

5262: PALMER OIL AND GAS COMPANY
FOR AN OILWELL GAS WELL LOCATION, NEW
JERSEY COUNTY, NEW MEXICO

5862

Application
Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 16, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Palmer Oil and Gas
Company for an unorthodox gas well
location, San Juan County, New Mexico.

CASE
5862

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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1 MR. STAMETS: The hearing will please come to order.
2 At this time we will call Case 5862.

3 MS. TESCHENDORF: Case 5862, application of Palmer
4 Oil and Gas Company for an unorthodox gas well location,
5 San Juan County, New Mexico.

6 MR. KELLAHIN: If the Examiner please, Jason Kellahin,
7 Kellahin and Fox, appearing for the applicant and we have one
8 witness.

9 (THEREUPON, the witness was duly sworn.)

10
11 CURTIS J. LITTLE

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

14
15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Would you state your name, please?

18 A Curtis J. Little.

19 Q What business are you engaged in, Mr. Little?

20 A Consulting petroleum geology in Albuquerque.

21 Q And in connection with your work as a consulting
22 petroleum geologist are you employed by Palmer Oil and Gas
23 Company in connection with Case Number 5862?

24 A Yes, I am.

25 MR. KELLAHIN: Are the witness' qualifications

1 acceptable?

2 MR. STAMETS: They are.

3 Q (Mr. Kellahin continuing.) What does the applicant
4 propose in this case, Mr. Little?

5 A An unorthodox location in the southeast quarter of
6 Section 1, Township 31 North, Range 13 West. This well was
7 drilled last year as a Dakota test.

8 MR. STAMETS: It would be the southwest quarter,
9 wouldn't it?

10 A The southeast.

11 MR. STAMETS: Southeast? Okay, go ahead.

12 A The location was chosen for the optimum Dakota sand
13 development within the spacing unit and was completed as a
14 dual Mesaverde and Dakota gas well.

15 Q Was the dual completion of this well approved by
16 the Commission?

17 A No.

18 Q Are you sure?

19 A That's what we are here for.

20 Q The dual completion?

21 A Yes.

22 Q The dual completion was approved?

23 A Yes.

24 Q Go ahead, Mr. Little.

25 A The well in question was drilled fifteen, twenty-five

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1 feet from the south line and eight hundred and twenty feet
2 from the east line. It was spudded September 22nd of last year.
3 The total depth was reached on October 6th, 1976. It was
4 initial potentialed November 14th, 1976. The Mesaverde was
5 perforated between forty-four, sixty-five to forty-seven, oh,
6 five. The initial potential on the Mesaverde formation was
7 twenty-seven, sixty-eight MCF. The well was turned into the
8 pipeline, the Dakota was turned into the pipeline on January 17th,
9 1977. The Mesaverde was turned into the pipeline on January
10 20th, 1977.

11 MR. STAMETS: All right, before we go any further,
12 I would like to resolve this location. The exhibits I have
13 do not read the same way that the application does. The Form
14 C-101 here shows eighteen, twenty from the west line and
15 the well location plat says eighteen twenty from the west
16 line.

17 A This is a proposed location which we plan to drill
18 in late spring. It was submitted to the Commission.

19 (THEREUPON, a discussion was held
20 off the record.)

21 A This is a legal location that should have been
22 drilled first.

23 MR. KELLAHIN: We haven't got the exhibits yet,
24 Mr. Examiner.

25 MR. STAMETS: All right, I'm sorry, but I have been

1 somewhat confused by the material which has been layed before
2 me here.

3 MR. KELLAHIN: Understandably.

4 MR. STAMETS: All right.

5 Q (Mr. Kellahin continuing.) Mr. Little, would you
6 clarify the situation in regard to these exhibits and specify
7 which well we are talking about at the present time, for which
8 we seek an unorthodox location.

9 A The illegal well is located in the southeast of
10 Section 1. We propose to drill a legal location which should
11 have been drilled first in the southwest of Section 1, within
12 the next month or two.

13 Q And that is as shown on Exhibit Number Three, the
14 plat, is that correct?

15 A Yes, sir.

16 Q Now, you don't have the forms on the illegal
17 location?

18 A No, sir.

19 Q Okay, sir, would you go ahead with your testimony
20 in regard to how this well happened to be drilled and completed
21 as it was?

22 A Well, it was just a mixup, as I said, it was chosen
23 for the Dakota location and the spacing unit, the south half
24 of Section 1, had not been drilled previously and was drilled
25 in the southeast quarter instead of the southwest quarter,

1 first instead of second.

2 Q Now, that was approved as a dual completion by
3 Commission Order Number MC-2293, was it not?

4 A Yes.

5 Q And you filed your regular notice of intention to
6 drill with the proper authorities in this case, did you?

7 A Yes, it was filed with the U. S. Geological Survey
8 because it was on Federal lands.

9 Q And the location was approved by the USGS?

10 A Yes, sir.

11 Q Until you were ready to put gas into the pipeline
12 you weren't aware that this was an unorthodox location for
13 the Mesaverde, is that correct?

14 A That is correct.

15 Q And that's the reason you are here?

16 A Yes, sir.

17 Q Is that well ready to produce from the Mesaverde?

18 A It is now currently producing out of the Mesaverde.

19 Q Now, referring again to what has been marked as
20 Exhibit Number Three, you say it is currently producing, is
21 that on a temporary testing allowable?

22 A Yes, sir.

23 Q Now, referring again to Exhibit Three, the well
24 shown as a location in the southwest quarter of Section 1,
25 what is the status of that well?

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1 A That well has been filed with the Oil Commission to
2 be located at a legal location eighteen, twenty from the
3 west line and fifteen, twenty-five feet from the south line.

4 Q Now, Exhibits One and Two which have been given to
5 the Examiner relate to that well, do they not?

6 A Yes, sir.

7 Q And that is a legal location?

8 A Yes, sir.

9 Q And would that be an infield well in the Mesaverde?

10 A Yes.

11 Q So you wouldn't need any approval of that location,
12 is that correct, other than a routine location?

13 A Right.

14 Q In the event the Commission does not approve the
15 unorthodox location for the initial well, the Federal 1-1, will
16 that cause waste?

17 A Well, it would need to be shut in, I guess, and
18 other ones drilled.

19 Q In your opinion would that constitute waste?

20 A Yes, I guess it would.

21 Q Would gas be left in the reservoir that would not
22 otherwise be recovered?

23 A I guess it would be recovered eventually.

24 Q Yes, but it would not be recovered within any
25 reasonable length of time, would it?

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1 A Not unless this other well is drilled.

2 Q Have you started the other well yet?

3 A No, we plan to start within the next sixty days.

4 Q Were Exhibits One, Two and Three prepared by you or
5 under your supervision?

6 A Exhibit Three was, Exhibits One and Two were prepared
7 by Palmer Oil Company.

8 Q And they were the forms which were filed with the
9 United States Geological Survey and this Commission?

10 A Yes, sir.

11 MR. KELLAHIN: At this time we offer Exhibits One,
12 Two and Three.

13 MR. STAMETS: These exhibits will be admitted.

14 (THEREUPON, Applicant's Exhibits One through
15 Three were admitted into evidence.)

16 Q (Mr. Kellahin continuing.) Mr. Little, just to
17 sum up your testimony, is it correct to state that Palmer
18 inadvertently drilled a Mesaverde well in the wrong location
19 and had no notice of it until they attempted to put the well
20 on line?

21 A Yes, sir, that is correct.

22 Q And that's the reason for this application?

23 A Yes.

24 MR. KELLAHIN: That's all we have, Mr. Examiner.

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

1 He may be excused.

(THEREUPON, the witness was excused.)

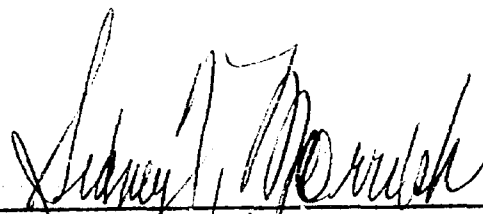
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3 MR. STAMETS: Anything further in this case? We
4 will take the case under advisement.

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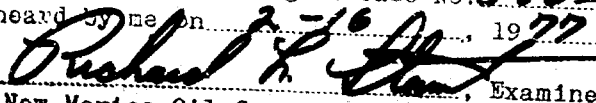
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5862
heard by me on 3-7-77, 19 77

Richard H. Stan, Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

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



STATE GEOLOGIST
EMERY C. ARNOLD

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
March 16, 1977

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico 87501

Re: CASE NO. 5862
ORDER NO. R-5379

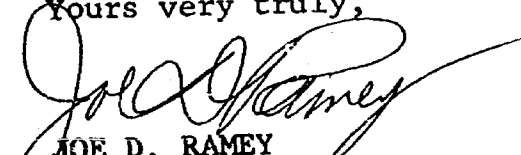
Applicant:

Palmer Oil and Gas Company

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
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. 5862
Order No. R-5379

APPLICATION OF PALMER OIL AND GAS
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 16, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of March, 1977, 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, Palmer Oil and Gas Company, seeks
approval of an unorthodox gas well location for its Federal 1
Well No. 1 located 1525 feet from the South line and 820 feet
from the East line of Section 1, Township 31 North, Range 13
West, NMPM, to test the Mesaverde and Dakota formations, Blanco
Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.

(3) That the S/2 of said Section 1 is to be dedicated to
the well.

(4) That said unorthodox location resulted from
administrative oversight.

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

-2-

Case No. 5862
Order No. R-5379

(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.

IT IS THEREFORE ORDERED:

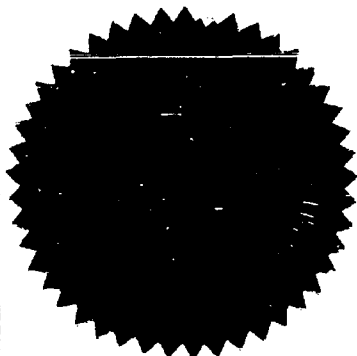
(1) That an unorthodox gas well location for the Mesaverde and Dakota formations is hereby approved for applicant's Federal 1 Well No. 1 to be located at a point 1525 feet from the South line and 820 feet from the East line of Section 1, Township 31 North, Range 13 West, NMPM, Blanco Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.

(2) That the S/2 of said Section 1 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



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

Not for The NSL
This is 2nd well at std loc
NEW MEXICO OIL CONSERVATION COMMISSION

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OPERATOR	

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease	
STATE <input type="checkbox"/>	FEE <input checked="" type="checkbox"/>
5. State Oil & Gas Lease No.	

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		7. Unit Agreement Name
b. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		8. Farm or Lease Name Federal 1 Nichols Gas Com
2. Name of Operator Palmer Oil & Gas Company		9. Well No. No. 1/4
3. Address of Operator P. O. Box 2564, Billings, Montana 59103		10. Field and Pool, or Wildcat Blanco Mesaverde
4. Location of Well UNIT LETTER _____ LOCATED 1820 FEET FROM THE West LINE AND 1525 FEET FROM THE South LINE OF SEC. 1 TWP. 31N RGE. 13W NMPM		12. County San Juan
19. Proposed Depth 4800'		19A. Formation Mesaverde
20. Rotary or C.T. rotary		
21. Elevations (Show whether DF, RT, etc.) 5759 grd	21A. Kind & Status Plug. Bond \$10,000 Blanket	21B. Drilling Contractor (negotiating)
22. Approx. Date Work will start March 1, 1977		

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
12-1/4"	9-5/8"	24#	200'	185 sx	
8-1/4"	7"	23#	3875'	350 sx	
6-1/2"	4-1/2"	9.5#	4800'	350 sx	

- Palmer Oil & Gas Company has communitized 240 acres of Federal Lease USA NM-10183 with 80 acres of fee acreage as illustrated and outlined in red on the attached plat.
- We plan to drill a 4800' Mesaverde test in the NE1/4SW1/4 of Section 1-T31N-R13W.
- Well will be drilled with rotary tools. 200' of 9-5/8" surface casing will be set and cemented to surface. An 8-1/4" hole will be mud drilled to approximately 3875' and a string of 7" 23# intermediate casing will be set and cemented to surface. The hole will be reduced to 6-1/4" and gas drilled to approximate T.D. of 4800' to test the Mesaverde. Intermediate logs will be run at 3875'. At T.D., logs will be run and, if productive, 4-1/2" x 9.5# liner will be set from 3800' to T.D. and cemented with approximately 350 sacks cement.
- The well will be perforated 2 JSPF and fraced in 2 stages utilizing 2% KCl water and 10/20 sand.

BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION	
Palmer	EXHIBIT NO. 1
CASE NO. 5862	
Submitted by C. Little	Land Manager
Hearing Date Feb 16, 1977	Date January 28, 1977

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed C. Little
(This space for State Use)

Title

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

Not for the NSL This is 2nd well at 5th 10c

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section

Operator PALMER OIL COMPANY		Lease Federal 7 NICHOLS GAS CO.		Well No. 1A
Unit Letter K	Section 1	Township 31 NORTH	Range 13 WEST	County SAN JUAN
Actual Footage Location of Well: 1525 feet from the South line and 1820 feet from the West line				
Ground Level Elev. 5759	Producing Formation Mesaverde	Pool Blanco Mesaverde	Dedicated Acreage: 320	Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty),
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

(X) Yes () No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non standard unit, eliminating such interests, has been approved by the Commission.

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 58162

Submitted by C. Little

Hearing Date Jul 18, 1977

1820' FEE

1525'

NM 10183

N

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name L. C. Campbell
Land Manager
Position
Palmer Oil & Gas Company
Company
January 28, 1977
Date

I hereby certify that this plat was plotted from field notes of surveys made by me under the supervision of the Commission and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed 21 December 1976
Registered Professional Engineer
and/or Land Surveyor James P. Leese

1463

Certificate No.

Dockets Nos. 8-77 and 9-77 are tentatively set for hearing on March 9 and March 23, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - FRIDAY - FEBRUARY 11, 1977

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

The following case will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 5872: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the suspension of Rules 15(A) and 15(B) of the General Rules for Prorated Gas Pools as promulgated by Order No. R-1670, as amended, to permit overproduced wells to continue to produce gas during the present severe weather conditions without danger of being shut in for overproduction.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 16, 1977

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:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for March, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one-year period beginning April 1, 1977, for both of the above areas.

CASE 5856: Application of Amoco Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Elliott Gas Com "F" 1-R Well No. 1A to be drilled 1244 feet from the South line and 820 feet from the East line of Section 33, Township 30 North, Range 9 West, Blanco Mesaverde Pool, San Juan County, New Mexico.

CASE 5857: Application of Union Oil Company of California for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter its Pipeline Deep Unit Federal Well No. 3, the surface location of which is 1980 feet from the North and East lines of Section 7, Township 19 South, Range 34 East, Lea County, New Mexico, and to directionally drill said well in a southerly or easterly direction and complete it in the Morrow formation at a point no closer than 330 feet to the outer boundary of the proration unit, the E/2 of said Section 7.

CASE 5858: Application of Union Oil Company of California for 320-acre spacing, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of 320-acre spacing and proration units for the North Quail Ridge-Morrow Gas Pool, Lea County, New Mexico. In the absence of objection, the Commission will adopt such 320-acre spacing.

CASE 5859: (This case will be continued and readvertised.)

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Basin-Dakota and Blanco-Mesaverde production in the wellbore of its Breech D Well No. 307 located in Unit M of Section 13, Township 26 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 5860: Application of Rice Engineering & Operating, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the open hole interval from 4176 feet to 5500 feet of its Hobbs SWD Well No. P-16, located in Unit P of Section 16, Township 19 South, Range 38 East, Hobbs Field, Lea County, New Mexico.

CASE 5861: Application of Hanson Oil Corporation for a salt water disposal well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation in the open hole interval from 1926 to 1978 feet in its Sulphate Sister Well No. 1, located in Unit E of Section 13, Township 25 South, Range 26 East, Eddy County, New Mexico.

CASE 5862: Application of Palmer Oil and Gas Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal 1 Well No. 1 located 1525 feet from the South line and 820 feet from the East line of Section 1, Township 31 North, Range 13 West, Blanco Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.

CASE 5863: Application of Amerada Hess Corporation for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla Apache "B" Well No. 16, completed as an oil well in the Dakota formation at a point 1850 feet from the South line and 1500 feet from the West line of Section 29, Township 25 North, Range 5 West, Rio Arriba County, New Mexico, said well having been projected as a Basin-Dakota gas well at a standard gas well location for said pool.

CASE 5864: Application of Agua, Inc. for the amendment of Order No. R-5137, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the further amendment of Order No. R-5137, which authorized the disposal of produced salt water into the San Andres formation through the open-hole interval from approximately 4000 feet to 5000 feet in applicant's Blinbry-Drinkard SWD System Well No. A-22, located in Unit A of Section 22, Township 22 South, Range 37 East, Blinbry-Drinkard-Langlie Mattix Area, Lea County, New Mexico. Said order, as amended, limited surface injection pressures to 800 psi, and applicant seeks its amendment to permit surface injection pressures up to 1500 psi.

CASE 5865: Application of Inexco Oil Co. for 320-acre spacing, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of 320-acre spacing and proration units for the West Tonto-Pennsylvanian Gas Pool, Lea County, New Mexico. In the absence of objection, the Commission will adopt such 320-acre spacing.

CASE 5866: Application of Union Texas Petroleum for an exception to casing and cementing requirements of Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing and cementing requirements of Order No. R-111-A to eliminate the salt protection string in a well it proposes to drill in Unit D of Section 33, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool, Lea County, New Mexico.

CASE 5867: Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 19, Township 21 South, Range 27 East, Burton Flat Field, Eddy County, New Mexico, to be dedicated to its Forrest Well No. 1 to be located in Unit N of said Section 19. Also to be considered will be the cost of completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in completion of said well.

CASE 5820: (Continued from the February 2, 1977, Examiner Hearing.)

Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 4, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5868: Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Travis Deep Unit Well No. 1 to be drilled 1980 feet from the South line and 1684 feet from the West line of Section 18, Township 18 South, Range 29 East, Eddy County, New Mexico, the S/2 of said Section 18 to be dedicated to the well.

CASE 5846: (Continued and Readvertised)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire South Deep Unit Well No. 13 to be drilled 660 feet from the South line and 1432 feet from the West line of Section 30, Township 17 South, Range 29 East, South Empire Field, Eddy County, New Mexico, the S/2 of said Section 30 to be dedicated to the well.

- CASE 5869:** Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Big Boggy Well No. 1 to be drilled 990 feet from the South line and 2080 feet from the East line of Section 36, Township 17 South, Range 26 East, Atoka Pennsylvanian Gas Pool, Eddy County, New Mexico, the S/2 of said Section 36 to be dedicated to the well.
- CASE 5870:** Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its South Maljamar Deep Unit Well No. 2 to be drilled 990 feet from the South line and 1980 feet from the West line of Section 30, Township 17 South, Range 32 East, Lea County, New Mexico, the S/2 of said Section 30 to be dedicated to the well.
- CASE 5871:** Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Friendly Frenchman Well No. 1 to be drilled 1005 feet from the South line and 660 feet from the East line of Section 32, Township 16 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 32 to be dedicated to the well.
- CASE 5810:** (Continued from the February 2, 1977, Examiner Hearing)
Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Stonewall "EP" Com Well No. 1, located in Unit F of Section 30, Township 20 South, Range 28 East, Eddy County, New Mexico, to produce gas from the North Burton Flat-Wolfcamp Gas Pool and an undesignated Morrow gas pool.
- CASE 5847:** (Continued from the February 2, 1977, Examiner Hearing)
Application of Yates Petroleum Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Gossett "EU" Well No. 1, located in Unit K of Section 26, Township 17 South, Range 25 East, Eddy County, New Mexico, in such a manner as to produce gas from the Lower Wolfcamp or Upper Pennsylvanian and the Lower Pennsylvanian formations through the casing-tubing annulus and tubing, respectively.
- CASE 5848:** (Continued from the February 2, 1977, Examiner Hearing)
Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Pipkin HE Well No. 1 to be drilled 660 feet from the South and West lines of Section 4, Township 18 South, Range 25 East, Eddy County, New Mexico, the S/2 of said Section 4 to be dedicated to the well.

JASON W. KELLAHIN
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W. THOMAS KELLAHIN

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JAN 25 1977
TELEPHONE 982-4315
AREA CODE 505

January 22, 1977

Case 5862

Mr. Joe D. Ramey
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Enclosed is the application of Palmer Oil and Gas Company
for approval of an unorthodox well location, Blanco-
Mesaverde Pool, San Juan County, New Mexico.

It is requested that this application be set for hearing
at the first available Examiner hearing.

Yours very truly,

Jason W. Kellahin
Jason Kellahin

CC: Mr. Les Campbell
Curtis Little

JWK:ma

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF PALMER OIL AND GAS COMPANY
FOR APPROVAL OF AN UNORTHODOX
WELL LOCATION, SAN JUAN COUNTY,
NEW MEXICO

Case 5862

A P P L I C A T I O N

Comes now Palmer Oil and Gas Company and applies to the Oil Conservation Commission of New Mexico for approval of an unorthodox well location for production of gas from the Mesaverde formation of the Blanco-Mesaverde Pool, San Juan County, New Mexico, and in support thereof would show the Commission:

1. Applicant has drilled its Federal 1-1 well, located 820 feet from the East line, and 1525 feet from the South line of Section 1, Township 31 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and pursuant to the provisions of Commission Order No. MC-2293, has completed the well for production from the Basin-Dakota and the Blanco-Mesaverde pools. Waivers were obtained from offset operators.

2. Perforations for the Mesaverde are from 4465 to 4703 feet; and those for the Dakota are from 6708 to 6786 feet.

3. Packer leakage tests was filed with the Commission on November 14, 1976. The Mesaverde formation was potentialled for 2,760 m.c.f. of gas per day, and the Dakota for 1,007 m.c.f. of gas per day.

4. Pursuant to the provisions of Commission order 1670

the initial well on a unit in the Blanco-Mesaverde pool is required to be located in either the Northeast or the Southwest quarter, although a second well will, under the order, be permitted in the undeveloped quarter section. Wells are also required to be located no nearer than 990 feet from the outerboundary of the quarter section line. Approval of the unorthodox well location is sought.

WHEREFORE applicant prays that this matter be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving the well location as set out above.

Respectfully submitted,

PALMER OIL AND GAS COMPANY

By Joseph Kellahin
Kellahin & Fox
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

ROUGH

dr/

17349

JS

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. 5862

Order No. R- 5379

APPLICATION OF PALMER OIL AND GAS COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

JSR

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 16, 19 77,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of February, 1977, 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, Palmer Oil and Gas Company, seeks
for its Federal 1 Well No. 1 located
approval of an unorthodox gas well location/ 1525 feet from the South
line and 820 feet from the East line of Section 1, Township
31 North, Range 13 West, NMPM, to test the Dakota
Mesaverde and Dakota formations, Blanco Mesaverde and Basin-/ Pools,
San Juan County, New Mexico.

(3) That the 5/2 of said Section 1 is to be dedicated to the
well.

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

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

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Case No. _____

Order No. R- _____

(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.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Mesa Verde applicant's Federal 1 Well No. 1 formations is hereby approved for ~~a well~~ to be located at a point 1525 feet from the South line and 820 feet from the East line of Section 1, Township 31 North, Range 13 West NMPM, Blanco Mesaverde and Basin-Dakota Pool, San Juan County, New Mexico.

(2) That the S/2 of said Section 1 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.