

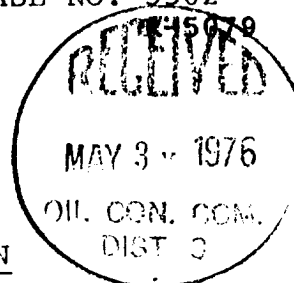
BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

GAS CO OF NM
SAN YSIDRO #8
N-20-15N-1E

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

CASE NO. 5502

APPLICATION OF SOUTHERN UNION
GAS COMPANY FOR UNDERGROUND GAS
STORAGE FINDINGS, SANDOVAL COUNTY,
NEW MEXICO.



ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 10, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of April, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant in the subject case, Southern Union Gas Company, is in the process of developing an underground natural gas storage project in Sandoval County, New Mexico, to be known as the Las Milpas Gas Storage Project.

(3) That the applicant has conducted geological and engineering studies to confirm the existence of a geological structure underlying Sections 17, 18, 19, 20, 29, 30, 31, and 32 of Township 15 North, Range 1 East, NMPM, and Sections 13, 24, 25, and 36 of Township 15 North, Range 1 West, NMPM, Sandoval County, New Mexico, and to determine the suitability of said geological structure for the underground storage of natural gas.

(4) That the applicant has determined that the above-described geological structure does exist, and that the Aqua Zarca formation within said structure, being a permeable sandstone overlain by an impermeable shale layer, should constitute a satisfactory bed for the storage of gas.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEYSUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)Form approved.
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.

14-08-0001-12395

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> GAS STORAGE	7. UNIT AGREEMENT NAME Las Milpas
2. NAME OF OPERATOR Southern Union Exploration Company	8. FARM OR LEASE NAME San Ysidro
3. ADDRESS OF OPERATOR Suite 1800 First International Bldg., Dallas, Texas 75270	9. WELL NO. #8
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 504' FSL & 2080' FWL	10. FIELD AND POOL, OR WILDCAT Storage
14. PERMIT NO.	15. ELEVATIONS (Show whether DF, RT, GR, etc.) 5820 g1
11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 20, T15N, R1E NMPM	12. COUNTY OR PARISH Sandoval
	13. STATE New Mexico

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF ☐FRACTURE TREAT ☐SHOOT OR ACIDIZE ☐REPAIR WELL ☐(Other) ☐PULL OR ALTER CASING ☐MULTIPLE COMPLETE ☐ABANDON* ☐CHANGE PLANS ☐

SUBSEQUENT REPORT OF:

WATER SHUT-OFF ☐FRACTURE TREATMENT ☐SHOOTING OR ACIDIZING ☐(Other) Run casing & cementing ☒REPAIRING WELL ☐ALTERING CASING ☐ABANDONMENT* ☐

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

8-31-79 Drilled to 446' & ran 11 jts of 8 5/8" OD J-55, 24# surface casing, 432.31', set at 446' RKB. Cemented using Halliburton with 330 sacks of Class "B", circulated cement at surface.

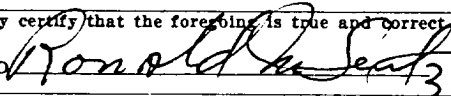
9-09-79 Drilled to 2455' & ran 5 1/2" production casing to 2445', 15.5#, cemented 1st stage using 360 sacks of Class "C" with 25# of Gilsonite. Cemented 2nd stage using 450 sacks of Class "C" with 10# of Gilsonite.

DV Tool Located at 1150.83 feet.

9-19-79 Perforations are located from 2243' to 2265' with a total of 10 shots.

18. I hereby certify that the foregoing is true and correct.

SIGNED



TITLE

Drig & Production Engineer

DATE

10/9/79

(This space for Federal or State office use)

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

TITLE

DATE

*See Instructions on Reverse Side

OCT 11 1979

U. S. GEOLOGICAL SURVEY
DENVER, COLO.

(5) That although preliminary investigation of the geological structure being proposed for underground gas storage indicates that its areal extent may be somewhat less than the entire area described in Finding No. (3) above, all of said lands should be included within the horizontal limits of the Las Milpas Gas Storage Project in order to protect the structure from drainage by non-project wells in the event the areal extent of the structure is larger than presently believed.

(6) That the Poleo formation, which overlays the impermeable shale described in Finding No. (4) above, should be included within the vertical limits of the Las Milpas Gas Storage Project in order that pressure observation wells may be drilled into the Poleo formation to verify the integrity of the shale bed and to assure that gas in storage in the Agua Zarca formation is not migrating upward and escaping from the Agua Zarca formation.

(7) That the applicant has attempted to acquire gas storage rights in the interval from the top of the Poleo formation to the base of the Agua Zarca formation underlying Sections 17, 18, 19, 20, 29, 30, 31, and 32, Township 15 North, Range 1 East, NMPM, and Sections 13, 24, 25, and 36, Township 15 North, Range 1 West, NMPM, Sandoval County, New Mexico, and has indeed acquired such rights underlying more than 80 percent of said lands, and is in the process of acquiring such rights underlying portions of the remaining lands.

(8) That despite the efforts of the applicant, it appears that gas storage rights underlying certain portions of the lands described in Finding No. (7) above may remain outstanding.

(9) That it appears that to obtain gas storage rights underlying all of the lands described in Finding No. (7) above, the applicant may find it necessary to resort to eminent domain proceedings as provided by Sections 65-9-1 through 65-9-8, NMSA 1953 Comp.

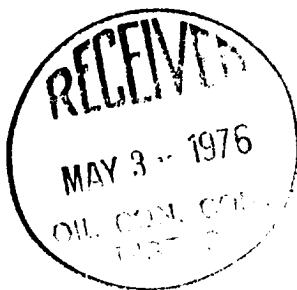
(10) That pursuant to Section 65-9-5 NMSA, 1953 Comp., the instant case was called to consider the propriety of utilization for underground storage of natural gas of the sub-surface strata from the top of the Poleo formation to the base of the Agua Zarca formation underlying Sections 17, 18, 19, 20, 29, 30, 31, and 32, Township 15 North, Range 1 East, NMPM, and Sections 13, 24, 25, and 36, Township 15 North, Range 1 West, NMPM, Sandoval County, New Mexico, and consequently thereto, the Commission finds:

- A. That the above-described sub-surface interval underlying the above described lands is suitable for the underground storage of natural gas and should be designated as the Las Milpas Gas Storage Project.

- B. That the Las Milpas Gas Storage Project is incapable of producing oil in paying quantities through any known recovery method.
- C. That the Las Milpas Gas Storage Project does not underlie any known commercial deposits of potash.
- D. That storage of natural gas in the Las Milpas Gas Storage Project will not cause injury to surface or underground water resources.
- E. That the Las Milpas Gas Storage Project does not, or has not been known, to contain native gas capable of production in paying quantities.
- F. That the horizontal extent of the displaced or injected gas in the above-described sub-surface interval will be within the outer boundaries of the above-described lands.
- G. That no portion of the above-described sub-surface interval underlying the above-described lands has been appropriated or is being utilized for the injection, storage and withdrawal of natural gas by any other than the applicant, Southern Union Gas Company.

(11) That jurisdiction of this cause is retained for the entry of such further findings as may be necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Member

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

S E A L

dr/