

Case No.

7163

Application

Transcripts

Small Exhibits

ETC



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

March 10, 1981

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Gary Kilpatrick
Montgomery & Andrews
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico 87501

Re: CASE NO. 7163
ORDER NO. R-6619

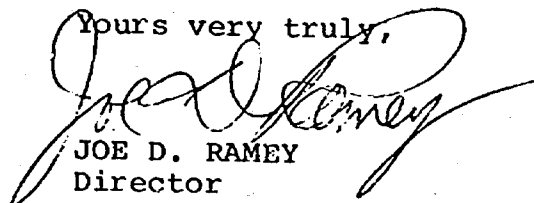
Applicant:

ARCO Oil and Gas Company

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other William F. Carr

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. 7163
Order No. R-6619

APPLICATION OF ARCO OIL AND GAS
COMPANY FOR THE EXTENSION OF
VERTICAL LIMITS OF THE LANGLIE-
MATTIX POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 25, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of March, 1981, 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, ARCO Oil and Gas Company, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie-Mattix Pool by 165 feet underlying the NE/4 SE/4 of Section 35, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That two offset operators to the above-described lands recently sought and did receive approval for the redelineation of the vertical limits of the subject pools in the area offsetting the above-described lands in a manner similar to that sought by the applicant in this case.
- (4) That in order to protect its correlative rights, the applicant in this case seeks the proposed amendment to the vertical limits of said Langlie Mattix and Jalmat Pools

-2-

Case No. 7163
Order No. R-6619

to permit production from the zones perforated by the offset operators without the necessity for dually completing its well on the aforesaid lands or drilling a new well thereon.

(5) That no offset operator or other owner in either of said pools appeared and objected to the application.

(6) That the proposed change in the vertical limits of said pools should apply only to the applicant's acreage in the NE/4 SE/4 of said Section 35.

(7) That to avoid drilling unnecessary wells, to prevent waste, and to protect correlative rights, the application to amend the vertical limits of said pools should be approved as to applicant's acreage in the NE/4 SE/4 of said Section 35.

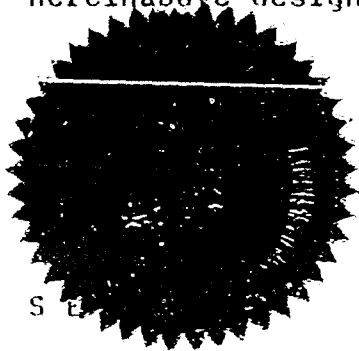
IT IS THEREFORE ORDERED:

(1) That effective March 1, 1981, the vertical limits of the Langlie Mattix Pool in Lea County, New Mexico, are hereby extended to include the lowermost 165 feet of the Seven Rivers formation and the vertical limits of the Jalmat Gas Pool are concomitantly contracted by exclusion of said lowermost 165 feet of the Seven Rivers formation underlying the following described lands:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM
Section 35: NE/4 SE/4

(2) 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
JOE D. RAMEY,
Director

S E

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas Com-
pany for the extension of the verti-
cal limits of the Langlie Mattix
Pool, Lea County, New Mexico.

CASE
7163

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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Gary Kilpatrick, Esq.
MONTGOMERY AND ANDREWS
Paseo de Peralta
Santa Fe, New Mexico 87501

For Doyle Hartman:

William F. Carr, Esq.
CAMPBELL, BYRD, & BLACK
Jefferson Place
Santa Fe, New Mexico 87501

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I N D E X

HUAN Q. PHAM

Direct Examination by Mr. Kilpatric	3
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E X H I B I T S

Applicant Exhibit One, Plat	6
Applicant Exhibit Two, Log	8
Applicant Exhibit Three, Log	9

1
2 MR. NUTTER: We'll call next Case 7163.

3 MR. PADILLA: Application of ARCO Oil
4 and Gas Company for the extension of vertical limits of
5 the Langlie Mattix Pool, Lea County, New Mexico.

6 MR. KILPATRIC: Mr. Hearing Examiner,
7 Gary Kilpatric again for ARCO.

8 I have one witness, Huan Pham, who needs
9 to be sworn in.

10 MR. CARR: May it please the Examiner,
11 my name is William F. Carr, with the law firm Campbell,
12 Byrd, and Black, Santa Fe. I'm appearing in this case on
13 behalf of Doyle Hartman.

14 I do not at this time intend to call
15 a witness.

16
17 (Witness sworn.)

18
19 HUAN Q. PHAM
20 being called as a witness and being duly sworn upon his
21 oath, testified as follows, to-wit:

22
23 DIRECT EXAMINATION

24 BY MR. KILPATRIC:

25 Q

Mr. Pham, will you state your name for

1
2 the record, please?

3 A. My name is Huan Pham.

4 MR. NUTTER: How do you spell your name,
5 please?

6 A. H, as in Harry, U-A-N P, in Philip,
7 H-A-M.

8 MR. NUTTER: Thank you.

9 Q Mr. Pham, by whom are you employed?

10 A I am employed ARCO Oil and Gas.

11 Q And in what capacity?

12 A As an operations engineer.

13 Q Have you ever testified before this
14 Commission?

15 A I have not,

16 Q Then would you briefly for the Commission
17 outline your educational and employment history with re-
18 gards to the oil and gas industry?

19 A I graduated from the University of
20 Texas at Austin in December, 1975, with a BS degree in
21 petroleum engineering.

22 In January, 1976, I went to work for
23 ARCO Oil and Gas in Midland, Texas.

24 After finishing my training and develop-
25 ment program in Midland I was transferred to Lafayette,

1
2 Louisiana. In Lafayette I worked as an operation engineer
3 for twenty months developing development drilling prospects,
4 farmouts, and workovers.

5 Then I was transferred back to Midland
6 in September of 1978. Since that time I have worked as an
7 operations engineer performing deep well development drilling,
8 evaluating secondary recovery projects and monitoring water-
9 flood performance.

10 Q Mr. Pham, are you familiar with ARCO's
11 application in this case and the facts surrounding the appli-
12 cation?

13 A Yes, sir, I am.

14 MR. KILPATRIC: Mr. Examiner, are the
15 witness' qualifications acceptable?

16 MR. NUTTER: They are.

17 MR. KILPATRIC: Thank you.

18 Q Mr. Pham, would you tell the Examiner
19 what ARCO is seeking through its application --

20 A Yes, sir.

21 Q -- in Case 7163?

22 A ARCO Oil and Gas in this application
23 is seeking an order extending the vertical limits of the
24 Langlie Mattix Pool to include the lowermost 165 feet of the
25 Seven Rivers formation and the contraction of the vertical

1
2 limits of the Jalmat underlying the 40-acre tract located in
3 the northeast quarter of the southeast quarter of Section 35,
4 Township 23 South, Range 36 East, in Lea County, New Mexico.
5 The order is to protect ARCO Oil and Gas correlative rights
6 and allow production from the zones perforated by the offset
7 operators without the necessity of drilling and completing,
8 or drilling unnecessary wells.

9 The offset operators already have this
10 advantage through Order Number R-5972 and R-6043.

11 Q I now refer you to what's been marked
12 for identification and given to the Examiner as ARCO Exhibit
13 One in this case, and ask you to explain what the exhibit is
14 and what its significance is with relation to this case.

15 A Exhibit Number One is an area map
16 showing the 40 acres of the Combest lease colored in red
17 for which we are asking the extension, and the Citgo "LM"
18 State lease colored in yellow and the Stevens "A" 35 and "B"
19 35 lease, colored in green.

20 Mr. Hartman operates two Langlie Mattix
21 wells on the Citgo "LM" State lease colored in yellow. By
22 mistake in determining the upper limit of the Langlie Mattix,
23 Mr. Hartman perforated 65 feet into the Jalmat. In March,
24 1979, Mr. Hartman requested approval from the Commission to
25 extend vertical limits of the Langlie Mattix Pool to include

1
2 the lowermost 165 feet of the Seven Rivers formation, and the
3 contraction of the vertical limits of the Jalmat underlying
4 the west half of the southwest quarter of Section 36, colored
5 in yellow. Approval was granted by Order Number R-5972, ef-
6 fective of 1979.

7 Now comes Continental OIL Company in
8 order to protect its lease from drainage, has requested and
9 received an approval from the Commission by Order Number
10 R 6043, effective July 1st, 1979, to extend vertical limits
11 of the Langlie Mattix to include --

12 MR. NUTTER: Okay, Mr. Pham, I think
13 the exhibit is in error there on that point. You said July
14 the 1st, 1979 --

15 A. Yes, sir.

16 MR. NUTTER: -- that last order was
17 effective --

18 MR. KILPATRIC: I believe it should
19 be --

20 MR. NUTTER: -- and this exhibit shows
21 1-1-79.

22 A. It should be July, I'm sorry.

23 MR. NUTTER: It would be 7 1-79.

24 A. Right, sir, yes, sir.

25 MR. NUTTER: Okay, go ahead.

1
2 A. To include the lowermost 165 feet of
3 the Seven Rivers formation and the contraction of the vertical
4 limits of the Jalmat underlying the offset acreage, colored
5 in green.

6 As can be seen from this Exhibit Number
7 One, our lease, colored in red, is being drained by the ex-
8 isting offset producers that were granted the extension.

9 Offset directly to the east is the
10 Hartman Citgo "LM" State No. 2.

11 Offset directly to the south is the
12 Conoco Stevens "B" 35 No. 1.

13 And offset directly to the west is the
14 proposed Conoco Stevens "A" 35 No. 3.

15 Unless we are also allowed the same
16 extension, the offset drainage which we have been suffering
17 will continue. Therefor we request that the Commission ap-
18 prove the extension to protect our lease from being drained;
19 to protect correlative rights; and to prevent the drilling
20 of unnecessary wells.

21 Q. Mr. Pham, I now refer you to what's
22 been marked for identification as Exhibit Number Two and ask
23 you to describe that exhibit and explain its significance,
24 please, to this case.

25 A. Exhibit Number Two is the gamma ray

1
2 neutron logs of the Hartman Citgo "LM" State No. 2, directly
3 offset to the east. On the log the top of the Yates, the
4 Seven Rivers, and the Queen were marked. Also marked is the
5 approved Langlie Mattix top as amended by the Commission,
6 Order Number 5972.

7 As can be seen, the amended top is 165
8 feet above the top of the Queen, and the perforated interval
9 is colored in red.

10 Q Mr. Pham, now I refer you to what's
11 been marked for identification as Exhibit Number Three and
12 ask you to explain to the Hearing Officer the significance of
13 that exhibit.

14 A Exhibit Number Three is the gamma ray
15 neutron density logs of the ARCO Oil and Gas Combust No. 5,
16 with the top of the Yates, the Seven Rivers, and the Queen
17 marked. Also marked is the requested Langlie Mattix top,
18 which is 165 feet above the top of the Queen.

19 The well has not yet been perforated at
20 this time and we intend to complete the well after obtaining
21 the Commission's approval for the extension.

22 Q Mr. Pham, were Exhibits One, Two, and
23 Three prepared -- either prepared by you or under your super-
24 vision?

25 A Yes, sir.

1
2 MR. KILPATRIC: Mr. Examiner, I would
3 now move the admission of Exhibits One through Three.

4 MR. NUTTER: Exhibits One through Three
5 will be admitted in evidence.

6 MR. KILPATRIC: Thank you.

7 Q Mr. Pham, do you have an opinion as to
8 whether the approval of ARCO's application 7163 will be in
9 the interest of conservation, prevention of waste, and pro-
10 tection of correlative rights?

11 A Yes, sir. In my opinion it would be
12 because will allow us to produce the well in the same manner
13 as the offset wells and therefor it will protect correlative
14 rights, prevent waste, and avoid the drilling of unnecessary
15 wells.

16 MR. KILPATRIC: We have no further
17 questions.

18
19 CROSS EXAMINATION

20 BY MR. NUTTER:

21 Q Mr. Pham, now looking at your Exhibit
22 Three, this is the subject well. That's the Combest No. 5,
23 is that correct?

24 A Yes, sir, that's correct.

25 Q What is the actual top of the Queen

1

2 here, how do you read it?

3

A. Let's see. I will say it's 3570.

4

Q. 60, isn't it?

5

A. Yes, sir, 60. Yeah, 60, I'm sorry, 3560.

6

Q. Okay, now the top of the Langlie Mattix

7

Pool under the rules would be 100 feet above that, so that

8

would be at 3460.

9

A. Yes, sir, that's correct.

10

Q. And you're seeking to have the pool

11

extended to what, now?

12

A. 3395.

13

Q. 3395.

14

A. Yes, sir, and that is the same as the

15

offset wells.

16

Q. Okay, so you're actually seeking an

17

extension of 65 feet.

18

A. Yes, sir.

19

Q. And the application was for an extension

20

of 165 feet. It doesn't really mean that the top of the pool

21

would be 165 feet above the top of the Queen, not 165-foot

22

extension.

23

MR. KILPATRIC: That's correct.

24

A. Right, because at this time we want to

25

complete the lowermost 165 feet of the Seven Rivers.

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2

Q That's correct.

3

A Yes, sir.

4

Q But you already have 100 feet, so --

5

A Yes, sir.

6

Q So you're actually asking for an exten-

7

sion of only 65 feet.

8

A That's correct, sir.

9

Q Okay, just wanted to get that clear so

10

the order is exactly right.

11

MR. NUTTER: Are there any further

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questions of Mr. Pham? He may be excused.

13

Do you have anything further, Mr. Kil-

14

patric?

15

MR. KILPATRIC: Nothing further.

16

MR. NUTTER: Does anyone have anything

17

they wish to offer in Case Number 7163?

18

MR. KILPATRIC: Thank you, Mr. Examiner.

19

MR. NUTTER: We'll take the case under

20

advisement.

21

22

(Hearing concluded.)

23

24

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

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. 7163, heard by me on 2/25 1981.
[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas Com-
pany for the extension of the verti-
cal limits of the Langlie Mattix
Pool, Lea County, New Mexico.

CASE
7163

BEFORE: Daniel S. Nutter

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I N D E X

HUAN Q. PHAM

Direct Examination by Mr. Kilpatrick 3

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E X H I B I T S

Applicant Exhibit One, Plat 6

Applicant Exhibit Two, Log 8

Applicant Exhibit Three, Log 9

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8 I have one witness, Huan Pham, who needs
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17 (Witness sworn.)

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19 HUAN Q. PHAM
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25 Q Mr. Pham, will you state your name for

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2 the record, please?

3 A. My name is Huan Pham.

4 MR. NUTTER: How do you spell your name
5 please?

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17 outline your educational and employment history with re-
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21 petroleum engineering.

22 In January, 1976, I went to work for
23 ARCO Oil and Gas in Midland, Texas.

24 After finishing my training and develop-
25 ment program in Midland I was transferred to Lafayette,

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2 Louisiana. In Lafayette I worked as an operation engineer
3 for twenty months developing development drilling prospects,
4 farmouts, and workovers.

5 Then I was transferred back to Midland
6 in September of 1978. Since that time I have worked as an
7 operations engineer performing deep well development drilling,
8 evaluating secondary recovery projects and monitoring water-
9 flood performance.

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11 application in this case and the facts surrounding the appli-
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15 witness' qualifications acceptable?

16 MR. NUTTER: They are.

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19 what ARCO is seeking through its application ---

20 A Yes, sir.

21 Q -- in Case 7163?

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23 is seeking an order extending the vertical limits of the
24 Langlie Mattix Pool to include the lowermost 165 feet of the
25 Seven Rivers formation and the contraction of the vertical

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2 limits of the Jalmat underlying the 40-acre tract located in
3 the northeast quarter of the southeast quarter of Section 35
4 Township 23 South, Range 36 East, in Lea County, New Mexico.
5 The order is to protect ARCO Oil and Gas correlative rights
6 and allow production from the zones perforated by the offset
7 operators without the necessity of drilling and completing,
8 or drilling unnecessary wells.

9 The offset operators already have this
10 advantage through Order Number R-5972 and R-6043.

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17 for which we are asking the extension, and the Citgo "LM"
18 State lease colored in yellow and the Stevens "A" 35 and "B"
19 35 lease, colored in green.

20 Mr. Hartman operates two Langlie Mattix
21 wells on the Citgo "LM" State lease colored in yellow. By
22 mistake in determining the upper limit of the Langlie Mattix,
23 Mr. Hartman perforated 65 feet into the Jalmat. In March,
24 1979, Mr. Hartman requested approval from the Commission to
25 extend vertical limits of the Langlie Mattix Pool to include

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the lowermost 165 feet of the Seven Rivers formation, and the contraction of the vertical limits of the Jalmat underlying the west half of the southwest quarter of Section 36, colored in yellow. Approval was granted by Order Number R-5972, effective of 1979.

Now comes Continental OIL Company in order to protect its lease from drainage, has requested and received an approval from the Commission by Order Number R 6043, effective July 1st, 1979, to extend vertical limits of the Langlie Mattix to include --

MR. NUTTER: Okay, Mr. Pham, I think the exhibit is in error there on that point. You said July the 1st, 1979 --

A. Yes, sir.

MR. NUTTER: -- that last order was effective --

MR. KILPATRIC: I believe it should be --

MR. NUTTER: -- and this exhibit shows 1-1-79.

A. It should be July, I'm sorry.

MR. NUTTER: It would be 7 1-79.

A. Right, sir, yes, sir.

MR. NUTTER: Okay, go ahead.

1
2 A To include the lowermost 165 feet of
3 the Seven Rivers formation and the contraction of the vertical
4 limits of the Jalmat underlying the offset acreage, colored
5 in green.

6 As can be seen from this Exhibit Number
7 One, our lease, colored in red, is being drained by the ex-
8 isting offset producers that were granted the extension.

9 Offset directly to the east is the
10 Hartman Citgo "IM" State No. 2.

11 Offset directly to the south is the
12 Conoco Stevens "B" 35 No. 1.

13 And offset directly to the west is the
14 proposed Conoco Stevens "A" 35 No. 3.

15 Unless we are also allowed the same
16 extension, the offset drainage which we have been suffering
17 will continue. Therefor we request that the Commission ap-
18 prove the extension to protect our lease from being drained;
19 to protect correlative rights; and to prevent the drilling
20 of unnecessary wells.

21 Q Mr. Pham, I now refer you to what's
22 been marked for identification as Exhibit Number Two and ask
23 you to describe that exhibit and explain its significance,
24 please, to this case.

25 A Exhibit Number Two is the gamma ray

1
2 neutron logs of the Hartman Citgo "LM" State No. 2, directly
3 offset to the east. On the log the top of the Yates, the
4 Seven Rivers, and the Queen were marked. Also marked is the
5 approved Langlie Mattix top as amended by the Commission,
6 Order Number 5972.

7 As can be seen, the amended top is 165
8 feet above the top of the Queen, and the perforated interval
9 is colored in red.

10 Q Mr. Pham, now I refer you to what's
11 been marked for identification as Exhibit Number Three and
12 ask you to explain to the Hearing Officer the significance of
13 that exhibit.

14 A Exhibit Number Three is the gamma ray
15 neutron density logs of the ARCO Oil and Gas Combust No. 5,
16 with the top of the Yates, the Seven Rivers, and the Queen
17 marked. Also marked is the requested Langlie Mattix top,
18 which is 165 feet above the top of the Queen.

19 The well has not yet been perforated at
20 this time and we intend to complete the well after obtaining
21 the Commission's approval for the extension.

22 Q Mr. Pham, were Exhibits One, Two, and
23 Three prepared -- either prepared by you or under your super
24 vision?

25 A Yes, sir.

1
2 MR. KILPATRIC: Mr. Examiner, I would
3 now move the admission of Exhibits One through Three.

4 MR. NUTTER: Exhibits One through Three
5 will be admitted in evidence.

6 MR. KILPATRIC: Thank you.

7 Q Mr. Pham, do you have an opinion as to
8 whether the approval of ARCO's application 7163 will be in
9 the interest of conservation, prevention of waste, and pro-
10 tection of correlative rights?

11 A Yes, sir. In my opinion it would be
12 because will allow us to produce the well in the same manner
13 as the offset wells and therefor it will protect correlative
14 rights, prevent waste, and avoid the drilling of unnecessary
15 wells.

16 MR. KILPATRIC: We have no further
17 questions.

18
19 CROSS EXAMINATION

20 BY MR. NUTTER:

21 Q Mr. Pham, now looking at your Exhibit
22 Three, this is the subject well. That's the Combest No. 5,
23 is that correct?

24 A Yes, sir, that's correct.

25 Q What is the actual top of the Queen

1
2 here, how do you read it?

3 A Let's see. I will say it's 3570.

4 Q 60, isn't it?

5 A Yes, sir, 60. Yeah, 60, I'm sorry, 3560.

6 Q Okay, now the top of the Langlie Mattix
7 Pool under the rules would be 100 feet above that, so that
8 would be at 3460.

9 A Yes, sir, that's correct.

10 Q And you're seeking to have the pool
11 extended to what, now?

12 A 3395.

13 Q 3395.

14 A Yes, sir, and that is the same as the
15 offset wells.

16 Q Okay, so you're actually seeking an
17 extension of 65 feet.

18 A Yes, sir.

19 Q And the application was for an extension
20 of 165 feet. It doesn't really mean that the top of the pool
21 would be 165 feet above the top of the Queen, not 165-foot
22 extension.

23 MR. KILPATRIC: That's correct.

24 A Right, because at this time we want to
25 complete the lowermost 165 feet of the Seven Rivers.

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Q That's correct.

A Yes, sir.

Q But you already have 100 feet, so ---

A Yes, sir.

Q So you're actually asking for an extension of only 65 feet.

A That's correct, sir.

Q Okay, just wanted to get that clear so the order is exactly right.

MR. NUTTER: Are there any further questions of Mr. Pham? He may be excused.

Do you have anything further, Mr. Kilpatric?

MR. KILPATRIC: Nothing further.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 7163?

MR. KILPATRIC: Thank you, Mr. Examiner.

MR. NUTTER: We'll take the case under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

Kt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7163, heard by me on 2/25 1981.
[Signature], Examiner
Oil Conservation Division

Dockets Nos. 8-81 and 9-81 are tentatively set for March 11 and 25, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 25, 1981

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

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

- CASE 7157: Application of Carl A. Schellinger for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Campbell Station Unit Area, comprising 3,841 acres, more or less, of State lands in Townships 8 and 9 South, Range 27 East.
- CASE 7158: Application of Grynberg & Associates for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Silman Lake Unit Area, comprising 13,743 acres, more or less, of State and fee lands in Townships 9 and 10 South, Ranges 26 and 27 East.
- CASE 7159: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Greenhorn and Dakota production in the wellbore of its Navajo Well No. 2-E located in Unit C of Section 11, Township 25 North, Range 10 West.
- CASE 7160: Application of Harlan Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2370 feet from the North line and 1528 feet from the West line of Section 31, Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, the NW/4 of said Section 31 to be dedicated to the well.
- CASE 7148: (Continued from February 11, 1981, Examiner Hearing)
- Application of Twin Montana Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre Vada-Pennsylvanian oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, to be dedicated to its Webb Federal Well No. 1 located in Unit G of said Section 3.
- CASE 7051: (Continued from January 28, 1981, Examiner Hearing)
- Application of Petro Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit G of Section 19, Township 21 South, Range 37 East.
- CASE 7140: (Continued from February 11, 1981, Examiner Hearing)
- Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 26, Township 21 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1650 feet from the East line of said Section 26. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7149: (Continued from February 11, 1981, Examiner Hearing)
- Application of John H. Hendrix Corporation for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, underlying Unit O of Section 19, Township 23 South, Range 37 East.
- CASE 7161: Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 7162: Application of McCulloch Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee formation underlying the E/2 of Section 25, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7163: Application of ARCO Oil and Gas Company for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool by 165 feet underlying the NE/4 SE/4 of Section 35, Township 23 South, Range 36 East.

CASE 7164: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7165: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Allenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7166: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chosa Draw Unit Area, comprising 2,560 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 25 East.

CASE 7167: Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Made Well Anticline Unit Area, comprising 39,238 acres, more or less, of State, Federal, and fee lands in Townships 12, 13, and 14 South, Ranges 21 and 22 East.

CASE 7168: Application of Cavalcade Oil Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit K or L of Section 33, Township 18 South, Range 30 East.

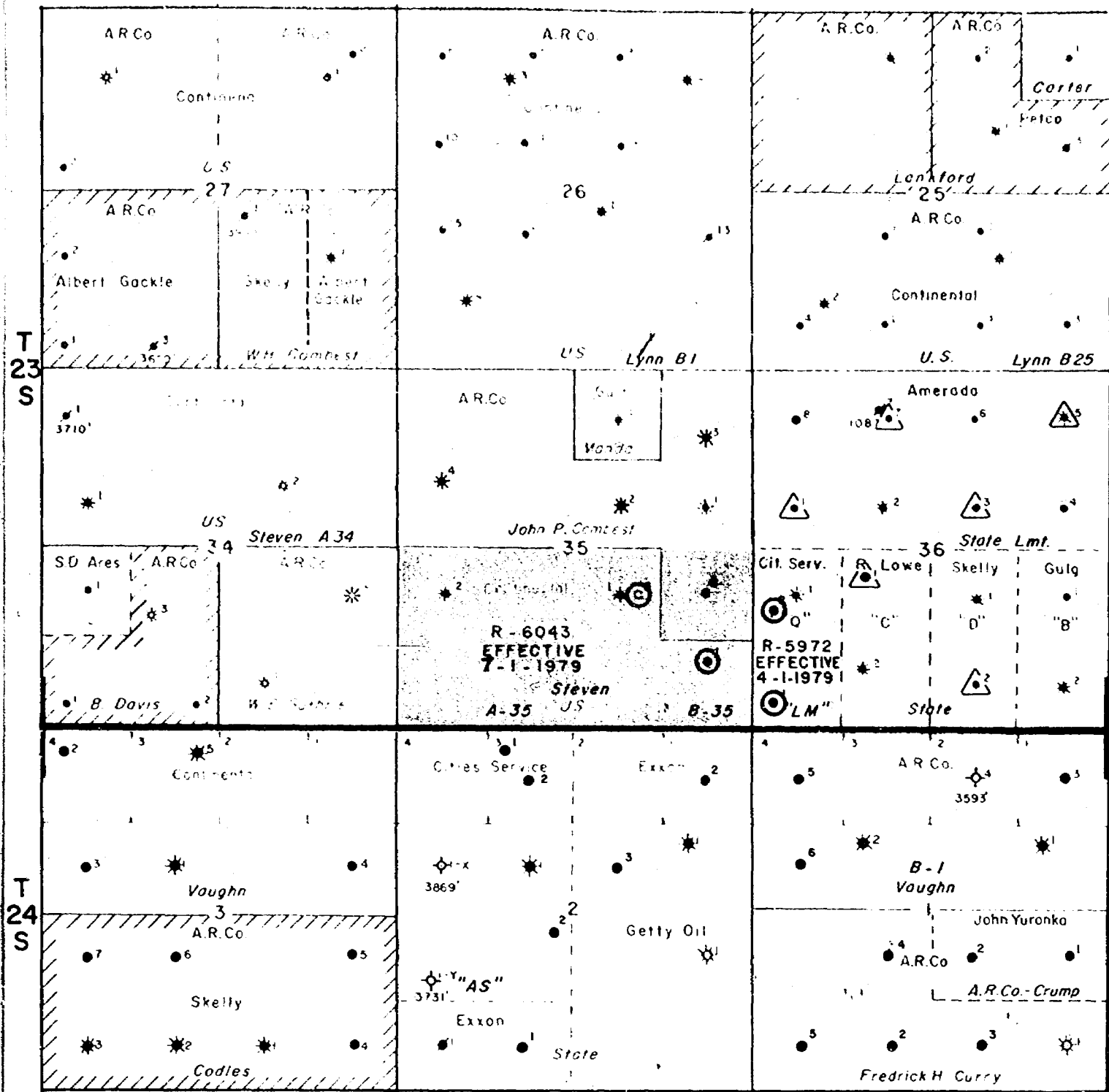
CASE 7129: (Continued from February 11, 1981, Examiner Hearing)

Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7169: Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 22, Township 28 North, Range 8 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7170: Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

- CASE 7171: Application of Zia Energy Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit in the Eumont Gas Pool comprising the SW/4 SE/4 of Section 27, and the N/2 NE/4 of Section 34, Township 20 South, Range 36 East, to be dedicated to its Elliott "A" State Well No. 1 located 660 feet from the South line and 1980 feet from the East line of said Section 27.
- CASE 7172: Application of Caulkins Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of the following two wells on its Breech A Lease to be recompleted in the Chacra, Mesaverde, and Dakota formations: No. 157 located 1980 feet from the North line and 660 feet from the West line of Section 10 and No. 629 located 660 feet from the North line and 760 feet from the West line of Section 9, both in Township 26 North, Range 6 West.
- CASE 7173: Application of V-F Petroleum Inc. for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North line and 1150 feet from the East line of Section 5, Township 16 South, Range 38 East, South Denton-Devonian Pool, the NE/4 NE/4 of said Section 5 to be dedicated to the well.
- CASE 7174: Application of Jake L. Hamon for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South and West lines of Section 36, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, the S/2 of said Section 36 to be dedicated to the well.
- CASE 7175: Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellebunger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellebunger formations. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.



R-36-E

ARCO Oil and Gas Company

EXHIBIT I

Lea County, New Mexico

BEFORE EXAMINER NUTTER

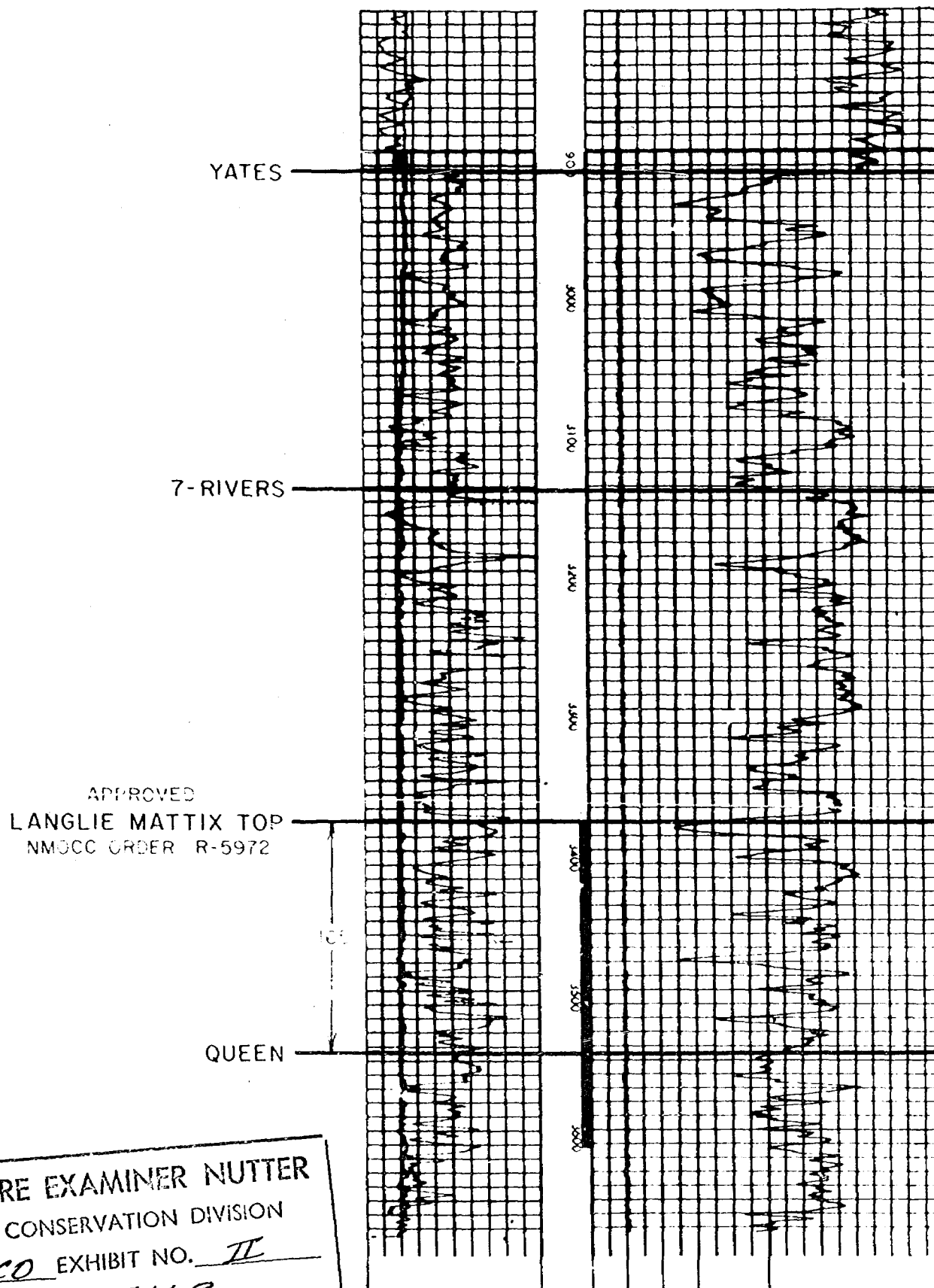
OIL CONSERVATION DIVISION

ARCO EXHIBIT NO. 1

CASE NO. 7163

Doyle Hartman
Citgo "LM" State No. 2

1800' FSL & 330' FWL
Section 36, T-23-S, R-36-E
Lea Co., New Mexico
EL. 3342' KB



BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
ARCO EXHIBIT NO. II
CASE NO. 7163

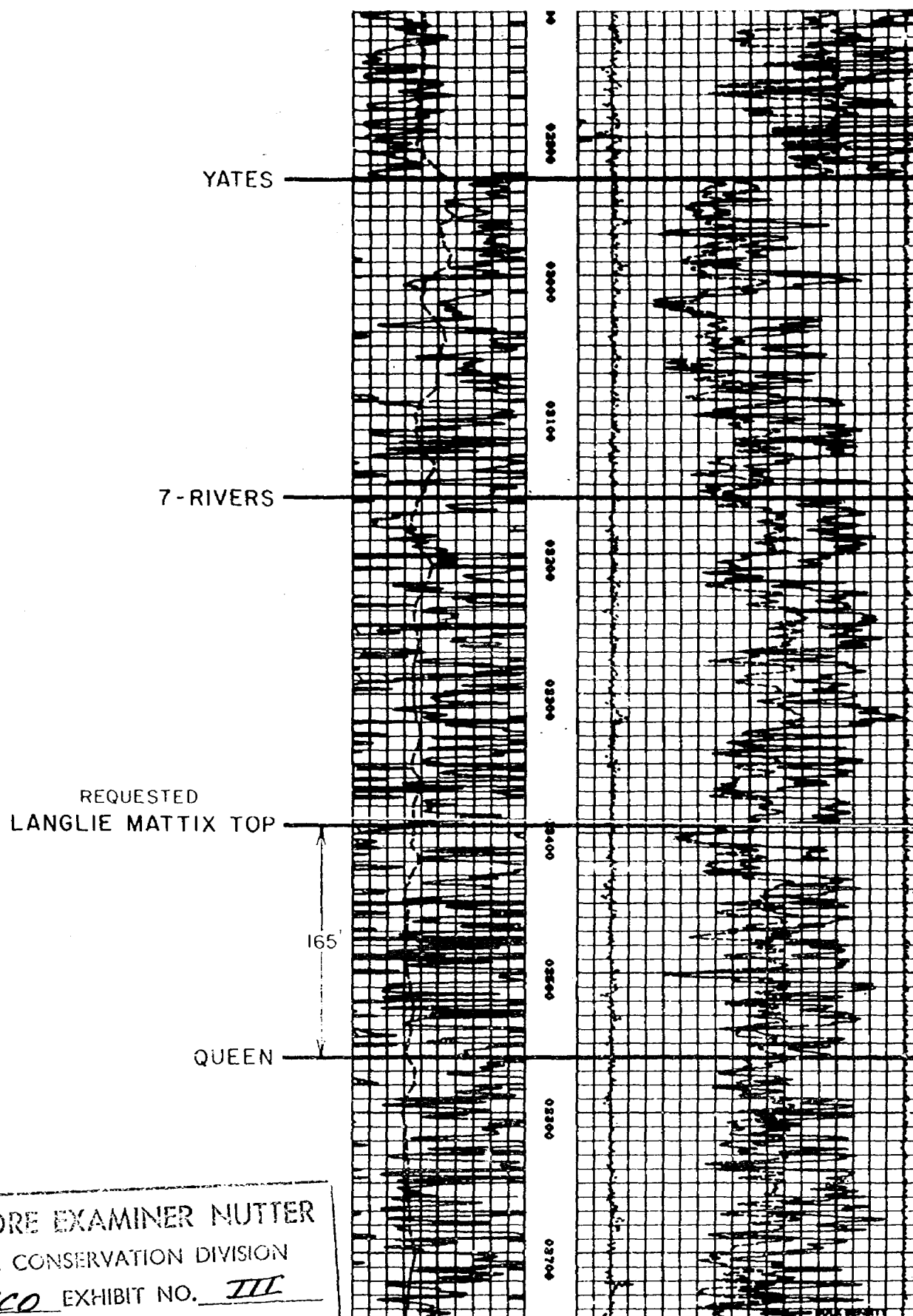
ARCO Oil and Gas Company

J.P. Combest No. 5

1980' FSL & 660' FEL
Section 35, T-23-S, R-36-E

Lea Co., New Mexico

EL. 3342' KB

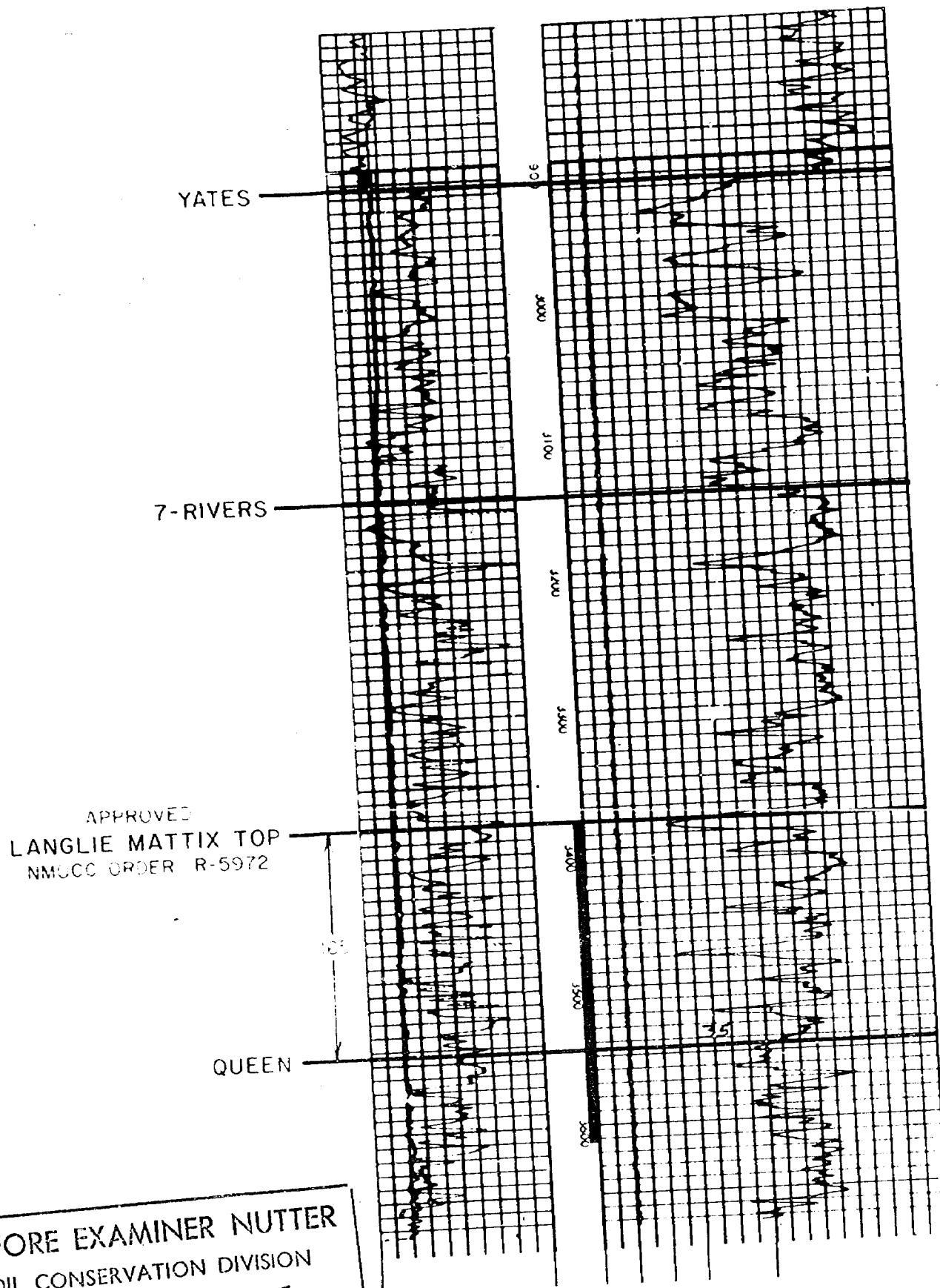


BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
ARCO EXHIBIT NO. III
CASE NO. 7163

EXHIBIT III

Doyle Hartman
Citgo "LM" State No. 2

1800' FSL & 330' FWL
Section 36, T-23-S, R-36-E
Lea Co., New Mexico
EL. 3342' KB



BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
ARCO EXHIBIT NO. II
CASE NO. 7163

EXHIBIT II

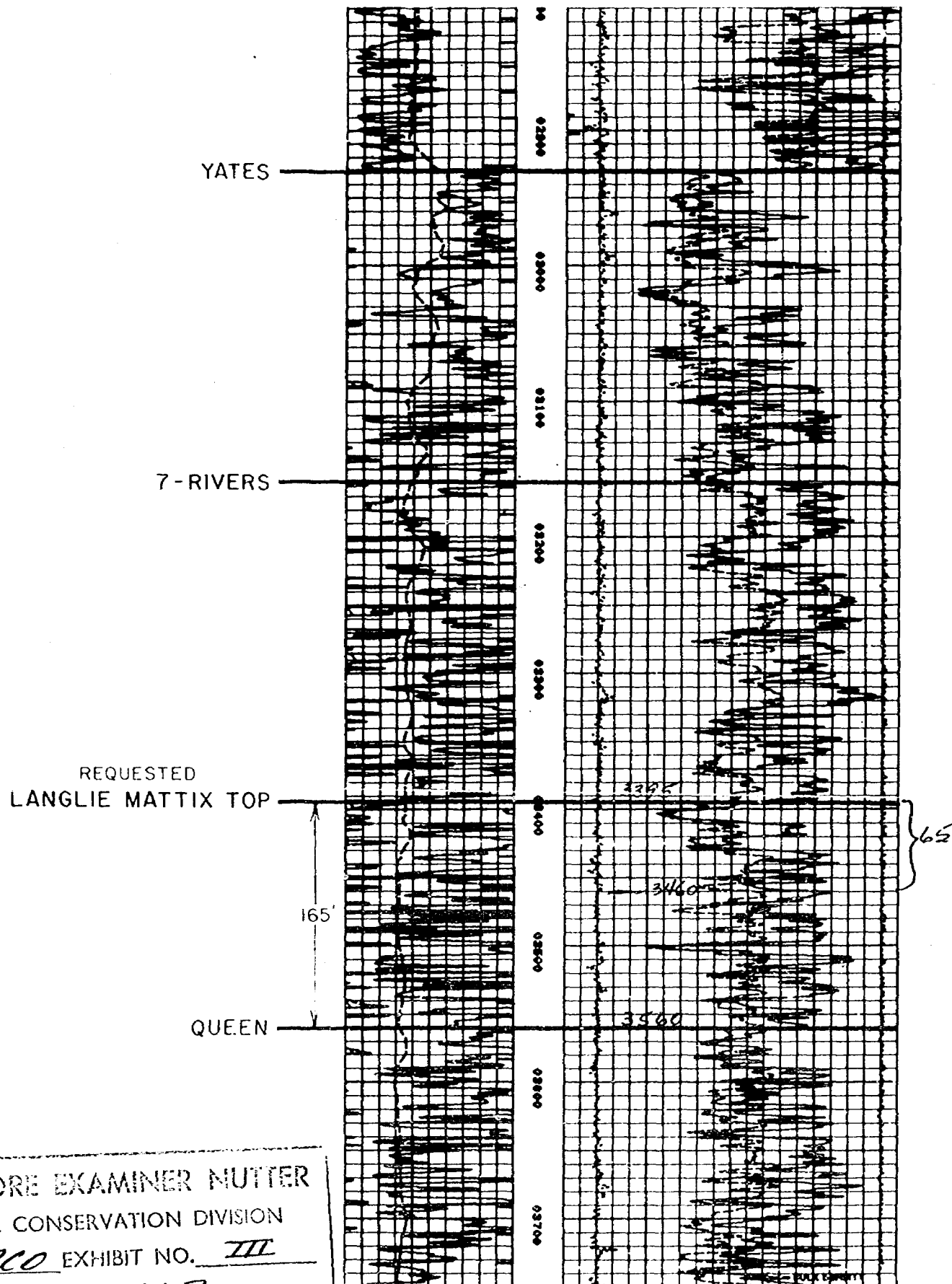
ARCO Oil and Gas Company

J.P. Combust No. 5

1980' FSL & 660' FEL
Section 35, T-23-S, R-36-E

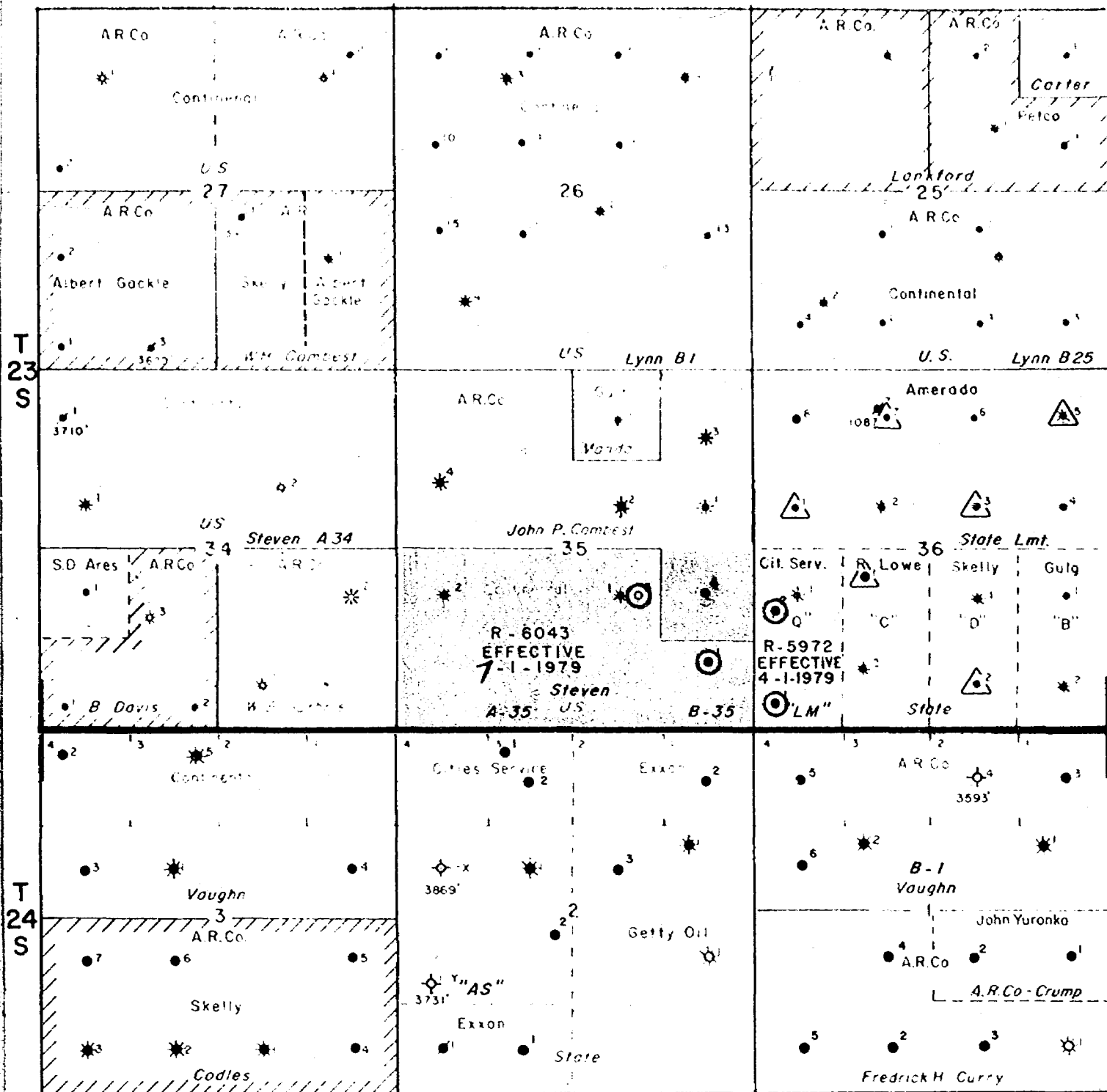
Lea Co., New Mexico

EL. 3342' KB



BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
ARCO EXHIBIT NO. III
CASE NO. 7163

EXHIBIT III



R-36-E

ARCO Oil and Gas Company

EXHIBIT I

Lea County, New Mexico

BEFORE EXAMINER NUTTER

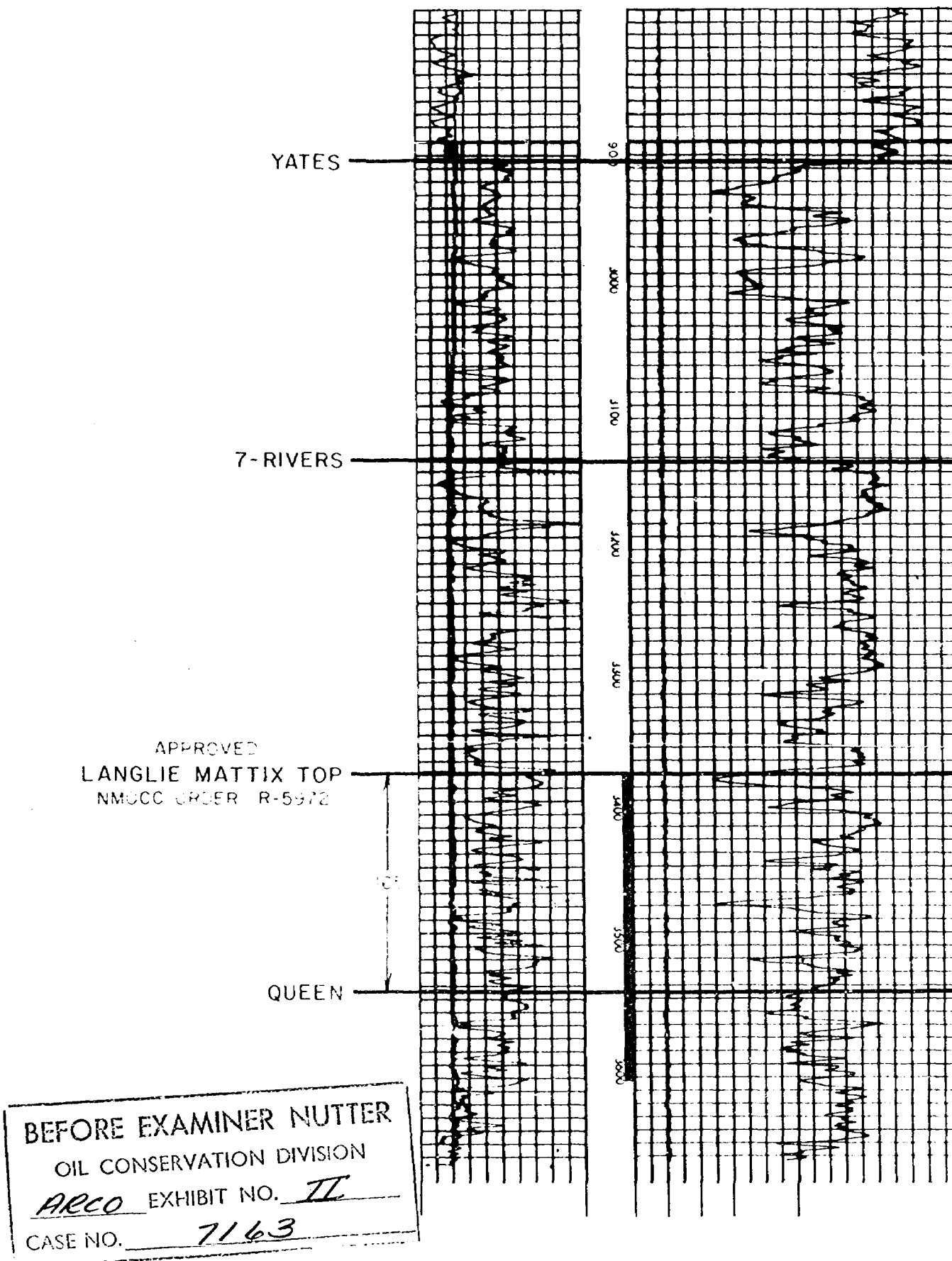
OIL CONSERVATION DIVISION

ARCO EXHIBIT NO. 1

CASE NO. 7163

Doyle Hartman
Citgo "LM" State No. 2

1800' FSL & 330' FWL
Section 36, T-23-S, R-36-E
Lea Co., New Mexico
EL. 3342' KB



ARCO Oil and Gas Company

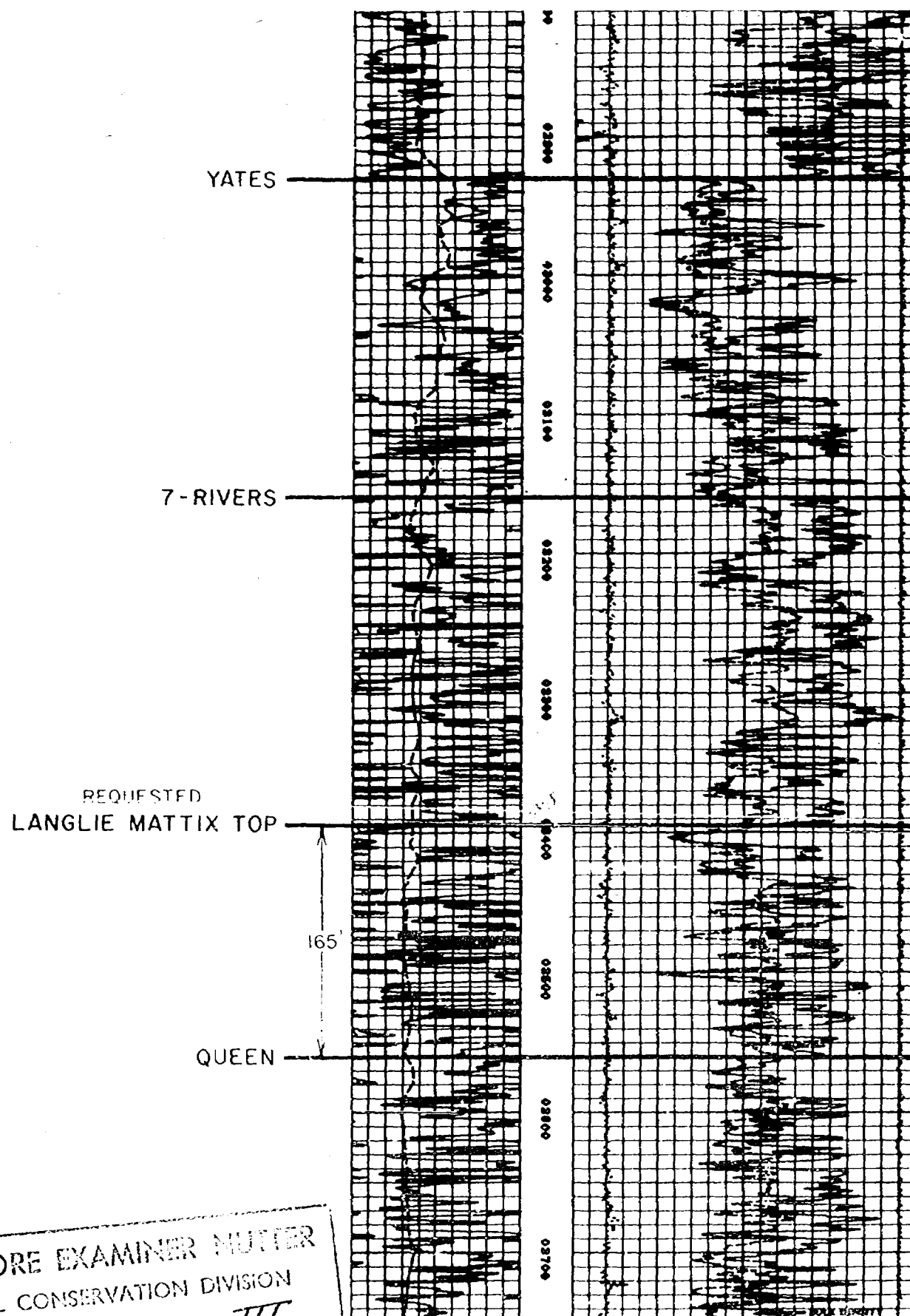
J.P. Combest No. 5

1980' FSL & 660' FEL

Section 35, T-23-S, R-36-E

Leo Co., New Mexico

EL. 3342' KB



BEFORE EXAMINER MUTTER
OIL CONSERVATION DIVISION
ARCO EXHIBIT NO. *III*
CASE NO. *7163*

EXHIBIT III

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED
JAN 27 1981

OIL CONSERVATION DIVISION
SANTA FE

IN THE MATTER OF THE APPLICATION
OF ARCO OIL AND GAS COMPANY FOR
AN ORDER EXTENDING THE TOP VERTICAL
LIMITS OF THE LANGLIE-MATTIX POOL
FOR CERTAIN ACREAGE WITHIN SAID
POOL, LEA COUNTY, NEW MEXICO.

CASE 7163

APPLICATION

Comes now ARCO OIL AND GAS COMPANY and applies to the OIL CONSERVATION DIVISION, New Mexico Department of Energy and Minerals, for an order extending the top vertical limits of the Langlie-Mattix Pool by 165 feet for a portion of said pool and for a corresponding deletion of certain acreage from the lower vertical limits of the Jalmat Gas Pool, Lea County, New Mexico, and in support thereof would show:

1. Applicant is an operator in the Langlie-Mattix and Jalmat Pools, Lea County, New Mexico. The applicant has drilled the J. P. Combest No. 5 well on the J. P. Combest Lease located at the NE/4 SE/4, Section 35, T-23-S, R-36-E. The well was drilled to develop Langlie-Mattix oil and gas reserves.

2. Continental Oil Company has received approval for the upward extension of the Langlie-Mattix Pool by 165 feet in the SW/4 W/2 SE/4, and the SE/4 SE/4, Section 35, T-23-S, R-36-E by Commission Order No. R-6043.

3. Doyle Hartman has received approval for the upward extension of the Langlie-Mattix Pool by 165 feet in the W/2 SW/4, Section 36, T-23-S, R-36-E by Commission Order R-5972.

4. Said acreage for which Continental Oil Company and Doyle Hartman received approval for the upward extension of the Langlie-Mattix Pool offsets the acreage for which this application is made.

5. Applicant seeks to extend the top of the vertical limits of the Langlie-Mattix Pool by 165 feet with the corresponding deletion from the Jalmat Gas Pool in Section 35, T-23-S, R-36-E, N.M.P.M., Lea County, New Mexico.

6. Unless the extension of the Langlie-Mattix Pool as requested herein is granted, drainage will occur from the applicant's acreage to the Continental Oil Company and Doyle Hartman acreage because of the difference in gas allowables between the Langlie-Mattix and Jalmat Pools.

7. The extension of the Langlie-Mattix Pool as requested will permit the efficient operation of wells in the area, will prevent waste and will protect correlative rights.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By:


GARY R. KILPATRICK
Post Office Box 2307
Santa Fe, New Mexico 87501

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED
JAN 27 1981
DIVISION
SANTA FE

IN THE MATTER OF THE APPLICATION
OF ARCO OIL AND GAS COMPANY FOR
AN ORDER EXTENDING THE TOP VERTICAL
LIMITS OF THE LANGLIE-MATTIX POOL
FOR CERTAIN ACREAGE WITHIN SAID
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CASE 7163

APPLICATION

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1. Applicant is an operator in the Langlie-Mattix and Jalmat Pools, Lea County, New Mexico. The applicant has drilled the J. P. Combest No. 5 well on the J. P. Combest Lease located at the NE/4 SE/4, Section 35, T-23-S, R-36-E. The well was drilled to develop Langlie-Mattix oil and gas reserves.

2. Continental Oil Company has received approval for the upward extension of the Langlie-Mattix Pool by 165 feet in the SW/4 W/2 SE/4, and the SE/4 SE/4, Section 35, T-23-S, R-36-E by Commission Order No. R-6043.

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Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By:


GARY R. KILPATRICK
Post Office Box 2307
Santa Fe, New Mexico 87501

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED
JAN 27 1981
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF ARCO OIL AND GAS COMPANY FOR
AN ORDER EXTENDING THE TOP VERTICAL
LIMITS OF THE LANGLIE-MATTIX POOL
FOR CERTAIN ACREAGE WITHIN SAID
POOL, LEA COUNTY, NEW MEXICO.

CASE 7163

APPLICATION

Comes now ARCO OIL AND GAS COMPANY and applies to the OIL CONSERVATION DIVISION, New Mexico Department of Energy and Minerals, for an order extending the top vertical limits of the Langlie-Mattix Pool by 165 feet for a portion of said pool and for a corresponding deletion of certain acreage from the lower vertical limits of the Jalmat Gas Pool, Lea County, New Mexico, and in support thereof would show:

1. Applicant is an operator in the Langlie-Mattix and Jalmat Pools, Lea County, New Mexico. The applicant has drilled the J. P. Combest No. 5 well on the J. P. Combest Lease located at the NE/4 SE/4, Section 35, T-23-S, R-36-E. The well was drilled to develop Langlie-Mattix oil and gas reserves.

2. Continental Oil Company has received approval for the upward extension of the Langlie-Mattix Pool by 165 feet in the SW/4 W/2 SE/4, and the SE/4 SE/4, Section 35, T-23-S, R-36-E by Commission Order No. R-6043.

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Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By:


GARY R. KILPATRICK
Post Office Box 2307
Santa Fe, New Mexico 87501

ROUGH

dr/

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. 7163

Order No. 6619

APPLICATION OF ARCO OIL AND GAS
COMPANY FOR THE EXTENSION OF
VERTICAL LIMITS OF THE LANGLIE-MATTIX
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 25
19 81, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of _____, 19 81, 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, ARCO Oil and Gas Company, seeks the
contraction of the vertical limits of the Jalmat Pool and the
upward extension of the vertical limits of the Langlie-Mattix
Pool by 165 feet underlying the NE/4 SE/4 of Section 35, Town-
ship 23 South, Range 36 East, NMPM, Lea County, New Mexico.

Case No. 6571 7143
Order No. R-6043 R-

(3) That ^{two} an offset operator, to the above-described lands, through error in identification of the upper limits of the Langlie Mattix Pool, recently perforated certain wells in the lower portion of the Jalmat Pool and the upper portion of the Langlie Mattix Pool, whereupon he sought and did receive approval for the redelineation of the vertical limits of the ^{subject} pools in the area offsetting the above-described lands in a manner similar to that sought by the applicant in this case.

(4) That in order to protect its correlative rights, the applicant in this case seeks the proposed amendment to the vertical limits of said Langlie Mattix and Jalmat Pools to permit production from the zones perforated by the offset operator, without the necessity for dually completing its well on the aforesaid lands or drilling new wells thereon.

(5) That no offset operator or other owner in either of said pools appeared and objected to the application.

(6) That the proposed change in the vertical limits of said pools should apply only to the applicant's acreage in the NE/4 SE/4 of said Section 35, and said Section 1.

(7) That to avoid drilling unnecessary wells, to prevent waste, and to protect correlative rights, the application to amend the vertical limits of said pools should be approved as to applicant's acreage in ^{the NE/4 SE/4 of} said Section 35, and said Section 1.

IT IS THEREFORE ORDERED:

(1) That effective ^{March 1, 1981} July 1, 1979, the vertical limits of the Langlie Mattix Pool in Lea County, New Mexico, are hereby extended to include the lowermost 165 feet of the Seven Rivers formation and the vertical limits of the Jalmat Gas Pool are concomitantly contracted by exclusion of said lowermost 165 feet of the Seven Rivers formation underlying the following described lands:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, NMPM
Section 35: SW/4, W/2 SE/4, and SE/4 SE/4 → NE/4 SE/4

~~TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM~~
~~Section 1: NW/4, W/2 NE/4, and SE/4 NE/4~~

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

DONE at