

CASE 5241: Application of DEPCO
FOR AN UNORTHODOX GAS WELL
LOCATION, CHAVES COUNTY, N.M.

CASE No.

5241

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 22, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Depco, Inc. for
an unorthodox gas well location,
Chaves County, New Mexico.

Case No. 5241

BEFORE: Richard L. Stamets, Examiner

For New Mexico Oil
Conservation Commission:

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

W. Thomas Kellahin, Esq.
and
Jason Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico

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CASE 5241

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Direct Examination by Mr. Jason Kellahin

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SERIGHT-DIRECT

MR. STAMETS: Case 5241.

MR. CARR: Case 5241. Application of Depco, Inc.
for an unorthodox gas well location, Chaves County,
New Mexico.

MR. JASON KELLAHIN: If the Examiner please,
Jason Kellahin and Tom Kellahin, appearing for the
Applicant. I have two witnesses I would like to have
sworn, please.

MR. STAMETS: Are there any other appearances
in this case? If the witnesses will stand and be sworn.

LAWRENCE J. SERIGHT

called as a witness, having been first duly sworn, was
examined and testified as follows:

DIRECT EXAMINATION

BY MR. JASON KELLAHIN:

Q Would you state your name, please?

A Lawrence J. Seright.

Q Would you spell that, please?

A S-E-R-I-G-H-T.

Q By whom are you employed and in what position,
Mr. Seright?

A By Depco, Incorporated.

Q What is your position?

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A District Geologist.

Q Where are you located?

A Midland, Texas.

Q Have you ever testified before the Oil Conservation Commission or one of its Examiners?

A No, I haven't.

Q For the benefit of the Examiner, would you briefly outline your education and experience as a geologist?

A Yes. I graduated from the University of Missouri. I majored in geology. I have been in petroleum exploration geology since approximately 1953 in West Texas and southeast New Mexico.

Q What degree did you receive and when?

A I received a B.A. in 1951.

Q What was your employment? What companies have you worked for?

A I have worked for Husky Oil Company, South Royalty. I worked as a consultant for approximately a year-and-a-half and am currently employed with Depco.

Q How long have you been with Depco?

A It will be two years this July.

Q In connection with your work with Depco, have

SERIGHT-DIRECT

CASE 5241

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you made any study of the Buffalo-Pennsylvanian Gas Pool in Chaves County?

A Yes, sir, I have.

Q Does that come under your area?

A Yes, it does.

MR. JASON KELLAHIN: Are the witness' qualifications acceptable?

MR. STAMETS: They are.

BY MR. JASON KELLAHIN:

Q Mr. Seright, are you familiar with the Application of Depco in this case?

A Yes, I am.

Q What is proposed by Depco?

A To drill a well in the northeast quarter of Section 3, 15, 27 on the west side of Buffalo Valley, to explore for and hopefully complete in what we interpret as a channel sand.

Q You are proposing to drill in what quarter section?

A The northeast quarter.

Q Northeast quarter?

A Yes, sir.

Q Under the pool rules for the Buffalo-Pennsylvanian Gas Pool, is that a standard location?

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A No, sir.

Q Where is the standard location?

A It is the northwest quarter, southeast quarter.

Q Would you step over and use the pointer, referring to Exhibit No. 1 and discuss that exhibit, please?

A This is a structural map on top of the Morrow. The producing wells and dry holes in the Buffalo Valley field are shown on this map and the basis for this structure is well control from the Morrow on these wells. The red area we have outlined here what we interpret as a Morrow Sand Channel and our prospect here is to pursue additional production in that channel. We have interpreted it as coming this direction, coming through our lease. Consequently, we want to drill in the northeast quarter of Section 3 primarily because of the risk factor involved in pursuing the channel.

Also shown on the map is the cross section AA-Prime which we have on the wall. It shows the wells interpreted to be in the channel which are producing, one of which penetrated the channel, but is not currently producing in the channel. It is producing in the lower sand. We criss-crossed this area with the cross section to show where the channel is, where we feel it is, and

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where it is not. This, of course, gave us our direction in which to project the channel. That is Exhibit B, the cross section.

Q Exhibit 2, I believe.

A All right, Exhibit 2. It indicates, as I said before, where the channel is and the control surrounding it. It also indicates the wells producing in the channel and is projected between a dry hole to the north of our proposed location and to the south, neither of which have the channel sand developed.

Q Is it your interpretation, then, that the channel runs between those two dry holes?

A Yes, sir, it is.

Q Would you consider this a high risk well?

A Yes, it is.

Q Would the risk be greater where you drill in the northwest quarter of the Section?

A Yes, sir, it would.

Q In your opinion, Mr. Seright, can all of the unit you propose to dedicate to this well reasonably be presumed to be productive from the Morrow formation?

A Based on that interpretation -- based on our interpretation here, I feel the majority of that 320

SERIGHT-DIRECT

should be.

Q Of course, you have no way of knowing the course of that channel as it moves to the west, do you?

A No, we don't. That is the big risk factor. By the nature of the channel itself, you just don't step out too far away from the control or attempt to get into it without a great amount of risk. It necessitates staying as close as you can.

Q Will you discuss briefly the nature of the formation in the Buffalo Valley Pool?

A It is a Morrow sand essentially. There are 7 or 8 different sand units within the Buffalo Valley area. It is a very complex sand depositional area, much different than what we see down in the south in Eddy County, for instance. You have probably three or four different sand depositional systems in here, channels, bar sands, point bars, braided streams, channels, et cetera. It is very complex and pretty hard to really pin down too much of anything there as far as putting a name on just exactly what type of deposition it is. The channels, we feel, are reasonably definitive. It is a high risk area anyplace you drill in here. It is obviously indicated by the number of dry holes.

There has been very little activity on the north, east or west side. There is some currently here on the south side that we are involved in now, but it is just a world of its own as far as the sand deposition is concerned. You can't apply the same thing in Eddy County as you can up here. Consequently, it makes it quite a high risk and erratic reservoirs, et cetera. So, it necessitates staying close to control. Everytime a well is drilled out there, it is a wildcat, and you may get two or three sands and you may get six or seven. It is very hard to predict what your reservoir is going to be from the time you start the well. In our particular case here, we have actually, as far as I am concerned and as far as the interpretation indicates, primarily one reservoir, and if that is not present, why, we are probably going to be out of luck. So, for that reason, we have to stay pretty close --

Q (Interrupting) From a geological point of view, in your opinion, is it necessary to drill in the northeast quarter to afford Depco the opportunity to produce its share of the gas underlying this tract?

A Yes, sir, I do.

Q Referring to Exhibit No. 2, the cross section,

SERIGHT-DIRECT

would you discuss the information shown on that?

A Yes, sir. The cross section starts here at 'A' and goes to AA-Prime. As I mentioned before, it criss-crosses the area we have shaded as the channel. The red, we have put this on here as a characteristic of what a channel looks like, sort of a design here on the three wells that have penetrated the channel. The Reed No. 1 Buffalo Valley Commission is currently producing from that channel. The Reed No. 2 Buffalo Valley Commission is also completing from that channel. The Infield No. 111 Federal penetrated the channel, but is currently producing out of two or three thinner sands below this channel. The channel was tested. It had a flow of gas, the amount I am not certain of because it wasn't recorded. Only the pressures were reported, but it was tested and it was gas-bearing.

The Reed and Stevens No. 1 Derrick, which is this well to the north of our location --

Q (Interrupting) That is a dry hole, is it not?

A Yes, sir, that is a dry hole. This well here, as you can see -- these various sand units are colored in here to give you a little better perspective. These are interpreted correlations and the colors all relate. The

SERIGHT-DIRECT

same colors in various wells are interpreted as being the same sand units. As you can see in the No. 1 Derrick, you have very little sand development. There are three thin sands, very poor, they are shaley, no porosity, quite dirty sand. So, there would be no anticipated objectives in those sands.

The Reed No. 1 Barnhill Federal which is south of the location, which is also a dry hole -- this is the log on that well here -- you will see it also had four extremely thin sands here, little or no porosity development, fairly dirty. This well was not tested. There were no cores, as was the case in the aforementioned well here, there were no cores or tests. The operator apparently chose not to test because of insufficient sands and no indication of any gas shows.

The Charles B. Reed No. 1 Buffalo Valley, which is the well in the northwest quarter of 2, is a gas producer, producing out of the channel. We have shown the channel here, the correlative sands as related to the well to the north and south, and as you can see, there is no channel development indicated in any one of these sands. In other words, it is shown on the map as coming between these two wells at some point or some area.

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The other logs on here on the wells are mainly to show where the channel is and where it isn't. The third well indicating the channel is not productive, which is the Infield Well right here northeast of 11. The two wells on each side of the well, which is the Pan Am Federal C Gas Commission and the Reed and Stevens No. 1 Hurd. Again, by correlation showing the channel not to be present in either of those wells. Both of these wells are productive, but they are out of different sand units. So, that helps establish the fairway for an interpretive channel.

Do you have anything to add, Mr. Seright?

A Nothing other than to emphasize the risk that is involved in drilling for this particular reservoir here. This is going to be our main objective and you can see there obviously is no reservoir sand in either of the wells to the north or south. By nature of channel development, it is not particularly linear. It is not a straight line. You can't step out too far from known control without running your risk up considerably. You have to play the channel step by step from one well to the next out of necessity, and this is the reason we want to drill here in the northeast quarter rather than over here because of that risk involved. We feel the channel does

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come through here at some point. Just what part we hit it here is anybody's guess. We just have to take it, again, step by step, but it is an extremely high risk. Over in the field proper, if we were drilling for this, you could anticipate maybe three or four other fairly good sand reservoirs as indicated on some of these other wells here. You've got nicely developed sands which are productive which would obviously lower your odds to give you a multiple shot, but in our case we have one channel and if it is not there, why, I feel we are going to have a dry hole.

Q Were Exhibits 1 and 2 prepared by you or under your supervision?

A Yes, sir, they were.

MR. JASON KELLAHIN: I would like to offer Exhibits 1 and 2.

MR. STAMETS: Without objection, Exhibits 1 and 2 will be admitted.

(Whereupon, Applicant's Exhibits Nos. 1 and 2 were marked, offered and admitted in evidence.)

MR. JASON KELLAHIN: That's all the questions I have.

MR. STAMETS: Are there any questions of this

SMITH-DIRECT

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witness? You may be excused.

(Witness dismissed.)

MR. JASON KELLAHIN: I would like to call
Mr. Welton Smith, please.

WELTON SMITH

called as a witness, having been first duly sworn, was
examined and testified as follows:

DIRECT EXAMINATION

BY MR. JASON KELLAHIN:

Q Will you state your name, please?

A Welton Smith.

Q By whom are you employed and in what position,
Mr. Smith?

A I am employed by Depco, Incorporated. I am
District Engineer.

Q Where are you located?

A Odessa, Texas.

Q Mr. Smith, have you ever testified before the
Oil Conservation Commission of New Mexico or one of its
Examiners and made your qualifications a matter of record?

A Yes, sir, I have.

MR. JASON KELLAHIN: Are the witness' qualifica-
tions acceptable?

SMITH-DIRECT

MR. STAMETS: They are.

BY MR. JASON KELLAHIN:

Q Mr. Smith, are you familiar with the Application before the Commission at the present time?

A Yes, sir, I am.

Q Have you made a study of the situation involved here?

A Yes, sir.

Q In your opinion, is it necessary to protect Depco's interest to drill at an unorthodox well location?

A Yes, sir, it is?

Q For what reason?

A I believe it is necessary to drill in that area in order to, again, reduce the risk for drilling, and also to get into the permeability required in this area in order for us to drain our acreage in a reasonable period of time and to have a fair shot at the gas that is under our tract.

Q You are familiar with the rules for this particular pool, are you not?

A Yes, sir, I am.

Q That required the well to be drilled in the northwest quarter rather than in the northeast quarter?

A Yes, sir, that is correct.

Q Does that fit this type of reservoir, in your opinion?

A I think in a reservoir such as a channel reservoir with them being long and narrow as they are, that the rules as set forth could get some inequities within the drainage of the reservoir by having to drill in the specified northwest and southeast quarters.

Q Mr. Smith, you will be moving closer to your offset operator. Will Depco gain any appreciable advantage over the offset operator by moving to that location?

A I think there might be some minimal advantages, but I think these advantages would probably be offset by the large cumulative gas production that is present in the well to the east there.

Q How long has it been producing, do you know?

A I believe it was completed in 1967.

Q Do you know what his cumulative production is?

A As of 1/1/74, it was 4.7 billion.

Q If any drainage occurred, it has already occurred to the Depco acreage in your opinion?

A That is correct, yes, sir.

Q Do you have anything further to add, Mr. Smith?

SMITH-DIRECT

A No, sir.

MR. JASON KELLAHIN: That's all the question
I have.

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

(Witness dismissed.)

MR. JASON KELLAHIN: That's all we have.

MR. STAMETS: Is there anything further in
this case?

We will take the case under advisement.

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5241 heard by me on 5/27/77 1977.

, Examiner
New Mexico Oil Conservation Commission

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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. 5241
Order No. R-4800

APPLICATION OF DEPCO, INC. FOR
AN UNORTHODOX GAS WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 22, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of June, 1974, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Depco, Inc., seeks, as an exception
to the Buffalo Valley-Pennsylvanian Pool Rules, approval of an
unorthodox gas well location 1325 feet from the North line and
1325 feet from the East line of Section 3, Township 15 South,
Range 27 East, NMPM, to test the Pennsylvanian formation,
Buffalo Valley-Pennsylvanian Pool, Chaves County, New Mexico.

(3) That the N/2 of said Section 3 is to be dedicated to
the well.

(4) That the entire N/2 of said Section 3 may be reason-
ably presumed to be productive of gas from the Pennsylvanian
formation.

(5) That a well at said unorthodox location will more like-
ly encounter a predicted Morrow Sand Channel and will better
enable applicant to produce the gas underlying the proration unit.

(6) That no offset operator objected to the proposed unor-
thodox location.

(7) That approval of the subject application will afford
the applicant the opportunity to produce its just and equitable

-2-

CASE NO. 5241
Order No. R-4800

share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Pennsylvanian formation is hereby approved for applicant's well to be located at a point 1325 feet from the North line and 1325 feet from the East line of Section 3, Township 15 South, Range 27 East, NMPM, Buffalo Valley-Pennsylvanian Pool, Chaves County, New Mexico.

(2) That the N/2 of said Section 3 shall be dedicated to the above-described well.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

jr/

5241

- 1 NSL 1325 F the N&E Lines
Sec 3 - 15S - 27 E OK.
- 2 Dedicate N/2 Sec
- 3 Loc necessary to attempt to
drill into predicted Morrow
Sand channel.
- 4 Will better enable operator
to drain N/2 Sec 3
- 5 No offset objected.

We have several such orders in this
pool which could serve as models.

Dockets Nos. 15-74 and 16-74 are tentatively set for hearing on June 5 and June 19. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 22, 1974

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

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

CASE 5206: (Continued from the April 25, 1974, Examiner Hearing)

Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle West Warren-Blinebry and East Skaggs-Drinkard production in the wellbore of its SEMU Burger Well No. 21 located in Unit O of Section 19, Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 5240: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Burwinkle and Scanlon and Husky Energy, Inc. and The Employers' Fire Insurance Company and all other interested parties to appear and show cause why the following wells located in Section 28, Township 20 North, Range 9 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Ohwell Wells Nos. 1, 2, 3, 5, 8, and 39 in Unit C; Ohwell Wells Nos. 9, 10, 11, 12, and 13 in Unit A; and Jaco State Well No. 104 in Unit G.

CASE 5241: Application of Depco, Inc. for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to Order No. R-1670-H, approval for the unorthodox location of a well to be drilled 1325 feet from the North and East lines of Section 3, Township 15 South, Range 27 East, Buffalo-Pennsylvanian Gas Pool, Chaves County, New Mexico.

CASE 5242: Application of Penroc Oil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Allied-Com Well No. 1 located in Unit B of Section 27, Township 20 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce undesignated Wolfcamp gas through the tubing and undesignated Morrow gas through the annulus by means of a cross-over assembly.

CASE 5243: Application of Continental Oil Company for special gas-oil ratio, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil for the Weir-Drinkard Oil Pool, Lea County, New Mexico.

- CASE 5248: Application of Cities Service Oil Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Tracy "A" Com Well No. 1 located in Unit C of Section 33, Township 21 South, Range 27 East, in such a manner as to produce undesignated Strawn gas through the tubing and undesignated Morrow gas through the annulus by means of a cross-over assembly.
- CASE 5244: Application of El Paso Natural Gas Company for a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the tubingless dual completion of its Hubbell Well No. 14 located in Unit G of Section 18, Township 29 North, Range 10 West, San Juan County, New Mexico, in such a manner as to produce Aztec-Fruitland and undesignated Chacra gas through parallel strings of 2 7/8-inch casing cemented in a common wellbore.
- CASE 5245: Application of Texaco Inc. for a tubingless quadruple completion and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the quadruple completion of its C. H. Weir "A" Well No. 8 located in Unit F of Section 12, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce Skaggs-Glorieta, East Weir-Blinebry, East Weir-Tubb, and Skaggs-Drinkard production through three parallel strings of 2 7/8-inch casing cemented in a common wellbore with the East Weir-Blinebry and the Skaggs-Drinkard production commingled and produced through a single string of casing.
- CASE 5246: Application of Tenneco Oil Company for pressure maintenance expansion and dual completions, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for the expansion of its South Hospah Lower Sand Pressure Maintenance Project, South Hospah Field, McKinley County, New Mexico, by the dual completion of its Hospah Well No. 41 located five feet from the North line and 1650 feet from the East line and its Hospah Well No. 56, located 1100 feet from the North line and 1275 feet from the East line, both in Section 12, Township 17 North, Range 9 West, to permit injection of water into the Lower Sand as well as the Upper Sand as presently authorized.
- CASE 5247: Application of Champlin Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Pecos Federal Well No. 1 located in Unit C of Section 1, Township 22 South, Range 27 East, Eddy County, New Mexico, in such a manner as to produce undesignated Strawn gas through the tubing and undesignated Morrow gas through the annulus by means of a cross-over assembly.

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

KELLAHIN AND FOX
ATTORNEYS AT LAW
800. DON GASPAR AVENUE
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

April 19, 1974

APR 22 1974 TELEPHONE 982-4315
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OIL CONSERVATION COMM.
Santa Fe

Case 5241

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

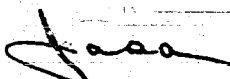
ATTENTION: Ida Rodriguez

Dear Ida:

Enclosed please find the application filed by
Depco, Inc., for approval of an unorthodox well loca-
tion, Buffalo Vally-Pennsylvanian Gas Pool, Chaves
County, New Mexico.

Please set this up to be heard before the examiner
on May 22, 1974.

Yours very truly,



Jason W. Kellahin

JWK:ks

Enclosure

DOCKET MAILED

Date 5/9/74

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

DECEMBER 1974
APR 22 1974
OIL CONSERVATION COMMISSION
Santa Fe

IN THE MATTER OF THE APPLICATION
OF DEPCO, INC., FOR APPROVAL OF
AN UNORTHODOX WELL LOCATION,
BUFFALO VALLEY-PENNSYLVANIAN GAS
POOL, CHAVES COUNTY, NEW MEXICO.

Case 5241

A P P L I C A T I O N

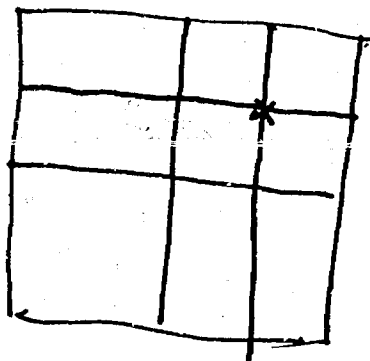
COMES NOW Depco, Inc., and applies to the Oil Conservation Commission of New Mexico for approval of an unorthodox well location in the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, as an exception to the provisions of Commission Order No. R-1670-H, Rule 2, and in support thereof would show the Commission:

1. Applicant proposes to drill a well to be located 1320 feet from the North Line and 1320 feet from the East Line of Section 3, Township 15 South, Range 27 East, N.M.P.M., Chaves County, New Mexico, and to assign the North Half of said section to the well.

2. The well location would be an exception to the provisions of Commission Order No. R-1670-H, which requires wells to be located in the NW/4 or the SE/4 of the section in the Buffalo Valley-Pennsylvanian Gas Pool.

3. A well located as proposed by applicant will better enable applicant to obtain its fair and equitable share of the gas underlying the N/2 of said Section 3 and would result in the recovery of gas that would not otherwise be recovered.

4. Approval of the application is in the interest of



conservation, will result a greater recovery of gas from the pool, and will not impair the correlative rights of other owners within the Buffalo Valley-Pennsylvanian Gas Pool.

WHEREFORE, applicant prays that this application be set for hearing before the Commission's duly appointed examiner at the next available hearing in the month of May, and that after notice and hearing as required by law, the Commission enter its order approving the unorthodox well location as requested.

Respectfully submitted,
DEPCO, INC.

By Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANT

DRAFT

jr7

(Handwritten initials)

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:

(Handwritten signature)

CASE NO. 5241

Order No. R-4799
R-4800

APPLICATION OF DEPCO, INC. FOR
AN UNORTHODOX GAS WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.

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wfc

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ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 22, 19 74,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of May, 1974, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Depco, Inc., seeks, as an exception
to the Buffalo Valley-Pennsylvanian Pool Rules, approval of an
unorthodox gas well location 1325 feet from the North line and
1325 feet from the East line of Section 3, Township 15 South,
Range 27 East, NMPM, to test the Pennsylvanian formation,
Buffalo Valley-Pennsylvanian Pool, Chaves County, New Mexico.

(4) That the entire N/2 of said Section 3
may be reasonably presumed to be production
of gas from the Buffalo Valley Pennsylvanian
formation.

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(3) That the N/2 of said Section 3 is to be dedicated to the well.

(4) That a well at said unorthodox location will more likely encounter a predicted Morrow Sand Channel and will better enable applicant to produce the gas underlying the proration unit.

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

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Pennsylvanian formation is hereby approved for ~~the~~ ^{the applicant's} well to be located at a point 1325 feet from the North line and 1325 feet from the East line of Section 3, Township 15 South, Range 27 East, NMPM, Buffalo Valley-Pennsylvanian Pool, Chaves County, New Mexico.

(2) That the N/2 of said Section 3 shall be dedicated to the above-described well.

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

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