

Case Number
4529

Application

Transcripts

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAIRY COPY, CONVENTIONS

209 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 28, 1971

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of El Paso)
Natural Gas Company for)
320-acre spacing, Eddy)
County, New Mexico.)

Case No. 4529

BEFORE: Elvin A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
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FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 MR. UTZ: Case 4529.

2 MR. HATCH: Case 4529, application of El Paso
3 Natural Gas Company for 320-acre spacing, Eddy County, New
4 Mexico.

5 If the Examiner please, this case is advertised,
6 and in the absence of evidence to the contrary, 320-acre
7 spacing will be established for the pool. The pool was
8 established prior to 1954 when they established 320-acre
9 spacing for the Pennsylvania "H" pool, and then recent
10 development has taken place in this pool, and the applicant
11 requested that it go on state-wide rules.

12 MR. UTZ: June 1, 1964?

13 MR. HATCH: '64, excuse me, not '54.

14 MR. UTZ: This pool was discovered prior to that
15 date, right?

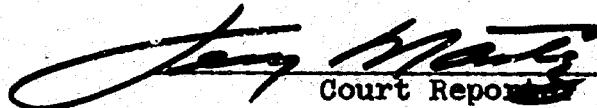
16 MR. HATCH: Yes, sir. We have --

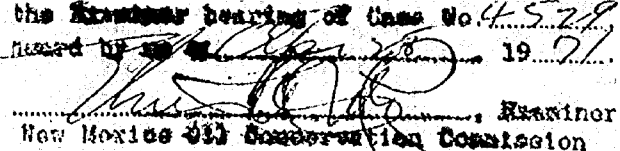
17 MR. UTZ: Do we have any appearances in this
18 case?

19 Well, as the attorney has said, the case was
20 advertised. In the absence of appearances and testimony
21 to the contrary, this pool would automatically go to 320-acre
22 spacing, in view of our current 320-acre Pennsylvania gas
23 pool rules, so the case will be taken under advisement and
24 the appropriate order written.
25

1 STATE OF NEW MEXICO)
2 : ss
3 COUNTY OF MCKINLEY)

4 I, Jerry Martinez, Court Reporter in and for the
5 County of McKinley, State of New Mexico, do hereby certify
6 that the foregoing and attached Transcript of Hearing before
7 the New Mexico Oil Conservation Commission was reported by
8 me and that the same is a true and correct record of the said
9 proceedings, to the best of my knowledge, skill and ability.
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Court Reporter

I do hereby certify that the foregoing is
a complete record of the proceedings in
the hearing of Case No. 4528,
heard by me at _____ 19__.

_____, Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

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

May 6, 1971

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Dave Rainey
El Paso Natural Gas Company
Post Office Box 1492
El Paso, Texas 79948

Re: Case No. 4529

Order No. R-4137

Applicant:

El Paso Natural Gas Co.

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

Other Mr. Richard Morris

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4529
Order No. R-4137

NOMENCLATURE

APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR 320-ACRE SPACING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 8, 1971,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 6th day of May, 1971, the Commission, a
quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

- (1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the sub-
ject matter thereof.
- (2) That the applicant, El Paso Natural Gas Company, seeks
320-acre spacing for the Grayburg-Atoka Gas Pool, Eddy County,
New Mexico.
- (3) That by Order No. R-1129, dated February 20, 1958, the
Grayburg-Atoka Gas Pool, Eddy County, New Mexico, was created
and classified as a gas pool for Atoka production.
- (4) That the discovery well for the Grayburg-Atoka Gas
Pool is producing from the Morrow formation rather than the
Atoka formation.
- (5) That the Grayburg-Atoka Gas Pool should be redesignated
the Grayburg-Morrow Gas Pool.

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CASE NO. 4529
Order No. R-4137

(6) That by Order No. R-2707, dated May 25, 1964, Rule 104 of the New Mexico Oil Conservation Commission Rules and Regulations was amended in order to provide for 320-acre spacing for gas pools in Lea, Chaves, Eddy, and Roosevelt Counties of Pennsylvanian age or older and created and defined after June 1, 1964.

(7) That said Order No. R-2707 found that in Lea, Chaves, Eddy, and Roosevelt Counties, New Mexico, a gas well completed in the Pennsylvanian formation or a deeper formation will efficiently and economically drain and develop a 320-acre tract.

(8) That the Morrow formation is a part of the Pennsylvanian formation.

(9) That, in the absence of evidence to the contrary, as prescribed by the notice of this case, the Commission finds that one well can efficiently and economically drain and develop 320 acres in the subject gas pool.

IT IS THEREFORE ORDERED:

(1) That, effective immediately, the Grayburg-Atoka Gas Pool is hereby redesignated the Grayburg-Morrow Gas Pool.

(2) That effective immediately, the Grayburg-Morrow Gas Pool, Eddy County, New Mexico, shall be governed by all Commission Rules and Regulations applicable to gas pools in Lea, Chaves, Eddy, and Roosevelt Counties of Pennsylvanian age or older the same as if the subject pool had been created and defined by the Commission after June 1, 1964.

(3) That any well presently drilling to or completed in the Morrow formation within the Grayburg-Morrow Gas Pool or within one mile of the Grayburg-Morrow Gas Pool that will not comply with the well location requirements governing gas pools in Lea, Chaves, Eddy, and Roosevelt Counties of Pennsylvanian age or older created and defined after June 1, 1964, is hereby granted an exception to such location requirement. The operator shall notify the Artesia District Office of the Commission in writing of the name and location of the well on or before June 1, 1971.

(4) That, pursuant to Paragraph A. of Section 65-3-14.5, NMCA 1-33, contained in Chapter 271, Laws of 1969, existing wells in the Grayburg-Morrow Gas Pool shall have dedicated thereto

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CASE NO. 4529

Order No. R-4137

320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 65-3-14.5, existing wells may have non-standard spacing or proration units established by the Commission and dedicated thereto.

Failure to file new Forms C-102 with the Commission dedicating 320 acres to a well or to obtain a non-standard unit approved by the Commission within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the Grayburg-Morrow Gas Pool or in the Morrow formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

B. Bruce King

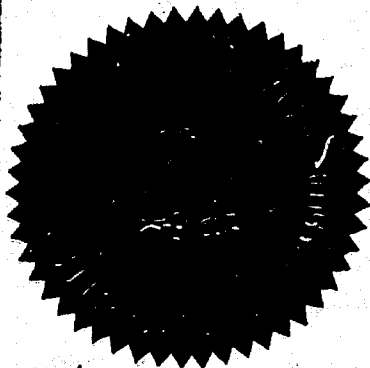
BRUCE KING, Chairman

Alex J. Armiijo

ALEX J. ARMIJO, Member

A. L. Porter, Jr.

A. L. PORTER, Jr., Member & Secretary



dr/

4529

Heard 4-28-71

Rec. 4-30-71

Grant. E. P. 320 Ac. spacing
for the Grayling. Atoka gas pool.
This pool was discovered prior to
6-1-64 and there was no
other appearance at the hearing.

Because of the Gen. Rules allowing
320 Ac. for Penn. pools discovered
after 6-1-64 I see no need of
1 year temp. rules as requested
by E. P.

John D. H.



Telegram

KA071 LB338 MSC238 1

1971 APR 27 PM 3 47

NS EPA189 MG PDB 5 EXTRA-WUX ELPASO TEX 27 247P MST=
DAN S NUTTER, CHIEF ENGINEER

NEW MEXICO OIL CONSERVATION COMMISSION=
STATE LAND OFFICE BLDG SANTA FE NMEX=

IN THE EVENT THAT 320-ACRE SPACING IS APPROVED FOR THE
GRAYBURG MORROW GAS POOL, EL PASO NATURAL GAS COMPANY
DESIRES TO DEDICATE THE FOLLOWING 320 ACRES TO ITS
LEONARD STATE COM. NO. 1 WELL NW/4NE/4, NW/4, N2SW/4,
SW/4SW/4 OF SECTION 22, T-17-S, R-29-E, EDDY COUNTY
NEW MEXICO=

D H RAINEY ASSISTANT MANAGER GAS PRORATION DEPT
EL PASO NATURAL GAS CO.==

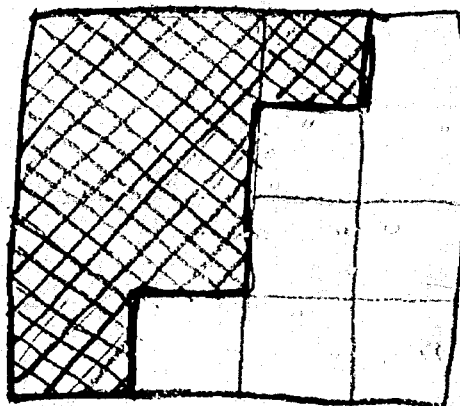
WU 1201 (R 5-69)

Memo

From

D. S. NUTTER
CHIEF ENGINEER

To



Sec 22-17S-29E

Pool; Gillully Fed. Gas Com. No. 4, in Unit B of Section 24, Township 20 South, Range 36 East, Burnout Pool; and State "C" Tr. 12 No. 4, in Unit F of Section 16, Township 21 South, Range 37 East, Blinebry Pool. Applicant further seeks the reclassification from marginal to non-marginal of the aforesaid Gillully "B" Fed. No. 3, and the Owen "B" Fed. No. 2 in Unit B of Section 34 and the Southland Royalty "A" No. 2 in Unit B of Section 9, both in Township 21 South, Range 37 East, Tubb Gas Pool.

CASE 4534: Application of Continental Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit in the Blinebry Gas Pool consisting of the N/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 21, Township 21 South, Range 37 East, Lea County, New Mexico, to be assigned jointly to its Wantz Wells Nos. 8 and 11 located in Units O and L respectively of said section; or, in the alternative, for the reallocation of acreage between the two wells so as to assign 40-acres to Well No. 11 and 120-acres to Well No. 8.

CASE 4535: Application of Continental Oil Company for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Monument-Tubb and Weir Drinkard oil production in the well-bore of its SEMU Well No. 70, located in Unit I of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 4518: (Readvertised)

Application of American Quasar Petroleum Company of New Mexico for a unit agreement and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Vaca Draw Unit Area comprising 7,680 acres, more or less, of State, Federal and fee lands in Township 25 South, Range 33 East, Lea County, New Mexico. Applicant further seeks authority to drill an exploratory gas well at an unorthodox location 660 feet from the North line and 760 feet from the East line of Section 28, said Township and Range, to test the Devonian, Pennsylvanian, and Wolfcamp formations within one mile of the Red Hills Field. In the absence of objection an order will issue based upon testimony received in this case on March 31, 1971.

CASE 4531:

Application of Hanson Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water by injection into the Delaware formation in the open-hole interval from 4192 to 4197 feet in its Hanson Federal Well No. 11 located 990 feet from the North line and 1650 feet from the West line of Section 25, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.

CASE 4532:

Application of Atlantic Richfield Company for the assignment of gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the assignment of gas allowable to its Phillips "A" Well No. 9, located 800 feet from the South line and 660 feet from the West line of Section 31, Township 19 South, Range 37 East, Monument-McKee Gas Pool, Lea County, New Mexico, for the proration period from July 1, 1970, through December 31, 1970, and for January and February, 1971. Said well was completed in March, 1971, as a twin replacement well for applicant's Phillips "A" Well No. 8 which ceased producing in 1969 and after extensive and unsuccessful workover operations was abandoned in January, 1971.

CASE 4533:

Application of Amoco Production Company for reinstatement of cancelled under production and reclassification of three wells, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules for prorated gas pools in Southeast New Mexico to permit the reinstatement of underproduction cancelled January 1, 1971, for the following wells: Gillully "B" Fed. No. 3, in Unit N of Section 33, Township 20 South, Range 37 East, Eumont

Cities-Federal Well No. 1 located 2310 feet from the South line and 330 feet from the West line of said Section 20.

CASE 4526:

Application of Pennzoil United, Inc., for the creation of a new pool and promulgation of special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of gas from the San Andres formation for its Superior State Well No. 1 located in Unit L of Section 8, Township 7 South, Range 35 East, Roosevelt County, New Mexico, and for the promulgation of special rules therefor, including a provision for 320-acre spacing units.

CASE 4527:

Application of Big "6" Drilling Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Bone Springs formation in the interval from 10,062 feet to 10,119 feet in its Ora Jackson "A" Well No. 1 located in Unit M of Section 5, Township 19 South, Range 35 East, Scharb-Bone Springs Pool, Lea County, New Mexico.

CASE 4528:

Application of Frankin, Aston & Fair, Inc., for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose of water produced by its Coppedge Well No. 1-C located in Unit H of Section 5, Township 18 South, Range 30 East, Loco Hills-Grayburg-San Andres Pool, Eddy County, New Mexico, in an unlined pit in the vicinity of said well.

CASE 4529:

Application of El Paso Natural Gas Company for 320-acre spacing, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks 320-acre spacing for the Grayburg-Atoka Gas Pool, Eddy County, New Mexico. Said pool was created prior to June 1, 1964, and therefore is not automatically eligible for 320-acre spacing. In the absence of evidence to the contrary, 320-acre spacing will be established for the pool.

CASE 4530:

Application of Amcco Production Company for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle oil production from the Blinbry and Drinkard Pools in the well-bore of its Southland Royalty "A" Well No. 2, a triple completion, located in Unit B of Section 9, Township 21 South, Range 37 East, Lea County, New Mexico.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 28, 1971

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4352: (Reopened) Continued from the April 14, 1971 hearing. This case will again be continued - to the May 19, 1971 hearing.

In the matter of Case 4352 being reopened by the Oil Conservation Commission upon its own motion to give all interested persons an opportunity to appear and present evidence as to whether the Double L-Queen and Suble-Queen Pools, Chaves County, New Mexico, are in fact separate reservoirs or one common reservoir. Further, in the event it is found that the two pools comprise one common reservoir, the Commission will consider the adoption of special rules and regulations to provide for the classification of oil and gas wells, spacing and well location requirements for oil and gas wells, and an allocation formula for withdrawals from the gas wells and oil wells.

CASE 4523: Application of Texas Pacific Oil Company, Inc., for the rededication of acreage, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of a 160-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SE/4 of Section 31, Township 25 South, Range 37 East, Lea County, New Mexico, to its Legal Wells Nos. 1 and 2, located respectively, in Units P and I of said Section 31. Applicant further seeks authority to produce the allowable assigned to said unit from either of said wells in any proportion.

CASE 4524: Application of Texaco Inc. for reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules and regulations for the prorated gas pools of Southeastern New Mexico to permit the reinstatement of accumulated underproduction cancelled for its Blinbry "A" Federal (NCT-1) Well No. 2 located in Unit I, Section 31, Township 23 South, Range 37 East, Jalmat Gas Pool Lea County, New Mexico.

CASE 4525: Application of Wolfson Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 280-acre non-standard gas proration unit comprising the SW/4, S/2 NW/4, and NE/4 NW/4 of Section 20, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its

El Paso Natural Gas Company

El Paso, Texas 79999

March 26, 1971

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Case 4529

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Re: Application of El Paso Natural Gas Company for
Temporary 320-Acre Spacing in the Grayburg
(Morrow) Gas Pool, Eddy County, New Mexico

ATOK

Gentlemen:

At your earliest convenience, please set for hearing the application of El Paso Natural Gas Company for temporary 320-acre spacing in the Grayburg (Morrow) Gas Pool, Eddy County, New Mexico.

El Paso Natural Gas Company is the operator of the Leonard State Com. #1 Well located in Unit E, Section 22, T-17-S, R-29-E, Eddy County, New Mexico. This well has been producing since December 26, 1957 and recently an additional well was drilled in the SE/4 of Section (24) and it is our understanding that a well is presently being drilled in the SE/4 of Section 22.

Sec. 21

In order to avoid the drilling of unnecessary wells, El Paso respectfully requests the adoption of 320-acre spacing for this area for a period of one (1) year. It is our belief that one (1) year of production from two or three wells in this pool will be sufficient time to obtain reservoir information necessary to determine the proper permanent spacing for the Grayburg (Morrow) Gas Pool. It is, therefore, our proposal that the matter be reopened approximately one (1) year after the effective date of an order providing for temporary 320-acre spacing for purposes of establishing a permanent spacing pattern.

ATOK

Very truly yours,

David T. Burleson

David T. Burleson

DOCKET MAILED

Date 4-16-71

DTB:sw

**CASE 4530: Application of AMOCO
PRODUCTION CO. FOR DOWN-HOLE
COMMINGLING, LEA COUNTY, N. MEX.**