

CASE 3405: Application of DAVID
FASKEN FOR SPECIAL RULES FOR THE
N. INDIAN HILLS-MORROW GAS POOL.

ASE NO.

3405

Application,
Transcripts,

Mail Exhibits

ETC.

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. 3405
Order No. R-3081-A

APPLICATION OF DAVID FASKEN
FOR SPECIAL POOL RULES, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 21, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 23rd day of May, 1969, 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-3081, dated June 23, 1966, tempo-
rary Special Rules and Regulations were promulgated for the
North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico,
establishing 640-acre spacing units for a period of one year
after first pipeline connection in the pool.

(3) That pursuant to the provisions of Order No. R-3081,
this case was reopened to allow the operators in the subject
pool to appear and show cause why the North Indian Hills-Morrow
Gas Pool should not be developed on 320-acre spacing units.

(4) That the subject case should be dismissed inasmuch as
the North Indian Hills-Morrow Gas Pool was consolidated with the
Indian Basin-Morrow Gas Pool by Order No. R-3758, effective
June 1, 1969.

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CASE No. 3405

Order No. R-3081-A

IT IS THEREFORE ORDERED:

(1) That, effective June 1, 1969, the temporary Special Rules and Regulations governing the North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico, promulgated by Order No. R-3081, are hereby abolished, and this case is hereby dismissed.

(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


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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


eBR/



OIL CONSERVATION COMMISSION

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

**GOVERNOR
DAVID F. CARGO
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMJO
MEMBER**

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

May 23, 1969

**Henry Engineering
807 First National Bank Building
Midland, Texas 79701**

Re: Case No. 3405
Order No. A-3081-A
Applicant:
David Fasken

Dear Sir:

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

Very truly yours,

G. L. Parker, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC X

Aztec OCC

Other _____

Docket No. 15-69

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 21, 1969

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

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

← CASE 3405: (Reopened) (Continued from the May 7, 1969 Examiner Hearing)

In the matter of Case No. 3405 being reopened pursuant to the provisions of Order No. R-3081, which order established 640-acre spacing for the North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico, for a period of one year after first pipeline connection in the pool. All interested parties may appear and show cause why said pool should or should not be developed on 320-acre spacing units.

CASE 4131: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Jalmat and South Eunice oil pools, Lea County, New Mexico, in the wellbores of six wells located as follows:

TOWNSHIP 21 SOUTH, RANGE 36 EAST

Arnott Ramsay (NCT-D) Well No. 6 - Unit K - Section 33
Arnott Ramsay (NCT-D) Well No. 7 - Unit M - Section 33
Arnott Ramsay (NCT-D) Well No. 8 - Unit N - Section 33
Arnott Ramsay (NCT-D) Well No. 9 - Unit L - Section 33
J. F. Janda (NCT-B) Well No. 4 - Unit O - Section 32

TOWNSHIP 22 SOUTH, RANGE 36 EAST

J. F. Janda (NCT-F) Well No. 8 - Unit C - Section 4

CASE 4132: Application of Pan American Petroleum Corporation for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for three wells located in Unit D, E, and P of Section 27, Township 18 South, Range 31 East, Shugart Field, Eddy County, New Mexico. Applicant seeks authority to continue to dispose of salt water produced in two unlined surface pits located in the E/2 of said Section 27.

- CASE 4133: Application of Skelly Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Dollarhide Drinkard Unit Area comprising 3,533.52 acres, more or less, of Fee, Federal, and State lands in Townships 24 and 25 South, Range 38 East, Lea County, New Mexico.
- CASE 4134: Application of Skelly Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its West Dollarhide Drinkard Unit Area by the injection of water into the Tubb-Drinkard formation through 43 wells located in Townships 24 and 25 South, Range 38 East, Dollarhide Tubb-Drinkard Pool, Lea County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.
- CASE 4135: Application of Roy E. Kimsey, Jr. for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for the P. R. Bass-Federal Well No. 1 located in Unit F of Section 3, Township 16 South, Range 30 East, West Henshaw Pool, Eddy County, New Mexico. Applicant seeks authority to continue to dispose of produced salt water in an unlined surface pit located near said well.
- CASE 4136: Application of Mallard Petroleum, 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 Yates formation in the interval from 3606 feet to 3627 feet in its Milner Federal Well No. 4 located in Unit C of Section 35, Township 20 South, Range 34 East, Lynch Pool, Lea County, New Mexico.
- CASE 4137: Application of Atlantic Richfield Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Shugart Unit Area comprising 1359.40 acres, more or less, of Federal and State lands in Townships 18 and 19 South, Range 31 East, Eddy County, New Mexico.

- CASE 4138:** Application of Atlantic Richfield Company for a waterflood project and unorthodox injection well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Yates-Seven Rivers-Queen formations through 11 wells in Townships 18 and 19 South, Range 31 East, Shugart Pool, Eddy County, New Mexico. Applicant further seeks an exception to permit the drilling of one of said wells at an unorthodox location 100 feet from the South line and 990 feet from the West line of Section 35, Township 18 South, Range 31 East.
- CASE 4139:** Application of Allied Chemical Corporation for a unit agreement, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Milnesand (San Andres) Unit Area comprising 5370.18 acres, more or less, of Federal and Fee lands in Township 8 South, Ranges 34 and 35 East, Roosevelt County, New Mexico.
- CASE 4140:** Application of Allied Chemical Corporation for a waterflood project, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Milnesand (San Andres) Unit Area by the injection of water into the San Andres formation through 33 wells located in Township 8 South, Ranges 34 and 35 East, Milnesand-San Andres Pool, Roosevelt County, New Mexico. Applicant further seeks a procedure whereby said project may be expanded administratively without a showing of well response.
- CASE 4141:** Application of McCasland Disposal System for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation in the intervals from approximately 3756 feet to 3851 feet and from approximately 3918 feet to 3939 feet, respectively, in the Getty Oil Company J. H. Day Wells Nos. 1 and 2, both located in the NW/4 of Section 8, Township 22 South, Range 36 East, Jalmat Pool, Lea County, New Mexico.
- CASE 4142:** Application of Tamarack Petroleum Corporation, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water by injection into the Queen formation in the interval from 4946 feet to 5040 feet in its Cabot 15 State Well No. 2 located in Unit P of Section 15, Township 19 South, Range 35 East, Pearl-Queen Pool, Lea County, New Mexico.

Examiner Hearing - May 21, 1969

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Docket No. 15-69

CASE 4143: Application of Amerada Petroleum Corporation for downhole commingling and special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Eumont Gas Pool and the Skaggs-Grayburg Pool in the wellbore of its Fred Turner, Jr., "A" Well No. 2, the Eumont completion of which is presently classified as a gas completion, located in Unit K of Section 18, Township 20 South, Range 38 East, Lea County, New Mexico. Applicant, further seeks the establishment of a special gas-oil ratio limitation for the subject well.

(Continued from the May 7, 1969 Examiner Hearing)

CASE 4121: Application of Roger C. Hanks for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Bar U-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING P. O. BOX 1410

FORT WORTH, TEXAS—76101

May 5, 1969

File: GHF-211-986.510.1

Subject: Pool Rule Hearing
North Indian Hills
Morrow Gas Pool
Eddy County, New Mexico

D. L. RAY
DIVISION ENGINEER

1 10
7
MAY 7
'69

Handwritten signature/initials

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico 87501

Gentlemen:

It is our understanding that David Fasken will request the retention of 640-acre unit rules for the subject pool at the Commission called Pool Rules Review hearing to be held May 21, 1969. Pan American Petroleum Corporation supports the establishment of permanent 640-acre unit rules for this pool.

Yours very truly,

D. L. Ray

WCW:jn

Henry S. [unclear]
807 First National Bank
1-1-69
Midland, Texas 79701

POCKET MAIL

Date 5-9-69

for May 24th

State of New Mexico
Oil Conservation Commission



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

June 23, 1966

DOCKET MAILED

Re: Case No. 3405
Order No. R-3081
Applicant:

DAVID FASSEN

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

A. L. PORTER, Jr.
Secretary-Director

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other

Docket No. 13-69

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 7, 1969

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 4119: Application of Union Oil Company of California to directionally drill, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Owens Well No. 1 located 1980 feet from the North and East lines of Section 34, Township 14 South, Range 35 East, Lea County, New Mexico. Said well was drilled to a total depth of 11,199 feet and plugged back to approximately 9,000 feet. Applicant proposes to set a whipstock at approximately 9,000 feet and to directionally drill to a depth sufficient to bottom said well in the Lower Hueco formation at a point approximately 2298 feet from the North line and 1662 feet from the East line of said Section 34 (approximately 450 feet Southeast of the surface location.)

CASE 4120: Application of Sam Boren for the creation of a new gas pool, promulgation of special rules for the pool, a dual completion, and commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Wolfcamp gas pool for his Crowley State "A" Well No. 1 located in Unit L of Section 5, Township 12 South, Range 33 East, Lea County, New Mexico, and for the promulgation of special rules therefor, including a provision for 320-acre proration units. Applicant also seeks approval of the dual completion of said well to produce gas through the casing-tubing annulus from the aforesaid Wolfcamp pool and oil through tubing from the North Bagley-Lower Pennsylvanian Pool, commingling the liquid hydrocarbons from said pools on the lease. Applicant further seeks authority to commingle in the well-bore sufficient Wolfcamp gas to gas lift the Pennsylvanian oil.

CASE 4121: Application of Roger C. Hanks for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Bar U-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units and the assignment of 80-acre allowables.

CASE 4122: Application of Roger C. Hanks for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian

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Examiner Hearing - May 7, 1969

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(Case 4122 continued)

formation in the interval from approximately 12,878 feet to 13,011 feet in his Atlantic Tebworth Well No. 1 located in the SW/4 SW/4 of Section 25, Township 8 South, Range 36 East, Allison Field, Roosevelt County, New Mexico.

CASE 4123: Application of Kersey and Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Premier and Lovington sands of the Grayburg formation through its Dublin Well No. 3 located in the NW/4 NE/4 of Section 3, Township 17 South, Range 29 East, Square Lake Pool, Eddy County, New Mexico.

CASE 3405: (Reopened) - TO BE CONTINUED TO MAY 21, 1969

In the matter of Case No. 3405 being reopened pursuant to the provisions of Order No. R-3081, which order established 640-acre spacing for the North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico, for a period of one year after first pipeline connection in the pool. All interested parties may appear and show cause why said pool should or should not be developed on 320-acre spacing units.

CASE 4124: Application of Amerada Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the State H "A" COM Unit Area comprising 1,281 acres, more or less, of State lands in Sections 18, 19, and 30 of Township 14 South, Range 35 East, Lea County, New Mexico.

CASE 4125: Application of Continental Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the San Andres formation through ten wells in Sections 34 and 35, Township 16 South, Range 29 East, Forest-San Andres Pool, Eddy County, New Mexico.

CASE 4126: Application of Curtis Hankamer for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for the applicant's wells located in Sections 12, 13, 14, and 24, Township 26 South, Range 29 East, Brushy-Draw Delaware Pool, Eddy County, New Mexico. Applicant seeks

Docket No. 13-69

Examiner Hearing - May 7, 1969

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(Case 4126 continued)

authority to continue to dispose of salt water produced by said wells in four unlined surface pits.

CASE 4127: Application of Curtis Hankamer for an exception to Order No. R-3221, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's two wells located in Section 11, Township 24 South, Range 32 East, Double X-Delaware Pool, Lea County, New Mexico. Applicant seeks authority to continue to dispose of salt water produced by said wells in two unlined surface pits.

CASE 4128: Application of C. O. Fulton for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Premier and Lovington sands of the Grayburg formation through one well located in Unit D of Section 2, and two wells in Units D and P of Section 3, Township 17 South, Range 29 East, Square Lake Pool, Eddy County, New Mexico.

CASE 4117: (Continued from the April 23, 1969 Examiner Hearing)
Application of Eastern Petroleum Company for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the Rattlesnake-Dakota Pool, San Juan County, New Mexico, permitting the drilling of wells on 2½-acre spacing provided that no well be located nearer than 50 feet to the outer boundary of the quarter-section and no nearer than 165 feet to another well producing from the same pool, and provided further, that a 40-acre proration unit would be subject to a 40-acre allowable regardless of the number of wells on the unit.

CASE 4118: (Continued from the April 23, 1969 Examiner Hearing)

Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle gas production from undesignated Fruitland and Pictured Cliffs gas pools in the well-bore of its Federal "I" Well No. 4, located in the NE/4 NW/4 of Section 1, Township 29 North, Range 14 West, San Juan County, New Mexico.

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Examiner Hearing - May 7, 1969

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CASE 4129: Application of Redfern Development Corporation for gas commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Devils Fork-Gallup gas and Basin-Dakota gas after separately metering the Dakota gas and determining the Gallup production by means of the subtraction method. Said production is from the dually completed Largo Spur Well No. 1 located in Unit J of Section 18, Township 24 North, Range 6 West, Rio Arriba County, New Mexico.

**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. 3405
Order No. R-3081**

**APPLICATION OF DAVID FASKEN
FOR SPECIAL POOL RULES, EDDY
COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 25, 1966, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of June, 1966, 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, David Fasken, seeks the promulgation of special rules and regulations for the North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico, including a provision for 640-acre spacing units.

(3) 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 640-acre spacing units should be promulgated for the North Indian Hills-Morrow Gas Pool.

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CASE No. 3405

Order No. R-3081

(4) 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.

(5) That special rules and regulations should be established for a temporary period to expire one year from the date that a pipeline connection is first obtained for a well in the pool; that during this temporary period all operators in the subject pool should gather all available information relative to drainage and recoverable reserves.

(6) That this case should be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the North Indian Hills-Morrow Gas Pool, at which time the operators in the subject pool should appear and show cause why the North Indian Hills-Morrow Gas Pool should not be developed on 320-acre spacing units.

(7) That the first operator to obtain a pipeline connection for a well in the North Indian Hills-Morrow Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS THEREFORE ORDERED:

That temporary Special Rules and Regulations for the North Indian Hills-Morrow Gas Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
NORTH INDIAN HILLS-MORROW GAS POOL**

RULE 1. Each well completed or recompleted in the North Indian Hills-Morrow Gas Pool or in the Morrow formation within one mile thereof, and not nearer to or within the limits of another designated Morrow gas pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental 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

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CASE No. 3405
Order No. R-3081

the unorthodox location has been entered within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Indian Hills-Morrow Gas Pool or in the Morrow formation within one mile thereof are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before July 1, 1966.

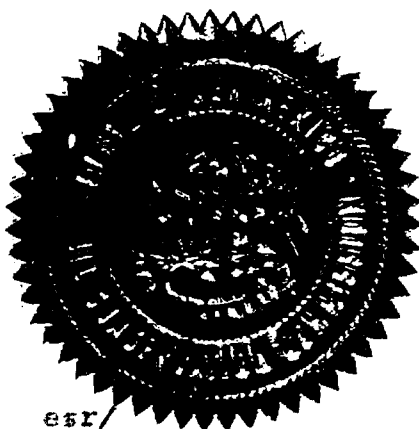
(2) That any operator desiring to dedicate acreage pursuant to Rule 2 to a well presently drilling to or completed in the North Indian Hills-Morrow Gas Pool shall file a new Form C-102 with the Commission on or before July 1, 1966.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the North Indian Hills-Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the North Indian Hills-Morrow Gas Pool should not be developed on 320-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the North Indian Hills-Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(5) 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.



esr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

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1120 SIMAS BLVD. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO



PAGE 1

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 25, 1966

EXAMINER HEARING

IN THE MATTER OF:

Application of David Fasken for special
pool rules, Eddy County, New Mexico.

Case No. 3405

BEFORE:

Daniel S. Nutter, Chief Engineer

TRANSCRIPT OF HEARING

MR. NUTTER: Call Case 3405. Application of David Fasken for special pool rules, Eddy County, New Mexico.

MR. SPERLING: James E. Sperling, Albuquerque, appearing for the applicant. We have one witness, Mr. Examiner. Would you stand please?

(Witness sworn.)

(Whereupon, Applicant's Exhibits 1 through 6 marked for identification.)

* * *

JAMES B. HENRY, a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. SPERLING:

Q Would you state your name, please?

A James B. Henry.

Q What is your place of residence?

A Midland, Texas.

Q What is your profession?

A Petroleum Engineer.

Q Have you previously testified before the Commission?

A Yes, I have.

Q Your qualifications are a matter of record?

A Yes.

Q Are you employed by the applicant?

A Yes, I'm a consulting engineer on retainer to the applicant.

Q In that capacity you are familiar with what is sought by the application?

A Yes, I am.

Q Would you please refer to what has been marked as Exhibit 1 and explain to the Examiner what this portrays?

A This is the plat of the North Indian Hills Morrow Field Area. The field is comprised of one section only and one shut in gas well, being the David Fasken Ross Federal Number 1 shown in what's been designated as Unit S in Section 4. You'll note that Section 4 is a large Section containing 924.6 acres.

Q Can you refer to the order number which designated this pool, Mr. Henry?

A This was set in Case Number 3383, Order Number R-3051 dated March the 18th, 1966.

Q The present horizontal limits of the field comprise Section 4 as indicated on the map?

A Right, Section 4 of Township 21 South, Range 24 East.

Q Now, the production from this well is from what zone?

A It's from the Morrow Sand.

Q Will you indicate on the plat the other wells in the area which have penetrated the Morrow formation, and the

results?

A In the lower left-hand corner of the plat in Section 18 of 21 South, Range 24 East, there is a dry hole designated the Union State Number 1. In Section 10 of that same township there is a well designated here as a location being the Mobil Number 1-V. It has since been tested and it's my understanding from Mobil that they plan to plug and abandon this well.

In the township to the North, which is Township 20 South, Range 25 East, in Section 27 there's a well designated as the Number 1 Shell & International Federal, and it is a dry hole in the Morrow Sand.

In Section 24 of Township 20 South, Range 24 East, which is in the extreme upper left-hand corner of the plat, there's a well designated as Humble Hobbs Number 1 that penetrated the Morrow Sand and has been abandoned.

There is a well in Section 30 of Township 20 South, Range 25 East designated Mobil Federal Number 1-W. That is a location in a process of drilling that well.

Q It is projected to the Morrow?

A Yes, it's my understanding from Mobil that it is a Morrow Sand test.

Q Would you please refer to Exhibit Number 2, which I believe is a resume of general data, and explain briefly the information contained on that exhibit?



A This exhibit reflects the general information that has been completed on this one well. The well was completed May 21, 1965; there was an open flow potential run April 22, 1965 for 19 million cubic feet of gas per day. The pay zone was found at a depth of 9480 feet, which is the top of the pay zone. Water saturation is 19 percent in the net pay section. The porosity was estimated at 12 percent in the net pay section and the permeability is determined from the 2 factor of the back pressure test, indicated to be in the range of 200 millidarcies. The gas condensate ratio was approximately 200,000 standard cubic feet per barrel; it was 207 on the test. Looks like the 200,000 standard cubic feet per barrel is about the gas condensate ratio. The original bottom hole pressure was 3881 PSIA, and the gas is sweet gas having a gravity of 0.61 referred to air, and that is the gravity of the full well stream.

Q You have had a gas analysis made?

A Yes, we have, and it was prepared by Core Laboratories indicating it to be a sweet gas and a relatively dry gas,

Q And those are the results of the analysis as shown Exhibit 3?

A Yes, they are. The gas has a heating value of 1,072 BTU per cubic foot.

Q Is this well presently connected?

A No, it's been shut in since completion.

Q Would you please refer to Exhibit 4. That is a log, I assume, of the well in question?

A Yes, sir, that is a log of the, gamma ray sonic log of the well. From the 5" scale we have marked the perforations which begin at 9481 feet, and we have 6 sets of perforations extending down to the lower-most one being 9634 feet. These sand sections were perforated by the control pressure technique, the well was completed. Naturally there was no extrapolation of the pay zone.

Q Is there anything else pertinent that you want to comment on as shown by the log sheet?

A I believe that covers it as far as the log is concerned.

Q All right. Now, would you please refer to what's been marked as Exhibit 5?

A Exhibit 5 is a chronological pressure and production data recap of the events that took place from the pressure build up prior to the open flow potential test, the pressures during the open flow potential test and the build up following that test. Of particular interest on Page 1 following the cover letter from Tefteller, Incorporated, whose equipment was used on the job, under the cover letter from Tefteller, Incorporated is the recap of the time the pressure and the

flow rates that were being experienced during the test. Of particular interest is the bottom hole pressure build up in the last column, which is referred to as bottom hole pressure at 9468. It's been corrected to a datum there. The measurement was actually 9400.

You will note that within 30 minutes after the well was shut in, after having flowed at a rate of 8 million cubic feet per day, within 15 minutes the reservoir pressure had returned within 3 pounds of the original pressure. The extrapolation of this build up shown on the second and following page would indicate that it would build back to 4 pounds above the original pressure had we left the bomb in the hole a little longer. These are within the limits of the accurate limits of the instruments, so I think we can return to the original pressure within 15 minutes.

The pressure build up indicates a high order of permeability. We believe that this is graphically shown to a greater degree on the last sheet of that, which is a photostatic copy of the pressure recording chart on this thing. Beginning up at 9 A.M. was a shut in pressure. There was a small adjustment made shortly after 12:00 noon in the surface equipment after a very short flow rate of about 3 to 5 minutes, and the first flow rate was from about 12:30 until approximately 20:30, showing the rapid leveling out of this

pressure. There was a small shut in time during the test of about 30 minutes shown shortly before 3:00 P.M. The next three plateaus show the final three flow rates and the adjustment of those at the time of about 6:41; shows the time at which the well was shut in with a substantial draw down, and by about 6:18 this had returned to a constant pressure equivalent to that very much of what the well had prior to the test. This graphically shows the rapid build up of this very permeable sand.

Q What conclusions do you draw from those tests with reference to the drainage area affected by this well?

A From calculations based on this test it indicates that a pressure disturbance created by the production of this well would be felt at a distance of approximately 3600 feet in a matter of 2 days, would indicate that this could drain a very large area with this one well far in excess of 640 acres.

Q Are there any other conclusions that you draw from the results of those tests?

A I believe that's about the extent of it.

Q What are the prospects for connection for this well?

A The Natural Gas Pipeline Company of America has a line approximately 3 miles west of this location. Their connection to this well was somewhat contingent upon the outcome of the Mobil Federal V Number 1 in Section 10 diagonally

offsetting the Number 4. That, being a dry hole, leaves us in need of a market. The development in Section 30, we hope, will generate sufficient reserves to satisfy the pipeline company to connect the well.

Q Referring again to Exhibit 1, the map of the area, I note that there are a number of wells, apparent dry holes designated on the plat, which you did not refer to as having penetrated the Morrow. To what zones were these wells drilled?

A These wells were drilled to test the San Andres Section. I believe each of them on this plat have their total depths marked on here. They range from a depth of 406 feet down to 1740 feet. There was one well in Section 4 that reached a depth of 3940 feet and was abandoned as a dry hole. It originally was drilled as one of these San Andres wells and taken on down into the clear fork section and abandoned at 3940.

Q What is the distance to the nearest Morrow production from this location?

A The nearest Morrow production is approximately 3 miles and a half, South. The Indian Hills Morrow Field has a producing well in the section immediately South of Section 16. I beg your pardon, that well is not completed, it's completed in the Pennsylvanian. The nearest one would be in Section 19 of that same township which is the Perrock Number

1 Indian Federal.

Q And that's approximately 3-1/2 miles from this location?

A Yes, sir.

Q Have there been any wells drilled in the intervening distances there to test the Morrow?

A Yes, the Union State well in Section 18 was a dry hole in the Morrow. There was a dry hole in the Morrow in Section 22 of this same township, which would mean that the production from the Indian Hills Morrow would have to pass between these two wells that are separated by a distance of 2-1/2 miles.

Q Then you have no real evidence of any connection between the Morrow Sand underlying the well in question, that is in Section 4, and the Morrow production to the South?

A There's no evidence at this time that those are continuous, although it is possible.

Q Now, would you please refer to Exhibit 6 which I believe are your recommended rules for presentation to the Commission and the Commission's consideration for adoption as applicable to this pool?

A Yes, they are.

Q Would you explain what is sought by those rules and by this application, generally?

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PAGE 11

A The general application is to provide for an orderly development of the Morrow Sand in the area of this field. The recommendation is for 640 acres of a single governmental spacing. We're particularly interested in getting this spacing approved to provide for this wide spacing. The problem is complicated somewhat by the North tier of sections in Townships 21 South, in that the North tier of sections contain approximately 920 acres. The particular section in question, the David Fasken Ross Federal Lease in Section 4 contains 924.6 acres. The Township to the West where this occurred, the governmental sections were divided into 320 acre tracts on the North tier where they exceeded 320 acres, and we would ask here the tolerance acreage up to 320 acres be included, or half of an additional spacing unit for these unusual sized units.

The entire leases, all of the leases in Section 4 have been communitized under a Federal Communitization Agreement and approved. The Rule 3 provides for non-standard gas units which I believe is fairly standard provision. Rule 4 provides for spacing no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

The Rule 5 provides for granting exception to Rule 4. And Rule 6 provides for the gas allowable for the individual wells to be fixed on an acreage basis. We also ask that these

rules be temporary in nature and that they extend for one year following the date of first connection to a gas market.

Q Mr. Henry, do you feel that the adoption of these rules would prevent the drilling of unnecessary wells in this what appears to be rather small pool?

A Yes, sir.

Q And is it your professional opinion that one well will drain in excess of 640 acres?

A Yes, sir, I believe it could drain in excess of a 924 acre section, it could drain in excess of that amount.

Q Do you feel that the adoption of these rules will prevent waste and protect Correlative Rights in this area?

A Yes, sir.

Q Do you have any other comments to make concerning the rules or any of the testimony presented?

A I believe I have nothing further to offer.

MR. SPERLING: We would like to offer Exhibits 1 through 6.

(Whereupon, Applicant's Exhibits 1 through 6 offered into evidence.)

MR. NUTTER: If there are no objections the exhibits will be admitted.

(Whereupon, Applicant's Exhibits 1 through 6 admitted into evidence.)

MR. SPERLING: That's all I have.

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

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Henry, in view of the fact that there are so many little shallow wells that have been drilled in this area, and some of these are far from complying with the proposed 1650 feet of the outer boundary of the section, do you think there should be a restriction for granting exception to a well previously drilled in another horizon; you mentioned a well in Section 33, that well appears to be 660 feet out of the corner. Do you think a 660 well should be grounds for getting an unorthodox location when it was drilled on another horizon previously?

A I don't believe this would be a problem. Most of these had small diameter pipes so that protective casing could be used, however I doubt that that would be sufficient to meet the requirements of the U.S.G.S. and the Artesian Water Basin people. These wells generally are completed to produce a very small oil show found in the top of the Artesian Water, and as a matter of fact, the well in Section 32 on the J. E. Howell Lease has been completed by Mr. Howell as a water well. He uses it at his ranch. And these things would complicate

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PAGE 14

the use of those shallow wells.

Q You don't think someone might use this as subterfuge to get a location too close to the outer boundary of the section?

A I don't believe so.

MR. NUTTER: If there is nothing further the witness may be excused. Do you have anything further, Mr. Sperling?

MR. SPERLING: No.

MR. NUTTER: The Commission will take the case under advisement.

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I N D E X

<u>WITNESS:</u>	<u>PAGE</u>
JAMES B. HENRY	
Direct Examination by Mr. Sperling	2
Cross-Examination by Mr. Nutter	13

E X H I B I T S

<u>NUMBER</u>	<u>MARKED FOR IDENTIFICATION</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Applt's. 1	2	12	12
Applt's. 2	2	12	12
Applt's. 3	2	12	12
Applt's. 4	2	12	12
Applt's. 5	2	12	12
Applt's. 6	2	12	12

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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS

I, BOBBY J. DAVIS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 8th day of June, 1966.

Bobby J. Davis
NOTARY PUBLIC

My Commission Expires:
March 13, 1969.

I do hereby certify that the foregoing is
a correct record of the hearing held on
the 5/25/66 at 3405
New Mexico Oil Conservation Commission

J. R. MODRALL
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
DANIEL A. SISK
LELAND S. SEDBERRY, JR.
ALLEN C. DEWEY, JR.
FRANK H. ALLEN, JR.
JAMES R. SAUNDERS, JR.
JAMES A. PARKER
HENRY G. COORS
JOHN R. COONEY
KENNETH L. HARRIGAN

LAW OFFICES OF
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JOHN F. SIMMS (1885-1954)
AUGUSTUS T. SEYMOUR
(1907-1965)
TELEPHONE 243-4511
AREA CODE 505

April 29, 1966

Case 3405

MAIN OFFICE 010

'66 MAY 1 AM 8 12

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

Attention: Daniel S. Nutter,
Chief Engineer

Re: Application of David Fasken
for Special Pool Rules for
North Indian Hills Basin Gas
Pool, Eddy County, New Mexico

Gentlemen:

Receipt is acknowledged of Mr. Nutter's letter of April 22, 1966, stating that the Application filed by our office on behalf of David Fasken is the only matter appearing on the Docket for the hearing scheduled for May 11th and suggesting that the case be continued to and docketed on May 25. This is to advise that my client has no objection to the change of the hearing date, and we will therefore consider the Application as set for hearing on the May 25 date.

Best regards.

Very truly yours,

James E. Sperling
James E. Sperling

JES:fm

DOCKET MAILED

Date 5/10/66

W. R. MODRALL
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
DANIEL A. SISK
LELAND S. SEDBERRY, JR.
ALLEN C. DEWEY, JR.
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JAMES P. SAUNDERS, JR.

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APR 15 1966

CC

April 15, 1966

3405

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

Re: Application of David Fasken
for Special Pool Rules for
North Indian Hills Basin Gas
Pool, Eddy County, New Mexico

Dear Mr. Porter:

Enclosed please find Application which you will
please file and docket for Examiner's Hearing on May 11,
1966.

Very truly yours,

James E. Sperling
James E. Sperling

JES:fm
Enclosures
cc: Mr. David Fasken

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
DAVID FASKEN FOR ADOPTION OF SPECIAL
POOL RULES FOR THE NORTH INDIAN
HILLS BASIN GAS POOL, EDDY COUNTY,
NEW MEXICO, TO PROVIDE FOR 640 ACRE
DRILLING AND SPACING UNITS.

CASE NO. 3405

A P P L I C A T I O N

DAVID FASKEN, whose address is 608 First National Bank Building, Midland, Texas, hereinafter called "Applicant," states as follows:

I

Applicant is the operator of a well capable of producing gas from the Morrow Formation, which well is known as the Ross Federal Number 1 located 1,980 feet from the South line and 1,980 feet from the West line of Section 4 in Township 21 South, Range 24 East, N.M.P.M., in the North Indian Hills Basin Gas Pool, Eddy County, New Mexico.

II

Special pool rules and regulations should be adopted by this Commission concerning the drilling of gas wells in said pool and the production therefrom, including but not limited to the establishment of drilling tracts consisting of a governmental section of the United States Public Lands Survey and containing 640 acres, more or less.

III

The horizontal limits of the North Indian Hills Basin Morrow Gas Pool constitutes a common gas reservoir and the geological and engineering data available pertaining to said formation indicates that one well will efficiently and economically drain the recoverable gas in place in said formation underlying an area in excess of 640 acres.

IV

It is economically impractical and wasteful to drill wells to the Morrow Formation within the North Indian Hills Basin Pool on drilling units containing less than 640 acres, and the drilling of wells under normal statewide spacing rules would create waste by compelling the drilling of unnecessary wells.

V


The establishment of drilling and spacing units as herein requested is necessary for the orderly development of a common source of supply in said pool as the same is now constituted or may later be extended. The establishment of such drilling and spacing units will protect the correlative rights of all parties affected, will prevent both physical and economic waste, will eliminate the drilling of unnecessary wells, and will promote the recovery of gas from said pool in an efficient and economical manner.

WHEREFORE, Applicant respectfully requests that the matter be set for hearing, after due notice as prescribed by law, and upon such notice and hearing, Applicant requests that the Commission issue its order establishing special pool rules for the North Indian Hills Basin (Morrow) Pool providing for governmental section drilling and spacing units, and that the order provide such other and further relief to Applicant as he may show himself entitled to receive in the premises.

DAVID FASKEN

By his attorneys:

MODRALL SEYMOUR SPERLING ROEHL & HARRIS

By 
Attorneys for Applicant
1200 Simms Building - P. O. Box 466
Albuquerque, New Mexico

Docket No. 13-66

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 25, 1966

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 3399: (Continued and Readvertised)

Application of Tenneco Oil Company for two non-standard gas pro-
ration units, San Juan County, New Mexico. Applicant, in the
above-styled cause, seeks approval of two non-standard gas pro-
ration units adjacent to the Blanco-Pictured Cliffs Pool and
described as follows:

- (1) A 155.40-acre unit comprising the SE/4 SW/4 and Lot
4 of Section 19, and the E/2 NW/4 and Lots 1 and 2
of Section 30, Township 30 North, Range 9 West;
- (2) A 156.08-acre unit comprising the E/2 SW/4 and lots
3 and 4 of Section 30 and the NE/4 NW/4 and lot 1 of
Section 31, Township 30 North, Range 9 West, all in
San Juan County, New Mexico.

CASE 3404: Application of Tenneco Oil Company for a waterflood project,
Eddy County, New Mexico. Applicant, in the above-styled cause,
seeks authority to institute a waterflood project by the
injection of water into the Grayburg and San Andres formations
through six wells in Sections 22 and 28, Township 17 South,
Range 29 East, Grayburg-Jackson Pool, Eddy County, New Mexico.
Applicant further seeks an administrative procedure for expan-
sion of said project to include additional injection wells and
leases.

CASE 3405: Application of David Fasken for special pool rules, Eddy County,
New Mexico. Applicant, in the above-styled cause, seeks the
promulgation of special pool rules for the North Indian Hills-
Morrow Gas Pool in Section 4, Township 21 South, Range 24 East,
Eddy County, New Mexico, including a provision for 640-acre
spacing units.

CASE 3406: Application of Pan American Petroleum Corporation for special
pool rules, Lea County, New Mexico. Applicant, in the above-
styled cause, seeks the promulgation of special pool rules for
the Bough-Devonian Pool, Lea County, New Mexico, including a
provision for 80-acre proration units.

CASE 3002: (Continued and Readvertised)

In the matter of Case No. 3002 being reopened pursuant to the
provisions of Order No. R-2684-A, which order continued the
original order for an additional year, establishing 320-acre
spacing for the Fowler-Lower Paddock Gas Pool, Lea County,
New Mexico. The original applicant, Pan American Petroleum
Corporation, seeks continuation of the 320-acre spacing for

MAY 25, 1966, EXAMINER HEARING

CASE 3002 - Continued:

said gas pool and the amendment of the special pool rules to include the classification of oil and gas wells in said pool, a provision for 80-acre spacing for oil wells, and the establishment of a limiting gas-oil ratio of 6000 to 1.

CASE 3407: Application of Midwest Oil Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Upper Pennsylvanian formation through its Harris State Well No. 1, located in Unit N, Section 29, Township 13 South, Range 34 East, Nonombre-Upper Pennsylvanian Pool, Lea County, New Mexico.

CASE 3408: Application of Marathon Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation through three wells in Sections 10 and 15, Township 18 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

CASE 3409: Application of Dr. Sam G. Dunn for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of air into the Upper San Andres formation through three wells located in Section 26, Township 7 South, Range 26 East, Leslie Spring-San Andres Pool, Chaves County, New Mexico. Applicant further seeks an administrative procedure to place additional wells on air injection if necessary.

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NEW MEXICO OIL CONSERVATION COMMISSION, ATTN DAN NUTTER=
SANTA FE NMEX=

MOBIL OIL CORP. SUPPORTS THE APPLICATION OF DAVID
FASKEN FOR RULES FOR THE NORTH INDIAN HILLS MORROW GAS
POOL, EDDY COUNTY NMEX INCLUDING 640 ACRE UNITS, 1650'
SPACING FROM OUTER BOUNDARY AND 330' SPACING FROM 1/4,
1/4 SECTION LINES AND ACREAGE ALLOCATION=
PATRICK W KELLY MOBIL OIL CORP=

MAIN OFFICE OOO

=640 1650' 330' 1/4 1/4=

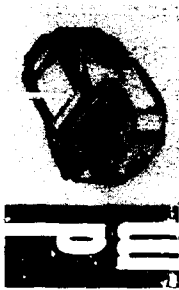
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

May 21, 1969

EXAMINER HEARING

IN THE MATTER OF:

(Reopened) Continued from
the May 7, 1969 Examiner
Hearing pursuant to the
provisions of Order No. R-3081
which order established 6400
acre spacing for the North
Indian Hills-Morrow Gas Pool,
Eddy County, New Mexico, for
a period of one year after
first pipeline connection in
the pool.

Case 3405

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

JUN 12 PM 1 15

MR. UTZ: Case 3405.

MR. HATCH: Case 3405, reopened, continued from the May 7, 1969 Examiner Hearing. In the matter of Case No. 3405 being reopened pursuant to the provisions of Order No. R-3081, which order established 640-acre spacing for the North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico, for a period of one year after first pipeline connection in the pool.

If the Examiner please, this particular approval was abolished by Order R-3758, Case 4i30, a regular nomenclature case heard on May 14. So, I move that this case be dismissed.

MR. UTZ: Case 3405 will be dismissed.

I, CA FENLEY, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Alan Fowler

I do hereby certify that the foregoing is a complete record of the proceedings in the Brazier hearing of Case No. 3405, heard by me on May 27, 1967.

Paul H. White, Brazier
New Mexico Oil Conservation Commission

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date MAY 21, 1969TIME: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Donald J. Jacobs	Shelly Oil	Tulsa
Larry R. Hall	Shelly Oil	Hobbs
Thomas H. Hilton	Shelly Oil	Hobbs
Frank A. McVee	Shelly Oil Co.	Tulsa
George W. Selinger	Shelly Oil Co.	Indra
Nancy P. Duhon	RW Byram	Santa Fe
Bill Wells	Pan American	Ft. Worth
Jordan D. Ryan	Pan American	Ft. Worth
John H. Hosser	Gulf Oil Corp.	Kennell
Bill Kasten	Atlantic Gulf & I.	Kennell
John E. H. H. H.	Kellah & Fox	Santa Fe
Jason W. Kellah	P.C.C.	Santa Fe
D. L. Porter	Atlantic Gulf & I.	Kennell
E. M. Pangle	Atlantic Gulf & I.	Kennell
Sam R. R. R.	Atlantic Gulf & I.	Kennell
George J. J.	Atlantic Gulf & I.	Kennell
Dr. K. K.	Atlantic Gulf & I.	Kennell

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date MAY 21, 1969TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
Albert J. Metcalfe Clyde D. Ford	TAMARACK Allied Chemical (Union Texas Petroleum)	MIDLAND Houston, Texas.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

May 7, 1969

EXAMINER HEARING

IN THE MATTER OF:

640-acre spacing for the
North Indian Hills-Morrow
Gas Pool, Eddy County,
New Mexico.

Case 3405

BEFORE: DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING

63 JUN 13 AM 8 33

MR. NUTTER: Case 3405.

MR. HATCH: Case 3405, reopened, to be continued to May 21, 1969. In the matter of Case 3405 being reopened pursuant to the provision of Order R-3091, which Order established 640-acre spacing for the North Indian Hills-Morrow Gas Pool, Eddy County, New Mexico, for a period of one year after first pipeline connection in the pool.

The Commission has on its May 14 Nomenclature Docket, a case for the abolishment of the North Indian Hills-Morrow Gas Pool, and the extension of the Indian Basin-Morrow Gas Pool.

MR. NUTTER: To include the acreage presently included here?

MR. HATCH: Presently in the North Indian Hills-Morrow Gas Pool. So I would like to suggest that this Case 3405 be continued until after a decision is rendered on that.

MR. NUTTER: We will continue Case 3405 to the Examiner Hearing at this same place at 9 o'clock A. M. on May 21, 1969. We will call the next Case, No. 4124.

Samuel H. Northrup

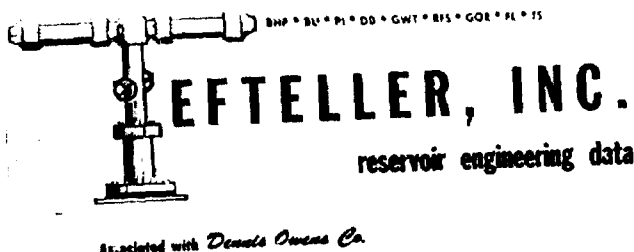
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Brexiner hearing of Case No. 3445,
heard by me on 1/7, 1969.

_____, Examiner
New Mexico Oil Conservation Commission

NORTH INDIAN HILLS MORROW GAS FIELD
EDDY COUNTY, NEW MEXICO

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— HENRY ENGINEERING —



MIDLAND, TEXAS / FARMINGTON, NEW MEXICO

P. O. Box 5247
Midland, Texas 79702

June 10, 1965

David Fasken
608 First National Bank Bldg.
Midland, Texas

Attention: Mr. James B. Henry

Subject: Open Flow Potential Measurement
Ross Federal No. 1
Wildcat Well
Eddy County, New Mexico
Our File No. 3-1583-OFP

FEB 24 1965	
GEOLOGY - MODEL	
C-122	15-10
JCS	31
ECC	57
REG	FILE

Gentlemen:

Attached hereto are the results of a open flow potential measurement which was made on the above captioned well May 22, 1965.

The data presented are in tabular and graphical form. Form C-122 is prepared and furnished with the report.

It has been our pleasure to have conducted this service for you. If we may be of further assistance, please feel free to call us at any time.

Respectfully submitted,

TEFTELLER, INC.

Farrest Tefteller
Farrest Tefteller

FT:cc

Attachments

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 8
CASE NO. 3405

Serving the Permian Basin & Rocky Mountain Area

TEFTELLER, INC.
RESERVOIR ENGINEERING DATA
Midland, Texas

Well : ROSS FEDERAL NO. 1

Page 1 of 4

Field : WILDCAT WELL

File 3-1583-0FP

CHRONOLOGICAL PRESSURE AND PRODUCTION DATA

1965 Date	Status of Well	Time	Elapsed Time		Daily Rate Gas MCF/D	Wellhead DWT Pressure	BHP @ 9400'	BHP @ 9486'
			Hrs.	Min.		Tubing	Psig	Psig
5-22	On location shut							
	in	08:00	13	00				
"	Inst. @ 9400'	10:00	15	00		3092	3861	3868
"	Opened	12:00	17	00		3092	3861	3868
"	Shut in to repair							
	separator	12:10	0	10			3728	3735
"	Opened 13/64" ck	12:20	0	10			3861	3868
"	"	12:35	0	15		2788	3561	3568
"	"	12:50	0	30		2770	3551	3558
"	"	13:00	0	40				
"	"	13:05	0	45	3098.5	2740	3527	3534
"	"	13:20	1	00		2727	3510	3517
"	"	13:35	1	15		2733	3514	3521
"	"	13:50	1	30		2743	3517	3524
"	"	14:05	1	45		2749	3520	3527
"	"	14:20	2	00		2750	3520	3527
"	Shut in	14:35	2	15		2749	3520	3527
"	"	14:42	0	07		3117	3851	3858
"	"	14:50	0	15		3113	3855	3865
"	Opened 14/64" ck	15:00	0	25		3112	3858	3865
"	"	15:15	0	15		2630	3418	3425
"	"	15:30	0	30		2623	3408	3415
"	"	15:45	0	45	4495.8	2625	3403	3415
"	Opened 17/64" ck	15:45	0	00				
"	"	16:00	0	15		2404	3227	3234
"	"	16:15	0	30		2414	3231	3238
"	Opened 23/64" ck	16:30	0	45	6057.4	2414	3231	3238
"	"	16:45	0	15		2092	2972	2979
"	"	17:00	0	30		2025	2907	2914
"	Opened 24/64" ck	17:15	0	45	7987.8	2029	2917	2924
"	"	17:30	0	15		1975	2866	2873
"	"	17:45	0	30		1965	2842	2849
"	"	18:00	0	45		1964	2839	2846
"	"	18:15	1	00	8132.0	1968	2837	2846
"	Shut in	18:16	0	00				
"	"	18:16	0	01			3374	3381
"	"	18:17	0	02			3385	3392
"	"	18:18	0	03			3384	3391
"	"	18:21	0	06			3344	3351
"	"	18:30	0	15			3351	3358
"	"	18:45	0	30			3358	3365



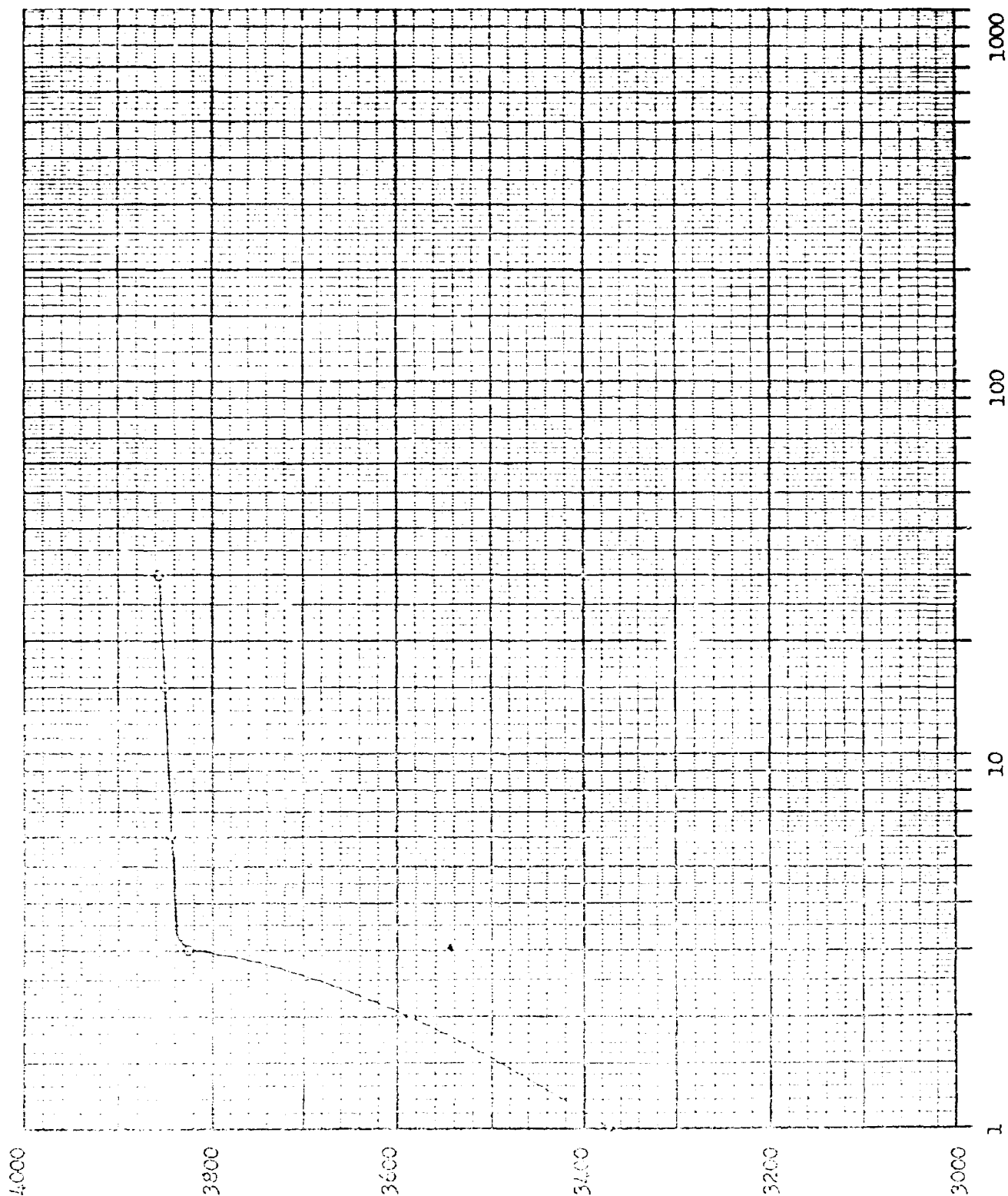
EFTELLER, INC.

reservoir engineering data
MIDLAND, TEXAS

Page 2 of 4
File 3-1582-GRP

Company DAVID FACKIN
Well ROSS FEDERAL NO. 1
Field WILDCAT
Formation MORROW
County EDDY
State NEW MEXICO

BUILD-UP CURVE



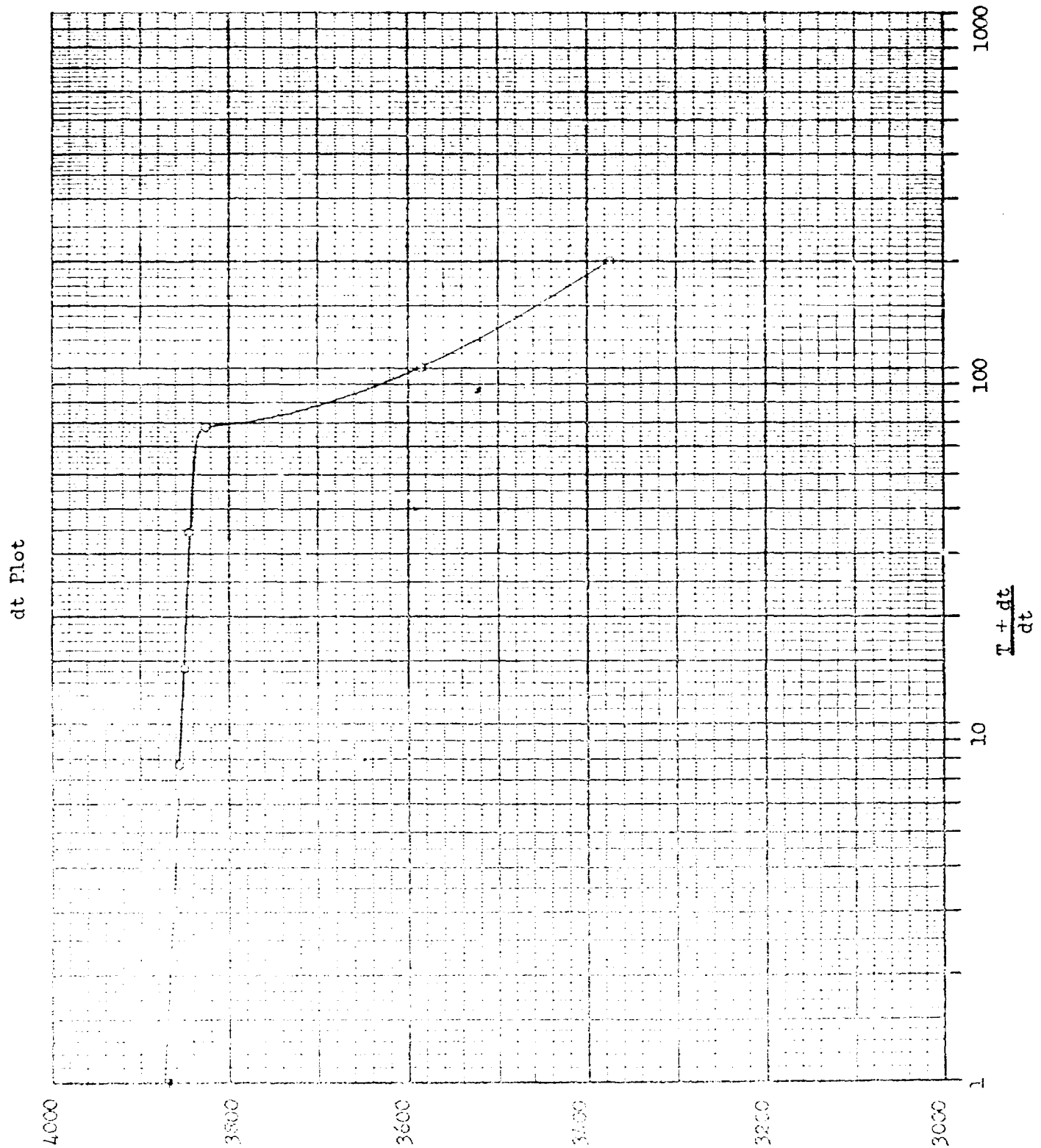
SHUT-IN TIME : MINUTES

FLUX : 10075 G/CM

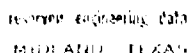


Page 3 of 4
File 3-1583-OPP

Company DAVID FASKIN
Well ROSS FEDERAL NO. 1
Field WILDCAT
Formation MORROW
County EDEY
State NEW MEXICO



Scale: 10076 0 011

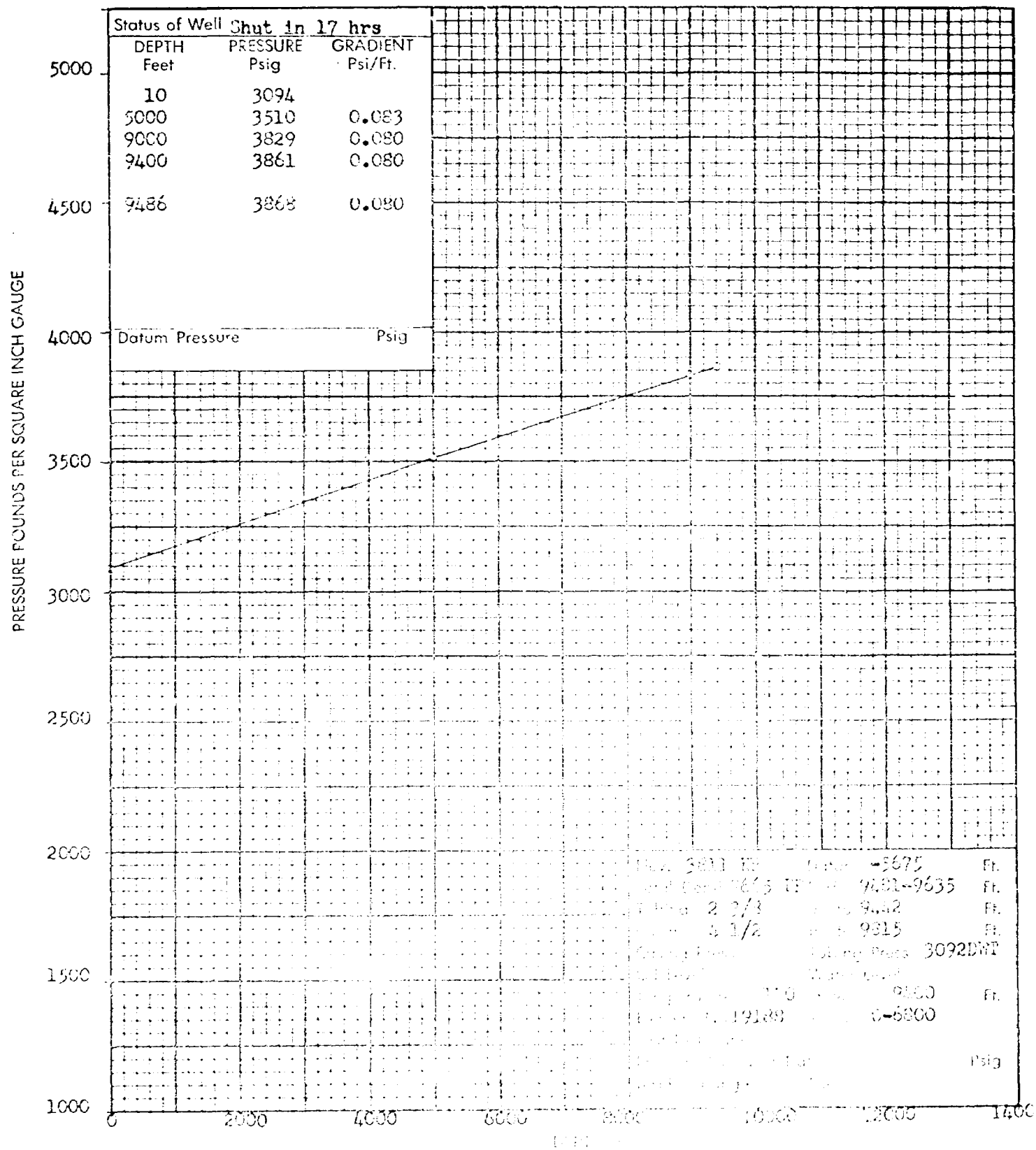


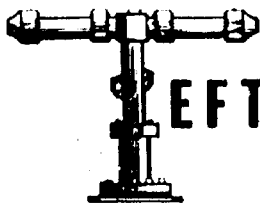
Page 4 of 4
3-1583-0FP

Company DAVID FASKEI
Field WILDCAT
Formation MORROW

Name	ROSS FEDERAL
County	EDDY
Test Date	MAY 22, 1965

Well No. 1
State NEW MEXICO





SHF • BU • • DD • GWT • RPS • GOR • PL • 11

PFEIFFER, INC.

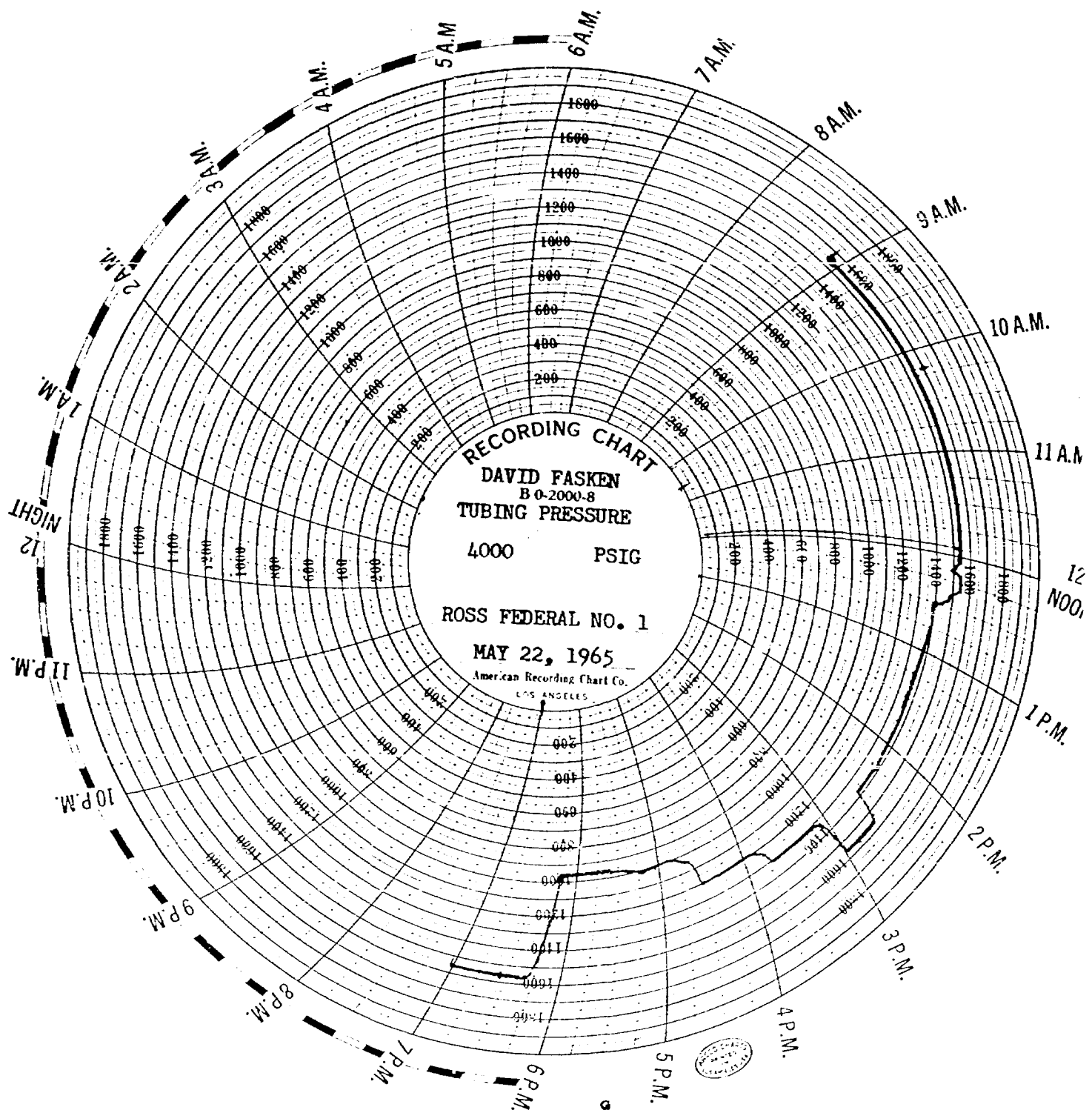
reservoir engineering data

Associated with Daniels Omann Co.

MIDLAND, TEXAS / FARMINGTON, NEW MEXICO

P. O. Box 5247

Midland, Texas 79702



Serving the Permian Basin & Rocky Mountain Area

CORE LABORATORIES, INC.

Petroleum Reservoir Engineering

DALLAS, TEXAS

Page 1 of 1

File RFL 3317

Company David Fasken Formation Morrow
Well Ross-Federal No. 1 County Eddy
Field Wildcat State New Mexico

HYDROCARBON ANALYSIS OF Wellhead GAS SAMPLE

COMPONENT	MOL PER CENT	G P M
Hydrogen Sulfide		
Carbon Dioxide	0.77	
Nitrogen	0.33	
Methane	93.57	
Ethane	3.32	
Propane	1.19	0.327
iso-Butane	0.09	0.029
n-Butane	0.16	0.050
iso-Pentane	0.05	0.018
n-Pentane	0.05	0.018
Hexanes	0.03	0.012
Heptanes plus	0.44	0.202
	<u>100.00</u>	<u>0.656</u>

Calculated gas gravity = 0.610

Calculated gross heating value = 1072 BTU per cubic foot
of dry gas at 14.7 psia and 60° F.

Collected at 3110 psig and 80° F.

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 1005

These analyses, opinions or interpretations are based on observations and material supplied by the client to whom, and for whose exclusive and confidential use, this report is made. The interpretations or opinions expressed represent the best judgment of Core Laboratories, Inc. (all errors and omissions excepted); but Core Laboratories, Inc. and its officers and employees, assume no responsibility and make no warranty or representations as to the productivity, proper operation, or profitability of any oil, gas or other mineral well or sand in connection with which such report is used or relied upon.

PROPOSED RULES AND REGULATIONS FOR THE
NORTH INDIAN HILLS MORROW GAS POOL

IT IS THEREFORE ORDERED:

That Special Rules and Regulations for the North Indian Hills Morrow Gas Pool, consisting of the following described area:

Section 4, Township 21-South, Range 24-East, NMPM, Eddy County, New Mexico
are hereby promulgated as follows, effective July 1, 1966.

RULE 1. Each well completed or recompleted in the North Indian Hills Morrow Gas Pool or in the Morrow formation within one mile of the North Indian Hills Morrow Gas Pool, and not nearer to or within the limits of another designated Morrow pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the North Indian Hills Morrow Gas Pool shall be located on a standard unit containing 640 acres, more or less, consisting of a single governmental section up to 960 acres in size.

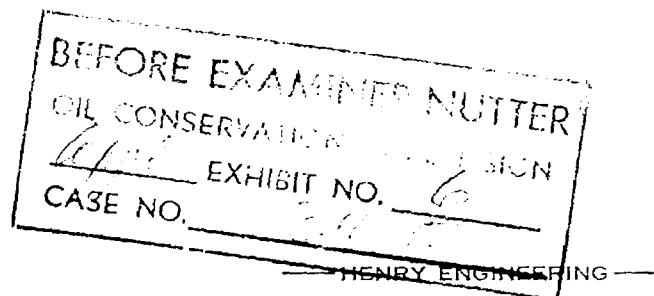
RULE 3. The Secretary-Director may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

(a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.

(b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.

(c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owing interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.

(d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.



RULE 4. Each well completed or recompleted in the North Indian Hills Morrow Gas Pool shall be located no nearer than 1650' to the outer boundary of the section and no nearer than 330' to any governmental 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 unorthodox 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 offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

RULE 6. The daily total field gas allowable as fixed by the Commission each month after deductions have been made for wells incapable of producing their allowables as determined hereby, shall be distributed among the wells producing in the field capable of making their allowable in that proportion that the acreage assigned to each well bears to the sum of the acreage assigned to all of the wells in the North Indian Hills Morrow Gas Field.

IT IS FURTHER ORDERED:

(1) That any well, presently drilling to or completed in the Morrow formation within the North Indian Hills Morrow Gas Pool or within one mile of the North Indian Hills Morrow Gas Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of Rule 4. The operator of any such well shall notify the Artesia District Office in writing of the name and location of the well on or before July 1, 1966.

(2) That any operator desiring to dedicate acreage pursuant to Rules 2 and 6 to a well presently drilling to or completed in the North Indian Hills Morrow Gas Pool shall file a new Form C-128 with the Commission on or before July 1, 1966.

(3) That this case shall be reopened at an examiner hearing one year from the date that a pipeline connection is first obtained for a well in the North Indian Hills Morrow Gas Pool, at which time the operators in the subject pool may appear and show cause why the North Indian Hills Morrow Gas Pool should not be developed on 160-acre spacing units.

(4) That the first operator to obtain a pipeline connection for a well in the North Indians Morrow Gas Pool shall notify the Commission in writing of such fact, and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

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