

CASE 3583: Application of STOLTZ
& COMPANY for pool rules for NO.
BAGLEY-LOWER PENNSYLVANIAN POOL.

CASE NO.
3583

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

P. O. BOX 2088
SANTA FE

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

June 6, 1967

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

Re: Case No. 3583
Order No. R-3249
Applicant: STOLTZ AND COMPANY

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC
Other Mr. Guy Buell

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. 3583
Order No. R-3249

APPLICATION OF STOLTZ & COMPANY
FOR 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 May 24, 1967,
at Santa Fe, New Mexico, before Examiner Elvie A. Utz.

NOW, on this 5th day of June, 1967, 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, Stoltz & Company, seeks the promul-
gation of special rules and regulations for the North Bagley-
Lower Pennsylvanian Pool, Lea County, New Mexico, including a
provision for 80-acre spacing units.

(3) That the applicant has established that one well in the
North Bagley-Lower Pennsylvanian Pool can efficiently and economi-
cally drain and develop 80 acres.

(4) 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, special rules and regulations providing for

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CASE No. 3583

Order No. R-3249

80-acre spacing units should be promulgated for the North Bagley-Lower Pennsylvanian Pool.

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

IT IS THEREFORE ORDERED:

That Special Rules and Regulations for the North Bagley-Lower Pennsylvanian Pool, Lea County, New Mexico, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
NORTH BAGLEY-LOWER PENNSYLVANIAN POOL**

RULE 1. Each well completed or recompleted in the North Bagley-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof, and not nearer to or within the limits of another designated Lower Pennsylvanian oil 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 80 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

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 comprising a governmental quarter-quarter section or lot or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. 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 may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Secretary-Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

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 has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be assigned an 80-acre proportional factor of 5.67 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from the wells on the unit in any proportion.

The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the North Bagley-Lower Pennsylvanian Pool or in the Lower Pennsylvanian 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 15, 1967.

(2) That each well presently drilling to or completed in the North Bagley-Lower Pennsylvanian Pool or in the Lower Pennsylvanian formation within one mile thereof shall receive a 40-acre allowable until a Form C-102 dedicating 80 acres to the well has been filed with the Commission.

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

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CASE No. 3583
Order No. R-3249

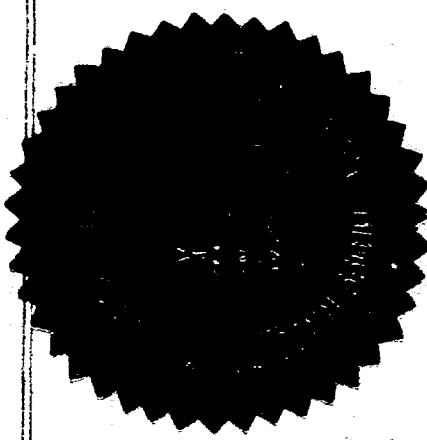
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


GORDON B. HAYS, Member


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



esr/

Case 3583

Heard 5-24-67

Rec. 5-26-67

1. Grant Stoltz & Co. a permanent
80 Ac. order for the Middle Bagley-
Lawrence Penn. oil Pool.
2. Use same rules as 2779 A.
Middle Bagley - Penn.

Thos. H. H.

MAIN OFFICE FILE

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BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
STOLTZ & COMPANY FOR ADOPTION OF
POOL RULES FOR THE NORTH BAGLEY-
LOWER PENNSYLVANIAN POOL, LEA COUNTY,
NEW MEXICO

No.

3583

A P P L I C A T I O N

Comes now STOLTZ & COMPANY and applies to the Oil Conservation Commission of New Mexico for the adoption of special rules and regulations for the North Bagley-Lower Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units for said pool, and in support thereof would show the Commission.

1. The Commission, by its Order No. R-2346, made permanent by Order No. R-2346-A, and by its Order No. R-2779, made permanent by Order No. R-2779-A, adopted rules and regulations for the development and operation of the North Bagley-Upper Pennsylvanian Pool and the North Bagley-Middle Pennsylvanian Pool, respectively.

2. That to insure the uniform and orderly development of the North Bagley-Lower Pennsylvanian Pool, a similar order should be adopted by the Commission providing for spacing and proration units in said pool.

3. That one well may reasonably be presumed to be capable of developing and draining a proration unit of not less than 80 acres in the North Bagley-Lower Pennsylvanian Pool.

4. That in order to prevent the waste occasioned by the drilling of unnecessary wells, and assure the greatest

DOCKET MAILED

Date 5-12-67

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ultimate recovery of oil from the pool, the Commission should adopt an order providing for spacing and proration units of 80 acres, consisting of the North half, South half, East half or West half of any governmental quarter section, with wells to be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit, together with suitable provisions for exceptions to said rules, assignment of allowables with an 80-acre proportional factor, and such other provisions as the Commission may deem proper.

WHEREFORE, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as provided by law, the Commission enter its order providing for pool rules in accordance with this application.

Respectfully submitted,

STOLTZ & COMPANY

BY: Jason W. Kellahin
Kellahin & Fox
Post Office Box 1769
Santa Fe, New Mexico

Attorneys for Applicant

Docket No. 16-67

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 24, 1967

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 3572: Application of Jones Exploration Company for a dual completion and for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State Well No. 1 located in Unit H of Section 35, Township 17 South, Range 35 East, Vacuum Field, Lea County, New Mexico, in such a manner as to permit the production of Abo Reef oil through the tubing and the disposal of produced salt water down the casing-tubing annulus into the Paddock formation in the perforated interval from 6955 to 6995 feet.
- CASE 3573: Application of Aztec Oil & Gas Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Corbin Strawn Oil Pool, including a provision for 160-acre proration units and the establishment of a 4000 to one gas-oil ratio limitation.
- CASE 3574: Application of Cima Capitan, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations through one well located in Unit C of Section 3, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.
- CASE 3575: Application of Harvey E. Yates for a triple completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion of his Stebbins Deep Federal Well No. 1 located in Unit H of Section 30, Township 20 South, Range 29 East, Eddy County, New Mexico, to produce oil from the Scanlon Delaware Oil Pool through one string of tubing and to selectively produce gas from an undesignated Strawn gas pool and from an undesignated Morrow gas pool through another string of tubing. Selective production of one of the two gas zones at a time would be accomplished by means of a sliding side door and tubing plug.
- CASE 3576: Application of Jomar Industries, Inc. for water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, has proposed to drill certain wells in the S/2 NW/4 SE/4 and the N/2 SW/4 SE/4 of Section 30, Township 18 South, Range 38 East, Lea County, New Mexico, for production of oil from the Ogallala formation. Applicant anticipates that fresh water will be produced from the Ogallala formation incidental to the production of said oil and now seeks authority to dispose of said water back into the Ogallala formation through an injection well or wells to be located no nearer than 330 feet to the outer boundaries of the above-described acreage.

CASE 3577: Application of El Paso Natural Gas Company for four non-standard units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following non-standard gas proration units in Township 29 North, Range 7 West, Basin-Dakota Gas Pool, Rio Arriba County, New Mexico:

A 327.78-acre non-standard unit comprising the W/2 of Section 6 and the NW/4 of Section 7, to be dedicated to the San Juan 29-7 Unit Well No. 100 located 790 feet from the South line and 950 feet from the West line of said Section 6;

A 345.19-acre non-standard unit comprising the SW/4 of Section 7 and the W/2 of Section 18;

A 361.64-acre non-standard unit comprising the W/2 of Section 19 and the NW/4 of Section 30;

A 375.28-acre non-standard unit comprising the SW/4 of Section 30 and the W/2 of Section 31.

Each of the latter three non-standard units will be dedicated to a well to be drilled at an as yet undetermined standard location on the respective unit.

CASE 3578: Application of Texas Pacific Oil Company for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

A 120-acre non-standard gas proration unit comprising the N/2 NE/4 and the SE/4 NE/4 of Section 7, to be dedicated to the State "A" A/c-2 Well No. 5, located in Unit A of said Section 7, and also to the State "A" A/c-2 Well No. 6 located in Unit B of said Section 7;

A 160-acre non-standard gas proration unit comprising the W/2 W/2 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 41, located in Unit M of said Section 5;

An 80-acre non-standard gas proration unit comprising the E/2 NW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 44, located in Unit F of said Section 5;

A 160-acre non-standard gas proration unit comprising the N/2 SE/4 and the E/2 SW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 28, located in Unit I of said Section 5;

(Case 3578 continued)

An 80-acre non-standard gas proration unit comprising the S/2 SE/4 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 27, located in Unit P of said Section 5;

A 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 54, located in Unit O of said Section 8;

A 160-acre non-standard gas proration unit comprising the S/2 NW/4, NE/4 SW/4, and NW/4 SE/4 of Section 8, to be dedicated to the State "A" A/c-2 Well No. 56, located in Unit J of said Section 8;

An 80-acre non-standard gas proration unit comprising the S/2 NE/4 of Section 8, to be dedicated to the State "A" A/c-2 Well No. 43, located in Unit H of said Section 8;

An 80-acre non-standard gas proration unit comprising the N/2 NW/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 49, located in Unit C of said Section 8;

A 240-acre non-standard gas proration unit comprising the NE/4 and E/2 NW/4 of Section 9, to be dedicated to the State "A" A/c-2 Well No. 40, located in Unit A of said Section 9;

A 240-acre non-standard gas proration unit comprising the E/2 SE/4 Section 8, and the SW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 38, located in Unit K of said Section 9;

A 160-acre non-standard gas proration unit comprising the N/2 NE/4 Section 8, and the W/2 NW/4 of Section 9, to be dedicated to the State "A" A/c-2 Well No. 29, located in Unit D of said Section 9.

CASE 3579: Application of Texas Pacific Oil Company for three dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "A" A/c-2 Wells Nos. 28, 54, and 29, located in Unit I of Section 5, Unit O of Section 8, and Unit D of Section 9, respectively, Township 22 South, Range 36 East, Lea County, New Mexico, in such a manner as to produce gas from the Jalmat Gas Pool and oil from the South Eunice Oil Pool.

CASE 3580: Application of Sunray DX 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 formation through one well located in Unit C of Section 17, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

- CASE 3581: Application of Sunray Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation from 4248 feet to 4286 feet in its Harris State Well No. 5 located in Unit I of Section 23, Township 10 South, Range 32 East, Mescalero-San Andres Pool, Lea County, New Mexico.
- CASE 3582: Application of Tenneco Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Blanco-Mesaverde Gas Pool location of its Jicarilla C Well No. 6, located 1780 feet from the North line and 1455 feet from the West line of Section 14, and its Jicarilla C Well No. 4 located 1650 feet from the North and West lines of Section 24, all in Township 26 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 3583: Application of Stoltz & Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the North Bagley-Lower Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.
- CASE 3584: Application of Gulf Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Eddy "BD" State Well No. 1 at an unorthodox location 660 feet from the South line and 990 feet from the East line of Section 32, Township 20 South, Range 30 East, in an undesignated Strawn gas pool, Eddy County, New Mexico.
- CASE 3585: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the force-pooling of all mineral interests in the North Bagley-Pennsylvanian Oil Field, SW/4 SE/4 and SE/4 SE/4 of Section 9, Township 11 South, Range 33 East, Lea County, New Mexico, to be dedicated to the Lea State "OE" Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the East line of said Section 9.
- CASE 3586: Application of Morris R. Antweil for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Malaga Unit Area comprising 839 acres, more or less, of Federal and Fee lands in Sections 12 and 13, Township 24 South, Range 28 East, and Sections 7 and 18, Township 24 South, Range 29 East, Eddy County, New Mexico.
- CASE 3587: Application of Morris R. Antweil 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 Delaware Sand through seven injection wells located in Sections 12 and 13, Township 24 South, Range 28 East, and Section 18, Township 24 South, Range 29 East, Malaga Pool, Eddy County, New Mexico.

-5- May 24, 1967 Examiner Hearing

Docket No. 16-67

CASE 3588: Application of Pan American Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox location in an undesignated Morrow and/or Devonian gas pool for its Poker Lake Unit Federal Well No. 26 at a location 660 feet from the South and East lines of Section 28, Township 24 South, Range 31 East, Eddy County, New Mexico, to be dedicated to a standard unit comprising the S/2 of said Section 28.

CASE 3589: Application of Claude C. Kennedy for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special pool rules for the Slick Rock-Dakota Oil Pool comprising the S/2 SE/4 of Section 36, Township 30 North, Range 17 West, including a provision for development on 2 1/2 acre spacing with the provision that each 40-acre tract be subject to the Northwest New Mexico normal unit allowable.

CASE 3590: Application of Texaco Inc. for a pilot waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Pennsylvanian formation in the interval from 9650 feet to 9800 feet in its State BV Well No. 1 located in Unit E of Section 26, Township 13 South, Range 33 East, Lazy-J Pennsylvanian Pool, Lea County, New Mexico.

CASE 3591: Application of Anadarko Production Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Langlie-Mattix Penrose Sand Unit Waterflood Project by the injection of water into the Penrose Sand through eight additional injection wells located in Sections 20, 28, 29, 32, and 33, all in Township 22 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
EXAMINER HEARING

May 24, 1967

IN THE MATTER OF:)
)
)

Application of Stoltz & Company)
for special pool rules, Lea)
County, New Mexico.)

Case No. 3583

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 3583.

MR. HATCH: Application of Stoltz & Company for special pool rules, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, appearing for the Applicant.

(Witness sworn.)

MR. UTZ: Any other appearances? You may proceed.

JOHN YURONKA

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A John Yuronka.

Q Mr. Yuronka, what business are you engaged in?

A Consulting Petroleum Engineer.

Q Where are you located?

A Midland, Texas.

Q Are you representing Stoltz and Company in the case before this Commission?

A Yes.

Q Have you previously testified before the Oil Conservation Commission and made your qualifications a matter of record?

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-4691 • ALBUQUERQUE, NEW MEXICO 87101

1400 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

A Yes.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. UTZ: I think we're going to have to accept them.

Q (By Mr. Kellahin) Mr. Yuronka, are you familiar with the application of Stoltz and Company in this case?

A I am.

Q Briefly what does Stoltz and Company propose in this application?

A Stoltz and Company would like to have the North Bagley-Lower Pennsylvanian set up on 80-acre proration units and 80-acre spacing similar to the orders set up in the North Bagley-Upper and Middle Pennsylvanian.

Q Would that be Order R-2346 and 2346-A and R-2779 and 2779-A?

A Yes, sir.

MR. KELLAHIN: At this time I would like to ask the Examiner to take administrative notice of the orders governing the spacing and proration units for the Upper and Middle Pennsylvanian Pools in this area.

MR. UTZ: 2346 and 2779 respectively, Upper and Middle?

MR. KELLAHIN: That is correct. The orders were made permanent by 2346-A and 2779-A.

MR. UTZ: Will so do.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

Q (By Mr. Kellahin) Mr. Yuronka, referring to what has been marked as Exhibit No. 1, would you identify that exhibit, please?

A Exhibit No. 1 is a plat of the North Bagley-Penn area. Each well has been colored to designate what pool the well is presently producing from. The bottom right-hand corner of the plat you will notice that the brown is the Wolfcamp, the green is the Upper Penn, the red is the Middle Penn and the yellow is the Lower Penn. This plat, presently there are only two dual completions in the pool. However, one zone is shut in on each well.

In Unit H of Section 9, Fastkin Collier No. 1 is a dual completion in the Upper and Lower Penn. The Lower Penn is presently shut-in. The other dual completion is in Unit F of Section 10, Texas Pacific Collier No. 1. Presently the Middle Penn is shut-in. This plat covers actually about five or six pools.

The wells shown in Section 11, well, in Unit C of Section 11 is in the Northeast Bagley-Wolfcamp Pool. The north offset to it was just completed a few days ago, I read in the local paper in Midland, the well in Unit L of Section 11

is undesignated down in Section 23 in Unit D and Unit E. That is the North Bagley-Wolfcamp. Pennzoil has a well in Section 14, Unit I, that is also in the North Bagley-Wolfcamp.

Then down in the bottom row of sections, reading from left to right, the Stoltz Sunray State N, Unit K is presently carried in the May 1967 proration schedule in the Lea undesignated and it's in the Group 7, ten to eleven thousand, and underneath it it has in parenthesis NBLP. I have assumed that is the North Bagley-Lower Penn.

The well in Unit G, which is also a Stoltz well and producing from the Lower Penn, I might add, is the Sunray State well, is that is carried in the West Bagley-Penn. The well in Unit G of Section 28, which is a Lower Penn producer, is a Stoltz well. This is carried in the Bagley-Pennsylvanian Pool and in Section 27, Stoltz Sinclair State "B" 1 in Unit G is an undesignated well.

Q The wells in Sections 27, 28, 29 that are shown as Lower Pennsylvanian wells are not in the North Bagley?

A No, sir, they are producing from what has been designated as the North Bagley-Lower Penn producing interval.

Q It's the same interval as is designated in the North Bagley-Lower Pennsylvanian Pool?

A Yes, sir.

Q Are the other Lower Pennsylvanian wells those

colored in yellow, those shown on Exhibit 1, all within the boundaries of the North Bagley-Lower Pennsylvanian Pool?

A Not all of the wells, no, sir. Presently, I don't know if the Examiner would care to have me read the acreage now covered by the North Bagley-Lower Penn as to the acreage actually in the pool itself, but all of the wells colored in yellow that are producing from the Lower Penn are not actually in the acreage presently designated as part of the North Bagley-Lower Penn Pool.

MR. UTZ: Are they within one mile?

A Oh, yes, sir, they are. I would say real quickly, without checking any more than I have, I would say they are.

Q (By Mr. Kellahin) Would it be your recommendation, Mr. Yuronka, that all wells as shown on your Exhibit No. 1 be subject to the spacing and proration regulations proposed by Stoltz and Company in this application?

A Yes, sir.

(Whereupon, Applicant's Exhibit No. 2 was marked for identification.)

Q There is a cross section shown on the Exhibit 2, is there not?

A Yes, sir. There is a cross section marked A-A¹ which is Exhibit 2.

Q And as I understand, there are no wells presently

producing as dual completions, that is from both zones?

A No, sir, not to my knowledge in checking the proration schedule and the latest New Mexico Oil and Gas Engineering Committee Report that was issued.

Q Have you had any occasion to look into the producing characteristics of the Lower Pennsylvanian Pool?

A Yes, sir. It's a somewhat of an odd situation. There are very thin streaks, the streaks are very productive to begin with, apparently they do not last very long. However, the production from the Lower Penn does compare with the production from the Upper and the Middle Penn.

Q Now, turning to what has been marked as Exhibit No. 2, would you identify that exhibit, please?

A Exhibit No. 2 is the cross section marked A-A¹ in Exhibit 1, which starts with the well in Unit G of Section 29, the Stoltz Sunray State "AS" No. 1, goes up to the well in Unit C of Section 22, which is Stoltz Sinclair State 262 No. 1, then goes up to the well in Unit P of Section 15, Cabot Carbon Dallas No. 1; then it goes up to, also in Section 15, in Unit F, the Felmont is Hissom State No. 1, and then the last well shown on the cross section is the T. P. Collier No. 1, located in Unit F of Section 10.

The zones producing in the area have been colored with the same color as shown on the plat which is Exhibit No. 1.

The Wolfcamp, again, is in brown, the Upper Penn is in green, the Middle Penn is red and the Lower Penn is in yellow.

Q Now, on the basis of this cross section, in your opinion is the Lower Pennsylvanian formation continuous throughout the area involved here?

A Yes, sir. From the plat No. 1, as you can see, this cross section just about covers the length of the pool. The well in Unit G of Section 29 is presently producing from the Lower Penn interval. It was taken over by Stoltz and Company and completed as a Lower Penn well in an interval roughly corresponding to the perforations shown in the Lower Penn. They perforated in the Lower Penn from 10,076 feet to 10,204. As you can see, there were also some drill stem tests run in the Lower Penn indicating productivity.

If I may, first I would just like to go through, just roughly through these DST's, if you go to the Stoltz Sinclair State No. 1, State 262 in Section 22, you will notice again that we had a DST that recovered free oil. Cabot Carbon Dallas No. 1 had a show in it in DST, then Felmont Hissom State was originally completed as a lower Penn well, and finally the T. P. Coal and Oil Well Collier No. 1, which was the discovery well in the area, was originally completed from the Lower Penn, so as you can see, we have a stretch of approximately four miles there whereby they have had shows

in every one of these wells.

Q In addition to that you show on your Exhibit No. 1 other Lower Pennsylvanian wells in the area?

A Yes. Interspersed between these wells there are other Lower Penn completions.

Q As a general proposition, what is the structure in this area?

A There is a high, oh, approximately in Section 27 where the Stoltz Sinclair State "B" 1 is located. That is the highest well on the Lower Penn and it goes down to the West, Northwest and the North structurally.

Q That's a regional high, I assume? That's just a local high within this particular area?

A Yes, local high. The row of sections below this is the Bagley-Pennsylvanian Pool, it is, which is higher.

Q You mean south to the area shown on Exhibit 1?

A Yes.

Q That's the Bagley No. 1?

A No, sir, that is the Bagley-Pennsylvanian Pool, it's another pool entirely.

Q You say it is higher still?

A Yes.

Q Do you have pressure information on the various formations in the Pennsylvanian in this area?

A To my knowledge there have never been any bottom hole pressures taken in the Lower Penn, but I have some pressures marked on this cross section here in pencil. For instance, the DST from 99--let's take the well on the extreme left of the cross section, the DST from 9978 to 81 had a shut-in pressure of 3800 pounds, 25 minutes. The DST from ten thousand nine to twelve had a 20-minute shut-in pressure of 3500 pounds.

Going to the next well, DST from 9879 to 9947, 30-minute shut-in pressure was 3090. The one below that, the DST from 10,158 to 10,180, 30-minute shut-in was ten fifteen.

In the Cabot Carbon Dallas No. 1, DST from 9920 to 10,012, 30-minute shut-in pressure was 1320 pounds. Then in Felmont Hissom State No. 1, DST from 10,045 to 90, 40-minute shut-in pressure was 3447. DST from 10,088 to 121, 45-minute shut-in pressure was 3239.

Then in the discovery well the T. P. Collier No. 1, the DST from 10,010 to 116, 40-minute shut-in pressure was 3749 and the DST from 10,130 to 10,190, 15-minute shut-in pressure was 3555 pounds.

So as you can see, the range of shut-in pressures on these wells, other than the test that apparently didn't have any porosity or permeability, was somewhere around 3500 pounds.

Q Would you consider that a fairly uniform pressure

across the area covered by the cross section?

A Yes, sir.

Q How does it compare to the pressures in the upper zones?

A Oh, the upper zones are somewhat erratic.

Q But in general, would they compare in relation to the depth factor involved?

A Yes, they would.

Q They would be comparable?

A Yes, sir.

Q Can you reach any conclusions, Mr. Yuronka, as to the possibility of one well efficiently and economically draining an 80-acre proration unit?

A Yes, I believe one well would efficiently drain 80 acres.

Q You have no interference tests, though, have you?

A No, sir.

Q Have you had any experience with the question of drainage in Pennsylvanian Pool generally in Lea County?

A Yes, sir, I was involved in the Bagley-Pennsylvanian Pool rule hearing which is just south of the area shown here, and there is erraticness in the pay but it nevertheless can be traced, certain zones can be traced all the way through.

Q Would you say that the formation that is subject

to this hearing is comparable to the other Pennsylvanian Pools that are spaced on 80-acre or greater?

A I would say it is comparable to the Upper and Middle Penn which are directly above this Lower Penn producing zone.

Q Have you made any study of the economics of the drilling in the Bagley-Lower Pennsylvanian Pool?

A Yes, sir. The approximate cost of a well into the tanks, this includes a Kobe pumping unit, is approximately \$150,000 per well. The reserves are extremely difficult to determine from logs, you have no core analysis that is available to my knowledge; however, this T. P. Collier No. 1 which I mentioned was the discovery well, this was completed in July of '57 and produced from the Lower Penn before it was plugged back and made a dual.

This well produced 59,878 barrels of oil before the plugback. Using a thousand barrels per acre foot or per, pardon me, you come up with about an 80,000 barrels for the Lower Penn. This would perhaps be a conservative figure, some people will use anywhere from a thousand to 1500 barrels per acre. But for just this particular case, I will get into the 1500 here in just a second, on a thousand barrels per acre you come up with 80,000 barrels of oil. Well, taking into account merely a one-eighth royalty you come up with 7,000 barrels of oil per month.

Lifting costs on wells, of course, of this nature as deep as they are with the Kobe are fairly high. Whenever you have a pulling job on one of these it amounts to about four or five thousand dollars. So using \$1.75 a barrel on 7,000 barrels of oil per month, that's \$12,250.

Well, this would give you a payout of 12.3 months except for the fact if you use a thousand barrels per acre foot you have already exceeded the ultimate that perhaps could be obtained from the Pennsylvanian.

In regard to a ratio of income to investment, using this thousand barrels per acre, you have less than one to one of income to investment. You don't get your money back, actually. If you use 1500 barrels per acre you come up with about, again using an 87-1/2 percent lease and \$1.75 a barrel, you come up with 1.23 to 1 ratio of income to investment and this pool has shown during the history of it that a lot of these zones produce for a very limited time, actually, some of them have produced for less than a month and some have produced maybe a year or two. So actually the Lower Penn can primarily be considered as a zone to get your money back for drilling and the zones up above it would give you a profit on the drilling of your well.

Q Could you just drill a well to the Lower Pennsylvanian without considering any other production?

A I would not do it personally, no, sir.

Q Could you reasonably anticipate any more than just a bare payout on your well costs?

A Not by my calculations, no.

Q On that basis, would you recommend that anybody drill a well on 40-acre spacing in this area?

A No, sir.

Q And the upper zones are presently spaced on 80-acre spacing, is that correct?

A Yes, they are.

Q What depth factor do you recommend to the Commission in this pool?

A The Lower Penn is presently in the bracket from ten to eleven thousand and the depth factor for 80 acres is 5.67.

Q Do you have any recommendation as to well locations?

A We would like to have it coincide with the rules as they exist presently in the Upper and the Middle Penn, giving 150-foot tolerance for the location of the well in either 40-acre tract and being able to run your 80-acre proration unit either north, south or east, west.

Q Do you have anything else to add?

A No, sir, I don't.

Q Have you examined Exhibits 1 and 2?

A Yes, sir.

Q Are you familiar with the information that is shown thereon?

A Yes.

Q And do you believe that information to be correct?

A Yes, sir.

MR. KELLAHIN: At this time I would like to offer in evidence Exhibits 1 and 2.

MR. UTZ: Without objection Exhibits 1 and 2 will be entered into the record in this case.

(Whereupon, Applicant's Exhibits 1 and 2 were offered and admitted in evidence.)

MR. KELLAHIN: That's all I have on direct examination.

CROSS EXAMINATION

BY MR. UTZ:

Q You are requesting a temporary order here?

MR. KELLAHIN: If the Examiner please, Stoltz and Company is asking for a permanent order on the basis of the orders that have been entered as to the Upper and Middle Penn zones. In both instances a temporary order was entered upon a period of one year. We have no objection to such an order as a practical matter, at the end of a year there will probably be no need for an order on the basis of the information Mr. Yuronka has presented. We are asking for a

permanent order but we have no objection to a temporary order.

MR. UTZ: You think it will be completed in a year?

MR. KELLAHIN: Possibly.

MR. UTZ: Any questions of the witness? He may be excused.

(Witness excused.)

MR. UTZ: Any statements?

MR. HATCH: Letter from Gulf Oil Corporation dated May 18, 1967.

"Gulf Oil Corporation, as an Operator in the North Bagley Lower Pennsylvanian Oil Pool, believes this pool should be developed on 80-acre spacing for economic reasons and urges the adoption of special rules. It is recommended that such rules, if adopted, provide for the proration units to run either north, south, east or west and the well to be located in either quarter quarter section. M. I. Taylor."

MR. BUELL: Guy Buell for Pan American Petroleum Corporation. Pan American is in agreement with the rules proposed by Applicant, and it would be our recommendation to the Commission that they be adopted as permanent rather than temporary rules.

MR. UTZ: You think they might last a little longer than a year? Any other statements? The case will be taken under advisement. We will take a ten-minute recess.

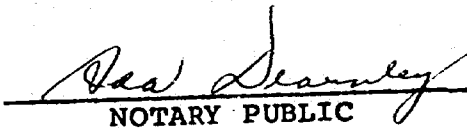
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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, 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.

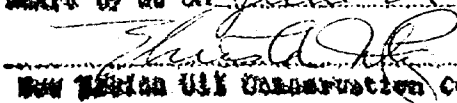
Witness my Hand and Seal this 28th day of June, 1967.


NOTARY PUBLIC

My Commission Expires:

June 19, 1971.

I do hereby certify that the foregoing is a complete record of the proceedings in the hearing before the New Mexico Oil Conservation Commission held by me on June 28, 1967.

 Notary
New Mexico Oil Conservation Commission