

CASE 5228: Application of DAVID
FASKEN FOR CREATION OF TWO POOLS
AND A DUAL COMPLETION, EDDY CO.

CASE No.

5228

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 25, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of David Fasken for
the creation of two pools and a
dual completion, Eddy County,
New Mexico.

Case No.
5228

BEFORE: Richard L. Stamets, Examiner

For New Mexico Oil Conservation
Commission:

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

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

For the Protestant:
(Inexco Oil Corp.)

Jason Kellahin, Esq.
and
Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico

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MR. STAMETS: Case 5228.

MR. CARR: Case No. 5228. Application of David Fasken for the creation of two pools and a dual completion, Eddy County, New Mexico.

MR. BUELL: Mr. Examiner, I am Sumner Buell appearing on behalf of David Fasken. We have two witnesses and I ask that they be sworn.

MR. STAMETS: Are there any other appearances in this case?

MR. JASON KELLAHIN: If the Examiner please. Jason Kellahin and Tom Kellahin appearing on behalf of Inexco Oil Corporation. We may or may not have a witness. I would much prefer to stipulate the testimony of Mr. Henry together with the testimony we offered in the other case.

(Whereupon, a discussion was held off the record.)

MR. STAMETS: The Hearing will come to order, please.

We are going to continue the proceedings until 6:30 and if by that time the case has not been completed, we will recess the Hearing until 9:00 o'clock in the morning.

Will the two witnesses stand and be sworn?

MR. JASON KELLAHIN: If the Examiner please, the same identical questions are involved in this case as were involved in the preceding case insofar as the Morrow formation is concerned, and to repeat the testimony both on the part of the Applicant in this case and on the part of Inexco, who would be the Protestant in this case, would be extremely burdensome and wholly unnecessary in our opinion, and we ask that the entire record in the preceding case be incorporated in this case, both direct and cross examination of all the witnesses and all of the exhibits. If Mr. Buell feels it is necessary to supplement the testimony insofar as the Morrow is concerned, that would be his right, of course, but to repeat the testimony would be extremely burdensome and an imposition on the Commission.

MR. BUELL: Mr. Examiner, I don't know whether that is in the form of a Motion or a protest to the hearing. We feel that we have filed an application with this Commission and we feel that we have a right to a hearing before the Commission on our Application in the form that we would like to present. We would not like to burden the Commission. We will try to be brief, but we feel that we are entitled to proceed in an orderly fashion to make

certain that our Application is fully supported by evidence adduced by us in proper sequence and that this one proceeding can stand on its own with its own transcript. We would also point out that in the prior proceeding, there was some difficulty with proper advertisement, and we would not like the question of that proceeding to affect this proceeding in any way.

MR. STAMETS: Mr. Kellahin, I am going to withhold any action to your Motion at the present time, but I will consider it before the end of the hearing, and I would like to proceed and see how the testimony develops here, and after they have had a chance to present their witnesses, I would re-entertain your Motion.

MR. JASON KELLAHIN: It would seem to me, Mr. Examiner, that to defer the ruling would merely open up the case for repetition of the testimony that they offered in the preceding case.

MR. STAMETS: Mr. Kellahin, we will incorporate the entire record in Case 5226 in this case, and that will in no way alter the consideration that will be given to the testimony adduced in this case brought forth, Case 5228.

MR. JASON KELLAHIN: Just to make sure I

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understand what you say, that in no way will alter the considerations to be given to this testimony. You will, I would assume, consider the testimony in the preceding case insofar as it may be rebuttal testimony over here?

MR. STAMETS: Yes, I think what I am trying to say is, if there were errors in the advertisement of the preceding case or if there are errors in well descriptions, that those descriptions as they are set out in the advertisement in this case, Case 5228, will not be discredited because of potential errors in Case 5226.

MR. JASON KELLAHIN: I have no objection to that.

MR. BUELL: I would like the record to reflect that we strongly object to that.

JAMES B. HENRY

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

DIRECT EXAMINATION

BY MR. BUELL:

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

A My name is James B. Henry. I am employed as a consulting engineer on retainer to David Fasken to furnish such engineering advice as I am called upon, plus I do

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operate and supervise a field management of Mr. Fasken's drilling operation and his producing wells.

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

A Yes, I have.

Q Were your qualifications accepted as a matter of record?

A Yes, they were.

MR. BUELL: Are the witness' qualifications acceptable?

MR. STAMETS: They are.

BY MR. BUELL:

Q Would you briefly describe what is sought in the Application in this case, 5228?

A This is the Application of David Fasken for a dual completion and the designation of two new fields, one being the Avalon Strawn Field and one being the Avalon Morrow Field to cover a 320-acre area, being Lots 9 through 16, inclusive, of Section 3, Township 21 South, Range 26 East, Eddy County, New Mexico.

On this tract, Mr. Fasken has drilled and completed a well designated as the El Paso 3 Federal No. 1 which is productive of gas condensate from the Strawn

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formation and gas from the Morrow formation, the Strawn having had an absolute open flow potential of 37 million cubic feet of gas per day. It was placed on stream yesterday afternoon at 2:15 and is selling gas. The Morrow zone is shut in pending the approval of this Application to dually complete in the Morrow Zone.

Q I refer you to what has been marked for identification as Exhibit No. 1. Would you describe what that is?

A Exhibit No. 1 is a land plat of the area surrounding the area which we propose to place in the Avalon Strawn and Avalon Morrow Pool. The blue acreage including the yellow-red hatched area designating the proposed field is a working interest unit composed of several operators of which Mr. Fasken is the operator. The red areas enclosing certain wells with the dry-hole symbol are those areas which have wells which have drilled through and found the Strawn non-productive. The nearest Strawn producing fields are to the east in the Burton Flat Field and is delineated by a red line along the north line of Section 3 of 21, 27 down the west line of Section 3 and Section 10 and then eastward along the south line of Section 10. The other area in the nomenclature book is listed as East Catclaw Draw Strawn Field

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being Section 18 of Township 21, 26. There is some confusion about this in the production records listed in the Catclaw Strawn and the interval producing in that well we believe to be within the Atoka formation.

Q Now, I refer you to what has been marked as Exhibit No. 2, and ask you to describe what that is?

A Exhibit No. 2 is a land plat of the area between the Catclaw Draw Morrow Pool and the Burton Flat Morrow Pool.

MR. JASON KELLAHIN: (Interrupting) Pardon me. Do you have any copies of the exhibit, please?

THE WITNESS: (Continuing) The blue shaded area is the David Fasken Avalon working interest unit of which Mr. Fasken is the operator on which we recently drilled and completed the El Paso 3 Federal No. 1 in the Morrow Zone, the well being located in Lot 11 of Section 3, being the same well as shown on the Strawn exhibit, and we are asking for 320-acre drilling and spacing unit assigned to this well under state-wide rules to be designated as the Avalon Morrow Field.

The yellow circled wells denote those wells producing from the Strawn. The red circled wells with the dry-hole symbol denotes those wells that have found

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the Morrow unproductive. Excuse me, I said the yellow lines were Strawn. Those should be Morrow producers. The red are those drilled through the Morrow and are unproductive. The green are active drilling locations in the area that are projected to a Strawn depth and a Morrow depth. The yellow lines around the 320-acre drilling and spacing units, and in two cases, around 640-acre drilling and spacing units, designate those proration drilling and spacing units that have been approved for the drilling of these wells. There are two wells adjacent to the Catclaw Draw Field that have approved drilling and spacing units of 640 acres and there are nine 320-acre drilling and spacing units for Morrow production within and directly off-setting this area.

Q And those nine do not include the subject well that is the subject of this Application?

A That is correct.

Q I hand you what has been marked for identification as Applicant's Exhibit No. 3.

A Exhibit No. 3 is a correlation of logs in the area surrounding the proposed new field designation and dual completion. It shows the uppermost correlation markers staggered here because the logs are hung on the Middle Morrow Shale, the green line depicted through the

middle of the Morrow interval. The uppermost zone is the top of the Pennsylvanian carbonate. The areas highlighted in blue in the interval above the brown shaded marker is designated as Canyon. It produces in two wells in the area, the Arco State B.O. No. 1 in Section 15 of Township 21, 26 and the David Fasken El Paso 2 Federal No. 2 and also produces in the Ralph Lowe Hanson Federal No.1 to the north of the proposed area.

The productive intervals in these wells have been designated in the center tract with the red shading of perforated intervals. Down below this interval and down below the brown marker and down to the markers shaded in green, is designated the Strawn Interval. In this area the Strawn is a highly variable formation. In part of the area it is characterized by sand and shale sequence, and in another part of the area it is a thick carbonate and largely siliceous limestone. The only well producing out of it of any significance has been the David Fasken El Paso 3 Federal which is perforated from 9847 to 55 and 9910 to 9922. The well was completed for 37 million absolute open flow, with gas condensate ratio 22 barrels per million. The interval down to the red line is the Atoka formation, the red line depicting

HENRY-DIRECT

the contact between the Atoka and Morrow Clastics with an intervening lime above the red line that is sometimes referred to as the Morrow Lime and which some systems of nomenclature call the Morrow.

Down in the Morrow Zone, the one we are seeking the new field designation for, is the one located in David Fasken's El Paso 3 Federal No. 1 and which is the 6th log from the right and the perforated is shown by the red area from 10,708 to 10,726, and that interval is the zone which we are seeking to place in the Avalon Morrow Gas Pool. We intend to include the entire interval, but that is the producing interval. That well has been tested at rates up to 4 million cubic feet per day on actual flow rate and will be tested after this order is entered and has been produced in the Morrow side and we run an absolute open flow potential. The well is completed now with two springs of tubing awaiting completion. The area in here is highly lenticular. The lower Morrow or C-Zone is depicted below this green line. The two wells on the right are in the Catclaw Draw Field, one being a water producer and non-productive in the lower C-Zone, the other being the Texaco Levers Federal which is productive in the zone, the Fasken dry-hole in

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Section 7 which produced water at a zone higher than gas productive intervals in the Catclaw Field indicating that it is separated from Catclaw Field, the Atlantic State B.O. No. 1, a very thick section of water bearing sand in the lower Morrow, the David Fasken El Paso 2 Federal, as shown as the fifth log on here which had a very thick tight section in the lower Morrow, The El Paso 3 Federal was non-productive in commercial quantities from the lower Morrow, although it did recover some gas. The dry-flow Hanson Federal No. 1 was non-productive in the lower Morrow. The Monsanto Avalon Hills was productive in the lower Morrow immediately adjacent to the area bounded by Burton Flats, the last well over here being the Burton Flats Well of Mobil Oil Corporation, being their Q.Q. Federal No. 1.

The green area above the green line extending across here is the Middle Morrow Shale. The zone is well defined in the Morrow and is a good correlation marker. Within it there is a sand development occasionally known as the Nan-Bet Zone in the Middle Morrow, or B-Zone that lies between the green line and the blue line at the base of the carbonate section in the upper Morrow or A-Zone. This zone was tested in the David Fasken El Paso 2 Federal

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No. 2 and very rapidly depleted. It has been abandoned. The zone comparable to the David Fasken El Paso 3 Federal No. 1 producing zone appears in the Avalon Hills No. 1 of Monsanto Company, Incorporated and is producing, however, they are separated by a dry hole being the David Fasken El Paso 2 Federal No. 2 which did not have any sand development.

The upper Morrow A-Zone is not productive in the east end of the field. It is a very siliceous lime and silting sand in that area. And then coming on to the west, produced water in the David Fasken Avalon Hills -- Avalon State No. 1 -- and appears to be gas productive in the Texaco Levers No. 1 but was never perforated.

The object of all these lenticular sands and correlations here is to show that the David Fasken El Paso 3 Federal No. 1 is a new discovery of hydrocarbons in the Morrow that is completely separated from existing areas in the Burton Flat and Catclaw Fields which are the nearest gas pools in the Morrow to this area.

Q Would it be a fair summation to say that although you may have a continuity of sand there, the producing characteristics of those sands are highly

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erratic from well to well?

A Yes, sir.

Q Would you briefly describe what you believe to be the characteristics of the Morrow formation in this area and your reasons for those, such as the trends and what have you?

A We believe that the Morrow sands in here lie in narrow bands. By "narrow," I mean that the width is a small multiple of the length of most of these sand accumulations that are gas bearing, and that development of this area on 320-acre spacing under state-wide rules has proceeded rapidly and orderly at this time, and we are asking only for a field designation with rules identical to state-wide rules to continue this orderly development that is serving the operators well and proceeding with land as well as geological and engineering problems to develop.

Q Were Exhibits 1 through 3 prepared by you or under your supervision?

A Yes, they were.

MR. BUELL: We move their introduction at this time.

MR. STAMETS: They will be so admitted.

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(Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were marked for identification and admitted in evidence.)

BY MR. BUELL:

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

A Yes, it is.

MR. BUELL: I have nothing further of this witness.

MR. STAMETS: Any questions of the witness, Mr. Kellahin?

CROSS EXAMINATION

BY MR. JASON KELLAHIN:

Q Mr. Henry, your Exhibit 3, insofar as it shows the Morrow formation, is that identical to your Exhibit B in the preceding case?

A Yes, sir.

MR. KELLAHIN: Nothing further.

MR. STAMETS: If there are no further questions, the witness may be excused.

(Witness dismissed)

MR. BUELL: I call Mr. Claiborne to the stand.

P. MICHAEL CLAIBORNE

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Would you state your name, please?

A P. Michael Claiborne.

Q By whom are you employed and in what capacity?

A By Henry Engineering of Midland, as a petroleum engineer.

Q Since you have not previously testified before this Commission or one of its Examiners, would you give the Examiner some of your educational background and work history?

A I am a 1971 graduate of the Colorado School of Mines. I have a Bachelor of Science degree in Chemical and Petroleum Engineering. I worked for Cities Service for approximately 20 months in Brownfield, Texas as a petroleum engineer. My duties with Cities Service included well completion, re-completion work. These included single, dual and triple completions. Also responsibilities including operation of several secondary recovery projects, primarily waterflood, and the general

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production problems associated with them. For the past 15 months, I have been employed by Henry Engineering of Midland in much the same capacity as I was with City Service with the addition of the supervision of drilling operations.

Q And you are familiar with what is sought in this Application so far as the dual completion is concerned?

A Yes, I am.

MR. BUELL: Are the witness' qualifications acceptable?

MR. STAMETS: Any voir dire? They are acceptable.

BY MR. BUELL:

Q I will refer you to what has been marked as Applicant's Exhibit No. 4 and ask you to explain what that shows?

A Exhibit 4 is a plat showing the location of the proposed dual completion, the El Paso 3 Federal No. 1, operated by David Fasken. It also shows the proposed 320-acre production unit shown hatched outlined in yellow. The well location is designated by the yellow and orange shaded circles. I have also shown an off-set producer, a canyon producer, the David Fasken El Paso 2 Federal No. 2. It is shaded in red, and its proration unit is also hatched, but not outlined in yellow.

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Also, I have shown the operators of off-setting leases.

Q I refer you to what has been marked as Exhibit No. 5 and ask you to explain what that shows?

A Exhibit No. 5 is a schematic diagram of the well, the down-hole well equipment. I have shown the surface and intermediate casing strings with cement circulated to surface and five-and-a-half-oil-string casing set at 10,997 feet with cement top at 6800 feet. You will notice that the oil-string casing has been rough-coated and centralized opposite both producing intervals to insure a better cement bond to the pipe and prevent comingling of these zones in the casing annulus.

I have shown the Morrow pay zone perforations and production scheme shaded in orange. The Morrow perforations, as stated earlier, from 10,708 to 10,726 feet. I have shown the Strawn gas pay zone perforations and production scheme shaded in yellow. The Strawn perforations include from 9847 to 9928. Depicted is a permanent packer set above the Morrow Zone, 10650 feet. This will serve to isolate the two proposed zones of this dual completion. Also, a dual production packer set above the Strawn Zone at 9750 feet. This will serve to isolate the Strawn gas from the tubing casing annulus above.

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You will notice that both zones will be produced through separate strings of 2 and 1/16 inch tubing.

As an added precaution, we have installed blast joints in the long string tubing opposite the Strawn perforation. This will protect the long string tubing from mechanical erosion with the entry of well solids and/or fluids.

Q Were Exhibits 4 and 5 prepared by you or under your supervision?

A Yes, sir.

MR. BUELL: I move their introduction.

MR. STAMETS: Without objection, they will be so introduced.

(Whereupon, Applicant's Exhibits Nos. 4 and 5 were marked for identification and admitted in evidence.)

BY MR. BUELL:

Q In your opinion, will the engineering arrangement as shown in Exhibit No. 5 effectively separate the Strawn zones and Morrow zones and the production from each zone from each other?

A Yes, it will.

Q Is it your opinion that the granting of the

CLAIBORNE-DIRECT

Application will prevent waste and protect the correlative rights?

A Yes, sir.

MR. BUELL: I have nothing further.

MR. STAMETS: Mr. Claiborne, if it would become necessary, can seal assemblies be set in the packers to seal off the Morrow zone or seal off the Strawn zone?

THE WITNESS: Yes, sir. Currently there is a plug in the permanent packer at 10,650. There is also a profile nipple below the secondary -- the dual packer at 9750 which will enable us to isolate that zone if it becomes necessary.

MR. STAMETS: And as in a typical mutiple dual completion, you will be taking the packer leakage test on completion and annually thereafter?

THE WITNESS: That's right.

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

MR. BUELL: I have nothing else.

MR. STAMETS: He may be excused.

(Witness dismissed)

MR. STAMETS: I call for statements in this case.

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MR. CARR: Mr. Examiner, the Commission has received a written statement from Don Stevens, representing Morris R. Antweil, in support of the Application of David Fasken.

MR. STAMETS: Other statements?

MR. BEVERIDGE: My name is Dick Beveridge with Western Reserve Oil Company, Midland, Texas. We are non-operating working interest owners in the Fasken unit and wish to support the position presented by Mr. Fasken.

MR. SEEREY: John Seerey, on behalf of Mobil Oil Corporation, who is an operator and working interest owner of the well in the vicinity of the Application and support David Fasken's request for 320 proration unit. We believe that the evidence submitted in this hearing, as well as that submitted in Case 5226, shows the development on 320-acre spacing is necessary to properly recover the reserves without waste.

MR. SCHOLL: Ed Scholl, with Monsanto Company. Monsanto concurs with David Fasken on 320-acre spacing in this case.

MR. STAMETS: Is there anything further in this case? We will take the case under advisement. The Hearing is adjourned.

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

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.


COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5228, heard by me on April 25, 1977.


Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
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October 22, 1974

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

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

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

Re: CASE NO. 5228

ORDER NO. R-4878

Applicant:

David Fasken

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. Jason Kellahin, Mr. John Seerey, Mr. Don Stevens
and Mr. Richard Beveridge

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. 5228
Order No. R-4878

APPLICATION OF DAVID FASKEN FOR
POOL CREATION AND MULTIPLE COMPLETION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of October, 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, David Fasken, seeks the creation
of a new gas pool for Strawn production to be designated the
Avalon-Strawn Gas Pool with horizontal limits to include Lots
9 through 16 of Section 3, Township 21 South, Range 26 East,
NMPM, Eddy County, New Mexico.

(3) That the applicant additionally seeks the creation of
a new gas pool for Morrow production to be designated the Avalon-
Morrow Gas Pool with horizontal limits to include Lots 9 through
16 of Section 3, Township 21 South, Range 26 East, NMPM, Eddy
County, New Mexico.

(4) That by Commission Order No. R-4861 dated October 9,
1974, said pools were created and designated and applicant's
request is hereby rendered redundant and should be dismissed.

(5) That the applicant further seeks authority to complete
his El Paso 3 Federal Well No. 1, located in Unit K of Section 3,
Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico,
as a dual completion (conventional) to produce gas from the Avalon-
Strawn Gas Pool through one string of 2 1/16-inch tubing and
gas from the Avalon-Morrow Gas Pool through a parallel combina-
tion string of 2 3/8-inch and 2 1/16-inch tubing, with separation
of the zones to be achieved by use of a packer set at approximately
10,650 feet.

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CASE NO. 5228
Order No. R-4878

(6) That the mechanics of the proposed multiple completion are feasible and in accord with good conservation practices.

(7) That approval of the subject application for multiple completion will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That this application for creation of the Avalon-Strawn Gas Pool and the Avalon-Morrow Gas Pool is hereby dismissed.

(2) That the applicant, David Fasken, is hereby authorized to complete his El Paso 3 Federal Well No. 1, located in Unit K of Section 3, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce gas from the Avalon-Strawn Gas Pool through one string of 2 1/16-inch tubing and gas from the Avalon-Morrow Gas Pool through a parallel combination string of 2 3/8-inch and 2 1/16-inch tubing, with separation of the two zones to be accomplished by means of a packer set at approximately 10,650 feet;

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for the Avalon-Morrow Gas Pool.

(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. ARMILLO, Member

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

SEAL

jr/

WESTERN RESERVES OIL COMPANY
207 BUILDING OF THE SOUTHWEST
MIDLAND TEXAS 79701

Case 5228

April 5, 1974

New Mexico Oil Conservation
Commission
P. O. Box 871
Santa Fe, New Mexico 87501

Re: Dual Completion Application
DAVID FASKEN
El Paso "3" Federal No. 1
489' FNL & 195' FEL of Lot 11,
Sec. 3, T-21-S, R-26-E, NMPM,
Eddy County, New Mexico

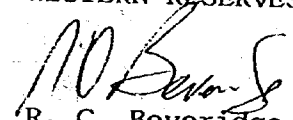
Gentlemen:

We have been advised that David Fasken is proposing the captioned well
be designated as new gas fields called Avalon Strawn and Avalon Morrow.

We are in agreement with the new field designation proposals..

Very truly yours,

WESTERN RESERVES OIL COMPANY


R. C. Beveridge

RC:jmc

DOCKETED

Date

4-11-74

CASE 5227: Application of Morris R. Antwell 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 Lots 9 through 16 of Section 4, Township 21 South, Range 26 East, Eddy County, New Mexico, to form a standard 320-acre gas 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 5228: Application of David Fasken for the creation of two pools and a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a Strawn gas pool and a Morrow gas pool for his El Paso 3 Federal Well No. 1 located 2724 feet from the North line and 2870 feet from the East line of Section 3, Township 21 South, Range 26 East, Eddy County, New Mexico. Applicant further seeks approval for the dual completion of said well to produce gas from the Strawn and Morrow formations through parallel strings of tubing.

CASE 5207: (Continued from the April 10, 1974, Examiner Hearing)

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: (Continued from the April 10, 1974, Examiner Hearing)

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 5221 continued from Page 1)

said well having been projected as an oil well at a standard location for Delaware oil wells. Applicant further seeks approval of a 201.34-acre non-standard gas proration unit for said well comprising the NE/4 of said Section 4.

CASE 5222: Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Pavo Mesa Unit Area comprising 2,560 acres, more or less, of State and Federal lands in Township 16 South, Range 28 East, Eddy County, New Mexico.

CASE 5223: Application of Continental Oil Company for a 320-acre non-standard gas proration unit, simultaneous dedication of acreage, and reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the N/2 of Section 17, Township 24 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Jack B-17 Wells Nos. 3 and 4 located 990 feet from the North and East lines and 990 feet from the North line and 1980 feet from the West line, respectively, of said Section 17. Applicant further seeks the reinstatement of the underproduction which was cancelled November 1, 1973, when the aforesaid proration unit was reclassified to marginal status.

CASE 5224: Application of Phillips Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its James "E" Well No. 1 located in Unit C of Section 11, Township 22 South, Range 30 East, Cabin Lake Field, Eddy County, New Mexico, in such a manner as to produce gas from the Strawn and Morrow formations through parallel strings of tubing.

CASE 5225: Application of Fluid Power Pump Company, Petro Lewis Corporation, and Partnership Properties Company for compulsory pooling, Sandoval County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests in the Media-Entrada Oil Pool underlying the NW/4 of Section 22, Township 19 North, Range 3 West, Sandoval County, New Mexico, to be dedicated to the Fluid Power Pump Company Well No. 5 located in Unit C of said Section 22.

CASE 5226: Application of Inexco Oil Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Morrow gas pool for its Fasken El Paso Federal Well No. 1 located in the SW/4 NW/4 of Section 3, Township 21 South, Range 26 East, Eddy County, New Mexico, and the promulgation of special pool rules therefor, including a provision for 640-acre spacing units for Sections 7 through 12, Township 21 South, Range 26 East, and the adoption of 480-acre non-standard spacing units comprising either the N/2 or S/2 of Sections 1 through 6, Township 21 South, Range 26 East, and Section 7, Township 21 South, Range 27 East.

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 25, 1974

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 5206: (Continued from the April 10, 1974, Examiner Hearing)

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 5209: (Continued from the April 10, 1974, Examiner Hearing)

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 5219: Application of Midwest Oil Corporation for pool creation, discovery allowable, and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Wolfcamp production for its South Empire Deep Unit Well No. 4 located in Unit G of Section 32, Township 17 South, Range 29 East, Eddy County, New Mexico, and for the promulgation of special pool rules therefor, including a provision for 80-acre spacing. Applicant further seeks the assignment of approximately 42,245 barrels of oil discovery allowable to the aforesaid well.

CASE 5220: Application of Atlantic Richfield Company for an unorthodox gas well location and non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its McDonald State WN Well No. 24 located 1780 feet from the North line and 660 feet from the West line of Section 25, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to a 320-acre non-standard gas proration unit comprising the N/2 of said Section 25.

CASE 5221: Application of Black River Corporation for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its BR 4 Federal Well No. 3 located 1986 feet from the North line and 330 feet from the East line of Section 4, Township 26 South, Range 24 East, undesignated Delaware gas pool, Eddy County, New Mexico,

Recd April 25

Memo: New Mexico Oil Conservation Commission
Attention: Mr. A. L. (Pete) Porter

APR 25 1974
NEW MEXICO OIL CONSERVATION COMMISSION

In re: Docket No. 5228
David Fasken In re: Docket
No. 5226, Inexco Oil Company

Gentlemen:

R. M. Moran of Hobbs, New Mexico supports David Fasken in Docket No. 5228 and opposes Inexco's application in Docket No. 5226.

R. M. Moran holds leasehold and overriding royalty interests affected by the captioned applications, consisting of a 2.25% overriding royalty interest under Federal Oil & Gas Lease No. NMA15461, covering T21S, R26E, Section 3, lots 13, 14, NE/4 SW/4, NW/4 SE/4, S/2 SE/4, Section 4, Lots 2, 7, 8, 9, Section 10, NE/4 NE/4, Section 11, N/2, N/2, Section 12, W/2 W/2, SE/4 NW/4, and the leasehold interest under Federal Oil & Gas Lease No. NM14467 insofar as same covers T21S, R26E, Section 12, NE/4 NW/4.

Insofar as the above defined interests affect acreage in T21S, R26E, Section 3, the leasehold interest is committed to a working interest agreement dated March 12, 1973, under which David Fasken is operator and by virtue of which David Fasken drilled and completed in the Morrow and Strawn formations, his Fasken - El Paso "3" Federal No. 1 Well, situated in Lots 11, 2723.9 FNL and 2780 FEL of said Section 3. Insofar as relates to the David Fasken application aboved captioned for field designation for Morrow and Strawn formations and for dual completion of said well, R. M. Moran joins in and seeks the approval of Fasken application, because same is consistent with the understanding of the parties to said working interest unit agreement and

*Message to Mr. Porter
Delayed by Mr. Porter*

Is made pursuant to the authority granted to David Fasken as operator under the terms of said agreement.

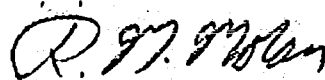
Referring further to the application of Inexco Oil Company, R. M. Moran strongly opposed such application because no experience is available from which to conclude that the Fasken well above described will effectively and efficiently drain an area of 640 acres there being no offset wells and no pressure history. R. M. Moran further opposed said Inexco application because same covers an arbitrary area of land defined solely in land terms and totally unsupported by any evidence that same serves to define a common accumulation of hydrocarbons. The area of 13 sections proposed to be regulated under the Inexco application includes four (4) wells which have penetrated the Morrow formation. The Fasken well above described, in Section 3, has been completed in the Morrow and Strawn formations and is now rigging up for production but is without production history. David Fasken - El Paso "2" Federal No. 2 in T21S, R26E, Section 2, Lot 13, penetrated the entire Morrow formation and was tested unsuccessfully in both the Morrow and Strawn formations and subsequently plugged back and completed for production of gas in the Canyon formation. Such well lies between the subject well in Section 3 and five (5) of thirteen sections of land which are the subject of the Inexco application. David Fasken - Avalon State No. 1, in the SW/4 of Section 7, T21S, R26E, was tested unsuccessfully in the Morrow formation. Coquina - Atlantic Federal, situated in the NE/4 of Section 8, T21S, R26E, is reported testing from the Morrow formation and is expected to be completed for production therefrom but is presently without production history. Under the circumstances stated, field rules should not be applied to any area farther than one mile from the two apparently successful

Page 3

Morrow completions above described and each of such wells should be considered on its own merits under separate applications since same are more than one mile apart.

I sincerely thank the Commission for allowing me to submit this letter. Further, Mr. K. D. McPeters of Hobbs should be present at these hearings and if you wish may be questioned in my behalf.

Sincerely yours,

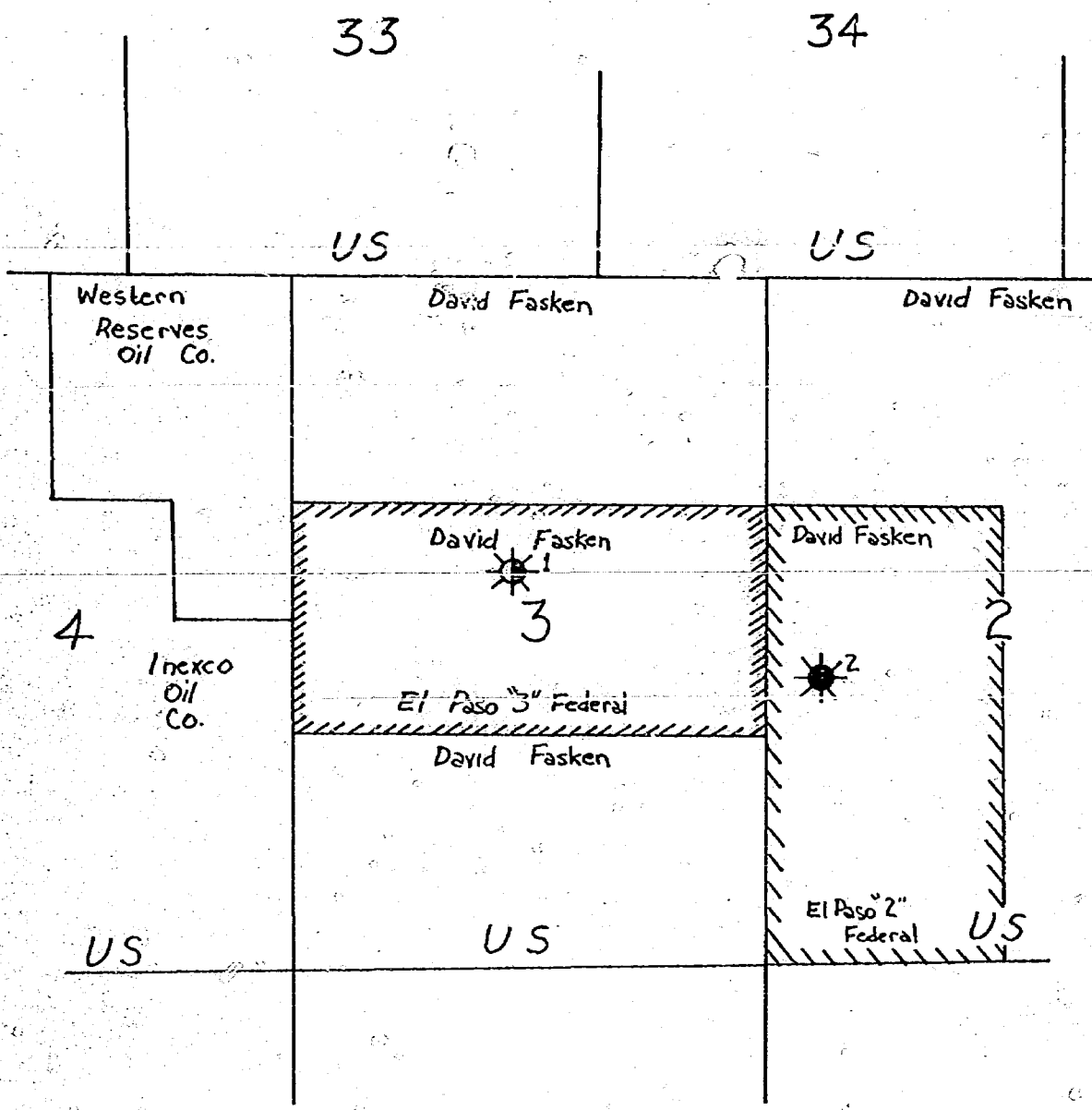


R. M. Moran

RMM/d

Stantz

BEFORE EXAMINER ~~STAFF~~
 OIL CONSERVATION COMMISSION
Apple EXHIBIT NO. 4
 CASE NO. 5228



Proposed Dual Completion (Strawn & Morrow)
 Canyon Producer

HENRY ENGINEERING
 MIDLAND, TEXAS

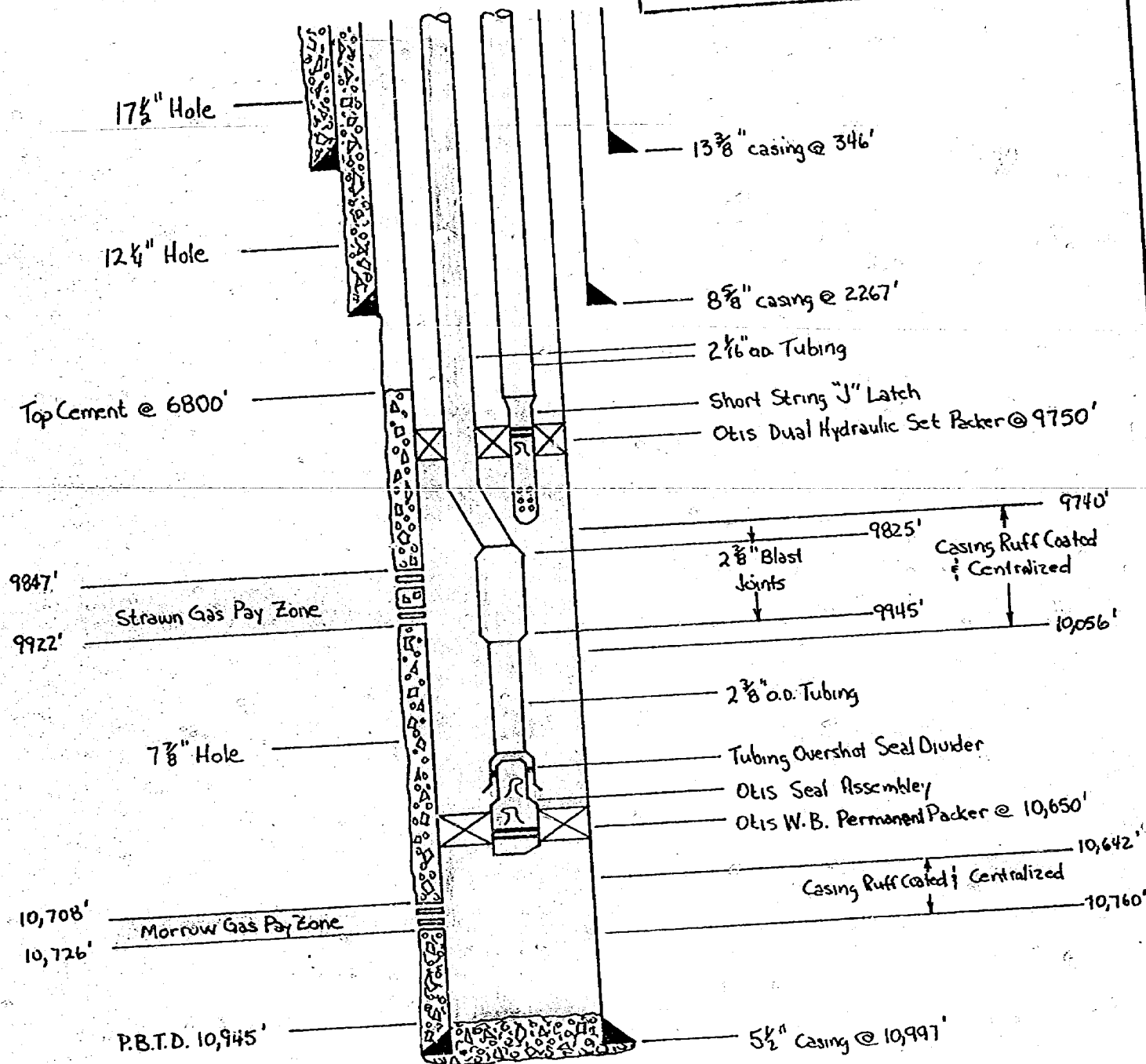
PROPOSED DUAL COMPLETION
 David Fasken
 El Paso 3" Federal No. 1
 Avalon Strawn & Avalon Morrow Fields
 Eddy County, New Mexico
 PMC 3-27-74

57 June 75
BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

Appl EXHIBIT NO. 5

CASE NO. 5228



HENRY ENGINEERING
MIDLAND, TEXAS

PROPOSED DUAL COMPLETION
David Fasken
El Paso 3" Federal Nol
Avalon Strawn & Avalon Morrow Fields
Eddy County, New Mexico
PME 3-27-74

Name of well
El Paso 3 Federal

RECEIVED

MAR 28 1974

OIL CONSERVATION COMMISSION

BEFORE THE

NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF

THE APPLICATION OF DAVID FASKEN
FOR DUAL COMPLETION, SECTION 3,
T 21 S, R 26 E, EDDY COUNTY,
NEW MEXICO; AND

THE APPLICATION OF DAVID FASKEN
FOR ESTABLISHMENT OF PRORATION
UNITS, EDDY COUNTY, NEW MEXICO.

Well is
2724' FNL of
2870' FEL of
3-21-26

Case No. 5-228

A P P L I C A T I O N

Comes now the Applicant, David Fasken, by and through his attorneys, Montgomery, Federici, Andrews, Hannahs & Buell, and respectfully applies to this Commission through one of its examiners, for permission to complete its wildcat well located in Eddy County, New Mexico 489' from the north line, 195' from the east line of Lot 11, Section 3, T 21 S, R 26 E, N.M.P.M. as a dual completion to produce gas from the undesignated Strawn Wildcat Discovery and Undesignated Morrow Wildcat Discovery pools. Applicant further requests this Commission to create and establish two new proration units, consisting of 320 acres each to be named Avalon-Strawn Pool and Avalon-Morrow Pool, respectively, and in support of these applications states:

1. That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices;
2. That two wells have been drilled and are producing from an interval in the Morrow zone from 10,708 feet to 10,726 feet, and in the Strawn zone from 9,910 feet to 9,922 feet and 9,847 feet to 9,855 feet.

2 strings
2 1/2 hydraulic
per @
10650
Jim Henry

DOCKET MAILED

Date 4-11-74

3. That the Rule 104 promulgated under Section 65-3-14, N.M.S.A., 1953 Comp. requires that 320 acre spacing be utilized to establish the two proration units described herein above.

4. That at this time, Applicant is unaware of any other interested parties in this matter with the exception of the Oil Conservation Commission and its staff.

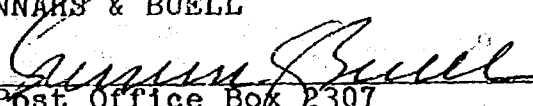
5. That approval of the subject application will prevent waste and protect correlative rights.

WHEREFORE, the Applicant requests that this Application be set for hearing before the Commission, or one of its examiners, at the earliest practicable date, and that the Commission enter its Order approving the dual completion in Eddy County, New Mexico and the establishment of two proration units as Avalon-Strawn Pool and Avalon-Morrow Pool, from the undesignated Strawn wildcat discovery well and the undesignated Morrow wildcat discovery well, respectively.

Respectfully submitted,

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & BUELL

By


Post Office Box 2307
Santa Fe, New Mexico 87501

DRAFT

jr/RLS

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. 5228

Order No. R-4878

APPLICATION OF DAVID FASKEN FOR
POOL CREATION AND MULTIPLE COMPLETION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 25, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of October, 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, David Fasken, seeks the creation of a
new gas pool for Strawn production to be designated the Avalon-Strawn
Gas Pool with horizontal limits to include Lots 9 through 16 of Section
3, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico.

1 -2-
2 CASE NO. 5228
3 Order No. R-

4 (3) That the applicant additionally seeks the creation of a
5 new gas pool for Morrow production to be designated the Avalon-
6 Morrow Gas Pool with horizontal limits to include Lots 9 through
7 16 of Section ³~~13~~, Township 21 South, Range 26 East, NMPM, Eddy
8 County, New Mexico.

9 (4) That by Commission Order No. R-4861 dated October 9
10 1974, said pools were created and designated and applicant's
11 request is thereby rendered ~~unnecessary and~~ redundant and should
12 be ~~denied~~ dismissed,

13 (5) That the applicant further seeks authority to complete
14 his El Paso 3 Federal Well No. 1, located in Unit K of Section 3,
15 Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico,
16 as a dual completion (conventional) to produce gas from the Avalon-
17 ~~Strawn Gas Pool through one string of 2 1/16-inch tubing and gas from the~~
18 Avalon-Morrow Gas Pool through a combination string of 2 3/8-inch
19 and 2 1/16-inch tubing, ^{parallel} ~~and gas from the Avalon-Strawn Gas Pool~~
20 ~~through a parallel string of 2 1/16-inch tubing~~ with separation
21 of the zones to be achieved by use of a packer set at approximately
22 10,650 feet.

23 (6) That the mechanics of the proposed multiple completion
24 are feasible and in accord with good conservation practices.

25 (7) That approval of the subject application ^{for multiple completion} will prevent
26 waste and protect correlative rights.

27 IT IS THEREFORE ORDERED:

28 (1) That this application for creation of the Avalon-Strawn/
29 Gas Pool and the Avalon-Morrow Gas Pool is hereby ~~denied~~ dismissed.

30 (2) That the applicant, David Fasken, is hereby authorized to
31 complete his El Paso 3 Federal Well No. 1, located in Unit K of
32 Section 3, Township 21 South, Range 26 East, NMPM, Eddy County,
New Mexico, as a dual completion (conventional) to produce gas

1 -3-

2 CASE NO. 5228

3 Order No. R-

4 ~~from the Avalon Strawn Gas Pool through one string of 2 1/16-inch tubing and gas~~

5 from the ~~existing~~ Avalon-Morrow Gas Pool through a ^{parallel} combination

6 string of 2 3/8-inch and 2 1/16-inch tubing, ~~and gas from the~~

7 ~~existing Avalon Strawn Gas Pool through a parallel string of 2 1/16~~

8 ~~inch tubing~~ with separation of the two zones to be accomplished

9 by means of a packer set at approximately 10,650 feet;

10 PROVIDED HOWEVER, that the applicant shall complete, operate,

11 and produce said well in accordance with the provisions of Rule

12 112-A of the Commission Rules and Regulations insofar as said rule

13 is not inconsistent with this order;

14 PROVIDED FURTHER, that the applicant shall take packer-leakage

15 tests upon completion and annually thereafter during the Annual

16 Shut-In Pressure Test Period for the Avalon-Morrow Gas Pool.

17 (3) That jurisdiction of this cause is retained for the entry

18 of such further orders as the Commission may deem necessary.

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

20 designated.

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