

## NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing (Daniel S. Nutter)Santa Fe, NEW MEXICOREGISTERHEARING DATE November 14, 1960 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
E. D. COLTHARP Jason Kellahan W. D. Wilson S. H. Cavin	Continental Oil Co. Kellahan & Fox Hondo Oil & Gas Co. "	Artesia, N. Mex. Santa Fe, N. M. Roswell, N. Mex. "
ILLEGIBLE		

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
NOVEMBER 14, 1960

-----  
IN THE MATTER OF: :

CASE 2122: Application of Hondo Oil & Gas Company for an :  
unorthodox oil well location. Applicant, in :  
the above-styled cause, seeks approval of an :  
unorthodox oil well location for the Abo for- :  
mation, Eddy County, New Mexico, at a point :  
1160 feet from the North line and 330 feet :  
from the East line of Section 32, Township 17 :  
South, Range 28 East for its Hondo-Western- :  
Yates Well No. 38-A. :  
-----

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T     O F     P R O C E E D I N G S

MR.NUTTER: The hearing will come to order, please. The  
first case this morning will be Case 2122.

MR.MORRIS: Application of Hondo Oil & Gas Company for  
an unorthodox oil well location.

MR. CAVIN: If the Commission please, my name is S. H.  
Cavin. I'm employed by the Hondo Oil & Gas Company, Law Depart-  
ment, Roswell, New Mexico, and I'm appearing for Hondo in this  
case. Hondo Oil & Gas Company is seeking an order approving an un-  
orthodox well location for the Abo formation, Eddy County, New  
Mexico, a point 1160 feet from the North line and 330 feet from the  
East line, Section 32, Township 17 South, Range 28 East for its



Hondo-Western-Yates Well No. 38-A. Our only witness in this case is Mr. Wilbur D. Wilson. Mr. Wilson, would you be sworn?

(Witness sworn)

WILBUR D. WILSON,

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

DIRECT EXAMINATION

BY MR. CAVIN:

Q Would you please state your name and position, employer and place of residence?

A My name is Wilbur D. Wilson. I'm employed by Hondo Oil & Gas Company as district geologist for the Roswell office, and I reside at Roswell.

Q Have you previously appeared before the New Mexico Oil Conservation Commission and qualified and testified as an expert witness?

A No, I have not.

Q Would you please state your qualifications?

A After receiving a Bachelor of Science degree in geology from the University of Wyoming in 1951, and a Master of Arts degree in geology from the University of Texas in 1953, I joined the Stanolind Oil & Gas Company, now Pan American Petroleum Corporation as a geologist at Roswell, New Mexico. I worked in this capacity doing geological work in Southeastern New Mexico for three and a half years. I then accepted employment with Malco Refineries, In-

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



corporated; now, Hondo Oil & Gas Company as a geologist in their Roswell, New Mexico office. In April of 1959 I was promoted to district geologist and in charge of Permian Basin operations. I'm presently working in that capacity.

MR. CAVIN: I would like to move that Mr. Wilson's qualifications be accepted.

MR. NUTTER: Mr. Wilson's qualifications are accepted. Please proceed.

Q (By Mr. Cavin) Are you familiar, Mr. Wilson, with Hondo's application for an unorthodox well location for its Hondo-Western-Yates No. 38-A Well, with the entire Abo field generally?

A I am.

Q What is the reason, Mr. Wilson, for the Hondo application for an unorthodox well location in this case?

A The location we had originally planned, 990 feet from the North line and 330 feet from the East line of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico, happened to fall directly under a five-wire power line, and the only direction we could move and stay in what we considered a potentially productive location was due South.

Q Have you prepared or at your direction had prepared a plat showing the location of the lease, the owners' leasehold estates within 660 feet from the unorthodox location?

A Yes, I have.

(Whereupon, Applicant's Exhibit 1 marked for identification.)

Q Would you please state what is shown on this plat?



A Hondo-Western-Yates State 647 lease, insofar as it covers the southwest quarter and northeast quarter of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico, is outlined in orange, and the proposed unorthodox oil well location 1160 feet from the North line and 330 feet from the East line of Section 32, is circled in red.

The map shown on Exhibit 1 represents an isopach map of the gross Abo reef pay section. Below this is cross-section AA Prime showing the rapid thinning of the reef in the area of the proposed 38 State "A" location.

Q This 38-A location is the location concerned in this application?

A That is correct.

Q Is it correct that the working interest in this lease is jointly owned by Hondo Oil & Gas Company, Western Development Company of Delaware and Yates Brothers or Hondo Oil & Gas Company, Western Development of Delaware, Yates Brothers, and Pan American Petroleum Corporation, and that Hondo is presently the operator as to the entire Abo Pool under a joint operating agreement between those parties?

A That is correct.

Q The well to be drilled at the location referred to on the plat designated as Exhibit No. 1, and the well designated as No. 38-A is to be drilled to test what formation?

A The Abo reef at approximate depth of 6000 feet.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q Hondo is the operator for Hondo Oil & Gas Company, Western Development Company of Delaware, Yates Brothers and Pan American Petroleum Corporation as to this formation?

A That is correct.

Q Is there adversity of ownership in this lease, or is it all the same?

A It is all the same.

Q You have stated that the location originally planned for the 38-A Well was under a five-wire power line. Would you explain how this affects your operation?

A The line is fifty feet from the ground, and the rig that we would use to drill this well is one hundred forty-five feet in height, which naturally precludes our drilling under such a line.

Q I assume rerouting the power line would be impractical?

A Yes.

Q You have stated that the only direction in which you could move this location and still have a potentially productive location was to the south. Would you explain this?

A The proposed location, as shown on Exhibit No. 1, is located very near the northwest edge of the Abo reef. Moving the location north would increase the possibility of a nonproductive well by being too far north and outside of the limits of reef development.

Q The location has been moved 170 feet to the south. Would you please explain the reason for moving this precise distance?



A The original location lies directly below the north wire of a five-wire power line running ~~west~~-northwest and east-south-east. Maximum width between the north and south wires of the power line is 18 feet. Location was moved 170 feet to the south to eliminate the danger of the derrick falling and striking the south wire of the power line.

Q Has the consent of all the owners of oil and gas leases within a radius of 660 feet from the proposed unorthodox location been obtained?

A Yes.

Q In your opinion, would the granting of this application create any danger of waste?

A No.

Q In your opinion, would the granting of this application be in the interest of conservation, and will it protect correlative rights?

A Yes.

MR. CAVIN: I would like to move the Exhibit No. 1 in evidence.

MR. NUTTER: The Exhibit No. 1 will be entered in evidence.

(Whereupon, Applicant's Exhibit No. 1 received in evidence.)

MR. CAVIN: That's all we have.

MR. NUTTER: Does anyone have any questions of Mr. Wilson?



MR. MORRIS: Yes, sir.

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Wilson, as I understand it, your unorthodox location is unorthodox only because it's crowding the quarter-quarter section line?

A Yes.

Q You crowd that by 160 feet -- I mean you are 160 feet from the quarter-quarter section line in your present location?

A Yes.

Q Do you have the same agreement in the southern half of this quarter section that you have in the northern half of the quarter section as to being the owner and operator of the Abo horizon?

A I believe you are asking now are we the operator in the southwest 160 as well as the northeast of that section; is that correct?

Q Let's see now. Did you testify that you were the operator in the entire northeast.--

A That's correct.

Q -- quarter of the section?

A Yes.

Q So, by moving down closer to the quarter-quarter section line, you would be crowding only yourself, is that correct?

A That is correct. We are actually crowding our own lease,

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO





yes.

MR. MORRIS: That's all I have.

MR. NUTTER:

Q Mr. Wilson, is it necessary to move the rig the full 170 feet south of the north wire of this power line in order to make the rig clear the wires in case it should fall?

A Yes, we feel it is, and also to have somewhat of a small safety factor in there. As I stated, in there, the power line is a five-wire line, and the original location fell directly below the north wire, and we propose moving it 170 feet south to give us somewhat of a safety factor in there, and also taking into consideration that the distance between the north and the south wire of the line is about 18 feet.

Q You've actually got lots of locations in that 40-acre tract, have you not, which you could drill?

A Yes.

Q But the one that you've picked, which is clear of the wires, is also a favorable structural position that you want to achieve?

A That is correct, yes, sir.

Q What assurances can you give the Commission that the bottom of the hole will be on the 40-acre tract on which the well is located?

A Well, I think we can give fairly good insurance on that since we will hold the deviation of the hole down.

Q Is Hondo willing to take a survey to establish where the

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



bottom of the hole is, upon completion of the well?

A If the Commission would so desire, I'm sure we would.

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

(Witness excused)

MR. NUTTER: Do you have anything further, Mr. Cavin?

MR. CAVIN: That's all we have.

MR. NUTTER: Does anyone have anything further for Case 2122? We'll take the case under advisement and take next Case 2123.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO )  
 ) ss  
 COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 18<sup>th</sup> day of November 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley  
 NOTARY PUBLIC

My Commission expires:

June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2122 heard by me on 11/14, 1960.

[Signature], Examiner  
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

