

CASE 3313: Application of TENNECO
for a non-standard location, San
Juan County, New Mexico.

221

CASE No.
3313

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

State of New Mexico
Oil Conservation Commission



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

October 13, 1965

Re: Case No. 3313
Order No. R-2980
Applicant:

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

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

Hobbs OCC x
 Artesia OCC
 Aztec OCC x
 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. 3313
Order No. R-2980

APPLICATION OF TENNECO OIL COMPANY
FOR A NON-STANDARD LOCATION, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 6, 1965, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 13th day of October, 1965, 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, Tenneco Oil Company, seeks authority to complete its Oiler "A" Well No. 2 at a non-standard wildcat Gallup oil well location 1525 feet from the North line and 1650 feet from the East line of Section 35, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico.

(3) That the subject well was drilled and completed as a Basin-Dakota gas well at a standard Basin-Dakota location but also encountered an undesignated Gallup oil pool and is capable of producing from said pool.

(4) That approval of the subject application will prevent the drilling of unnecessary wells, will afford the applicant the

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CASE No. 3313
Order No. R-2980

opportunity to produce its just and equitable share of the oil in the pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tenneco Oil Company, is hereby authorized to complete its Omler "A" Well No. 2 at a non-standard wildcat Gallup oil well location 1525 feet from the North line and 1650 feet from the East line of Section 35, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico.

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

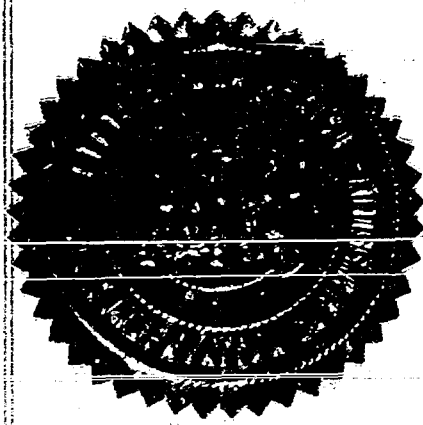
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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



CBT/

3313.

Heard 10-6-65

Rec. 10-6-65

1. Grant Deereco. on N.S.L. for their
Olmes #A #2, 1525/N, 1650/E, 35-25N-10W.
for the undesignated Gallup oil Pool.
25' to for North.

Thos A. D.

MAILED
SEP 17 1965

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF TENNECO
OIL COMPANY FOR A NON-STANDARD LOCATION FOR THE
PRODUCTION OF OIL FROM ITS OMBER WELL A-2 LOCATED
IN SECTION 35, TOWNSHIP 28 NORTH, RANGE 10 WEST,
SAN JUAN COUNTY, NEW MEXICO.

Case 3313

APPLICATION

Comes now Tenneco Oil Company and for its application to the Oil
Conservation Commission of the State of New Mexico shows the following:

1. Tenneco Oil Company is the owner and operator of Ombre Well
A-2 located 1,525 feet from the north line and 1,650 feet from the east line
of Section 35, Township 28 North, Range 10 West, San Juan County, New Mexico.
This well was projected and completed as a gas well in the Dakota formation
with perforations between 6,249 feet and ^{6,352} 6,616 feet, but oil was also en-
countered in the Gallup sand with perforations made between 5,810 feet and
5,815 feet with an estimated potential production of 300 barrels of oil per
day.

2. In order to produce from the Gallup sand, it is necessary under
Rule 104 B (II) (b) to have a public hearing for approval of a non-standard
oil well location, said well being closer than 330 feet from the north line
of the boundary of the producing tract.

3. The granting of this application will prevent waste and not
affect correlative rights.

WHEREFORE Applicant seeks a non-standard location for this well
330 feet from the east line and 205 feet from the north line of the pro-
ducing tract.

WHITE, GILBERT, KOCH & KELLY

By W B Kelly
Attorneys for Applicant

DOCKET MADE

9-34-65
R

WHITE, GILBERT, KOCH & KELLY
ATTORNEYS AT LAW
P. O. BOX 787
SANTA FE, NEW MEXICO

Docket No. 28-65

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 6, 1965

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 3307: (Continued from September 22, 1965 Examiner Hearing)
Application of Arwood Stowe & Company for the creation of a pool, special pool rules, and a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the creation of an oil pool for Mesaverde production in Section 33, Township 18 North, Range 3 West, Sandoval County, New Mexico, and the establishment of special pool rules governing well spacing of less than 40 acres and special well locations; or in the alternative, for the extension of the San Luis-Mesaverde Pool to include portions of said Section 33. Applicant further seeks authority to institute a waterflood project in said Section 33 by the injection of water into the Mesaverde formation through four wells.

CASE 3310: (Continued from September 22, 1965 Examiner Hearing)
Application of Cima Capitan, Inc., Ryder-Scott Management Company, and Stallworth Oil and Gas Company for a waterflood project, Eddy County, New Mexico. Applicants, in the above-styled cause, seek authority to conduct a cooperative waterflood project by the injection of water into the Grayburg-San Andres formations through 16 injection wells to be drilled at unorthodox locations in Sections 25 and 36, Township 16 South, Range 30 East, and Sections 30, 31 and 32, Township 16 South, Range 31 East, Square Lake Pool, Eddy County, New Mexico.

CASE 3313: Application of Tenneco Oil Company for a non-standard location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce its Omler "A" Well No. 2 at a non-standard undesignated Gallup oil well location 1525 feet from the North line and 1650 feet from the East line of Section 35, Township 28 North, Range 10 West, San Juan County, New Mexico.

CASE 3314: Application of Sinclair Oil & Gas Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Order No. R-2040, which created a non-standard gas proration unit comprising the SW/4 of Section 14 and the SE/4 of Section 15, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, said unit to be dedicated to its Matkins Well No. 1 located in Unit P of said Section 15. Applicant proposes to dedicate said unit to its Matkins Well No. 4 located in Unit K of Section 14 in addition to said Well No. 1.

CASE 3315: Application of Sun Oil Company for a unit agreement, Catron and Socorro Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the San Augustin Plains Unit Area comprising 404,293 acres, more or less, of Federal, State and Fee lands in Townships 1, 2, 3, 4, and 5 South, Ranges 7, 8, 9, 10, 11, and 12 West, Socorro and Catron Counties, New Mexico.

OCTOBER 6, 1965 EXAMINER HEARING

- CASE 3316: In the matter of the hearing called by the Oil Conservation Commission on its own motion for the creation of a new oil pool for Yates and Seven Rivers production in Sections 12, 13, and 24, Township 26 South, Range 36 East, and Sections 7, 18, 19, 30, 31, 32, and 33, Township 26 South, Range 37 East, Lea County, New Mexico, said pool to be designated the Scarborough Yates-Seven Rivers Pool. Further, to consider the establishment of a procedure whereby a special allowable would be assigned to said pool which would permit equalized per-acre withdrawal rates from wells on 40-acre spacing in New Mexico to the per-acre withdrawal rates from 20-acre wells located immediately south in the Scarborough Pool, Winkler County, Texas.
- CASE 3317: Application of Jake L. Hamon for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Owl Draw Unit Area comprising 8,916 acres, more or less, of Federal, State and Fee lands in Township 25 South, Range 27 East, Township 26 South, Range 26 East, Township 26 South, Range 27 East, Eddy County, New Mexico.
- CASE 3318: Application of Pan American Petroleum Corporation for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation in its Navajo Tribal "U" Well No. 6 located in Unit 0 of Section 22, Township 26 North, Range 18 West, San Juan County, New Mexico.
- CASE 3107 (Reopened): In the matter of Case No. 3107 being reopened pursuant to the provisions of Order No. R-2779, which order established 80-acre spacing units for the North Bagley-Middle Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 6, 1965

EXAMINER HEARING

IN THE MATTER OF:

Application of Tenneco Oil Company for
a non-standard location, San Juan County,
New Mexico. Applicant, in the above-
styled cause, seeks authority to produce
its Omler "A" Well No. 2 at a non-
standard undesignated Gallup oil well
location 1525 feet from the North line
and 1650 feet from the East line of
Section 35, Township 28 North, Range 10
West, San Juan County, New Mexico.

Case No. 3313

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MAIN OFFICE

'65 OCT 13 AM 7 57



MR. UTZ: Case 3313.

MR. DURRETT: Application of Tenneco Oil Company
for a non-standard location, San Juan County, New Mexico.

MR. KELLY: Booker Kelly on behalf of White, Gilbert,
Koch and Kelly, Santa Fe. I have one witness and ask that he
be sworn.

(Witness sworn.)

MR. UTZ: Are there any other appearances?

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

L. E. LITTLE

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

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, position, and employer,
please?

A L. E. Little with Tenneco Oil Company, Petroleum
Engineer.

Q Where are you located, Mr. Little?

A Durango, Colorado.

Q Have you previously testified before the New Mexico
Oil Conservation Commission?

A No, I have not.

Q Would you give the Examiner a brief statement as to your educational background and your professional background?

A Received a Petroleum Engineering degree, Texas A & M in 1960. I worked for Tenneco Oil Company from that date until the present time.

Q What has your status been with Tenneco?

A The first two years, production; the third year, drilling engineer; and the last year, reservoir engineer.

MR. KELLY: Are the witness' qualifications acceptable?

MR. UTZ: Yes, they are.

Q (By Mr. Kelly) Would you briefly state what Tenneco seeks by this application, referring to what has been marked as Exhibit No. 1?

A We seek authority to produce our Omler "A"-2 as a non-standard undesignated oil well in San Juan County, New Mexico.

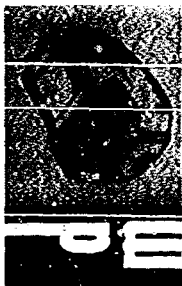
Q Referring to Exhibit No. 1, would you locate that well on the exhibit and give its location and section?

A 1525 feet from the North line and 1650 from the East line of Section 35, Township 28, Range 10 West. It's circled there in the shaded red area.

Q What is the status of the Omler well?

A It is currently shut-in at this time.

Q Is it a dual?



A That's true. The main objective was the Dakota gas. After we logged it, we found this Gallup zone and tested it and there's indication of commercial production in that zone, so we're applying for dual completion and then, pending this hearing --

Q The dual is an administrative application?

A Right.

Q Therefore the reason for the unorthodox location is due to it being originally drilled as a Dakota gas well, is that correct?

A That is true.

Q You are seeking approval for the unorthodox location on the Gallup Sands oil well?

A Right.

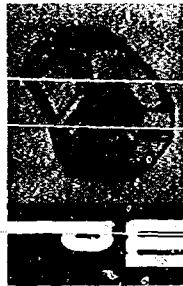
Q What is the extent of the deviation here, as far as being off pattern?

A I think it's 125 feet too far to the north.

Q Could you give the Examiner the status of these other wells surrounding that well? Have you shown this Gallup Sand in any of those surrounding wells?

A No. The "A"-1, the "A"-3, the "A"-4, and the "A"-7, all surrounding this No. "A"-2, had no indication of the Gallup Sand in the log.

Q Do you have any logs to show this?



A Yes, I do.

MR. KELLY: Would the Commission be interested in seeing any of the logs? He has some logs to show that the Gallup Sand didn't appear in any of these other wells.

MR. UTZ: Oh, I don't think so, unless you want to make them a part of the record.

MR. KELLY: No, we just had them available if you wanted them.

Q (By Mr. Kelly) Referring to what has been marked Exhibit No. 2, have you made an estimate --

MR. UTZ: You might state the location of those logs.

A Of the well numbers and so forth?

MR. UTZ: No, just the location of the wells in which you have the logs that show no development.

A All right. I have Olmer "A"-6 which is Section 36, Township 28, Range 10, it's 1850 from the North line and 2310 from the East line.

MR. UTZ: What was the number of that well?

A Olmer "A"-6. Of course, I have the Olmer "A"-2 which I mentioned previously. The Olmer "A"-7, Section 36, 28 North, Range 10 West, 1750 from the West line, 1550 from the South line. The Olmer "A"-3, Section 26, Township 28, Range 10, 790 from West line, 790 from South line; the Olmer "A"-1, Section 26, Township 28, Range 10, 1650 from East line, and 1450 from North line.

MR. UTZ: What was that last number?

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A "A"-1. And I have the Olmer "A"-4, Section 25, Township 28, Range 10, it's 990 from West and 990 from South.

MR. UTZ: That's all.

A Yes, sir.

Q (By Mr. Kelly) On none of these logs does the Gallup Sand appear, except for the subject well?

A That's true.

Q Referring to what has been marked Exhibit 2, have you prepared an estimate of reserves for this well?

A Yes. Based on 160 acres of productive acreage and an average thickness of three feet, three feet of net pay, and based on the Totah-Gallup and the Cha Cha-Gallup Fields which have recovery of 75 barrels per acre foot, the estimated recovery from this well is approximately 40,000 barrels.

Q Would this justify Tenneco drilling a separate well for that estimated reserves?

A No, it would not.

Q It would not be economically feasible?

A No.

Q Now, your Exhibit No. 1 and No. 2 show that Tenneco is the owner of the two sections immediately north and the section to the west of the subject well; is that correct?

A That's correct.

Q So you are actually crowding yourself?

A That's true.

Q In your opinion, would the granting of this application prevent waste and protect correlative rights?

A Yes.

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

A Yes.

MR. KELLY: I move the introduction of Exhibits 1 and 2.

MR. UTZ: Without objection Exhibits 1 and 2 will be admitted into the case.

(Whereupon, Tenneco's Exhibits Nos. 1 and 2 offered and admitted in evidence.)

MR. KELLY: For the record, I would also like to correct the application to show the correct perforations.

MR. UTZ: It will be amended and noted on the application.

MR. KELLY: I have no further questions at this time.

CROSS EXAMINATION

BY MR. UTZ:

Q This well was 1525 from the North line?

A Yes, sir.

Q I believe you stated it was 125 feet too far to the north, was that your statement?

A I think that's correct, yes.

Q That's a standard section, is it?

A Yes, sir, if I'm not mistaken, it should be 1650 north.

Q It looks to me like it's only twenty-five feet too far to the north. In other words, where you have a location where you can drill 200 foot pattern, where you can drill in either oil or gas location, it would be standard for either one, isn't that true?

A Yes, sir.

Q The way I figure, you are 205 feet south of the quarter-quarter section line, which puts you in the gas target area?

A That's right. That's correct.

Q And it's 130 feet from the quarter-quarter section line to the gas target area, which leaves 175 feet down into the target area, which would only be twenty-five feet from the standard location of both of them?

A Yes.

Q Is there any particular reason why you didn't move it south twenty-five feet, other than the fact that you didn't expect any Gallup?

A No, that's the only reason.

Q You saved yourself a hearing by watching that later

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on. Any other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Is there any other statement to be made in this case? If there are none, the case will be taken under advisement.

* * * *

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Court Reporter - Notary Public, 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 9th day of October, 1965.

Ada Dearnley
Court Reporter - Notary Public

My Commission Expires:

June 19, 1967.

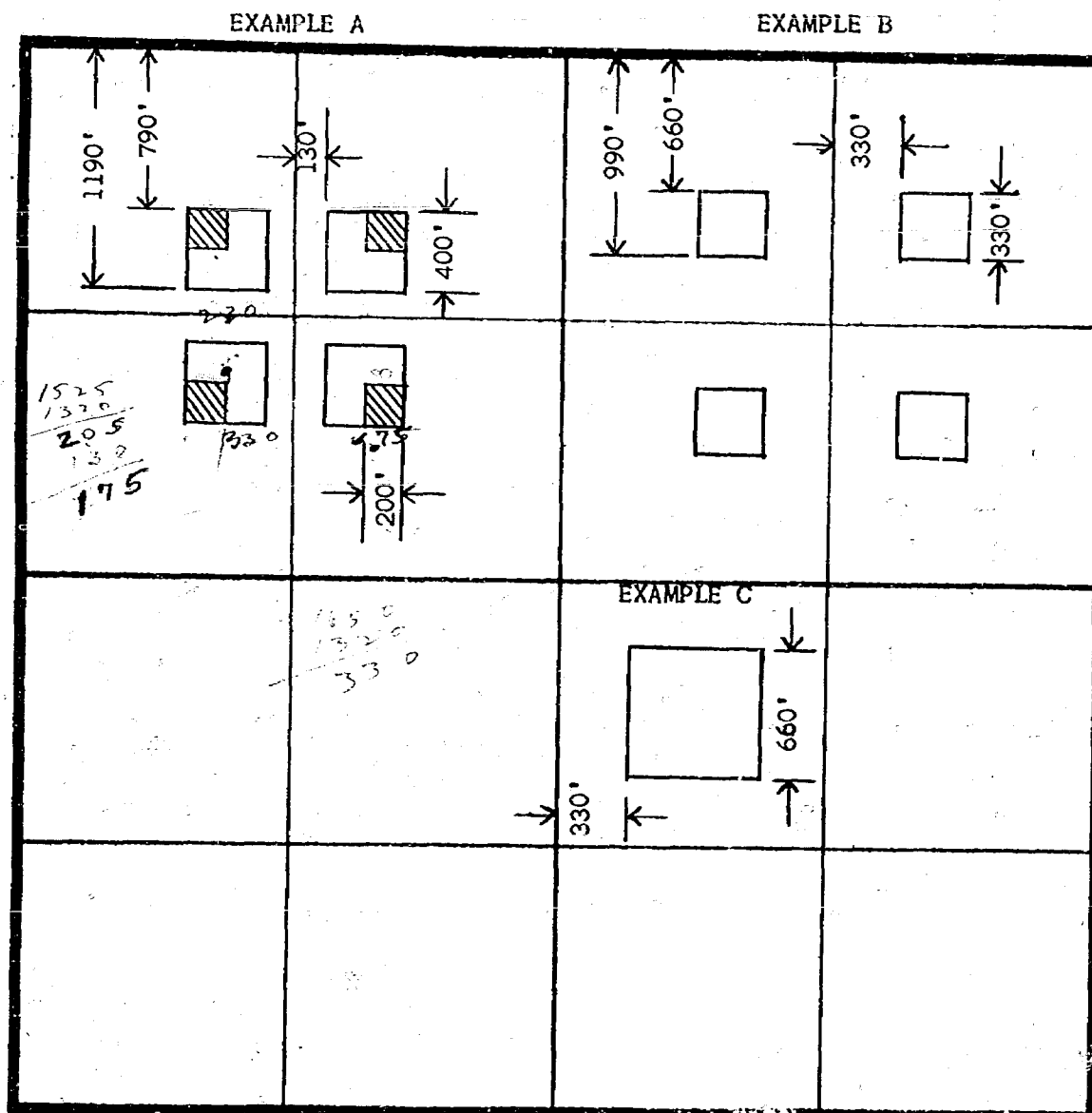
I do hereby certify that the foregoing is a complete record of the proceedings in the hearing of Case No. 3713, heard by me on 10-14, 1965.

Thos. J. [Signature], Examiner
New Mexico Oil Conservation Commission

STANDARD OIL AND GAS WELL LOCATIONS IN NEW MEXICO ACCORDING TO RULE 104
OF THE GENERAL RULES AND REGULATIONS

Sec _____ Township No. _____ of Range No. _____

35, 28-10



EXAMPLE A - Shows Standard Gas Well location in San Juan, Rio Arriba and Sandoval Counties. 200' crosshatched square shows portion of 400' square which is a standard location for oil or gas wells. These locations may be used in any quarter section.

EXAMPLE B - Shows standard gas well location for the State, except San Juan, Rio Arriba and Sandoval Counties. These locations may be used in any quarter section.

EXAMPLE C - Shows Standard Oil Well location for the State. This location may be used for a wildcat oil or gas well except in San Juan, Rio Arriba and Sandoval Counties. This location may be used in any quarter quarter section.

11/19/56