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

6 June 1984

EXAMINER HEARING

IN THE MATTER OF

Application of Coastal Oil & Gas  
Corporation for an unorthodox oil  
well location, Lea County, New  
Mexico.

CASE  
8209

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

James G. Bruce  
Attorney at Law  
HINKLE LAW FIRM  
P. O. Box 2068  
Santa Fe, New Mexico 87501

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I N D E X

HERMAN C. LUTHER

Direct Examination by Mr. Bruce 3

E X H I B I T S

Coastal Exhibit One, Structure Map 3

Coastal Exhibit Two, Isopach 5

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3 MR. STAMETS: We'll call next  
4 Case 8209.

5 MR. PEARCE: That case is on  
6 the application of Coastal Oil & Gas Corporation for an un-  
7 orthodox oil well location, Lea County, New Mexico.

8 MR. BRUCE: Mr. Examiner, my  
9 name is Jim Bruce from the Hinkle Firm, representing Coastal  
10 Oil & Gas and I have one witness to be sworn. It's Mr.  
11 Luther again.

12 MR. STAMETS: Let the record  
13 show that Mr. Luther has previously been sworn, qualified,  
14 and remains so in this case.

15 MR. BRUCE: For the record,  
16 Coastal is seeking another unorthodox oil well location,  
17 1980 feet from the south line and 990 feet from the east  
18 line in Section 27, Township 14 South, Range 32 East.

19 The southeast quarter of Sec-  
20 tion 27 is to be dedicated to the well and what we'll intro-  
21 duce as Exhibit Number One, if you will look briefly at  
22 that, the well in the southeast quarter of the southeast  
23 quarter should be noted as a plugged and abandoned.

24 MR. LUTHER: Well, it's tempo-  
25 rarily abandoned. It hasn't produced in years. It should  
have just a TA by it but I've been out in the field and I  
got in to look at these maps here just a brief while ago,  
but it is -- it hasn't produced in quite a few years.

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It's just been temporarily abandoned there and there is no production in that, right.

HERMAN C. LUTHER,  
being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. BRUCE:

Q Would you please again refer to Exhibit One and describe that briefly, Mr. Luther?

A Well, we're in Tulk Field, which you can see Baum right at the top of your map up there, those wells, so we're just along -- we're southwest trend from Baum.

This is a structure map again on top of Bough C in the East Tulk Field, or the Tulk Field in Lea County, New Mexico, and of course this is a structure map on the Bough C, which is similar to Baum up there. This field produces out of the Bough A, which is the top zone, the Bough B, and the Bough C, and we have in the last year and a half drilled four wells in this field, some of them on regular locations because we feel like the wells have been abandoned and the 160 has no wells on it.

We've drilled the 3-27 in the northeast quarter of 27.

We've drilled the 4 -- 26 No. 4 in the northeast quarter of Section 26.

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2 We've drilled the 26 No. 5 in the south-  
3 west quarter of Section 26, and we've drilled the 22 No. 2  
4 in the southeast quarter of 22.

5 The proposed location that we are seeking  
6 there, the 27 No. 4, there again if you notice in the south-  
7 west quarter of Section 26 we have the 26 No. 3. That has  
8 been producing for years. It's produced around 290,000 bar-  
9 rels of oil.

10 We have recently drilled the 27 No. 3,  
11 which looks like it's going to potential for 100 or 200 bar-  
12 rels. We're wanting to move this well over farther from the  
13 26 No. 3 for another -- for again the drainage problems.

14 We moved the 3 -- 27 No. 3 away from the  
15 26 No. 1 up there, which had made over 200,000 barrels of  
16 oil, and we have recovered oil out of the same zone.

17 So we feel like by moving these over we  
18 can get additional oil and not -- and not have severe drain-  
19 age.

20 So that is why we propose to move this  
21 over 990 from the lease line to get away from the drainage  
22 of the 26 No. 3.

23 Q Thank you. Would you please refer brief-  
24 ly to Exhibit Number Two and describe that?

25 A Number Two is an Isopach of the Bough C  
and as you see, the main reason we want to drill this well  
is that we're sitting right in the thick part of the Bough C  
zone and also we will have the Bough B as a backup in this

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particular location.

Q Thank you. Were Exhibits One and Two prepared by you or under your direction?

A Yes.

Q And in your opinion will the granting of this application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A That is right.

MR. BRUCE: Mr. Examiner, I move the admission of Exhibits One and Two.

MR. STAMETS: The exhibits will be admitted.

MR. BRUCE: I have no further questions.

MR. STAMETS: What is the spacing in this pool?

A It's 160 and the same as Baum. In 1960, when Shell drilled the discovery well there, they -- it went to 160 with options to drill eighties and the same allowable. They cut in half into same as the Baum.

MR. STAMETS: Okay. Any other questions of the witness?

He may be excused.

Anything further in this case?

The case will be taken under advisement.

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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 CSR

I do hereby certify that the foregoing is a complete report of the proceedings in the Examiner hearing of Case No. 8209 heard by me on 6-6 19 84.  
Richard D. Starn, Examiner  
Oil Conservation Division