

CASE 6057: AMEROIL USA INC., FOR AN  
UNORTHODOX GAS WELL LOCATION, EDDY  
COUNTY, NEW MEXICO

Case Number

6057

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
12 October, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Aminoil USA, Inc., for  
an unorthodox gas well location, Eddy  
County, New Mexico.

CASE  
6057

BEFORE: Richard L. Stamets.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

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

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

I N D E X

THOMAS W. JACOBS

Direct Examination by Mr. Kellahin 3

E X H I B I T S

Applicant Exhibit 1, Survey 7

Applicant Exhibit 2, Plat 7

Applicant Exhibit 3, 7

Applicant Exhibit 4, Plat 7

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

1 MR. STAMETS: Call next Case 6057.

2 MS. TESCHENDORF: Case 6057. Application of  
3 Aminoil USA, Inc., for an unorthodox gas well location, Eddy  
4 County, New Mexico.

5 MR. STAMETS: Call for appearances.

6 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox,  
7 Santa Fe, New Mexico, appearing on behalf of the Applicant,  
8 and I have one witness.

9 (Witness sworn.)

10  
11 THOMAS W. JACOBS

12 being called as a witness and being duly sworn upon his oath,  
13 testified as follows, to-wit:

14  
15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 A My name is Tom Jacobs. I'm a land man with  
18 Aminoil in Midland, Texas.

19 Q Mr. Jacobs, how long have you been employed with  
20 Aminoil and in what capacity?

21 A I came on with Aminoil in May of '77 as a land  
22 man.

23 Q In your capacity as a land man have you made a  
24 study of and are you familiar with the facts surrounding this  
25 particular application?

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1 A Yes, I am.

2 Q Would you please make reference to what we've  
3 marked as Applicant Exhibit Number 1 and identify it for us?

4 A Okay, that is the seismic reflection survey for  
5 the Strawn covering our location in Section -- the south half  
6 of Section 15. I call particular attention to shot point  
7 105. This, our geologists feel would be the ideal location  
8 for the well. We are requesting an unorthodox location in  
9 order that we can move over and stay in line with that shot  
10 point, to put as high on the location -- or high on the  
11 structure there as we can get without going to great extremes.

12 Q Please identify Exhibit Number 2.

13 A All right. Exhibit Number 2 is the survey plat  
14 that we had, which shows the legal location, 1980 from the  
15 west line and 1980 from the south line, for the Willow Lake  
16 No. 3 Well. And we're requesting a deviation of approxi-  
17 mately 40 feet to the west and 40 feet to the south in order  
18 to move us over to the west of the irrigation dam so that  
19 our engineers feel like this would better alleviate any chance  
20 possibility of any of our fluids getting out of our drilling  
21 pits into the irrigation canal. The deviation to the south  
22 is so that we won't block the dirt road there just to the  
23 west of our location, because that does service our Willow  
24 Lake No. 1 and also services the farming activities in Section  
25 16 and 21.

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1 Q Have you physically been on the location?

2 A Two times, yes.

3 Q Mr. Jacobs, describe for the Examiner the type of  
4 irrigation canal that's present on that section.

5 A Okay, it's a shallow, cemented irrigation canal  
6 they used for, as I said, for irrigation purposes in Section  
7 22 and 21 south of our location.

8 Q Would you please turn to what has been marked as  
9 Applicant Exhibit Number 4 and identify it?

10 A Okay, this is a lease plat. The light blue box  
11 indicates the Willow Lake Federal Unit, which is -- is the  
12 unit that we have our operating agreement. The parties in  
13 the hatched area, which will be our proration unit around  
14 the Willow Lake Number 3, have joined the Willow Lake Unit  
15 with two exceptions and we have contacted those two exceptions.  
16 one of them is willing to farm out his five acres and the  
17 other one, I think, plans to join us, so we do have and have  
18 contacted all the parties.

19 The well, if you'll note to the west of our loca-  
20 tion in 16 was drilled by the parties to the Willow Lake  
21 Unit and was a dry hole, and so consequently, we're just off-  
22 setting that dry hole in our well to the south.

23 Q If I might summarize your testimony, Mr. Jacobs,  
24 it appears as if you're seeking an unorthodox location for  
25 three reasons, two of which are topographical reasons. Did

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1 you request from the Artesia Office of the Commission a  
2 variance due to topographical reasons?

3 A. We did and they felt like at the time that the  
4 topographical reasons were not really sufficient. They sug-  
5 gested that we come before the board and request you all's  
6 permission for a variance.

7 Q I noticed in the advertisement of this case that  
8 it indicates something at a variance to your testimony.

9 A. Yes, it does, 1940/1980. At the time we made the  
10 request I hadn't even been on the ground and so I was not  
11 aware of the road to the west of our location and that was the  
12 reason we were requesting that we move 40 foot to the south.  
13 A move to the west would put us in such a position that by  
14 the time we got our pits and everything in, our engineer felt  
15 like that it would be crowding the location and so they want  
16 us to move to the south so that we would be in a little more  
17 open position.

18 Q So it is your intent and desire to move to a  
19 location 1940 out of the south and west lines?

20 A. Yes, it is.

21 MR. KELLAHIN: If the Examiner please, that will  
22 necessitate the re-advertisement of this case. There is some  
23 time problem with regards to rigs and availability of drilling  
24 equipment.

25 MR. STAMETS: Mr. Kellahin, as the only unorthodox

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1 feature of this location is the 1940 from the west line and  
2 its variation is so small, I don't believe that it's neces-  
3 sary to re-advertise this. The 1940 from the south is a legal  
4 location, and all of those parties who would be crowded are  
5 on the west line, it appears to me from the plat that that  
6 would present no problem. I don't believe it will need to be  
7 re-advertised.

8 A We have requested, if I may add, permission from  
9 the local District Office to -- for permission to drill as  
10 soon as you all have okayed this position location. We have  
11 a rig available, and that's been one of our primary problems,  
12 was rig availability, and so we would ask you all's earliest  
13 attention to it, if you could, so that we can go ahead and get  
14 on -- start our location.

15 MR. KELLAHIN: That concludes our examination and  
16 we move the introduction of Applicant's Exhibits 1 through 4.

17 MR. STAMETS: Applicant Exhibits 1 through 4 will  
18 be admitted.

19 Do you have anything further, Mr. Kellahin?

20 MR. KELLAHIN: No, sir.

21 MR. STAMETS: We'll take the case under advisement.

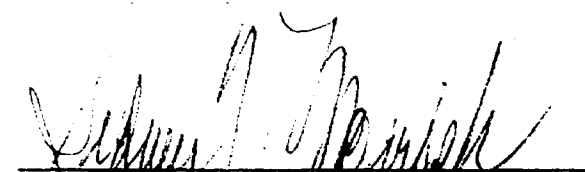
22 (Hearing concluded.)  
23  
24  
25

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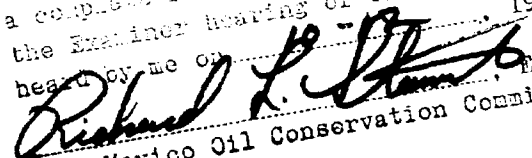
General Court Reporting Service  
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Phone (505) 982-9212

REPORTER'S CERTIFICATE

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

  
Sidney F. Morrish, C.S.R.

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

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6057.  
heard by me on 19.77.  
  
New Mexico Oil Conservation Commission



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 6057  
Order No. R-5568

APPLICATION OF AMINOIL USA INC.,  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 12, 1977,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of November, 1977, the Commission,  
a quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, and being fully  
advised in the premises,

FINDS:

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

(2) That the applicant, Aminoil USA Inc., seeks approval  
of an unorthodox gas well location for its Willow Lake Well No.  
3 to be located 1940 feet from the South line and 1940 feet  
from the West line of Section 15, Township 24 South, Range 28  
East, NMPM, to test Wolfcamp and Pennsylvanian formations,  
Willow Lake Field, Eddy County, New Mexico.

(3) That the S/2 of said Section 15 is to be dedicated to  
the well.

(4) That the legal notice for this case described the  
proposed unorthodox location for the subject well as being  
1980 feet from the South line and 1940 feet from the West line  
of said Section 15.

(5) That the discovery of a lease road at said location  
makes it advisable to move the proposed well site to the point  
described in Finding No. (2) above.

(6) That inasmuch as the amended location is no more  
unorthodox than the advertised location, the applicant should  
be permitted to amend the location without further notice and  
hearing.

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Case No. 6057  
Order No. R-5568

(7) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(8) That no offset operator objected to the proposed unorthodox location.

(9) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

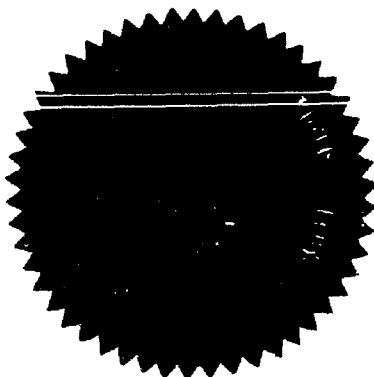
(1) That an unorthodox gas well location for Wolfcamp and Pennsylvanian formations is hereby approved for the Aminoil USA, Inc., Willow Lake Well No. 3 to be located at a point 1940 feet from the South line and 1940 feet from the West line of Section 15, Township 24 South, Range 28 East, NMPM, Willow Lake Field, Eddy County, New Mexico.

(2) That the S/2 of said Section 15 shall be dedicated to the above-described well.

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

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



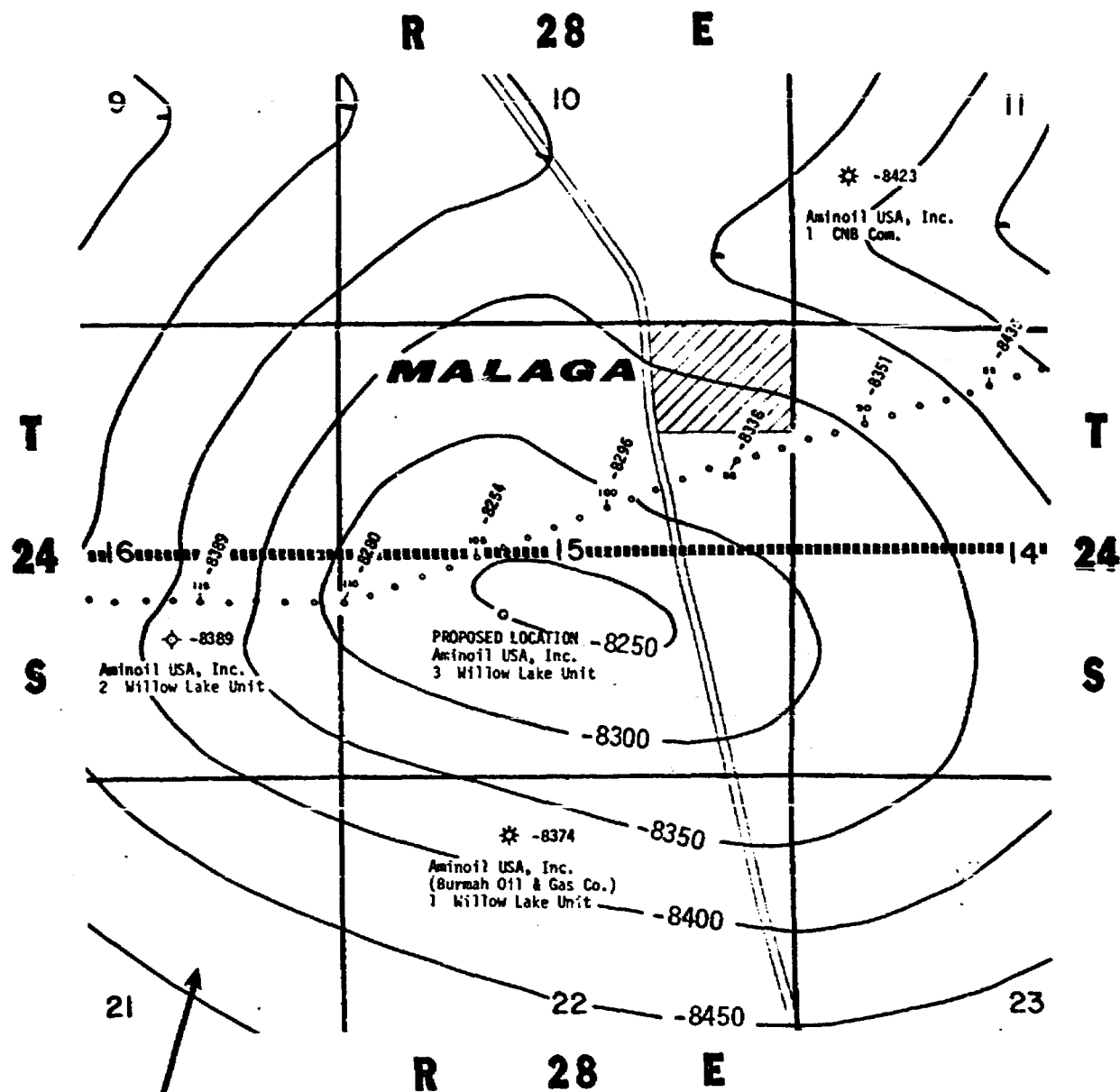
PHIL R. LUCERO, Chairman

*Emery C. Arnold*  
EMERY C. ARNOLD, Member

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

S E A L

jr/



WILLOW LAKE UNIT



<b>Aminoil USA, Inc.</b>			
CENTRAL DISTRICT		ONSHORE DIVISION	MIDLAND, TEXAS
PORTION OF WILLOW LAKE UNIT EDDY COUNTY, NEW MEXICO			
SEISMIC REFLECTION SURVEY TOP STRAWN			
CI 50'			
INTERPRETED BY JDK	DATE 10-3-77	SCALE 1"=2000'	DRAFTED BY JDK

## Exhibit "B"

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLATForm C-102  
Supersedes C-128  
Effective 1-1-65

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

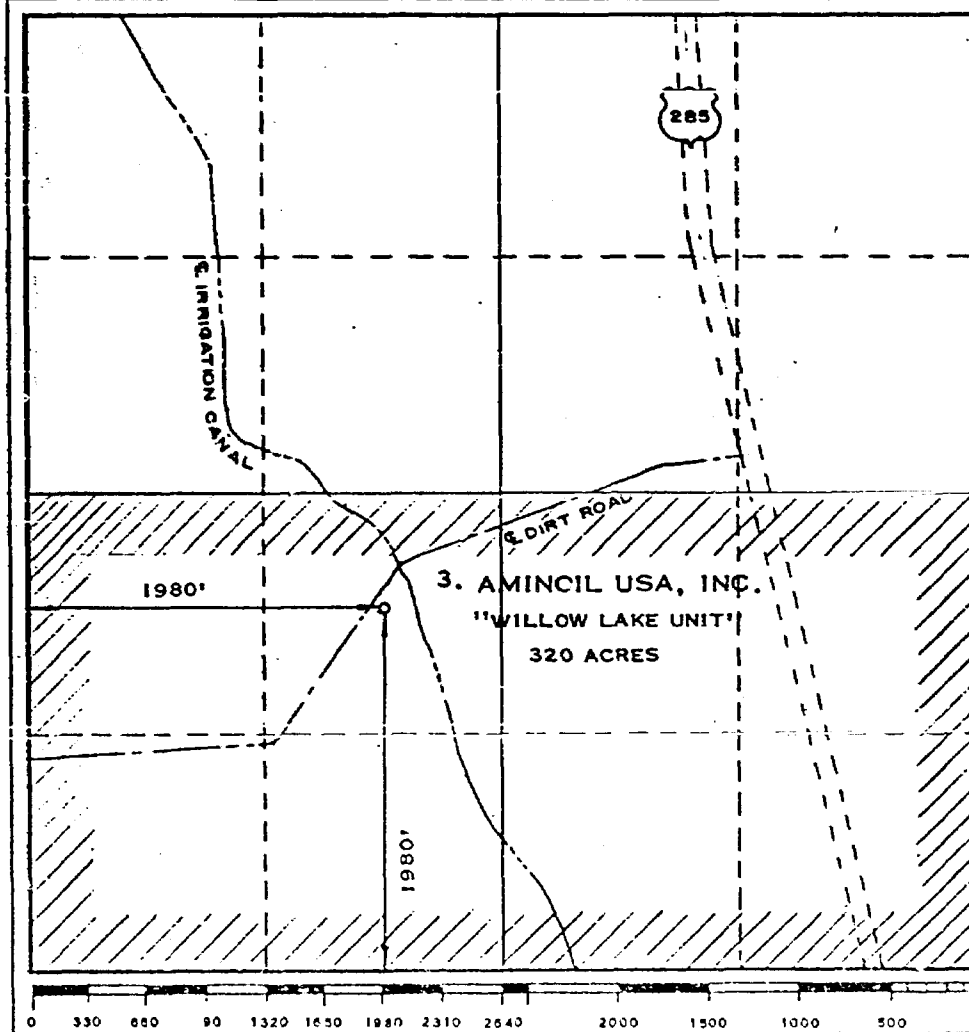
Operator <b>AMINOIL USA, INC.</b>			Lease <b>WILLOW LAKE UNIT</b>		Well No. <b>3</b>
Unit Letter <b>"K"</b>	Section <b>15</b>	Township <b>24 - S</b>	Range <b>28 - E</b>	County <b>EDDY</b>	
Actual Footage Location of Well: <b>1980</b> feet from the <b>SOUTH</b> line and <b>1980</b> feet from the <b>WEST</b> line					
Ground Level Elev. <b>3007</b>	Producing Formation <b>WILDCAT</b>		Pool	Dedicated Acreage: <b>320</b> Acres	

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

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

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

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



## CERTIFICATION

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

*B. E. Stauffer*  
Name

Senior Drilling Engineer  
Position

Aminoil USA, Inc.  
Company

Date Sept 29, 1977

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

Date Surveyed  
**SEPTEMBER 20, 1977**

Registered Professional Engineer  
and/or Land Surveyor

*Max A. Schumann, Jr.*  
MAX A. SCHUMANN, JR.

Certificate No.

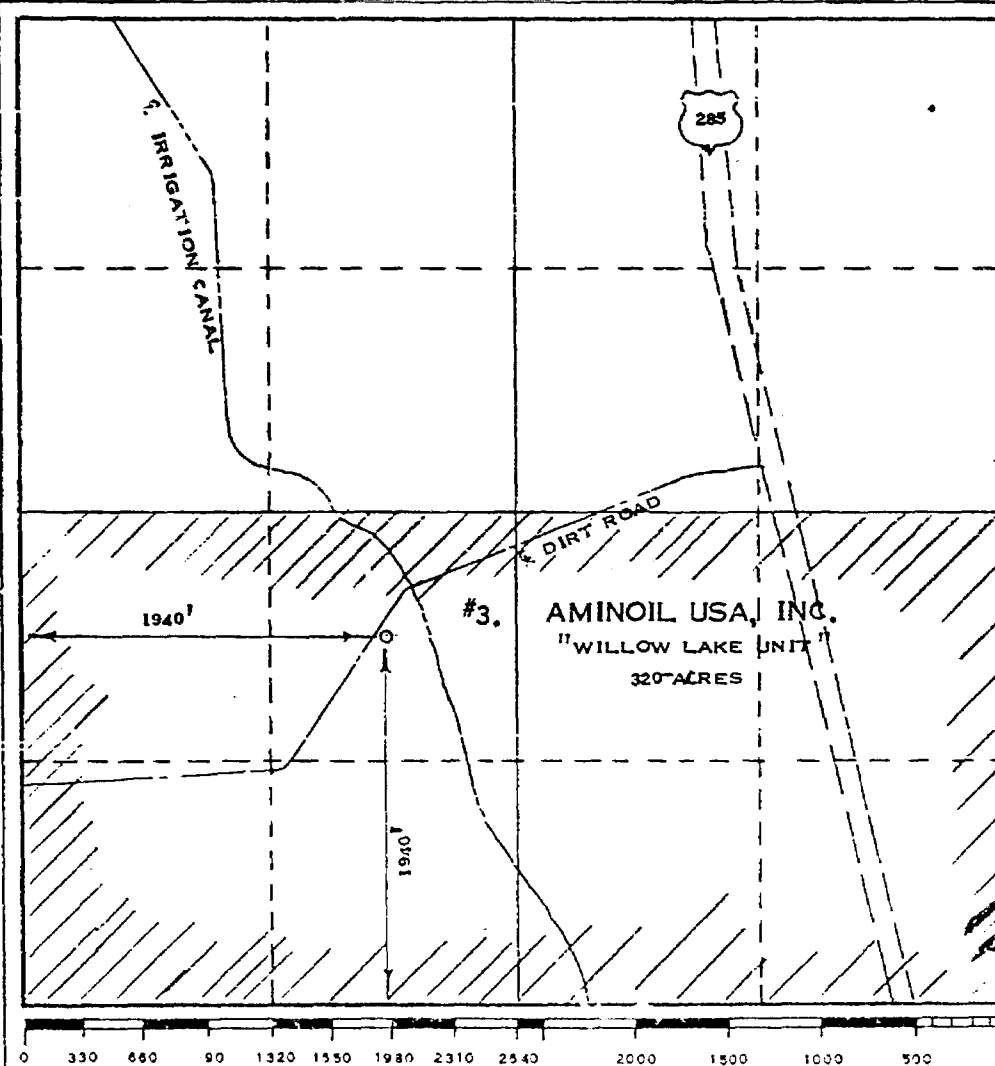
1510

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

Operator <b>AMINOIL USA, INC.</b>		Lease <b>WILLOW LAKE UNIT</b>		Well No. <b>PROPOSED 3</b>
Unit Letter <b>"K"</b>	Section <b>15</b>	Township <b>24 - S</b>	Range <b>28 - E</b>	County <b>EDDY</b>
Actual Footage Location of Well:				
<b>1940</b> feet from the <b>SOUTH</b>		<b>1940</b> feet from the <b>WEST</b>		
Ground Level Elev. <b>3007</b>	Producing Formation <b>WILDCAT</b>	Pool		Dedicated Acreage: <b>320</b> Acres

- ☒ Yes    ☐ No    If answer is "yes," type of consolidation UNITIZATION

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



Name B. E. Stauffer

Company  
**AMINOIL USA, INC.**

Date October 6, 1977

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

Date Surveyed  
SEPTEMBER 20, 1977

Registered Professional Engineer Q.1  
and/or Land Surveyor

MAX A. SCHUMANN JR. 1510

Certificate No. 1510



Dockets Nos. 33-77 and 34-77 are tentatively set for hearing on October 26 and November 9, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 12, 1977

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

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

**ALLOWABLE:** (1) Consideration of the allowable production of gas for November, 1977, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for November, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6053: (Continued & Readvertised)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Noel Reynolds and all other interested parties to appear and show cause why the Torreon Water Well No. 1, located in Unit J of Section 21, Township 18 North, Range 3 West, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6025: (Continued & Readvertised)

Application of Roger C. Hanks for a special gas-oil ratio limitation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico, retroactive to August 22, 1977.

CASE 6052: (Continued from September 28, 1977, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Western Energy Corporation and all other interested parties to appear and show cause why the Ute Well No. 2 located in Unit O of Section 23, Township 31 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6055: (Continued from September 28, 1977, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Han-San, Inc., and all other interested parties to appear and show cause why the Grevey Well No. 4 located in Unit E of Section 26, Township 26 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 6057: Application of Aminoil USA Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Willow Lake Well No. 3 to be located 1980 feet from the South line and 1940 feet from the West line of Section 15, Township 24 South, Range 28 East, Willow Lake Field, Eddy County, New Mexico, the S/2 of said Section 15 to be dedicated to the well.

CASE 6058: Application of Atlantic Richfield Company for the amendment of Order No. R-5430, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5430, which order approved an unorthodox Justis-Fusselman location for its Wimberly WN Well No. 11 in Section 24, Township 25 South, Range 37 East, Lea County, New Mexico. Applicant now requests that the unorthodox location for said well be extended to include the Montoya formation.

CASE 6059: Application of Dome Petroleum Corporation for pool creation, an oil discovery allowable, and a special depth bracket allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Leggs-Entrada Oil Pool in Section 11, Township 21 North, Range 10 West, San Juan County, New Mexico, the assignment of approximately 27,020 barrels of oil discovery allowable to its Santa Fe-Leggs Well No. 1 located in Unit O of said Section 11, and the establishment of a special depth bracket allowable of 750 barrels of oil per day for said pool.

CASE 6060: Application of J. Cecil Rhodes for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Blinbry formation into the perforated interval from 5252 feet to 5448 feet in his Corrigan Well No. 1 located in Unit M of Section 11, Township 25 South, Range 37 East, Justis-Blinbry Pool, Lea County, New Mexico.

*Cane 6057*  
Aminoil USA, Inc.  
600 Western United Life Building  
Midland, Texas 79701  
(915) 682-8231

## AMINOIL USA

September 23, 1977

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

RE: Request for appearance before  
the Commission  
Aminoil File No. - 2841 Series

Gentlemen:

This will confirm our telephone request of September 21, 1977, during which we requested permission to appear before the Board at its October 12, 1977 meeting.

As we stated, Aminoil USA, Inc. desires to drill the Willow Lake Unit #3 well in the Southwest Quarter of Section 15, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. However, the legal location for this Quarter Section (being 1980 feet from the west line and 660 feet from the center line of the Section) will place our well upon a North/South lease line. We are requesting therefore a deviation of 40 feet to the west so that our well will be situated upon lease acreage which will expire on October 20, 1977 in lieu of operations thereon.

Your consideration of our request is appreciated.

Yours very truly,



THOMAS W. JACOBS  
Landman

TWJ/mlh

19801 660

Case 6057

Tom Jacobs Arin oil ~~USA~~ USA Inc

Two loc primary & ~~AT~~

less exp 90ct 15

NSL Willow Lake Well No 3

To be located <sup>1980</sup>~~660~~ 'FSL and

1980 FSL Sec 15 T24S R28E.

To test Morrow & Penn Formations  
to dedicate S12

Willow Lake Field, Eddy Co

Phone in 9-21-77 RLS

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 6057

Order No. R- 5568

APPLICATION OF AMINOIL USA INC.  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 12, 1977,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

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

FINDS:

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

(2) That the applicant, Aminoil USA Inc., seeks  
for its Willow Lake Well No. 3 to be located  
approval of an unorthodox gas well location / 1940 feet from the South  
line and 1940 feet from the West line of Section 15, Township  
24 South, Range 28 East, NMPM, to test ~~the~~ Willcamp  
and Pennsylvanian formations; Willow Lake Field, Eddy  
County, New Mexico.

(3) That the S/2 of said Section 15 is to be dedicated to the  
well. (4)(5) and (6)

(7) That a well at said unorthodox location will better enable  
applicant to produce the gas underlying the proration unit.

(8) That no offset operator objected to the proposed unorthodox  
location.

~~to the well.~~

(4) That the legal notice for this case described the  
proposed unorthodox location for the subject well as being  
feet from the South line and 1940 feet from the West line  
of said Section 15.

(5) That the discovery of lease road ~~certain agricultural appurten-~~  
~~ances~~ at said location makes it advisable to move the proposed  
well site to the point described in Finding No. (2) above.

(6) That inasmuch as the amended location is located  
~~a standard location~~ than the advertised location, ~~and is~~  
~~therefore less unorthodox~~, the applicant should be permitted  
to amend the location without further notice and hearing.

-2-

Case No. \_\_\_\_\_

Order No. R- \_\_\_\_\_

(P) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

*The R. H. H. Co. / USA, Inc.* (1) That an unorthodox gas well location for the *Wolfcamp and Pennsylvanian* ~~application~~ Willow Lake Well No. 3 formations is hereby approved for ~~well~~ to be located at a point 1940 feet from the South line and 1940 feet from the West line of Section 15, Township 24 South, Range 28 East NMPM, Willow Lake Field, ~~Rock~~, Eddy County, New Mexico.

(2) That the S/2 of said Section 15 shall be dedicated to the above-described well.

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

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