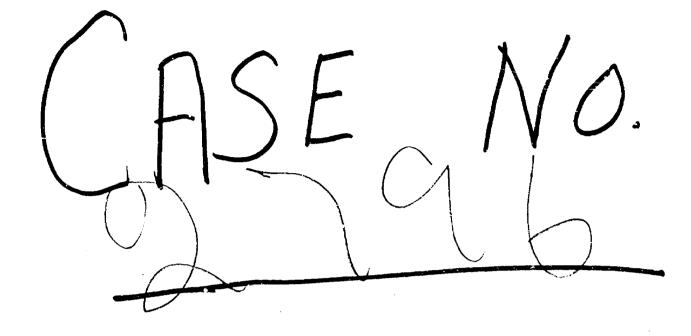
CASE 2796: Application of TEXACO for unorthodox location for its



APPlication, Transcripts, SMAIL Exhibits ETC. DRAFT
JMD/esr
April 26, 1963

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:

Dur

CASE No. 2796Order No. R- 2473

APPLICATION OF TEXACO INC. FOR AN UNORTHODOX WELL LOCATION, EDDY COUNTY, NEW MEXICO.

W.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 24 , 1963, at Santa Fe, New Mexico, before Elvis A. Utz Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of April , 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz , and being fully advised in the premises,

FINDS:

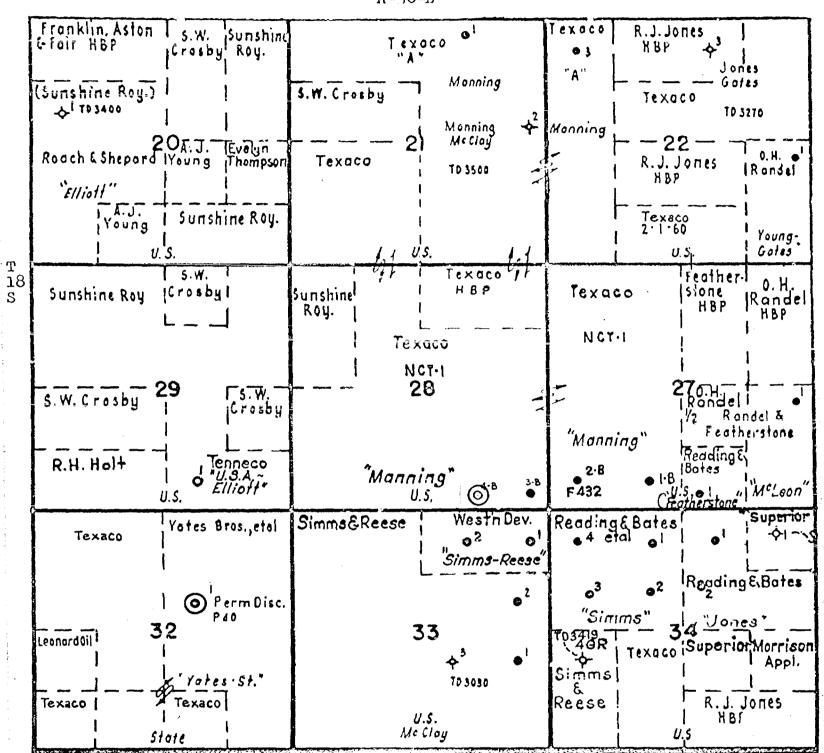
- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Texaco Inc., seeks authority to drill its L. R. Manning Federal "B" Well No. 4 at an unorthodox location 330 feet from the South line and 1491 feet from the East line of Section 28, Township 18 South, Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.
- (3) That a standard location 330 feet from the South line and 1650 feet from the East line of said Section 28 would be on a paved access road to a porash mine.
- (4) That the applicant could drill the proposed well to the west of the access road, but this would necessitate the additional cost of installing flow lines under the highway to the applicant's tank battery on the east side of the highway.

- (5) That approval of the subject application will prevent unreasonable and unecessary well-location costs, thereby preventing economic waste.
- (6) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

- (1) That the applicant, Texaco Inc., is hereby authorized to drill its L. R. Manning Federal "B" Well No. 4 at an unorthodox location 330 feet from the South line and 1491 feet from the East line of Section 28, Township 18 South, Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

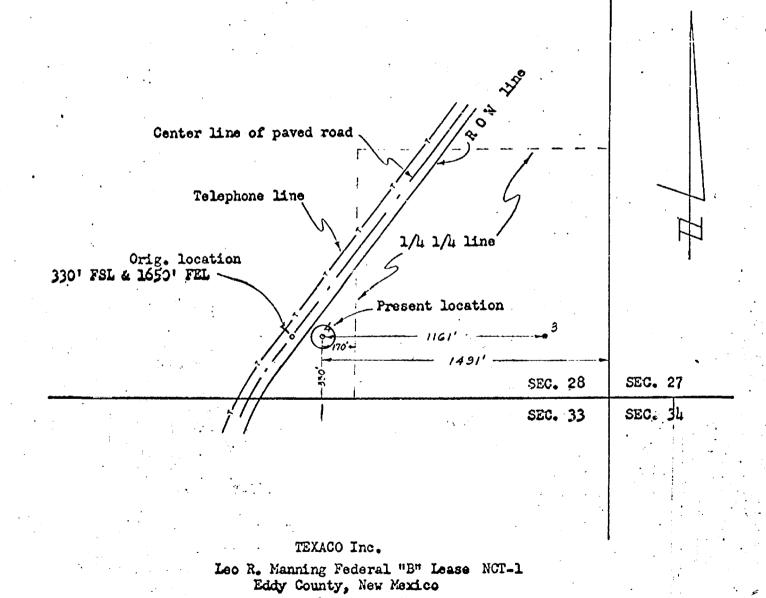
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



OWNERSHIP MAP
L. R. MANNING FEDERAL "B" NCT-1 LEASE
NORTH BENSON (QUEEN-GRAYBURG) POOL
EDDY COUNTY, NEW MEXICO

BEFORE EXAMINER UTZ						
OIL CONSERVATION COMMISSION						
EXHILIT NO. /						
CASE NO. 2116						

1



T-18-S, R-30-E

Scale: 1" 500!

BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

EXHIST NO. 2

CASE NO. 196

HARAL VILLE XACO

MA C III A DETROLEUM PRODUCTS

DOMESTIC PRODUCING DEPARTMENT MIDLAND DIVISION



April 1, 1963

P. O. BOX 3109 MIDLAND, TEXAS

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

Attn: Mr. A. L. Porter, Jr.

Gentlemen:

Texaco Inc. respectfully requests that a hearing be set to consider our application for an unorthodox well location for our L. R. Manning Federal "B" NCT-1 Well No. 4, North Benson (Queen-Grayburg) Pool, Eddy County, New Mexico. In support of our application the following facts are submitted:

- Texaco Inc. is the operator of the L. R. Manning Federal "B" NCT-1 lease containing 960 acres and consisting of the W/2 Section 27, S/2, S/2 NE/4, E/2 NW/4, Section 28, and SW/4 Section 21, T-18-S, R-30-E, Eddy County, New Mexico.
- The L. R. Manning Federal "B" NCT-1 Well No. 4 will be located 330' from the south line and 1491' from the east line, said Section 28.
- It is not possible to locate this well at a normal location due to a paved road serving a potash mine in the area.

Your consideration in setting this matter on the first available Examiner hearing docket will be greatly appreciated.

Yours very truly,

C.R. Black

DOCKET MAILED

C. R. Black Division Proration Engineer

CRB-MM

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 24, 1963

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner;

CASE 2792:

In the matter of the hearing called by the Oil Conservation Commissio, on its own motion to permit Everett D. Burgett and all oler interested parties to appear and show cause why the Meyers Union Well No. 1, located in Unit I of Section 11, Township 23 South, Range 27 East, and the Richardson-Bass State Well No. 1, located in Unit B of Section 5, Township 25 South, Range 28 East, both in Eddy County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 2793:

In the matter of the hearing called by the Oil Conservation Commission on improve motion to permit Everett D. Burgett and all other interested parties to appear and show cause why the Pure State Wells Nos. 1, 2, 3, and 7, located in Units 3 and 0 of Section 15, and the Magnolia State Well No. 1, located in Unit E of Section 14, all in Township 21 South, Range 27 East, Eddy County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 2794:

Application of Ambassador Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Grayburg-Jackson Unit Area comprising 1600 acres of Federal and State lands in Cownship 17 South, Range 30 East, Eddy County, New Mexico.

CASE 2795:

Application of Marathon Oil Company for a multiple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the triple completion (conventional) of its State McCallister Well No. 5, located in Unit M of Section 25, Sownskii 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the North Vacuum Abo, the Vacuum-Wolfcamp, and the Vacuum-Devonian Pools through parallel strings of tubing.

CASE 2796:

Application of Texaco Inc. for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its L. R. Manning Federal "B" Well No. 4 at an unorthodox location 330 feet from the South line and 1491 feet from the East line of Section 28, Township 18 South, Range 30 East, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.

-2-

Docket No. 13-63

CASE 2797:

Application of Texaco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 360-acre non-standard gas proration unit comprising the SW/4, N/2 SE/4, and SE/4 SE/4 of Section 31, and the S/2 SW/4 of Section 32, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated its E. E. Blinebry "A" Well No. 2, located in Urit I of said Section 31.

CASE 2798:

Application of Pan American Petroleum Corporation for a salt water disposal dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Navajo "C" Well No. 1, located in Unit D of Section 1, Township 29 North, Range 17 West, San Juan County, New Mexico, to produce hydrocarbons from the Pennsylvanian-Paradox formation and to dispose of produced salt water through the intermediate casing annulus into the open hole interval from 2300 feet to approximately 5000 feet.

CASE 2784:

(Continued from April 10, 1963 Examiner Hearing)
Application of Continental Oil Company for authority to
conduct interference tests, Lea County, New Mexico. Applicant,
in the above-styled cause, seeks authority to shut-in all
wells in the Oil Center-Blinebry Pool, Lea County, New Mexico,
for approximately 7 days to achieve stabilization, to leave
one well shut-in for a period not to exceed 90 days to
observe pressure behavior, and to transfer the allowables
and make-up underproduction from the shut-in wells.

CASE 2799:

Application of Phillips Petroleum Company for a waterflood project. Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations, Maljamar Pool, Lea County, New Mexico, through one well in Unit J, Section 2, Township 17 South, Range 32 East.

CASE 2800:

Application of Olen F. Featherstone for a special allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing the assignment of a special allowable to his Valentine Well No. 1, located in Unit M of Section 27, Township 16 South, Range 31 East, Eddy County, New Mexico. Said well offsets and has received a response from Newmont's East Square Lake Waterflood Project.

-3-Docket No. 13-63

CASE 2801:

Application of Socony Mobil Oil Company, Inc. for a multiple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (conventional) of its State Bridges Well No. 96, located in Unit H of Section 26, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the Vacuum-Pennsylvanian, Vacuum-Wolfcamp, and North Vacuum-Abo Pools through parallel strings of tubing.

Ear 2796

GILBERT, WHITE AND GILBERT

ATTORNEYS AND COUNSELORS AT LAW

BISHOP BUILDING SANTA FE, NEW MEXICO

CARL HIGHBERT, 1 CO. C. C. WHITE L. C. WHITE SUMNER S. KOCH WILLIAM W. GILBERT SUMNER S. KOCH

April 2, 1963

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

Attention: Ida Rodriguez

Dear Ida:

Enclosed in triplicate is Texaco's application for an unorthodox location of its L. R. Manning Federal "B" NCT-1 $\,$ Well No. 4.

It would be appreciated if you would advise us when the hearing date has been set.

Very truly yours,

LCW/ab Encls.

DOCKET MALLED

Lead. 4-1463

Cli. 4-26-63.

1. Shout Dexico's request for a

N 56 for their Manning Ded. '3' NC7-11

4, 330/5, 1491/6 lines ne 28-185-306.

91. Benson Queen thoughay Port.

2. Reason for request is that flat brotion

would full on the panel briway to

a potack Plant. Do more second

the briway would cost considerable

money to key lines to the lease

Tank Bulley located in sec. 27,

GOVERNOR JACK M. CAMPBELL CHAIRMAN

State of New Mexico Dil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



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

May 3, 1963

Mr. Charlie White Gilbert, White & Gilbert Attorneys at Law Box 787 Santa Fe, New Mexico

Re: Case No. 2797

Order No. R-2473 and R-2474

Applicant:

Texaco Inc.

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.

Secretary-Director

ir/					
Carbon copy	of	order	also	sent	to:
Hobbs occ _					
Artesia OCC					
Aztec OCu					
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. 2796 Order No. R-2473

APPLICATION OF TEXACO INC. FOR AN UNORTHODOX WELL LOCA-TION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 24, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3rd day of May, 1963, the Commission, a quorum being present, naving considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Texaco Inc., seeks authority to drill its L. R. Manning Federal "B" Well No. 4 at an unorthodox location 330 feet from the South line and 1491 feet from the East line of Section 28, Township 18 South, Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.
- (3) That a standard location 330 feet from the South line and 1650 feet from the East line of said Section 28 would be on a paved access road to a potash mine.
- (4) That the applicant could drill the proposed well to the west of the access road, but this would necessitate the additional cost of installing flow lines under the highway to applicant's tank battery on the east side of the highway.
- (5) That approval of the subject application will prevent unreasonable and unnecessary well-location costs, thereby preventing economic waste.

-2-CASE No. 2796 Order No. R-2473

(6) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

- (1) That the applicant, Texaco Inc., is hereby authorized to drill its L. R. Manning Federal "B" Well No. 4 at an unorthodox location 330 feet from the South line and 1491 feet from the East line of Section 28, Township 18 South, Range 30 East, NMPM, North Benson Queen-Grayburg Pool, Eddy County, New Mexico.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

> STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

W & Verter h.

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

DEARNLEY-MEIER REPORTING SERVICE, Inc.

SANTA FE, N. M. PHONE 983-3971

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico April 24, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco Inc. for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its L. R. Manning Federal "B" Well No. 4 at an unorthodox location 330 feet from the South line and 1491 feet from the East line of Section 28, Township 18 South, Range 30 East, North Benson Queen-Grayourg Pool, Eddy County, New Mexico.

CASE 2796

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2796.

MR. DURRETT: Application of Texaco Inc. for an unorthodox well location, Eddy County, New Mexico.

MR. WHITE: If the Examiner please, Charles White or Gilbert, White, and Gilbert, appearing on behalf of the Applicant. We have Mr. Black, our only witness, to be sworn at this time.

(Witness sworn.)

MR. UTZ: Are there other appearances in this case? You may proceed.

C. R. BLACK

called as a witness, having been first duly sworn on oath, testified as follows:



DEARNLEY-MEIER REPORTING SERVICE, Inc.

(Whereupon, Applicant's Exhibits Nos. 1 and 2 marked for identification.)

DIRECT EXAMINATION

BY MR. WHITE:

Q Will you state your name and that of your employer, please?

A C. R. Black, employed by Texaco Inc as Division Proration Engineer out of Midland, Texas.

Q Have your professional qualifications been previously accepted by the Commission and by the Examiners?

A Yes, they have.

Q Are you familiar with the subject application?

A Yes, I am.

 $\ensuremath{\mathrm{Q}}$ $\ensuremath{\mathrm{Will}}$ you state the purpose of the application and the reason for it?

A This is the application of Texaco for an unorthodox well location for our No. 4 L. R. Manning "B" (NCT-1), to be completed in the North Benson-Grayburg Pool in Eddy County, New Mexico. The reason for this application is that we originally proposed the well to be located 330 foot from the South line of the section and 1650 foot from the East line of the section, but upon going to the field and staking the well, it fell right in the center of a paved road serving a potash mine in this area, so it was necessary to move this location.

Q Do you have an ownership plat?

ALBUQUERQUE, N. M. PHONE 243.6691



ICE, Inc.
FARMINGTON, N. M.
PHONE 325-1162

SANTA FE, N. M. PHONE 983.3971

DEARNLEY-MEIER REPORTING SERVICE,

Yes, Exhibit I is an ownership map showing the entire Α L. R. Manning lease bordered in yellow. It contains some 960 This map also shows the location of the wells existing in the North Benson Queen-Grayourg Pool. This plat shows that Texaco has three wells completed at this time on the Manning lease, and the subject well is circled in red.

Mr. Black, do you anticipate further development on Q this acreage?

Yes, sir, we do. We anticipate that we'll drill some additional wells to the north and to the west of the development as it is at this time. The Manning No. 2 and No. 3 "B" Wells are top allowable wells. The Western Development Simms Reese Well immediately to the south of the subject location is a top allowable well, so we believe that the areal extent of this pool will extend to the north and to the west somewhat.

Q In your opinion, can the proposed 40 acres to be assigned to this well reasonably be presumed to be productive of gas from the Jalmat Gas Pool?

Α Yes, sir. The 40 acres can be assumed to be productive of oil from the North Benson Queen-Grayourg Pool.

Q Will you refer to Exhibit 2 and describe that?

Exhibit 2 is a more detailed plat showing the southeastern portion of Section 28. The yellow line to the horizontal line shown on the exhibit is the south line of the Texaco Manning Shown on this exhibit is the center line of a paved road lease.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

SANTA FE, N. M. PHONE 983-3971

serving a potash mine in this area, a telephone line, a right-ofway line. Also shown is the location of the Well No. 3, which is currently completed in the North Benson Pool, showing the quarter-quarter section dedicated to this well.

You will note on the center line of the paved road we show the original proposed location for Well No. 4. As I stated previously, it was 330 foot from the South line and 1650 foot from the East line of the section. This did fall on the center line of this paved road and we propose to drill this well 330 foot from the South line of the section and 1491 feet from the East line of the section.

Then you will not be crowding the lease line by the proposed location?

No, sir, we will still be 330 foot from the lease line and will not be crowding that lease line.

Will you be crowding the existing Well No. 3 on the lease?

No, sir, under the rules it would be permissible to drill two wells 660 feet apart, and it can be seen that the distance between No. 4 and No. 3 will be 1161 feet, so we will not be crowding No. 3.

Then the only exception is that you'll be nearer than 330 from the quarter-quarter?

That's true. We will be 130 feet from the quarterquarter instead of the 330.



Yes, it's within the 175 foot of the 40-acre unit that will be assigned to the well.

Will you incur additional expense were you to have the well on the west side rather than the east as shown?

Yes, there would be additional expense, because our tank battery is located in Section 27 for this lease. It would be necessary to ditch the flow lines under the paved road and repave the pavement if the well were located on the west side of this road.

Q In your opinion, is the location of this well reasonable in view of the surface obstructions?

Yes, I believe it's reasonable.

Q Will the location cause waste or impair correlative rights?

Α No, it will not.

Q Were Exhibits 1 and 2 prepared by you or under your direction?

Yes, sir, they were.

MR. WHITE: At this time we offer Exhibits 1 and 2.

MR. UTZ: Without objection, the Exhibits 1 and 2 will be entered into the record of this case.

> (Whereupon, Applicant's Exhibits Nos. 1 and 2 entered in evidence.)

MR. WHITE: If the Examiner please, that completes the direct.



CROSS EXAMINATION

BY MR. UTZ:

Q If you were to move the well west across the highway, what would be the location?

A Well, it would be in excess of 330 from the quarter-quarter section lines. I don't know exactly what the footage location would be, but it would be more than 330 foot from the quarter-quarter section lines.

Q More than 330 feet from all quarter-quarter section lines?

A Yes, sir. It would be necessary to move at least 100 feet west of the telephone line to get away from it.

Q Your main objection to moving it over there is because of the tank battery?

A Yes, sir, that's one objection. Certainly this well will provide us information to evaluate future locations and if we do drill to the north and the west, we will be faced at one time of laying flow lines under this paved road, but we certainly realize that all reservoirs have a tendency of stopping at some point and we might not have any additional development past this No. 4. We certainly anticipate it at this time, but it's a possibility that it might not prove to be.

- Q You are afraid it might stop under the highway?
- A That could be a possibility, yes, sir.

MR. UTZ: Any other questions of the witness?



MR. DURRETT: Yes, sir, I have a question or two. BY MR. DURRETT:

Mr. Black, what would be the estimated expense or extra expense in this case to go under the highway with this line that you would have to run?

I don't have the exact estimates on it. Of course, what it would involve would be digging up of the road, laying the flow line, and repairing the road.

You don't think you would have to go over 100 feet, you say 100 feet past the telephone lines?

I would say it would be necessary to be at least 100 foot away from this telephone line in setting up your rig for safety precautions, to insure the fact that it would be far enough removed from it so there wouldn't be any hazard.

Looking at your Exhibit No. 2 here, that would be what, approximately two or three hundred feet from the location you are proposing now?

It would be necessary to move it approximately three to 350 feet.

What kind of a highway or road is this? paved road, I notice from your Exhibit No. 2. Is this a Federal road or State road?

No, this is a private road. It's a paved road serving a potash mine.

But it is a privately owned road?



DEARNLEY-MEIER REPORTING SERVICE, Inc. SANTA FE, N. W.

Α	That's	our	information.

- This is on a Federal lease?
- Yes, sir.

Do ou know what the right-of-way is on the road? There's an easement, I would suppose, granted by the Federal Government to put a road across there. I was wondering if you know what the right-of-way of it was.

No, sir, I don't. I do know that our oil and gas lease covers the entire lease and it's not -- the road right-ofway is not excluded from our lease.

Have you contacted the Federal Government or the land O owner concerning drilling a well in the center of the road?

Α No, sir, we haven't.

But you assume they probably would object to that?

I think that would be a safe assumption.

MR. UTZ: which potash mine is this?

I don't know the name of the potash mine. I could Α obtain that information for you. It was not available.

MR. UTZ: I imagine some of our records will show that. Are there other questions of the witness? The witness may be excused.

(Witness excused.)

MR. UTZ: Any statements in this case? The case will be taken under advisement.

FARMINGTON, N. M. PHONE 325-1182 DEARNLEY-MEIER REPORTING SERVICE, Inc.

SANTA FE, N. M. PHONE 983.3971

STATE OF NEW MEXICO SS COUNTY OF BERNALILLO

I. ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

WITNESS My Hand and Seal this 3rd day of May, 1963.

My Commission Expires: June 19, 1963.

> I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No 2 78 6.

Drasiner. New Mexico Oil Conservation

