CASE 6541: SUN OIL COMPANY FOR AN UN-ORTHODOX WELL LOCATION, CHAVES COUNTY, NEW MEXICO

CASE NO.

6541

APPlication, Transcripts, Small Exhibits,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
9 May 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Sun Oil Company for an un-) orthodox well location, Chaves County, New) Mexico.

CASE 6541

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico 87503

For the Applicant:

W. Thomas Kellahin, Esq. KELLAHIN & KELLAHIN 500 Don Gaspar Santa Fe, New Mexico 87501

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Cross Examination by Mr. Nutter

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STEPHEN GILLETT

Direct Examination by Mr. Kellahin

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EXHIBITS

Applicant Exhibit One, Statement Applicant Exhibit Two, Plat Applicant Exhibit Three, Summary Applicant Exhibit Four, Production Curve Applicant Exhibit Five, Well History Applicant Exhibit Six, List **7**. Applicant Exhibit Seven, Log 8 Applicant Exhibit Eight, AFE Applicant Exhibit Nine, AFE

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MR. NUTTER: We'll call next Case 6541.

MR. PADILLA: Application of Sun Oil Company for an unorthodox well location, Chaves County, New Mexico.

MR. KELLAHIN: I'm Tom Kellahin of Kellahin and Kellahin, Santa Fe, New Mexico, appearing on behalf of Sun Oil Company, and I have one witness.

(Witness sworn.)

STEPHEN GILLETT

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

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

A. Stephen A. Gillett, G-I-L-E-T-T. I'm

Area Engineer for Sun Production -- or Sun Oil Company,

from Midland, Texas.

Mr. Gillett, have you previously testified before the Oil Conservation Division?

A. Yes, sir, I have.

And have you made a study of and are you familiar with the facts in this case?

SALLY WALTON BOY
ENTIFIED SHORT(IAND REPORT
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A Yes, sir.

 $$\operatorname{MR}.$$ KELLAHIN: We tender MR. Gillett as an expert witness.

MR. NUTTER: Mr. Gillett is qualified.

Q. (Mr. Kellahin continuing.)

Would you please refer to the packet of exhibits that we have marked and presented to the Examiner and state briefly what Sun Oil is seeking to accomplish from this application.

A. Yes, sir, Mr. Kellahin. What we are attempting to do is to drill an infill development well on our New Mexico H State lease to examine the possibilities for undrained reserves, possibility for future waterflood potential, to see what additional recovery we can obtain from this lease.

Q Your exhibits contain an Exhibit Number
One that is simply an introductory statement.

I'd like to direct your attention to the location described in that exhibit and ask you if that is in fact the correct described location for the unorthodox well?

A. That is an approximate location. The exact location is 1336 feet from the east line and 1328 feet from the north line.

Q. And that is the advertised location in

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A. Yes, sir, that is.

Q. All right. Would you refer to Exhibit

Number Two, then, and explain what information that exhibit

contains?

New Mexico H State and the eight sections surrounding our lease. It shows the location of our proposed No. 17 Well in relation to the other wells on the lease. It shows that the Well No. 17 will be in the proration unit that is the southwest quarter of the northeast quarter and that is the same proration unit that is currently occupied by No. 7 PA Well.

Q. The acreage dedicated to the well that is the southwest quarter of the northeast quarter.

A. Yes, sir, that is correct.

Q All right, would you refer to Exhibit

Number Three and identify it?

A. Number Three is a summary of the current production rates to the best of our knowledge of the producing wells within a half mile of our proposed location.

what we're attempting to show is that this area is very marginal to sub-marginal: that production has declined to the point where the economics of continuing to produce is very questionable.

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But also it shows that there are clues there which indicate that this formation has been a very good producer within the past twelve years since it was discovered.

Q. The tabulation shows that the fifth well from the bottom of your tabulation is the New Mexico H State No. 7 Well.

A. Yes, sir, that is correct.

Q. That is the well that's currently on this proration unit.

A. Yes, sir, that is correct.

Q What is the status of that well?

A. That well is temporarily abandoned at the current time.

Q. And what is its cumulative production?

A. 38,590 barrels.

Q What are Sun Oil Company's intentions with regards to that well?

A. We would like to produce that well again after we get No. 17 drilled in order to test interference, drainage, the reaction among the wells as we produce an infill to this 20-acre location.

One other thing that shows, in leaning toward a potential secondary recovery program on this lease, we believe that primary production is a good indicator of

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what you can recover in secondary and that's what we're trying to show here, that there may be some secondary potential there --

- ρ Possibly.
- A. -- if the area is not drained.
- All right, would you refer to Exhibit

 Number Four and identify that?

Exhibit Number Four is the production curve on the subject lease in barrels of oil per day.

- Q. Okay, and Exhibit Number Five.
- A. Exhibit Number Five is the history on the No. 7 Well, which is the other well on this proration unit. It shows the casing and completion information on the well, how it was stimulated and its initial potential and its current status.

You'll note that this well was not fractured. Fracturing in the Cato-San Andres Field has proven, at least to Sun Company's -- to the best of Sun Company's ability to determine, not to be an effective way to stimulate those reservoirs. We believe 20 percent acid seems to be better and I believe this conclusion has been borne out by our offset well.

- Q. Okay, and Exhibit Number Six.
- A. Exhibit Number Six is intended to show that we are doing everything possible to produce every

SALLY WALTON BOY CERTIFIED SHORTHAND REPORT 8010 Plaza Blanca (505) 471-3 Santa Fe, New Mexico 875

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- Okay, Exhibit Number Seven.
- A. Exhibit Number Seven is a log of the No.

 7 Well, showing the area of interest, which is the Milne

 Sand Zone of the Cato Field from a depth of approximately

 3300 to 3360.
 - Q Okay. Exhibit Number Eight.
- A. Exhibit Number Eight is a copy of Sun Production's AFE, or Sun Oil's AFE, for the drilling of the well, showing the total cost to drill the well of \$124,100 if productive, and \$114,500 if a dry hole.
 - Q. Okay, Exhibit Number Nine.
- A. Exhibit Number Nine is the AFE for the associated surface equipment to produce this well, should it be productive, and that is the total cost of \$36,500.
- Q. Were Sun Oil Company's Exhibits One through Nine prepared by you directly or compiled under your direction and supervision?
 - A. Yes, sir, they were.
- Q. In your opinion, Mr. Gillett, will the subject well, the State H Well No. 17, recover additional oil that would not otherwise be recovered from any well currently in existance on the lease?

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Moll, we certainly hope so.

Q. In your opinion will approval of the application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A. Most definitely.

Q Is the ownership in common with regards to the entire of Section 16 for Sun Oil?

A. Yes, sir. Yes, sir.

Q. All right.

MR. KELLAHIN: We move the introduction of our Exhibits One through Nine.

MR. NUTTER: Applicant's Exhibits One through Nine will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Gillett, has this well been spudded yet?

A. No, sir.

Q So it would be eligible, if the appropriate findings were made, to be considered as an additional well drilled on an existing proration unit under the FERC regs.

Q I -- it's hard to keep up with the FERC

SALLY WALTON BOY!
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Santa Fe, New Moxico 375,0

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MR. KELLAHIN: That's correct.

Q. It would be? Okay.

Now, I notice on Exhibit Number One, which is a narrative of the prospect as a whole, by Mr. Joe Martin, an area engineer for the company, where he estimates that remaining primary reserves to be recovered by infill wells are estimated to be 20,000 barrels of oil per well.

Do you concur with that estimate of Mr.

Martin's?

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A. Yes, sir, I do.

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

MR. KELLAHIN: Nothing further, thank

you.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6541?

We'll take the case under advisement.
(Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO
HEREBY CERTIFY that the foregoing and attached Transcript
of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and
correct record of the hearing, prepared by me to the best
of my ability, knowledge, and skill, from my notes taken
at the time of the hearing.

Sally W. Boyd, CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 654/heard by me on 19 70

Oll Conservation Division Examiner

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
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9 May 1979

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STEPHEN GILLETT

Pirect Examination by Mr. Kellahin Cross Examination by Mr. Nutter

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(Witness sworn.)

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CERTIFIED SHORTHAND REPOR
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Nine prepared by you directly or compiled under your
direction and supervision?

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Most definitely.

Q Is the ownership in common with regards to the entire of Section 16 for Sun Oil?

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MR. NUTTER: Applicant's Exhibits One through Nine will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Gillett, has this well been spudded yet?

A. No, sir.

o So it would be eligible, if the appropriate findings were made, to be considered as an additional well drilled on an existing proration unit under the FERC regs.

Q I -- it's hard to keep up with the FERC

SALLY WALIGN BOY ERTIFIED SHORTHAND REPORT 110 Plaza Blanca (505) 471-24 Santa Fe, New Mexico 5750 regs, Mr. Nutter.

MR. KELLAHIN: That's correct.

Q It would be? Okay.

Now, I notice on Exhibit Number One, which is a narrative of the prospect as a whole, by Mr. Joe Martin, an area engineer for the company, where he estimates that remaining primary reserves to be recovered by infill wells are estimated to be 20,000 barrels of oil per well.

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A. Yes, sir, I do.

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

MR. KELLAHIN: Nothing further, thank

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MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6541?

We'll take the case under advisement.
(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO
HEREBY CERTIFY that the foregoing and attached Transcript
of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and
correct record of the hearing, prepared by me to the best
of my ability, knowledge, and skill, from my notes taken
at the time of the hearing.

Sally W. Boyd, CSR

Examiner

I do hereby certify that the foregoing to a complete record of the proceedings in the Examiner hearing of Case No. 657/1 heard by mejon 1979

Oil Conservation Division

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

JERRY APODACA

NICK FRANKLIN SECRETARY

Other

POST OFFICE BOX 2008 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 15051 827-2434

May 16, 1979							
Mr. Thomas Kellahin Kellahin & Kellahin Attorneys at Law Post Office Box 1769 Santa Fe, New Mexico	Re:	CASE NO. ORDER NO. Applicant:	6541 R-6011				
		Sun Oil	Company				
Dear Sir: Enclosed herewith are Division order recently Yours very truly, JOE D. RAMEY Director	two c	opies of the ered in the	above-re subject ca	ferenced ase.			
JDR/fd Copy of order also sen Hobbs OCCx	it to:	•					
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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. 6541 Order No. R-6011

APPLICATION OF SUN OIL COMPANY FOR AN UNORTHODOX WELL LOCATION, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 9, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of May, 1979, 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, Sun Oil Company, seeks approval of an unorthodox oil well location for its New Mexico State "H" Well No. 17 to be drilled at a point 1328 feet from the North line and 1336 feet from the East line of Section 16, Township 8 South, Range 30 East, NMPM, to test the San Andres formation, Cato-San Andres Pool, Chaves County, New Mexico.
- (3) That the SW/4 NE/4 of said Section 16 is to be dedi-
- (4) That the evidence presented demonstrates that the existing well on the proration unit, namely the New Mexico State "H" Well No. 7, located 1980 feet from the North line and 1980 feet from the East line of said Section 16, is not effectively and efficiently draining the entire 40-acre proration unit, and the drilling of the subject well, the New Mexico State "H" Well No. 17 at the unorthodox location described above is necessary to effectively and efficiently drain that portion of the unit not being so drained by the existing well.

-2-Case No. 6541 Order No. R-6011

- (5) That the drilling of said Well No. 17 at the above location and the simultaneous dedication of said well to the unit should result in the production of additional oil and gas which would otherwise be left unrecovered, thus preventing waste, and should be approved as an exception to the standard well spacing requirements of the Cato-San Andres Pool.
- That no offset operator objected to the proposed unorthodox location.
- That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil and 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 oil well location for the San Andres formation is hereby approved for the Sun Oil Company New Mexico State "H" Well No. 17 to be drilled at a point 1328 feet from the North line and 1336 feet from the East line of Section 16, Township 8 South, Range 30 East, NMPM, Cato-San Andres Pool, Chaves County, New Mexico.
- That the SW/4 NE/4 of said Section 16 shall be simultaneously dedicated to the above-described well and to applicant's New Mexico State "H" Well No. 7 located 1980 feet from the North line and 1980 feet from the East line of said Section 16.
- (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

OAL CONSERVATION-DIVISION

Joe d. Ramey

Director

SUN OIL COMPANY

NEW MEXICO "H" STATE #17

CASE #6541

INTEROFFICE CORRESPONDENCE

New Mexico "H" State #17

Cato (San Andres) Field Chaves County, New Mexico

DATE:

SUBJECT:

May 2, 1979

OFFICE:

Southwestern

FROM:

Joe Martin

TO

Tom Golden

astral lac. 1328'FNL \$ 1336 FEC

The New Mexico "H" State #17 is a 3550' San Andres development well recommended to be drilled at a location 1330' FNL and FEL, Section 16, T8S, R30E in Chaves County, New Mexico. The purpose of this infill well is to evaluate the extent of reserves that could not be recovered with the existing 40-acre well spacing. Since many of the San Andres reservoirs in West Texas and New Mexico are being successfully infill drilled to a 20-acre density from the original density of 40-acre spacing for waterflooding, the 640-acre New Mexico "H" State lease is a candidate for similar development. Not only will the #17 well provide information regarding entrapped primary reserves within the denser spacing, but it will also lead toward the development of a secondary recovery pilot program. With a favorable performance at this location, a waterflood pilot will be initiated and monitered so as to determine the extent of the project development on the lease. Two other floods have been active in the area. However, neither flood was developed on the denser spacing recommended for the "H" lease and along with difficulties encountered during the short-lived floods, no definite conclusions can be drawn as to the floodibility of the Cato San Andres.

Average recovery from the New Mexico "H" State is 56,000 barrels of oil per well for the sixteen well lease. Using a secondary/primary ratio of 0.7, an additional 650,000 barrels could be produced from a fully developed waterflood project on 20-acre spacing. Remaining primary reserves to be recovered by the infill wells are extimated at 20,000 barrels of oil per well.

Area Reservoir Engineer

JMM/jdw

cc: Charles Dickson Steve Gillett Gary Miller Well File

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION

SUN_EXHIBIT NO._

CASE NO._

Does this correspondence really have to be filed?

	Griffin & Burnett	Petro Grande 8	Amaçalı	Un. Tex.	Amoco 2.8	Un.Tx.g	Amod	0	Am.	000 10
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	Dalco	Baxter	<u></u> .		Crosby-	Winkler-	Violet Q	ueen	<i>ЛВКО</i>	
	Griffin & Burnett Yates	Un. Tex. Amoco	Un. Tax. I	Amoco • 2-G	Amoço •	Un. Tex.	Amoco il	Jn, Tex.	Amoco 2-C o	Un. Tex.
	Exchange O. & G. → M.Savage	Ped Baxler - Crosby	7 T.Crost		U.S. •¹ Grimm	T. • Grosby	al I	2 by,el al	J. E. Co.	2 10, et al
	Un. Tex. ₃	V-F Un. 7 Pet. Tx. 3	• 4	5	un H″ • ⁶	16	Un.Tex.	Amoco • I-D	Un.Tex	•1-E
T. 8 S.	Baxter-	Amoco	•1	8	, 7 T.A.		pr 4	● ^{2-D}	3 3	A moco
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, ,	υ.s.	Tamarack T. Cros.by, et al	o ¹⁶	• ¹⁵	• 14 T. I	. • 13	Cato -	3-A	• ⁸	rris.
	Yates, Tex.OBG etal Unb ^{1-A} Tex.o	J.E. Yates20 Arata IAROSTI	Un. Texa -}¹² Allied	Jer 11	H.E.Yo	les 21	Amoco Grosby -	ø¹-C	ARC	0 22
	Crosby	ARCO					Un. Texa	3 • 3	•7	•5
	T. Crosby, et al		T. Crosby		E. Frol		Winkler		L. C. He	
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	R. L. & M. E. Jackson	<i>U. S.</i>		u.	Pan An S.	ا مورد	2-c Hodges	- <i>U</i> :	S. Bro	- nwo

PROPOSED LOCATION

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

SUN OIL COMPANY

NEW MEXICO "H" STATE LEASE CATO SAN ANDRES FIELD CHAVES COUNTY, NEW MEXICO

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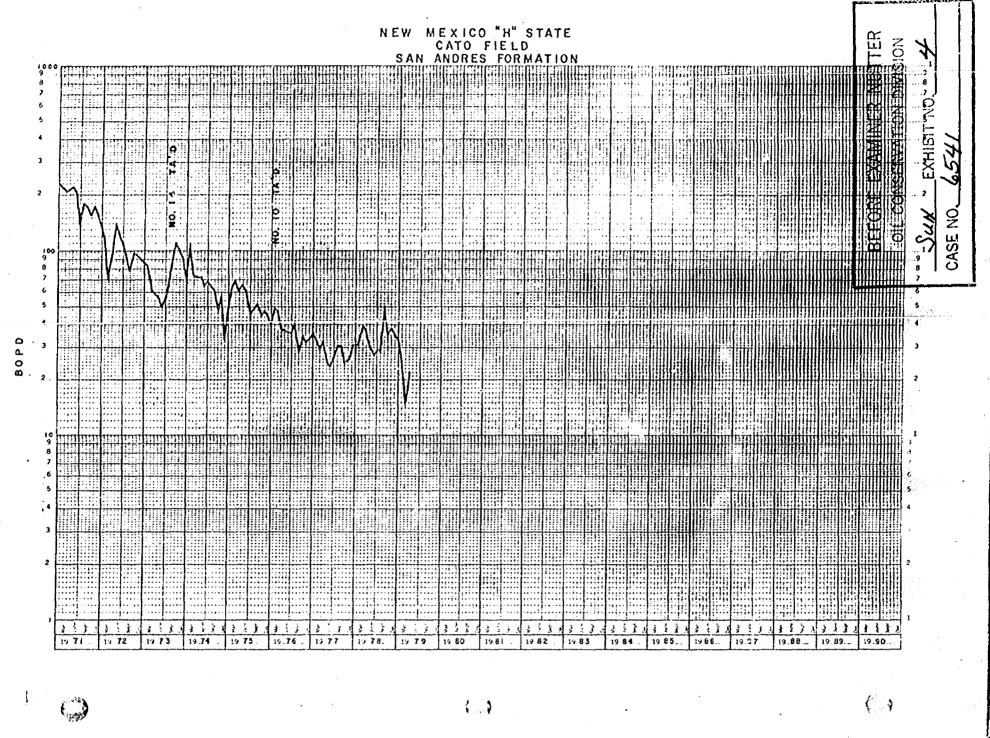
TABULAR SUMMARY OF WELLS WITHIN ONE-HALF MILE OF PROPOSED LOCATION

WELL	OPERATOR	LOCATION	CURRENT PROD. (BOPD/BWPD)	CUMULATIVE PROD. (AS OF 2/1/79)
Crosby 'G' #1	Amoco	N-9-T8S-R30E	4/1	84,830
Grimm Fed. #1	Amoco	0-9-T8S-R30E	10/79	150,880
Crosby #6	Un. Texas	P-9-T8S-R30E	1/21	95,240
Crosby 'E' #1	Amoco	M-10-185-R30E	TA(Last Prod. 12/7	72,320
Crosby #3	Un. Texas	D-15-T8S-R30E	1/1	
Crosby #4	Un. Texas	E-15-T8S-R30E	TA(Last Prod. 10/7	
Cato 'A' Fed. #2	Amoco	L-15-T8S-R30E	1/1	
New Mexico 'H' St. #2	Sun	A-16-T8S-R30E •	3/9	129,600
New Mexico 'H' St. #3	Sun	H-16-T8S-R30E •	2/2	52,990
New Mexico 'H' St. #5	Sun	C-16-T8S-R30E	2/1	103,210
New Mexico 'H' St. #6 New Mexico 'H' St. #7 New Mexico 'H' St. #8 New Mexico 'H' St. #10 New Mexico 'H' St. #11	Sun Sun Sun Sun Sun	B-16-T8S-R30E• G-16-T8S-R30E• F-16-T8S-R30E K-16-T8S-R30E J-16-T8S-R30E	2/5 TA(Last Prod 6-78 2/16 TA(Last Prod. 3-76	36,180) 48,395 49,630
New Mexico 'H' St. #12	Sun	I-16-T8S-R30E	3/6	51,990

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION

SUN EXHIBIT NO 3

CASE NO. 6541



NEW MEXICO 'H' STATE #7 CATO SAN ANDRES POOL WELL HISTORY

Completion Date: 2/23/67

TD: 3540'

PBTD: 3506'

Production Casing: 4½" 9.5# casing set at 3540' with 300 sacks cement. Top of cement behind pipe at 2498'

by temperature survey.

Completion: Perforations 3325-3355' (Milnesand Section) -

acidized with 4000 gallons 28% acid.

Initial Potential: Flowed 139 BOPD, 34 BWPD, GOR TSTM, FTP 60#,
26.5° API crude.

Current Status: Shut In.

1980' FNL & 1980' FEL Location:

Section 16 T-8-S R-30-E Chaves County, New Mexico

> BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION

SUN EXHIBIT NO. 5

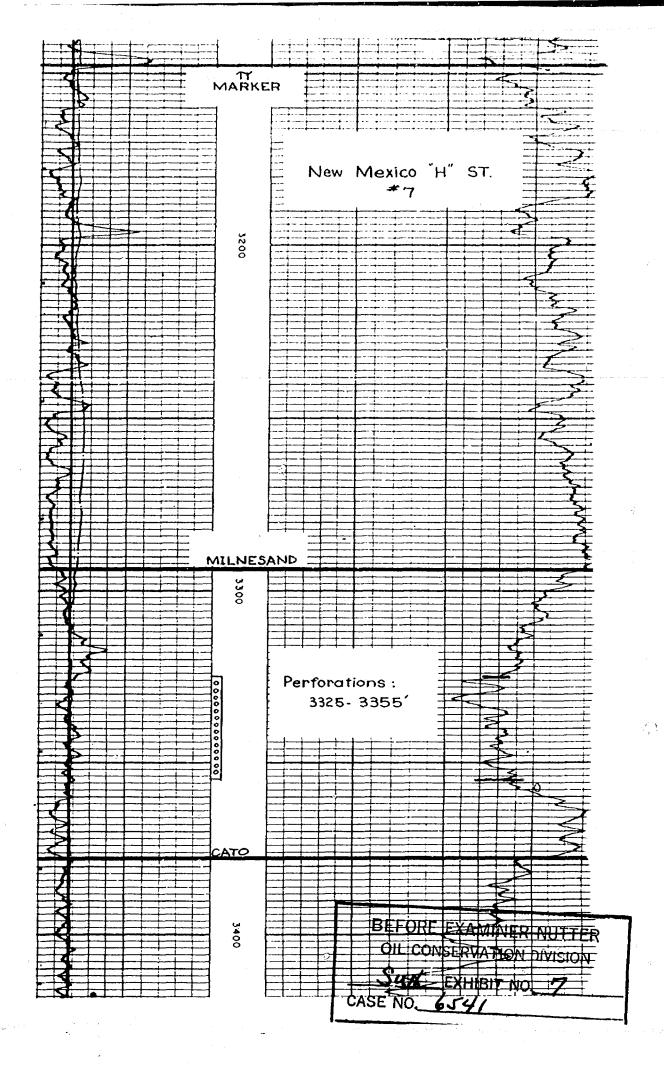
CASE NO. 6541

NEW MEXICO "H" STATE LEASE PUMPING FLUID LEVELS - FEBRUARY, 1979

WELL	DEPTH TO TOP PERF	FLUID ABOVE TOP PERF
#1	3274'	- (Well TA)
#2	3309'	0
#3	3325'	.0
# 4	3245'	0
#5 # 6	3250'	0
# ô	3246'	. 0
#7	3325 <i>*</i>	- (Well TA)
#8	3299'	0
#9	3287 '	- (Well TA)
#10	3313'	-
#11	3347'	0
#12	3393'	0
#13	3421'	- (Disposal Well)
#14	3370'	- (Well TA)
#15	3325'	0
#16	3303'	61'
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BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION

SUN EXHIBIT NO. 6 SE NO. 6541



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43 DAY WORK	1,000 1,00	•••	PIPE 5-1/2 (35	550) 19,00	0 19,000
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46 WATER	2,000 2,00	00	PIPE 2-3/8 (35	(00) -7.60	0
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114 Pumping unit	\$13,4	00					\$13,400
20 HP Electric motor	9						900
Size II Control Panel	6	00					600
Electrical Installation 3500' 3/4" Rods (Grade K)	5,0		52,000				2,000 5,000
Pump	1,0						1,000
Flowline (2500' 2½" SCH 40)	4,1			٠			4,100
Lay flowline Misc. connections	1,0	100	2,000				2,000
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SUN OIL COMPANY
NEW MEXICO "H" STATE #17

CASE #6541

INTEROFFICE CORRESPONDENCE

New Mexico "H" State #17

SUBJECT:

Cato (San Andres) Field Chaves County, New Mexico

DATE:

May 2, 1979

OFFICE:

Southwestern

FROM:

Joe Martin

TO:

Tom Golden

The New Mexico "H" State #17 is a 3550' San Andres development well recommended to be drilled at a location 1330' FNL and FEL, Section 16, T8S, R30E in Chaves County, New Mexico. The purpose of this infill well is to evaluate the extent of reserves that could not be recovered with the existing 40-acre well spacing. Since many of the San Andres reservoirs in West Texas and New Mexico are being successfully infill drilled to a 20-acre density from the original density of 40-acre spacing for waterflooding, the 640-acre New Mexico "H" State lease is a candidate for similar development. Not only will the #17 well provide information regarding entrapped primary reserves within the denser spacing, but it will also lead toward the development of a secondary recovery pilot program. With a favorable performance at this location, a waterflood pilot will be initiated and monitered so as to determine the extent of the project development on the lease. Two other floods have been active in the area. However, neither flood was developed on the denser spacing recommended for the "H" lease and along with difficulties encountered during the short-lived floods, no definite conclusions can be drawn as to the floodibility of the Cato San Andres.

Average recovery from the New Mexico "H" State is 56,000 barrels of oil per well for the sixteen well lease. Using a secondary/primary ratio of 0.7, an additional 650,000 barrels could be produced from a fully developed waterflood project on 20-acre spacing. Remaining primary reserves to be recovered by the infill wells are extimated at 20,000 barrels of oil per well.

Joe Martin

Area Reservoir Engineer

JMM/jdw

cc: Charles Dickson Steve Gillett Gary Miller Well File

Does this correspondence really have to be filed?

EUN-7900-0

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PROPOSED LOCATION

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Scale: 2" = | MILE

SUN OIL COMPANY

NEW MEXICO "H" STATE LEASE

CATO SAN ANDRES FIELD

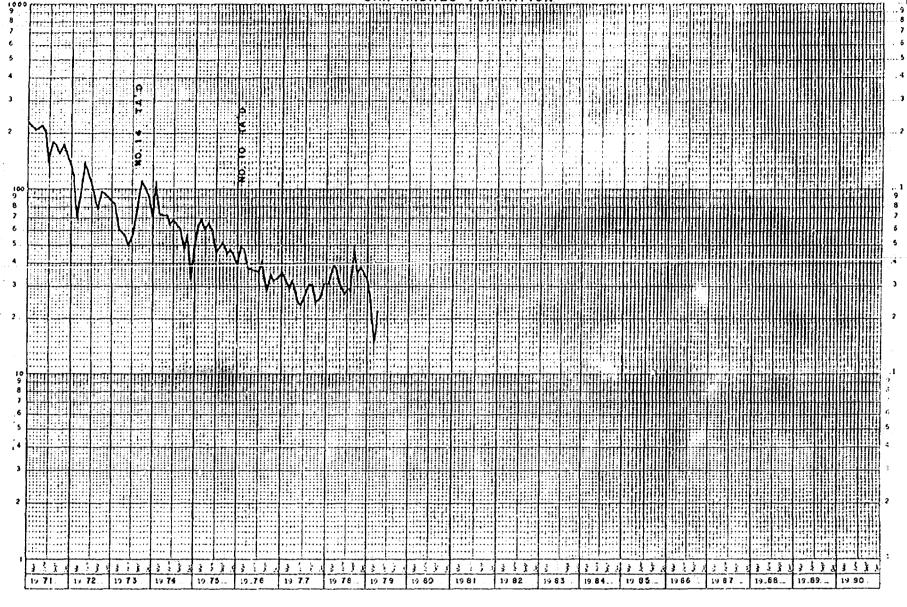
CHAVES COUNTY, NEW MEXICO

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	Crosby 'E' #1	Amoco	M-10-T8S-R30E	TA(Last Prod. 12/74	
	Crosby #3	Un. Texas	D-15-T8S-R30F	1/1	72,320
	Crosby #4	Un. Texas	E-15-T8S-R30E	TA(Last Prod. 10/76	
	Cato 'A' Fed. #2	Атосо	L-15-T8S-R30E	1/1	33,700
	New Mexico 'H' St. #2	Sun	A-16-T8S-R30E	3/9	129,600
	New Mexico 'H' St. #3	Sun	H-16-T8S-R30E	2/2	52,990
	New Mexico 'H' St. #5	Sun	C-16-T8S-R30E	2/1	103,210
	New Mexico 'H' St. #6	Sun	B-16-T8S-R30E	2/5	69,290
2	New Mexico 'H' St. #7	Sun	G-16-T8S-R30E	TA(Last Prod. 6-78)	38,590
	New Mexico 'H' St. #8	Sun	F16-T8S-R30E	2/16	36,180
	New Mexico 'H' St. #10	Sun	K-16-T8S-R30E	TA(Last Prod. 3-76)	48,395
	New Mexico 'H' St. #11	Sun	J-16-T8S-R30E	1/6	49,630
	New Mexico 'H' St. #12	Sun	I-16-T8S-R30E	3/6	51,990

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NEW MEXICO "H" STATE CATO FIELD SAN ANDRES FORMATION



1

NEW MEXICO 'H' STATE #7 CATO SAN ANDRES POOL WELL HISTORY

Completion Date: 2/23/67

TD: 3540'

PBTD: 3506'

Production Casing: $4\frac{1}{2}$ " 9.5# casing set at 3540' with 300 sacks cement. Top of cement behind pipe at 2498'

by temperature survey.

Completion: Perforations 3325-3355' (Milnesand Section) -

acidized with 4000 gallons 28% acid.

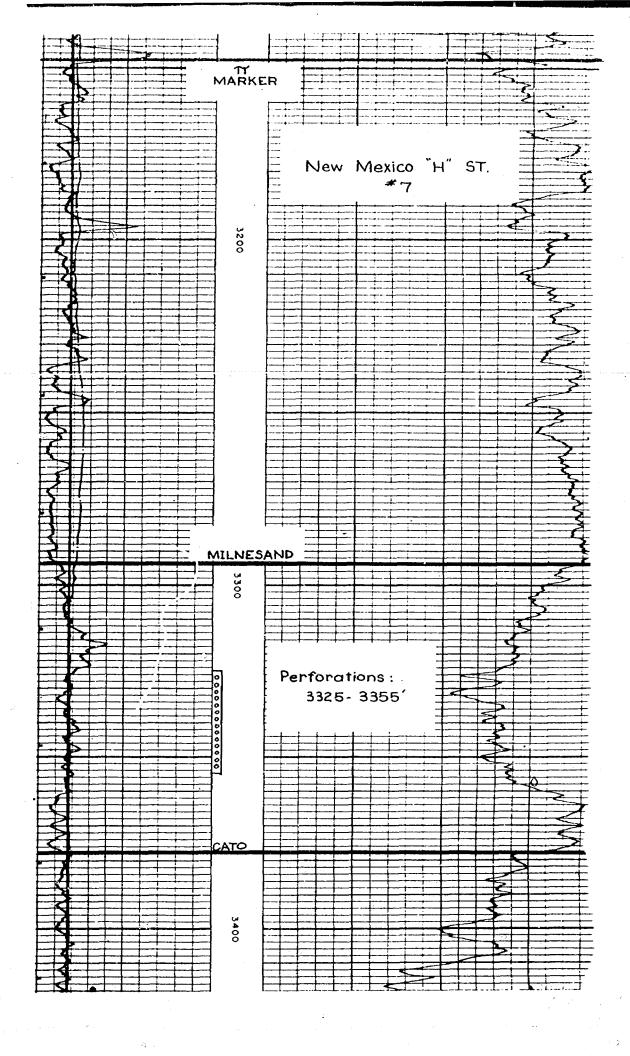
Current Status: Shut In.

1980' FNL & 1980' FEL Location:

Section 16 T-8-S R-30-E Chaves County, New Mexico

NEW MEXICO "H" STATE LEASE PUMPING FLUID LEVELS - FEBRUARY, 1979

WELL	DEPTH TO TOP PERF	FLUID ABOVE TOP PERF
#1	3274'	- (Well TA)
#2	3309'	0 .
#3	3325'	0
≟# 4	3245'	o ·
#5	3250'	0
.l. #6. ·····	32461	0
#7	3325	- (Well TA)
#8	3299'	0
#9	3287'	- (Well TA)
#10	3313'	_
#11	3347'	0
#12	3393'	0
#13	3421'	- (Disposal Well)
#14	3370'	- (Well TA)
#1 5	3325'	0
#16	3303'	61 '



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47 FCOTAGE	1,000	1,000	PIPE	(3330)	19.30.00.	, O'A
44 BIT'S AND RMRS			212.E			
45 FUEL		·· <u>-</u>	PIPE 2-3	3/8 (3500)	_7.600	
46. WATER	2,000	2,000	PIPE		2,000	000
47 MUD AND CHEM	$\frac{3,000}{11,000}$	3,000 11,000	- WELLHEAD OTHER			500
48 CMT AND CMTG SER 49 DIRECTIONAL SER						
SO REHTALS	2,000	2,000	T	O FAU TANGIBLE	s33,600 s 24,0)0C
51 MUD LOGGING					s124,100 J14,5	300
52. DST AND 1STG EQPT 53 CORING	-	-	, TOTAL	BRILLING COST	3 <u></u>	
SA LOGS-WLY-SWC	3,500	3,500			124.100 114.5	inc
55 CSG/TEG TOOLS AND SE	R 1,000	1,000		SUN'S HET COST	\$124,100 \$114,5	
56 COMPLETION RIG	$\frac{5,000}{2,000}$	5,000 2,000				
57 PERFORATING	7,500	7,500		+ <i>t</i>		
59 STIMULATION 59 SUPERVISION	1,500	1,500				
60 TRANSPORTATION	1,000	1,000			•	
61 MISC/CONTRIGENCY	<u>9,000</u>	9,000				
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DISAPPROVED:

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[] C.O PSING STATE Production	iddered Time	1	COMF	LETE FOR	OBO A	PPROPRIA	4/17/79 FIONS ONLY
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1330' FNL & 1330' FEL, Sec.	16, T8S, R30E				Accou	aties was	OVLY - A/C
OIL GAS	[] PLANT LIQUID	PREDICTED : MMCF/OR M BBLS		M BBLS/OR		MMCF M B9I	
IN WIE 1.00 SUN INC. :	0.875	TYPE:		TYPE.		TYPE	
ON-DRILLING PROJECT DESCRIPTION							
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	, 	NEW MONEY			COMPA		
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20 HP Electric motor Size II Control Panel Electrical Installation 3500' 3/4" Rods (Grade K) Pump	6,0 1,0	000 000 \$000 1000	2,000				\$13,400 900 600 2,000 5,000 1,000
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SUN OIL COMPANY

NEW MEXICO "H" STATE #17

CASE #6541

INTEROFFICE CORRESPONDENCE

New Mexico "H" State #17

Cato subject: Chave

Cato (San Andres) Field Chaves County, New Mexico

DATE:

May 2, 1979

OFFICE:

Southwestern

FROM:

Joe Martin

TO:

Tom Golden

A Part

The New Mexico "H" State #17 is a 3550' San Andres development well recommended to be drilled at a location 1330' FNL and FEL, Section 16, T8S, R30E in Chaves County, New Mexico. The purpose of this infill well is to evaluate the extent of reserves that could not be recovered with the existing 40-acre well spacing. Since many of the San Andres reservoirs in West Texas and New Mexico are being successfully infill drilled to a 20-acre density from the original density of 40-acre spacing for waterflooding, the 64C-acre New Mexico "H" State lease is a candidate for similar development. Not only will the #17 well provide information regarding entrapped primary reserves within the denser spacing, but it will also lead toward the development of a secondary recovery pilot program. With a favorable performance at this location, a waterflood pilot will be initiated and monitered so as to determine the extent of the project development on the lease. Two other floods have been active in the area. However, neither flood was developed on the denser spacing recommended for the "H" lease and along with difficulties encountered during the short-lived floods, no definite conclusions can be drawn as to the floodibility of the Cato San Andres.

Average recovery from the New Mexico "A" State is 56,000 barrels of oil per well for the sixteen well lease. Using a secondary/primary ratio of 0.7, an additional 650,000 barrels could be produced from a fully developed waterflood project on 20-acre spacing. Remaining primary reserves to be recovered by the infill wells are extimated at 20,000 barrels of oil per well.

Joe Martin

Area Reservoir Engineer

JMM/jdw

cc: Charles Dickson Steve Gillett

Gary Miller Well File

Does this correspondence really have to be filed?

-COET-NU

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PROPOSED LOCATION

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Scole: 2" = 1 MILE

SUN OIL COMPANY

NEW MEXICO "H" STATE LEASE

CATO SAN ANDRES FIELD

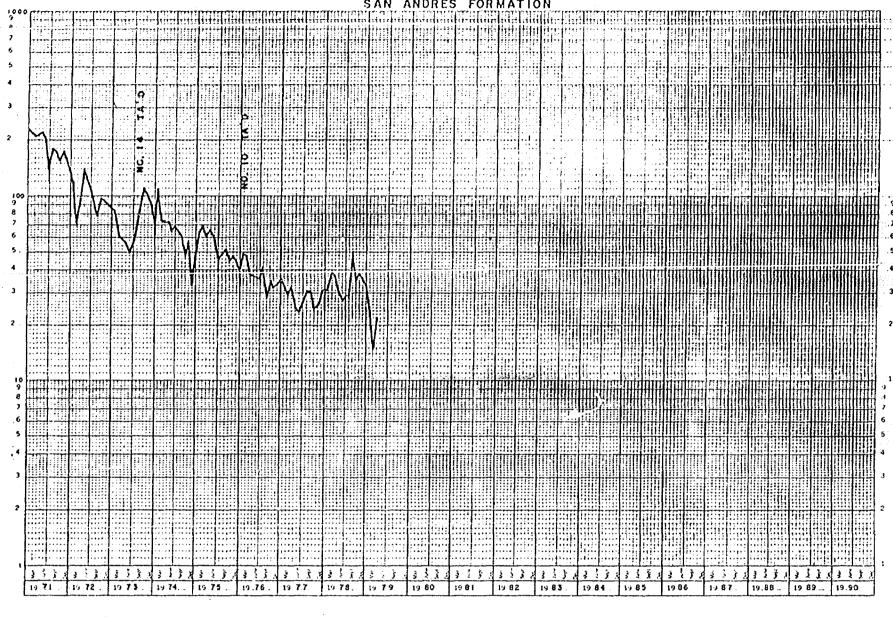
CHAVES COUNTY, NEW MEXICO

TABULAR SUMMARY OF WELLS WITHIN ONE-HALF MILE OF PROPOSED LOCATION

WELL	OPERATOR	LOCATION	CURRENT PROD. (BOPD/BWPD)	CUMULATIVE PROD. (AS OF 2/1/79)
Crosby 'G' #1	Атосо	N-9-T8S-R30E	4/1	84,830
Grimm Fed. #1	Amoco	0-9-18S-R30E	10/79	150,880
Crosby #6	Un. Texas	P-9-T8S-R30E	1/21	95,240
Crosby E! #1	Amoco	M-10-T8S-R30E-	TA(Last Prod. 12/7	4) 59,630
Crosby #3	Un. Texas	D-15-T8S-R30E	1/1	72,320
Crosby #4	Un. Texas	E-15-T8S-R30E	TA(Last Prod. 10/76	5) 59,380
Cato 'A' Fed. #2	Атосо	L-15-T8S-R30E	1/1	33,700
New Mexico 'H' St. #2	Sun	A-16-T8S-R30E	3/9	129,600
New Mexico 'H' St. #3	Sun	H-16-T8S-R30E	2/2	52,990
New Mexico 'H' St. #5	Sun	C-16-T8S-R30E	2/1	103,210
New Mexico 'H' St. #6	Sun	B-16-T8S-R30E	2/5	69,290
New Mexico 'H' St. #7	Sun	G-16-T8S-R30E	TA(Last Prod. 6-78)	38,590
New Mexico 'H' St. #8	Sun	F-16-T8S-R30E	2/16	36,180
New Mexico 'H' St. #10	Sun	K-16-T8S-R30E	TA(Last Prod. 3-76)	48,395
New Mexico 'H' St. #11	Sun	J-16-T8S-R30E	1/6	49,630
New Mexico 'H' St. #12	Sun	1-16-T8S-R30E	3/6	51,990

80 P D

NEW MEXICO "H" STATE CATO FIELD SAN ANDRES FORMATION



(

NEW MEXICO 'H' STATE #7 CATO SAN ANDRES POOL WELL HISTORY

Completion Date: 2/23/67

TD: 3540' PBTD: 3506'

Production Casing:

4½" 9.5# casing set at 3540' with 300 sacks cement. Top of cement behind pipe at 2498'

by temperature survey.

Completion: Perforations 3325-3355' (Milnesand Section) - acidized with 4000 gallons 28% acid.

Initial Potential: Flowed 139 BOPD, 34 BWPD, GOR TSTM, FTP 60#,

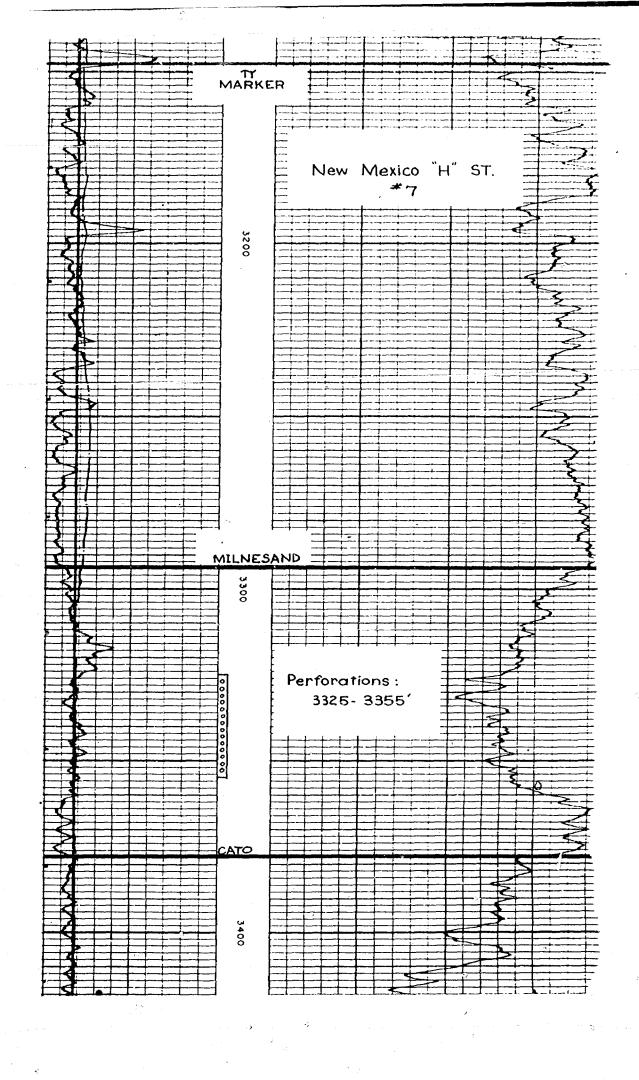
26.5° API crude.

Current Status: Shut In.

Location: 1980' FNL & 1980' FEL Section 16 T-8-S R-30-E Chaves County, New Mexico

NEW MEXICO "H" STATE LEASE PUMPING FLUID LEVELS - FEBRUARY, 1979

WELL	DEPTH TO TOP PERF	FLUID ABOVE TOP PERF
#1	3274'	- (Well TA)
#2	3309'	0
#3	3325'	0
#4	3245'	Õ
#5	3250 '	0
#6	3246	
≑7	3325'	- (Well TA)
#8	3299'	0
#9	3287 '	- (Well TA)
#10	3313'	-
#11	3347'	0
#12	3393'	Ö
#13	3421'	- (Disposal Well)
#14	3370'	- (Well TA)
#15	3325'	0
#16	3303'	6] '



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fusi wi: 1.00		.875	TYPES	ſΥ	PE:	TYPE:	
DRILL AND	COMPLETE NO	W WELL				file	•
LOCATION: 1330'	FNL & 1330	'FEL, SI	EC. 16,	T-8-S R-	30-E		
BITANGIBLE	PRODUCES 2,000	DRY HOLE 2,000	<u>.</u>		5/8" (500'	FROSUCCE 4,000	ory note . 4,000
RIG MOVE 47 FCOTAGE 43 DAY WORK 44 BITS AND RMSS	39,000 1,000			PIPE PIPE 5-1 PIPE PIPE	/2 (3550)	19,000	19,000
45 FUEL 46 WATER	2,000	2,000	- j	· · · ·	3/8 (3500)	_7.600_	
47 MUD AND CHEM S 48 CMT AND CMTG SER	3,000 11,000	3,000	<u>)</u>	WELLHEAD OTHER		2,000 1,000	500 500
49 DIRECTIONAL SER SOLUTION ALS	2,000	2,000	Õ	7	O FAL TANGIBLE	s33,600	s 24,000

ħ.	13	DAY WORK	1,000	1,000	9919			
15	4.4	BITS AND RMRS			9171			to the display designs of the decreases
	15	FUEL			PIPE 2	2-3/8 (3500)	_7.600_	
	46	WATER	2,000	2,000	PIPE			
	47	MUD AND CHEM 5	3,000	3,000	WELLHE	EΛO	2,000	500
	43	CMT AND CMTG SER	11,000	11,000	OTHER		1,000	500
	49	DIRECTIONAL SER				•	22 600	24 000
	50	RENTALS	2,000	2,000		TO TAL TANGIBLE	\$33,600	s 24,000
24	5}	MUD LOGGING						
	52,	DST AND 1STG EQPT			701	TAL DRILLING COST	s124,100	114,500
	53	CORING					•	
	54	LOGS-WLT-SWC	$\frac{3,500}{3}$	$\frac{3.500}{3.00}$			12/ 100	114 500
•	55	CSG/TUG TOOLS AND SER	$\frac{1,000}{1,000}$	1,000		SUN'S HET COST	5	\$114,000
1	56	COMPLETION RIG	5,000	5,000		No.		
3	57	PERFORATING	2,000	2.000				
;	53	STEMULATION	<u>7.500</u>	7,500				
	59	SUPERVISION	$\frac{1,500}{1,000}$	1.500			-	
	61)	TRANSPORTATION	1.000	1.000				
4	61	MISC/CONTINGENCY	9,000	9,000				
		TOTAL INTANGIBLE	s 90,500	5 90,500				•
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JOINT OWNER(S)
APPROVAL OBTAINED CONCURRENCE DISAPPROVED:

	HORITY FOR EXPENDI	TURE 500 - 3400.	19							
	UN OIL CO. (DELAWARE)	OHIGINATIVE OF					LU NI CO			APPROPRIATION NO.
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		PROPERTY NAME				l	METE NO.			FO FAL DEPTH
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	JN-DRILLING PROJECT S	ESCRIPTION	· · · · · · · · · · · · · · · · · · ·							
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	(COMPANY LA	BOR & STOCK): G	IVE STATEME	NTOFE	CONOMICS.					•
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6	3114 Diministra in 184			63 n A	00					£12 400
T) 114 Pumping unit 20 HP Electric m	ator		\$13,4	00 00					\$13,400 900
	Size II Control				00					600
	Electrical Insta					52,000				2,000
	3500' 3/4" Rod	s (Grade K)		5,0						5,000
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	Lay flowline	22 301 40)		4,]	UU	2,000				2,000
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	Transportation	5				2,000				2,000
	Installation			0.0	00	1,000				1,000
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Dockets Nos. 20-79 and 21-79 are tentatively set for hearing on May 23 and June 13, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNISDAY - MAY 9, 1979

9 A.M. - OIL CONSERVATION DIVISION 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:
- CASE 6544: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Geologic Resources, Inc., United States Fire Insurance Company, and all other interested parties to appear and show cause why the B. T. Godec Strat. Test Well No. 1 located in Unit I of Section 25, Township 12 North, Range 8 East, Santa Fe County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6492: (Continued from April 25, 1979, Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NE/4 NW/4 of Section 13, Township 17 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.

- Application of Amoco Production for simultaneous dedication and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of its Gilluly Fed. Well No. 17 at an unorthodox location in Unit N of Section 24, Township 20 South, Range 36 East, Eumont Gas Pool, along with the three wells now dedicated to the previously approved 480-acre unit comprising the N/2 and SE/4 of said Section 24.
- Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico.

 Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Pool by the injection of water into the Menefee formation through two wells located in Section 21, Township 18 North, Range 3 West, Sandoval County, New Mexico.
- Application of Black River Corp. for two non-standard gas proration units, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for two 80-acre non-standard gas proration units in the Jalmat Gas Pool as follows: the N/2 SE/4 of Section 22, Township 23 South, Range 36 East, to be dedicated to applicant's well to be drilled in Unit J of said Section 22; and the S/2 SE/4 of said Section 22 to be dedicated to El Paso Natural Gas Company's Shell State Well NO. 3 located in Unit P.
- Application of Harper Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its West Ranger Lake Unit Area, comprising 1,120 acres, more or less, of State lands in Township 12 South, Range 34 East, Lea County, New Mexico.
- CASE 6538: Application of Bedford, Inc., for approval of infill drilling, San Juan County, New Mexico.

 Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of its Ram Well No. 1-A located in Unit G of Section 8, Township 26

 North, Range 12 West, WAW Fruitland-Pictured Cliffs Pool, San Juan County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.
- Application of Continental Oil Company for a dual completion, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the dual completion of its James Ranch
 Unit Well No. 7 located in Unit G of Section 6, Township 23 South, Range 31 East, Eddy County, New
 Mexico, to produce gas from the Morrow and Atoka formations, Los Medanos Field, through parallel
 strings of tubing.
- CASE 6540: Application of Caulkins Oil Company for an NGPA determination, Rio Arriba County, New Mexico.

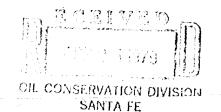
 Applicant, in the above-styled cause, seeks a Section 108 stripper gas well determination for its

 State B Well No. 233 located in Unit D of Section 16, Township 26 North, Range 6 West, South

 Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico.
- CASE 6541: Application of Sun Oil Company for an unorthodox well location, Chaves County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State H
 Well No. 17, 1328 feet from the North line and 1336 feet from the East line of Section 16, Township
 8 South, Range 30 East, Cato-San Andres Pool, Chaves County, New Mexico.





SUN PRODUCTION COMPANY

CAMPBELL CENTRE II, P.O. BOX 2880, DALLAS, TEXAS 75221

April 23, 1979

Case 654/

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

Attention: Mr. Joe D. Ramey/

Re: Unorthodox-Well Location and Simultaneous Dedication New Mexico, "H" State Well No. 17 Cato Sun Andres Pool Chaves County, New Mexico

Gentlemen:

Sun Oil Company plans to drill Well No. 17 on our New Mexico "H" State Lease on a 40 acre unit described as the NE/4 of SW/4 of NE/4 of Section 16, Township 8 South, Range 36 East, Chaves County, New Mexico.

The proposed location will be located 1336' from the East Line and 1328' from the North line of Section 16 which will be an unorthodox well location, and will be on the same Unit "G" with Well No. 7 necessitating request for simultaneous dedication.

In support of this request, the following documents are being submitted to the Hobbs District Office:

- 1. Six (6) copies NMOCD Form C-101, Application to Drill
- 2. Four (4) copies NMOCD Form C-102, Acreage Dedication and Well Location Plat.
- 3. Plat showing Sun's New Mexico "H" State Lease and Offset Operators.

A copy of this letter and attachments are being sent by Certified mail to each offset operator as their notice of this application and request for their waiver of objection. These offset operators are:

A DIVISION OF SUN OIL COMPANY (DELAWARE)

New Mexico Oil Conservation Division Page 2 April 23, 1979



AMOCO Production Company Box 3092 Houston, Texas 77001 Attn: Mr. Tom Malloy

ARCO 0il & Gas Company Box 1610 Midland, Texas 79701

Tamarack Petroleum Co., Inc. Box 2046 Midland, Texas 79702

Union Texas Petroleum Corp. 1300 Wilco Bldg. Midland, Texas 79701

Harvey E. Yates 112 N. First St. Artesia, New Mexico 88210

This request has been set for hearing on May 9, 1979.

Yours very truly,

SUN OIL COMPANY

J.T. Power

JTP/JTH:aw

Attachment:

cc: Mr. Jerry T. Sexton New Mexico Oil Conservation Division Box 1980, Hobbs, New Mexico

Mr. Tom Kellahin 500 Don Gaspar Ave., P.O. Box 1769 Santa Fe, New Mexico 87501 Offset Operators

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SUN OIL COMPANY

NEW MEXICO "H" STATE LEASE

CATO SAN ANDRES FIELD

CHAVES COUNTY, NEW MEXICO



SUN PRODUCTION COMPANY

CAMPBELL CENTRE II. P.O. BOX 2880, DALLAS, TEXAS 75221

WAIVER

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

Attention: Mr. Joe D. Ramey

Re: Unorthodox Well Location and

Simultaneous Dedication

New Mexico "H" State Well No. 17

Cato San Andres Pool Chaves County, New Mexico

Gentlemen:

The undersigned has been furnished a copy of Sun Oil Company's application for unorthodox well location and simultaneous dedication for the subject well. Please be informed that we, as an offset operator to the New Mexico "H" State Lease, have no objection to the Commission approving Sun's request as outlined in their application dated April 23, 1979.

Yours very truly,

COMPANY		
REPRESENTATIVE	<u>.</u>	
SIGNATURE		
TITLE	· .	

A DIVISION OF SUN OIL COMPANY (DELAWARE)

BEFORE THE

ENERGY AND MINERAL DEPARTMENT

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION SANTA FE

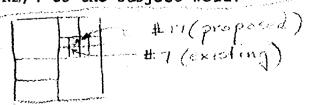
IN THE MATTER OF THE APPLICATION OF SUN OIL COMPANY FOR UNORTHODOX WELL LOCATION AND SIMULTANEOUS DEDICATION OF ACREAGE, CHAVES COUNTY, NEW MEXICO

Case 6541

APPLICATION

Comes now SUN OIL COMPANY, by and through its attorneys and applies to the Oil Conservation Division of New Mexico for authority to drill a San Andres Well at an unorthodox location and to simultaneously dedicate subject well to acreage already dedicated to a producing San Andres well; and in support would show the Division:

- 1. Applicant is the owner of the right to drill on the NE/4 SW/4 NE/4 of Section 16, T8S, R30E, NMPM, Chaves County, New Mexico.
- 2. Applicant is the operator of an existing well on the same unit, ie: N.M. "H" State Well No. 7 located in approximate center SW/4 NE/4 of Section 16.
- 3. Applicant proposes to drill a second well called the New Mexico "H" State Well No. 17, located in Unit G, 1336 feet from the East Line and 1328 feet from the North line of Section 16, T8S, R30E, Cato-San Andres Field, Chaves County, New Mexico, an unorthodox location.
- 4. Applicant further seeks to dedicate the NE/4 SW/4 7



5. Approval of the application will produce oil that could not otherwise be produced, prevent waste, protect correlative rights and be in the interest of conservation.

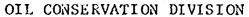
WHEREFORE applicant requests that this application be set for hearing before the Division's examiner and that after notice and hearing, an order be entered granting the application as requested.

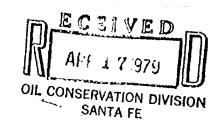
KELLAHIN & KELLAHIN

By Thomas Kellahin

BEFORE THE

ENERGY AND MINERAL DEPARTMENT





IN THE MATTER OF THE APPLICATION OF SUN OIL COMPANY FOR UNORTHODOX WELL LOCATION AND SIMULTANEOUS DEDICATION OF ACREAGE, CHAVES COUNTY, NEW MEXICO

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- 4. Applicant further seeks to dedicate the NE/4 SW/4 NE/4 to the subject well.

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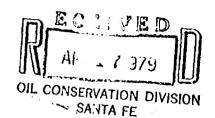
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KELLAHIN & KELLAHIN

W Thomas Kellahir

BEFORE THE

ENERGY AND MINERAL DEPARTMENT OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION OF SUN OIL COMPANY FOR UNORTHODOX WELL LOCATION AND SIMULTANEOUS DEDICATION OF ACREAGE, CHAVES COUNTY, NEW PEXICO

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WHEREFORE applicant requests that this application be set for hearing before the Division's examiner and that after notice and hearing, an order be entered granting the application as requested.

KELLAHIN & KELLAHIN

W. Thomas Kellahin

JASON W. KELLAHIN W. THOMAS KELLAHIN KAREN AUSREY

TELEPHONE 982-4288 AREA CODE 808

April 16, 1979

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

Re: Sun Oil Company

Dear Joe:

Please find THREE cases enclosed for hearing on May 9, 1979:

- (a) Application for special casinghead gas allowable for Annie Christmas Well No. 1.
- (b) Application for special casinghead gas allowable for Walter Lynch Well No. 2.
- (c) Application for unorthodox well location and simultaneous dedication for the N.M. "H" State Well No. 17.

Very truly yours

W. Thomas Kellahin

WTK:eps

Enclosures

cc: Mr. J. T. Harris

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:

SOR

CASE NO. 6541
ORDER NO. R- 60//
APPLICATION OF SUN OIL COMPANY
FOR AN UNORTHODOX XXXX WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.
ORDER OF THE DIVISION
BY THE DIVISION:
This cause came on for hearing at 9 a.m. on May 9
19 79 , at Santa Fe, New Mexico, before Examiner Daniel S. Nutter
NOW, on this day of May , 1979 , 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, Sun Oil Company for its State H"Well No. 17 to be drilled at a point) seeks approval of an unorthodox oil well location 1328
feet from the North line and 1336 feet from the
East line of Section 16 , Township 8 South
Range 30 East , NMPM, to test the San Andres
formation, Cato-San Andres Pool, Chaves
County, New Mexico. (3) That the Sulff We Hof said Section 16 is to be dedicated to the well.
dedicated to the well.

(4) That the evidence pleasanted demonstrates that
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line of Deexion 16, is not effectively and efficiently
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(6) Thus the didling of said was to. 17 at the some location
and the securitiones dedication of said will to the wint
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and with wall otherwise be left invesovered, thus preventing wash, and should be approved as an exception to the stanlard well spacing requirements of the Cato-San Godres Pool.

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

(7) 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:

(2) That the <u>swy NE</u> of said Section 16 shall be dedicated to the above-described well and to applicant's New Mexico State H'well No. 7 located 1980 feet from the North line and 1980 feet from the East line of said (3) That jurisdiction of this cause is retained for the entry of such

(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.

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