

CASE 5739: WILLIAM G. McCOY FOR  
AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO

CASE NO.

5739

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 18, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of William G. McCoy for  
an unorthodox gas well location,  
Eddy County, New Mexico.

CASE  
5739

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission:	Lynn Teschendorf, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico
For the Applicant:	Paul Cooter, Esq. ATWOOD, MALONE, MANN & COOTER Attorneys at Law P. O. Drawer 700 Roswell, New Mexico

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825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

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1 MR. CAMPBELL: Mr. Examiner, I'm Jack M. Campbell,  
 2 Campbell and Bingaman, Box 2208, Santa Fe, New Mexico. I would  
 3 like the record to reflect that I have entered an appearance  
 4 on behalf of Gulf Oil Corporation in each of Cases 5740,  
 5 5741 and 5742.

6 MR. STAMETS: The record in those cases will reflect  
 7 this entry of appearance.

8 MR. CAMPBELL: Thank you.

9 MR. STAMETS: At this time we will call Case 5739.

10 MS. TESCHENDORF: Case 5739, application of William G.  
 11 McCoy for an unorthodox gas well location, Eddy County,  
 12 New Mexico.

13 MR. STAMETS: Call for appearances.

14 MR. COOTER: Mr. Examiner, I'm Paul Cooter with  
 15 the law firm of Atwood, Malone in Roswell appearing on  
 16 behalf of the applicant. We have one witness and that is  
 17 the applicant, Mr. McCoy.

18 (THEREUPON, the witness was duly sworn.)

19  
 20 WILLIAM G. McCOY

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

23  
 24 DIRECT EXAMINATION

25 BY MR. COOTER:

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1 Q State your name for the record, please, sir?

2 A William G. McCoy.

3 Q And you are the applicant in this case?

4 A I am.

5 Q Relate briefly if you would, what you seek by this  
6 application, Mr. McCoy?

7 A I seek an unorthodox gas well location to be  
8 six, sixty feet from the north and east lines of Section 22,  
9 Township 23 South, Range 26 East, Eddy County, New Mexico in  
10 the South Carlsbad-Morrow Gas Field.

11 Q What is your proposed drilling unit designated for  
12 that well?

13 A It will be the north half of Section 22, Township 23  
14 South, Range 26 East.

15 Q And you mentioned this is a Morrow test so that  
16 acreage comprises three-hundred-and-twenty acres?

17 A Yes.

18 Q What is your profession, Mr. McCoy?

19 A I'm a consulting petroleum engineer and geologist.

20 Q Relate briefly, if you would, your education and  
21 your professional experience?

22 A I'm a graduate of Texas A & M College with the  
23 Class of '49 with a Bachelor of Science degree in geological  
24 engineering and was immediately employed by Gulf Oil Corpora-  
25 tion for a period of seven years in their geological

1 department handling both production and exploration geology.  
2 I resigned in '57 and went to work for the Denver Company  
3 as manager of exploration and production. I resigned from  
4 that in 1960 and opened my office in Roswell, New Mexico as  
5 a consulting petroleum engineer and geologist. I'm a  
6 registered professional engineer in the States of Texas and  
7 New Mexico.

8 Q. You have practiced your profession ever since your  
9 graduation?

10 A. Yes, sir.

11 Q. And the area that you have practiced that has been  
12 Southeast New Mexico and West Texas?

13 A. Yes, sir.

14 Q. Have you previously testified before this Commission?

15 A. I have.

16 Q. First I'll direct your attention to what has been  
17 marked as Exhibit Number One, relate what that exhibit  
18 depicts, please, sir?

19 A. Exhibit One is a land map of the area surrounding  
20 this suggested proration unit for the proposed test, approxi-  
21 mately four miles south of the Carlsbad Airport and and it  
22 is on the west side of the present limits of the South  
23 Carlsbad-Morrow Gas Field.

24 Q. All right, on Exhibit One you show the offset  
25 operators completely surrounding your acreage?

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1 A. I do.

2 Q. And were all of those offset operators notified of  
3 your application?

4 A. They were.

5 Q. And to your knowledge have one or more of them  
6 expressed their approval?

7 A. To my knowledge all of them have expressed their  
8 approval of the location.

9 Q. To your knowledge has anyone expressed disapproval  
10 to your location?

11 A. Not to my knowledge.

12 Q. Okay, now, let me next direct your attention to  
13 Exhibit Number Two. Explain that exhibit to the Examiner if  
14 you would?

15 A. Exhibit Number Two shows Sections 14, 15, 16, 21,  
16 22 and 23, the acreage surrounding the proposed location and  
17 the proration units as existing today offsetting the  
18 proposed proration unit. We show, beginning in Section 14,  
19 the Huber-Sorenson State which was completed in March of  
20 1973 for an initial potential of thirty-three million, five  
21 hundred and ninety MCF. It currently has a cumulative  
22 production of two billion, two hundred and seventy-one million  
23 oh, fifty-nine MCF and as of this date the Morrow is abandoned  
24 and it is being re-tested in the Atoka formation.

25 The next proration unit to the south, the Huber-

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1 Terra State, was completed in February of 1973 for an  
2 initial potential of fourteen million, three hundred and  
3 eighty-eight MCF and it has an accumulative production of two  
4 billion, four hundred and fifty-five million, nine hundred and  
5 forty-five MCF and is approaching depletion on a five hundred  
6 pound line pressure. However, Famariss pipeline is in the  
7 process of bringing the line down to one hundred pounds so the  
8 well may produce for an extended period.

9 The next proration to the south is the proration  
10 unit Huber-O'Neill Federal completed in March of '73 for an  
11 initial potential of nine million, three hundred and thirty  
12 MCF. It has an accumulative of one billion, nine hundred and  
13 six million, seven hundred and thirty MCF and is also  
14 approaching depletion on a five hundred pound line pressure.

15 The next proration to the south, the unit to the  
16 south is the Exxon-South Carlsbad Com also completed in '73  
17 in June for an initial potential of eight million, eight hundred  
18 and sixty MCF. It has an accumulative of one billion, nine  
19 hundred and seventy-seven million, eight hundred and thirteen  
20 MCF and it is also in the latter stages of depletion.

21 The south proration unit offsetting the proposed is  
22 the J. M. Huber-Yates King which was completed in May of  
23 1973 for an initial potential of five million, eight hundred  
24 and sixty-two MCF. It has an accumulative of a hundred and  
25 eight million, one hundred and thirty-nine MCF and indicating

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1 it is non-commercial.

2 Q It has not yet been plugged, though?

3 A No, it is currently making approximately two  
4 hundred and ninety-two MCF per month. It has never produced  
5 much in excess of that rate since completion.

6 To the west in the south half of 16 we have a  
7 proration unit of Coquina Oil Company which was completed in  
8 October of 1974 for an initial potential of five million, a  
9 hundred and forty-five MCF but it was not put on the line  
10 until November of 1975 and for seven months the accumulative  
11 production is eighty-three million, four, seventy-five MCF.

12 The west offset proration unit of Coquina in the  
13 east half of 21, their well was completed in July of '74 for  
14 an initial potential of forty-one million, seven hundred and  
15 eighty-nine thousand. Again it was connected in November of  
16 '75 and has an accumulative production of nine hundred and  
17 five million, seven hundred and thirty-three thousand MCF, I  
18 mean cubic feet.

19 Also I have indicated on here the distances from  
20 the proposed location to all offset producing wells, the  
21 closest well being the marginal well in the south half of  
22 22 which is thirty-eight hundred feet from the proposed  
23 location.

24 Q And that is the non-commercial well?

25 A Right.

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1 Q Are all of these wells completed to the same  
2 producing zone to which you are attempting to drill?

3 A Essentially they are with the exception of the  
4 two wells to the west, the Coquina well in the south half of  
5 16, although classified in the Morrow field, is actually from  
6 the lower Atoka which is not a normal pay in this area.

7 The west offset, the Coquina, is producing from  
8 the "C" zone of the Morrow formation which again is not a  
9 normal producing zone within the field. The major zone is  
10 the "B" sand.

11 Q The last well you referred to is the well on the  
12 unit in the east half of Section 21?

13 A That's correct.

14 Q All right. Now, let me direct your attention to  
15 what has been marked as Exhibit Number Three. Relate what  
16 that exhibit depicts, please, sir?

17 A Exhibit Three is a structure contour map on top of  
18 the Morrow "B" sand which is the major producing zone in this  
19 portion of the South Carlsbad field. Those wells producing  
20 from the Morrow are circled in blue. The red lines are an  
21 indication of the net thickness of the Morrow "B" sand at  
22 a forty gamma cutoff on the logs. It shows basically a north-  
south trending structure over the prospect acreage. The red  
24 lines reflect an expectation of fifty feet of Morrow "B"  
25 sand at that proposed location.

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1 It shows that the structure to the east is possibly  
2 a low formation. It is also a low on the west side of the  
3 acreage.

4 The purpose for selecting this location is to pick  
5 the best location that would permit a reasonably sound  
6 forecast for obtaining production from the Morrow formation.  
7 It is in the direction of the better producers to the east  
8 and stays away from that one marginal well in the south half  
9 of Section 22. I was not concerned about the well on the  
10 west side's production because the pay is stray, it is not  
11 a known pay over the producing area and I feel moving to the  
12 west with a standard location would possibly risk a tightness  
13 of formation similar to the Huber well in the south half of  
14 22. Following that contour line on the sand I think you  
15 might have a tight formation on the west side of the unit.

16 And in addition, the successful drilling of this  
17 initial test well allows an optional drilling on Section 15  
18 which then could be moved to a standard location without  
19 problems.

20 Q What I was going to ask you was, the wells to the  
21 east permit better interpretation for the structure formation  
22 to the east rather than to the west, your structure shown  
23 here for the west is somewhat interpretive?

24 A I think the west control, we have one, two, three,  
25 four wells on the west side of the feature that are well

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1 controlled and have no porosity in the "B" zone of the  
2 Morrow formation. The wells to the east all have production  
3 in the "B" zone.

4 Q Both Exhibit Two and Exhibit Three show no wells  
5 to the north of you in Section 15, is that correct?

6 A That's correct.

7 Q Depending upon the outcome of your proposed well in  
8 this case then there may or may not be further development  
9 there?

10 A Correct.

11 Q The wells to the east as you have testified are  
12 approaching the end of their primary production?

13 A That is correct.

14 Q Pressure and decline?

15 A Yes.

16 Q In your opinion, Mr. McCoy, if the Commission  
17 were to grant this application, would it afford you an  
18 opportunity to produce the just and equitable share of gas  
19 in the pool if your interpretation of the pool is correct?

20 A It would.

21 Q Would it prevent economic loss caused by the  
22 drilling of unnecessary wells?

23 A It would.

24 Q And avoid the augmentation of risk arising from  
25 the drilling of an excessive number of wells?

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1 A. It would.

2 Q. And prevent waste and protect correlative rights?

3 A. It would.

4 Q. Now, I direct your attention to Exhibit Four which  
5 consists of two sheets, what is that?

6 A. This is my estimate of the cost to drill a well to  
7 the Morrow formation, penetrating all sands through the "C"  
8 sand, to an approximate depth of eleven thousand, nine  
9 hundred feet. The cost to drill the well to the casing point  
10 is three hundred and sixty-nine thousand, three hundred and  
11 fifty dollars and if successful the completion cost would be  
12 a hundred and eighty-two thousand, oh, fifty dollars for a  
13 total expenditure of five hundred and fifty-one thousand,  
14 four hundred dollars for a completed producer.

15 Q. All right, if the Commission were to grant your  
16 application but attached some penalty factor to it, in your  
17 opinion would this be an economic prospect?

18 A. It would not because the terms of the farmout for  
19 the initial test well and subsequent wells require that the  
20 operator regain his cost of drilling the initial well at which  
21 time the operator will come back in for a fifty percent  
22 interest so the economics of this are determined on a maximum  
23 producing rate and recovery of the original cost of the well  
24 in a minimum period of time.

25 Q. And were a penalty factor to be attached to it then

1 the well would probably not be drilled, in your opinion?

2 A. That is correct, I would not recommend drilling  
3 the well.

4 MR. COOTER: Mr. Examiner, I offer Exhibits One  
5 through Four and that concludes our direct case.

6 MR. STAMETS: The exhibits will be admitted.

7 (THEREUPON, Applicant's Exhibits One  
8 through Four were admitted into evidence.)

9 MR. STAMETS: I have no questions. The witness  
10 may be excused.

11 (THEREUPON, the witness was excused.)

12 MR. STAMETS: We do have some correspondence here,  
13 a letter from Texaco wherein they waive their objection to  
14 this location.

15 A letter from J. M. Huber Corporation and they  
16 waive their objection.

17 Coquina Oil Corporation waives objection and a  
18 telegram from L. H. Byrd, Exxon Company U.S.A. The  
19 important part is this: (Reading) Exxon as an operator in  
20 the South Carlsbad-Morrow Gas Pool and as an owner in offset  
21 acreage objects to the unorthodox gas well location proposed  
22 by William G. McCoy. (End of reading)

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

25 MR. COOTER: In light of the Humble statement may I

1 ask the witness one or two more questions?

2 MR. STAMETS: Yes, you may.

3

4 REDIRECT EXAMINATION

5 BY MR. COOTER:

6 Q Mr. McCoy, is Humble one of the co-owners of  
7 interest in this lease?

8 A In this lease they are. They own a twenty-five  
9 percent interest.

10 Q In your negotiations with Huber for the farmout did  
11 Humble recommend the drilling of this well?

12 A Yes, they did, at my location, at the legal  
13 location.

14 Q At a legal location?

15 A Yes.

16 Q And that's the terms of your farmout?

17 A Right and like I say, they have never recommended  
18 drilling a well on the west side to the other operators.

19 Q I used the word "Humble" and I apologize, Exxon.

20 A Exxon.

21 MR. STAMETS: Anything further in this case?

22 MR. COOTER: Nothing.

23 MR. STAMETS: The case will be taken under advisement.

24

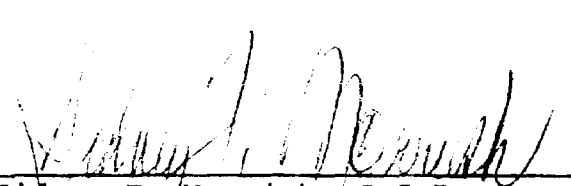
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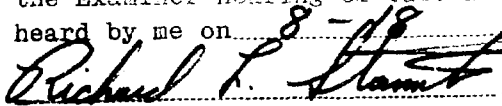


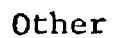
## REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.

  
Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5739,  
heard by me on 8-18-76 1976.  
, Examiner  
New Mexico Oil Conservation Commission



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. 5739  
Order No. R-5261

APPLICATION OF WILLIAM G. MCCOY  
FOR AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 18, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 31st day of August, 1976, 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, William G. McCoy, seeks approval of an unorthodox gas well location for his McCord Well No. 1 to be drilled at a point 660 feet from the North line and 660 feet from the East line of Section 22, Township 23 South, Range 26 East, NMPM, to test the Morrow formation, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the N/2 of said Section 22 is to be dedicated to the well.

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

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

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

-2-

Case No. 5739  
Order No. R-5261

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for the William G. McCoy McCord Well No. 1 to be drilled at a point 660 feet from the North line and 660 feet from the East line of Section 22, Township 23 South, Range 26 East, NMPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the N/2 of said Section 22 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



*Phil R. Lucero*

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

jr/

- CASE 5735: Application of Continental Oil Company to amend Order No. R-1234, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 19 of the Special Rules for the Warren Tubb Gas Pool promulgated by Order No. R-1234, to provide for an increase in the gas-oil ratio limitation for oil wells in said pool to some figure not to exceed 10,000 to one.
- CASE 5736: Application of BCO Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.
- CASE 5737: Application of Howard Boatright Company for amendment of Order No. R-5203, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5203 which authorized salt water disposal into the Delaware formation through applicant's State CS Well No. 1 located in Unit L of Section 17, Township 21 South, Range 27 East, Eddy County, New Mexico. Applicant seeks to increase the maximum wellhead injection pressure for said well from 400 psi to 800 psi.
- CASE 5709: Application of Tahoe Oil and Cattle Company for an exception to the provisions of Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to construct and operate an earthen salt water disposal pit in the NE/4 SW/4 of Section 2, Township 20 South, Range 30 East, Eddy County, New Mexico.
- CASE 5738: Application of Hayes Oil Company for a non-standard proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard gas proration unit comprising the NE/4 and N/2 SE/4 of Section 18, Township 20 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a Morrow test well proposed to be drilled at an unorthodox location for said unit at a point 1980 feet from the South line and 660 feet from the East line of said Section 18.
- CASE 5739: Application of William G. McCoy for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its McCord Well No. 1 to be drilled at a point 660 feet from the North and East lines of Section 22, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
- CASE 5740: Application of Gulf Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 28, Township 24 South, Range 26 East, Eddy County, New Mexico, to be dedicated to applicant's White City Penn Gas Com. Unit No. 3 Well No. 1, to be drilled at a point 2310 feet from the North and West lines of said Section 28. 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 5741: Application of Gulf Oil Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of three wells on its Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico, all in Section 33, Township 21 South, Range 37 East, as follows: Well No. 406, surface location 2200 feet from the South line and 1470 feet from the East line, bottom-hole location 2390 feet from the South line and 870 feet from the East line; Well No. 407, surface location 1475 feet from the South line and 1440 feet from the East line, bottom-hole location 1110 feet from the South line and 700 feet from the East line; Well No. 420, surface location 2300 feet from the South line and 1520 feet from the East line, bottom-hole location 1790 feet from the North line and 1030 feet from the East line. All of the above wells would be bottomed within 100 feet of the above-described bottom-hole locations.
- CASE 5742: Application of Gulf Oil Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard Blinbry gas proration unit comprising the 3/2 NW/4 and W/2 NE/4 of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's Eunice King Wells Nos. 5 and 24, located, respectively, 1874 feet from the North and West lines, and 2086 feet from the North line and 760 feet from the West line of said Section 28. Applicant further seeks authority to later substitute its Eunice King Well No. 15, located 2086 feet from the North and West lines of said Section 28 for the aforesaid Well No. 5 in the above-described simultaneous dedication.
- CASE 5743: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells located in Township 21 North, Range 30 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32.



August 17, 1976

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

Re: Dark Canyon Area  
Case #5739  
Well Location Exception  
Sec. 22-23S-26E  
Eddy County, New Mexico

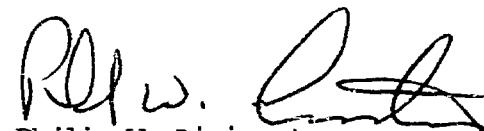
Gentlemen:

With reference to the captioned Cause #, this is to advise that Apexco, Inc. waives our protest to William G. McCoy's location in the captioned case #. It is our understanding that this Case # will be heard on August 18, 1976 and such location is requested to be located at 660' FNL and 660' FEL of Section 22-23S-26E, Eddy County, New Mexico.

Thanking you, I am

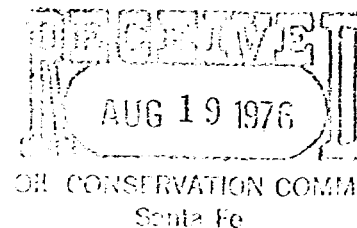
Yours very truly,

APEXCO, INC.

  
Philip W. Livingston  
Division Landman

PWL/dm

cc: Mr. Wm. G. McCoy  
610 Security National Bank Bldg.  
P. O. Box 1352  
Roswell New Mexico 88201



J. M. Huber Corporation

1900 Wilco Building  
Midland, Texas 79701

OIL AND GAS  
DIVISION

August 11, 1976

TELEPHONE  
MUTUAL 2-3794

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

RE: Case 5739  
Unorthodox Well Location  
Sec. 22, T23S, R26E  
Eddy County, New Mexico  
Our 14-N-125-M

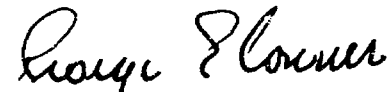
Gentlemen:

We have been notified by William G. McCoy of Roswell that he intends to apply to you for approval for a drillsite location of 660 feet from the North and East lines of Section 22.

Please consider this correspondence our approval of Mr. McCoy's selection of the above location. As owner's of various leasehold rights in Sections 14, 15, 21, 22, 23 and 27 we have no objection to same.

Yours very truly,

J. M. HUBER CORPORATION



G. E. Conner  
District Landman

GEC:gc

cc: Mr. William McCoy  
P. O. Box 1352  
Roswell, New Mexico 88201



COQUINA OIL CORPORATION

P. O. Drawer 2960 - Midland, Texas 79701 - Telephone (409) 692-6271

August 11, 1976

New Mexico Oil Conservation Commission  
P. O. Box 2088  
SANTA FE NM 87501

Re: Case No. 5739 - New Mexico  
Oil Conservation Commission  
Unorthodox Gas Well Location  
Section 22, T23S, R26E  
EDDY COUNTY, NM


Gentlemen:

We hereby waive any objections to the unorthodox location of the captioned case.

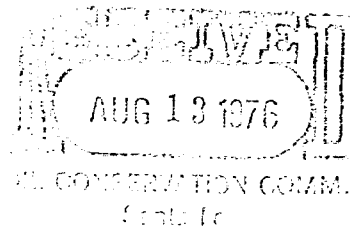
Very truly yours,

COQUINA OIL CORPORATION

By:

  
Tracy P. Clark, Senior Vice President

TPC:kk  
cc Mr. William G. McCoy





Telegram

Case 5739

RECEIVED

AUG 17 1976

1976 AUG 17 AM 10: 47 OIL CONSERVATION COMMISSION

IPMFEKA SANA  
2-023902E230 08/17/76  
ICS IPMBNGZ CSF

9156844411 TDBN MIDLAND TX 86 08-17 1120A EST  
PHS NEW MEXICO OIL CONSERVATION COMMISSION, ATTN JOE D RAMEY, DLR  
STATE LAND OFFICE BLDG  
SANTA FE NM 87501

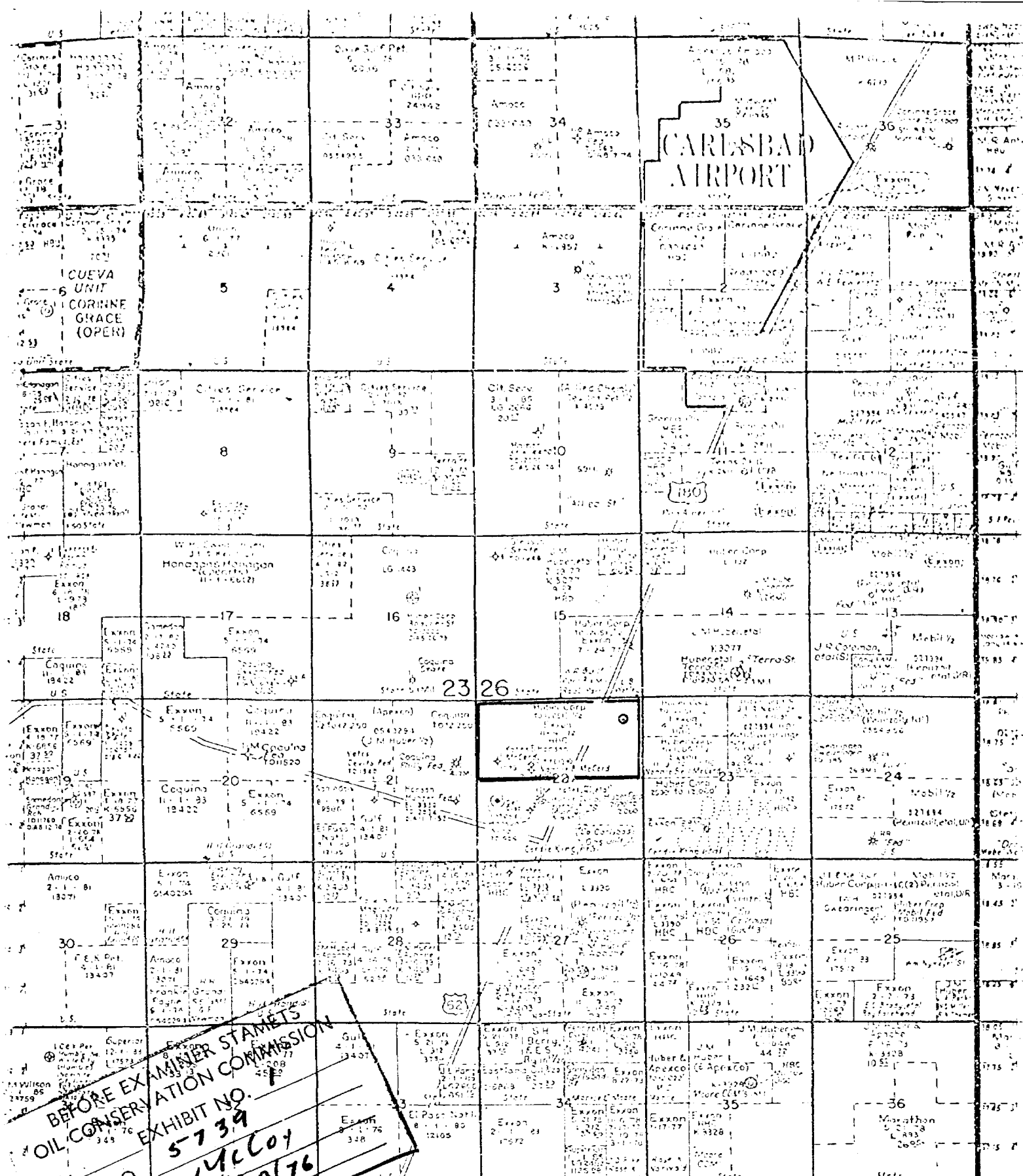
EXXON, AS AN OPERATOR IN THE SOUTH CARLSBAD-MORROW GAS POOL AND AS  
OWNER IN OFFSET ACREAGE OBJECTS TO THE PROPOSED UNORTHGDOX GAS WELL  
LOCATION PROPOSED BY WILLIAM G MCCOY TO BE DRILLED 660 FEET FROM  
NORTH AND EAST LINES OF SECTION 22 T23SR26E EDDY COUNTY NEW MEXICO  
ON THE BASIS THERE IS NO TECHNICAL RESERVOIR JUSTIFICATION FOR  
MOVING FROM A STANDARD LOCATION OR SURFACE OBSTACLES KNOWN TO EXIST  
AT A STANDARD LOCATION THIS IS CASE NUMBER 5739 TO BE HEARD ON  
AUGUST 18 1976

L H BYRD, EXXON CO USA

1122 EST

IPMFEKA SANA





BEFORE EXAMINER STAMETS  
 OIL CONSERVATION COMMISSION  
 EXHIBIT NO. 5739  
 CASE NO. 14607  
 Submitted by  
 Hearing Date 8/10/76

SOUTH CARLSBAD MORROW PROSPECT

LAND MAP

SCALE: 1" = 4000 ft. DATE: 7-13-76

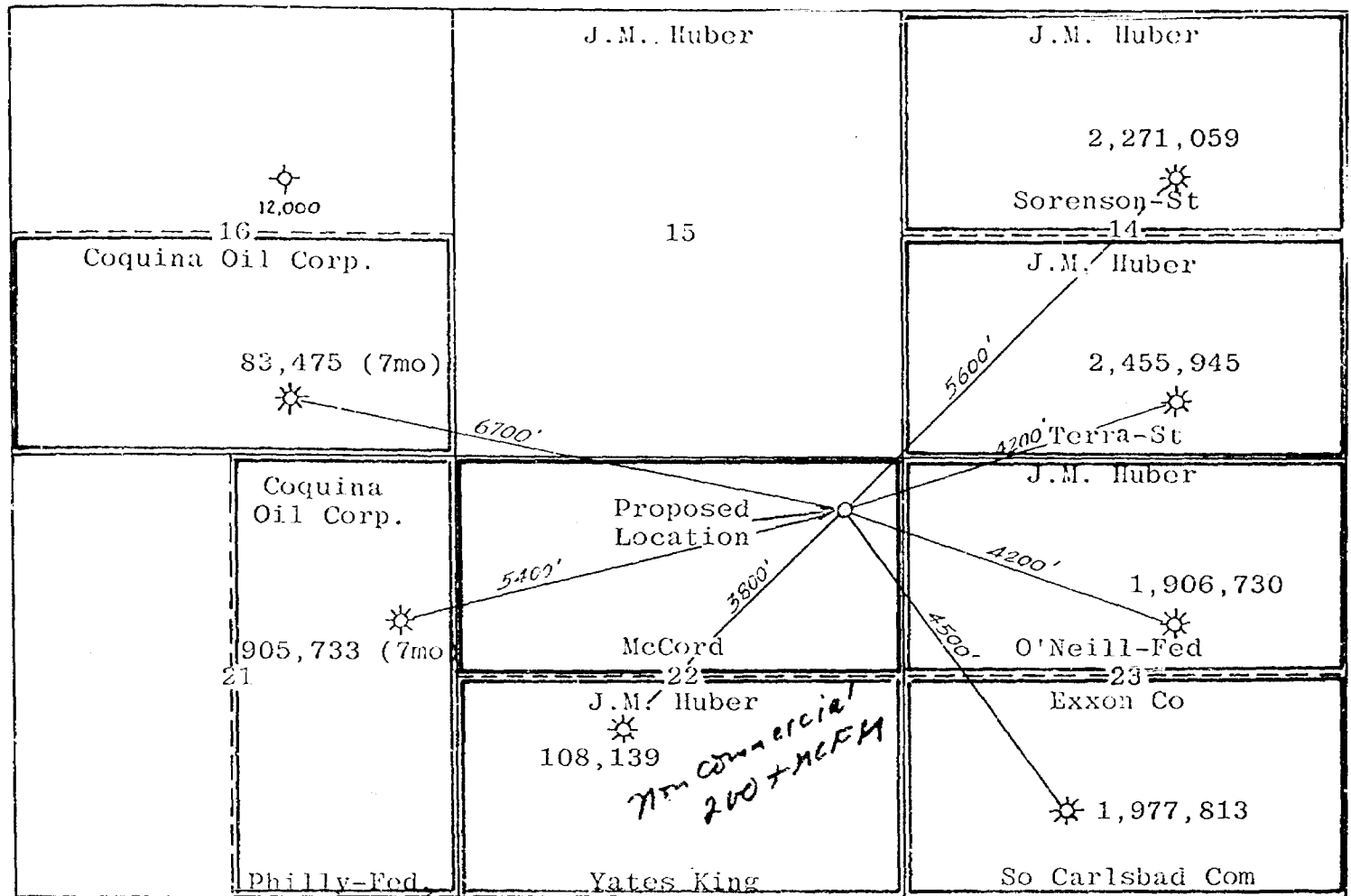
T-23-S, R-26-E

EDDY COUNTY, NEW MEXICO

SOUTH CARLSBAD FIELD

CASE NO. 5739 UNORTHODOX GAS WELL LOCATION

PROPOSED LOCATION: W.G. McCOY NO.1 McCORD  
660' fr N&E Lines  
Sec. 22, T-23-S, R-26-E



BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 5739  
CASE NO. 5739  
Submitted by McCoy  
Hearing Date 8/18/76  
CURRENT PRORATION UNITS OUTLINED IN RED  
PROPOSED PRORATION UNIT OUTLINED IN BLUE  
SCALE: 1 in. = 2000 ft. Date: 8-12-76  
Accumulative Gas Production in M.C.F. As  
of June 1, 1976, Are Shown for Each Unit

DRILLING COST

11,900 FT. MORROW TEST

SOUTH CARLSBAD FIELD, EDDY COUNTY, NEW MEXICO

1. LEGAL EXPENSE	\$ 500.00
2. STAKE LOCATION	250.00
3. BUILD LOCATION & SURFACE DAMAGES	6,000.00
4. DRILLING EXPENSE	
Drilling 10,000 ft. @ \$11.20/ft.	112,000.00
35 Days Day work WDP @ \$2750/Day	96,250.00
3 Days Day work WODP @ \$2650/Day	7,950.00
5. DRILLING MUD AND CHEMICALS	30,000.00
6. CEMENTING SURFACE AND INTERMEDIATE CSG.	9,550.00
7. 5 DRILL STEM TESTS	7,500.00
8. GEOLOGICAL SUPERVISION	1,500.00
9. ENGINEERING SUPERVISION	1,500.00
10. LOGGING UNIT	6,500.00
11. RENTAL EQUIPMENT	5,000.00
12. ELECTRIC LOGGING	15,000.00
13. CONTIGENCIES	<u>10,000.00</u>
	\$309,500.00

TANGIBLE EQUIPMENT

1. 600 ft. 13-3/8 casing	9,000.00
2. 5400 ft. 8-5/8 casing	45,150.00
3. WELLHEAD EQUIPMENT	<u>5,700.00</u>
	\$ 59,850.00

TOTAL ESTIMATED DRILLING COSTS TO CASING POINT

\$369,350.00

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	<u>4</u>
CASE NO.	<u>5739</u>
Submitted by	<u>McLoy</u>
Hearing Date	<u>8/18/76</u>

## COMPLETION COSTS

11,900 FT. MORROW TEST

SOUTH CARLSBAD FIELD, EDDY COUNTY, NEW MEXICO

COMPLETION INTANGIBLES

1. GAMMA-RAY & COLLAR LOG, PERFORATE	\$ 3,500.00	
2. COMPLETION RIG	10,000.00	
3. CEMENTING PRODUCTION CASING	6,850.00	
4. ACIDIZING	5,000.00	
5. LEASE LABOR	2,500.00	
6. ENGINEERING SUPERVISION	1,500.00	
7. RENTAL EQUIPMENT	2,000.00	
8. CONTINGENCIES	<u>7,500.00</u>	\$ 38,850.00

COMPLETION TANGIBLES

1. 11,900 ft. 5-1/2" Casing	\$82,700.00	
2. 11,900 ft. 2-7/8" Tubing	35,500.00	
3. WELLHEAD EQUIPMENT	8,500.00	
4. PRODUCTION EQUIPMENT	12,500.00	
5. LEASE EQUIPMENT	<u>4,000.00</u>	\$143,200.00

TOTAL ESTIMATED COMPLETION COST \$182,050.00TOTAL ESTIMATED DRILLING COST \$369,350.00TOTAL ESTIMATED COMPLETED WELL COST \$551,400.00

Case 5733  
Tel.: 505 622-5012  
JUL 26 1976  
WILLIAM G. McCOY  
CONSULTING ENGINEER & GEOLOGIST  
610 Security National Bank Bldg.  
P. O. Box 1352  
Roswell, N. M. 88201

July 23, 1976

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

Re: Request for Unorthodox Well Location  
South Carlsbad Morrow Field

Gentlemen:

I hereby request a hearing for the purpose of seeking approval of an unorthodox well location in the South Carlsbad Morrow field for geological reasons.

PROPOSED LOCATION:

Unit A, Section 22, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico. 660 feet from North and East Lines.

WELL: No.1 McCord

The proposed location will allow the operator the most favorable prospect of recovering the maximum of gas reserves from the Morrow formation.

The offset operators are as follows:

Section 14: J.M. Huber Corporation, 1900 Wilco Bldg. Midland, TX

Section 15: J.M Huber Corporation

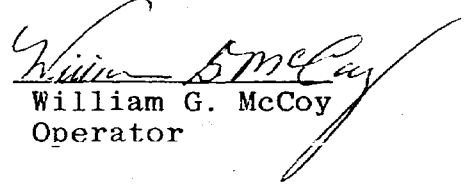
Section 23: N $\frac{1}{2}$ , J.M. Huber Corporation

S $\frac{1}{2}$ , Exxon Company, P.O. Box 1600, Midland, TX

Section 22: All, J.M. Huber Corporation

A hearing at the earliest date would be appreciated.

Very truly yours,

  
William G. McCoy  
Operator

WM/gw

**WILLIAM G. McCOY**  
CONSULTING ENGINEER & GEOLOGIST  
610 Security National Bank Bldg.  
P. O. Box 1352  
Roswell, N. M. 88201

July 23, 1976

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

Re: Request for Unorthodox Well Location  
South Carlsbad Morrow Field

Gentlemen:

I hereby request a hearing for the purpose of seeking approval of an unorthodox well location in the South Carlsbad Morrow field for geological reasons.

PROPOSED LOCATION:

Unit A, Section 22, Township 23 South, Range 26 East, NMPM,  
Eddy County, New Mexico. 660 feet from North and East Lines.

WELL: No.1 McCord

The proposed location will allow the operator the most favorable prospect of recovering the maximum of gas reserves from the Morrow formation.

The offset operators are as follows:

Section 14: J.M. Huber Corporation, 1900 Wilco Bldg. Midland, TX

Section 15: J.M Huber Corporation

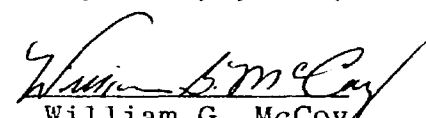
Section 23: N $\frac{1}{2}$ , J.M. Huber Corporation

S $\frac{1}{2}$ , Exxon Company, P.O. Box 1600, Midland, TX

Section 22: All, J.M. Huber Corporation

A hearing at the earliest date would be appreciated.

Very truly yours,

  
William G. McCoy  
Operator

WM/gw

**WILLIAM G. McCOY**  
CONSULTING ENGINEER & GEOLOGIST  
610 Security National Bank Bldg.  
P. O. Box 1352  
Roswell, N. M. 88201

July 23, 1976

New Mexico Oil Conservation  
P.O. Box 2038  
Santa Fe, NM 87501

Re: Request for Unorthodox Well Location  
South Carlsbad Morrow Field

Gentlemen:

I hereby request a hearing for the purpose of seeking approval of an unorthodox well location in the South Carlsbad Morrow field for geological reasons.

PROPOSED LOCATION:

Unit A, Section 22, Township 23 South, Range 26 East, NMPM,  
Eddy County, New Mexico. 660 feet from North and East Lines.

WELL: No.1 McCord

The proposed location will allow the operator the most favorable prospect of recovering the maximum of gas reserves from the Morrow formation.

The offset operators are as follows:

Section 14: J.M. Huber Corporation, 1900 Wilco Bldg. Midland, TX

Section 15: J.M Huber Corporation

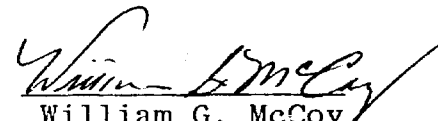
Section 23: N $\frac{1}{2}$ , J.M. Huber Corporation

S $\frac{1}{2}$ , Exxon Company, P.O. Box 1600, Midland, TX

Section 22: All, J.M. Huber Corporation

A hearing at the earliest date would be appreciated.

Very truly yours,

  
William G. McCoy  
Operator

WM/gw



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 5739

Order No. R- 5261

*BSL*  
APPLICATION OF WILLIAM G. MCCOY  
FOR AN UNORTHODOX GAS WELL LOCATION,  
EDDY COUNTY, NEW MEXICO.

*OK*  
ORDER OF THE COMMISSION *WJA*

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 18, 1976,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of August, 1976, 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, William G. McCoy, seeks  
approval of an unorthodox gas well location ~~for his~~ McCord Well No. 1 to be drilled at a point  
660 feet from the North  
line and 660 feet from the East line of Section 22, Township  
23 South, Range 26 East, NMPM, to test the  
Morrow formation, South Carlsbad-Morrow Gas Pool,  
Eddy County, New Mexico.

(3) That the N/2 of said Section 22 is to be dedicated to the  
well.

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

(5) That no offset operator <sup>appeared and</sup> objected to the proposed unorthodox  
location.

-2-

Case No. \_\_\_\_\_

Order No. R- \_\_\_\_\_

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow  
~~the William G. McCoy applicant's~~ McCord Well No. 1 to be drilled at a point  
formation is hereby approved for ~~a well to be located at a point~~ 660  
feet from the North line and 660 feet from the East  
line of Section 22, Township 23 South, Range 26 East,  
NMPM, South Carlsbad-Morrow Gas Pool Pool, Eddy County,  
New Mexico.

(2) That the N/2 of said Section 22 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.