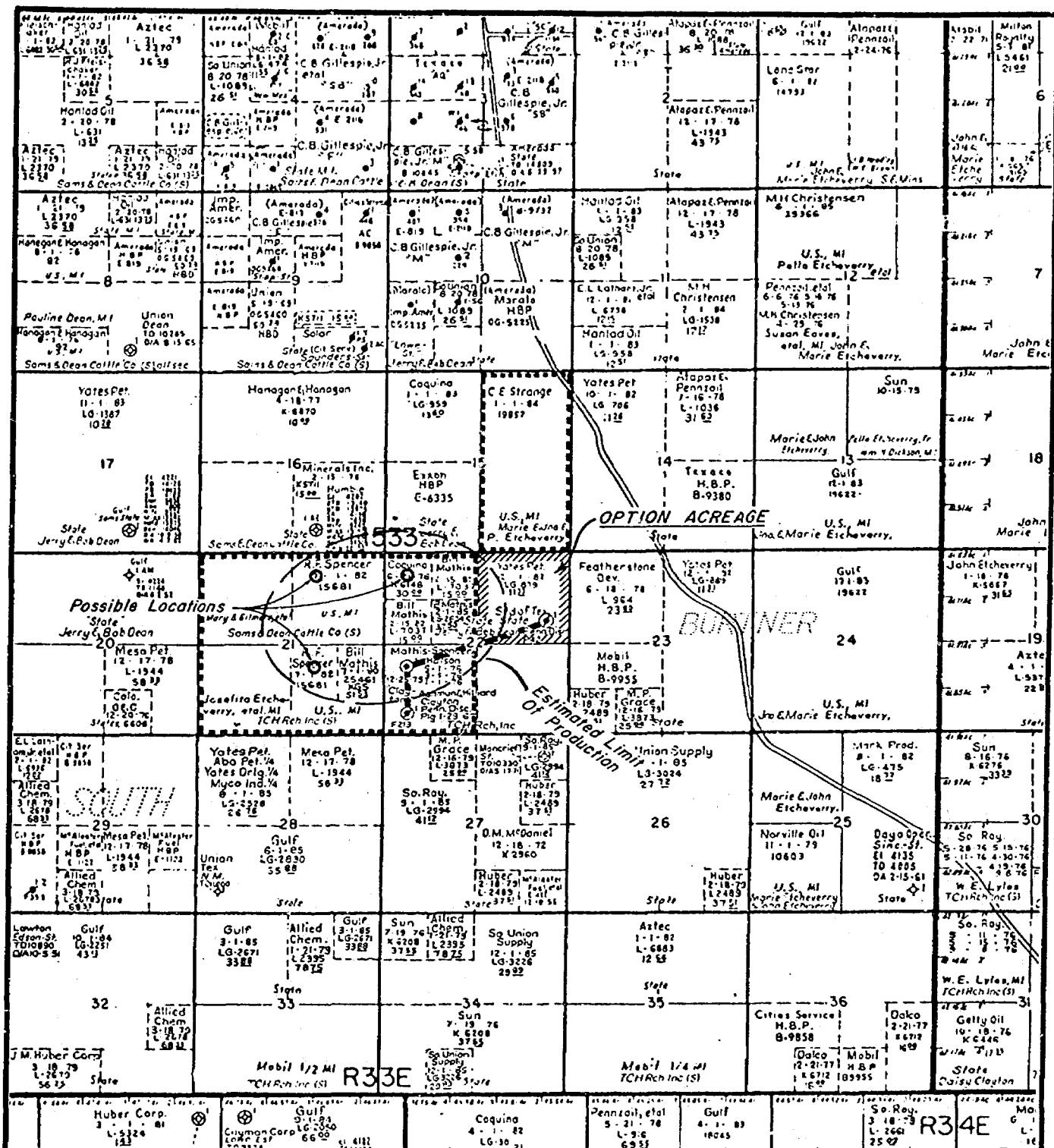
Mathis, Spencer & Hutson

Operator

Roy C. Williamson Jr.
Roy C. Williamson Jr., P.E.
Consultant for Mathis, Spencer & Hutson

Representative

Exhibit 1
Case 5653



AREA MAP

Exhibit 2
Case 5653

FIELD	M S H (Wolfcamp)	County	LEA	State	NEW MEX.
Engineer	R. C. W.	Dwn. By	Del	Date	3-16-76
SIPES, WILLIAMSON & AYCOCK, INC.				Ref. No.	6.917
Consulting Engineers				FIGURE NO.	
Midland - Houston, Texas					

SIPES, WILLIAMSON & AYCOCK, INC.

CONSULTING ENGINEERS

Midland, Texas

1100 OIHLS TOWER WEST
MIDLAND, TEXAS 79701
915 683-1841

March 17, 1976

1212 THE MAIN BUILDING
SUITE 712
HOUSTON, TEXAS 77002
713 228-8148

EXHIBIT

#

Bottom Hole Pressure History

TYPE OF TEST	DATE	MEASURED PRESSURE		REMARKS
		@ 9778'	psig	
DST-FSIP	1/8/76	3392		PKR Depths 9680-9804
FLWG BHP	1/17/76	3121		FLWG on 12/64" chk
CI BHP	1/19/76	3473		CI 47 hrs.
CI BHP	1/26/76	3510		CI 211 hrs. 30 min.
Draw=Down - FLWG	1/27/76	2940		After FLWG 27 hrs.
Build Up	3/4/76	Meas. 2061		CI 96 hrs.
		Extrap. 2473		Cum. Prod. to time of
				CI is 5300 BO + 5830 MCF

Reserve Estimates

1. Volumetric Estimate:

Porosity % 11.8
Water Sat. % 18.0
Recovery Factor % 15
FVF (est. from literature) 1.75
Net Pay Thickness, feet 10
Drainage area, acres 160
Oil Reserves, BBL 102,400

2. Estimated Production Decline Approach (after the production of 5300 BO)

If 20% Annual Decline, Ultimate oil recovery = 5300 BO + 233,118 BO
= 238,418 BO

If 40% Annual Decline, Ultimate oil recovery = 5300 BO + 103,608 BO
= 108,908 BO

Exhibit 4
Case 5653

/cjs

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF MATHIS, SPENCER & HUTSON
FOR ADOPTION OF POOL RULES,
LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Come now Mathis, Spencer & Hutson and apply to the Oil Conservation Commission of New Mexico for creation of a new pool for production of oil from the Permo-Penn formation, and the adoption of pool rules, including a provision for 160-acre spacing and proration units, and in support thereof would show the Commission:

1. Applicants have completed their Clayton No. 1 well as a discovery well, located 1980 feet from the South line, and 660 feet from the West line of Section 22, Township 15 South, Range 33 East, N.M.P.M., Lea County, New Mexico for the production of oil from the Permo-Penn formation. Perforations are from approximately 9774 feet to 9782 feet.

2. Well pressures, producing characteristics and the nature of the formation encountered indicate that one well will efficiently and economically drain and develop a unit of 160 acres, and the economics of drilling and completing wells in the newly-discovered pool are such that it should be developed on 160-acre spacing and proration units.

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 creating a new pool for the production of oil from the Permo-Penn formation, and adopting pool rules for the development and operation of the pool, including a provision for 160-acre spacing and proration units, and for such other provisions as may be proper for the prevention of waste, and the protection of correlative rights.

Respectfully submitted,

MATHIS, SPENCER & HUTSON

By Jason Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

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OF MATHIS, SPENCER & HUTSON
FOR ADOPTION OF POOL RULES,
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Respectfully submitted,
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By Jason Kellahin
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P. O. Box 1769
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

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. 5653
Order No. R-5191

NOMENCLATURE

APPLICATION OF MATHIS, SPENCER & HUT-
SON FOR POOL CREATION AND SPECIAL
POOL RULES, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 19, 1976,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of March, 1976, 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, Mathis, Spencer & Hutson seeks
the creation of a new oil pool for Wolfcamp production in Lea
County, New Mexico.

(3) That the applicant also seeks the promulgation of
special rules for said pool, including a provision for 160-acre
proration units.

(4) That the evidence presently available indicates that
applicant's Clayton Well No. 1, located in Unit L of Section
22, Township 15 South, Range 33 East, NMPM, Lea County, New
Mexico, has discovered a separate common source of supply which
should be designated the Daisy-Wolfcamp Pool; that the
vertical limits of the pool should be the Wolfcamp formation, and
that the horizontal limits of said pool should be as follows:

TOWNSHIP 15 SOUTH, RANGE 33 EAST, NMPM
Section 22: SW 1/4

(5) That in order to prevent the economic loss caused by
the drilling of unnecessary wells, to avoid the augmentation of

risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 160-acre spacing units should be promulgated for the *Daisey-Wolfcamp* Pool.

(6) That the temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(7) That the temporary special rules and regulations should provide for a depth bracket allowable of 515³ barrels.

(8) That the temporary special rules and regulations should be established for a one-year period in order to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(9) That this case should be reopened at an examiner hearing in April, 1977, at which time the operators in the subject pool should be prepared to appear and show cause why the *Daisey-Wolfcamp* Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1976, a new pool in Lea County, New Mexico, classified as an oil pool for *Wolfcamp* production, is hereby created and designated the *Daisey-Wolfcamp* Pool, with vertical limits comprising the *Wolfcamp* formation and horizontal limits comprising the following-described area:

TOWNSHIP 15 SOUTH, RANGE 33 EAST, NMPM
Section 22: 3044

(2) That temporary Special Rules and Regulations for the *Daisey-Wolfcamp* Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE DAISEY-WOLFCAMP POOL

RULE 1. Each well completed or recompleted in the *Daisey-Wolfcamp* Pool or in the *Wolfcamp* formation within one mile of the *Daisey-Wolfcamp* Pool, and not nearer to nor within the limits of another designated *Wolfcamp* pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the *Daisey-Wolfcamp* Pool shall be located on a unit containing 160-

acres, more or less, substantially in the form of a square, which is a quarter section being a legal subdivision of the United States Public Lands Survey.

RULE 3. For good cause shown, the Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when the application is for a non-standard unit comprising less than 160 acres. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director of the Commission may approve the application if, after a period of 30 days, no offset operator has entered an objection to the formation of such non-standard unit.

The allowable assigned to any such non-standard unit shall bear the same ratio to a standard allowable in the ~~Daisey-Wolfcamp~~ Pool as the acreage in such non-standard unit bears to 160 acres.

RULE 4. Each well completed or recompleted in said pool shall not be drilled closer than 660 feet to any quarter section line nor closer than 330 feet to any quarter-quarter section line.

RULE 5. The Secretary-Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Secretary-Director received the application.

Case No. 5653

Order No. -

RULE 6. A standard proration unit (158 through 162 acres) in the ~~Daisy-Wolfcamp~~ Pool shall be assigned a depth bracket allowable of 515 barrels, subject to the market demand percentage factor, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the ~~Daisy-Wolfcamp~~ Pool or in the ~~Wolfcamp~~ formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Hobbs district office of the Commission in writing of the name and location of the well on or before June 1, 1976.

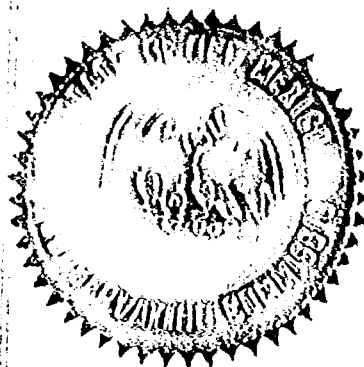
(2) That, pursuant to Paragraph A. of Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, existing wells in the ~~Daisy-Wolfcamp~~ Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 160 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the ~~Daisy-Wolfcamp~~ Pool or in the ~~Wolfcamp~~ formation within one mile thereof shall receive no more than one ~~fourth~~ of a standard allowable for the pool.

(3) That this case shall be reopened at an examiner hearing in April, 1977, at which time the operators in the subject pool should be prepared to appear and show cause why the ~~Daisy-Wolfcamp~~ Pool should not be developed on 40-acre spacing units.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

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. 5653

Order No. 5191-A

IN THE MATTER OF CASE 5653 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NO. R-5191
WHICH ORDER ESTABLISHED TEMPORARY SPECIAL POOL RULES
FOR THE DAISEY-WOLFCAMP POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 11,
19 77, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this June day of April, 1977, the
Commission, a quorum being present, having considered the
testimony, the record, and the recommendations of the Examiner,
and being fully advised in the premises,

FINDS:

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

(2) That by Order No. R-5191, dated March 30,
19 76, temporary special rules and regulations were promulgated
for the Daisey-Wolfcamp Pool Pool, Lea
County, New Mexico, establishing temporary 160-acre spacing
units and proration units, and a limiting gas-oil ratio of
to.

(3) That pursuant to the provisions of Order No. R-5191,
this case was reopened to allow the operators in the subject
pool to appear and show cause why the Daisey-Wolfcamp Pool
~~pool~~ should not be developed on 40-acre spacing units, and a
~~limiting gas-oil ratio of~~ to.

See do p. 2 similar to Order No. R-4181-A

-2-
Case No. 5653
Order No. R-5191-A

(4) That no operator in the subject pool appeared to show cause why the Daisey-Wolfcamp Pool should not be developed on 40-acre spacing units.

~~(5) That no wells are presently producing from the subject pool.~~

~~(6) That it is not anticipated that additional wells will be drilled in the subject pool.~~

(b) That the operators in the subject pool have not established that one well can efficiently and economically drain and develop 160 acres.

(b) That no ^{apparent} necessity exists for the continuation of the Special Rules and Regulations promulgated by Order R-5191 and that said rules should therefore be abolished.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Daisey-Wolfcamp Pool, Lea County, New Mexico, promulgated by Order No. R-5191, are hereby abolished.

(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.

REQUEST FOR THE EXTENSION OF AN EXISTING POOL

OR

THE CREATION OF A NEW POOL

TO: The Oil Conservation Commission
State of New Mexico

Date March 16, 1976

The Mathis, Spencer & Hutson
Name of Operator

Clayton
Name of Lease

1 Located 1980 feet from the South line and 660 feet
Well No.

from the west line of 22 155 33E
Section Township Range

is outside the boundaries of any pool producing from the same formation. On the basis of the information submitted here-
with on form C-105, we hereby request that the

pool be extended to include the following described area

or that a new pool be created to include the following described area Sec. 21, W/2 Sec. 22, E/2 Sec. 15
TNP 155, Range 33E Lea County, New Mexico.

Suggested name: 1) MSH (Wolfcamp) 2) Clayton (Wolfcamp) 3) Daisey (Wolfcamp)

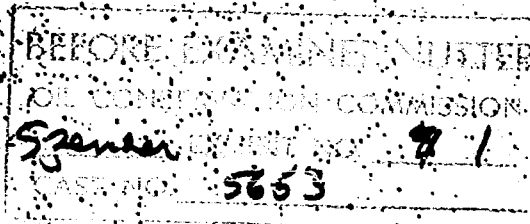
Mathis, Spencer & Hutson

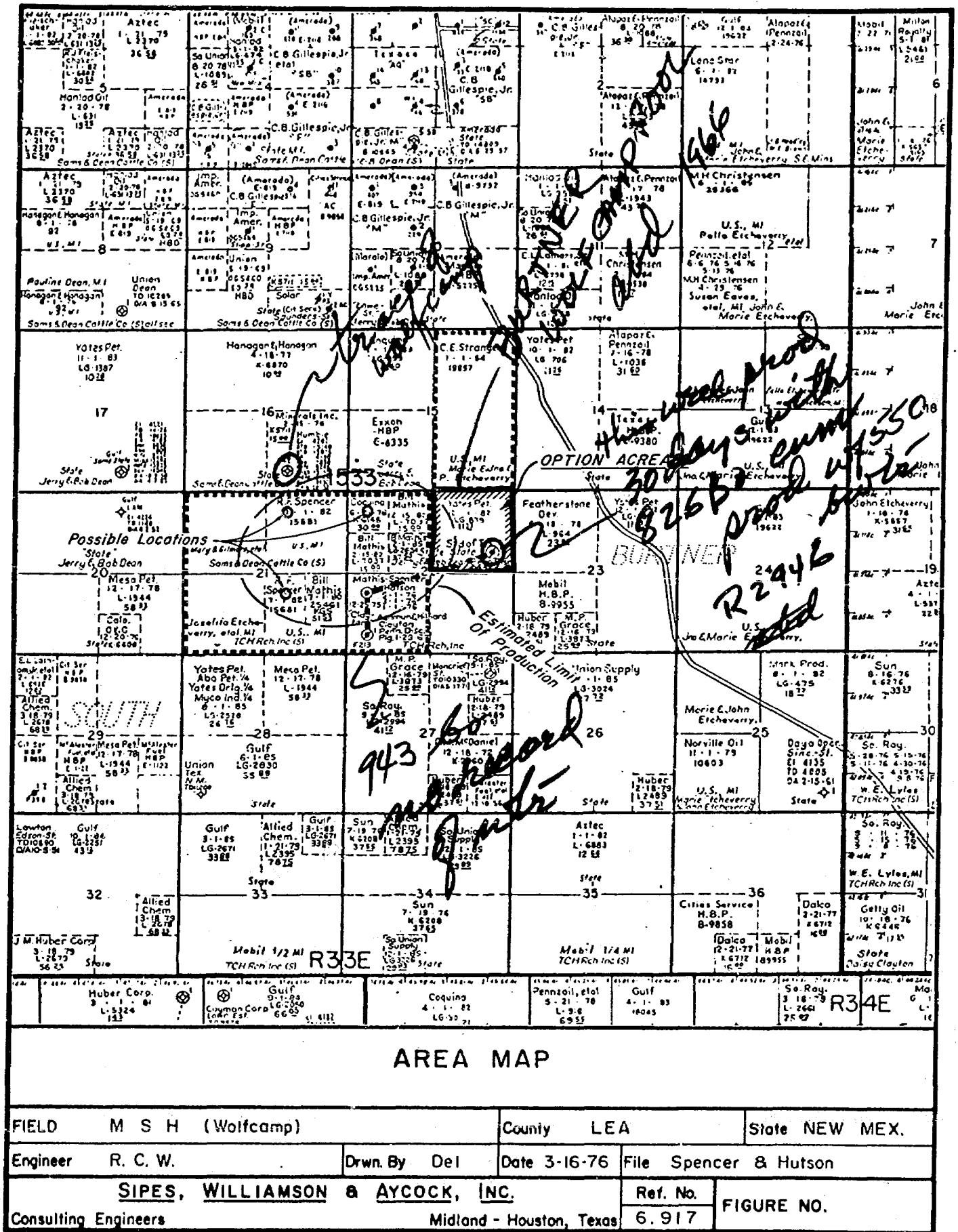
Operator

Name of Producing Formation: Wolfcamp

Roy C. Williamson Jr.
Roy C. Williamson Jr., P.E.
Consultant for Mathis, Spencer & Hutson

Representative





SIPES, WILLIAMSON & AYCOCK, INC.

CONSULTING ENGINEERS

Midland, Texas

March 17, 1976

1100 OIHLS TOWER WEST
MIDLAND, TEXAS 79701
915 683-1841

1212 THE MAIN BUILDING
SUITE 712
HOUSTON, TEXAS 77002
713 228-8148

EXHIBIT

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Bottom Hole Pressure History

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