

CASE NO. 5410: TEXAS PACIFIC OIL  
CO., INC. for two unorthodox gas  
well locations, Eddy County, NM

CASE No.

5410

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 5, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Pacific Oil Co.,  
Inc. for two unorthodox gas  
well locations, Eddy County,  
New Mexico.

CASE NO. 5410

BEFORE: Richard L. Stamets, 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:

John F. Russell, Esq.  
412 Hinkle Building  
Roswell, New Mexico

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

I N D E XPAGEMELVIN L. SCHROEDER

Direct Examination by Mr. Russell	3
Cross Examination by Mr. Stamets	9
Redirect Examination by Mr. Russell	10
Recross Examination by Mr. Stamets	11

E X H I B I T S

Applicant's Exhibits Nos. 1 through 4	8
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MR. STAMETS: Case 5410.

MR. DERRYBERRY: Case 5410. Application of Texas Pacific Oil Company, Inc. for two unorthodox gas well locations, Eddy County, New Mexico.

MR. STAMETS: We call for appearances in this case?

MR. RUSSELL: John F. Russell, Roswell, New Mexico, appearing on behalf of the Applicant, and I have one witness.

(Witness sworn.)

MELVIN L. SCHROEDER

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

DIRECT EXAMINATION

BY MR. RUSSELL:

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

A My name is Melvin L. Schroeder, 1004 Golf, Midland, Texas. I work for Texas Pacific Oil Company as a Petroleum Engineer.

Q Have you previously qualified to give expert testimony before this Commission?

A Yes, I have.

Q Are you familiar with the Application in this case?

A Yes, I am.

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Q Now, the Applicant is seeking approval of two unorthodox gas well locations in the Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico; is that correct?

A That is correct.

Q Now, in connection with this Application, have you prepared or had prepared under your direction and supervision certain exhibits?

A Yes, I have.

Q I refer you to Exhibit No. 1 and ask you what that portrays and also to locate your two proposed wells?

A Exhibit No. 1 is the plat of a portion of Township 17 South, Range 26 East on which we have spotted the proposed locations, the location for the Berry being 990 from the west line and 990 from the south line of Section 23, and we also have the proposed proration units for that well outlined and shaded in yellow. We also have the proposed location for the Hnulik which is 660 from the west line and 1315 feet from the north line of Section 26. We also have the proposed proration units, and this is outlined and shaded in green. Also on this map, we have spotted all wells which have been drilled through the Morrow section, and we have these wells coded as to their status. The wells circled in red are producing wells.

The wells circled in green are dry holes. The wells circled in blue are wells which have not been completed. Also on this map, we have the ownership involved for the various sections.

Q Will you give that portion of each section assigned to the well? In other words, what is the description?

A The description of the Berry proration unit is the west half of Section 23. The description of the Hnulik proration unit is the north half of Section 26.

Q Now, this map reflects the location, unorthodox location which was authorized for your Ansley Well in Case No. 5330, Order No. 4881; is that correct?

A That is correct.

Q Has that well been drilled?

A Yes, it has.

Q Is it a producing well?

A Yes, it is.

Q And it also locates thereon your Tidwell Well which was authorized by Case No. 5369, Order No. 4832 -- 4932?

A That is correct.

Q I am sorry. I forgot my glasses. All right, go to what has been identified as Exhibit No. 2?

A Exhibit No. 2 is a structure map prepared on the same area, covering the same area as the previous exhibit in which we have contoured the top of the Chester Limestone, and this is the base of the Morrow Sand, and this will give the structural position of the Morrow Sand.

Q Now, in the other two cases that I just mentioned, a structure map was introduced which is slightly changed from this, is it not?

A Yes, we changed it, based on new findings, based on what we found in the Ansley No. 1.

Q At the time of the original one, the only producing well was the Buck Pounds Well, as a control?

A Well, not on this exhibit. We had control from all of the wells drilled through the Morrow for this exhibit, and a structure was prepared based on all of those other wells.

Q And this has been modified from the previous hearings because of the data from the Ansley Well?

A That is correct.

Q I refer you to what has been marked as Exhibit No. 3, and ask you what that is?

A This is an isopach map in which we contoured the net sand or sand thickness for various sands falling



within the Upper Morrow. Again, we have the wells circled as to their status.

Q Was there any information developed from the Ansley Well which made you change the isopach exhibit in the other two cases?

A Yes, there was. Our previous isopach map was isopached on a specific sand lens, that sand lens being the sand lens encountered in the Big Buck Pounds. We drilled the Ansley expecting this sand lens. We did not find it. We found a different sand lens. As that invalidated our previous isopach map, we decided rather than try to isopach various sand lenses which in this area there are four different sand lenses, we decided to take a Pacific-Morrow interval and isopach the net sands occurring within that interval.

Q Will you locate the Big Buck Pounds Well for the Examiner?

A The Big Buck Pounds Well is in the -- it would be the northwest -- northeast of the southeast of Section 27.

Q Now, I refer you to what has been marked as Exhibit No. 4, and ask you what that is and what it reflects?

A This is a portion of the porosity log which we

ran on our Ansley Well which shows, shaded in yellow, our interpretation of the sand that is occurring throughout the Morrow interval. We only had one sand lens occurring. Shaded in red is our completion interval. Shaded in blue is the productive interval in the Big Buck Pounds. In the lefthand margin, we have the interval which we are calling the Upper Morrow and is what the previous exhibit is based on so far as looking for net sand thickness within this interval.

Q Is it your opinion that the granting of this Application will enable you to recover your equitable share of gas in the pool and to prevent the risk of drilling excess wells and otherwise prevent waste?

A Yes, it does.

Q These exhibits were prepared by you or under your direction?

A Yes, they were.

MR. RUSSELL: At this point, I would like to introduce Applicant's Exhibits 1 through 4.

MR. STAMETS: Applicant's Exhibits 1 through 4 will be admitted into evidence.

(Whereupon, Applicant's Exhibits Nos. 1 through 4 were marked for identification, and were admitted into evidence.)

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MR. RUSSELL: I have no further questions of this witness.

CROSS EXAMINATION

BY MR. STAMETS:

Q How good are these wells that you have portrayed here in 27 and 6, 22?

A Okay, in Section 27, we have two producing wells. Our Ansley Well open flowed for a potential, I think, of  $12\frac{1}{2}$  million. The Big Buck Pounds' potential was 4.3 million. We did find it better sand both in quantity and quality in the Ansley Well.

Q How about the Tidwell Well? Has that not been tested?

A That is presently drilling. It has not been completed.

Q Your two proposed non-standard locations are then based on this sand thickness isopach to try and get in this trend that you have shown on here?

A That is correct.

Q And you get good drainage?

A Right.

Q And that you would move to standard locations in the north half of Section 26, and according to your map

here, you would be completing in a tighter section?

A That is correct. We would be completed in -- we would be -- as for the trend as set in this isopach, we would be expecting to encounter less net sand thickness.

Q I should have said "less thickness" instead of "tighter."

So, encountering a thicker sand section, you will allow better drainage of the acreage involved?

A That is correct.

Q I believe that an examination of the exhibit shows that the only acreage which you will be crowding is acreage which is operated by Texas Pacific?

A That is correct.

Q No other operator would be involved or crowded in this case?

A No.

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

MR. RUSSELL: I have one further question, Mr. Examiner.

REDIRECT EXAMINATION

BY MR. RUSSELL:

Q Am I correct that, since the filing of the Application in this case, you have made a farm-out of the

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Tidwell and Berry Wells?

A Yes, we have.

Q And the proposed operator is aware of this Application and concurs in it?

A Yes.

MR. RUSSELL: I have no further questions.

RECROSS EXAMINATION

BY MR. STAMETS:

Q Who did you farm these two wells out to?

A Yates Brothers in Artesia.

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

He may be excused.

(Witness dismissed.)

MR. STAMETS: Is there anything further in this case?

MR. RUSSELL: Nothing further, Mr. Examiner.

MR. STAMETS: 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.

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. 5410 heard by me on 2-5-75, 1975.  
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  
87501

**I. R. TRUJILLO**  
CHAIRMAN

**LAND COMMISSIONER  
PHIL R. LUCERO  
MEMBER**

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

February 25, 1975

Mr. John Russell  
Attorney at Law  
Post Office Drawer 640  
Roswell, New Mexico 88201

Re: CASE NO. 5410  
ORDER NO. R-4965

Applicant:

**Texas Pacific Oil Co.**

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<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. 5410  
Order No. R-4965

APPLICATION OF TEXAS PACIFIC OIL  
CO., INC. FOR TWO UNORTHODOX GAS  
WELL LOCATIONS, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 5, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of February, 1975, 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 Co., Inc., seeks approval for two unorthodox gas well locations for its Berry Well No. 1, to be located 990 feet from the South line and 990 feet from the West line of Section 23 and its Hnulik Well No. 1, located 1315 feet from the North line and 660 feet from the West line of Section 26, both in Township 17 South, Range 26 East, NMPM, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the W/2 of said Section 23 and the N/2 of said Section 26 are to be dedicated, respectively, to said wells.

(4) That wells at said unorthodox locations will better enable applicant to produce the gas underlying the spacing and proration units.

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



-2-

Case No. 5410  
Order No. R-4965

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

IT IS THEREFORE ORDERED:

(1) That two unorthodox gas well locations for the Morrow formation are hereby approved for applicant's Berry Well No. 1, to be located 990 feet from the South line and 990 feet from the West line of Section 23, and its Hnulik Well No. 1, located 1315 feet from the North line and 660 feet from the West line of Section 26, both in Township 17 South, Range 26 East, NMPM, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the W/2 of said Section 23 and the N/2 of said Section 26 shall be dedicated, respectively, to the above-described wells.


(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

  
PHIL R. LUCERO, Member

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

S E A L

dr/

CASE 5399: (Continued from the January 8, 1975, Examiner Hearing)

Application of Coastline Petroleum Company, Inc., for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Callup and Basin-Dakota gas production in the wellbore of its Schalk 94 Well No. 1, located in Unit A of Section 26, Township 32 North, Range 8 West, San Juan County, New Mexico.

CASE 4899: (Reopened)

In the matter of Case 4899 being reopened pursuant to the provisions of Order No. R-4477, which order established temporary special pool rules for the Cedar Canyon-Morrow Gas Pool, including a provision for 640-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

CASE 4900: (Reopened)

In the matter of Case 4900 being reopened pursuant to the provisions of Order No. R-4478, which order established temporary special pool rules for the West Jal-Fusselman Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

CASE 5099: (Reopened)

In the matter of Case 5099 being reopened pursuant to the provisions of Order No. R-4683, which order established temporary special pool rules for the South Carlsbad-Wolfcamp Gas Pool, Eddy County, New Mexico, including a provision for 320-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 160-acre spacing units.

CASE 5409: Application of Atlantic Richfield Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the SE/4 of Section 12 and the NE/4 of Section 13, both in Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its George W. Toby WN Wells Nos. 4, 1, and 1-A, located, respectively, in Units A and H of said Section 12 and in Unit A of said Section 13.

CASE 5410: Application of Texas Pacific Oil Co., Inc. for two unorthodox gas well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of its Berry Well No. 1, to be located 990 feet from the South and West lines of Section 23, and its Hnulik Well No. 1, located 1315 feet from the North line and 660 feet from the West line of Section 26, both in Township 17 South, Range 26 East, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico, the W/2 of said Section 23 and the N/2 of said Section 26 to be dedicated, respectively, to said wells.

Case 5410

LAW OFFICES OF  
**JOHN F. RUSSELL**  
412 HINKLE BUILDING  
P. O. DRAWER 640  
ROSWELL, NEW MEXICO 88201

TELEPHONE 622-4641  
AREA CODE 505

January 14, 1975

Mr. A. L. Porter, Jr.  
Secretary - Director  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

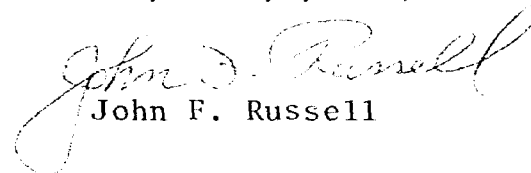
Re: Application of Texas Pacific Oil Company, Inc.  
for unorthodox well locations

Dear Mr. Porter:

I transmit herewith in triplicate, the application of Texas Pacific Oil Company, Inc., for two unorthodox well locations in the Kennedy Farms Morrow Gas Pool.

The exhibits which will be used in this hearing are the same exhibits as were previously filed with the Commission in Case No. 5369 and Case No. 5330.

Very truly yours,

  
John F. Russell

JFR:jb  
Enclosures

cc: Mr. Bill Young  
Texas Pacific Oil Company, Inc.  
P. O. Box 4067  
Midland, Texas 79701

DOCKET MAILED

1-24-75

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF TEXAS PACIFIC OIL COMPANY, INC. )  
FOR AN EXCEPTION TO RULE 104 OF )  
THE COMMISSION, TO ALLOW APPLICANT )  
TO DRILL THE FOLLOWING WELLS AT )  
UNORTHODOX LOCATIONS IN THE )  
KENNEDY FARMS MORROW GAS POOL, )  
EDDY COUNTY, NEW MEXICO: )

1. ITS BERRY NO. 1 WELL 990 )  
FEET FROM THE SOUTH LINE )  
AND 990 FEET FROM THE WEST )  
LINE OF SECTION 23, TOWN- )  
SHIP 17 SOUTH, RANGE 26 EAST; )
2. ITS HNULIK WELL NO. 1 )  
LOCATED 660 FEET FROM THE )  
WEST LINE AND 1315 FEET )  
FROM THE NORTH LINE OF )  
SECTION 26, TOWNSHIP 17 SOUTH, )  
RANGE 26 EAST. )

NO. \_\_\_\_\_

APPLICATION

COMES NOW Texas Pacific Oil Company, Inc., by its attorney, John F. Russell, and states:

1. Applicant proposes to drill its Berry No. 1 Well at an unorthodox location 990 feet from the South line and 990 feet from the West line of Section 23, Township 17 South, Range 26 East, to which will be dedicated the W $\frac{1}{2}$  of said Section 23.

2. Applicant proposes to drill its Hnulik Well No. 1 at an unorthodox location 660 feet from the West line and 1315 feet from the North line of Section 26, Township 17 South, Range 26 East to which will be dedicated the N $\frac{1}{2}$  of said Section 26.

3. The granting of this application will allow applicant to recover its fair share of the gas from the proration units assigned to the wells.

4. The granting of said application will also prevent waste and protest correlative rights.

WHEREFORE, Applicant requests that the Commission set this matter down for hearing before its examiner, publish notice as required by law and, after hearing, issue its order authorizing the unorthodox locations as prayed for herein.

Respectfully submitted,

TEXAS PACIFIC OIL COMPANY, INC.

By John F. Russell  
John F. Russell  
P. O. Box 640  
Roswell, New Mexico 88201  
Applicant's Attorney

DATED: January 13, 1975

DRAFT

dr/

*Pa. D. L. Denick Hold for Transcript 2222.*

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. 5410

Order No. R-4965

APPLICATION OF TEXAS PACIFIC OIL CO.,  
INC. FOR TWO UNORTHODOX GAS WELL  
LOCATIONS, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 5, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of February, 1975, 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 Co., Inc., seeks approval for two unorthodox gas well locations for its Berry Well No. 1, to be ~~xxxxx~~ located 990 feet from the South line and 990 feet from the West line of Section 23 and its Hnulik Well No. 1, located 1315 feet from the North line and 660 feet from the West line of Section 26, both in Township 17 South, Range 26 East, NMPM, Kennedy Farms-Morrow Gas Pool, Eddy County, New Mexico.

1 -2-

2 CASE NO. 5410  
3 Order No. R-

4 (3) That the W/2 of said Section 23 and the N/2 of said Section  
5 <sup>an</sup> 26 <sup>said</sup> to be dedicated to ~~the~~ wells.

6 (4) That wells at said unorthodox locations will better  
7 enable applicant to produce the gas underlying the <sup>spacing and</sup> proration units.

8 (5) That no offset operator objected to the proposed unortho-  
9 dox locations.

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

17 IT IS THEREFORE ORDERED:

18 (1) That two unorthodox gas well locations for the Morrow  
19 formation are hereby approved for <sup>applicant's</sup> the Berry Well No. 1, to be  
20 located 990 feet from the South line and 990 feet from the West  
21 line of Section 23, and its Hnulik Well No. 1, located 1315 feet  
22 from the North line and 660 feet from the West line of Section 26,  
23 both in Township 17 South, Range 26 East, NMPM, Kennedy Farms-  
24 Morrow Gas Pool, Eddy County, New Mexico.

25 (2) That the W/2 of said Section 23 and the N/2 of said  
26 Section 26 shall be dedicated, <sup>separately,</sup> to the above-described wells.

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

29 DONE at Santa Fe, New Mexico, on the day and year herein-  
30 above designated.

31

32

7.1

Went to the Club.

Had a very good time.

Had a very good time.

Had a very good time.

Had a very good time.

Had a very good time.

Had a very good time.

Jack Russell  
called this in  
Oscar