CASE 5285: Application of TEXAS PACIFIC OIL CO. FOR AN UNORTHODOX LOCATION, EDDY COUNTY, NEW MEXICO.

CASE No. 5285

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BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico July 24, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Texas Pacific Oil Co. for an unorthodox location, Eddy County, New Mexico. Case No. 5285

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

$\underline{A} \ \underline{P} \ \underline{P} \ \underline{E} \ \underline{A} \ \underline{R} \ \underline{A} \ \underline{N} \ \underline{C} \ \underline{E} \ \underline{S}$

For the New Mexico Oil Conservation Commission:

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

For the Applicant:

Clarence Hinkle, Esq.
HINKLE, BONDURANT, COX
& EATON
Hinkle Building
Roswell, New Mexico

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EXHIBITS

				Marked	Admitted
Applicant's Exhibits	1	and	2		9

COOKE-DIRECT

MR. STAMETS: Call the next case. Case 5285.

MR. CARR: Case 5285. Application of Texas Pacific Oil Co. for an unorthodox location, Eddy County, New Mexico.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant,
Cox & Eaton, appearing on behalf of Texas Pacific Oil Company.
We have one witness and two exhibits. We would like to have the Witness sworn.

MR. STAMETS: The Witness will stand and be sworn, please.

(Witness sworn.)

MAR IN J. COOKE

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

DIRECT EXAMINATION

BY MR. HINKLE:

- Q State your name, your residence, and by whom you are employed.
- A Marvin J. Cooke and I am employed by Texas Pacific Oil Company, Inc.
 - Q What is your position with Texas Pacific?
 - A I am a Senior Exploration Geologist.
 - Q Have you previously testified before the Commission?
 - A No, sir, I have not.

Q Explain briefly your educational background and your experience as a geologist.

A I obtained a Bachelor of Arts Degree in 1960 from Texas Christian University and except for a year and a half in the armed services I have been employed as a Petroleum Geologist. I worked for several years for Pure Oil Company, a number of years with Clarence L. Norsworthy, Jr., an independent, I was employed by the TSL Oil Corporation and 11 years with Texaco Incorporated and for the past year I have been employed by my present employer. I am also a Certified Petroleum Geologist, certification by the American Association of Petroleum Geologists.

Q Are you familiar with the area which is involved in this Case?

A Yes I am.

MR. HINKLE: Are the Witness' qualifications sufficient?

MR. STAMETS: How many years with TP?

MR. COOKE: One year, this past year.

MR. STAMETS: Yes, the Witness is qualified. BY MR. HINKLE:

Q Are you familiar with the Application of T and P in this Case?

COOKE-DIRECT

- A Yes, sir.
- Q What is the Applicant seeking to accomplish?

A We are applying for an unorthodox gas well location for our Phantom Draw Unit test Well No. 1 to be located at the point 800 feet from the south line and 1000 feet from the west line of Section 20, Township 26 South, Range 31 East, Eddy County, New Mexico. The west half of said Section 20 is to be dedicated to the well and a normal location would be 1980 from the south and 660 from the west line.

- Q Have you prepared or has there been prepared under your direction two exhibits for introduction in this Case?
 - A Yes.
- Q Are they the ones that have been marked Exhibits 1 and 2?
 - A That's right.
- Q Refer to Exhibit 1 and explain what this is and what it shows?
- A Exhibit 1 is a land map showing the land ownership of the leases involved in our unit and also several miles surrounding the unit.
 - Q That's the Phantom Draw Unit?

A Yes, sir. The cross-hatched land is a Union farmout to Telas Pacific Oil Company in return for the drilling of this first test well. The dotted line is a unit outline. We will therefore become the majority land holder in this unit.

- Q And the unit operator?
- A And the unit operator. Section 16 is owned by the Gulf Oil Corporation and they will join in the unit. The north half of Section 28 and the northeast quarter of the northeast quarter of Section 29 is owned by a Mr. Cohn and he will farm-out to us for drilling this test well. The south half of Section 28 and Sections 32 and 33 are owned by HMG Oil Corporation, and they will join. Section 31 is not committed yet; they have not made their decision.
 - Q Is there any other acreage not committed?
- A There is one 40-acre tract which is the southwest quarter of the southwest quarter of Section 19, and they have refused to participate and refused to farm-out.
- Q Now, the unit has heretofore been approved by the Oil Conservation Commission, has it not?
 - A Yes it has.
 - Q What is the depth of the proposed test well?

1 3

- A 17,500 feet.
- Q What is your objective as far as formation is concerned?
 - A The Silurian.
- Q What do you anticipate will be the cost of the well?
- A We anticipate an authorization for expenditure as a completed well is \$1,900,000.
- Q Now refer to Exhibit 2 and explain what it is and what it shows.
- A This is a geological contour map, the same scale and area as the land-ownership map, and the geological contours are based upon seismic data. It shows our interpretation of the structural features that we want to drill a test well on.
 - Q Your contours are on the lower Silurian?
 - A Yes, on the Silurian, yes.
- Q Now, what is the reason for the unortholox location?
- A The seismic data is taken from a number of seismic lines that were shot across this prospective feature. One of these lines runs southwest to northeast and its titled Skelly Red Bluff Line No. 1. It's shot point 105 which

coincides with our proposed location; it is the very highest seismic data point that we have had, and it is our belief that in view of the high cost of this well that we want to take advantage of every opportunity and every bit of data that we have and consequently we would like to locate at that shot point 105.

- Q Now, you have previously testified that this is in or will be in a unit agreement and that all the surrounding acreage will be committed to the unit and will participate in the well, is that right?
 - A Yes, that's right.
- Q So there are no objections as far as off-set owners are concerned?
 - A Not to my knowledge.
- Q Is there anything else that you would like to submit to the Commission in connection with this matter?
 - A No, sir.

MR. HINKLE: We would like to offer into evidence Exhibits 1 and 2.

MR. STAMETS: Without objection Exhibits 1 and 2 will be admitted into evidence.

(Whereupon, Applicant's Exhibits

1 and 2 were admitted into evidence.)

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CROSS EXAMINATION

BY MR. STAMETS:

- Q Mr. Cooke, is it your opinion that this location will get you the best shot at getting a producing well in the area?
 - A Yes, sir.
- Q And there is no deep production in the immediate vicinity of this well, is that correct?
 - A No, sir, nothing deeper than the Silurian.
- Q Are there no Silurian wells in the immediate vicinity or Morrow wells or Devonian wells?
 - A No, sir, not in the immediate vicinity.

MR. STAMETS: Are there any other questions of this Witness? He may be excused. Anything further in this Case? We will take the Case under advisement.

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STATE OF NEW MEXICO)

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. 5285, heard home on 1924

New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

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

August 6, 1974

I. R. TRUJILLO CHAIRMAN

LAND COMMISSIONER ALEX J. ARMIJO MEMBER

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

	Re:	CASE NO	5285
Mu Glavenge Winkle		ORDER NO.	R-4834
Mr. Clarence Hinkle Hinkle, Bondurant, Cox & Eaton		Applicant:	
Attorneys at Law Post Office Box 10		Texas Pac	ific Oil Co.
Roswell, New Mexico 8820J.			
Dear Sir:			

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

A. L. PORTER, Jr. Secretary-Director

ALP/ir			
Copy of order also sent to:			
Hobbs OCC x Artesia OCC x 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 NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 5285 Order No. R-4834

APPLICATION OF TEXAS PACIFIC OIL COMPANY FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

J. Mercy

This cause came on for hearing at 9 a.m. on July 24, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>6th</u> day of August, 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, Texas Pacific Oil Company, seeks approval for the unorthodox gas well location of its Phantom Draw Unit Well No. 1 to be located at a point 800 feet from the South line and 1000 feet from the West line of Section 20, Township 26 South, Range 31 East, Eddy County, New Mexico.
- (3) That the W/2 of said Section 20 is to be dedicated to the well.
- (4) That the unorthodox location is proposed in order to allow the well to encounter the Siluro-Devonian formation higher on the structure than would a well drilled at an orthodox location.
- (5) That no offset operator has objected to the proposed location.
- (6) That the approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

-2-CASE NO. 5285 Order No. R-4834

IT IS THEREFORE ORDERED:

- (1) That an unorthodox gas well location is hereby approved for the Texas Pacific Phantom Draw Unit Well NO. 1 which is 800 feet from the South line and 1000 feet from the West line of Section 20, Township 26 South, Range 31 East, Eddy County, New Mexico.
- (2) That the W/2 of Section 20 shall be dedicated to the 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

SEAL

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Dockets Nos. 22-74 and 24-74 are tentatively set for hearing on August 7 and August 21. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 24, 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:

CASE 4954: (Reopened)

In the matter of Case 4954 being reopened pursuant to the provisions of Order No. R-4555, which order established temporary special pool rules for the South Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico, including a provision for 160-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing.

- CASE 5277: Application of Pierce & Dehlinger for the amendment of Order No. R-4560, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an extension of time in which to commence the drilling of the third well covered by Order No. R-4560, to be drilled in the NE/4 of Section 24, Township 9 South, Range 33 East, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant further seeks the establishment of an administrative procedure for additional extension of time in which to comply with the drilling schedule as set forth in the subject order. Applicant further seeks the amendment of Orders Nos. 4 and 5 of Order No. R-4560 to provide certain changes in the time schedules outlined therein for the furnishing of estimated well costs and the payment of proportionate shares of well costs by all parties.
- CASE 5278: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Drinkard, and Tubb production in the wellbores of its A. H. Blinebry Federal Wells Nos. 23 and 26, located in Units C and B, respectively, of Section 29, and its C. H. Lockhart Federal Well No. 5, located in Unit C of Section 18, all in Township 22 South, Range 38 East, Lea County, New Mexico.
- CASE 5279: Application of Tom L. Ingram for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware Sand in the perforated interval from 5012 feet to 5033 feet in his State "O" Well No. 2 located in Unit E of Section 7, Township 24 South, Range 33 East, Triple X-Delaware Pool, Lea County, New Mexico.
- CASE 5280: Application of Coastal States Gas Producing Company for an unorthodox location and the amendment of Order No. R-4715, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-2746, approval for the unorthodox oil well location for its

(Case 5280 continued from Page 1)

McGuffin Well No. 3 to be drilled 660 feet from the North line and 1980 feet from the West line of Section 29, Township 9 South, Range 33 East, Flying "M" San Andres Pool, Lea County, New Mexico, the N/2 NW/4 of said Section 29 to be dedicated to the well. Applicant further seeks the amendment of Order No. R-4715 which dedicated the W/2 NW/4 of Section 29 to its McGuffin Well No. 2 located 1980 feet from the North line and 660 feet from the West line of said Section 29. Applicant proposes that the N/2 NW/4 of said Section 29 be dedicated jointly to said McGuffin Well No. 2 and to its McGuffin Well No. 1 located in Unit F of said Section 29.

- CASE 5281: Application of Morris R. Antweil for an extension of time, Order No. R-4772, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a 90-day extension of the July 15 deadline for the commencement of drilling operations in the S/2 of Section 17, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, which lands were pooled to form a standard 320-acre gas spacing and proration unit by Order No. R-4772.
- CASE 5282: Application of Union Texas Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat and Langlie-Mattix production in certain of its wells in the Langlie-Jal Unit Area, currently being waterflooded under authority of Commission Order No. R-4051.

CASE 4969: (Reopened)

In the matter of Case No. 4969 being reopened pursuant to the provisions of Order No. R-4557-A, which order continued the special depth bracket allowable for the Tocito Dome-Pennsylvanian "D" Pool, San Juan County, New Mexico, for an additional six months. All interested parties may appear and show cause why said special depth bracket allowable should not be rescinded.

CASE 5283: Application of Belco Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in formations of Pennsylvanian age or older underlying the W/2 of Section 5, Township 22 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit in Unit F of said Section 5. 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 5284: Application of Champlin 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 Nix-Yates Well No. 1 located in Unit G of Section 2, Township 22 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce gas from the Morrow formation through tubing and from the Wolfcamp formation through the casing-tubing annulus.

CASE 5152: (Reopened)

CASE 5285:

In the matter of Case No. 5152 being reopened pursuant to the provisions of Order No. R-4713, which order established a special depth bracket allowable for the Media-Entrada Oil Pool, Sandoval County, New Mexico. All interested parties may appear and show cause why said special depth bracket allowable should not be rescinded.

Application of Texas Pacific Oil Co. for an uncrthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Phantom Draw Unit Well No. 1 to be located at a point 800 feet from the South line and 1000 feet from the West line of Section 20, Township 26 South, Range 31 East, Eddy County, New Mexico, the W/2 of said Section 20 to be dedicated to the well.

CASE 5286: Application of Totaco Inc. for a Special Allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks 'pproval for an injection response allowable increase for its Vacuum Grayburg-San Andres Unit Pressure Maintenance Project, Lea County, New Mexico. Applicant seeks an additional 2320 barrels of oil per day to be added incrementally to the current 4640 barrel per day allowable as injection response occurs. Applicant further seeks the establishment of an allowable of up to 240 barrels per day for lease line wells which have demonstrated a substantial response to water injection.

Texas Pacific NSL To try to test deep formations at most advantageous location geologically

in unit - no offset aperators Approval interest good conservations and avoid economic wester

LAW OFFICES

HINKLE, BONDURANT, COX & EATON

LEWIS C.COX,JR. PAUL W. EATON, JR. CONRAD E.COFFIELD HARCLO L.HENSLEY, JR. STUART D. SHANOR

CLARENCE E.HINKLE W. E.BONDURANT, JR.

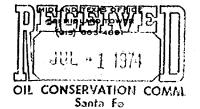
C. D. MARTIN PAUL J. KELLY, JR.

TELEPHONE (505) 622-6510 600 HINKLE BUILDING

POST OFFICE BOX IO

ROSWELL, NEW MEXICO 88201

June 27, 1974



Case 5-285

Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501

Gentlemen:

We enclose herewith triplicate copies of the Application of Texas Pacific Oil Co. for an unorthodox gas well location. Please have the matter set down for the last examiner's hearing in July.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

Paul W. Eaton, Jr.

PWE/jw Enclosure

cc: Texas Pacific Oil Company

DOCKET MAILED

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF TEXAS PACIFIC OIL COMPANY FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

Case No. _5385

APPLICATION

- 1. Texas Pacific Oil Company, acting by and through its undersigned attorneys, hereby makes application for an utorthodox gas well location. Applicant seeks approval of an unorthodox gas well location for its Phantom Draw Unit No. 1 well to be located 1,000 feet from the west line and 800 feet from the south line of Section 20, Township 26 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.
- 2. Applicant desires to drill a well approximately 17,500 feet in depth to test the Siluro-Devonian (Fusselman). The Wig Section 20, Township 26 South, Range 31 East, N.M.P.M. will be dedicated to the well. The unorthodox location is desired for the reason that the geophysical evidence indicates that it is the best location.
- 3. Approval of the unorthodox location will be in the interest of conservation, prevention of waste and protection of correlative rights.
- 4. Applicant requests that the application be set down for the last examiner's hearing in July 1974.

Respectfully submitted,

HINKLE, BONDURANT, COX & EATON

7 A. V. N. -. - 10

P. O. Box 10 Roswell, New Mexico 88201 Attorneys for Texas Pacific

Oil Company

dr/

in

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:

APPLICATION OF TEXAS PACIFIC OIL CO. FOR AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

CASE NO. 5285

Order No. R-#834

given as required by

dause and the subject

Rel

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 24 , 1974 at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of August , 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 law, the Commission has jurisdic matter thereof.
- approval for the unorthodox gas so Phantom

 Draw Unit Well No. 1 to be located feet from the

 South line and 1000 feet from the West line of Section 20, Township 26 South, Range 31 East, Eddy County, New Mexico.

Case No. 5285 Order No. R-

MARK

- (3) That the W/2 of said Section 20 is to be dedicated to the well.
- (4) That the unorthodox location is proposed in order to all the encounter the Siluro-Devonian formation higher on the structure than would a well drilled at an orthodox location.

will better drain the M/G of Gestion 20 they would a well drilled

That no offset operator has ob-Jested to the pro posed location

That the approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

thodox location.

- (1) That an unorthodox gas well location is hereby approved for the Texas Pacific Phantom Draw Unit Well No. 1 which is 800 feet from the South line and 1000 feet from the West line of Section 20, Township 26 South, Range 31 East, Eddy County, New Mexico.
- (2) That the W/2 of Section 20 shall be dedicated to the 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.