

CASE NO.

6206

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6206
Order No. R-5716

APPLICATION OF CLEARY PETROLEUM
CORPORATION FOR AN UNORTHODOX GAS
WELL LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of April, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Cleary Petroleum Corporation, seeks approval of an unorthodox gas well location 4650 feet from the South line and 1980 feet from the West line of Section 5, Township 21 South, Range 32 East, NMPM, to test the Morrow formation, South Salt Lake Field, Lea County, New Mexico.

(3) That Lots 11, 12, 13, and 14, and the SW/4 of said Section 5 would be dedicated to the well.

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

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

(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.

-2-

Case No. 6206
Order No. R-5716

IT IS THEREFORE ORDERED:

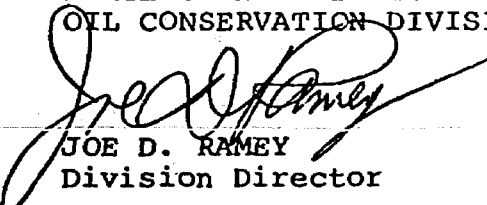
(1) That an unorthodox gas well location is hereby approved for Cleary Petroleum Corporation for a well to be located at a point 4650 feet from the South line and 1980 feet from the West line of Section 5, Township 21 South, Range 32 East, NMPM, South Salt Lake Field, Lea County, New Mexico.

(2) That Lots 11, 12, 13, and 14, and the SW/4 of said Section 5 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 Division may deem necessary.

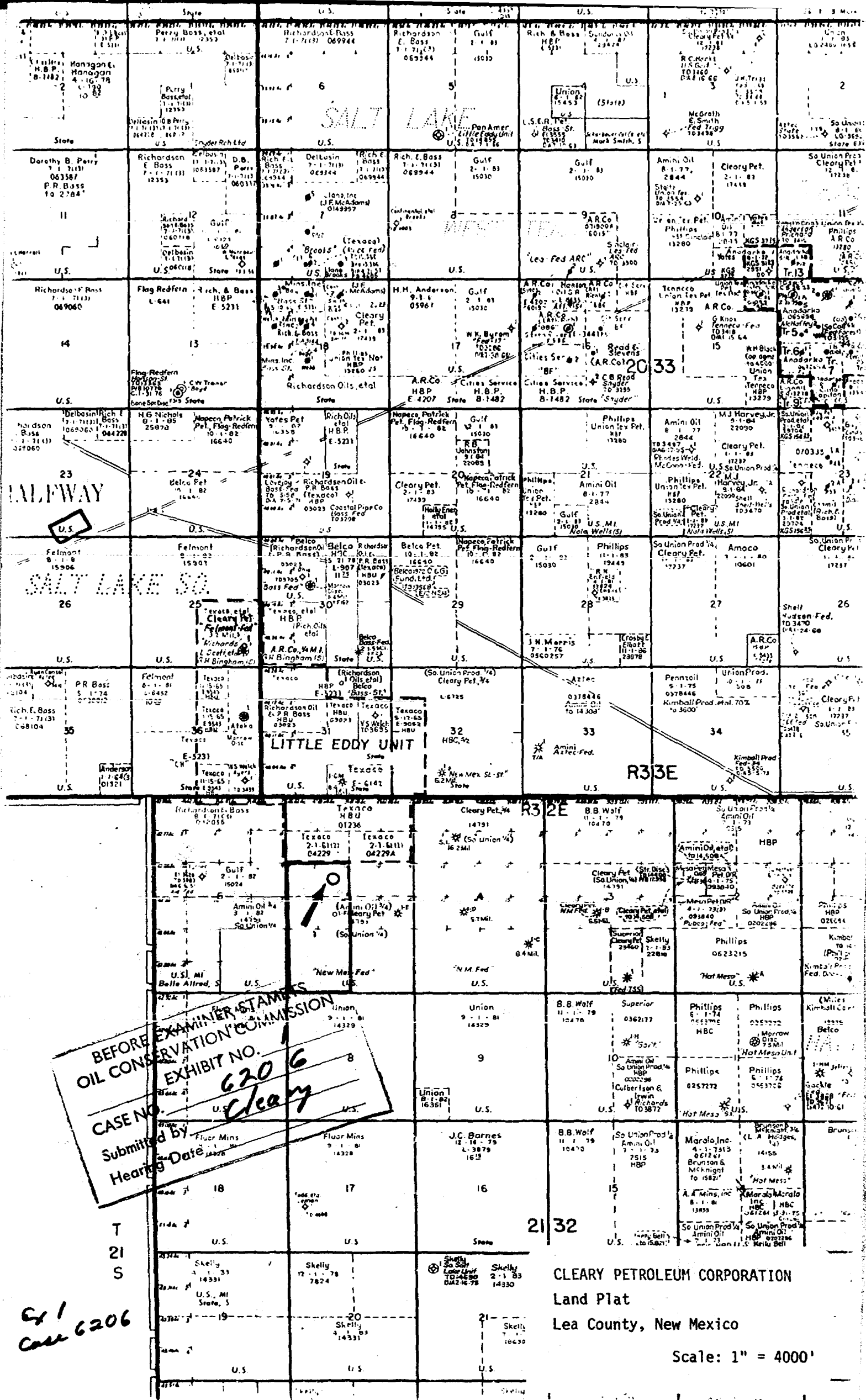
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Division Director

S E A L

jr/



BEFORE EXAMINER STAMPS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 6206
CASE NO. Cleary
Submitted by
Hearing Date

CLEARY PETROLEUM CORPORATION
Land Plat
Lea County, New Mexico
Scale: 1" = 4000'

BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO
APRIL 19, 1978

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of Cleary)
Petroleum Corporation for)
an unorthodox gas well)
location, Lea County, New)
Mexico.)

Case 6206

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 Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division

For Cleary Petroleum Corporation:

KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico 87501
By: Tom Kellahin, Esq.

LANPHERE REPORTING SERVICE

P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

I N D E X

	<u>Page</u>
1. Appearances	2
2. The Witness - WILLIAM J. HENRY	
Direct Examination by Mr. Kellahin	4
3. Reporter's Certificate	15

* * * * *

E X H I B I T S

	<u>Identified</u>
(Applicant's Exhibits:)	
1. Land map	5
2. Structure map	6
3. Dip Log	7
4. Velocity Log	9
(Applicant's Exhibits admitted)	14

LANPHERE REPORTING SERVICE

P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

MR. STANLEY: Call next Case 6206.

MS. TESCHENDORF: Case 6206. Application of Cleary Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, appearing on behalf of Cleary Corporation and I have one witness.

WILLIAM J. HENRY

the witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name, by whom you're employed and in what capacity?

A My name is William J. Henry, I'm an independent consulting geologist in Midland, Texas and I'm consulting for Cleary Petroleum Corporation.

Q Mr. Henry, you've previously testified before the Commission and had your qualifications as an expert witness accepted and made a matter of record, have you not sir?

A Yes, I have.

MR. KELLAHIN: We tender Mr. Henry as an

LANPHERE REPORTING SERVICE

P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

expert witness.

MR. STANETS: Witness is considered qualified.

Q (By Mr. Kellahin) Would you refer to what we have marked as Applicant's Exhibit No. 1, identify it and tell us what you're seeking to accomplish?

A This is a land map of Lea County and I have--we're seeking an unorthodox location which is in the center of 11, more specifically and the distance has not been surveyed. It's about 4650 from the south line, 1980 from the west line and this is a communitized proration unit to the east of this in our No. 1E well, Cleary No. 1 E.

Q To what formation do you intend to drill this well?

A Through the morrow, top of the Barnett shale.

Q In what field are you located?

A I believe this is called South Salt Lake. We are commingling or colessing (sic) with Half Mesa to the south, as production northwest-southeast and I believe this will be carried as a south Salt Lake well.

Q Would you please identify what we're marked as Exhibit No. 2?

LANPHERE REPORTING SERVICE

P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

A Exhibit No. 2 is a lower morrow structure map with an isopach of the gross clean sands superimposed on the structure.

Q Would you locate the subject well?

A Well, the subject well is proration unit is colored in red and red arrow pointed to it and there is a circle there.

Q Would you locate for the Examiner the offsetting morrow wells?

A Okay. Our Cleary New Mexico Federal L is to the east and then over in Section 4 we have the Cleary New Mexico Federal No. 1, which is at present temporary abandoned and at the present time we're offsetting it. That Cleary New Mexico Federal D 1 in 4 is completed and New Mexico Federal C 1 in 4 is completed. So Section 4 we hope with this next well will be completely developed and I will discuss the 2A well as shown there, why we're drilling that well there.

Q What are the significance of the yellow contour lines?

A Yellow contour lines is the gross sands and the way we have developed this field is that because of the lenticular nature of the morrow we gross the sands

LANPHERE REPORTING SERVICE

P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

together and try to drill well and give a chance at the most clean sands because of the particular nature. I will discuss that in detail in a few minutes.

Q Your plat indicates something indicated as a "DU" line and then indicates fault?

A Yes. We ran a dip meter in the New Mexico Federal E and which I have presented which is Exhibit 3, the New Mexico Federal E.

Q All right. Let's go to that exhibit now if you please, Mr. Henry and discuss Exhibit No. 3 which is your dip meter.

A I would like for you to open the log up so that you can follow along with me if you would, as I discuss this. As you will notice this is a acoustic log with the dip superimposed from the forearm dip meter over on the left hand side of the log. If you will notice down in the lower part of the section, which is the morrow, and I believe I have the morrow perfs marked in red there around 139 to 13950 that generally the dips are averaging about 5 degrees to the southwest and then I would like for you to move on up the hole, up into the Wolfcamp on this same log which we have some dips marked.

In other words, throughout the morrow our

LANPHERE REPORTING SERVICE

P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

dips remain almost constant. They don't do much changing but around 11,400, which would be up in the Wolfcamp section, we have a disturbed zone which I have labeled as possible faulting there. I really, as you can see the dips change direction there and discussing this with our--the guy that interpreted the dip meter, which I'm not qualified to build, he felt like this was either a fault zone, unconformative or a very disturbed zone there.

And moving on up the hole at 11,100, 11,100 we have another zone where the dips go array and looks like a disturbed zone there too. So in correlation I cannot definitely pinpoint a fault although I feel pretty sure that there is a fault there.

Going back to Exhibit 2 you will notice from the D1 to the E1, approximately 1980 feet, there is 300 feet of dip and from--moving up into 20 south, 32 east, the two Texacon wells the No. 1 Richards and the No. 1 Straight CH is approximately 300 feet of dip between those two wells.

Although I don't have it contoured I feel real--I'm assured myself that there is some kind of faulting there but I do not know exactly where the fault trace is. But there is enough dip there that there could be a fault.

LANPHERE REPORTING SERVICE

P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

by not complicating the structure I mapped it without a fault shown.

Q Let's go to Exhibit 4.

A I would like to use Exhibit 4 and Exhibit 3 together, if you don't mind. In other words, as a correlation.

Q To identify what you have as Exhibit 4?

A Exhibit 4 is a portion of the acoustic velocity log of the New Mexico D Federal.

I have marked up around 137 on the 1E as compared to 135 or 13750 on the 1E and 13500 on the D as a correlation. This is referred to and has been mentioned before, this is morrow ulick (sic) zone and it's a very good sample zone and can be picked up in samples when you get lost in the morrow section on your correlation when you're drilling a well.

I would like for you to move down to around 13850 on the D well which is compared to about 14154 or 6 on the E and I have the top of the lower morrow, this is my--

MR. STAMETS: Stop for a second. All right, you've colored the ulic zone blue on both exhibits?

MR. HENRY: Yes, for correlation purposes

LANPHERE REPORTING SERVICE

P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

so that you could see them clearer.

MR. STAMETS: The zone you're interested in, is up above that?

MR. HENRY: No, I'm going down through the lower morrow, on down near 14150 on the--do you see it, is it not marked, sir.

MR. STAMETS: Which log now?

MR. HENRY: On the E, it's 14156, did I not mark yours?

MR. STAMETS: Okay. I have it.

MR. HENRY: I would like for you to compare that to the zone at 138--about 858 on the D i.

MR. STAMETS: Okay.

MR. HENRY: You will notice that the interval there is almost the same within 15 or 20 feet from this oolitic zone to the top of the lower morrow. What I'm trying to illustrate is that the pay at 13650 and the New Mexico D1 which would be your Exhibit 4, this particular sand does not appear to be present in the New Mexico Federal E, which is down dip well or the low well.

I would like to point out that the New Mexico Federal D well was completed 5.74 million plus about

LANPHERE REPORTING SERVICE

P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

five barrels of water per day. Both of these two wells I'm speaking of was completed last September and the New Mexico Federal E was completed for, I believe it's marked up there at the top, 4 point--on the New Mexico E up near the top of your log, way up to the top just up above the heading. It's 4 million plus natural. The New Mexico D No. 1 had to be treated to make a completion out of it.

The New Mexico Federal D production-wise has decreased some, where the New Mexico Federal E has been, in other words, it's almost the same when we completed it delivering almost four million a day until we had some pipeline proration to take. So it just appears from the production data and the geological information that we have a lenticular sand here in the morrow in this particular zone, it's not continuous in a large area around this particular well.

Q Let me redirect your attention to Exhibit No. 2, Mr. Henry. With regards to the unorthodox well location. In your opinion, sir, will the location as chosen produce a commercial well that should you back off to a standard location you would not obtain?

A Okay. We had--when the New Mexico E and another location at an orthodox location were staked and

LANPHERE REPORTING SERVICE

P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

and pads built prior to drilling the E, information gathered from the E with our dip meter and everything, we felt like, or our geological information shows that we would encounter the lower morrow approximately 100 feet low to the New Mexico E 1 and we do not have an established water level in this field.

I would like to point out that just to the northwest, which shows as an abandoned well, which is a Cleary Aztec Federal which is almost--well, it's about 12 feet low to the E, was a very poor producer and had been watered out and plugged.

MR. STAMETS: What's the location of that well?

MR. HENRY: That's in 33 of 2133. Did you find it, sir?

MR. STAMETS: Yes.

MR. HENRY: Also over on the extreme east side of the Hap Mesa field Phillips has a well which is quite low and almost flows salt water from the morrow. I understand that Bellco's well over on the east side there in Section 12 of 2132 is a very poor performance well, it's making waters and I would like to jump around just to throw out one more comment. I would like to draw your attention

LANPHERE REPORTING SERVICE

P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

to the well in Section 32 of 2133 which is the Cleary No. 1 New Mexico State. That well is an Atoka completion. All of the morrow sands in that well calculate to be water-wet and Cleary, I think has tested two of them and they bear out the logs that they are wet. And that's an extremely high well.

So our point is to prevent waste and a high risk, as this location that we have proposed, if it were orthodox we feel like that it would be too low, although we do not know where the water is in any one of these sands. So by gaining--by moving up to this unorthodox location we can gain approximately a hundred feet of structural advantage using the data from the New Mexico Federal El plus my isopach map shows that we should encounter approximately a hundred feet of these clean morrow sands which are--which I've based on less than 50 API units on the gamma ray when it's available.

Q (By Mr. Kellahin) In your opinion, Mr. Henry, will you be obtaining any unfair advantage over the offsetting operators?

A I don't believe we will, sir.

Q Were Exhibit 1 through 5 prepared by you directly or compiled under your direction and supervision?

LANPHERE REPORTING SERVICE

P.O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

A Yes, they were.

Q In your opinion, will the approval of the application be in the best interest of conservation and the prevention of waste?

A Yes, sir.

MR. KELLARIN: We move the introduction of Exhibits 1 through 5.

MR. STAMETS: These exhibits will be admitted.

(WHEREUPON, Applicant's Exhibit Nos. 1 through 5 admitted into the evidence.)

MR. STAMETS: Are there any questions of this witness? You may be excused.

Anything further in this case? The case will be taken under advisement.

(WHEREUPON, hearing was concluded.)

MR. STAMETS: The record should reflect there are only four exhibits.

LANPHERE REPORTING SERVICE

P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, CSR-RPR with offices in Santa Fe, New Mexico, do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED at Santa Fe, New Mexico, this eighth day of May, 1978.

Betty J. Lanphere
Betty J. Lanphere, Court Reporter

I do hereby certify that the foregoing is
a complete and accurate transcript of the
proceedings in the Exam
heard by *Richard J. Ham* No. *6206* 1978
Examiner
New Mexico Oil Conservation Commission

LANPHERE REPORTING SERVICE

P.O. BOX 449
36 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6206
Order No. R-5716

APPLICATION OF CLEARY PETROLEUM
CORPORATION FOR AN UNORTHODOX GAS
WELL LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of April, 1978, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Cleary Petroleum Corporation, seeks
approval of an unorthodox gas well location 4650 feet from the
South line and 1980 feet from the West line of Section 5, Township
21 South, Range 32 East, NMPM, to test the Morrow formation, South
Salt Lake Field, Lea County, New Mexico.

(3) That Lots 11, 12, 13, and 14, and the SW/4 of said
Section 5 would be dedicated to the well.

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

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

(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.

-2-

Case No. 6206
Order No. R-5716

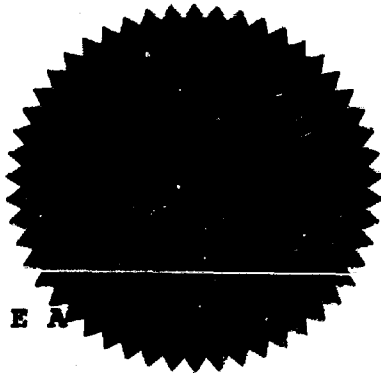
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location is hereby approved for Cleary Petroleum Corporation for a well to be located at a point 4650 feet from the South line and 1980 feet from the West line of Section 5, Township 21 South, Range 32 East, NMPM, South Salt Lake Field, Lea County, New Mexico.

(2) That Lots 11, 12, 13, and 14, and the SW/4 of said Section 5 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 Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Division Director

S E A

jr/

Case 6206

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN and FOX
ATTORNEYS AT LAW
870 DON GASPAR AVENUE
P. O. BOX 1789
SANTA FE, NEW MEXICO 87501

1978
TELEPHONE 982-4318
AREA CODE 505

March 16, 1978

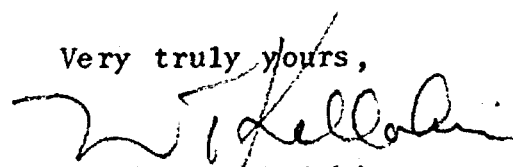
Mr. Joe Ramey
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Cleary Petroleum Corporation

Dear Mr. Ramey:

Please set the enclosed application for hearing on
April 19, 1978.

Very truly yours,



W. Thomas Kellahin

CC: Mr. Bill Henry

WTK:kfm

Enclosure

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CLEARY PETROLEUM CORPORATION FOR
UNORTHODOX WELL LOCATION, SOUTH
LAKE MORROW FIELD, LEA COUNTY,
NEW MEXICO

A P P L I C A T I O N

Comes now CLEARY PETROLEUM CORPORATION, and applies to the Oil Conservation Commission of New Mexico for authority to drill a Morrow test at an unorthodox well location 4650 feet from the South Line and 1980 feet from the West line of Section 5, T21S, R32E, NMPM, Lea County, New Mexico and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill on a portion of Section 5, T21S, T32E, NMPM, said section being an oversized governmental section containing 960 acres.
2. Applicant proposes to drill a Morrow test well within the South Lake Morrow Field, Lea County, New Mexico at a location 4650 feet from the South line and 1980 feet from the West line of said Section 5 to be dedicated to a 320 acre proration unit consisting of Lots 11, 12, 13, and 14, and the SW/4 of Section 5.
3. Applicant's requested location is more advantageous for drilling than the orthodox location because a well drilled at the orthodox location would be in a less favorable structural position.
4. A well located as requested would result in the recovery of gas not otherwise recoverable, would prevent waste,

4	3	2	1
5	6	7	8
9	10	11	12
13	14	15	16

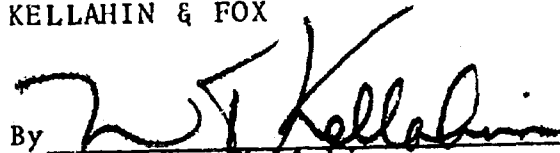
5280
4650
630

and not impair the correlative rights of others.

WHEREFORE, applicant respectfully requests that this application be set for hearing before the Commission's duly appointed examiner and that after notice and hearing, an order be entered granting the unorthodox location as requested.

Respectfully submitted,

KELLAHIN & FOX

By 

W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501

Attorneys for Applicant

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CLEARY PETROLEUM CORPORATION FOR
UNORTHODOX WELL LOCATION, SOUTH
LAKE MORROW FIELD, LEA COUNTY,
NEW MEXICO

A P P L I C A T I O N

Comes now CLEARY PETROLEUM CORPORATION, and applies to the Oil Conservation Commission of New Mexico for authority to drill a Morrow test at an unorthodox well location 4650 feet from the South Line and 1980 feet from the West line of Section 5, T21S, R32E, NMPM, Lea County, New Mexico and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill on a portion of Section 5, T21S, T32E, NMPM, said section being an oversized governmental section containing 960 acres.
2. Applicant proposes to drill a Morrow test well within the South Lake Morrow Field, Lea County, New Mexico at a location 4650 feet from the South line and 1980 feet from the West line of said Section 5 to be dedicated to a 320 acre proration unit consisting of Lots 11, 12, 13, and 14, and the SW/4 of Section 5.
3. Applicant's requested location is more advantageous for drilling than the orthodox location because a well drilled at the orthodox location would be in a less favorable structural position.
4. A well located as requested would result in the recovery of gas not otherwise recoverable, would prevent waste,

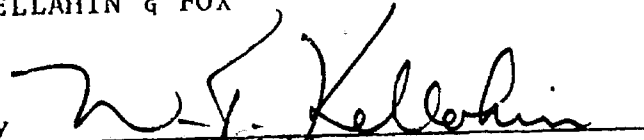
and not impair the correlative rights of others.

WHEREFORE, applicant respectfully requests that this application be set for hearing before the Commission's duly appointed examiner and that after notice and hearing, an order be entered granting the unorthodox location as requested.

Respectfully submitted,

KELLAHIN & FOX

By



W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

Attorneys for Applicant

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CLEARY PETROLEUM CORPORATION FOR
UNORTHODOX WELL LOCATION, SOUTH
LAKE MORROW FIELD, LEA COUNTY,
NEW MEXICO

A P P L I C A T I O N

Comes now CLEARY PETROLEUM CORPORATION, and applies to the Oil Conservation Commission of New Mexico for authority to drill a Morrow test at an unorthodox well location 4650 feet from the South Line and 1980 feet from the West line of Section 5, T21S, R32E, NMPM, Lea County, New Mexico and in support thereof would show the Commission:

1. Applicant is the owner of the right to drill on a portion of Section 5, T21S, T32E, NMPM, said section being an oversized governmental section containing 960 acres.

2. Applicant proposes to drill a Morrow test well within the South Lake Morrow Field, Lea County, New Mexico at a location 4650 feet from the South line and 1980 feet from the West line of said Section 5 to be dedicated to a 320 acre proration unit consisting of Lots 11, 12, 13, and 14, and the SW/4 of Section 5.

3. Applicant's requested location is more advantageous for drilling than the orthodox location because a well drilled at the orthodox location would be in a less favorable structural position.

4. A well located as requested would result in the recovery of gas not otherwise recoverable, would prevent waste,

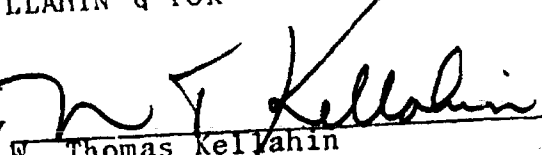
and not impair the correlative rights of others.

WHEREFORE, applicant respectfully requests that this application be set for hearing before the Commission's duly appointed examiner and that after notice and hearing, an order be entered granting the unorthodox location as requested.

Respectfully submitted,

KELLAHIN & FOX

By


W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

Attorneys for Applicant



JERRY APCDACA
GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

April 28, 1978

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

Re: CASE NO. 6206
ORDER NO. R-5716

Applicant:

Cleary Petroleum Corporation

Dear Sir:

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division 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

Other

Oil Conservation Commission
1978 APR 18 AM 10:03

RE: CASE NO. 6206
CLEARY PETROLEUM CORPORATION
NO. 1 NEW MEXICO FEDERAL "F" COM. WELL
LOTS 11, 12, 13, & 14 & SW/4
SECTION 5-21S-32E
SOUTH SALT LAKE MORROW FIELD
LEA COUNTY, NEW MEXICO

YOURS VERY TRULY,
C. W. WALTS
MANAGER OUTSIDE OPERATIONS
BASS ENTERPRISES PRODUCTION CO.
3100 FORT WORTH NATIONAL BANK BLDG.
FORT WORTH, TX 76102
TWX 910 893 5009

IPMFEKA SANA

MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22 645



Mailgram®



4-0569 53E108003 04/18/78 ICS IPID NGZ CSP ABQA
2 2146919141 MGM TDBN DALLAS TX 04-18 0523P EST

R 19 1978

CONSERVATION COMMISSION

Case 6206

NEW MEXICO OIL AND GAS CONSERVATION COMMISSION
PO BOX 2088
SANTA FE NM 87501

THIS IS A CONFIRMATION COPY OF A PREVIOUSLY PHONE-DELIVERED TELEGRAM

GENTLEMEN

SUPRON IS IN FULL SUPPORT OF CLEARY PETROLEUM CORPORATION REQUEST
FOR CHANGE OF LOCATION FROM 3300 FEET FSL, 1980 FEET FWL TO 4650
FEET FSL, 1980 FEET FWL OF SECTION 5, TOWNSHIP 21 SOUTH RANGE 32
EAST LEA COUNTY NEW MEXICO FOR THE DRILLING OF THE NEW MEXICO
FEDERAL F NUMBER 1 WELL.

W M BROWN, LANDMAN, SUPRON ENERGY CORPORATION
(SUITE 1700 CAMPBELL CENTER 8350 NORTH CENTRAL EXPRESSWAY DALLAS
TX 75206)

1724 EST

MGMCOMP MGM

TO REPLY BY MAILGRAM, SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

- CASE 6206: Application of Cleary Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well at a point 4650 feet from the South line and 1980 feet from the West line of Section 5, Township 21 South, Range 32 East, South Lake-Morrow Field, Lea County, New Mexico, Lots 11, 12, 13, and 14, and SW/4 of said Section 5 to be dedicated to the well.
- CASE 6207: Application of Belco Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Little et al Well No. 1 to be drilled 1290 feet from the South line and 1720 feet from the West line of Section 20, Township 22 South, Range 27 East, South Carlsbad-Cherry Canyon Pool, Eddy County, New Mexico, the SE/4 SW/4 of said Section 20 to be dedicated to the well.
- CASE 6208: Application of Layton Enterprises, Inc., for two non-standard oil proration units and two unorthodox locations, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, each to be dedicated to a well to be drilled at an unorthodox location thereon. The first unit would comprise 102.55 acres being the N/2 NW/4 and Lot 1 of Section 16 with the well located 800 feet from the North line and 450 feet from the East line of the section; the second unit would comprise 101.84 acres being the S/2 NW/4 and Lot 2 of Section 16 with the well located 2120 feet from the North line and 450 feet from the East line of the section.
- CASE 6209: Application of Southern Union Exploration Co., for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NW/4 of Section 18, Township 25 North, Range 13 West, San Juan 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 6210: Application of Orla Petco, Inc., for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Upper Delaware formation through the perforated interval from 2560 feet to 2690 feet in its Sanders Well No. 1 located in Unit C of Section 6, Township 23 South, Range 28 East, Herradura Bend-Delaware Field, Eddy County, New Mexico.

TO REPLY BY MAILGRAM SHOW IT DEVELOPED UNDER ANY TITLE, DAY OR NIGHT.

FOR YOUR LOCAL ADDRESS AT THE WHITE PAINS

OF YOUR TELEPHONE DIRECTORY

OR

CALL FROM FR. 800-251-2211

(EXCEPT IN NEW JERSEY 800-632-2271)

OR DIAL WESTERN UNION'S HIGH-CAPACITY 1-800-451-1212

FROM TELEX 9101 910 420 1212

Dockets Nos. 16-78 and 17-78 are tentatively set for hearing on May 3 and 17, 1978. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 19, 1978

9 A.M. - OIL CONSERVATION DIVISION 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 May, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for May, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6151: (Continued from March 22, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Vega Petroleum Corporation, American Employers' Insurance Company, and all other interested parties to appear and show cause why the North Caprock Queen Unit No. Well No. 1 Well No. 5Y located in Unit E of Section 8, Township 17 South, Range 32 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6199: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marion B. Edmonds and O. A. Peters and all other interested parties to appear and show cause why the Edmonds & Peters Federal Well No. 1 located in Unit M of Section 3, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6200: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Astro-Tex Oil Corp., American Employers' Insurance Co., and all other interested parties to appear and show cause why the Cain Well No. 2 located in Unit J of Section 22, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6201: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paul Haskins and all other interested parties to appear and show cause why the Federal "17" Well No. 1 located in Unit P of Section 17, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6202: Application of Amoco Production 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 Teledyne Fed. Gas Com Well No. 1 to be located 660 feet from the South line and 1980 feet from the East line of Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico, the E/2 of said Section 4 to be dedicated to the well.

CASE 6203: Application of Walter W. Krug DBA Wallen Production Co., for special casing-cementing rules in the Potash-Oil Area, Lea County, New Mexico. Applicant, in the above-styled cause, asks that the special cable tool casing-cementing rules for wells in the North Lynch Yates-Seven Rivers Pool, as promulgated by Order No. R-4253, be extended to encompass additional lands, including all or portions of Sections 20, 21, 27, 28, 33 and 34, Township 20 South, Range 34 East, Lea County, New Mexico.

CASE 6204: Application of Producing Royalties, Inc., for exemption from the Natural Gas Pricing Act, San Juan County, New Mexico. Applicant, in the above-styled cause, proposes to drill a replacement Pictured Cliffs gas well in the same proration unit as its Payne Well No. 2, that is, the NW/4 of Section 12, Township 29 North, Range 12 West, San Juan County, New Mexico, and seeks exemption from the Natural Gas Pricing Act pursuant to a finding that the new well is justified for reasons other than avoiding the application of said act.

CASE 6205: Application of Gifford, Mitchell & Wisenbaker for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Quana Parker Well No. 2-Y to be located 2770 feet from the South line and 2310 feet from the East line of Section 28, Township 26 South, Range 36 East, West Scarborough-Yates Pool, Lea County, New Mexico, the SW/4 NE/4 of said Section to be dedicated to the well.

- CASE 6206: Application of Cleary Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well at a point 4650 feet from the South line and 1980 feet from the West line of Section 5, Township 21 South, Range 32 East, South Lake-Morrow Field, Lea County, New Mexico, Lots 11, 12, 13, and 14, and SW/4 of said Section 5 to be dedicated to the well.
- CASE 6207: Application of Belco Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Little et al Well No. 1 to be drilled 1290 feet from the South line and 1720 feet from the West line of Section 20, Township 22 South, Range 27 East, South Carlstad-Cherry Canyon Pool, Eddy County, New Mexico, the SE/4 SW/4 of said Section 20 to be dedicated to the well.
- CASE 6208: Application of Layton Enterprises, Inc., for two non-standard oil proration units and two unorthodox locations, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, each to be dedicated to a well to be drilled at an unorthodox location thereon. The first unit would comprise 102.55 acres being the N/2 NW/4 and Lot 1 of Section 16 with the well located 800 feet from the North line and 450 feet from the East line of the section; the second unit would comprise 101.84 acres being the S/2 NW/4 and Lot 2 of Section 16 with the well located 2120 feet from the North line and 450 feet from the East line of the section.
- CASE 6209: Application of Southern Union Exploration Co., for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NW/4 of Section 18, Township 25 North, Range 13 West, San Juan 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 6210: Application of Orla Petco, Inc., for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Upper Delaware formation through the perforated interval from 2560 feet to 2690 feet in its Sanders Well No. 1 located in Unit G of Section 6, Township 23 South, Range 28 East, Herradura Bend-Delaware Field, Eddy County, New Mexico.

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6206

ORDER NO. R- 5716

APPLICATION OF CLEARY PETROLEUM CORPORATION

FOR AN UNORTHODOX GAS WELL LOCATION,

LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19,
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of April, 19 78, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Cleary Petroleum Corporation,
seeks approval of an unorthodox gas well location 4650
feet from the South line and 1980 feet from the
West line of Section 5, Township 21 South
Range 32 East, NMPM, to test the MORROW
formation, South Lake ~~area~~ Field, Lea
County, New Mexico.

(3) That ~~the~~ Lots 11, 12, 13, and 14, and the SW/4
of said Section 5 ~~would~~ be
dedicated to the well.

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

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

-2-

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 ~~Morrow~~
Clean Petroleum Corporation for a
~~formation~~ is hereby approved for a well to be located at a point 4650
feet from the South line and 1980 feet from the West
line of Section 5, Township 21 South, Range 32 East
NMPM, ^{S.1/4} ~~South Lake Morrow~~ Field ~~Pool~~, Lea County,
New Mexico.

(2) That ~~the~~ ^{Lots 11, 12, 13, and 14, and the SW/4} of said Section 5 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 Division may deem necessary.

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