

CASE NO. 5373: Applt. of MONSANTO
COMPANY for an UNORTHODOX LOCA-
TION, EDDY COUNTY, NEW MEXICO

CASE No.

5373

Application,
Transcripts,
Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 26, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Monsanto Company)
for an unorthodox location,)
Eddy County, New Mexico)

CASE NO. 5373

BEFORE: Daniel S. Nutter, Examiner

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:

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

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MR. NUTTER: Case 5373.

MR. DERRYBERRY: Case 5373. Application of Monsanto Company for an unorthodox location, Eddy County, New Mexico.

MR. EATON: Paul Eaton of Hinkle, Bondurant, Cox and Eaton, representing Monsanto. We have one witness.

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

JAMES D. COBB, JR.

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

DIRECT EXAMINATION

BY MR. EATON:

Q State your name, by whom you are employed and in what capacity?

A James D. Cobb, Jr., Regional Geologist for Monsanto Company, Southwest Region in Midland.

Q Have you previously testified before this Commission, Mr. Cobb?

A No, I haven't.

Q Would you please give us your educational background and work experience?

A I received a B.S. degree from Texas Technological

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College in Lubbock in 1951. I have had 18 years experience in the West Texas Permian Basin Regions, working for Sinclair Oil and Gas Company, Atlantic Richfield and now for Monsanto.

Q In your capacity as a geologist?

A Always as a geologist, yes.

Q What professional societies do you belong to?

A A.E.P.G., West Texas Geological Society, S.E.P.M. and New Mexico Geological Society.

Q Are you familiar with the application of Monsanto in this case?

A Yes, I am.

Q What does Monsanto seek?

A Monsanto is seeking an unorthodox location in the Rock Tank Field, Section 18.

Q Have you prepared exhibits in connection with your testimony?

A Yes, sir, we have.

Q Referring to Exhibit No. 1, please state what that exhibit portrays?

A This is a land plat showing the ownership within a two-mile area of the proposed location in Section 18, 23, 25.

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Q How far is that location from the Rock Tank Pool?

A From the unit, if that is what you mean by "pool," it is 660 feet from the south line of the unit.

Q It is within one mile of that field?

A It is within one mile of that field.

Q Do you know what the spacing requirements are?

A The spacing requirements are 1650 from the lease line, 330 from the quarter quarter.

Q Is that on 640-acre spacing?

A It is 640-acre spacing.

Q Mr. Cobb, referring to Exhibit No. 2, what does that exhibit portray?

A This is a structure map on top of the Morrow Sands. In other words, on top of the clastic of the Morrow Sands. It is also exhibiting estimated upper limits of water production and an uncontrolled estimated lower limit of gas-water. This is a very conservative interpretation of the data.

Q With respect to the estimated lower limits of the gas-water contact, do you show that crossing in a portion of the southeast corner of Section 18?

A Yes, we do.

Q Do you have any real control to show the line

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at that location?

A No, we do not. The only control is the well in Section 5, which produced water, being the Monsanto No. 3. To the south, there is no control of any water having been produced in the southern area.

Q You said that this map represented a very conservative approach on your part. Could that line be just as well contoured at another location?

A That line could be moved considerably to the southeast. There are no controls shown. A different interpretation of the structure could balloon the area to the southeast very easily with all of the known data.

Q Do you have anything further to testify to with respect to this?

A One thing that should be pointed out on this plat, these are area limits that we have estimated here. They are not structural limits. The map is on a horizon above the production, and these contacts we have estimated here are not the structural contacts, but are strictly the area limits that we have imposed here.

Q Mr. Cobb, referring to Exhibit No. 3, please state what that exhibit portrays?

A This exhibit is an isopach of the lower pay zone

within the Rock Tank Field, showing the net thicknesses of the sand. It shows that the location would encounter in the neighborhood of 20 feet of pay sand in the lower sand.

Q Why does Monsanto want to drill at the requested unorthodox location instead of at the standard location?

A We are requesting this unorthodox location due to the fact that we feel that a standard location would give us a well that would be high water productive, and that if we drilled at the standard location, the risk of a commercial well would be greater than at the proposed location.

Q Who is the offset owner to the west?

A Atlantic Richfield in the acreage in Section 13 to the west.

Q Does Atlantic Richfield also own acreage in Section 18?

A Yes, they do.

Q Has Atlantic Richfield been notified of the proposed drilling of this well?

A Yes, they have. They have an AFE which was submitted to them on November 5th, since they would be a working interest owner in this well.

Q Has Atlantic Richfield indicated any objection

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to the proposed location?

A No, they have not.

Q Mr. Cobb, do you know the current status of the lease on which you propose to drill?

A The expiration date is February 2nd, 1975.

Q Is that a Federal lease?

A It is a Federal lease.

Q Is it your understanding that a well must be completed on that lease by February 2nd?

A That is my understanding, to hold the lease.

Q Approximately how long will it take to drill and complete this proposed Morrow test?

A 45 to 50 days.

Q What is the status of rig availability?

A We are pressed for -- we have a rig that is available within the next 10 days, and if we do not use the rig at this location, then we are going to be pressed to get another rig for this well.

Q Mr. Cobb, in your opinion, would approval of the application be in the interest of conservation and prevention of waste and the protection of correlative rights?

A I do. In my opinion, it would be.

Q Were these exhibits prepared by you or under

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your supervision?

A They were prepared under my supervision.

MR. EATON: Mr. Examiner, we offer Exhibits 1, 2 and 3 into evidence.

MR. NUTTER: Monsanto Exhibits 1, 2 and 3 will be admitted in evidence.

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

MR. EATON: That concludes our direct testimony.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Cobb, the Rock Tank Pool is one of the few Morrow Pools that the Commission has designated as being an upper Rock Tank Morrow Reservoir and a lower Morrow Reservoir. What is the principal pay in here? It is the lower, isn't it?

A The lower sand is the principal pay. The upper sand is a very restricted area and it is not as widespread as the lower sand.

Q I presume this well is protected to the lower Morrow?

A To the lower Morrow, yes.

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Q And this Exhibit No. 2 is a structure on top of the Morrow Sands, is that correct?

A That is a structure on top of the Morrow Clastic, what we call our Clastic.

Q So, the pay is considerably below that?

A Right, it is.

Q But Exhibit 3 is an isopach of the lower sand?

A The lower sand, the pay sand.

Q Do you feel that the entire Section 18 would be productive of gas from the lower sand?

A Yes, sir, I think that anywhere in Section 18, we could possibly make a gas well.

Q But the further southeast you would move, the --

A (Interrupting) The higher water we would have. At this point, I think nearly all the wells in the field are making some water, and the lower structurally we get, I think the higher water we will make.

Q What is the approximate dip in the southeast direction?

A It would be approximately 300 feet per mile.

MR. NUTTER: Are there any further questions of Mr. Cobb? He may be excused.

(Witness dismissed.)

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MR. NUTTER: Do you have anything further,
Mr. Eaton?

MR. EATON: That is it, Mr. Examiner. We would
sincerely appreciate as prompt action as we can get on
this application in view of the expiring lease problem.

MR. NUTTER: We will expedite it to the best
of our ability, in view of the State's Open Meeting Law
in which we can't have meetings except on certain dates.

We will take the case under advisement.

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. 5373,
heard by me on 11/26, 1974.

 Examiner
New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

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

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

December 5, 1974

Mr. Paul Eaton
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: CASE NO. 5373
ORDER NO. R-4933
Applicant:
Monsanto Company

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

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

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5373
Order No. R-4933

APPLICATION OF MONSANTO COMPANY
FOR AN UNORTHODOX LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 26, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 3rd day of December, 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, Monsanto Company, seeks approval of an unorthodox gas well location to test the Morrow formation at a point 660 feet from the North line and 660 feet from the West line of Section 18, Township 23 South, Range 25 East, NMPM, Rock Tank Gas Field, Eddy County, New Mexico.

(3) That all of said Section 18 is to be dedicated to the well.

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

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

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

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CASE NO. 5373
Order No. R-4933

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for a well to be located at a point 660 feet from the North line and 660 feet from the West line of Section 18, Township 23 South, Range 25 East, NMPM, Rock Tank Gas Field, Eddy County, New Mexico.

(2) That all of said Section 18 shall be dedicated to the above-described well.

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

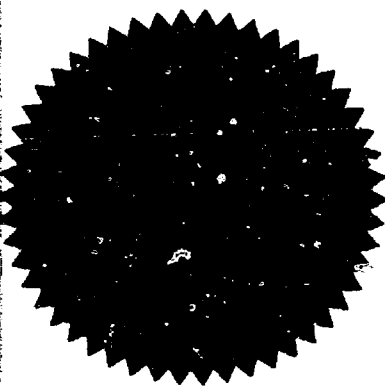
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


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


S E A L

jr/

- CASE 5373: Application of Monsanto Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to test the Morrow formation at a point 660 feet from the North and West lines of Section 18, Township 23 South, Range 25 East, Rock Tank Gas Field, Eddy County, New Mexico.
- CASE 5368: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the contraction of the vertical limits of the Jalmat Gas Pool underlying the Langlie Jal Unit Area in all or portions of Sections 31 and 32, Township 24 South, Range 37 East, and Sections 4, 5, 6, 8, 9, and 17, Township 25 South, Range 37 East, Lea County, New Mexico, to delete the Seven Rivers formation from said pool, and for the extension of the vertical limits of the Langlie-Mattix Pool underlying said area to include therein all of the Seven Rivers formation.
- CASE 5369: Application of Texas Pacific Oil Company, Inc., for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Tidwell No. 1 Well, located 990 feet from the South line and 660 feet from the East line of Section 22, Township 17 South, Range 26 East, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico, the E/2 of said Section 22 to be dedicated to the well.
- CASE 5370: Application of American Quasar Petroleum Co. of New Mexico for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Tippin Ranch Unit Area comprising 3840 acres, more or less, of Federal, State, and fee lands in Township 23 South, Range 23 East, Eddy County, New Mexico.
- CASE 5371: Application of Amoco Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of its South Hobbs Unit Area comprising 5074 acres, more or less, of State and Fee lands in Townships 18 and 19 South, Range 38 East, Lea County, New Mexico.
- CASE 5372: Application of Amoco Production Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its South Hobbs Unit by the injection of water into the Grayburg and San Andres formations through 45 injection wells in Sections 3, 4, 5, 6, 8, 9, 10, 15, and 16, Township 19 South, Range 38 East, Lea County, New Mexico, and the promulgation of special rules therefor including, among other things, an administrative procedure whereby the project may be expanded by the drilling or conversion of additional injection wells without further notice and hearing.
- CASE 5374: Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a 480-acre non-standard gas proration unit comprising the N/2 and SE/4 of Section 23, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to its Meyer B-23 Wells Nos. 1, 2, 3, and 4, located at unorthodox locations in Units C, O, E, and G, respectively, of said Section 23.

CLARENCE E. HINKLE
W. E. BONDURANT, JR.
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HEY, JR.
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521 MIDLAND TOWER
(915) 683-4691

November 4, 1974

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

Gentlemen:

We enclose application of Monsanto Company for an unorthodox location in connection with its No. 1 Dark Canyon well in Section 18, Township 23 South, Range 25 East, Eddy County. We have previously discussed this matter with Dan Nutter who advised that the same would be placed on the examiner's hearing docket for November 26, 1974.

Yours very truly,

HINKLE, BONDURANT, COX & EATON

By Clarence E. Hinkle
CJ

CEH:cs
Enc.
cc: E. M. Scholl

DOCKET MAILED

11-15-74

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF MONSANTO COMPANY
FOR AN UNORTHODOX LOCATION FOR
ITS NO. 1 DARK CANYON WELL TO BE
LOCATED 660 FEET FROM THE NORTH
AND WEST LINES OF SECTION 18,
TOWNSHIP 23 SOUTH, RANGE 25 EAST,
EDDY COUNTY, NEW MEXICO PROJECTED
TO TEST THE MORROW FORMATION, TO
WHICH WILL BE DEDICATED ALL OF
SECTION 18.

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

~~Comes~~ ^{West} Monsanto Company, acting by and through the undersigned attorneys, and hereby makes application for an unorthodox location for its No. 1 Dark Canyon well to be located 660 feet from the North and East lines of Section 18, Township 23 South, Range 25 East, Eddy County, New Mexico projected to test the Morrow Formation, to which will be dedicated all of Section 18, and in support thereof respectfully shows:

1. There is attached hereto, made a part hereof, and for purposes of identification marked Exhibit "A", a plat showing the proposed location of applicant's No. 1 Dark Canyon well together with all other wells which have been drilled within 2 miles thereof and the ownership of all the leasehold interests in said area.

2. All of Section 18 was formerly part of the Rock Tank Unit Area. Said unit area was contracted and Section 18 eliminated therefrom, but is contiguous to the lands remaining in the unit area, which is shown on Exhibit "A". Special pool rules were adopted for the Rock Tank Upper and Lower Morrow Gas Pools under Order R-3428 and said rules were made permanent on May 20, 1970 under Order R-3428-A. Said rules provide for 640 acre spacing and apply to all wells within one mile of the limits of said pool.

3. Applicant desires the unorthodox location inasmuch as the geological information available indicates the probability of success

at the proposed location would be better than at an orthodox location, even though applicant feels that all of Section 18 would be productive and desires to dedicate said section to the well if completed as a producer. The well will be projected to test both the Upper and Lower Morrow formations.

4. Applicant believes that the unorthodox location will be in the interest of conservation and the prevention of waste, will prevent the drilling of unnecessary wells and will tend to protect correlative rights.

5. Applicant requests that this matter be included on the examiners hearing docket on November 26, 1974.

Respectfully submitted,

MONSANTO COMPANY

By 

HINKLE, BONDURANT, COX & EATON
P.O. Box 10
Roswell, New Mexico 88201
Attorneys for Applicant

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5373

Order No. R-1933

APPLICATION OF MONSANTO COMPANY
FOR AN UNORTHODOX LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 26, 1974
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of December, 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, Monsanto Company, seeks approval
of an unorthodox gas well location to test the Morrow formation
at a point 660 feet from the North line and 660 feet from the West
line of Section 18, Township 23 South, Range 25 East, NMPM,
Rock Tank Gas Field, Eddy County, New Mexico.

1 (3) That ~~the~~ all of said Section 18 is to be dedicated
2 to the well.

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

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

7 (6) That approval of the subject application will afford
8 the applicant the opportunity to produce its just and equitable
9 share of the gas in the subject pool, will prevent the economic
10 loss caused by the drilling of unnecessary wells, avoid the
11 augmentation of risk arising from the drilling of an excessive
12 number of wells, and will otherwise prevent waste and protect
13 correlative rights.

14 IT IS THEREFORE ORDERED:

15 (1) That an unorthodox gas well location for the Morrow
16 formation is hereby approved for a well to be located at a
17 point 660 feet from the North line and 660 feet from the West
18 line of Section 18, Township 23 South, Range 25 East, NMPM,
19 Rock Tank Gas Field, Eddy County, New Mexico.

20 (2) That ~~the~~ all of said Section 18 shall be dedicated
21 to the above-described well.

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

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

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