

CASE 5866: UNION TEXAS PETROLEUM FOR
EXEMPTION TO CASING AND CEMENTING RE-
QUIREMENTS OF ORDER NO. R-111-A, LEA
COUNTY, NEW MEXICO

5866

Application
Transcripts.

Small Exhibits

ETC.

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. 5866
Order No. R-5434

APPLICATION OF UNION TEXAS PETROLEUM
FOR AN EXCEPTION TO CASING AND
CEMENTING REQUIREMENTS OF ORDER NO.
R-111-A, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 9, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 24th day of May, 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, Union Texas Petroleum, proposes to
drill a well to test the Yates-Seven Rivers formations in Unit
D of Section 33, Township 20 South, Range 34 East, NMPM, Lynch
Yates-Seven Rivers Pool, Lea County, New Mexico.

(3) That said well would be located in the Potash-Oil Area
as defined by Commission Order No. R-111-A, as amended, and
therefore would be subject to the casing and cementing require-
ments promulgated by said order for wells drilled within said
area.

(4) That the applicant seeks approval for an exception to
the aforesaid casing and cementing requirements to permit drilling
and completing said well utilizing a short surface casing string
and no salt protection string.

(5) That applicant's proposed exception to the surface
casing requirement appears to afford adequate protection to the
known water sands in the area and should be approved.

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Case No. 5866

Order No. R-5434

(6) That the proposed exception to the salt protection string requirement will not afford adequate protection to the potash in the subject area, could result in waste, and should be denied.

(7) That as an alternate to the casing and cementing program proposed by the applicant, the Commission should approve a program that will require the permanent installation of a minimum of casing, thereby resulting in substantial savings to the applicant, but will yet provide adequate protection to the salt section in the subject well, and will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Union Texas Petroleum for an exception to the casing and cementing requirements of the Potash-Oil Area as promulgated by Order No. R-111-A, to permit the drilling of a proposed well in the NW/4 NW/4 of Section 33, Township 20 South, Range 34 East, NMPM, Lynch Yates-Seven Rivers Pool, Lea County, New Mexico, without utilizing a salt protection string is hereby denied.

(2) That the applicant, in lieu of his proposed casing and cementing program, is hereby authorized to case and cement the above-described well in the following manner, in exception to the provisions of Order No. R-111-A:

- (a) Set surface casing at 350 feet or such greater depth as may be necessary to case off any known water-bearing strata in the vicinity of said well, circulating cement on said casing back to the surface.
- (b) Set and mud-in a salt protection casing string not less than 100 feet below the base of the salt section.
- (c) If the well is to be completed as a producer, production casing shall be set on top of or through the Seven Rivers formation at an approximate depth of 3750 feet, after the reservoir has been evaluated by logging or testing. The salt protection string may be pulled after the production casing has been run.

The production casing shall be cemented with sufficient cement to protect any pay zone and the salt section and fill the annular space behind the pipe to the surface.

-3-

Case No. 5866
Order No. R-5434

- (d) All cement mixtures, cement waiting times, and testing procedures shall be in accordance with the applicable provisions of Order No. R-111-A insofar as said provisions are not inconsistent with this order.
- (e) Upon abandonment, the well shall be plugged in accordance with the provisions of Order No. R-111-A.
- (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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

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

S E A L

Dr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 9, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Union Texas Petroleum) CASE
for an exception to casing and cementing) 5866
requirements of Order No. R-111-A,) (Cont'd.)
Lea County, New Mexico.)

BEFORE: Daniel S. Nutter, 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: Clarence E. Hinkle, Esq.
HINKLE, COX, EATON, COFFIELD
& HENSLEY
Attorneys at Law
Hinkle Building
Roswell, New Mexico

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
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I N D E X

Page

CARL ENGWALL

Direct Examination by Mr. Hinkle

3

Cross Examination by Mr. Nutter

8

EXHIBIT INDEX

Offered

Admitted

Applicant's Exhibit One, Land Plat

4

8

Applicant's Exhibit Two, Exception to R-111-A

5

8

Applicant's Exhibit Three, Cost Comparison

6

8

1 MR. NUTTER: We will now call Case Number 5866.

2 MS. TESCHENDORF: Case 5866, application of Union
3 Texas Petroleum for an exception to casing and cementing
4 requirements of Order No. R-111-A, Lea County, New Mexico.

5 MR. HINKLE: Clarence Hinkle, Hinkle, Cox, Eaton,
6 Coffield & Hensley, appearing on behalf of Union Texas
7 Petroleum Company.

8 (THEREUPON, the witness was duly sworn.)
9

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

14 DIRECT EXAMINATION

15 BY MR. HINKLE:

16 Q State your name and your residence?

17 A Carl Engwall, Roswell, New Mexico.

18 Q Are you a consulting geologist?

19 A Yes, I am.

20 Q Have you been employed by Union Petroleum Texas
21 Corporation in this case?

22 A Yes, sir.

23 Q Have you previously testified before the Commission?

24 A Yes, sir.

25 Q And are your qualifications as a petroleum geologist

1 a matter of record with the Commission?

2 A Yes, sir.

3 Q Are you familiar with the application that has been
4 filed in this case?

5 A Yes, sir.

6 Q What is Union of Texas seeking to accomplish?

7 A They are seeking to amend the R-111-A ruling on
8 setting a string of casing through the salt section. They
9 are applying to set through the fresh water zone and then run
10 a production string back through, cementing if they get
11 production, all the way to the surface.

12 Q Have you prepared or has there been prepared under
13 your direction certain exhibits for introduction in this case?

14 A Yes, sir.

15 Q And those are the ones that have been marked
16 Exhibits One and Two?

17 A One, Two and Three.

18 Q One, Two and Three?

19 A Right.

20 Q Refer to Exhibit One and explain what this is and
21 what it shows?

22 A This is a copy of the land plat that shows the pro-
23 posed locations circled in red and the surrounding wells or
24 tests that have been drilled in the area.

25 Q It shows the ownership of all of the leasehold

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1 interests?

2 A. Yes.

3 Q Is this in the potash area?

4 A. Yes, it is.

5 Q As defined by the Secretary?

6 A. Yes.

7 Q Is it close to the east edge or south or where?

8 A. It's within a mile and a quarter or a mile and a

9 half of the eastern edge of the potash enclave.

10 Q How deep are the potash beds in this area, the salt
11 section?

12 A. The tenth potash zone, which is the one that is
13 being looked at now by the companies that are leasing for
14 potash in the area is about twenty-five hundred feet deep.

15 Q Now, refer to Exhibit Two and explain what this is
16 and what it shows?

17 Q Exhibit Two shows the exception to R-111-A ruling
18 or Order that Union of Texas is seeking. They propose to set
19 their eight and five-eighths casing at about four hundred and
20 fifty feet and according to Mr. Arthur Brown with the USGS in
21 Hobbs, this will be below any fresh water zones in the area.

22 Q So it will shut off any fresh water?

23 A. Yes, sir, and they propose setting this with two
24 hundred sacks of cement which should circulate back to
25 surface. Then they propose a waiver of setting any salt

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1 protection string and if production is obtained, setting their
2 five and a half inch casing at about thirty-seven hundred feet
3 which would be the producing zone in the area.

4 Q In other words, you would drill on down to your
5 producing zone?

6 A Yes, sir, with a brine mud which would have about
7 nineteen hundred pounds of pressure at total depth. The
8 theoretical pressure of the formation could be about twelve
9 hundred pounds at maximum, so we have a seven hundred pound
10 differential which should protect any blowout that we could
11 think of in the area.

12 The five and a half inch casing would be cemented
13 with seven hundred and fifty-five sacks which should be
14 sufficient to cement to surface.

15 Q And the cement would be allowed to set a minimum
16 of twenty-four hours?

17 A Yes, sir.

18 Q Now, refer to Exhibit Three and explain what this
19 shows?

20 A This is a comparison of cost of complying with
21 R-111-A, of setting your nine and five eighths at sixteen
22 hundred, your oil string with your salt protection of your
23 seven inch at thirty-four, fifty and and then a liner, a four
24 and a half liner, approximately thirty-seven thousand, five
25 hundred dollars.

1 Now, with the exception to R-111-A, we propose to
2 set your eight and five at four, fifty and the oil string at
3 thirty-seven hundred at a cost of seventeen thousand, five
4 hundred for a difference of about twenty thousand dollars.

5 Q That would be an economic saving then of the drilling
6 of this well?

7 A Yes, sir.

8 Q In your opinion will the completion in the manner
9 in which you have testified to effectively shut off and
10 protect all potash deposits?

11 A Yes, sir, I believe it will. I've talked with
12 people in the potash industry and they have no objection to
13 this type of a completion. In fact, they think it is probably
14 better than the possible running of your salt protection
15 string and taking a chance of getting a cave-in behind that
16 and having to pull it out or re-cement and they think it is
17 as good a method as can be found.

18 Q In your opinion will the completion of the well in
19 the manner you have testified to be in the interest of
20 conservation and prevention of waste?

21 A Yes, sir, it will.

22 Q At least economic-wise?

23 A Yes, sir.

24 MR. HINKLE: We would like to introduce Exhibits
25 One through Three.

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1 MR. NUTTER; Exhibits One through Three will be
2 admitted.

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

5 MR. HINKLE: That's all on direct.

6

7 CROSS EXAMINATION

8 BY MR. NUTTER:

9 Q Mr. Engwall, it has come to the Commission's
10 attention lately that there have been some wells drilled in
11 this area with cable tools that have encountered water in the
12 Santa Rosa, down around nine hundred feet. This eight and
13 five-eighths at four hundred and fifty feet is not going to
14 cement that water off from the salt, is it?

15 A Well, I talked with Mr. Brown with the USGS in Hobbs
16 and he was of the opinion that wasn't fresh water at that
17 depth and he thought that this setting depth would be
18 sufficient to protect all fresh water.

19 Q Well, the Santa Rosa water, granted, varies from
20 place to place?

21 A Yes, sir, it does.

22 Q And the quality of it is sometimes quite different
23 in one well than it may be in another well not too far away,
24 but there has been water encountered in the Santa Rosa at
25 nine hundred feet, are you cognizant of that?

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1 A. Yes, I am and I have talked with the ranchers in the
 2 area, Dan Berry for one, and he is of the opinion that it is
 3 brackish and not palatable for use.

4 Q Now, what protection does this give to the salt in
 5 the event that you should encounter some high pressure zone,
 6 which is possible, a high pressure gas section, and you have to
 7 shut the well in while the salt is exposed, without any casing?

8 A I checked all of the wells that have been drilled in
 9 the area, within a mile or a mile and a half of this particular
 10 location and about half of them were drilled with cable tools
 11 and about two-thirds were not cased to the salt section and
 12 none of them that I found encountered any high pressure.

13 Q Where is the Teas Pool from here, Mr. Engwall?

14 A The Teas Pool is about six and a half miles northwest

15 Q So the pay in the Teas Pool is the same as in the
 16 Lynch and the Middle Lynch, is it not?

17 A Yes, sir, it is.

18 Q Are you acquainted with the incident when Southern
 19 California Petroleum was drilling in the Teas Pool, the high
 20 pressure gas they encountered just immediately below the salt?

21 A I had heard about that, Mr. Nutter, and I drilled
 22 a well in the Teas Pool in 1965 and encountered none of the
 23 same that they did and in checking offset wells in the area
 24 we're interested in, two locations to the east, it was drilled
 25 in 1961 and they set their eight and five-eighths at sixteen,

1 forty-four at the top of the anhydrite and drilled on down
2 with cable tools and found no high pressure zone.

3 A well about a mile northeast, in the southeast of the
4 southeast of 27 was drilled in 1961 and set no salt protection
5 string and encountered no high pressure and I'm relying on
6 the wells that have been drilled in the area to say that I
7 don't think that there is any chance of a high pressure zone.

8 The potash people have been drilling core holes in
9 this area and they use diesel fluid, diesel fuel, for their
10 coring fluid and they don't think that the using of this
11 will harm the potash zone, so I don't think that anything we
12 could encounter on down the hole which would be protected,
13 I'm sure, by the mud system we are using, would have a chance
14 of coming back up and invading and this is what we are trying
15 to protect.

16 Q Would they core into the salt or maybe to the base
17 of the salt and that's as far as they go?

18 A Yes, sir.

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

21 (THEREUPON, the witness was excused.)


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

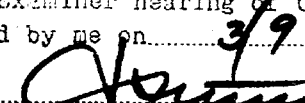
23 MR. HINKLE: No, that's all.

24 MR. NUTTER: Does anyone have anything they wish to
25 offer in Case Number 5866? We will take the case under advise-
ment.

REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill and
7 ability.

8
9 
10 Sidney F. Morrish, C.S.R.
11
12
13
14

15 I do hereby certify that the foregoing is
16 a complete record of the proceedings in
17 the Examiner hearing of Case No. 5866
18 heard by me on 3/9, 19 77
19 , Examiner
20 New Mexico Oil Conservation Commission
21
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 16, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Union Texas Petroleum) CASE
for an exception to casing and cementing) 5866
requirements of Order R-111-A,)
Lea County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

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1 MR. STAMETS: We will call at this time Case 5866.

2 MS. TESCHENDORF: Case 5866, application of Union
3 Texas Petroleum for an exception to casing and cementing
4 requirements of Order No. R-111-A, Lea County, New Mexico.

5 The applicant has requested that we continue this
6 case to the March 9th hearing.

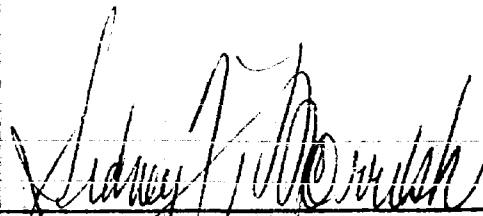
7 MR. STAMETS: Case 5866 will be continued to the
8 March 9th Examiner Hearing.

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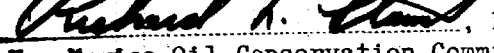
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REPORTER'S CERTIFICATE

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5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill and
7 ability.

8
9 
10 Sidney F. Morrish, C.S.R.

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14
15 I do hereby certify that the foregoing is
16 a complete record of the proceedings in
the Examiner hearing of Case No. 5866,
heard by me on 2-16-19??

17 , Examiner
18 New Mexico Oil Conservation Commission
19
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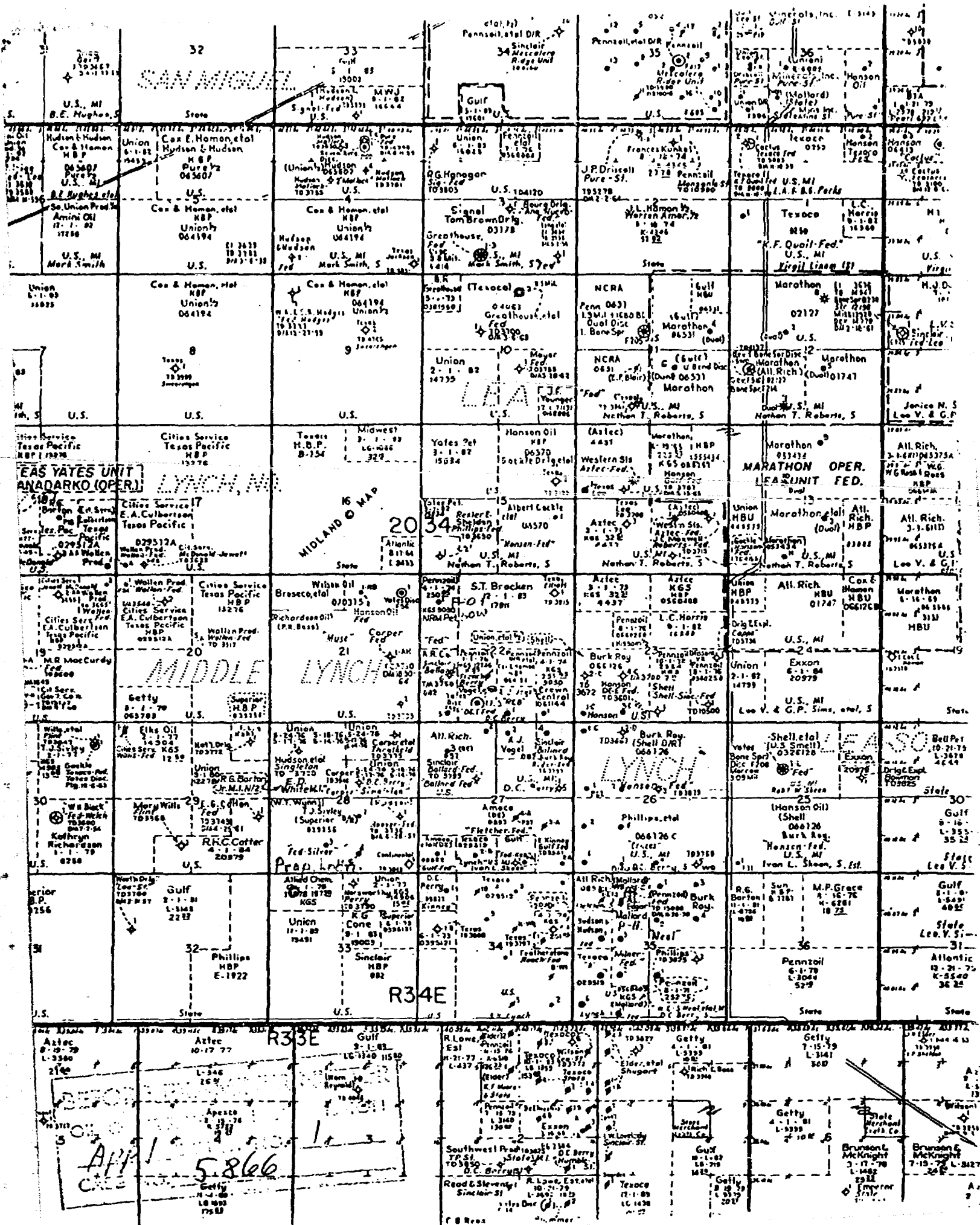


EXHIBIT "A"

IV.

- (2) Surface Casing String:
(a) Propose to set 8-5/8" new or used oil field casing in good condition at about 450 feet below the surface, cemented with sufficient cement to circulate back to the surface, estimated cement required is 200 sacks.
This depth is sufficient to case off any water sands known from previous drilling in the vicinity.
(b) Cement shall be allowed to set a minimum of 12 hours before initiating tests, and 24 hours before drilling plug.
- (3) Salt Protection String:
(a) Waiver of requirement to run salt protection string of casing. Hole to be drilled with rotary tools, using brine water base mud to clean the cuttings from the bore hole.
- (5) Production String:
(a) A production string of 5-1/2" casing may be set on top of or through the Seven Rivers formation at an approximate depth of 3700 feet, after the reservoir has been evaluated by logging or testing.
(i) The production string will be cemented with sufficient cement to protect any pay zone and salt section and fill the annular space behind the pipe to the surface. Estimated amount of cement required is 750 sacks and cement will be mixed with brine water saturated with the salts common to the zones penetrated but not less than 1% of calcium chloride by weight of cement.
(b) Cement shall be allowed to set a minimum of 12 hours before initiating tests, and 24 hours before drilling plug.

VI.

Plugging and Abandonment of Wells.

- (1) Well will be plugged and abandoned in accordance with the rules of Order R-111-14

EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
Appl	EXHIBIT NO. 2
CASE NO. 5866	

Comparison of Costs

Cost to Comply with Order R-111-A

Surface String

9 5/8" csg. 1,600' @ 9.00/ft.	\$14,400
350 sx cement	1,500
Total	\$15,900

Oil String

7" csg. 3,450 @ 4.50-5.50/ft.	\$17,500
500 sx cement	2,000
4 1/2" liner, 3300-3750, 450' @ 3.00/ft.	1,350
100 sx cement	750
Total	\$21,600

Total Surface and Oil Strings	\$37,500
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Cost of Exception to Order R-111-A

Surface String

8 5/8" csg. 450' @ 6.00/ft.	\$ 2,700
200 sx cement	1,300
Total	\$ 4,000

Oil String

5 1/2" csg. 3,700 @ 3.00/ft.	\$11,000
750 sx cement	2,500
Total	\$13,500

Total Surface and Oil Strings	\$17,500
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Economies effected by Exception to R-111-A	\$20,000
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BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Appl EXHIBIT NO. 3
CASE NO. 5866



Union Texas Petroleum Division
1300 Wico Building
Midland, Texas 79701

January 19, 1977

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

Re: Order No. R-111

Gentlemen:

Union Texas Petroleum respectfully request an exception to Order No. R-111 of the New Mexico Oil Conservation Commission. The exception will apply to the Lynch Federal "33" #1 a proposed 3700' development well to be drilled 660' FN&WL of Section 33, T-20-S, R-34-E, Lea County, New Mexico. We propose to set two strings of casing in the well - a surface string at 450' and a production string at \pm 3700'. Both strings will be cemented to surface. A copy of the proposed drilling procedure is attached.

Your consideration of this matter is appreciated.

Very truly yours,

UNION TEXAS PETROLEUM, A Division
of Allied Chemical Corporation

Stanley A. Post
Senior Production Analyst

SAP:hb

cc: USGS - Hobbs, New Mexico

Case 5866

Not for
hearing

UNION TEXAS PETROLEUM
MIDLAND DISTRICT
DRILLING AND COMPLETION PROGNOSIS

FIELD: Lynch Field

LEASE & WELL: Lynch Federal No. 1
660' FNL & 660' FWL, Section 33, T-20-S, R-34-E
Lea County, New Mexico

WORKING INTEREST: 100%

OBJECTIVE: Seven Rivers - Yates
Total Depth - 3700'

I. HOLE SIZE:

- A. Surface 11" Surface - 450'
- B. Production 7-7/8" 450' - 3700'

II. CASING PROGRAM:

- A. Surface 8-5/8" OD 24# K-55
- B. Production 5-1/2" OD 14# K-55
- C. Centralizers
 - (1) Surface - Two (2) S-3 Centralizers
 - (2) Production - Five (5) Centralizers
- D. Float Equipment
 - (1) Surface - Guide Shoe & Insert Float
 - (2) Production - Guide Shoe & Float Collar

III. MUD PROGRAM:

- A. Surface Incogel and Lime (spud mud)
- B. Production Brine Water. Circulate through reserve pit and maintain native viscosity of 31-32 sec. Should fill-up be encountered, treat with IMCO Best.

IV. CEMENTING PROGRAM:

- A. Surface Cement with 200 sx Class C with 2% CaCl. Cement should have yield of 1.32 cu. ft./sk and weigh 14.99 lbs/gal.
- B. Production
 - (1) Lead Slurry- 530 sx Halliburton Light Cement with 3# Gilsomite, .25# Flocele and 10# Salt per sack. Cement should have yield of 1.93 cu. ft./sk and weigh 13.0 lb/gal.
 - (2) Tail-In Slurry- 225 sx Class H-Pozmix A-2% gel with 3# salt and .25# Flocele per sk. Cement should have yield of 1.28 cu. ft./sk and weigh 14.33 lb/gal.

NOTE: Volumes based on 100% excess. Actual cement volume for production casing should be calculated from caliper plus 30% excess.

V. LOGGING PROGRAM:

GR-N from surface to TD.

VI. COMPLETION PROCEDURE:

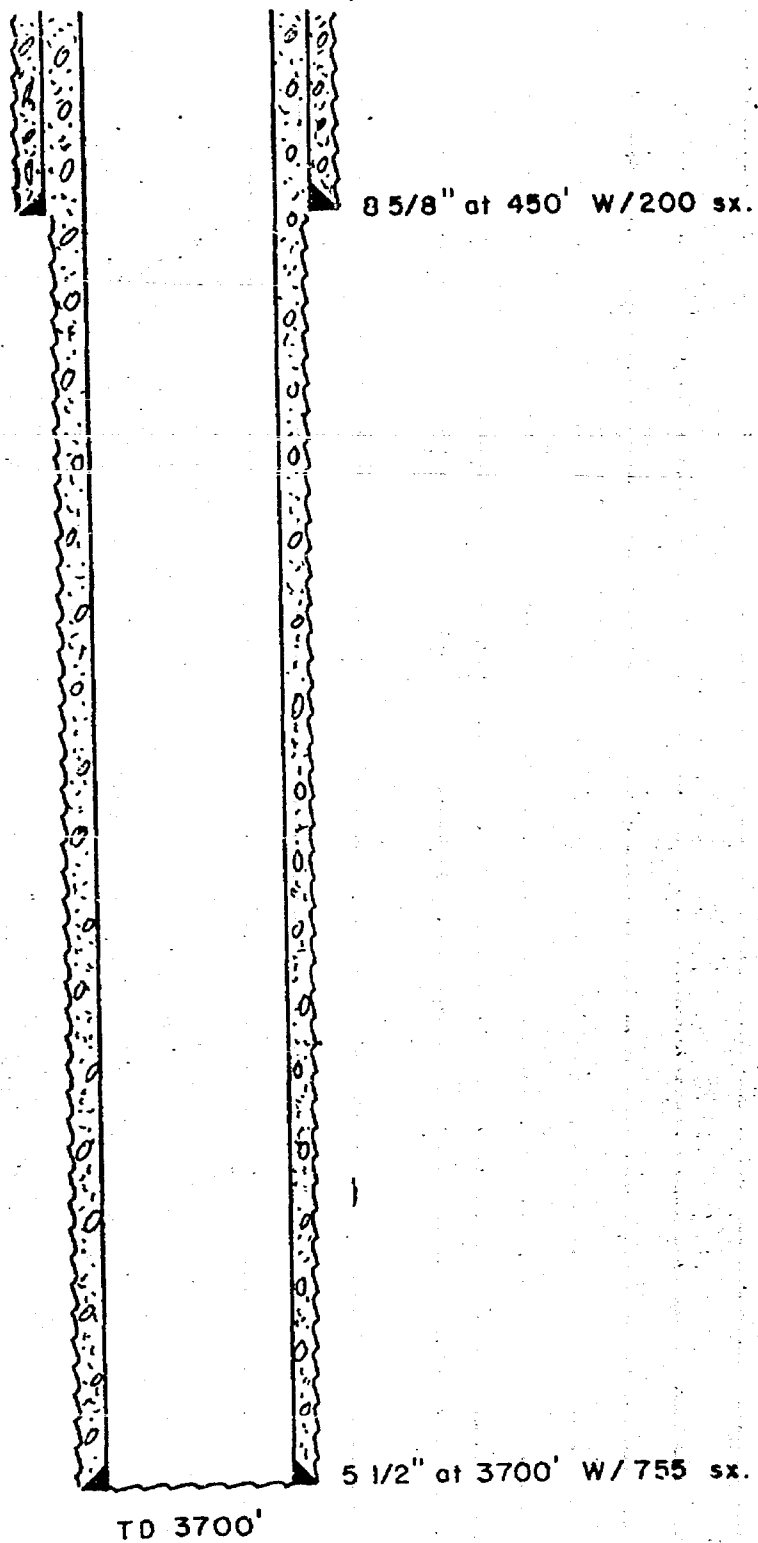
To be decided upon viewing of logs.

UNION TEXAS PETROLEUM

LYNCH FEDERAL NO. 1

LYNCH FIELD

LEA COUNTY, NEW MEXICO





Union Texas Petroleum Division
1300 Wico Building
Midland, Texas 79701

January 19, 1977

CERTIFIED

Norandex Incorporated
Exploration Division
780 Simms Street
Number 1, P. O. Box 15638
Denver, Colorado 80215

RE: Lynch Federal "33"
Well No. 1
Lease No. NM-19678
660' F&NWL
Section 33, T-20-S, R-34-E
Lea County, New Mexico

Gentlemen:

Union Texas Petroleum, A Division of Allied Chemical Corporation, has filed an "Application for Permit" to drill the subject well.

Attached for your information is a copy of this application (Form 9-331-C and Supplement) and a location plat.

Union Texas Petroleum has also requested the New Mexico Oil Conservation Commission to set a hearing for an exception to Commission Order No. R-111. We propose to set two strings of casing in this well - a surface string at 450' and a production string at \pm 3700'. Both strings will be cemented to surface.

As potash lessee, if you have no objection to the granting of this application, please send one (1) copy of the executed waiver directly to the United States Geological Survey Office in Hobbs, New Mexico and return one (1) copy to us. The third copy is for your file.

Thank you for your prompt consideration.

Very truly yours,

UNION TEXAS PETROLEUM, A Division
of Allied Chemical Corporation

Stanley A. Post
Senior Production Analyst

SAP:hb

Dockets Nos. 9-77 and 10-77 are tentatively set for hearing on March 23 and April 6, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 9, 1977

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for April, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5863: (Continued & Readvertised)

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 24 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 5877: (Continued & Readvertised)

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 5873: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 1115 of the Commission Rules and Regulations to provide for the filing of information required on Form C-115, Operator's Monthly Report, in the manner and sequence prescribed by the Commission.

CASE 5874: Application of Texaco 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 Lower San Andres formation through the perforated interval from 5926 to 5946 feet of its New Mexico "R" State Well No. 5, located in Unit B of Section 2, Township 18 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico.

CASE 5866: (Continued from February 16, 1977, Examiner Hearing)

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 5048: (Reopened) (Continued from January 19, 1977, Examiner Hearing)

In the matter of Case 5048 being reopened pursuant to the provisions of Order No. R-4637-A, which order extended the temporary special pool rules for the South Dagger Draw-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5117: (Reopened) (Continued from February 2, 1977, Examiner Hearing)

In the matter of Case 5117 being reopened pursuant to the provisions of Order No. R-4691-A, which order extended the temporary special pool rules for the North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said North Dagger Draw-Upper Pennsylvanian Pool should not be developed on less than 160-acre proration units and why the special depth bracket allowable should be retained.

CASE 5875: Application of Atlantic Richfield Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate a previously approved 320-acre non-standard Jalkat gas proration unit comprising the W/2 of Section 29, Township 24 South, Range 37 East, Lea County, New Mexico, to its William H. Harrison "A" WN Well No. 2 located in Unit D and William H. Harrison "D" Wells Nos. 1 and 6 in Units L and N, respectively, of said Section 29. Applicant further seeks approval of an unorthodox location for its William H. Harrison "D" WN Well No. 6 at a location 660 feet from the South line and 1930 feet from the West line of said Section.

CASE 5876: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Cavilan-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of his June Well No. 1 located in Unit B of Section 28, Township 28 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 5820: (Continued from February 16, 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 5867: (Continued from February 16, 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 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 5877: Application of Great Lakes Chemical Corporation for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard Blanco Mesaverde gas proration units comprising the SE/4 of Section 3, and the NW/4 of Section 35, respectively, Township 27 North, Range 8 West, San Juan County, New Mexico.

CASE 5878: Application of Michael T. Gottlieb for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard Blanco Mesaverde gas proration units comprising the NE/4 of Section 3, and the SW/4 of Section 35, respectively, Township 27 North, Range 8 West, San Juan County, New Mexico.

CASE 5879: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 12, Township 22 South, Range 26 East, South Carlsbad Field, 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 5880: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 20, Township 18 South, Range 25 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.

Examiner Hearing - Wednesday - March 9, 1977
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CASE 5881: Application of Western Oil Producers, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Amoco State Well No. 1, completed in the Atoka formation at a point 660 feet from the South and West lines of Section 28, Township 16 South, Range 33 East, Lea County, New Mexico, the W/2 of said Section 28 to be dedicated to the well.

CASE 5859: (Continued & Readvertised)

Application of Caulkins Oil Company for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Blanco Mesaverde and Basin-Dakota production in the wellbore of its Breech L Well No. 307, located in Unit II of Section 13, Township 26 North, Range 7 West, Rio Arriba County, New Mexico, and to dually complete the commingled formations and the Chacra formation in said well.



Union Texas Petroleum Division
1300 Wico Building
Midland, Texas 79701

February 11, 1977

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

Attention: Legal Division

Re: Union Texas Petroleum's
Application for Exception
to Order No. R-111-A
Case #5866

Gentlemen:

In reference to our telephone conversation today, please postpone the hearing scheduled for February 16, 1977, on our "Application for an exception to the casing and cementing requirements of Order No. R-111-A until the hearings scheduled for March 9, 1977.

Your consideration of this matter is appreciated.

Very truly yours,

UNION TEXAS PETROLEUM, A Division
of Allied Chemical Corporation

A handwritten signature in cursive script that reads 'Stanley A. Post'.

Stanley A. Post
Senior Production Analyst

SAP:hb

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.

DRAFT

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:

APPLICATION OF UNION TEXAS PETROL-
EUM FOR AN EXCEPTION TO CASING
AND CEMENTING REQUIREMENTS
OF ORDER NO. R-III-A, LEA COUNTY,
NEW MEXICO

CASE NO. 5866

Order No. R- 5434

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 9, 1977
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this May day of May, 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, Union Texas Petroleum, proposes
to drill a well to test ^{the} Yates-Seven Rivers formations
in Unit D of Section 33, Township 20 South, Range 34
East, NMPM, Lynch Yates-Seven Rivers Pool, Lea County,
New Mexico.

(3) That said well would be located in the
Potash-Oil Area as defined by Commission Order
No. R-III-A, as amended, and therefore would be
subject to the casing and cementing requirements
promulgated by said order for wells drilled within
said area.

CASE NO. 5866
Order No. R-

(4) That the applicant seeks approval for an exception to the aforesaid casing and cementing requirements to permit drilling and completing said well utilizing a short surface casing string and no salt protection string.

(5) That applicant's proposed exception to the surface casing requirement appears to afford adequate protection to the known water sands in the area and should be approved.

(6) That the proposed exception to the salt protection string requirement will not afford adequate protection to the potash in the subject area, could result in waste, and should be denied.

(7) That as an alternate to the casing and cementing program proposed by the applicant, the Commission should approve a program that will require the permanent installation of a minimum of casing, thereby resulting in substantial savings to the applicant, but will yet provide adequate protection to the salt section in the subject well, and will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of *Union Texas Petroleum* for an exception to the casing and cementing requirements of the Potash-Oil Area as promulgated by Order No. R-111-A, to permit the drilling of a proposed well in the NW/4NW/4 of Section 33, Township 20 South, Range 34 East, NMPM, Lynch Yates-Seven Rivers Pool, Eddy County, New Mexico, without utilizing a salt protection string is hereby denied.

(2) That the applicant, in lieu of his proposed casing and cementing program, is hereby authorized to case and cement the above-described well in the following manner, in exception to the provisions of Order No. R-111-A:

- (a) Set surface casing at 350 feet or such greater depth as may be necessary to case off any known water-bearing strata in the vicinity of said well, circulating cement on said casing back to the surface.
- (b) Set and mud-in a salt protection casing string not less than 100 feet below the base of the salt section.
- (c) If the well is to be completed as a producer, production casing shall be set on top of or through the Seven Rivers formation at an approximate depth of 3750 feet, after the reservoir has been evaluated by logging or testing. The salt protection string may be pulled after the production casing has been run.

indent [The production casing shall be cemented with sufficient cement to protect any pay zone and the salt section and fill the annular space behind the pipe to the surface.

- (d) All cement mixtures, cement waiting times, and testing procedures shall be in accordance with the applicable provisions of Order No. R-111-A insofar as said provisions are not inconsistent with this order.
- (e) Upon abandonment, the well shall be plugged in accordance with the provisions of Order No. R-111-A.

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Case No. 5853
Order No. R-

(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.