

Case NO.

6581

Application

Transcripts

Small Exhibits

ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservator Division  
State Land Office Building  
Santa Fe, New Mexico  
27 June 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Belco Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. CASE 6581

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant: W. Thomas Kellahin, Esq.  
KELLAHIN & KELLAHIN  
500 Don Gaspar  
Santa Fe, New Mexico 87503

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CERTIFIED SHORTHAND REPORTER  
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# I N D E X

LEE G. NERING

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1 MR. NUTTER: We will call next Case Number  
2 6581.

3 MR. PADILLA: Application of Belco Petro-  
4 leum Corporation for an unorthodox well location in Lea  
5 County, New Mexico.

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

9  
10 (Witness sworn.)

11  
12 LEE G. NERING  
13 being called as a witness and having been duly sworn upon  
14 his oath, testified as follows, to-wit:

15  
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Would you please state your name, by whom  
19 you're employed, and in what capacity?

20 A My name is Lee Nering. I'm employed as  
21 Administrative Geolgosit for Belco Petroleum Corporation,  
22 Houston, Texas.

23 Q Mr. Nering, have you previcusly testified  
24 before the Oil Conservation Division and had your qualifi-  
25 cations as an expert geologist accepted and made a matter

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1 of record?

2 A I have.

3 MR. KELLAHIN: We tender Mr. Nering as an  
4 expert geologist.

5 MR. NUTTER: Mr. Nering is qualified.

6 Q (Mr. Kellahin continuing.) Mr. Nering,  
7 please refer to Exhibit Number One, and explain what Belco  
8 Petroleum Corporation is seeking to accomplish by this  
9 application.

10 A Exhibit Number One is the New Mexico Form  
11 C-102, which is the survey plat and this plat illustrates  
12 the location for Belco's proposed Warren-American State  
13 Well No. 2, as shown by the plat to be 660 from the west  
14 line and 660 from the south line of Section 32 of Township  
15 9 South, Range 33 East, in the Flying "M"-San Andres Pool.

16 Belco is seeking an exception to the Rule  
17 Number Four of the special Flying "M"-San Andres Pool rules,  
18 which require that the first well on an initial proration  
19 unit be located either in the southeast quarter or the  
20 northwest quarter of each governmental one-quarter section  
21 of each section.

22 This is Belco's application in this instance  
23 and the plat also shows the acreage of 80 acres. Also under  
24 the rules of the Flying "M"-San Andres Pool, consists of  
25 the west half of the southwest quarter.

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1 Q The Flying "M"-San Andres Pool is spaced  
2 on 80 acres?

3 A 80 acres.

4 Q And this well is located at a proper  
5 footage location. It is unorthodox insofar as it is located  
6 it is the first well within the quarter section and there-  
7 by it is located in an unorthodox quarter quarter section.

8 A That is our understanding of the provi-  
9 sions of Rule Four.

10 Q Will you look at Exhibit Number Two and  
11 identify that?

12 A Exhibit Number Two is a plat illustrating  
13 the general area of the San Andres -- the Flying "M"-San  
14 Andres Pool; also illustrating the outline of the Flying  
15 "M"-San Andres Unit, as well as those wells which are  
16 located outside of the unit for which our proposed Warren  
17 American No. 2 Well is one of those.

18 Q But that Flying "M" Unit is a waterflood  
19 project, is it?

20 A It is.

21 Q And who operates that?

22 A That unit is operated by Coastal States  
23 Gas Company.

24 Q Those wells located to the west of the  
25 waterflood on your exhibit are all wells that are located

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1 in the Flying "M"-San Andres Pool?

2 A Yes, they are.

3 Q Are there any Flying "M"-San Andres Pool  
4 wells farther to the west than depicted on this plat?

5 A Not in the immediate vicinity.

6 Q Okay.

7 Will you again identify the proposed  
8 location for us on that plat?

9 A The proposed location is shown by caption  
10 "Proposed Location". Illustrating again, it's located in  
11 the southwest southwest of Section 32, and that the west  
12 half of the southwest quarter is the dedicated unit.

13 Q I notice that there is a dry hole indi-  
14 cated in the northeast quarter of the southwest quarter of  
15 Section 32. What is that well and what is its history?

16 A That well was drilled by Warren-American  
17 as a Well No. 1 on this tract of land, and the -- the well  
18 was approved for drilling in 1964 shortly after the rules  
19 for the pool were enacted; it did become a dry hole, as  
20 noted on the map.

21 Q Is this a prorated gas pool?

22 A Uh --

23 Q I'm sorry, it's a prorated oil pool.

24 A Not to my knowledge.

25 Q Oh, it's not, I'm sorry.

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1 A It's a basis of -- an allowable basis.

2 Q All right, do any of the wells in the  
3 Flying "M"-San Andres Pool make the allowable set for each  
4 well?

5 A No, not the allowable, no.

6 Q Would you locate for us the best well in  
7 the pool? Where is that?

8 A Well, as far as the entire pool is con-  
9 cerned, I don't have records. The only records I have at  
10 the present time are records dealing only with the specific  
11 area within which Delco desires its proposed Warren-Ameri-  
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13 Q And which is the best well in this imme-  
14 diate vicinity?

15 A Well, the best well in this immediate  
16 vicinity is the Coastal States No. 1-J Well, located in  
17 section 31; specifically the northwest southeast of Sec-  
18 tion 31, 9 South, 33 East.

19 Q Have there been other unorthodox locations  
20 approved by the Division in this particular pool?

21 A Yes. There can be noted that outside of  
22 the unit area a well located in the northeast of the  
23 southeast of Section 30, this is a recent well. Its first  
24 production is in September of 1978.

25 Under the rules of the Flying "M"-San



1 Andres, although the No. 1 dry hole was the first well  
2 drilled in that quarter of the section, the No. 1 producing  
3 well is located in what in my opinion probably is an unor-  
4 thodox location with respect to the special rules governing  
5 the pool.

6 Q Would you identify Exhibits Three and Four  
7 for me?

8 A All right. Exhibits Three -- I'm sorry,  
9 both of these have been labeled Three and Four, the waivers.

10 Q All right, what are they?

11 A Exhibit Number Three consists of two  
12 requests for a waiver directed to the offsetting operators  
13 to the proposed location, these being Coastal States Gas  
14 Corporation to the west, and to the southwest, the Westland  
15 Oil Development Corporation.

16 Q What if any response have you received  
17 from either of the operators with regards to the waiver  
18 request?

19 A We have received no specific direct com-  
20 munication. The letter indicates that we requested that  
21 these operators -- offsetting operators respond to the  
22 Commission.

23 Q Would you look at Exhibit Number Five and  
24 identify it?

25 A Off the record.

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(There followed a discussion  
off the record.)

Q All right, Exhibit Number Four.

MR. NUTTER: I labeled these two letters  
here as Three-A and Three-B for simplicity sake.

A Well, that's what -- I didn't do it that  
way, but I felt that that would simplify matters. It's the  
same letter.

MR. NUTTER: Yeah.

A The only difference being --

MR. NUTTER: To whom it was sent.

A -- the salutation and the execution.

Q Let's look at Number Four, Mr. Nering.

A Yes.

Q And have you identify that.

A Exhibit Number Four, and if I may correct  
the Examiner, it's not a structure map.

MR. NUTTER: That's right, it's not.

A It's -- it's what we call a Isocum map  
showing the cumulation of oil from the wells which are  
affecting the proposed location.

This map also illustrates that by virtue  
of the figures demonstrated in a band trending northwest  
immediately east of the contoured area, there appears to  
be some type of a pool separation or stratigraphic separation,

1 and reservoir separation, whatever would be applied, as  
2 illustrated by the Warren-American No. 1 Well, the Coastal  
3 injector, the limited cumulative, the Coastal No. 2 in  
4 Section 32 northwest, again very low cum, then again another  
5 dry hole, and then again relatively low accumulations in  
6 the east half of Section 30, illustrating somewhat of a --  
7 some type of restriction lying between the area that is in  
8 question where Belco proposes to drill its well and the  
9 San Andres Unit.

10 MR. NUTTER: It looks almost like there's  
11 a tight streak coming down through there that makes this  
12 a separate pool, doesn't it?

13 A That's our impression, yes.

14 Q Does structure play any importance in this  
15 area?

16 A Structure does not have any apparent  
17 effect. The structure contours are nearly roller type and  
18 they strike northeast and dip at approximate rate of 125  
19 feet per mile to the southeast, and appear to have no  
20 apparent effect on the entrapment.

21 Q Let's look at Exhibit Five now and have  
22 you describe to us the information contained on that ex-  
23 hibit.

24 A Exhibit Number Five is again an Iso-  
25 production map in which the contours illustrate the monthly

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Santa Fe, New Mexico 87501

1 production for the area. The separate reservoir pod, if  
2 I can use that term, in which one well appears to be more  
3 or less in the center of this area and the others are  
4 fringeto it, and it again, on a monthly basis which was  
5 compiled from a period of fifteen months, these months  
6 being all of 1978 and the three months of 1979, and it can  
7 be seen from this contour map that with the exception of  
8 the Coastal States No. 1-J Well, all of these wells are  
9 in the category of stripper well, meaning they're less  
10 than 10 barrels per day production, at considerably less  
11 than top allowable for the depth bracket for these -- this  
12 formation, which is located at approximately 42, 4300 feet  
13 in depth. Top allowable for that depth range being 180  
14 barrels for an 80-acre proration unit.

15 Q If you'll look at the southwest quarter  
16 of Section 32, there are two standard locations and then  
17 the one proposed unorthodox location still yet to be  
18 drilled in this quarter section.

19 Do you have an opinion, Mr. Nering, with  
20 regards to whether the unorthodox location would be best  
21 of the three locations from which to drain this particular  
22 proration unit?

23 A There's no question in my mind. The  
24 contours, particularly on the Iso monthly production map  
25 indicate that it at best is still only at something less

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1 than ten barrels a day, even if it gets up to the 200  
2 barrels per month figure, than anything lying between there  
3 and the dry hole in the northeast southwest, it's extremely  
4 high risk, and that Warren-American No. 2 contains some  
5 risk as being a well that will come anywhere near being  
6 able to produce its top allowable.

7 Q Were Exhibits One through Five prepared  
8 by you directly or compiled under your direction and super-  
9 vision?

10 A That is correct.

11 Q And in your opinion, Mr. Nering, will  
12 approval of this application be in the best interests of  
13 conservation, the prevention of waste, and the protection  
14 of correlative rights?

15 A It's my opinion that without the drilling  
16 of this well waste will occur because it's likely that  
17 the well, perhaps, will never be drilled because of its  
18 risk position, the fact that its eventual daily production  
19 and perhaps cumulative production may not be economical.  
20 That's difficult to ascertain, of course, because of pre-  
21 sent economic conditions.

22 MR. KELLAHIN: We move the introduction  
23 of Exhibits One through Five.

24 MR. NUTTER: Belco Exhibits One through  
25 Five will be admitted in evidence.

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CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Nering, when was your well to the immediate south of this location drilled?

A The Belco-Read and Stevens Well located in the northwest northwest of 5, first production was January of 1973. All of the wells in the area that has been Isopached are drilled, completed, between January of 1972 and I believe the latest is March of 1973, so that the cumulative production contouring doesn't seem to be highly affected by age of the well.

Q Okay.

A If you prefer I can give you the --

Q If we go to the west here on Coastal States lease you show the No. 3 and 5, are both of those wells producing?

A Yes, sir.

Q And this cum and this monthly production is the total for both wells?

A Yes, sir. I treated those as one location. The wells are 100 feet apart.

Q Why do they have two wells there on that location, do you know?

1 A If I may, we can discuss this more fully  
2 under the next case, 6582. If you prefer we can discuss  
3 it now, but --

4 Q Okay. No, let's get this case over with.

5 A It may be premature.

6 MR. NUTTER: Are there any further ques-  
7 tions of Mr. Nering? He may be excused.

8 Do you have anything further, Mr. Kellahin?

9 MR. KELLAHIN: No, sir.

10 MR. NUTTER: Does anyone have anything  
11 they wish to offer in Case Number 6581?

12 We'll take the case under advisement.

13  
14 (Hearing concluded.)  
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY  
 CERTIFY that the foregoing and attached Transcript of  
 Hearing before the Oil Conservation Division was reported  
 by me; that the said transcript is a full, true, and correct  
 record of the hearing, prepared by me to the best of my  
 ability, knowledge, and skill, from my notes taken at the  
 time of the hearing.

Sally W. Boyd C.S.R.  
 Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Examiner hearing of Case No. 6281  
 heard by me on 6/27 1979.  
[Signature] Examiner  
 Oil Conservation Division

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 Santa Fe, New Mexico 87501



STATE OF NEW MEXICO  
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well location, Lea County, New  
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5 MR. NUTTER: Mr Nering is qualified.

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14 line and 660 from the south line of Section 32 of Township  
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18 which require that the first well on an initial proration  
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23 and the plat also shows the acreage of 80 acres. Also under  
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1 Q The Flying "M"-San Andres Pool is spaced  
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3 A 80 acres.

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5 footage location. It is unorthodox insofar as it is located --  
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1 in the Flying "M"-San Andres Pool?

2 A Yes, they are.

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4 wells farther to the west than depicted on this plat?

5 A Not in the immediate vicinity.

6 Q Okay.

7 Will you again identify the proposed  
8 location for us on that plat?

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10 "Proposed Location". Illustrating again, it's located in  
11 the southwest southwest of Section 32, and that the west  
12 half of the southwest quarter is the dedicated unit.

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18 was approved for drilling in 1964 shortly after the rules  
19 for the pool were enacted; it did become a dry hole, as  
20 noted on the map.

21 Q Is this a prorated gas pool?

22 A Uh --

23 Q I'm sorry, it's a prorated oil pool.

24 A Not to my knowledge.

25 Q Oh, it's not, I'm sorry.

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1 A It's a basis of -- an allowable basis.

2 Q All right, do any of the wells in the  
3 Flying "M"-San Andres Pool make the allowable set for each  
4 well?

5 A No, not the allowable, no.

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24 production is in September of 1978.

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22 Commission.

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24 identify it?

25 A Off the record.

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(There followed a discussion off the record.)

Q All right, Exhibit Number Four.

MR. NUTTER: I labeled these two letters here as Three-A and Three-B for simplicity sake.

A Well, that's what -- I didn't do it that way, but I felt that that would simplify matters. It's the same letter.

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This map also illustrates that by virtue of the figures demonstrated in a band trending northwest immediately east of the contoured area, there appears to be some type of a pool separation or stratigraphic separation,

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Kansas City, Mo. 64101

1 and reservoir separation, whatever would be applied, as  
2 illustrated by the Warren-American No. 1 Well, the Coastal  
3 injector, the limited cumulative, the Coastal No. 2 in  
4 Section 32 northwest, again very low cum, then again another  
5 dry hole, and then again relatively low accumulations in  
6 the east half of Section 30, illustrating somewhat of a --  
7 some type of restriction lying between the area that is in  
8 question where Belco proposes to drill its well and the  
9 San Andres Unit.

10 MR. NUTTER: It looks almost like there's  
11 a tight streak coming down through there that makes this  
12 a separate pool, doesn't it?

13 A That's our impression, yes.

14 Q Does structure play any importance in this  
15 area?

16 A Structure does not have any apparent  
17 effect. The structure contours are nearly roller type and  
18 they strike northeast and dip at approximate rate of 125  
19 feet per mile to the southeast, and appear to have no  
20 apparent effect on the entrapment.

21 Q Let's look at Exhibit Five now and have  
22 you describe to us the information contained on that ex-  
23 hibit.

24 A Exhibit Number Five is again an Iso-  
25 production map in which the contours illustrate the monthly

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3929 Main Avenue (SOS) 411-4463  
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SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (955) 471-4403  
Santa Fe, New Mexico 87501

1 production for the area. The separate reservoir pod, if  
2 I can use that term, in which one well appears to be more  
3 or less in the center of this area and the others are  
4 fringing it, and it again, on a monthly basis which was  
5 compiled from a period of fifteen months, these months  
6 being all of 1978 and the three months of 1979, and it can  
7 be seen from this contour map that with the exception of  
8 the Coastal States No. 1-J Well, all of these wells are  
9 in the category of stripper wells, meaning they're less  
10 than 10 barrels per day production, at considerably less  
11 than top allowable for the depth bracket for these -- this  
12 formation, which is located at approximately 42, 4300 feet  
13 in depth. Top allowable for that depth range being 180  
14 barrels for an 80-acre proration unit.

15 Q If you'll look at the southwest quarter  
16 of Section 32, there are two standard locations and then  
17 the one proposed unorthodox location still yet to be  
18 drilled in this quarter section.

19 Do you have an opinion, Mr. Nering, with  
20 regards to whether the unorthodox location would be best  
21 of the three locations from which to drain this particular  
22 proration unit?

23 A There's no question in my mind. The  
24 contours, particularly on the Iso monthly production map  
25 indicate that it at best is still only at something less

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (866) 471-2483  
San Antonio, New Mexico 87501

1 than ten barrels a day, even if it gets up to the 200  
2 barrels per month figure, than anything lying between there  
3 and the dry hole in the northeast southwest, it's extremely  
4 high risk, and that Warren-American No. 2 contains some  
5 risk as being a well that will come anywhere near being  
6 able to produce its top allowable.

7 Q Were Exhibits One through Five prepared  
8 by you directly or compiled under your direction and super-  
9 vision?

10 A That is correct.

11 Q And in your opinion, Mr. Nering, will  
12 approval of this application be in the best interests of  
13 conservation, the prevention of waste, and the protection  
14 of correlative rights?

15 A It's my opinion that without the drilling  
16 of this well waste will occur because it's likely that  
17 the well, perhaps, will never be drilled because of its  
18 risk position, the fact that its eventual daily production  
19 and perhaps cumulative production may not be economical.  
20 That's difficult to ascertain, of course, because of pre-  
21 sent economic conditions.

22 MR. KELLAHIN: We move the introduction  
23 of Exhibits One through Five.

24 MR. NUTTER: Belco Exhibits One through  
25 Five will be admitted in evidence.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3010 Plaza Blanca (955) 471-2493  
Santa Fe, New Mexico 87501

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Nering, when was your well to the immediate south of this location drilled?

A The Belco-Read and Stevens Well located in the northwest northwest of 5, first production was January of 1973. All of the wells in the area that has been Isopached are drilled, completed, between January of 1972 and I believe the latest is March of 1973, so that the cumulative production contouring doesn't seem to be highly affected by age of the well.

Q Okay.

A If you prefer I can give you the --

Q If we go to the west here on Coastal States lease you show the No. 3 and 5, are both of those wells producing?

A Yes, sir.

Q And this cum and this monthly production is the total for both wells?

A Yes, sir. I treated those as one location. The wells are 100 feet apart.

Q Why do they have two wells there on that location, do you know?

1 A If I may, we can discuss this more fully  
2 under the next case, 6582. If you prefer we can discuss  
3 it now, but --

4 Q Okay. No, let's get this case over with.

5 A It may be premature.

6 MR. NUTTER: Are there any further ques-  
7 tions of Mr. Nering? He may be excused.

8 Do you have anything further, Mr. Kellahin?

9 MR. KELLAHIN: No, sir.

10 MR. NUTTER: Does anyone have anything  
11 they wish to offer in Case Number 6581?

12 We'll take the case under advisement.

13  
14 (Hearing concluded.)  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3610 Plaza Blanca (SOS) 471-2462  
San Antonio, Texas 78201

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6581 heard by me on 6/27 1979.

[Signature] Examiner  
Oil Conservation Division

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (505) 471-4442  
Santa Fe, New Mexico 87501





STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6581  
Order No. R-6048

APPLICATION OF BELCO PETROLEUM  
CORPORATION FOR AN UNORTHODOX  
OIL WELL LOCATION, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 27, 1979,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of July, 1979, the Division  
Director, 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 Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, Belco Petroleum Corporation,  
seeks approval of an unorthodox oil well location for its  
Warren-American State Well No. 2 to be drilled at a point 660  
feet from the South line and 660 feet from the West line of  
Section 32, Township 9 South, Range 33 East, NMPM, to test the  
San Andres formation, Flying "M"-San Andres Pool, Lea County,  
New Mexico.

(3) That the W/2 SW/4 of said Section 32 is to be dedi-  
cated to the well.

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

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

-2-

Case No. 6581  
Order No. R-6048

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil 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 oil well location for the San Andres formation is hereby approved for the Belco Petroleum Corporation Warren-American State Well No. 2 to be drilled at a point 660 feet from the South line and 660 feet from the West line of Section 32, Township 9 South, Range 33 East, NMPK, Flying "M"-San Andres Pool, Lea County, New Mexico.

(2) That the W/2 SW/4 of said Section 32 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 Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

  
S E A L

fd/

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-4-65

All distances must be from the outer boundaries of the Section

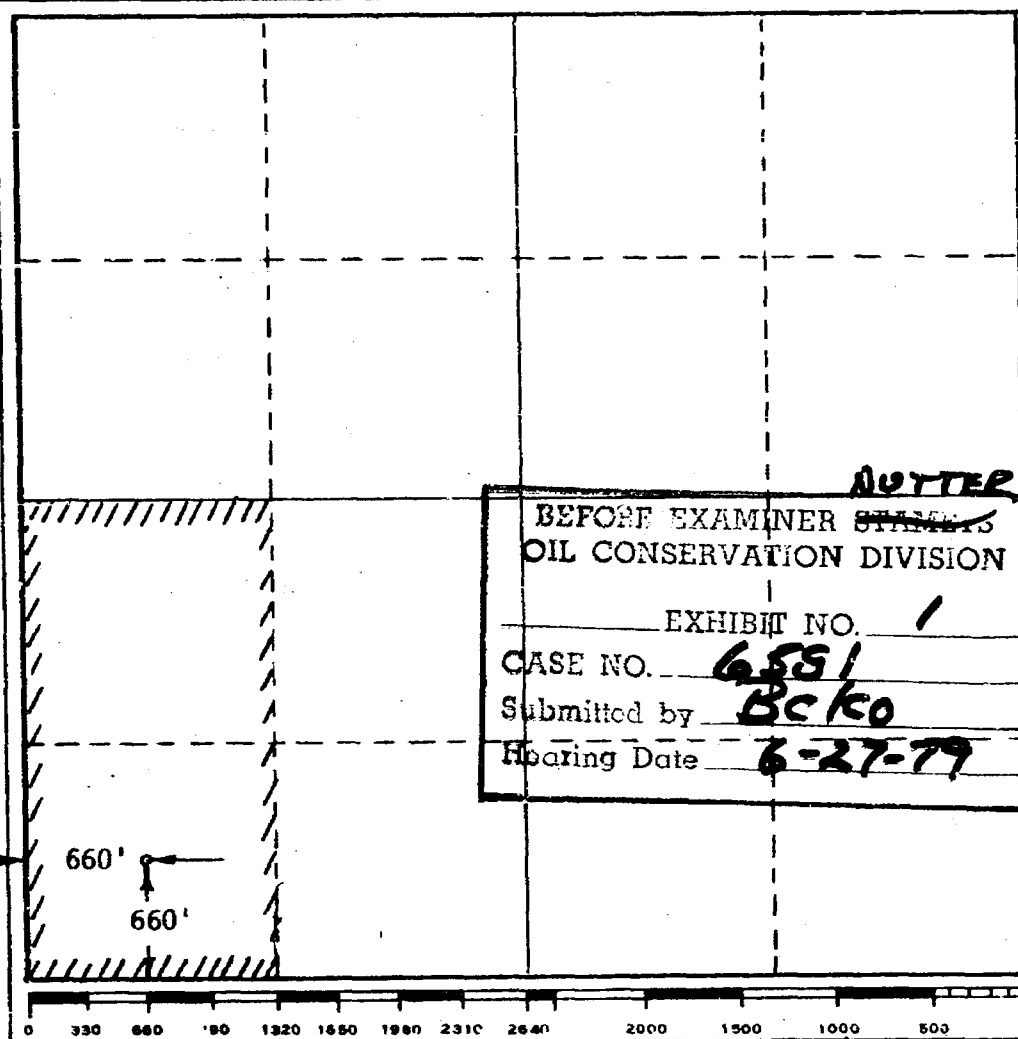
Operator <b>BELCO PETROLEUM COMPANY</b>		Lessee <b>WARREN AMERICAN STATE</b>		Well No. <b>2</b>
Unit Letter	Section <b>32</b>	Township <b>9-S</b>	Range <b>33-E</b>	County <b>LEA COUNTY, NEW MEXICO</b>
Actual Footage Location of Well:				
<b>660'</b>	feet from the	<b>SOUTH</b>	line and	<b>660'</b>
feet from the			feet from the	<b>WEST</b>
Ground Level Elev. <b>4241'</b>	Producing Formation <b>San Andres</b>	Pool <b>Flying H San Andres</b>	Dedicated Acreage: <b>80</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 \_\_\_\_\_

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

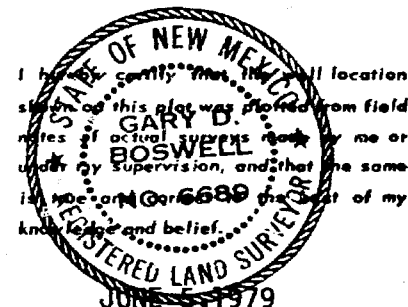
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Date \_\_\_\_\_



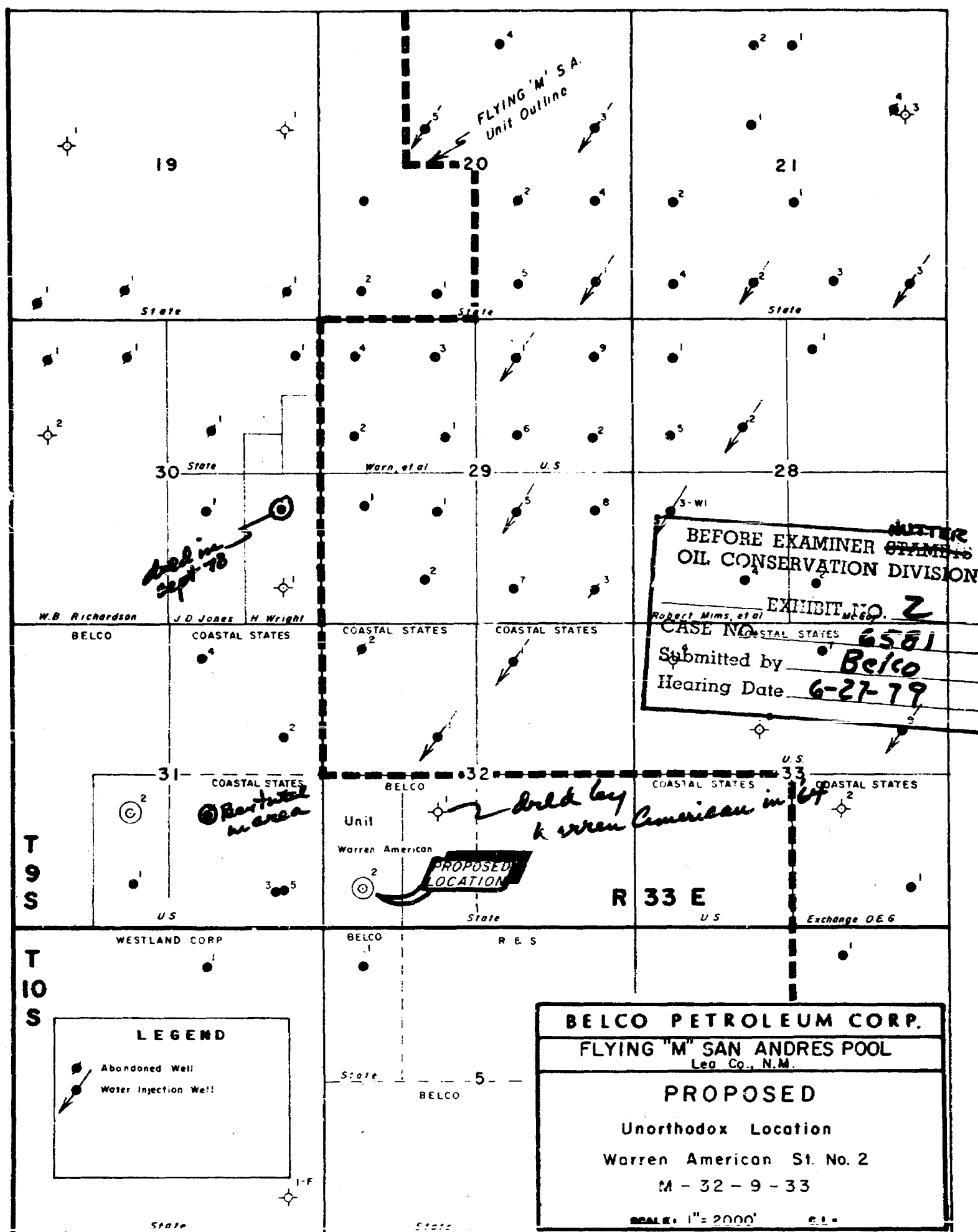
Date Surveyed

**GARY D. BOSWELL**

Registered Professional Engineer  
and/or Land Surveyor

*Gary D. Boswell*  
Certificate No.

**6689**



10000 Old Katy Road  
Suite 100  
Houston, Texas 77055  
Telephone (713) 932 4700  
Cable: BELPETEX

## Belco Petroleum Corporation

# Belco

June 19, 1979

Westland Oil Development Corporation  
P. O. Box 36389  
Houston, Texas 77036

Re: Waivers (2) for Belco Proposed  
Warren-American No. 2 well, and  
Federal 31, No. 2 well.  
Flying "M"  
San Andres Pool  
Lea County, New Mexico

Gentlemen:

Belco has applied to the New Mexico Oil Conservation Division for exception for the drilling of two wells in the Flying "M" San Andres Pool, Lea County, New Mexico.

Belco is requesting approval for an unorthodox location for the Warren American No. 2 well, SWSW 32, T9S, R33E as an exception to Rule 4 of the Flying "M" Special Rules which requires that the "first" well on a unit should be located in the SE/4 or NW/4 of a governmental 1/4 section.

In addition, Belco is requesting approval for a non-standard 40 acre Unit as an exception to Rule 2 of the Flying "M" Special Rules which require 80 acres as a "standard" unit, for Belco's Federal 31 No. 2 well in NESW 31, T9S, R33E.

We attach copies of NMOCD Form C-102 illustrating the staked locations for these wells.

We respectfully request that you, as an offsetting operator, waive any objection to Belco's applications for the above described locations. A suggested waiver form is enclosed along with a stamped addressed envelope to the NMOCD. Would you kindly sign the waiver and mail same to the NMOCD? We would certainly appreciate expeditious handling of this matter.

NUTTER	
BEFORE EXAMINER <del>STAMPED</del>	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	3-A
CASE NO.	6561
Submitted by	Belco
Processing Date	6-27-79
LGN:1mm	
Enclosure	

Sincerely,

BELCO PETROLEUM CORPORATION

*Lee G. Nering*  
Lee G. Nering  
Administrative Geologist

10000 Old Katy Road  
Suite 100  
Houston, Texas 77055  
Telephone (713) 932-4700  
Cable: BELPETEX

## Belco Petroleum Corporation

# Belco

June 19, 1979

Coastal States Gas Corporation  
Box 235  
Midland, Texas 79702

Attention: Elwin Clark

Re: Waivers (2) for Belco Proposed  
Warren-American No. 2 well, and  
Federal 31, No. 2 well  
Flying "M"  
San Andres Pool  
Lea County, New Mexico

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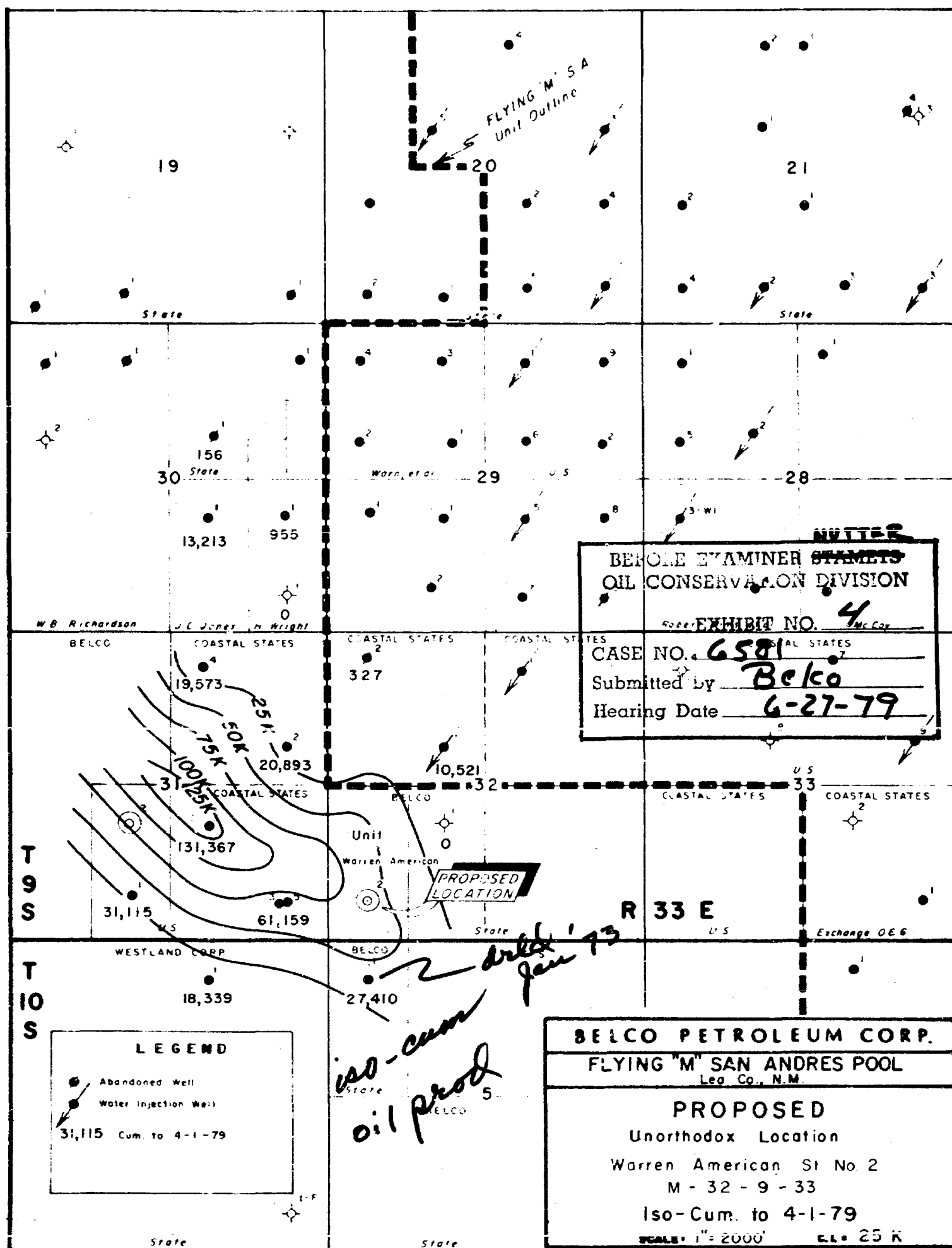
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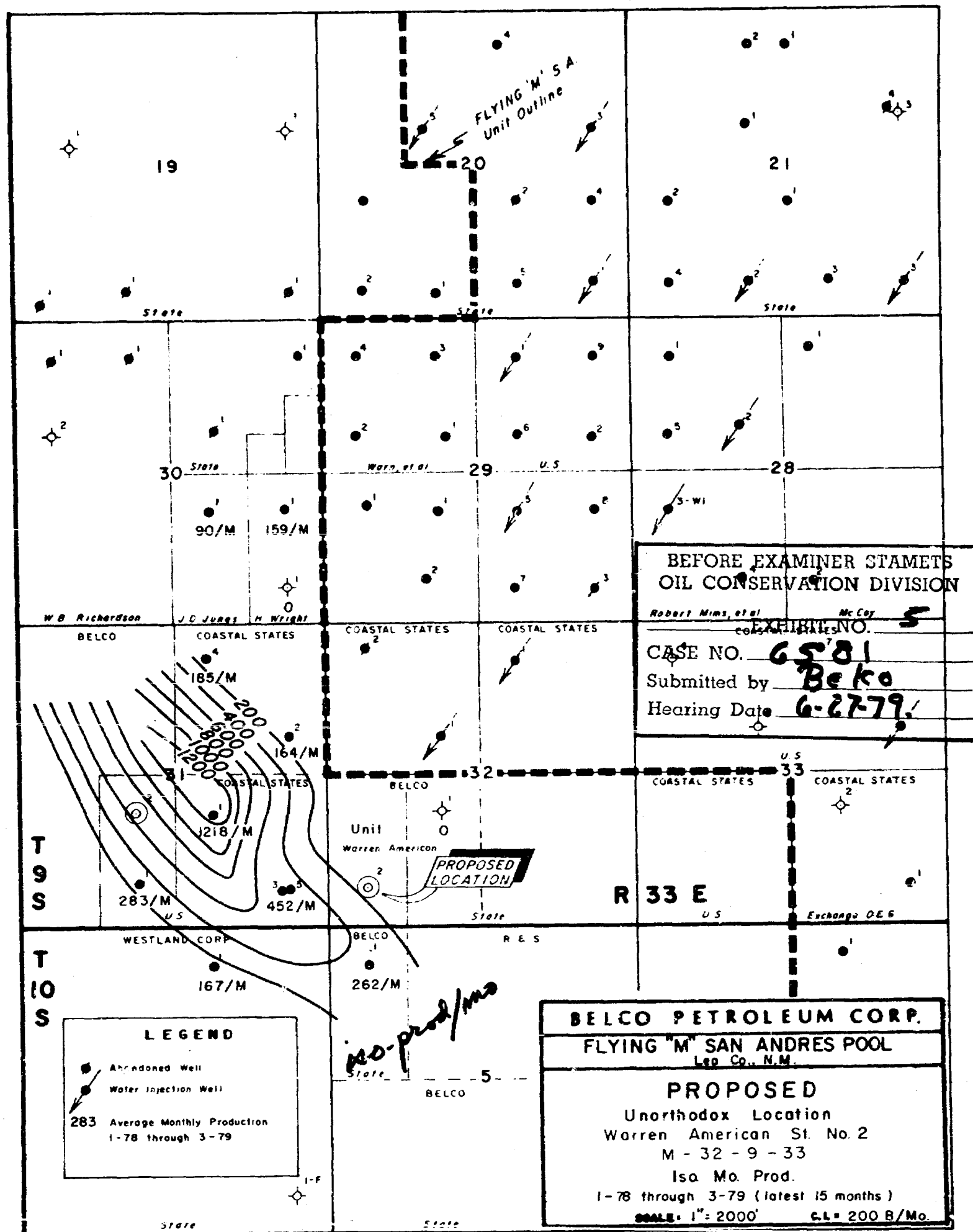
Sincerely,

BELCO PETROLEUM CORPORATION

Lee G. Nering  
Administrative Geologist

NOTED	
BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	3-B
CASE NO.	6581
Submitted by	Belco
Enclosure	
Receiving Date	6-27-79







**NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT**

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

All distances must be from the outer boundaries of the Section

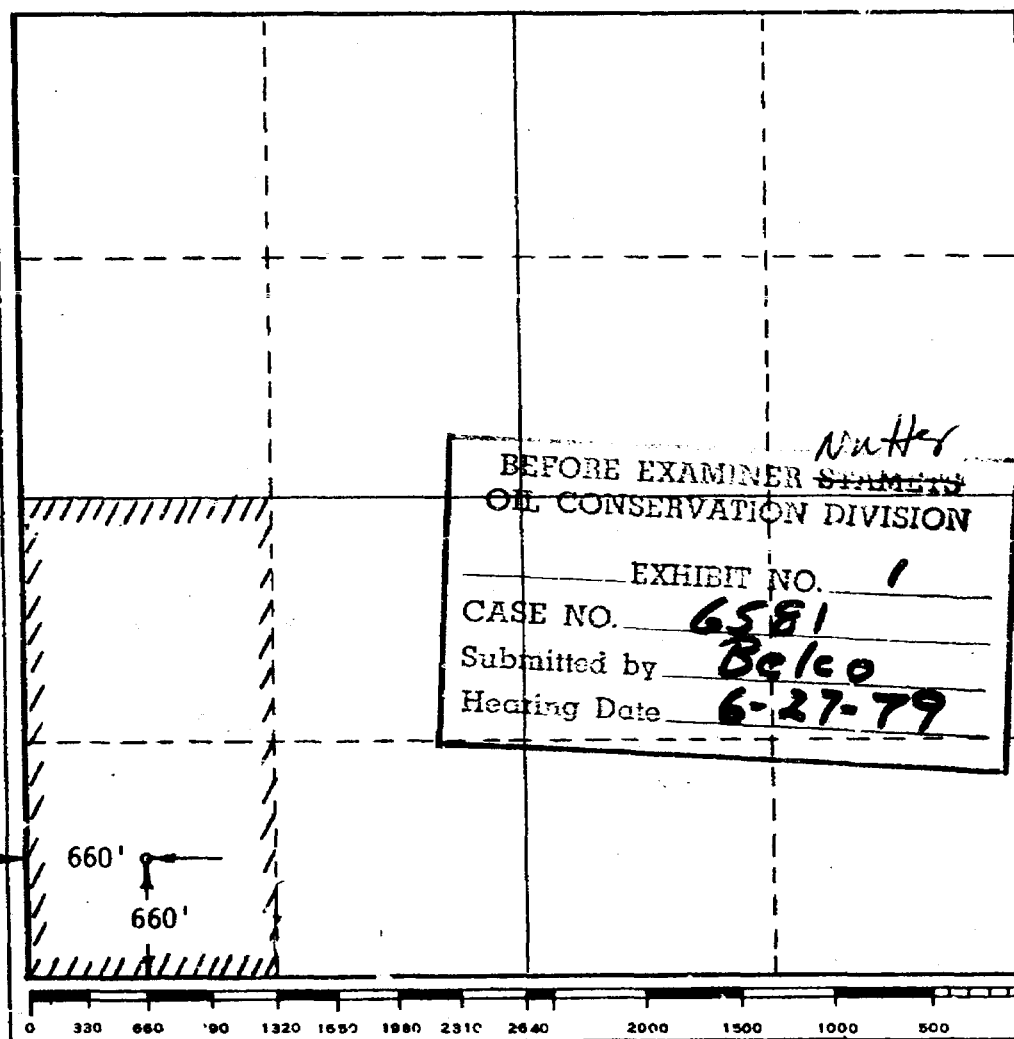
Operator <b>BELCO PETROLEUM COMPANY</b>		Lease <b>WARREN AMERICAN STATE</b>		Well No. <b>2</b>
Unit Letter	Section <b>32</b>	Township <b>9-S</b>	Range <b>33-E</b>	County <b>LEA COUNTY, NEW MEXICO</b>
Actual Surface Location of Well: <b>660'</b> feet from the <b>SOUTH</b> line and <b>660'</b> feet from the <b>WEST</b> line				
Ground Level Elev. <b>4241'</b>	Producing Formation	Pool	Dedicated Acreage:  Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
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**CERTIFICATION**

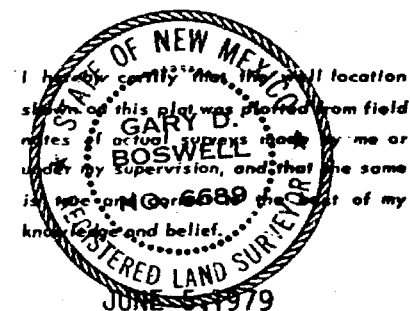
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Date \_\_\_\_\_



Date Surveyed

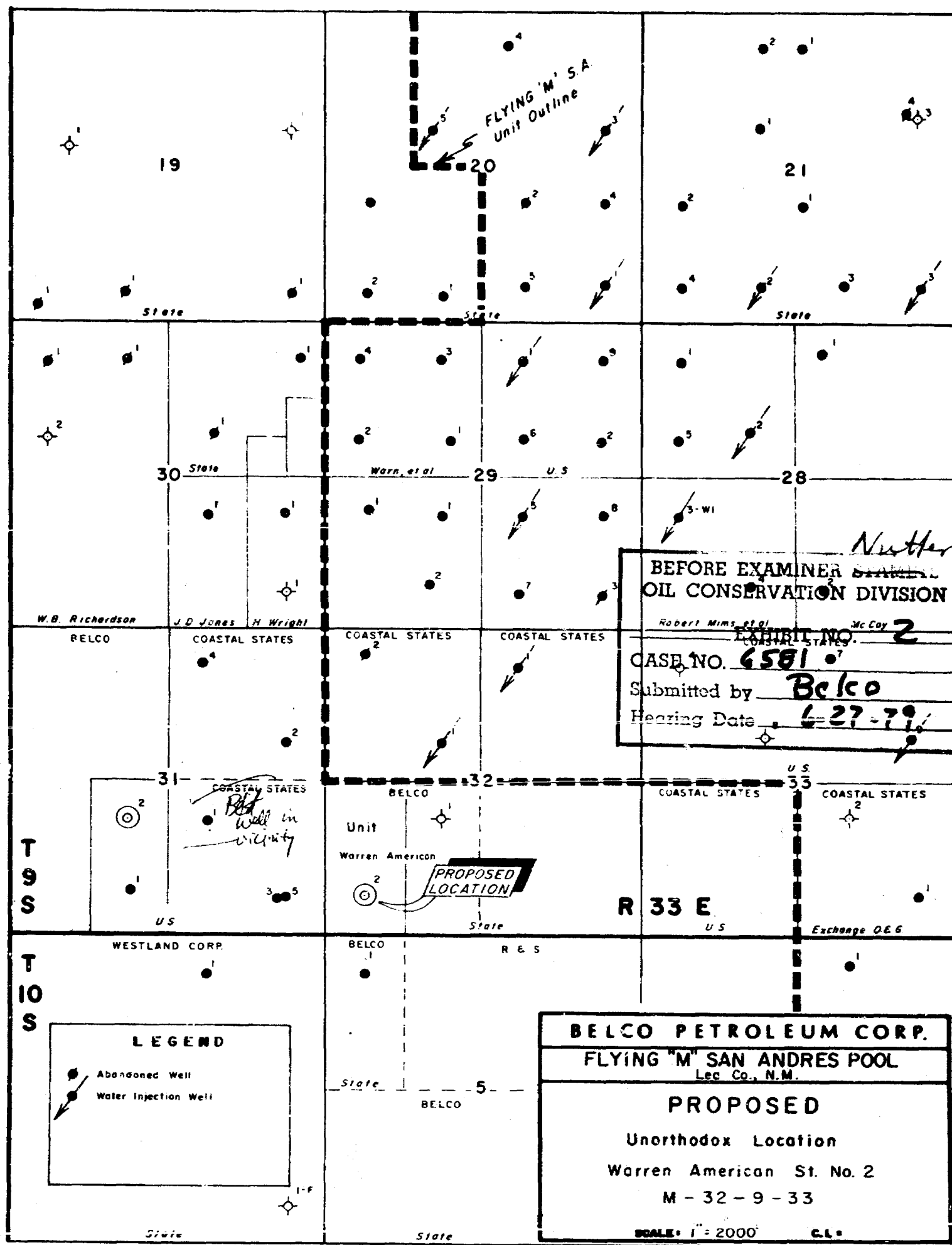
**GARY D. BOSWELL**

Registered Professional Engineer  
and/or Land Surveyor

*Gary D. Boswell*

Certificate No.

**6689**



10000 Old Katy Road  
Suite 100  
Houston, Texas 77055  
Telephone (713) 932-4700  
Cable: BELPETEX

## Belco Petroleum Corporation

# Belco

June 19, 1979

Coastal States Gas Corporation  
Box 235  
Midland, Texas 79702

Attention: Elwin Clark

Re: Waivers (2) for Belco Proposed  
Warren-American No. 2 well, and  
Federal 31, No. 2 well  
Flying "M"  
San Andres Pool  
Lea County, New Mexico

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*Nutter*  
BEFORE EXAMINER ~~STAMPS~~  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 3-B  
CASE NO. 6581  
Submitted by Belco  
LGN: mm  
Enclosure 6-27-79

Sincerely,

BELCO PETROLEUM CORPORATION

*Lee G. Nering*  
Lee G. Nering  
Administrative Geologist

10000 Old Katy Road  
Suite 100  
Houston, Texas 77055  
Telephone (713) 932-4700  
Cable: BELPETEX

## Belco Petroleum Corporation

# Belco

June 19, 1979

Coastal States Gas Corporation  
Box 235  
Midland, Texas 79702

Attention: Elwin Clark

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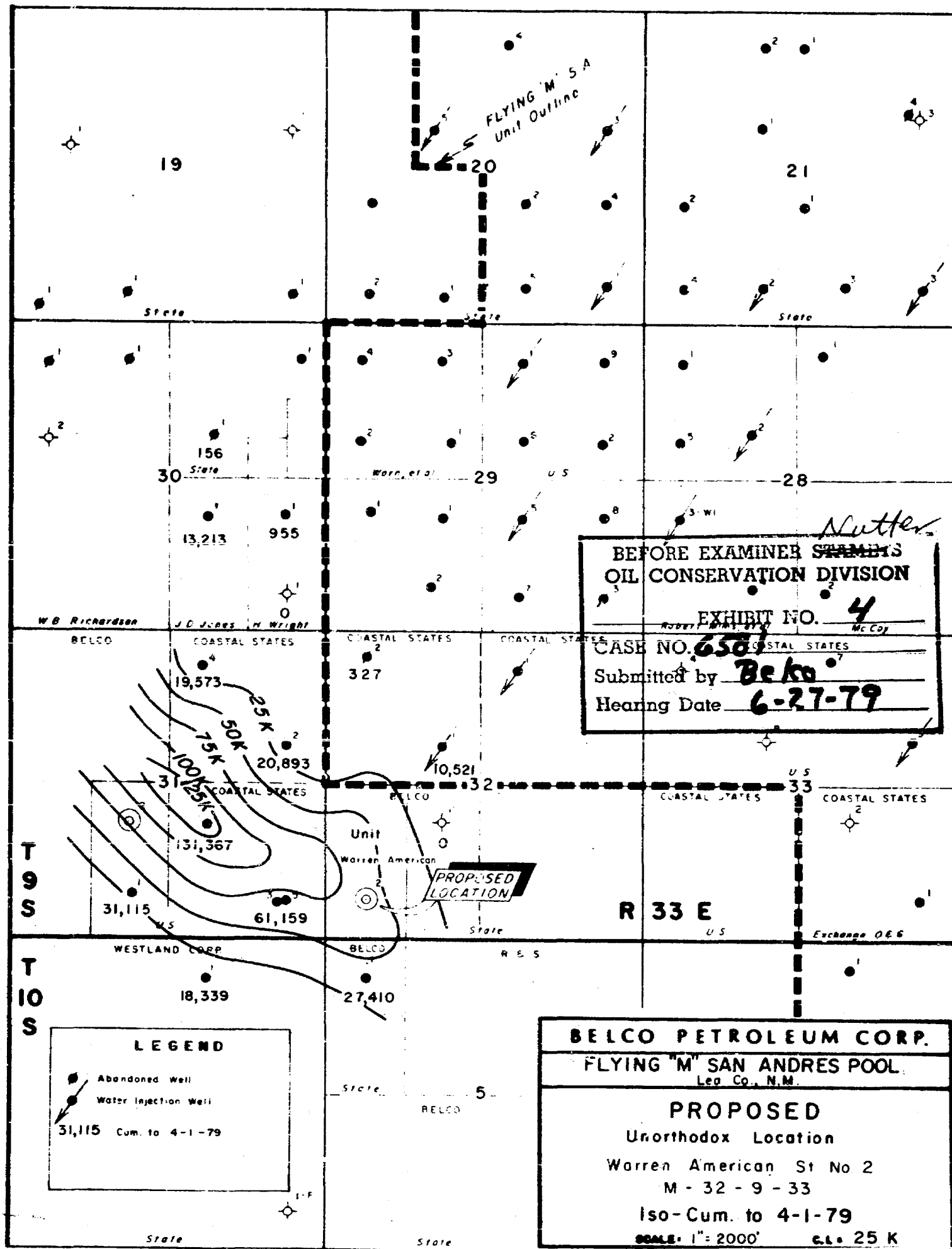
*Nuttall*

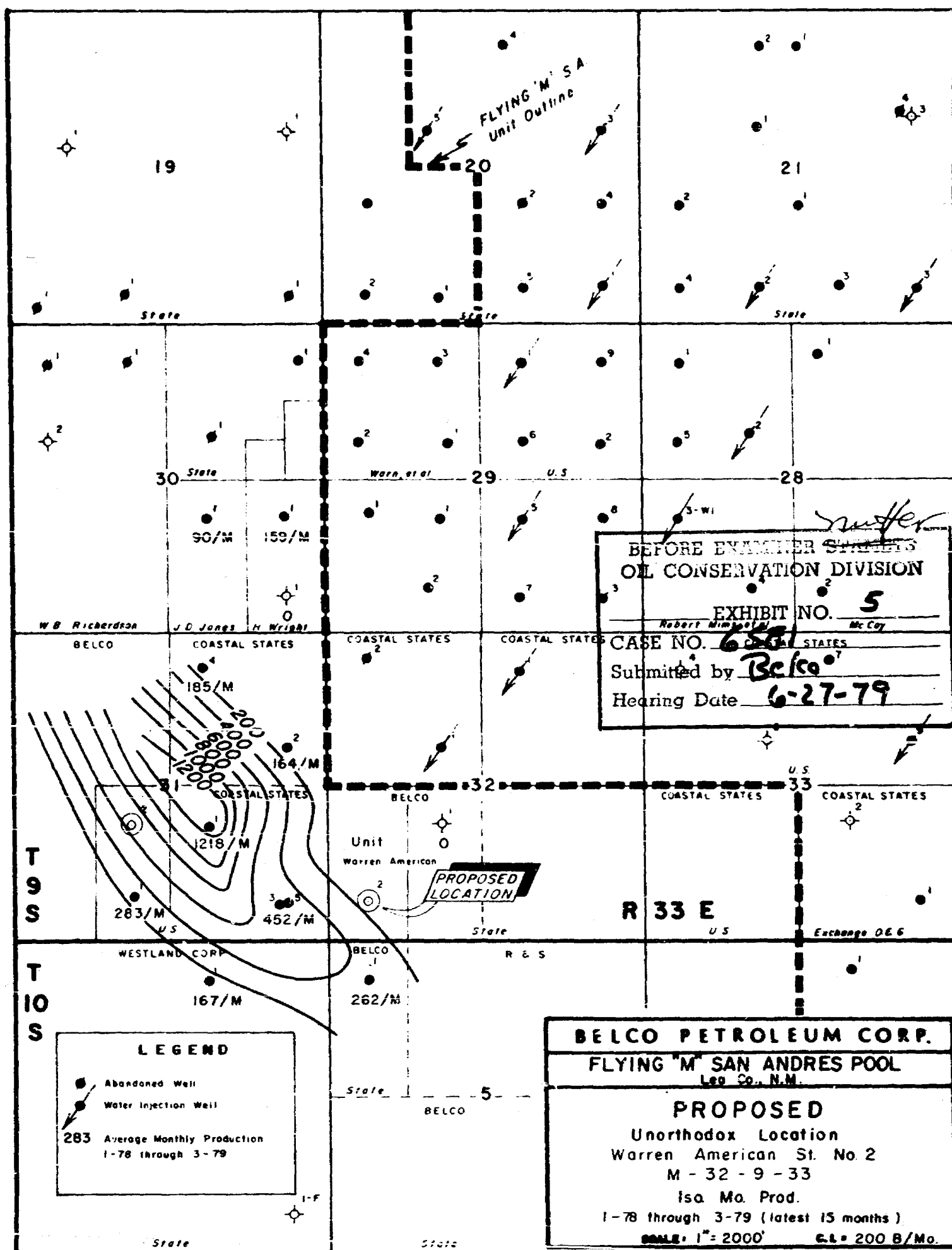
BEFORE EXAMINER STAMPS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	<i>3 B</i>
CASE NO.	<i>6581</i>
LGN: Submitted by	<i>Belco</i>
Enclosure	
Hearing Date	<i>6-22-79</i>

Sincerely,

BELCO PETROLEUM CORPORATION

*Lee G. Nering*  
Lee G. Nering  
Administrative Geologist





Dockets Nos. 25-79 and 26-79 are tentatively set for hearing on July 11 and 25, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 27, 1979

9 A.M. - OIL CONSERVATION DIVISION 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:

CASE 6545: (Continued from May 23, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace, Travelers Indemnity Company, and all other interested parties to appear and show cause why the Kuklah Baby Well No. 1 located in Unit G of Section 24, Township 22 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6549: (Continued from May 23, 1979, Examiner Hearing)

Application of Gulf Oil Corporation for pool creation, discovery allowable, and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new Bone Springs oil pool for its Lea "YH" State Well No. 1 located in Unit O of Section 25, Township 18 South, Range 34 East. Applicant also seeks a discovery allowable and promulgation of special pool rules, including a provision for 80-acre spacing.

CASE 6563: (Continued from June 13, 1979, Examiner Hearing)

Application of Roy L. McKay for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for his North Woolworth Ranch Unit Area, comprising 1,280 acres, more or less, of State lands in Township 23 South, Range 35 East.

CASE 6548: (Continued from May 23, 1979, Examiner Hearing)

Application of John F. Staver for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Dakota formation through the open hole interval from 1408 feet to 1412 feet in his Table Mesa Well No. 22 located in Unit N and from 1394 feet to 1400 feet in his Table Mesa Well No. 23 located in Unit O, both in Section 34, Township 28 North, Range 17 West, Table Mesa-Dakota Oil Pool.

CASE 6576: Application of Bass Enterprises Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Townsend Unit Area, comprising 320 acres, more or less, of State lands in Township 15 South, Range 34 East.

CASE 6577: Application of Oil Processing for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NE/4 SE/4 of Section 8, Township 20 South, Range 37 East.

CASE 6578: Application of Mesa Petroleum Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 28, Township 17 South, Range 27 East, to be dedicated to a well to be drilled in Unit G of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6579: Application of R. N. Hillin for an unorthodox well location and approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of a Morrow gas well at an unorthodox location 800 feet from the South line and 2000 feet from the East line of Section 34, Township 19 South, Range 28 East, is necessary to effectively and efficiently drain that portion of the E/2 of said Section 34 which cannot be so drained by the existing well.

CASE 6580: Application of Continental Oil Company for a carbon dioxide injection project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a pilot carbon dioxide injection project in the Grayburg-San Andres formation in Units H and I of Section 20, Township 17 South, Range 32 East, Maljamar Pool, for tertiary recovery purposes.

CASE 6581: Application of Belco Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Warren-American State Well No. 2 660 feet from the South and West lines of Section 32, Township 9 South, Range 33 East, Flying "M"-San Andres Pool, the W/2 SW/4 of said Section 32 to be dedicated to the well.

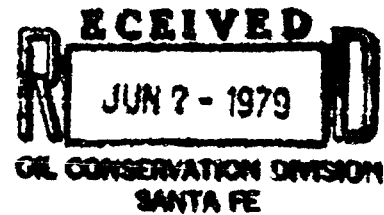


CASE 6582: Application of Belco Petroleum Corporation for a non-standard proration unit and unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 40-acre non-standard proration unit comprising the NE/4 SW/4 of Section 31, Township 9 South, Range 33 East, Flying "M"-San Andres Pool, to be dedicated to its Federal 31 Well No. 2 to be drilled at an unorthodox location 1980 feet from the South and West lines of said section.



STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF BELCO PETROLEUM CORPORATION  
FOR UNORTHODOX WELL LOCATION  
LEA COUNTY, NEW MEXICO



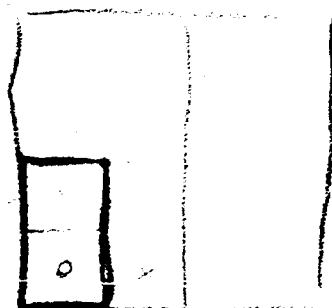
*Case 6581*

A P P L I C A T I O N

COMES NOW BELCO PETROLEUM CORPORATION, by and through its attorneys, and applies to the Oil Conservation Division of New Mexico for approval of an unorthodox well location for its Warren-American State No. 2 well to be located 660 feet from the South and West lines of Section 32, T9S, R33E, NMPM, Flying "M" San Andres Pool, Lea County, New Mexico and in support thereof would show:

1. Applicant has the right to drill and develop the W/2SW/4 of said Section 32 and proposes to dedicate said 80 acres to the subject well.
2. The Special Rules for the Flying "M" San Andres Pool provide for the first well drilled on an 80 acre proration unit to be located in either the SE/4 or the NW/4 of each Quarter Section.
3. The proposed location 660 feet from the South and West lines of Section 32 will be located in the SW/4SW/4 of said section.
4. That approval of this application is in the best interest of conversation, the prevention of waste and the protection of correlative rights.

WHEREFORE Applicant requests that this matter be set for hearing before the Division's Examiner and that after notice and hearing, an order be entered approving the application as requested.



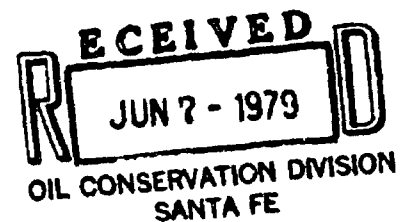
Respectfully submitted,  
BELCO PETROLEUM CORPORATION

By

*[Signature]*  
Kellahin & Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION  
OF BELCO PETROLEUM CORPORATION  
FOR UNORTHODOX WELL LOCATION  
LEA COUNTY, NEW MEXICO

Case 6581

A P P L I C A T I O N

COMES NOW BELCO PETROLEUM CORPORATION, by and through its attorneys, and applies to the Oil Conservation Division of New Mexico for approval of an unorthodox well location for its Warren-American State No. 2 well to be located 660 feet from the South and West lines of Section 32, T9S, R33E, NMPM, Flying "M" San Andres Pool, Lea County, New Mexico and in support thereof would show:

Applicant has the right to drill and develop the W/2SW/4 of said Section 32 and proposes to dedicate said 80 acres to the subject well.

2. The Special Rules for the Flying "M" San Andres Pool provide for the first well drilled on an 80 acre proration unit to be located in either the SE/4 or the NW/4 of each Quarter Section.

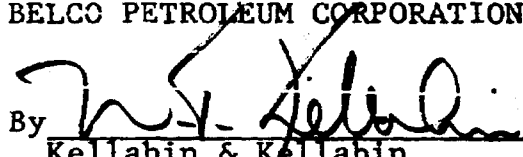
3. The proposed location 660 feet from the South and West lines of Section 32 will be located in the SW/4SW/4 of said section.

4. That approval of this application is in the best interest of conversation, the prevention of waste and the protection of correlative rights.

WHEREFORE Applicant requests that this matter be set for hearing before the Division's Examiner and that after notice and hearing, an order be entered approving the application as requested.

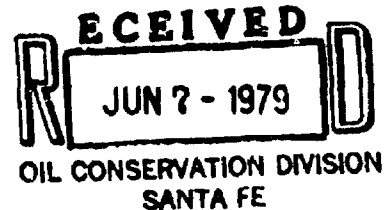
Respectfully submitted,  
BELCO PETROLEUM CORPORATION

By

  
Kellahin & Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION  
OF BELCO PETROLEUM CORPORATION  
FOR UNORTHODOX WELL LOCATION  
LEA COUNTY, NEW MEXICO

Case 6581

A P P L I C A T I O N

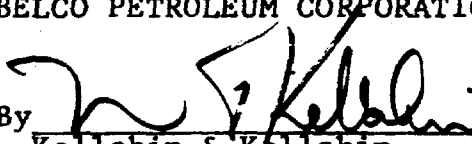
COMES NOW BELCO PETROLEUM CORPORATION, by and through its attorneys, and applies to the Oil Conservation Division of New Mexico for approval of an unorthodox well location for its Warren-American State No. 2 well to be located 660 feet from the South and West lines of Section 32, T9S, R33E, NMPM, Flying "M" San Andres Pool, Lea County, New Mexico and in support thereof would show:

1. Applicant has the right to drill and develop the W/2SW/4 of said Section 32 and proposes to dedicate said 80 acres to the subject well.
2. The Special Rules for the Flying "M" San Andres Pool provide for the first well drilled on an 80 acre proration unit to be located in either the SE/4 or the NW/4 of each Quarter Section.
3. The proposed location 660 feet from the South and West lines of Section 32 will be located in the SW/4SW/4 of said section.
4. That approval of this application is in the best interest of conversation, the prevention of waste and the protection of correlative rights.

WHEREFORE Applicant requests that this matter be set for hearing before the Division's Examiner and that after notice and hearing, an order be entered approving the application as requested.

Respectfully submitted,  
BELCO PETROLEUM CORPORATION

By

  
Kellahin & Kellahin  
P. O. Box 1769  
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

dr/

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6581

ORDER NO. R- 6048

APPLICATION OF BELCO PETROLEUM CORPORATION

FOR AN UNORTHODOX OIL WELL LOCATION,

LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 27,  
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of July, 1979, the Division  
Director, 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 Division has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Belco Petroleum Corporation  
for its Warren-American State Well No. 2 to be drilled at a point  
seeks approval of an unorthodox oil well location 660  
feet from the South line and 660 feet from the  
West line of Section 32, Township 9 South  
Range 33 East, NMPM, to test the San Andres  
formation, Flying "M"-San Andres Pool, Lea  
County, New Mexico.

(3) That the W/2 SW/4 of said Section 32 is to be  
dedicated to the well.

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

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

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

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil 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 oilwell location for the San Andres the Belco Petroleum Corporation Warren-American State Well No. 2 formation is hereby approved for ~~axxxx~~ to be drilled at a point 660 feet from the South line and 660 feet from the West line of Section 32, Township 9 South, Range 33 East NMPM, Flying "M"-San Andres Pool, Lea County, New Mexico.

(2) That the W/2 SW/4 of said Section 32 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 Division may deem necessary.

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