CASE 6894: SUN OIL COMPANY FOR AN UN-CETHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO

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Case No. 6894

Application Transcripts Small Exhibits ETC

REIN'E KING LARRY KEHOE

June 13, 1980

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT **OIL CONSERVATION DIVISION**

> POST OFFICE 30X 2088 STATE LAND OFFICE BUILDING (505) 827-2434

Mr. Thomas Kellahin Kellahin & Kellahin Attorneys at Law Post Office Box 1769 Santa Fe, New Mexico Re: CASE NO. ORDER NO. R-6359

Applicant:

Sun Oil Company

6894

Dear Sir:

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

Pours very truly, Ø JOE D. RAMEY Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X Artesia OCD x Aztec OCD

Other

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. 6894 Order No. R-6359

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 21, 1980, at Santa Fe, Now Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>5th</u> day of June, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

PINDS:

(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 well location for its Jennings-Federal "B" Well No. 1 to be drilled 2440 feet from the South line and 2290 feet from the West line of Section 15, Township 19 South, Range 32 East, MMPM, to test the Yates formation, Lusk Field, Lea County, New Mexico.

(3) That the NE/4 SW/4 of said Section 15 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the hydrocarbons 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 provent waste and protect

(1) That an unorthodox well location for the Yates forma-

(2) That the NE/4 SW/4 of said Section 15 shall be dedi-

(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 herein-

tion is hereby approved for the Sun Oil Company Jennings-

Federal "B" Well No. 1 to be drilled at a point 2440 feet from the South line and 2290 feet from the West line of Section 15, Township 19 South, Range 32 East, NMPM, Lusk Field, Lea County,

-2-Case No. 6894 Order No. R-6359

IT IS THEREFORE ORDERED:

cated to the above-described wall.

above designated.

S EX L

fd/

STATE OF NEW MEXICO OIL CONBERVATION DIVISION the JOE D. RAMEY

Director

1 2 3 4 5 6 7 8 9 10 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 4 20 21 22 23 24 24 25 24 24	ENERGY AND MIN OIL CONSERVA STATE LAND SANTA FE, 21 May EXAMINES IN THE MATTER OF: Application of Sun Oi unorthodox well locat New Mexico. BEFORE: Richard L. Stamets TRANSCR	<pre></pre>
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MR. STAMETS: We will call next Case 6894. MR. PADILLA: Application of Sun Gas Com-3 pany, or Sun Oil Company for an unorthodox well location, Lea County, New Mexico. MR. KELLAHIN: I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I 7 have one witness. (Witness sworn.) 10 11 ROBERT DAVIS 12 being called as a witness and having been duly sworn upon 13 his oath, testified as follows, to-wit: 14 15 DIRECT EXAMINATION 16 BY MR, KELLAHIN: 17 Would you please state your name, by whom Q. 18 you are employed, and in what capacity? 19 My name is Robert Davis. I'm a geologist A. 20 for Sun Production Company. 21 Mr. Davis, have you previously testified Q. 22 before the Oil Conservation Division and had your qualifica-23 tions as a geologist accepted and made a matter of record? 24 Yes, sir. Α. 25 And pursuant to your employment as a Q.

BALLY W. BOYD. C.5

geologist by Sun Oil Company, have you made a study of this particular area?

Yes sir.

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SALLY W. BOYD, C.S

MR. KELLAHIN: I tender Mr. Davis as an expert geologist.

MR. STAMETS: The witness is considered qualified.

Q Would you please refer to what we have marked as Exhibits One and I think it might be helpful to look at Exhibit Two at the same time, and if you'll commence, Mr. Davis, by summarizing why Sun Oil Company has sought this application today.

A. Okay. Sun would like to drill a Yates test on the Jennings Federal "B" Lease, outlined in yellow on Exhibit One. We originally staked a location at a standard location and it turned out to be over two high pressure gas lines.

Subsequently we moved the location to the location shown on Exhibit One, 2290 from the west line, 2440 from the south line.

Q All right, this is going to be a Yates test?

Yes, sir.

And what is the acreage to be dedicated

to the well?

A.

Q.

It would be the north 40 acres in the 1 A. subject lease. 2 It will be the northeast quarter of the Q. 3 southwest quarter? 4 Yes, sir. A. 5 Now on Exhibit Two, those are the two 0. R high pressure gas lines that cross the 40-acre tract? 7 Yes, sir. 8 A. There's the El Paso line to the north 9 0. and then the Phillips line to the south? 10 Yes. 11 A. Where would a standard location put you 12 0. in relation to those gas lines? 13 It would be 330 from the quarter-quarter 14 A lines. Originally staked it at 2290 from the west line and 15 2290 from the south line. 16 All right. Is there a standard location 17 Q. south of the Phillips gas line upon which you could drill 18 19 this well? Not economically, we don't think. 20 A. All right, show me on Exhibit One why 21 Q. you believe that the proposed location is the optimum loca-22 tion from which to develop this 40-acre tract? 23 Utilizing data from the deep test shown 24 A on the Exhibit One, we used logging data and logging analysis 26

BOYD,

and samples, and it was determined that we felt like the Yates reservoir was extremely localized and it was structurally controlled. The down dip wells appeared to be wet, both logs and samples, and moving to the south would result in a wet zone rather than an oil productive zone.

Q There is a Bone Springs well located in the northwest quarter of Section 22 just to the south of this.

Yes, sir.

Have you examined the log of that well? Yes, sir.

Have you examined the Yates formation in

that log?

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Yes, sir.

And what does that show you?

It looked wet.

Q Okay, and have you examined the log in the well immediately to the west of the proposed location?

A Yes, sir.Q And what does that log show you?

Q. Sun Oil Company originally filed this for administrative approval for a topographical exception, is that true?

Yes, sir.

WET.

W. BOYD, C.S

SALLY

And because of the potential for a stand-۵ 2 ard location to the south of the pipelines the administrative 3 application has been set for hearing today, is that correct? That's correct. A. 5 Describe for us, then, the Jennings Fed-Q 6 eral Well just to the north in Section 15. 7 It's a second Bone Springs completion. A. R Did that well test the Yates or does the **Q**. 9 log show potential Yates production? 10 Yes, sir, both the samples and the logs A. 11 indicated a possibly oil productive zone. We would like to 12 stay as close to that well as possible. 13 Yes, sir, and that is Sun operated acreage Q. 14 to the north? 15 Yes, sir. A. 16 So you'd be crowding your own acreage? ۵ 17 A. Right. 18 Were Exhibits One and Two prepared by Q. 19 you or compiled under your direction and supervision? 20 A, Yes, sir. 21 And in your opinion will approval of this Q, 22 application be in the best interests of conservation, the 23 prevention of waste, and the protection of correlative 24 rights? 25 Yes, sir. A.

W. BOYD. C.S.R

 4 mitted. 5 Are there any questions of the witness? 6 He may be excused. 7 Anything further in this case? 											
Sun Exhibits One and Two. Sun Exhibits One and Two. MR. STAMETS: These exhibits will be ad- mitted. Are there any questions of the witness? He may be excused. Anything further in this case? The case will be taken under advisement. (Hearing concluded.) The case will be taken under advisement. He may be excused. 10 (Hearing concluded.) 11 12 13 14 15 16 17 17 18 19 10 11 12 13 14 15 16 17 17 18 19 10 10 11 12 13 14 15 16 17 17 18 19 10 11 12 13 14 15 16 17 17 17 18 19 19 10 10 11 12 13 14 15 16 17 17 17 18 19 10 10 11 12 13 14 15 16 17 17 17 18 19 19 10 10 10 10 11 12 13 14 15 16 17 17 17 17 18 19 19 10 10 10 10 10 11 12 13 14 15 16 17 17 17 18 19 19 10 10 10 10 10 10 10 10 10 10							Pa	Go		8	-
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CERTIFICATE I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY THAT the foregoing Transcript of Hearing before the Oil Conserva-tion Division was reported by me; that the said hearing is a full, true, and correct record of the hearing, prepared by me to the best of my ability. Sally W. Boyd C.S.R. SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Merico 87501 Phone (505) 455-7409 I do hereby certify that the foreading is a comitato 1::e --Examiner he: Conservation Division Cij

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	2		MINERALS DEPARTMENT	
			ERVATION DIVISION AND OFFICE BLDG.	
	3		FE, NEW MEXICO	
	4		May 1980	
	5	EXA	INER HEARING	
	6 7 IN	THE MATTER OF:	}	
	-	Application of Sur) Oil Company for an)	CASE
	8	unorthodox well lo	ocation, Lea County,)	6894
	9	Nev: Mexico.)	
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SALLY W. BOYD Rt. I Box 192-1 Santa Fe, New Meric Phone (505) 455-7	13	TRANS	SCRIPT OF HEARING	
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	15	API	PEARANCES	
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	17 FC	or the Oil Conservation Division:	Ernest L. Padilla, Legal Counsel to the	
	18		State Land Office B Santa Fe, New Mexic	ldg.
	19		-	
	20 F	or the Applicant:	W. Thomas Kellahin,	Esa.
	21	and when a contraction and a contraction of the con	KELLAHIN & KELLAHIN 500 Don Gaspar	
	22		Santa Fe, New Mexic	o 87501
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MR. STAMETS: We will call next Case 6894. MR. PADILLA: Application of Sun Gas Company, or Sun Oil Company for an unorthodox well location, Lea County, New Mexico.

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

(Witness sworn.)

ROBERT DAVIS

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

DIRECT EXAMINATION

BY MR, KELLAHIN:

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Q.

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

A. My name is Robert Davis. I'm a geologist for Sun Production Company.

Q Mr. Davis, have you previously testified before the Oil Conservation Division and had your qualifications as a geologist accepted and made a matter of record?

Yes, sir.

And pursuant to your employment as a

SALLY W. BOYD, C.S.R Rt. 1 Box 193-B Santa Fe, New Metrico 87301 Phone (503) 455-7409 1

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	1	geologist by Sun Oil Company, have you made a study of this
	2	particular area?
	3	A. Yes sir.
	4	MR. KELLAHIN: I tender Mr. Davis as an
	5 6	expert geologist. MR. STAMETS: The witness is considered
	7	qualified.
	8	qualified. Q. Would you please refer to what we have
	9	marked as Exhibits one and I think it might be helpful to
	10	at the same time, and if you if
60¥1-5	11	look at Exhibit Two at the and the Mr. Davis, by summarizing why Sun Oil Company has sought this
Santa Fe, New Method av 20 Phone (505) 455-7409	12	
anta Fe. Phone	13	A Okay. Sun would like to drill a Yates
ŝ	14	A Orag. A orag. "B" Lease, outlined in yellow test on the Jennings Federal "B" Lease, outlined in yellow
	15	We originally staked a locution
	16	on Exhibit One. We original i ard location and it turned out to be over two high pressure
	17	
	18	gas lines. Subsequently we moved the location to the
	1	location shown on Exhibit One, 2290 from the west line, 2440
	2	a line.
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	:	test?
		23 A Yes, sir.
		A les, he And what is the acreage to be dedicated
		25 to the well?

SALLY W. BOYD, C.S.R. Rt. 1 Box 193-8

It would be the north 40 acres in the 1 A. subject lease. 2 It will be the northeast quarter of the 3 Q southwest quarter? 4 Yes, sir. 5 A. Now on Exhibit Two, those are the two 6 Q. high pressure gas lines that cross the 40-acre tract? 7 Yes, sir. 8 A There's the El Paso line to the north 9 0. and then the Phillips line to the south? 10 11 Yes. A Where would a standard location put you 12 a in relation to those gas lines? 13 It would be 330 from the quarter-quarter 14 A. lines. Originally staked it at 2290 from the west line and 15 2290 from the south line. 16 All right. Is there a standard location 17 Q. south of the Phillips gas line upon which you could drill 18 19 this well? Not economically, we don't think. 20 A All right, show me on Exhibit One why 21 Q. you believe that the proposed location is the optimum loca-22 tion from which to develop this 40-acre tract? 23 Utilizing data from the deep test shown 24 Α. on the Exhibit One, we used logging data and logging analysis 25

SALLY W. BOYD, C.S.

		Page6
	1	and samples, and it was determined that we felt like the
	2	and samples, and it was structurally Yates reservoir was extremely localized and it was structurally
	3	controlled. The down dip wells appeared to be wet, both
	4	logs and samples, and moving to the south would result in a
	5	wet zone rather than an oil productive zone.
	6	Q There is a Bone Springs well located in
	7	the northwest quarter of Section 22 just to the south of
	8	this.
	9	A Yes, sir.
Ċ,	10	A Have you examined the log of that well?
0, C.S	11	A Yes, sir.
SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Merico 87501 Phone (505) 435-7409	12	A Have you examined the Yates formation in
LY W anta Fa. Phone	13	that log?
SAL	14	A Yes, sir.
	15	Q And what does that show you?
	16	A It looked wet.
	17	A Okay, and have you examined the log in the
	18	well immediately to the west of the proposed location?
	19	Yes, sir.
	20	Q And what does that log show you?
	21	
	2	Q Sun Oil Company originally filed this
	z	3 for administrative approval for a topographical exception,
	2	
	2	A. Yes, sir.

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And because of the potential for a standard location to the south of the pipelines the administrative 1 application has been set for hearing today, is that correct? 2 3 That's correct. Describe for us, then, the Jennings Fed-Α. 4 Q. 5 eral Well just to the north in Section 15. It's a second Bone Springs completion. 6 Did that well test the Yates or does the A. 7 Q. 8 log show potential Yates production? Yes, sir, both the samples and the logs 9 indicated a possibly oil productive zone. We would like to 10 11 stay as close to that well as possible. Yes, sir, and that is Sun operated acreage 12 13 Q. to the north? 14 Yes, sir. So you'd be crowding your own acreage? 15 A 16 ۵ Right. Were Exhibits One and Two prepared by 17 A. you or compiled under your direction and supervision? 18 19 Yes, sir. And in your opinion will approval of this 20 Α. application be in the best interests of conservation, the 21 22 prevention of waste, and the protection of correlative 23 24 rights? Yes, sir. 25 А.

SALLY W. BOYD, C.S.R.

Box 193-B

3	1 2 3	Page 8 MR. KELLAHIN: Move the introduction of Sun Exhibits One and Two. MR. STAMETS: These exhibits will be ad-
	4	mitted. Are there any questions of the witness?
	6 7 8	He may be excused. Anything further in this case? The case will be taken under advisement.
(SALLY W. BOYD, C.S.R. Rt. 1 Box 193-B Santa Fe, New Metho \$7501 Phone (503) 455-7409	9 10 11	(Hearing concluded.)
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CERTIFICATE I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY THAT the foregoing Transcript of Hearing before the Oil Conserva-tion Division was reported by me; that the said hearing is a full, true, and correct record of the hearing, prepared by me to the best of my ability. and that the foregoing is I do har ar a ; ia ac , Examiner Cil Conservation Division

SALLY W. BOYD, C.S.R



E. LUSK AREA. T 19 S R 32E LEA CO., N. MEX. SCALE: 1"=2000'

Exhibit 2 Case 6894

Docket No. 14-80

Dockets Nos, 16-80 and 17-80 are tentatively set for June 4 and 25, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: CONDISSION HEARING - TUESDAY - MAY 20, 1980

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6715: (DE NOVO)

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Application of Texaco Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Loomis Fed. Well No. 1 to be drilled 1600 feet from the North line and 660 feet from the West line of Section 5, Township 21 South, Range 32 East, South Salt Lake-Morrow Gas Pool, the N/2 of said Section 5 to be dedicated to the well.

Upon application of Texaco Inc. and Bass Enterprises Production Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

Docket No. 15-80

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 21, 1980

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 June, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for June, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

<u>CASE 6891</u>: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Midwest Refining Company and all other interested parties to appear and show cause why the State Well No. 1 located in Unit A of Section 16, Township 33 South, Range 14 West, Hidalgo County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6859: (Continued from April 9, 1980, Examiner Hearing)

Application of R & G Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1890 feet from the North line and 1830 feet from the East line of Section 28, Township 28 North, Range 11 West, Kutz-Fruitland Pool, the NE/4 of said Section 28 to be dedicated to the well.

CASE 6886: (Continued from May 7, 1980, Examiner Hearing)

Application of Aminoil USA, Inc. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10. 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 6884: (Continued from May 7, 1980, Examiner Hearing)

Application of Supron Energy Corporation for compulsory pooling and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the N/2 of Section 4, Township 30 North, Range 11 West, to be dedicated to a proposed dual completion 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. Page 2 of 3 Examiner Hearing - Wednesday - May 21, 1980

Docket No. 15-80

CASE 6892: Application of Merrion & Bayless for compulsery pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the South Blanco-Pictured Cliffs Pool underlying the SW/4 of Section 27, Township 24 North, Range 2 West, 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 6878: (Readvertised)

Application of Stevens Oil Company for a non-standard gas proration unit and unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre nonstandard gas proration unit comprising the N/2 SW/4 and S/2 NH/4 of Section 25, Township 8 South, Range 28 East, Twin Lakes-San Andres Associated Pocl, to be dedicated to its O'Brien "F" Well No. 4 at an unorthodox location 1650 feet from the South line and 2310 feet from the West line of said Section 25.

CASE 6893: Application of Stevens Oil Company to amend Order No. R-5353, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a revision of the special rules for the Twin Lakes-San Andres Associated Pool as promulgated by Order No. R-5353 to provide that each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located within 150 feet of the center of the quarter-quarter section.

EKSE 6894:

6894: Application of Sun Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jennings-Federal "B" Well No. 1, a Yates test to be drilled 2440 feet from the South line and 2290 feet from the West line of Section 15, Township 19 South, Range 32 East, Lusk Field, the NE/4 SW/4 to be dedicated to the well.

- CASE 6895: Application of Sun Gas Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks findings that the drilling of its J. A. Akens Well No. 10 located in Unit N of Section 3, Township 21 South, Range 36 East, was necessary to effectively and efficiently drain that portion of an existing proration unit which could not be drained by the existing well.
- CASE 6896: Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre nonstandard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.
- CASE 6897: Application of McClellan Oil Corporation for two compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 1200 feet below the surface to the base of the Abo formation underlying the SW/4 and the SE/4 of Section 30, Township 6 South, Range 26 East, each to be dedicated to a proposed gas well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells 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 wells and a charge for risk involved in drilling said wells.
- CASE 6898: Application of Conoco Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Meyer B-28 Well No. 4 to be drilled 560 feet from the North line and 1980 feet from the West line of Section 28, Township 20 South, Range 37 East, Eumont Gas Pool, to be simultaneously dedicated with its Meyer B-28 Well No. 1 in Unit G to the NE/4 and E/2 NW/4 of said Section 28.
- CASE 6899: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the South and East lines of Section 9, Township 17 South, Range 26 East, the E/2 of said Section 9 to be dedicated to the well.
- CASE 6900: Application of Yates Petroleum Corporation for a non-standard oil protation unit, unorthodox well location, and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard oil protation unit comprising the N/2 SE/4 of Section 22, Township 16 South, Range 33 East, Kemnitz Field, to be dedicated to its Sombrero "MS" State Well No. 1 at an unorthodox location 1650 feet from the South and East lines of said Section 22. Applicant also seeks approval for the downhole commingling of Wolfcamp and Cisco production in the wellbore of said well.

Page 3 of 3 Examiner Hearing - Wednesday - May 21, 1980

Docket No. 15-80

- CASE 6901: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Mississippian formations underlying the E/2 of Section 19, Township 14 South, Range 36 East, 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 ectual 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.
- <u>CASE 6902</u>: Application of Harvey E. Yates Company for a dual completion, Lea County, New Mexico, Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Young Deep Unit Well No. 1 located in Unit D of Section 10, Township 18 South, Range 32 East, to produce gas from the Morrow formation and oil from the Bone Springs formation thru parallel strings of tubing.
- CASE 6903: Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian-. Mississippian test well to be drilled 660 feet from the South line and 990 feet from the East line of Section 33, Township 13 South, Range 36 East, the S/2 of said Section 33 to be dedicated to the well.
- <u>CASE 6904</u>: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the McDonald Unit Area, comprising 1,440 acres, more or less, of fee lands in Townships 13 and 14 South, Range 36 East.
- CASE 6905: Application of Harvey E. Yates Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Buffalo Lake Unit Area, comprising 2,560 acres, more or less, of Federal, State, and fee lands in Township 15 South, Range 27 East.

BRUCE KING GOVERNOR LARRY KEHOE STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

April 17, 1980

POST OFFICE BOX 2098 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

Case 6894

Sun Production Company P. O. Box 2880 Dallas, Texas 75221

> Re: Unorthodox location, Jennings-Federal "B" Well No. 1, 2240' FSL and 2290' FWL, Sec. 15, T19S, R32E, Lea County, New Mexico

Gentlemen:

As there are legal locations available within the quarter-quarter section, the subject well does not qualify for administrative approval of the unorthodox location sought.

If you desire, we will set this matter for hearing on the next available docket. To set the matter for hearing, please contact Ms. Florene Davidson at (505) 827-3260.

Sincerely,

R. L. STAMETS Technical Support Chief

RLS/fd





SUN PRODUCTION COMPANY

CAMPBELL CENTRE II, P.O. BOX 2880, DALLAS, TEXAS 752

April 8, 1980

Amoco Production Company P. O. Box 3092 Houston, Texas 77001 Attn: Proration Dept.

Petroleum Development Corporation 9720 B Candelaria N.E. Albuquerque, New Mexico 97208

Amended Unorthodox Well Location Jennings-Federal "B" Well No. 1 Wildcat (East Lusk Area) Re: Lea County, New Mexico

Gentlemen:

Under date of March 18, 1980 we advised that Sun Oil Company proposed to drill the above well at a location 2290' from the West line and 2495' from the South line of Section 15, T-19-S, R-32-E, Lea County, New Mexico. The U.S. Geological Survey has advised they would not issue a permit unless the location was at least 200' from the nearest lease line. The location has been restaked 2290' from the West line and 2440' from the South line as shown on attached Form C-102.

If you as an offset operator have no objection to this amended application, it would be appreciated if you would so indicate by signing below and forwarding one copy to the New Mexico Oil Conservation Division and returning one copy to this office in the enclosed envelopes.

Your early consideration will be appreciated.

Yours very truly,

J. T. Power

Hassic T. Harris

JTP/JTH/ag Attachments

THE BELOW HAS NO OBJECTION:

PETROLEUM DEVELOPMENT CORPORATION

COMPANY: Vice President BY: 4/15/80 DATE:

A DIVISION OF SUN OIL COMPANY (DELAWARE)



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT DIL CONSERVATION DIVISION

April 1, 1980

LARRY KEHOE

BAUCE KING

POST OFFICE BOX 2009 STATE LAND OFFICE BUILDING BANTA FE, NEW MEXICO 87501 (505) 827-2434

Case 6894

Sun Production Company P. O. Box 2880 Dallas, Texas 75221

> Re: Unorthodox location, Jennings-Federal "B" Well No. 1, 2495' FSL and 2290' FWL of Sec. 15, T-19-S, R-32-E, Lea County, New Mexico

Gentlemen:

By letter of March 18, 1980, Mr. J. T. Harris requested administrative approval of the subject unorthodox location.

The exhibits submitted with the application do not seem to justify this request on grounds of topography. The plats submitted suggest the availability of a standard location in the South half of the 40-acre tract.

If available, please submit additional information or exhibits which will clarify the need for this unorthodox location.

Sincerely,

R. L. STAMETS Technical Support Chief

RLS/dr





SUN PRODUCTION COMPANY

March 18, 1980 Case 10894

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

Attn: Mr. Joe D. Ramey

Unorthodox Well Location Jennings-Federal "B" Well No. 1 Re: Wildcat (East Lusk Area) Lea County, New Mexico

Under date of March 10, 1980 Sun Oil Company filed all necessary forms and VINCER Date OF FRANCIER TO, 1700 SUIT OFFIC ON PARTY FILLER ALL DECESSARY TOTALS AND NIL-6 Compliance Data with the U.S. Geological Survey and Bureau of Land NIL-O COMPLIANCE Data with the U.S. Geological Survey and Bureau of Land Management to drill Well No. 1 on our Jennings-Federal 'B' Lease containing 80 acres described as the E/2 of the SW/4 of Section 15. Well No. 1 will be located in Unit 'K', 2290' from West line and 2495' from the South line of Sec. 15 TIOS P32F

It was necessary to move the location from a regular location due to Phillips high pressure gas lines. It is requested we be granted an exception to Rule Sec. 15, T19S, R32E.

104711 (F) based upon the presence of this high pressure gas line. We are attaching copy of plat showing the well location and the gas pipe line together with our offset operators. Letters requesting waivers are being sent

Amoco Production Co., Box 3092, Houston, TX 77001 (Attn: Proration Dept.) by certified mail to: Petroleum Development Corp., 9720 B Candelaria, N.E., Albuquerque,

New Mexico 97208

Yours very truly,

J. T. Power

By: J. T. Harris

JTH/ag Attachments

cc: Mr. Jerry T. Setton New Mexico Oil Conservation Division Box 1980 Hobbs, New Mexico 88240 Mr. Tom Kellahin 500 Don Gaspar Ave. Box 1769

Santa Fe, New Mexico 87501

Offset Operators

A DIVISION OF SUN OIL COMPANY (DELAWARE)



E. LUSK AREA. T 19 S R 32E LEA CO., N. MEX. SCALE: I"=2000'

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NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C +102 Supersedes C+128 Effective 14-65

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OIL CONSERVATION DIVISION SANTA FE



SUN PRODUCTION COMPANY

CAMPINELS CERTIFIEDE PA March 18, 1980

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

Attn: Mr. Joe D. Ramey

Unorthedox Well Location Jennings-Federal "B" Well No. 1 Re: Wildcat (East Lusk Area) Lea County, New Mexico

E LILAN TE HA

Under date of March 10, 1980 Sun Oil Company filed all necessary forms and NIL-6 Compliance Data with the U.S. Geological Survey and Bureau of Land Gentlemen: Management to drill Well No. 1 on our Jennings-Federal 'B' Lease containing 80 acres described as the E/2 of the SW/4 of Section 15. Well No. 1 will be located in Unit 'K', 2290' from West line and 2495' from the South line of

It was necessary to move the location from a regular location due to Phillips Sec. 15, T19S, R32E. high pressure gas lines. It is requested we be granted an exception to Rule

104111 (F) based upon the presence of this high pressure gas line. We are attaching copy of plat showing the well location and the gas pipe line together with our offset operators. Letters requesting waivers are being sent

Amoco Production Co., Box 3092, Houston, TX 77001 (Attn: Proration Dept.) by certified mail to: Petroleum Development Corp., 9720 B Candelaria, N.E., Albuquerque,

A Distance of the second second second

New Mexico 97208

Yours very truly,

J. T. Power

By: J. T. Harris

JTH/ag Attachments

cc: Mr. Jerry T. Setton New Mexico Oil Conservation Division Box 1980 Hobbs, New Mexico 88240 Mr. Tom Kellahin 500 Don Gaspar Ave. Box 1769 Santa Fe, New Mexico 87501

Offset Operators



E. LUSK AREA. T 19 S R 32E LEA CO., N. MEX. SCALE: 1"=2000'

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NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Port C-102 Supervedee C-128 Effective 14-65

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SUN PRODUCTION COMPANY

March 18,

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

ECEIVED OIL CONSERVATION DIVISION

SANTA FE

Re: Unorthodox Well Location Jennings-Federal "B" Well No. 1 Wildcat (East Lusk Area) Lea County, New Mexico

Gentlemen:

Under date of March 10, 1980 Sun Oil Company filed all necessary forms and NTL-6 Compliance Data with the U.S. Geological Survey and Bureau of Land Management to drill Well No. 1 on our Jennings-Federal 'B" Lease containing 80 acres described as the E/2 of the SW/4 of Section 15. Well No. 1 will be located in Unit 'K', 2290' from West line and 2495' from the South line of Sec. 15, T19S, R32E.

It was necessary to move the location from a regular location due to Phillips high pressure gas lines. It is requested we be granted an exception to Rule 104711 (F) based upon the presence of this high pressure gas line.

We are attaching copy of plat showing the well location and the gas pipe line together with our offset operators. Letters requesting waivers are being sent by certified mail to:

Amoco Production Co., Box 3092, Houston, TX 77001 (Attn: Proration Dept.)

Petroleun Development Corp., 9720 B Candelaria, N.E., Albuquerque, New Mexico 97208

Yours very truly,

J. T. Power

JIH/ag Attachments

cc: Mr. Jerry T. Setton New Mexico Oil Conservation Division Box 1980 Hobbs, New Mexico 88240

> Mr. Tom Kellahin 500 Don Gaspar Ave. Box 1769 Santa Fe, New Mexico 87501

Offset Operators

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E. LUSK AREA. T 19 S R 32E LEA CO., N. MEX. SCALE: 1"=2000'

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NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

form C+102 Supersedes C+128 Effective 14-65

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OIL COMSERVATION SANTA FE SUN PRODUCTION COMPANY

DENLED OF THE MAR TO BE New Mexico Oil Conservation Division AT N STRANGE LOC,

P. O. Box 2088 Santa Fe, New Mexico 87501 Attn: Mr. Joe D. Ramey

> Re: Unorthodox Well Location Jennings-Federal "B" Well No. 1 Wildcat (East Lusk Area) Lea County, New Mexico

Gentlemen:

Under date of March 10, 1980 Sun Oil Company filed all necessary forms and NTL-6 Compliance Data with the U.S. Geological Survey and Bureau of Land Management to drill Well No. 1 on our Jennings-Federal "B" Lease containing 80 acres described as the E/2 of the SW/4 of Section 15. Well No. 1 will be located in Unit 'K', 2290' from West line and 2495' from the South line of Sec. 15, T19S, R32E.

It was necessary to move the location from a regular location due to Phillips high pressure gas lines. It is requested we be granted an exception to Rule 104711 (F) based upon the presence of this high pressure gas line.

We are attaching copy of plat showing the well location and the gas pipe line together with our offset operators. Letters requesting waivers are being sent by certified mail to:

Amoco Production Co., Box 3092, Houston, TX 77001 (Attn: Proration Dept.)

Petroleum Development Corp., 9720 B Candelaria, N.E., Albuquerque, New Mexico 97208

Yours very truly,

J. T. Power

Harris

JTH/ag Attachments

cc: Mr. Jerry T. Sekton New Mexico Oil Conservation Division Box 1980 Hobbs, New Mexico 88240

> Mr. Tom Kellahin 500 Don Gaspar Ave. Box 1769 Santa Fe, New Mexico 87501

Offset Operators

A DIVISION OF SUM ORE COMPANY, EFFLAY, AND



E. LUSK AREA. T 19 S R 32E LEA CO., N. MEX. SCALE: 1"=2000'

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SUN PRODUCTION COMPANY

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

April 8, 1980



DIL CONSERVATION DIVISION SANTA FE

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

Attn: Mr. Joe D. Ramey

Re: <u>AMENDED</u> Unorthodox Well Location Jennings-Federal "B" Well No. 1 Wildcat (East Lusk Area) Lea County, New Mexico

Gentlemen:

Under date of March 10, 1980 Sun Oil Company filed all necessary forms and NTL-6 Compliance Data with the U. S. Geological Survey and Bureau of Land Management to drill Well No. 1 on our Jennings-Federal "B" Lease containing 80 acres described as the E/2 of the SW/4 of Section 15. The USGS advised they would not issue a permit unless the location was moved to at least 200' from the nearest lease line.

The location has been moved to 2290' from the West line and 2240' from the South line and the well will be located in Unit "K".

It was necessary to move the location from a regular location due to two high pressure gas lines. Mr. Stamets has suggested the availability of a standard location in the South half of the 80 acre tract. We are attaching a structure map on the top of the Yates sand which shows that a well in the South half would be structurally low and we desire to drill in the above location to be as near as possible to shows encountered in the offset Jennings-Federal No. 1 well. It is requested we be granted an exception to Rule 104 D II (F) based on the above reasons.

We are attaching copy of plat showing the well location and the gas pipe lines, together with our offset operators. Letters

A DIVISION OF SUN OIL COMPANY (DELAWARE)

New Mexico Oil Conservation Division Page 2 April 8, 1980

requesting waivers are being sent by certified mail to:

Amoco Production Company, Box 3092, Houston, TX 77001 (Attn: Proration Dept.) Petroleum Development Corporation, 9720 B Candelaria, N.E., Albuquerque, New Mexico 97208

Yours very truly,

J. T. Power

By Harris

JTP/JTH/ag

Attachments

cc: Mr. Jerry T. Sexton New Mexico Oil Conservation Division Box 1980 Hobbs, New Mexico 88240

> Mr. Tom Kellahin 500 Don Gaspar Ave., Box 1769 Santa Fe, New Mexico 87501

Offset Operators

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E. LUSK AREA. T 195 R 32E LEA CO., N. MEX. SCALE: 1"=2000'

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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. _____6894

ORDER NO. R- 6359

APPLICATION OF SUN OIL COMPANY FOR AN UNORTHODOX CAS WELL LOCATION,

LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

PRAFT

dr/

This cause came on for hearing at 9 a.m. on <u>May 21</u>, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____day of May _____, 1980 ____, 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.

(3) That the <u>NE/4</u> of said Section <u>15</u> is to be dedicated to the well.

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

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(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 yes well location for the <u>Yates</u> the Sun Oil Company Jennings-Federal "B" Well No. 1 to be drilled formation is hereby approved for/ax well x50x be x ioCated at a point <u>2440</u> feet from the <u>South</u> line and <u>2290</u> feet from the <u>West</u> line of Section <u>15</u>, Township <u>19 South</u>, Range <u>32 East</u> NMPM,Lusk Field <u>xxxx</u> Rood, <u>Lea</u> County, New Mexico.

(2) That the <u>NE/4</u> of said Section <u>15</u> shall be dedicated to the above-described well.

SW/4

(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.