

WELL NO. 1. of H. I. BROWN,
NEW STANDARD GAS UNIT &
GAS WELL LOCATION.

CASE No.

5096

Application,

Transcripts,

Small Exhibits

ETC.

dearnley, meier & associates

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
Wednesday, October 31, 1973

IN THE MATTER OF:

Application of H. L. Brown, Jr. for a
non-standard gas proration unit and
unorthodox gas well location, Eddy
County, New Mexico. Applicant,
in the above-styled cause, seeks
approval for a 320-acre non-standard
gas proration unit comprising the SE/4
of Section 15 and the E/2 NE/4, SW/4
NE/4, and NE/4 SE/4 of Section 22, all
in Township 17 South, Range 29 East,
Grayburg-Morrow Gas Pool, Eddy County,
New Mexico, to be dedicated to a well
to be drilled at an unorthodox gas well
location 330 feet from the South and East
lines of said Section 15.

Case No. 5096

BEFORE: RICHARD L. STAMETS,
Examiner

TRANSCRIPT OF EXAMINER HEARING

1 MR. STAMETS: Case 5096.

2 MR. DERRYBERRY: Case 5096, Application of H. L.
3 Brown, Jr. for a non-standard gas proration unit and
4 unorthodox gas well location, Eddy County, New Mexico.

5 MR. THOMPSON: Paul Thompson, representing General
6 American Oil Company in Texas, and we have a statement
7 to make.

8 MR. KELLAHIN: Tom Kellahin, Kellahin & Fox,
9 representing the Applicant.

10 E. E. VAN PETTEN,
11 a witness, having been first duly sworn according to law,
12 upon his oath testified as follows:

13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q Would you please state your name, by whom you are
16 employed, and in what capacity?

17 A E. E. Van Petten, I'm employed as a geologist by H. L.
18 Brown, Jr. in Midland, Texas.

19 Q Mr. Van Petten, have you previously testified before
20 this Commission?

21 A No.

22 Q Let me ask you briefly your educational background.
23 You said you were a geologist. Where did you obtain
24 your degree?

25 A I got a Bachelor Degree from the University of Colorado,

1 Boulder.

2 Q When was that, sir?

3 A 1949.

4 Q And since obtaining that degree, where have you worked
5 and been employed?

6 A I've been employed in the oil business as a geologist
7 and geophysicist for 23 years. For the last 10 years,
8 in the Permian Basin in West Texas and New Mexico, and
9 I am familiar with the Morrow formation in Eddy County.

10 Q Are you familiar with the facts surrounding this
11 particular application?

12 A Yes, I am.

13 Q Will you please refer to what has been marked as Exhibit
14 Number 1, and state briefly what H. L. Brown, Jr. is
15 seeking in this application?

16 A We are applying for a non-standard proration unit
17 consisting of the Southeast Quarter of Section 15, the
18 Northeast Northeast of 22, the South Half Northeast of
19 22, and the Northeast Southeast of 22, 17 South, 29
20 East, and an unorthodox location 330 feet from the South
21 and East lines of Section 15.

22 MR. KELLAHIN: We submit the qualifications of the
23 witness, Mr. Examiner.

24 MR. STAMETS: They are acceptable.

25 Q (By Mr. Kellahin) Now, in referring to Exhibit Number 1,

1 Mr. Van Petten, would you locate for me the surrounding
2 acreage and the units? Are they color coded in any
3 way?

4 A Yes, this map shows the ownership of the offset leases,
5 the producing gas units have been color coded. Starting
6 at the Southwest, the purple unit is the unit in which
7 the Horizon State 2-28 Well is drilled, is the South
8 Half of Section 28. The North Half of 28 is the
9 Horizon Oil State Number 28 Gas. The South Half of
10 Section 21, colored in green, is the Manta Resources
11 State Number 121 Unit. That originally was drilled by
12 Manta Resources. At the present time, I think that's
13 operated by Horizon. And the unit outlined in blue is
14 the El Paso Natural Gas Leonard State Number 1 Unit, and
15 I think was expanded to that size in a hearing in 1971.
16 The red outline is the unit we are proposing.

17 Q Why, Mr. Van Petten, have you approached a non-standard
18 unit as opposed to a standard unit?

19 A The non-standard unit in this case avoids the inclusion
20 of what we feel is non-productive acreage. For instance,
21 if a unit were made of the East Half of 15, I can show
22 from our geological exhibits that we think that the
23 North Half of that would probably be non-productive.
24 The same would be true if the South Half of Section 15
25 were used as a unit.

1 The unit as it is proposed will also avoid
2 unnecessary drilling in that if a well were drilled in
3 the Southeast Corner of 15, it would also be necessary
4 to drill a well in the Northeast Corner of 22 in order
5 to protect the drainage. This land is all common
6 ownership and we feel that a well located where we
7 propose to drill will adequately drain the proposed
8 acreage.

9 Q Will the granting of this particular non-standard
10 proration unit avoid future non-standard proration units?

11 A I feel that it will because the other units to the east
12 where I think this unit goes can be spaced on governmental
13 half sections without any problems. The unit we are
14 proposing is already necessary to put a kink in it because
15 of a 40-acre tract which is in that El Paso Unit.

16 Q Would you please refer now to what has been marked as
17 Exhibit Number 2 and identify it?

18 A Exhibit Number 2 is an Isopach of the gross sand in this
19 Morrow-producing unit, and on it is an outline, in
20 dotted lines is a line of cross section, upon which
21 pertinent information to the geology of this area are
22 set forth.

23 Q Will you refer to what has been marked as Exhibit Number
24 3?

25 A This cross section is a stratigraphic cross section.

1 It's hung on the base of a limestone which I call the
2 top of the lower Morrow, and this cross section is
3 intended to set out the configuration of this Morrow
4 sand body as best you can do it with electric logs.
5 Starting on the Southwest end, a recently completed
6 well, the Horizon Number 2-28 State, was completed from
7 a gross section of 24 feet of Morrow sand and the sand
8 progressively thickens as we go Northeastward through
9 the Horizon Oil and Gas Number 1-28 to the Manta
10 Resources Incorporated Number 1 State 21. And the only
11 significance of this thickness is that I think it has
12 some bearing upon the trend of that sand body when you
13 Isopach it.

14 The Number 4 Well on the cross section is the El
15 Paso Natural Gas Leonard State Number 2, and it's out
16 of the reservoir sand, is evidenced by the fact that
17 it was perforated and fraced and swabbed dry. There is
18 a sufficient remnant of the zone, however, to correlate
19 it.

20 The next well, the Number 5 Well, the El Paso
21 Natural Gas Number 1 Leonard State was the discovery
22 well in the field and has an excellent section of
23 Morrow developed. The Number 6 Well, the Sunray
24 Number 21 KA Dodd, I feel, is a strike well to Well
25 Number 4 on the cross section, which leads me to believe

1 that moving Southeastward, or Eastward, from the
2 Sunray Dodd, we will have a Morrow sand accumulation
3 similar to that in the El Paso Natural Gas Leonard
4 State Number 1.

5 Q And that is why you have picked your proposed
6 unorthodox location?

7 A That's correct.

8 Q I notice to the Northwest of the proposed location, there
9 is what is depicted on Applicant's Exhibit 1 as a
10 shallow well. What is that?

11 A That shallow well is 660 feet South and East of Section
12 15, and I guess is put on there to indicate the
13 location 660 out of the corner would not be possible
14 due to that old hole there, and that is one of the
15 reasons for having a location nearer than 660 to the
16 section line.

17 Q I want to refer you back to your cross section and to
18 the last well depicted on your cross section, it's the
19 Grayburg Deep TPC.

20 A It's the Texas and Pacific Oil Company Well.

21 Q Is this General American's well?

22 A It's on a General American lease, yes.

23 Q Go ahead.

24 A This well was drilled to the Devonian; it was, the
25 zone, the Morrow sand zone, which I think is the

1 reservoir zone, has some development; however, it's
2 shaley and tight and did not exhibit any microlog
3 indications of porosity. A drill stem test was taken
4 below what I considered to be the objective zone
5 which recovered 75 feet of mud and a shut-in pressure
6 of 1,850 in 30 minutes, which is an indication of it
7 being tight. However, the drill stem test did not
8 cover the objective zone.

9 Q From your valuation of the exhibits and the information
10 before you, have you reached any opinion with regard to
11 the productivity of the acreage held by General American?

12 A Well, based on the fact that this TP Company and
13 Grayburg Deep Unit failed to find any net porosity
14 as exhibited on microlog, I feel that only the Northwest
15 Corner of that lease is productive.

16 Q Will you please refer to what has been marked as Exhibit
17 4 and identify that, please?

18 A Exhibit 4 is an Isopach of the net porous sand in the
19 Morrow producing zone, and this exhibit clearly indicates
20 a Northeast-Southwest trend on this Morrow sand bar,
21 that it's approximately half a mile wide and that the
22 location to get into the center of this bar is extremely
23 critical, and the Sunray 21 XA Dodd in the Southwest of
24 the Southeast of Section 15 had six feet of microlog
25 porosity in this zone and tested 10 MCF of gas per day

1 on drill stem test and had a shut-in pressure of 2,040
2 pounds, and I feel this is an indication that this well
3 is on the edge of this reservoir and moving immediately
4 East of it will result in a commercial completion.

5 Q In your opinion, Mr. Van Petten, can the non-standard
6 unit here be economically and efficiently drained by a
7 well at your proposed location?

8 A Yes, sir.

9 Q In your opinion, will you impair the correlative rights
10 of others?

11 A No, sir.

12 Q Will approval of this application result in the
13 recovery of hydrocarbons that would otherwise not be
14 recovered?

15 A Yes, sir.

16 Q Were Exhibits 1 through 4 either prepared by you or
17 under your direction and supervision?

18 A Yes, they were.

19 MR. KELLAHIN: We submit Exhibits 1 through 4.

20 MR. STAMETS: Without objection, these exhibits
21 will be admitted.

22 MR. KELLAHIN: That concludes our direct
23 examination.

24 CROSS-EXAMINATION

25 BY MR. STAMETS:

1 Q Your application here today is not based on the
2 inability of H. L. Brown to form a standard unit?

3 A No, sir.

4 Q It's based on the geology of the situation and trying
5 to put only productive acreage into this non-standard
6 unit?

7 A That's correct. We have obtained a farmout from Sun
8 Oil Company, at our request, of only the South Half of
9 Section 15, and the other acreage outlined in 22, for
10 the formation of this unit because we feel like that's
11 the only part of the lease that's worth having, and that's
12 the reason for our requesting the farmout in that shape.

13 Q You do have a farmout on the South Half of Section 15?

14 A Yes, I should say the Southeast Quarter of 15, I'm
15 sorry.

16 Q In Section 22, you show the Morand-Dodd Well as a dry
17 hole, and you are attempting to dedicate the Northeast
18 of the Southeast, which is more or less on strike with
19 this Morand-Dodd Well. Do you feel like this part of
20 your dedicated acreage is productive?

21 A It's possibly productive. However, the chance of it
22 being productive is not as good as moving to the North.
23 I would say the chances of the Northwest Corner of
24 it being productive is fairly good, but the chances of
25 all of it being productive are probably not good. But I

1 would submit, Mr. Examiner, that based on my geology,
2 which I am basing my case on, that probably none of the
3 other units in this field, because of the geometry of
4 the situation, are totally productive.

5 Q In Section 15, the well that's called the Depco-Conoco
6 State, did they test the Morrow zone?

7 A Yes, they did. It tested tight.

8 Q I think that's all the information I need to know.
9 That was essentially dry in the Morrow formation?

10 A And it's completed in the Morrow formation.

11 Q And so there would not appear to be a necessity for
12 forming a unit in the South Half of Section 15. The
13 North Half of Section 15 would be left for the formation
14 of the standard spacing unit, so there would be no
15 problem there?

16 A Yes.

17 Q In Section 22, the acreage which is not going to be
18 dedicated to any well was formerly dedicated to the
19 Morand-Dodd Well; is that correct?

20 A That's true.

21 Q And this well was a dry hole and, in your opinion,
22 there will likely be no additional drilling taking place
23 in Section 22?

24 A That's true.

25 Q So there would be no necessity of forming an additional

1 non-standard unit there?

2 A That's right.

3 Q And, in your opinion, this would be the last non-standard
4 unit we will have to create in this area?

5 A Yes, sir.

6 Q And H. L. Brown, Jr. is the interest owner in the
7 Southeast of Section 15?

8 A Right.

9 Q Inside the red outlined acreage in the East Half of
10 Section 22?

11 A Right.

12 Q And in the West Half of Section 14?

13 A That's correct.

14 Q How about the East Half of 14?

15 A That's Sun Oil Company.

16 Q So the only offset operator to this location, other than
17 H. L. Brown -- I'm talking just about the location now,
18 not the dedicated acreage -- is General American, and
19 there is a well labeled TPC over there, and that's on
20 the General American acreage?

21 A Yes, sir.

22 MR. STAMETS: Are there other questions of this
23 witness?

24 MR. KELLAM: Nothing further.

25 MR. STAMETS: He may be excused. Are there

1 statements in this case?

2 MR. KELLAHIN: Just a brief statement. If the
3 examiner please, on behalf of the Applicant, we feel
4 that the geology and significantly the dry hole in the
5 General American acreage would thereby cause us not to
6 be penalized by our unorthodox location. In other
7 words, a penalty factor to correct any unfairness to an
8 offset operator does not exist in this case because they've
9 got a dry hole there. Their acreage is not productive
10 and therefore there should be no penalty assessed
11 against us because of our unorthodox location.

12 MR. THOMPSON: I'm Paul Thompson, I'm employed by
13 General American Company, and I would like to make a
14 statement on their behalf. General American Oil Company,
15 Texas, is owner of an undivided 50 percent working
16 interest in all of Section 23, 17 South, 29 East, Eddy
17 County, New Mexico, which section is the diagonal offset
18 to the unorthodox gas well location asked for in the
19 application of H. L. Brown, Jr., Case Number 5096, and
20 does hereby respectfully request the Commission to deny
21 such location to the Applicant, and further requests
22 that no location for a Morrow test be allowed closer
23 than 660 feet from our lease line.

24 In 1958, Texas-Pacific Oil and Gas drilled a test
25 well which has been referred to as the Number 1 Grayburg

1 Deep Unit at a location 1990 feet from the North and
2 West lines on our aforementioned Section 23, which while
3 such test was plugged and abandoned, it is our opinion
4 that a potential productive Morrow gas sand was
5 encountered. The Morrow formation in this well appears
6 to be quite similar to the Morrow in the Sunray
7 Mid-Continent 21 X Mary Dodd A located 660 feet from
8 the South line and 2,034 feet from the East line of
9 Section 15, which was also drilled in 1958 and is
10 included in the non-standard proration unit being
11 proposed.

12 Therefore, General American feels it would suffer
13 drainage if the Applicant is allowed to drill and
14 complete the Morrow test 330 feet from the South and
15 East lines of Section 15. We further believe that the
16 Applicant's proposed location would not reasonably
17 drain the proposed irregular proration unit. Thank you.

18 MR. STAMETS: Mr. Thompson, I know that you have
19 not offered any testimony in this case. I would like,
20 if you could, for you to clarify one thing. Are you
21 objecting to the proposed location being 330 feet from
22 the East line of Section 15 or 330 feet from the South
23 line of Section 15 or both? I think what I am getting
24 at is if this well were located 660 feet from the
25 East line of Section 15, would General American still

1 have this objection?

2 MR. THOMPSON: Probably not as much. We feel we
3 would prefer a 660 from both the South and East. Our
4 well is about 990-990, and had that well been drilled
5 in recent years, it quite possibly would have been a
6 completion attempt in the Morrow, in our opinion.

7 MR. STAMETS: Is there anything further?

8 MR. KELLAMIN: Nothing further, Mr. Examiner.

9 MR. STAMETS: We will take the case under
10 advisement and call the next case.

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dearnley, meier & associates

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PAGE 16

C E R T I F I C A T E

I, JOHN DE LA ROSA, a Court Reporter, in and for the
County of Bernalillo, State of New Mexico, do hereby certify
that the foregoing and attached Transcript of Hearing before
the New Mexico Oil Conservation Commission was reported by me;
and that the same is a true and correct record of the said
proceedings to the best of my knowledge, skill and ability.


COURT REPORTER

I do hereby certify that the foregoing is a true and correct record of the proceedings of the New Mexico Oil Conservation Commission held on
at 5096
the 23rd day of
October 1966
Richard L. Stamm
New Mexico Oil Conservation Commission

dearnley, meier & associates

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I N D E X

WITNESS

PAGE

E. E. VAN PETTEN

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Direct Examination by Mr. Kellahin

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Cross-Examination by Mr. Stamets

E X H I B I T S

OFFERED

ADMITTED

Applicant's Exhibit 1

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Applicant's Exhibit 2

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Applicant's Exhibit 3

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Applicant's Exhibit 4

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMUJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

May 21, 1974

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5096
ORDER NO. R-4663-A
Applicant:
H. L. Brown, Jr.

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other Mr. Paul Thompson, General American Oil Co., Dallas

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5096
Order No. R-4663-A

APPLICATION OF H. L. BROWN, JR.
FOR A NON-STANDARD GAS PRORATION
UNIT AND UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

NUNC PRO TUNC

BY THE COMMISSION:

It appearing to the Commission that due to clerical error
and inadvertence that Order No. R-4663 does not correctly state
the intended order of the Commission.

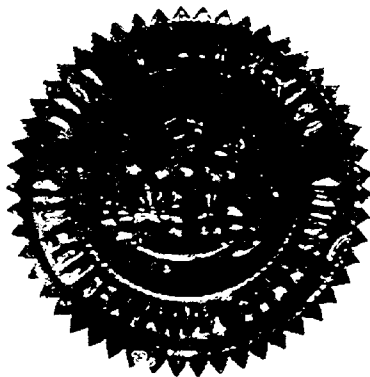
IT IS THEREFORE ORDERED:

(1) That Paragraph (1) on Page 2 of Order No. R-4663,
Case No. 5096, be and the same is hereby corrected to read in
its entirety as follows:

"(1) That a 320-acre non-standard gas proration unit in
the Grayburg-Morrow Gas Pool comprising the SE/4 of
Section 15 and the E/2 NE/4, SW/4 NE/4 and NE/4 SE/4
of Section 22, all in Township 17 South, Range 29 East,
NMPM, Grayburg-Morrow Gas Pool, Eddy County, New Mexico,
is hereby approved, said non-standard unit to be dedicated
to a well to be drilled at a standard location in said
unit."

(2) That this order shall be effective nunc pro tunc as
of November 16, 1973.

DONE at Santa Fe, New Mexico, this 21st day of May, 1974.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

[Signature]
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

[Signature]
A. L. PORTER, JR., Member & Secretary

S E A L
jr/



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

November 16, 1973

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMILLO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5096
ORDER NO. R-4663
Applicant:
H. L. Brown, Jr.

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Mr. Paul Thompson, General American Oil Co. of Texas,
Dallas, Texas

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5086
Order No. R-4663

APPLICATION OF H. L. BROWN, JR.
FOR A NON-STANDARD GAS PRORATION
UNIT AND UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 31, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of November, 1973, 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, H. L. Brown, Jr., seeks approval for a 320-acre non-standard gas proration unit comprising the SE/4 of Section 15 and the E/2 NE/4, SW/4 NE/4, and NE/4 SE/4 of Section 22, all in Township 17 South, Range 29 East, NMPM, Grayburg-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox gas well location 330 feet from the South line and 330 feet from the East line of said Section 15.

(3) That the proposed non-standard proration unit appears to overlie a Morrow channel sand and may reasonably be presumed productive of gas from the Grayburg-Morrow Gas Pool.

(4) That the creation of this non-standard gas proration unit should not result in the creation of additional non-standard units.

(5) That approval of the proposed non-standard proration unit will afford the applicant the opportunity to produce his just and equitable share of the gas from the Grayburg-Morrow Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the suggestion of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

-2-

CASE NO. 5096
Order No. R-4563

(6) That the applicant seeks approval of said unorthodox gas well location in order to avoid an old shallow well located 660 feet from the South line and 660 feet from the East line of said Section 15.

(7) That the offset operator has objected to the proposed unorthodox location.

(8) That the evidence presented indicates that a well drilled at a standard location for the proposed 320-acre non-standard proration unit can efficiently and economically drain the entire non-standard proration unit while avoiding the aforesaid old shallow well.

(9) That the application for an unorthodox gas well location should be denied.

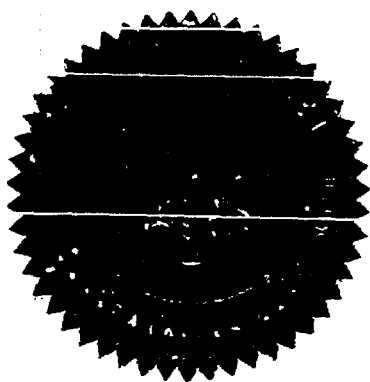
IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard gas proration unit in the Grayburg-Morrow Gas Pool comprising the SW/4 of Section 15 and the E/2 NE/4, SW/4 NE/4, and NE/4 SE/4 of Section 22, all in Township 17 South, Range 29 East, NMPM, Grayburg-Morrow Gas Pool, Eddy County, New Mexico, is hereby approved, said non-standard unit to be dedicated to a well to be drilled at a standard location in said unit.

(2) That the application for an unorthodox gas well location is hereby DENIED.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARRIAGA, Member

A. L. Porter, Jr.
A. L. PORTER, JR., Member & Secretary

S E A L

jr/

Brown

5096

- 1 Seeks non Std Unit (describe)
- 2 " " " location
- 3 That the proposed NSU lies over a Morrow channel sand and may reasonably be presumed to be productive.
- ~~4 That the ~~NSU~~ failure of well~~
- 4 That the creation of this NSU should not result in the creation of additional NSUs
5. That the proposed NSU is to avoid an oil shales well located 660 S E Sec 15.
6. Offshore operator objects to ~~330 E~~ for the NSL
- ~~7. That to properly drain the proposed unit & to protect corral rights NSL at either 330 S 660 E Sec 15 or 330 N 660 E Sec 22 should be approved.~~

~~Approve as above~~

- 7 That the evidence presented indicates that a well drilled at a standard 320 acre spacing unit location in said NSU can properly drain the unit efficiently & economically drain the unit

8 Approve NSU Deny NSL

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 31, 1973

9 A.M. - OIL CONSERVATION COMMISSION 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 5076: (Continued from the October 17, 1973, Examiner Hearing)

Application of David Fasken for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well at an unorthodox location 1980 feet from the North line and 660 feet from the West line of Section 7, Township 18 South, Range 26 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 7 to be dedicated to the well.

CASE 5086: Application of Skelly Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Myers Langlie-Mattix Unit Area comprising 9924 acres, more or less, of Federal, State, and Fee lands in Townships 23 and 24 South, Ranges 36 and 37 East, Lea County, New Mexico.

CASE 5087: Application of Skelly Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Myers Langlie-Mattix Unit Area, Langlie-Mattix Pool, Lea County, New Mexico, by the injection of water into the Queen formation through 84 injection wells in said unit area.

CASE 5088: Application of Amini Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Pennsylvanian formation underlying the S/2 of Section 32, Township 20 South, Range 33 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location in Unit N of said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5089: (This case will be dismissed)

Application of Coquina Oil Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed Cities Service State Well No. 3, at an unorthodox location 1325 feet from the South line and 660 feet from the East line of Section 27, Township 14 South, Range 34 East, High Plains-Pennsylvanian Pool, Lea County, New Mexico.

- CASE 5090: Application of Atlantic Richfield Company for lease commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Rule 309-A to permit the commingling of unitized and non-unitized production within applicant's Seven Rivers-Queen Unit Area, Langlie-Mattix Pool, Lea County, New Mexico.
- CASE 5091: Application of Superior Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the E/2 of Section 2, Township 18 South, Range 25 East, West Atoka-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well presently being drilled at a point 2080 feet from the South line and 660 feet from the East line of said Section 2. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5092: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 9, Township 16 South, Range 35 East, Townsend-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to its Hulda Townsend Well No. 2 located in Unit I of said Section 9. Also to be considered will be the present value of said well and the cost of deepening and completing same and the allocation of such values and costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in deepening said well.
- CASE 5093: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the N/2 of Section 17, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location in Unit B of said Section 17. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5094: Application of Cities Service Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Azotea Mesa Unit Area comprising 5686 acres, more or less, of Federal and State lands in Township 23 South, Range 24 East, Eddy County, New Mexico.
- CASE 5095: Application of Cities Service Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Loafer Draw Unit Area comprising 5844 acres, more or less, of Federal, Fee, and State lands in Township 21 South, Ranges 21 and 22 East, Eddy County, New Mexico.

Examiner Hearing - Wednesday - October 31, 1973

Docket No. 31-73

-3-

CASE 5096: Application of H. L. Brown, Jr. for a non-standard gas proration unit and unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the SE/4 of Section 15 and the E/2 NE/4, SW/4 NE/4, and NE/4 SE/4 of Section 22, all in Township 17 South, Range 29 East, Grayburg-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox gas well location 330 feet from the South and East lines of said Section 15.

CASE 5097: Application of Dorchester Exploration Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Wolfcamp production for its well located in Unit F of Section 35, Township 19 South, Range 28 East, and the promulgation of special rules therefor including a provision for 320-acre spacing and standard 320-acre well locations.

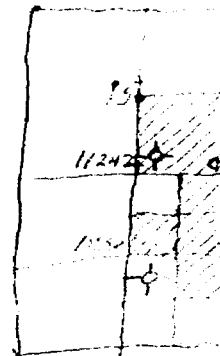
CASE 5073: (Continued and Readvertised)

Application of Belco Petroleum Corporation for a non-standard gas proration unit and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the E/2 SW/4 and SE/4 of Section 30 and the N/2 NE/4 of Section 31, all in Township 20 South, Range 33 East, South Salt Lake Field, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1300 feet from the East line of said Section 30.

Page 3096

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF H. L. BROWN, JR., FOR APPROVAL
OF A NON-STANDARD PRORATION UNIT
AND UNORTHODOX WELL LOCATION,
GRAYBURG-MORROW GAS POOL, EDDY
COUNTY, NEW MEXICO



A P P L I C A T I O N

COMES NOW H. L. BROWN, JR., and applies to the Oil Conservation Commission of New Mexico for approval of a non-standard gas proration unit consisting of 320 acres and for approval of an unorthodox well location in the Grayburg-Morrow Gas Pool, Eddy County, New Mexico, and in support thereof would show the Commission:

1. Applicant holds the right to drill, and proposes to drill a well on a unit consisting of the following described lands in Eddy County, New Mexico:

Township 17 South, Range 29 East, N.M.P.M.

Section 15 - SE/4

Section 22 - E/2 NE/4, SW/4 NE/4, NE/4 SE/4

2. Applicant proposes to drill his well at a location 330 feet from the South line and 330 feet from the East line of Section 15, as described above. The well will be drilled to a depth of approximately 11,000 feet to test the Morrow formation.

3. Approval of the application is in the interests of conservation, will enable applicant to protect his correlative rights in the pool, and will not impair the

3096

correlative rights of any other operator.

WHEREFORE applicant requests that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the non-standard gas proration unit, and unorthodox well location as proposed.

Respectfully submitted,

H. L. BROWN, JR.

By

Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

DRAFT

jr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5096

Order No. R-4663

APPLICATION OF H. L. BROWN, JR.
FOR A NON-STANDARD GAS PRORATION
UNIT AND UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 31, 19 73,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of November, 1973, 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, H. L. Brown, Jr., seeks approval for a
320-acre non-standard gas proration unit comprising the SE/4 of Section
15 and the E/2 NE/4, SW/4 NE/4, and NE/4 SE/4 of Section 22, all in
Township 17 South, Range 29 East, NMPM, Grayburg-Morrow Gas Pool,
Eddy County, New Mexico, to be dedicated to a well location 330 ^{feet} ~~feet~~
feet from the South ~~and~~ East lines of said Section 14.
line and 330 feet from the
To be drilled at an unorthodox
well
15.

appears to

(3) That the proposed non-standard proration unit ~~overlies~~ ^{*sand*} a ~~Morrow channel~~ ^{*sand*} and may reasonably be presumed productive of gas from the Grayburg-Morrow Gas Pool.

(4) That the creation of this non-standard gas proration unit should not result in the creation of additional non-standard units.

(5) That approval of the proposed non-standard proration unit will afford the applicant the opportunity to produce his just and equitable share of the gas from the Grayburg-Morrow Gas 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.

applicant seeks approval of said
→ (6) That the ~~unorthodox~~ ^{*gas well*} location is proposed in order to avoid an old shallow well located 660 feet from the South line and ~~660 feet from~~ ^{*660 feet from*} the ~~East line~~ ^{*said*} of Section 15.

(7) That ~~an~~ ^{*the*} offset operator has objected to the proposed unorthodox location.

standard (8) That the evidence presented indicates that a well drilled at a ~~location which is standard for the~~ ^{*for the proposed*} 320-acre non-standard proration unit can efficiently and economically drain the entire non-standard proration unit while avoiding the aforesaid old shallow well.

the application for an
(9) That ~~the proposed~~ unorthodox location should be denied.

gas well
IT IS THEREFORE ORDERED:

drilled (1) That a 320-acre non-standard gas proration unit in the Grayburg-Morrow Gas Pool comprising the SW/4 of Section 15 and the E/2 NE/4, SW/4 NE/4, and NE/4 SE/4 of Section 22, all in Township 17 South, Range 29 East, NMPM, Grayburg-Morrow Gas Pool, Eddy County, New Mexico, is hereby ~~established and~~ ^{*approved, said non-standard unit to be*} dedicated to a well to be located ~~at a standard location~~ ^{*in said unit.*}

application for an
(2) That the ~~proposed~~ unorthodox location for the well to which ~~the aforesaid unit is to be dedicated~~ ^{*gas well*} is hereby DENIED.

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

-3-
CASE NO. 5096
Order No. R-

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, JR., Member & Secretary

DRAFT

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

dr/

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

CASE NO. 5096
Order No. R-4663-A

APPLICATION OF H. L. BROWN, Jr.
FOR A NON-STANDARD GAS PRORATION
UNIT AND UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

NUNC PRO TUNC

BY THE COMMISSION:

It appearing to the Commission that due to clerical error and
inadvertence that Order No. R-4663 does not correctly state
the intended order of the Commission:

IT IS THEREFORE ORDERED:

(1) That Paragraph (1) on Page 2 of Order No. R-4663,
Case No. 5096, be and the same is hereby corrected to read in its
entirety as follows:

"(1) That a 320-acre non-standard gas proration unit in
the Grayburg-Morrow Gas Pool comprising the SE/4 of
Section 15 and the E/2 NE/4, SW/4 NE/4 ~~SW/4~~ ^{and NE/4 SE/4}
of Section 22, all in Township 17 South, Range 29 East,
NMPM, Grayburg-Morrow Gas Pool, Eddy County, New
Mexico, is hereby approved, said non-standard unit
to be dedicated to a well to be drilled at a standard
location in said unit."

(2) That this order shall be effective nunc pro tunc as of
November 16, 1973.

DONE at Santa Fe, New Mexico, this _____ day of May, 1974.

-2-
CASE NO. 5096
Order No. R-4663

Nunc

(6) That the applicant seeks approval of said unorthodox gas well location in order to avoid an old shallow well located 660 feet from the South line and 660 feet from the East line of said Section 15.

(7) That the offset operator has objected to the proposed unorthodox location.

(8) That the evidence presented indicates that a well drilled at a standard location for the proposed 320-acre non-standard proration unit can efficiently and economically drain the entire non-standard proration unit while avoiding the aforesaid old shallow well.

(9) That the application for an unorthodox gas well location should be denied.

IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard gas proration unit in the Grayburg-Morrow Gas Pool comprising the SW/4 of Section 15 and the E/2 NE/4, SW/4 NE/4, and NE/4 SE/4 of Section 22, all in Township 17 South, Range 29 East, NMPM, Grayburg-Morrow Gas Pool, Eddy County, New Mexico, is hereby approved, said non-standard unit to be dedicated to a well to be drilled at a standard location in said unit.

(2) That the application for an unorthodox gas well location is hereby DENIED.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


A. L. PORTER, JR., Member & Secretary

SEAL

jr/

*Dislike
the finding and therefore
submitted to not agree.
Bill*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

RECEIVED

NOV 20 1973

O. C. C.
ARTESIA, OFFICE

CASE NO. 5096
Order No. R-4663

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

APPLICATION OF H. L. BROWN, JR.
FOR A NON-STANDARD GAS PRORATION
UNIT AND UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 31, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of November, 1973, 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, H. L. Brown, Jr., seeks approval for a 320-acre non-standard gas proration unit comprising the SE/4 of Section 15 and the E/2 NE/4, SW/4 NE/4, and NE/4 SE/4 of Section 22, all in Township 17 South, Range 20 East, NMPM, Grayburg-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox gas well location 330 feet from the South line and 330 feet from the East line of said Section 15.

(3) That the proposed non-standard proration unit appears to overlies a Morrow channel sand and may reasonably be presumed productive of gas from the Grayburg-Morrow Gas Pool.

(4) That the creation of this non-standard gas proration unit should not result in the creation of additional non-standard units.

(5) That approval of the proposed non-standard proration unit will afford the applicant the opportunity to produce his just and equitable share of the gas from the Grayburg-Morrow Gas 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.