

**CASE 5163: Appli. of WESTERN OIL
PRODUCERS FOR AN UNORTHODOX GAS
WELL LOCATION, EDDY COUNTY, N.M.**

CASE No.

5/63

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 30, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Western Oil
Producers, Inc. for an
unorthodox gas well location,
Eddy County, New Mexico.

Case No. 5162

Application of Western Oil
Producers, Inc. for an
unorthodox gas well location,
Eddy County, New Mexico.

Case No. 5163

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William Carr, Esq.
Legal Counsel for the Com-
mission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

Joel M. Carson, Esq.
LOSEE & CARSON
300 American Home Building
Artesia, New Mexico 88210

I N D E X

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M. RAYMOND LAMB

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Direct Examination by Mr. Carson

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Cross Examination by Mr. Nutter

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E X H I B I T S

Applicant's Exhibits No. 1 thru 3

Marked Admitted
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THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

MR. NUTTER: The Hearing will come to order, please.
The first case we will call this afternoon will be Case No.
5162.

MR. CARR: Case 5162. Application of Western Oil
Producers, Inc. for an unorthodox gas well location, Eddy
County, New Mexico.

MR. NUTTER: At this time we will also call Case
No. 5163.

MR. CARR: Case 5163. Application of Western Oil
Producers, Inc. for an unorthodox gas well location, Eddy
County, New Mexico.

MR. NUTTER: For the purpose of testimony, the
cases will be consolidated for Hearing.

MR. CARSON: Mr. Examiner, my name is Joel Carson,
Losee and Carson. I represent Western Oil Producers, Inc.
I have one witness.

(Witness sworn.)

M. RAYMOND LAMB

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

DIRECT EXAMINATION

BY MR. CARSON:

Q Mr. Lamb, would you state your full name, where you

LAMB-DIRECT

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reside and your occupation?

A I'm M. Raymond Lamb, Artesia, New Mexico and I'm a consulting geological engineer.

Q I understand you previously testified before this Commission?

A That is correct.

MR. CARSON: Mr. Nutter, do I need to qualify Mr. Lamb or is his qualifications satisfactory?

MR. NUTTER: I believe Mr. Lamb has been qualified on a previous occasion and he will be accepted as an expert in this case.

BY MR. CARSON:

Q Mr. Lamb, will you state the purpose of these two Applications?

A The purpose of these two Applications is to pursue the Morrow gas channel in this vicinity and to obtain locations which will secure the greatest amount of gas and recover gas that will not otherwise be produced, would not be in violation of correlative rights. It would be in the interest of conservation.

Q All right. You have before you Exhibit No. 1 which has been presented to the Commission as well as Exhibit No. 2 and 3. Those were all prepared by you, were they not?

LAMB-DIRECT

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A Yes, they were.

Q Would you explain Exhibit No. 1 to the Hearing Officer?

A No. 1 is purely a lease-ownership map showing the two tracts which we propose to designate. The first case being the south half of 34 and the second case being the south half of 27. We propose to drill a well 660 from the east and 1980 from the south of Section 34 in search of the Morrow gas. At the second location, 1980 from the south, 660 from the east of Section 27, and in the notice this was the alternating location. This is the one we would prefer to drill. The reason for selecting this location over the primary initial location is that we think it gives better spacing program for drainage and for securing the most gas.

Q Would you refer to your Exhibit No. 2 and explain it to the Hearing Officer?

A Exhibit No. 2 is to locate, since this is in a highly inhabited and farmed area, the location of the residents with relation to these wells, proposed locations, and can be seen that none of them are within the immediate area of a dwelling place.

Q I refer you to your Exhibit No. 3, Mr. Lamb, and ask if you will please explain that in some detail to the

LAMB-DIRECT

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Hearing Officer?

A From Exhibit No. 2 and also from the lower-left-hand corner of Exhibit No. 3 you can see the layout of the three Morrow wells in the immediate area. The southern well is the Philmont Eron No. 1, which would be on the right-hand side of the cross section. The middle well is the David Fasken-Mary Braynard No. 1 which was a dry hole and then the Western Oil Company's Kennedy Farms No. 1, which is at "A" on the cross section. These green lines or green-colored areas of this cross section show the major sand areas of the Morrow, which are in this particular area not capable of containing and producing natural gas. The parts of the section colored yellow are those which are capable of producing gas in commercial quantity. You notice the middle well had little or none of this sand. The Philmont well on the right, which was supposed at one time to be a dual completion, had two zones which are referred to as the "A" and "B" Zones of the Morrow and they were productive.

In the Western Kennedy Well on the left-hand side there were two divisions of the "A" Zone which was split by a shale zone and containing gas. This well was completed as a commercial gas well from this "A" Zone.

The projection of the thickness of sands in the

LAMB-DIRECT

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lower-left-hand corner is purely a mechanical selection. You'll see the location in 34 would have about 32 feet of sand capable of producing gas and the one in 27, which we propose to drill would have at 35 feet, all of them being slightly less than the ~~Philmont~~ ^{FELMONT} Well to the south, which is "A" Prime on the cross section.

Q Mr. Lamb, you've not prepared a structural-contour map for introduction at this Hearing. Would you explain to the Hearing Officer why that is?

A You'll notice that the relationship of the points on the top of the Morrow on the Kennedy Well is minus 5236. The Fasken Well is minus 5287 and the Philmont Well is a minus 5502, which gives you a very definite clue that structure has no relationship to the accumulation of Morrow gas in this particular area. Therefore, there was not any need in bringing a contour or structure map. The thickness in the projection of the sand is the important key to the Morrow accumulation.

Q If you didn't make your point when you were explaining your Exhibit 3, would you tell the Commission why you picked these particular locations?

A Well, we feel that these will be the commercial locations in the south half of 34 and south half of 37 and

LAMB-DIRECT

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will grant the operator the right to produce gas which is contained under his acreage and if we were required to drill at a legal location, there would be some question as to whether they would be fully commercial in that the Western Kennedy Well had only 14 feet of pay.

Q Do you feel that these proposed locations would be contrary to the correlative rights of the offset owners?

A Not in the Morrow, no.

Q Why is that?

A Well, the Morrow sand is peculiar sand and we feel that the operator on the adjacent side to the east in this particular case, we would not be draining gas from him because we think the thicker part of the sand is probably on his land.

Q Do you believe that the drilling of these unorthodox locations will be in the best interest of conservation and would produce gas that would otherwise not be produced?

A That's correct.

Q Do you feel that these two locations will drain the south half of Section 34 and the south half of Section 27?

A That's correct.

MR. CARSON: I don't have any further questions,
— Mr. Hearing Officer.

LAMB-CROSS

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CROSS EXAMINATION

BY MR. NUTTER:

Q The only producing well, Mr. Lamb, that you referred to is the ~~Philmont~~ ^{FELMONT} Well to the south, is that correct?

A Yes. It is completed and is producing. The Kennedy Farm Well is completed for 3.6 million, but is not on the line at this point.

Q Not long ago, wasn't there a Morrow discovery made up on the northeast end of Artesia?

A Yes.

Q Up in the north of your Exhibit No. 1?

A It would be just above Section 9.

Q Has any other well been drilled east of town there?

A Yes, there's been a well drilled in Section 9, which was completed as a dry hole with very little sand accumulation and then directly east and a little north in Section 3 which is not on this plat, a dry hole was drilled.

Q I see.

A Then over in Section 11, Coquina has a well which is completed, probably in the Morrow. Some question as to whether it's in Atoka. Then, in Section 12 in the extreme northeast corner of the right-hand-upper corner, the Delaware Apache Well has been re-entered and they have an Atoka Well

LAMB-CROSS

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there, but to project this area of that far, we are learning of the Morrow that that's not quite advisable.

Q Well, now, with reference to this well in Section 34, your proposed location there would be a standard location, if you dedicated the east half of Section 34 to this well, would it not?

A That's correct, but we already have dedicated the north half to that well when we drilled it.

Q But now you would be dedicating acreage which is presumably dry acreage to the well at your proposed location?

A Well, let's say, it would be marginal.

Q That Kennedy Farm Well was a marginal well?

A Well, 3.6 million was the calculated completion on it. The Baynard Well --

Q (Interrupting) The Kennedy Farm?

A The Kennedy Farm Well was completed for 3.6 million. It had 14 feet of pay.

Q Is it producing now?

A It is capable of producing. It is not connected.

Q Oh, it is a producing well?

A It is a producing well. It is not connected.

Q I thought this was a dry hole?

A No. The Kennedy Well, Mr. Examiner, was temporarily

LAMB-CROSS

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abandoned on the original completion. As we went back in and ran pipe and fractured it and completed it for calculated open flow of 3.6 million.

Q So this ownership map reflects the time when it was temporarily abandoned?

A Yes.

Q It has since been completed, although not connected?

A That's right.

Q I see.

A And the north half of Section 34 is dedicated to that well.

Q Okay. I see.

MR. NUTTER: Are there any further questions of Mr. Lamb? You may be excused.

(Witness excused.)

MR. NUTTER: Anything further, Mr. Carson?

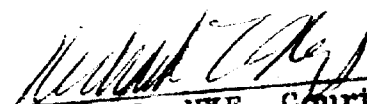
MR. CARSON: No, that's all.

MR. NUTTER: Does anyone have anything they wish to offer in Cases 5162 or 5163? We'll take the cases under advisement.

(Whereupon, Applicant's Exhibits
Nos. 1 through 3 were admitted
in evidence.)

STATE OF NEW MEXICO } ss.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5162-5163 heard by me on 1-30, 1974.


Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 992-0386



OIL CONSERVATION COMMISSION

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

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

February 22, 1974

**Mr. Joel Carson
Losee & Carson
Attorneys at Law
Post Office Box 239
Artesia, New Mexico 88210**

Re: CASE NO. 5163
ORDER NO. R-4726-A
Applicant:
Western Oil Producers, Inc.

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	<u> x </u>
Artesia OCC	<u> x </u>
Aztec OCC	

Other _____



OIL CONSERVATION COMMISSION

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

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMUO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

February 13, 1974

Mr. Joel Carson
Losee & Carson
Attorneys at Law
Post Office Box 239
Artesia, New Mexico 88210

Re: CASE NO. 5162 and 5163
ORDER NO. R-4725 and R-4726

Applicant:
Western Oil Producers, Inc.

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	<u>X</u>
Artesia OCC	<u>X</u>
Aztec OCC	

Other _____

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. 5163
Order No. R-4726-A

APPLICATION OF WESTERN OIL PRODUCERS,
INC. FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE COMMISSION:

It appearing to the Commission that due to clerical error and inadvertence, Order No. R-4726, dated February 13, 1974, does not correctly state the intended order of the Commission.

IT IS THEREFORE ORDERED:

(1) That Paragraph "(4)" on page 1 of Order No. R-4726 is hereby corrected to read as follows:

"(4) That a well at said unorthodox location 1980 feet from the South line and 660 feet from the East line of said Section 27 should encounter an additional pay zone which would not be encountered in a well drilled at an orthodox location and will better enable applicant to produce the gas underlying the proration unit."

(2) That Paragraph "(1)" on page 2 of Order No. R-4726 is hereby amended to read as follows:

"(1) That an unorthodox gas well location for the Morrow formation is hereby approved for a well to be located 1980 feet from the South line and 660 feet from the East line of Section 27, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico.

(3) That the correction set forth in this order be entered nunc pro tunc as of February 13, 1974, this order being dated February 21st, 1974.

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CASE NO. 5163


Order No. R-4726-A

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. ARMISTO, Member


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

S E A L

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. 5163
Order No. R-4726

APPLICATION OF WESTERN OIL PRODUCERS,
INC. FOR AN 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 January 30, 1974,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13th day of February, 1974, 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, Western Oil Producers, Inc., seeks
approval of an unorthodox gas well location 660 feet from the
South line and 660 feet from the East line of Section 27, Township
17 South, Range 26 East, NMPM, Eddy County, New Mexico, to test
the Morrow formation, or, in the alternative, applicant seeks
approval of an unorthodox gas well location 1980 feet from the
South line and 660 feet from the East line of said Section 27.

(3) That the S/2 of said Section 27 is to be dedicated to
the well.

(4) That a well at said unorthodox location 660 feet from
the South line and 660 feet from the East line of said Section 27
should encounter an additional pay zone which would not be en-
countered in a well drilled at an orthodox location and will
better enable applicant to produce the gas underlying the proration
unit.

(5) That no offset operator objected to the proposed
unorthodox location.

(6) That approval of the subject application will afford
the applicant the opportunity to produce its just and equitable

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CASE NO. 5163
Order No. R-4726

share of the gas in the subject 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.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for a well to be located at a point 660 feet from the South line and 660 feet from the East line of Section 27, Township 17 South, Range 26 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 27 shall be dedicated to the above-described well.


(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

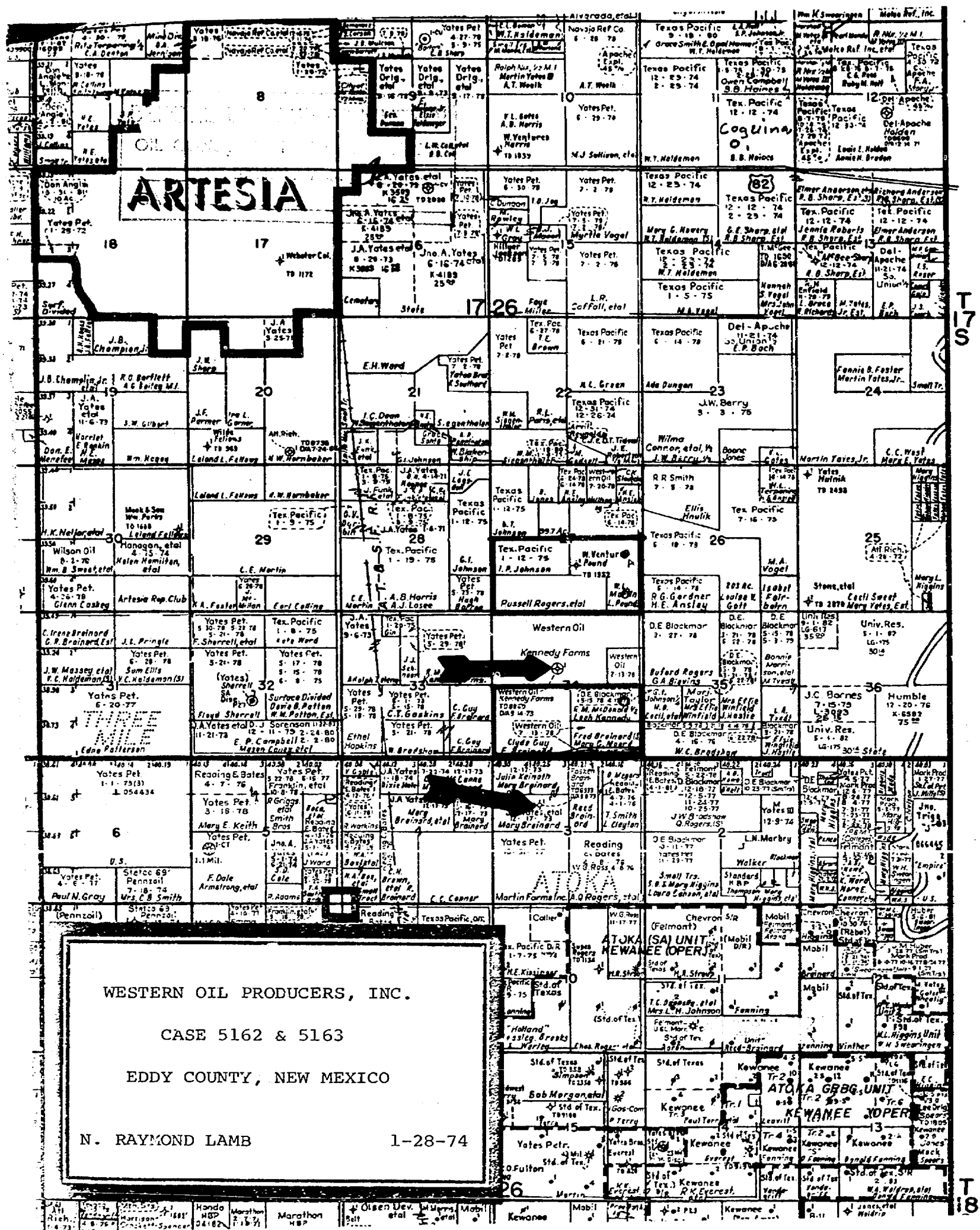
I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member


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

S E A L

jr/



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
WESTERN OIL PRODUCERS, INC. FOR AN :
UNORTHODOX GAS WELL LOCATION, EDDY :
COUNTY, NEW MEXICO :
_____ :

NO. 5163

APPLICATION

COMES WESTERN OIL PRODUCERS, INC. by its attorneys,
and in support hereof, respectfully states:

1. That applicant is the operator of the Pennsylvanian Formation underlying the S/2 of Section 27, Township 17 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and proposes to drill a well to the Pennsylvanian Formation at an unorthodox location 660 feet from the South and East lines of said Section 27, or in the alternative, at a location 1980 feet from the South line and 660 feet from the East line of said Section 27 and to dedicate the S/2 of Section 27 to the well.

2. The well drilled at the proposed non-standard location should encounter additional pay in the Pennsylvanian Formation which would not be encountered in a well drilled at a standard location and should result in greater ultimate recovery of gas.

3. That a well drilled at the proposed unorthodox location can efficiently and economically drain the S/2 of said Section 27.

4. The approval of this Application will afford applicant the opportunity to produce its just and equitable share of gas in the Pennsylvanian Formation underlying the

S/2 of said Section 27 and will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risks arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect relative rights.

WHEREFORE, applicant prays:

A. That this Application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Commission enter its order approving the unorthodox gas well location of applicant 660 feet from the South and East lines of said Section 27, or in the alternative, 1980 feet from the South line and 660 feet from the East line of said Section 27 and to dedicate the S/2 of said Section 27 to the well.

C. And for such other relief as may be just in the premises.

WESTERN OIL PRODUCERS, INC.

By: 

Joel M. Carson for
LOSEE & CARSON, P.A.
P. O. Drawer 139
Artesia, New Mexico 88210

Attorneys for Applicant

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:

APPLICATION OF WESTERN OIL PRODUCERS,
INC. FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE COMMISSION:

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(1) That Paragraph "(4)" on page 1 of Order No. R-4726 is
hereby corrected to read as follows:

"(4) That a well at said unorthodox location
1980 feet from the South line and 660 feet from
the East line of said Section 27 should encounter
an additional pay zone which would not be encountered
in a well drilled at an orthodox location and will
better enable applicant to produce the gas under-
lying the proration unit."

(2) That Paragraph "(1)" on page 2 of Order No. R-4726
is hereby amended to read as follows:

"(1) That an unorthodox gas well location for
the Morrow formation is hereby approved for a
well to be located 1980 feet from the South line
and 660 feet from the East line of Section 27,
Township 17 South, Range 26 East, NMPM, Eddy
County, New Mexico.

(3) That the correction set forth in this order be entered
nunc pro tunc as of February 13, 1974, this order being dated
February ~~14~~, 1974.

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

CASE NO. 5163
Order No. R-4726-A

DRAFT

dr/

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. 5163

Order No. R-4726

APPLICATION OF WESTERN OIL PRODUCERS,
INC. FOR AN UNORTHODOX GAS WELL
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ORDER OF THE COMMISSION

BY THE COMMISSION:

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at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of February, 1974, 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, Western Oil Producers, Inc.,
seeks approval of an ^{unorthodox} gas well location 660 feet from the South line
and 660 feet from the East line of Section 27, Township 17 South,
Range 26 East, NMPM, to test the Morrow formation, in the
Eddy County, New Mexico.

alternative, applicant seeks approval of an unorthodox
gas well location 1980 feet from the South line
and 660 feet from the East line of said Section 27.

(3) That the S/2 of said Section 27 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for a well to be located at a point 660 feet from the South line and 660 feet from the East line of Section 27, Township 17 South, Range 26 East, NMPM, _____, Eddy County, New Mexico.

(2) That the S/2 of said Section 27 shall be dedicated to the above-described well.

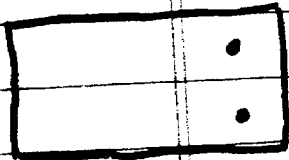
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

660 feet from the South line and 660 feet from the East line of said Section 27 shall be an offset location and

gerry lince

#2 - alternative locations



✓ 660' FSL + ELS

660' ^{OR} FEL + 1980 FSL

27 - 17S - 26E

Monrow

S/Z Sec 27
dedicated

undesignated Monrow