

CASE 5202: Application of EL  
PASO NATURAL FOR SPECIAL POOL  
RULES FOR WEST SAND DUNES-MORROW.

CASE No.

5202

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 10, 1974

EXAMINER HEARING

-----  
IN THE MATTER OF: )  
 )  
 )

Application of El Paso )  
Natural Gas Company for )  
special pool rules, Eddy )  
County, New Mexico. )  
-----

Case No. 5202

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

Thomas Derryberry, Esq.  
Legal Counsel for the  
Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant:

Sumner G. Buell, Esq.  
MONTGOMERY, FERGUSON, ANDREWS,  
HANNAHS & BUELL  
350 East Palace Avenue  
Santa Fe, New Mexico

Lease Name <b>Mobil-Federal Stepout</b>		Well No. <b>1</b>	Field <b>Dunes Morrow</b>
Location <b>Sec 29, T23S, R31E</b>		County <b>Eddy</b>	State <b>New Mexico</b>
Formation <b>L. Morrow</b>		Total Depth	Total Days <b>120</b>

TANGIBLES		PRODUCING WELL		DRY HOLE
		SUB	TOTAL	
00 TUBULAR GOODS				
01 Conductor Pipe	20 in. 750 Ft. \$/Ft.	8,500		
02 Surface Casing	13 3/8 in. 4200 Ft. \$/Ft.	53,800		
03 Inter. Casing	9 5/8 in. 12,800 Ft. \$/Ft.	197,000		
04 Inter. Lining	in. Ft. \$/Ft.			
05 Liner	5 1/2 in. 3000 Ft. \$/Ft.	15,500		
06 Production Csg.	in. Ft. \$/Ft.			
07 Tubing	3 1/2 in. 12,500 Ft. \$/Ft.	50,000		
08 Tubing	in. Ft. \$/Ft.			
09 Tubing Acces., Csg. Acces., Liner Packers, Etc.			324,800	
10 EQUIPMENT				
11 Wellhead		25,000		
12 Separation				
13 Tanks				
14 Production Equipment		30,600	55,600	
TOTAL TANGIBLES		380,400	380,400	
INTANGIBLES				
20 DRILLING COST				
21 Footage	120 Ft. \$/Ft.	240,000		
22 Daywork	2400 Da. \$/Da.	2,500		
23 Other	Da. \$/Da.			
24 Comp. Units	Da. \$/Da.			
25 Rig rental tools, chokes, etc.		60,000		
26 Rig Moving Cost		15,000		
27 Pulling or Swab. Units				
28 Third Party		5,000		
29 Other			322,500	
30 CEMENTING (INCL. FLOAT EQUIP., ETC.)				
31 Surface		25,000		
32 Interm.		20,000		
33 Liner				
34 Production		8,000		
35 Sq Jobs				
36 Others			53,000	
40 FORMATION TREATMENT				
41 Acidizing		3,000		
42 Fracturing		25,000		
43 Other	NOWSCO	3,000		
44 Tank Rental		3,000		
45 Tank Hauling			34,000	
50 SPECIAL SERVICES				
51 Perforating (set B.P. & Packers, Wireline, etc.)		5,000		
52 Mud Logging		16,000		
53 Formation Logging		17,500		
54 Testing (D.S.T., B.O.P.'s)		15,000		
55 Cores				
56 Drilling Logs (CBL, Tracer, Csg. Inspection, W.L.)		5,000	58,500	
60 DRILLING FLUIDS				
61 Mud & Chemicals		100,000		
62 Water & Brine		16,000		
63 Sq Jobs - Lost Circ.				
64 Other (Gas & Air)			116,000	
70 MATERIALS & SERVICES OTHER				
71 Bits		45,000		
72 Fuel		36,000		
73 Hauling		1,500		
74 Tubular Inspection		12,000		
75 Misc. Csg. Expense (Run Csg. Sand Blasting, Etc.)		8,000		
76 Misc. Expense		5,000	107,500	
80 LOCATION		15,000	15,000	
90 SUPERVISION & LEGAL, ETC.		20,000	20,000	
TOTAL INTANGIBLE			726,500	
Plus 5 % Contingency		36,400	36,400	
TOTAL COST		1,143,300	1,143,300	

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 5202

Submitted by EPNG

Hearing Date Apr. 9, 1974

Date <b>4-5-74</b>		PARTNER'S APPROVAL	
Prepared By <b>J. A. Sheldon</b>		Date	
Approved By		By	

I N D E X

Page

HAROLD L. KENDRICK

Direct Examination by Mr. Buell

3

Cross Examination by Mr. Stamets

8

DON LAUREL BAUMER

Direct Examination by Mr. Buell

9

Cross Examination by Mr. Stamets

15

Statement of R. L. Taylor

18

E X H I B I T

Applicant's Exhibit Number One

8

MR. STAMETS: Call the next case, 5202.

MR. DERRYBERRY: Case 5202, Application of El Paso Natural Gas Company for special pool rules, Eddy County, New Mexico.

MR. BUELL: Mr. Examiner, I am Sumner Buell of the firm of Montgomery, Federici, Andrews, Hannahs & Buell, and appearing on behalf of El Paso Natural Gas Company and I have two witnesses.

MR. STAMETS: If the witnesses will please stand and be sworn.

(THEREUPON, the witnesses were sworn.)

MR. STAMETS: Any other appearances in this case?

A PARTICIPANT: Sir, I do not wish to testify but I do wish to make a statement later.

MR. STAMETS: Okay, we will accept your statement at the end.

HAROLD L. KENDRICK

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Would you please state your name?

A Harold L. Kendrick.

KENDRICK-DIRECT

Page..... 4

Q By whom are you employed and in what capacity and where?

A I am employed by El Paso Natural Gas Company as a Senior Proration Engineer in El Paso, Texas.

Q And have you previously testified before the Commission or one of its examiners and had your qualifications accepted as a matter of record?

A Yes, sir, I have.

MR. BUELL: Are the witness's qualifications acceptable?

MR. STAMETS: They are.

Q (Mr. Buell continuing.) Are you familiar with the application of El Paso Natural Gas Company in this case, 5202?

A Yes, sir, I am.

Q Would you briefly state what that is?

A El Paso wishes to enlarge the size of the pool involved to six hundred and forty acres and to dedicate additional acreage to the well now drilled as the Mobil Federal No. 1 Well.

Q Are you familiar with the cost of the Mobil Federal No. 1 Well drilled by El Paso Natural?

A Yes, sir, I am.

KENDRICK-DIRECT

Page..... 5.....

Q And would you explain to the Examiner what those costs were?

A Our records reflect that the tangibles involved in the well amount to two hundred and ninety-seven thousand dollars. Intangibles, seven hundred and sixty-four thousand dollars. And then the production equipment necessary to produce the well into the pipeline is fifteen thousand dollars for a total charge of one million seventy-six thousand dollars.

Q And is that cost of drilling a Morrow well consistent with other wells that have been drilled in the general geographical area?

A Yes, sir, it seems to be.

Q Do you know of other wells drilled in this area and their costs?

A I know of two other wells that have been drilled in the area and I do have costs on them.

Q And what were those wells?

A One was the El Paso Arco State No. 1 Well. The other well is the Sundance Federal No. 1 Well.

Q And what were the costs on those wells?

A The Arco State No. 1 Well we show tangibles at two hundred and seventy-five thousand and intangibles at



KENDRICK-DIRECT

Page.....6.....

six hundred and ninety-six thousand and production equipment at two thousand for a total of nine hundred and seventy-three thousand dollars.

On the Sundance Federal we show tangibles at forty-two thousand, intangibles at eight hundred and ninety-three thousand, production equipment at seven thousand for a total of one million three hundred and two thousand.

Q And both of those wells are within a few miles of the subject well in this case, are they not?

A Yes, sir. The Arco State is located in Section 16, Township 23 South, 31 East. The Sundance Federal is located in Section 4 of Township 24 South, Range 31 East.

Q I hand you what has been marked for identification purposes as Applicants' Exhibit One. Can you explain what that is, please?

A This exhibit is a cost estimate for what would be regarded as a step-out to the Mobil Federal No. 1 Well to be drilled in this potash area, the oil potash area, of southeastern New Mexico in Section 29, Township 23 South, Range 31 East.

Q Would you just briefly state what the major costs for a step-out well would be?

A In this we show the total tangibles to be three

KENDRICK-DIRECT

Page..... 7.....

hundred eighty thousand four hundred dollars. The intangibles seven hundred twenty-six thousand five hundred with contingencies of thirty-six thousand four hundred dollars, total one million, one hundred and forty-three thousand, three hundred dollars.

Q And for the record, would you clarify item number 22 on this exhibit?

A Item number 22 would show the day work rate on this and just by typographical error we show two thousand days at a hundred and twenty dollars per day. It should be reversed, it should be one hundred and twenty days at two thousand dollars per day.

Q Are you aware of your own knowledge of other six hundred and forty acre spacing units in this general geographical area?

A Yes, there are some other pools in the area which have been established on six hundred and forty acres as Morrow pools.

Q And just briefly what are those pools?

A Some of them that I do know about are the Rock Tank Upper Morrow Gas Pool, Rock Tank Lower Morrow Gas Pool, Cat-claw Draw Morrow Gas Pool, Cedar Canyon Morrow Gas Pool, Rock Tank Morrow Gas Pool.

KENDRICK-DIRECT  
-CROSS

Page..... 8

There may be others that I have not listed.

Q Do I understand your testimony correctly that the west half of Section 29 that you wish to dedicate to this well is in a potash area?

A Yes.

Q And was Exhibit One prepared by you or at your direction?

A Yes, it was.

MR. BUELL: I move Exhibit One into evidence.

MR. STAMETS: Without objection Exhibit Number One will be admitted into evidence.

MR. BUELL: Nothing further of this witness.

MR. STAMETS: Will you have another witness speaking on geology?

MR. BUELL: Yes.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Kendrick, say, Exhibit Number One shows that this Mobil step-out is in Section 29 and the current well is in Section what?

A 29.

Q Both of them in Section 29?

A This Exhibit One, we asked for a cost figure to be

KENDRICK-CROSS  
BAUMER-DIRECT

Page.....9

brought up which would show what it would cost us to drill a new well in that area. So, we just marked it as a Mobil-Federal step-out for this general area.

Q So, really, this is not a planned step-out?

A No, sir.

Q Okay. It is just to show if you wanted to drill a step-out down -- and do you know if El Paso is going to drill a step-out?

A No, sir.

MR. STAMETS: Any questions of this witness? You may be excused.

(THEREUPON, the witness was excused.)

MR. STAMETS: There is one question I would like to ask Mr. Kendrick and he can just answer from his seat. What quality of a well is this Mobil well? What is the potential, is it a good well or a poor well?

MR. BUELL: This next witness was going to answer that.

MR. STAMETS: Oh, I see.

DON LAUREL BAUMER

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

DIRECT EXAMINATION

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

BAUMER-DIRECT

Page..... 10

BY MR. BUELL:

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

A Don Laurel Baumer. I am employed with El Paso Natural Gas as a Senior Reservoir Engineer.

Q Have you previously testified before the Commission or one of their Examiners?

A No, I haven't.

Q Would you give the Examiner a brief summary of your educational background and work experience?

A I attended Texas Tech College in Lubbock, Texas, and was graduated in 1957 with a Degree in Geology and a Minor in -- a Major in Geology and a Minor in Mathematics.

Immediately after graduation I was employed by El Paso Natural Gas Company in Jal, New Mexico. I worked in Jal, New Mexico for a period of eight and a half years in their gas engineering department. This department -- the two major duties were testing gas wells, connected to El Paso system in the Permian Division, and also a production section in that department maintaining production and well work on leasehold wells in the Permian Division.

My duties in that particular department was in the production section of the department.

BAUMER-DIRECT

Page.....11

Q And after completing your work at Jal, what did you do?

A While I was in Jal, I might regress a little, in 1962 my title was changed to Petroleum Engineer inasmuch as my duties with the company were of an engineering nature.

In November of 1965 I was transferred to El Paso, Texas and in the El Paso Reservoir Engineering Department as Senior Reservoir Engineer and have been in El Paso in that capacity since that date.

Q And what are your general duties as Senior Reservoir Engineer at El Paso?

A Estimating reserves and future production from wells connected to El Paso's transmission system.

Q And are you generally familiar with the West Sand Dune Morrow Gas Pools and the application in this case?

A Yes.

MR. BUELL: Are the witness's qualifications acceptable?

MR. STAMETS: They are.

Q (Mr. Buell continuing.) Briefly would you give us a history of the Mobil Federal No. 1 that is presently drilled in the east half of Section 29?

A The well was spudded and commenced on September

BAUMER-DIRECT

Page..... 12

Thirty, 1972. It was completed in February of 1973, in the Morrow sand with overall perforations from fourteen thousand three hundred seventy-five feet to fourteen thousand five hundred and ninety-nine feet. The well had an initial potential of 4.5 million cubic feet per day. The well was connected to El Paso's pipeline and commenced delivery on March the twenty-second, 1973.

Cumulative productions through February of 1974 amounted to one thousand and ninety two million cubic feet. On May Seventh, 1973, a seventy-two hour well-head pressure was observed on the well. Later during the same month, May Fifteenth through the Eighteenth, a bottom hole build-up pressure survey was conducted.

Q Based on the testing of the well and its history of performance, have you made calculations as to the reserve attributable to this well and the economics associated with it?

A Yes, sir, I have. From the pressures that were obtained as I mentioned earlier and with the cumulative productions to date of the tests, I have been able to estimate the reserves for the well and along with the price being received together with the well's deliverability I was able to forecast production of income that is to be anticipated

BAUMER-DIRECT

Page.....13.....

from its completion.

Q Would you go ahead and explain what you found out?

A Yes. From the May, 1971, shut-in pressure information as I mentioned earlier, I was able to determine a minimum and maximum reserve attributable to this well.

I estimate a minimum reserve of 2.7 billion cubic feet based on the initial seventy-two hour wellhead shut-in pressure and the subsequent May, 1973, wellhead shut-in pressure, and a maximum reserve based on bottom hole buildup data of 5.4 bcf. Both of these reserves are in place values.

Assuming a price of thirty-five point-o-four cents per mcf, that is the current price being paid for the gas-producing well, together with contract price escalation, assuming a normal royalty and current ad valorem and production taxes and operating costs of sixteen hundred dollars per year, I estimate future income to be five hundred and ninety-one thousand dollars for the 2.7 bcf reserve and one million thirty thousand dollars for the 5.4 bcf reserve.

Both of these values are discounted ten per cent per year.

Q Based on Mr. Kendrick's testimony that an additional well would cost approximately one million one hundred and forty-three thousand dollars, and your testimony that the



BAUMER-DIRECT

Page.....14

maximum return that can be expected would be one million thirty thousand dollars, is this a favorable return to El Paso Natural Gas Company?

A. No, sir, it isn't.

Q. In your opinion does the Morrow formation underlie the entire west half of Section 29?

A. Yes, sir, it does. The Morrow formation is consistent -- not consistent, but is present over the area. The Morrow, itself, as far as the pay zones are concerned are very inconsistent. It is difficult to correlate between one well and another. The pay zones that I -- that are producing from the Mobil Federal No. 1 Well, it is reasonable to assume that the pay zones do extend over in the west half of Section 29.

Q. Is it your opinion that the present Mobil Federal No. 1 can adequately drain any of the stringers over under the west half that are connected?

A. Yes, sir, they do in my opinion.

Q. Okay. Would the drilling of a step-out well here in the west half be economically attractive to El Paso Natural?

A. No, assuming that a well could be completed over in the west half of the Section in the maximum reserve that I have mentioned earlier, it would be uneconomical to drill

BAUMER-DIRECT  
-CROSS

Page.....15.....

a well based on our estimated costs for drilling such a well.

Q Is it your opinion that the granting of this application would prevent waste and protect correlative rights?

A Yes.

MR. BUELL: I have nothing further.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Baumer, you indicated that as of February, 1974, the wells cumulative production was a thousand and ninety-two million cubic feet?

A One million, ninety-two million.

Q Okay. One million, ninety-two million cubic feet, okay.

Is this the only well completed in that pool?

A Yes, sir, it is.

Q What is the closest Morrow well to this one?

A I would say to the north, El Paso Arco State No. 1 -- that's not the closest well -- Sundance Well, approximately two miles to the south is a Penn completion and Texas American Todd State 36 No. 1 Well, located in Section 36, 23, 31 is a Morrow completion.

Q And that is what, approximately five miles to the

BAUMER-CROSS

Page.....16.....

east?

A Yes, sir.

Q So, it is a safe conclusion that there is no other Morrow well within a mile in any direction of the well under consideration here?

A Yes, sir.

Q What geological evidence did you use to predict that the pay zone in the Mobil Well extends and covers the entire six hundred and forty acres in Section 29?

A I didn't mean to infer that I considered the entire Section to be -- that the entire pay zone in the Mobil Federal No. 1 did cover the entire Section.

Q Is it possible that there are other pay zones in Section 29 that are not being drained by the Mobil Well?

A I couldn't say. I would not know.

Q Is it typical for the Morrow formation to be composed of a number of stringers which vary in quality from one well to another and may be productive in one-half of a Section and not productive in another half and may be closer than thirteen hundred and twenty feet?

A Yes, sir, it has happened.

Q So, it would be possible that the situation could exist in Section 29 and we just can't see it because there

BAUMER-CROSS

Page.....17.....

are no other wells there?

A. No other information to go on, right.

Q. I see. From the original witness's testimony here no well is contemplated at this time?

A. No, sir. I would like to add that it is also possible that, and I am sure that the Commission is aware, that should a well be drilled in the west half that no pay zones could be found in that Section, half Section.

Q. It could be completely dry?

A. Right.

Q. And it would be inappropriate to dedicate six hundred and forty acres to this well because it would be dry on the other side.

Would the dedication of six hundred and forty acres change the recovery from this particular well?

A. No, sir.

Q. If I understand the situation properly here, and I would like to kind of summarize the way it appears, we have one well located on the east half of Section 29, complete in the Morrow formation?

A. Yes.

Q. There are no other wells offsetting this to make a determination of the exact characteristics of the Morrow

BAUMER-CROSS

Page 18

formation underlying this Section?

A. We only have this one well.

Q. So there is no concrete evidence to say that the sand is a channel sand, a beach sand, a Morrow sand, or that it extends only a hundred and sixty acres, or three hundred and twenty acres or six hundred and forty acres or whatever?

A. True.

MR. STAMETS: Are there any other questions of this witness? You may be excused.

(THEREUPON, the witness was excused.)

MR. BUELL: We have nothing further.

MR. STAMETS: Is there anything further in this case? I believe you had a statement, sir. Would you give your name to the reporter?

MR. TAYLOR: My name is R. L. Taylor. I am employed by Hunt Oil Company in Midland, Texas, and as District Land Supervisor and my statement is as partial owner in the working interest in the well we fully concur in the application of El Paso Natural Gas.

MR. STAMETS: Thank you, sir. Is there anything further in this case? We'll take the case under advisement.

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

I, SIDNEY F. MORRISH, 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.

*Sidney F. Morrish*  
SIDNEY F. MORRISH, Court Reporter

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5202  
heard by me on April 10, 1974.  
Richard L. Stamm, Examiner  
New Mexico Oil Conservation Commission

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

5202

El Paso

Seeks extension of W. Sand Dunes  
Morrow Pool to include ~~640 acres~~  
all of

- 1 That Commission previously created  
The W. Sand Dunes Morrow Gas Pool.
- 2 That there is only one well in said  
pool being EPN 6 Mobil Fed  
1 in unit? 29-23-31
- 3 Applicant seeks extension of pool  
to include all of Sec 29
- 4 Seeks special pool rules  
including 640 acre spacing
- 5 Did not show that a  
well located in said pool  
would drain 640 acres

D E N Y

Look at Union order last month

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 10, 1974

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:

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for May, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for May, 1974.

CASE 5201: Application of Mobil Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 33, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to form a standard 320-acre proration unit to be dedicated to a well to be drilled at a standard location for said unit. 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 5202: Application of El Paso Natural Gas Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Sand Dunes-Morrow Gas Pool in Township 23 South, Range 31 East, Eddy County, New Mexico, including a provision for 640-acre spacing.

CASE 5203: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,230 feet to 13,320 feet in his Getty State L-736 Well No. 1 located in Unit D of Section 32, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 4790: (Reopened)

In the matter of Case No. 4790 being reopened pursuant to the provisions of Order No. R-4370, which order established temporary rules for the Dublin-Ellenburger Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.



- CASE 5204: Application of Cities Service Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Government T Well No. 1 located in Unit C of Section 14, Township 20 South, Range 28 East, Russell Field, Eddy County, New Mexico, in such a manner as to produce gas from the Wolfcamp and Morrow formations through the casing-tubing annulus and tubing, respectively.
- CASE 5205: Application of Cities Service Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Paslay "A" Com Well No. 1 located in Unit K of Section 8, Township 22 South, Range 27 East, Eddy County, New Mexico, to produce gas from undesignated Strawn and Morrow gas pools through the casing-tubing annulus and tubing, respectively.
- CASE 5211: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 8, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to its Paslay Well No. 1, located in Unit K of said Section 8. 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 5212: Application of Cities Service Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Citgo Empire-Abo Unit Area comprising 361 acres, more or less, of Federal and State lands in Townships 17 and 18 South, Range 27 East, Empire-Abo Pool, Eddy County, New Mexico.
- CASE 5213: Application of Cities Service Oil Company for a pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its Citgo Empire-Abo Unit, Empire-Abo Pool, Eddy County, New Mexico, by the injection of gas into the Abo formation through a well to be drilled at an unorthodox location 990 feet from the South line and 2635 feet from the East line of Section 35, Township 17 South, Range 27 East. Applicant further seeks the establishment of special rules for said pressure maintenance project including a provision for the operation of the project under a net GOR rule and the establishment of a gas injection credit "bank" against which injection credit could be drawn in order to maintain full allowables during such times as injection plant shut-downs, etc.

- CASE 5206: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle West Warren-Blinebry and East Skaggs-Drinkard production in the wellbore of its SEMU Burger Well No. 21 located in Unit O of Section 19, Township 20 South, Range 38 East, Lea County, New Mexico.
- CASE 5207: Application of Craig Folsom for a non-standard proration unit and compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying a non-standard oil proration unit comprising the SW/4 NE/4 SE/4, NW/4 SE/4 SE/4, NE/4 SW/4 SE/4, and the SE/4 NW/4 SE/4 of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1340 feet from the South line and 1300 feet from the East line of said Section 12, said location having been previously been approved by Order No. R-4750. 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 5208: Application of S. P. Yates for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-3221, as amended, authority to dispose of produced salt water in an unlined surface pit on its Federal LC 065598 lease in the SW/4 SW/4 of Section 4, and the NE/4 of Section 5, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.
- CASE 5209: Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Estacado Unit Area comprising 1280 acres, more or less, of State and fee lands in Township 14 South, Range 35 East, Lea County, New Mexico.
- CASE 5210: In the matter of the application of the Oil Conservation Commission on its own motion for the contraction of the House-Tubb Gas Pool by the deletion of all of Section 12, Township 20 South, Range 38 East, Lea County, New Mexico, and the creation of the East House-Tubb Oil Pool comprising all of the NW/4 of said Section 12.
- CASE 5214: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Robb Spring Unit Area comprising 6402 acres, more or less, of State, Federal, and fee lands in Townships 23 and 24 South, Range 25 East, Eddy County, New Mexico.
- CASE 5215: Application of Morris R. Antwell for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order

Examiner Hearing - Wednesday - April 10, 1974

Docket No. 9-74

-4-

(Case 5215 continued from Page 3)

pooling all mineral interests in the Pennsylvanian formation underlying the S/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 for said unit. 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.

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. 5202  
Order No. R-4764

APPLICATION OF EL PASO NATURAL  
GAS COMPANY FOR SPECIAL POOL  
RULES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 10, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of April, 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 West Sand Dunes-Morrow Gas Pool was established by Commission Order No. R-4540, dated May 31, 1973, which order designated the horizontal limits of said pool as comprising the E/2 of Section 29, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) That wells within the pool are governed by the State-wide Rules for Southeastern New Mexico which prescribe, in part, 320-acre spacing.

(4) That the applicant, El Paso Natural Gas Company, seeks the extension of the horizontal boundaries of the subject pool to include the W/2 of said Section 29 and the promulgation of special pool rules for said pool, including a provision for 640-acre spacing.

(5) That at the present time there exists only one well in the subject pool, that being the applicant's Mobil Federal Well No. 1, located in the E/2 of Section 29.

(6) That the evidence presently available does not establish that one well can efficiently and economically drain 640 acres within said pool.

-2-  
CASE NO. 5202  
Order No. R-4764

(7) That in order to prevent the reduced recovery occasioned by the drilling of an insufficient number of wells and to otherwise prevent waste and protect correlative rights, the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company in the subject case is hereby denied.

(2) 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

  
*A. J. Garza*  
ALEX. C. ARMAJO, Member

*A. L. Porter, Jr.*  
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

I. R. TRUJILLO  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

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

April 16, 1974

Mr. Sumner Buell  
Montgomery, Federici, Andrews,  
Hannahs & Buell  
Attorneys at Law  
Post Office Box 2307  
Santa Fe, New Mexico

Re: CASE NO. 5202

ORDER NO. R-4764

R  
Applicant:

El Paso Natural Gas Co.

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       

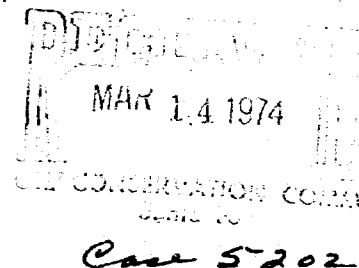
Other Mr. Neil J. Beck, El Paso Natural Gas Co., El Paso

*For Fearing*  
*El Paso* Natural Gas Company

El Paso, Texas 79978

March 11, 1974

New Mexico Oil Conservation Commission  
Post Office Box 2088  
Santa Fe, New Mexico 87501



Attention: Mr. A. L. Porter, Jr.  
Secretary - Director

Gentlemen:

By Order No. R-4540 dated May 31, 1973, the Commission created the West Sand Dunes-Morrow Gas Pool and included within it the East half of Section 29, Township 23 South, Range 31 East, NMPM. El Paso Natural Gas Company hereby requests that said West Sand Dunes-Morrow Gas Pool be extended to include the West half of Section 29, Township 23 South, Range 31 East, NMPM, that the present 320 acre spacing in said Pool be changed to 640 acre spacing, and that the Mobil Federal No. 1 well, drilled to a depth of 14,890 feet at an orthodox location in the East half of Section 29 and currently producing from the Morrow Sandstone Formation, be designated as the unit well. The granting by the Commission of the requests in this application will result in the protection of correlative rights and in the prevention of waste.

Those parties who to applicant's knowledge may have an interest in this matter are as follows:

Hunt Oil Company, 1401 Elm, Dallas, Texas 75202  
Atlantic Richfield Company, P. O. Box 1610, Midland, Texas 79701  
Hondo Oil & Gas Company, P. O. Box 1610, Midland, Texas 79701  
Phillips Petroleum Company, Phillips Building, 4th and Washington Streets, Odessa, Texas 79760  
Getty Oil Company, P. O. Box 1231, Midland, Texas 79701  
Mobil Oil Corporation, 201 Wall Building, Midland, Texas 79701  
Northern Natural Gas Company, 401 Wall Towers West, Midland, Texas 79701  
Bureau of Land Management, P. O. Box 1449, Santa Fe, New Mexico 87501  
Cities Service Oil Company, P. O. Box 300, Tulsa, Oklahoma 74102  
Champlin Petroleum Company, P. O. Box 9365, Ft. Worth, Texas 76107  
Sundance Oil Company, 1776 Lincoln Street, Suite 510, Denver, Colorado 80203  
Amoco Production Company, P. O. Box 3092, Houston, Texas 77001  
McMoran Exploration Company, 3400 The Plaza Tower, New Orleans, Louisiana 70113

BOOKED

3-29-74  
Date

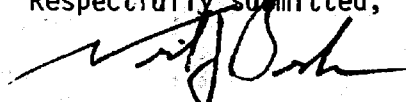
New Mexico Oil Conservation Commission

Page 2

March 11, 1974

El Paso respectfully requests a hearing on this matter before an Examiner in the Commission's offices in Santa Fe at the Commission's earliest convenience.

Respectfully submitted,



Neil J. Beck  
Senior Counsel

NJB:c1



Application of El Paso Natural Gas  
Company for special pool rules,  
Eddy County, New Mexico

Case 5202

FACTS

(1) Jurisdiction

(2) That the West Land Dunes - Morrow Gas Pool was established by Commission Order No. R-4540, dated May 31, 1973, which order specified the horizontal limits of said pool as comprising the E/2 of Section 29, Township 23 South, Range 31 East, N14PM, Eddy County, New Mexico.

(3) That the spacing of wells within the pool is governed by the Statewide Rules for Southeastern New Mexico which prescribe 320-acre spacing.

(4) That the applicant, El Paso Natural Gas Company seeks the extension of the horizontal boundaries of <sup>the</sup> subject pool to include the W/2 of said Section 29 and the promulgation of special pool rules for said pool, including a provision for 640-acre spacing.

(5) That at the present time there exists only one well in the subject pool, that being the applicant's Mobile Federal No. 1 well, located in the E/2 of Section 29.

(6) That the evidence presently available does not indicate that one well can efficiently and economically drain 640 acres.

(7) That in order to prevent the reduced recovery occasioned by the drilling of an insufficient number of wells and to otherwise prevent waste and protect correlative rights, the subject application should be denied.

ORDERED

(1) That the application of El Paso Natural Gas company in the subject case is hereby denied.

(2) Jurisdiction

DONE

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. 5202

Order No. R-4764

APPLICATION OF EL PASO NATURAL GAS  
COMPANY FOR SPECIAL POOL RULES,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 10, 1974,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of April, 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 West Sand Dunes-Morrow Gas Pool was established  
by Commission Order No. R-4540, dated May 31, 1973, which order  
designated specified the horizontal limits of said pool as comprising the  
E/2 of Section 29, Township 23 South, Range 31 East, NMPM,  
Eddy County, New Mexico.

-2-

CASE NO. 5202  
Order No. R-

(3) That the ~~spacing of~~<sup>are</sup> wells within the pool ~~is~~ governed by the Statewide Rules for Southeastern New Mexico which prescribe, <sup>in part,</sup> 320-acre spacing.

(4) That the applicant, El Paso Natural Gas Company, seeks the extension of the horizontal boundaries of the subject pool to include the W/2 of said Section 29 and the promulgation of special pool rules for said pool, including a provision for 640-acre spacing.

(5) That at the present time there exists only one well in the subject pool, that being the applicant's Mobil Federal Well No. 1, located in the E/2 of Section 29.

(6) That the evidence presently available does not <sup>establish</sup> indicate that one well can efficiently and economically drain 640 acres. <sup>within said pool.</sup>

(7) That in order to prevent the reduced recovery occasioned by the drilling of an insufficient number of wells and to otherwise prevent waste and protect correlative rights, the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of El Paso Natural Gas Company in the subject case is hereby denied.

(2) 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.