

CASE NO.

6355

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
25 October 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Company  
for two unorthodox well locations,  
Lea County, New Mexico.

CASE  
6355

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant: Guy Buell, Esq.  
AMOCO PRODUCTION COMPANY  
P. O. Box 3092  
Houston, Texas 77001

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I N D E X

J. E. PEASE

Direct Examination by Mr. Buell

3

E X H I B I T S

Applicant Exhibit One, Map

4

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1 MR. NUTTER: We'll call next case number 6355.

2 MS. TESCHENDORF: Case 6355. Application of  
3 Amoco Production Company for two unorthodox well locations,  
4 Lea County, New Mexico.

5 MR. BUELL: Are you ready for appearances,  
6 Mr. Examiner?

7 MR. NUTTER: Let the records show that Charles  
8 Malone has entered an appearance on behalf of Mr. Buell.

9 MR. BUELL: Mr. Examiner, my name is Guy Buell,  
10 representing the applicant, Amoco Production Company, and  
11 we have one witness, Mr. Pease, P-E-A-S-E.

12 (witness sworn)

13  
14 J. E. PEASE  
15 being called as a witness and having been duly sworn upon  
16 his oath, testified as follows, to-wit:

17  
18 DIRECT EXAMINATION

19 BY MR. BUELL:

20 Q. Mr. Pease, would you state your complete name,  
21 by whom you are employed, at what location, and in what  
22 capacity, please?

23 A. James E. Pease. I'm employed by Amoco Production  
24 Company in Houston, Texas as a staff engineer.

25 Q. Mr. Pease, have you testified previously before

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1 this body, have you not and your qualifications as a  
2 petroleum engineer are a matter of public record in  
3 their files.

4 A. Yes, sir.

5 MR. BUELL: Are there any questions as to Mr.  
6 Pease's qualifications, Mr. Examiner, and with particular  
7 reference to the Fowler Pool area?

8 MR. NUTTER: Mr. Pease is considered qualified.

9 Q. (Mr. Buell continuing) Mr. Pease, in connection  
10 with your testimony in this case would you look first at  
11 what has been identified as Amoco's Exhibit Number One  
12 and state for the record what that Exhibit reflects?

13 A. Exhibit One is a map of the Fowler Pool area,  
14 Lea County, New Mexico.

15 Q. Let me ask you this, at the outset, Mr. Pease,  
16 the Fowler Pool area is a multi-pay area, is it not?

17 A. That is correct.

18 Q. What formations are currently productive in the  
19 area?

20 A. Starting with the shallowest zone we have the  
21 Paddock, which is gas, and we have the Upper Yeso, which  
22 is oil. We have the Tubb, which is gas, and then we have  
23 the Ellenberger, which is oil.

24 Q. Alright, sir what other zones have produced in  
25 the past in this particular area, do you recall?

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1 A. Well, there's Devonian production, Fusselman,  
2 Upper Silurian.

3 Q. How about the Connell?

4 A. Drinkard and Connell.

5 Q. Alright, sir. This application relates to  
6 the Upper Yeso and in that connection let me ask you this.  
7 How have you identified the current Upper Yeso completions  
8 in the Fowler-Upper Yeso Pool?

9 A. These are shown by the yellow dots on the map  
10 and there's also four wells that have now been temporarily  
11 abandoned that are also shown by the yellow dots.

12 Q. And so identified on the Exhibit as temporary  
13 abandonments.

14 A. That is correct.

15 Q. Alright, sir. The Upper Yeso is an oil pool,  
16 is it not?

17 A. Yes, sir.

18 Q. With respect to this particular application  
19 where we're asking for unorthodox well locations what  
20 would be an orthodox location under the pool rules?

21 A. An orthodox location would be 150 feet from the  
22 center of any quarter-quarter section.

23 Q. Alright, sir. And obviously the two wells,  
24 South Mattix Unit No.32 and 34 do not meet that  
25 requirement.

1 A. That's correct.

2 Q. Allright, sir. Both these wells are within the  
3 South Mattix Unit. How have you identified the outer  
4 boundary on this Exhibit of the South Mattix Unit?

5 A. On Exhibit Number One the South Mattix Unit  
6 is outlined with a heavy dashed line.

7 Q. Allright, sir. And for the Examiner's con-  
8 venience, how have you identified the locations of ---  
9 I'm going to say SMU instead of South Mattix Unit ---  
10 SMU Wells No. 32 and 34.

11 A. These are shown by the two red dots.

12 Q. Allright, sir. What is the significance of the  
13 --- I see seven Upper Yeso Wells that are highlighted by  
14 red arrows. What's the significance of that?

15 A. These are wells which have been granted excep-  
16 tions to the spacing requirement after the pool rules  
17 were adapted.

18 Q. Allright, sir. Looking at this Exhibit I also  
19 noticed some other Upper Yeso Wells that would appear to  
20 be unorthodox. Would you assume that they were grand-  
21 father wells and were at that location when the pool  
22 rules were adopted?

23 A. Yes, sir.

24 Q. Allright, sir. Let's talk first about the SMU  
25 Well No. 32. That well is in being now, is it not a

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1 currently existing hole in the ground, a wellbore?

2 A. Yes, sir.

3 Q. For the benefit of the record and the Examiner,  
4 would you give a very brief history of SMU No. 32.

5 A. Okay. The location is 1535 feet from the North  
6 line and 330 feet from the East line of Unit H of Section  
7 22. It was originally permitted with the application  
8 being dated October 27, 1977 for a TD of 9750 feet as  
9 an undesignated McKee Well.

10 Q. In other words it was permitted for a wildcat  
11 McKee Well, a wildcat to the McKee formation?

12 A. Yes. The McKee is not producing in the Fowler  
13 as it has produced in the Justis North pool, which is  
14 about three to four miles to the southeast of the location  
15 of the No. 32.

16 Q. Allright, sir. Go right ahead with your  
17 chronology.

18 A. The well was spudded on December 28, 1977 and  
19 the total depth of 9707 feet was reached on February 27,  
20 1978 at which time the drilling rig was released.

21 Following the waiver from Gulf and a letter from  
22 Mr. Nutter, the well was deepened into the Ellenberger  
23 by deepening 500 feet to a total depth of 10,207 feet.  
24 The permit for this deepening was dated April 13, 1978  
25 and the new hole was made on April 18, 1978.



1 Total depth is 10,200 feet which was reached on  
2 May 2, 1978 during the logging operations the logging  
3 tool was stuck and it required some 22 days to recover  
4 the logging tool.

5 The Ellenberger Zone was then swabbed for four days  
6 then it was acidized with 2000 gallons on June 4 and  
7 then it was swabbed until June 7. Rods and pump were  
8 run in the well and the well was pump tested from July  
9 1 to July 8. During this time the recovery was ninety  
10 three barrels of water and the well pumped dry.

11 We then moved back onto the well with a workover  
12 unit and we found that the hole had been filled up with  
13 debris. This was an open hole condition in the Ellen-  
14 berger . It was cleaned back out to 9763 feet. A  
15 four inch liner was run to this depth and we attempted  
16 to clean it out below the liner but after reaching 9778  
17 feet, the operations were shut down. The last operation  
18 on the well was August 20, 1978.

19 Q. Needless to say, since we're now asking for  
20 permission to complete it in the Upper Yeso, the  
21 objective McKee was also found dry.

22 A. That's correct.

23 Q. So this well, based on what you've related to  
24 us here, has not been a well that's been blessed from  
25 Heaven, has it?

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1 A. That's correct.

2 Q. Allright, sir. Let me ask you this. What  
3 will it cost to complete the well in the shape that  
4 it's in now in the Upper Yeso at the location where  
5 requested.

6 A. The estimated cost to complete the well  
7 including stimulation is \$44,000 Dollars.

8 Q. Allright, sir. What will it cost to drill  
9 an Upper Yeso Well at an orthodox location on the  
10 quarter-quarter that our unorthodox location is on?

11 A. Approximately \$270,000 Dollars.

12 Q. Allright, sir. Let me direct your attention  
13 back to Exhibit Number One and underneath each of the  
14 producing Upper Yeso Wells, and in some cases above them  
15 where for space reasons you had to, I noticed some  
16 numbers. One number then an X, another number and an X,  
17 and then another number. What is the significance of  
18 those numbers?

19 A. Well, they are shown in the legend, the far  
20 left hand number represents the latest test in barrels of  
21 oil per day on the test. The middle number represents  
22 the barrels of water per day on the test, and the right  
23 hand number represents the Mcf daily of gas .

24 Q. Allright, sir, looking at the test on the Upper  
25 Yeso completions around our own location of No. 32 well

1 I see six barrels a day, twelve barrels a day, six  
2 barrels a day, five barrels a day. In view of that  
3 let me ask you this, Mr. Pease. Do you recommend a well  
4 be drilled in the Upper Yeso at an orthodox location  
5 when we're looking at productivity such as we see on  
6 Exhibit One?

7 A. No, sir.

8 Q. Allright, sir. Now what about the \$44,000  
9 Dollars that it will cost to recomplete Well No. 32 in  
10 the Upper Yeso? Do you feel that reserves it will  
11 recover would justify that expenditure?

12 A. Yes, I do.

13 Q. Allright, sir. Let me ask you this, in your  
14 opinion, if our application is approved and a completion  
15 is made in the Upper Yeso will it recover Upper Yeso  
16 oil that no other existing well will recover?

17 A. Yes. The Upper Yeso Zone is a carbonate zone. I  
18 think there's probably some porosity that has developed  
19 in this wellbore that's probably not present in the  
20 offset wells.

21 Q. Allright, sir. Do you see how approval of our  
22 application with regard to Well No. 32 can adversely  
23 affect the correlative rights of any other owners of  
24 interest in the Upper Yeso pool?  
25

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1 A. No, sir. The location is unorthodox as far  
2 as the lease line is concerned by 180 feet. I'd antic-  
3 ipate a very marginal producer at this location, so I  
4 don't believe that there would be drainage across the  
5 lease line.

6 Q. Actually looking at the productivity of most  
7 of the wells, I read a lot of them, six barrels a day,  
8 eight barrels a day, from the standpoint of oil producing  
9 it's fairly salvage, is it not?

10 A. Yes it's ---

11 Q. Do you have any other comments on Well No. 32  
12 before we move to Well 34?

13 A. Well, I might point out on the Exhibit the light  
14 dashed lines, or dotted lines, represent the 80-acre  
15 proration unit, so Well No. 32 would be sharing a pro-  
16 ration unit with Well No. 18.

17 Q. And when you spoke of the dashed line, light  
18 blue line, that outlines units, you were referring simply  
19 to units within the South Mattix Unit itself. You are  
20 not showing the units for any of the outside operators  
21 of any of the Upper Yeso Wells.

22 A. That's correct.

23 Q. Alright, sir, let's move now to Well No. 34.  
24 That well is, unlike Well No. 32, is not in being, it  
25 has not been drilled, has it?

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- 1 A. That's correct.
- 2 Q. What is the specific location of Well No. 34?
- 3 A. It's located 1650 feet from the north line and
- 4 2310 feet from the west line of Section 22.
- 5 Q. Is the primary objective of this well an
- 6 Upper Yeso completion or is it one of the other for-
- 7 mations in the Fowler Pools Area that is productive?
- 8 A. The primary objective is the Paddock Zone,
- 9 which is located immediately above the Upper Yeso.
- 10 Q. Vertically speaking how does the Paddock gas
- 11 line up with the Upper Yeso oil?
- 12 A. The base of the Paddock Zone would be the top
- 13 of the Upper Yeso.
- 14 Q. Alright, sir, let me ask you this, with regard
- 15 to the Paddock, is the location of No. 34 an orthodox
- 16 location?
- 17 A. Yes, it is.
- 18 Q. If you move the well to an orthodox location
- 19 for the Upper Yeso would it still be orthodox for the
- 20 Paddock gas?
- 21 A. Not in this quarter-quarter section.
- 22 Q. Alright, sir. Let me ask you this.
- 23 How much will it cost to drill from the base of the
- 24 Paddock gas through the Upper Yeso and case?
- 25 A. Using the same 5-1/2 inch casing program

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1 it would be about \$30,000.

2 Q. Allright, sir, looking at the productivity  
3 of the Upper Yeso completion in and around the location  
4 of Well No. 34, I'll ask you the same questions I did  
5 with regard to Well No. 32.

6 Could you as a reservoir engineer recommend that an  
7 Upper Yeso Well be drilled at an orthodox location to  
8 recover the Upper Yeso reserves?

9 A. No.

10 Q. Now, do you feel that you can recommend the  
11 additional money that it would take to drill through  
12 the Upper Yeso and case through the Upper Yeso in this  
13 well whose primary objective is Paddock gas?

14 A. Yes, sir.

15 Q. Allright, sir, and in your opinion will Well  
16 No. 34, if the Upper Yeso is productive in that particu-  
17 lar area, will it recover, as would Well No. 32, Upper  
18 Yeso oil that no other existing well would recover?

19 A. Yes, sir.

20 Q. With respect to correlative rights, do you  
21 see how Well No. 34 can adversely affect the correlative  
22 rights of any other owners of interest in the Upper Yeso  
23 Oil Pool?

24 A. No, sir, it's unorthodox back towards the  
25 inner part of the unit.

1 Q. Do you have anything else you'd care to add  
2 at this time, Mr. Pease?

3 A. No, sir.

4 Mr. BUELL: May it please the Examiner, that's  
5 all we have by way of direct. I would like to formally  
6 offer our Exhibit Number One.

7 MR. NUTTER: Amoco's Exhibit One will be  
8 admitted in evidence.

9 Are there any questions of Mr. Pease? He  
10 may be excused.

11 Do you have anything further, Mr. Buell?

12 MR. BUELL: No, Mr. Examiner, I do not.

13 MR. NUTTER: Does anyone have anything they  
14 wish to offer in Case 6355?

15 Take the case under advisement.

16 (Hearing concluded.)  
17  
18  
19  
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25

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## REPORTER'S CERTIFICATE

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

*Sally W. Boyd*  
Sally W. Boyd, C.S.R.

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I do hereby certify that the foregoing is  
a complete and correct transcript of the  
the foregoing hearing of Case No. 6365  
heard by me on 10/25 1978.

*[Signature]*, Examiner  
Oil Conservation Division





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. 6355  
Order No. R-5847

APPLICATION OF AMOCO PRODUCTION  
COMPANY FOR TWO UNORTHODOX WELL  
LOCATIONS, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 25, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of November, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Amoco Production Company, seeks approval of two unorthodox locations, one for its South Mattix Unit Well No. 32 located 1535 feet from the North line and 330 feet from the East line, and the other for its South Mattix Unit Well No. 34 located 1650 feet from the North line and 2310 feet from the West line, both in Section 22, Township 24 South, Range 37 East, Fowler-Upper Yeso Pool, Lea County, New Mexico.

(3) That the S/2 NE/4 and the E/2 NW/4, respectively, of said Section 22 are to be dedicated to the wells.

(4) That wells at said unorthodox locations will better enable applicant to produce the oil and gas underlying the aforesaid proration units.

-2-

Case No. 6355

Order No. R-5847

(5) That no offset operator objected to either of the proposed unorthodox locations.

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

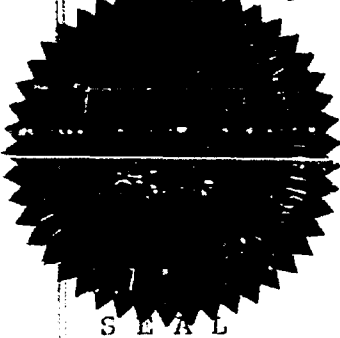
IT IS THEREFORE ORDERED:

(1) That two unorthodox oil well locations for the Yeso formation are hereby approved, one for the Amoco Production Company South Mattix Unit Well No. 32 located 1535 feet from the North line and 330 feet from the East line, and the other for the Amoco Production Company South Mattix Unit Well No. 34 located 1650 feet from the North line and 2310 feet from the West line, both in Section 22, Township 24 South, Range 37 East, Fowler-Upper Yeso Pool, Lea County, New Mexico.

(2) That the S/2 NE/4 and the E/2 NW/4, respectively, of said Section 22 shall be dedicated to the above-described wells.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY,  
Director

dr/

Dockets Nos. 35-78 and 36-78 are tentatively set for hearing on November 8 and 21, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 25, 1978

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

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

CASE 6290: (Continued from September 13, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6339: (Continued from October 11, 1978, Examiner Hearing)

Application of Amoco Production Company 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 the S/2 of Section 22, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6355: Application of Amoco Production Company for two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox locations of its South Mattix Unit Well No. 32 located 1535 feet from the North line and 330 feet from the East line and its South Mattix Unit Well No. 34 located 1650 feet from the North line and 2310 feet from the West line, both in Section 22, Township 24 South, Range 37 East, Fowler-Upper Yeso Pool, Lea County, New Mexico, the S/2 NE/4 and the E/2 NW/4 of Section 22 to be dedicated, respectively, to the wells.

CASE 6356: Application of Amoco Production 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 Abo formation through the perforated interval from 8391 feet to 9100 feet in its State "E" Tract 18 Well No. 21 located in Unit B of Section 2, Township 17 South, Range 36 East, Lovington-Abo Pool, Lea County, New Mexico.

CASE 6357: Application of Enserch Exploration, Inc., for pool creation and special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Pennsylvanian formation for its Lambirth Well No. 4 located in Unit O of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico, and for promulgation of special pool rules, including provision for 80-acre spacing and special well location requirements.

CASE 6358: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the perforated interval from 12,997 feet to 13,036 feet in his State K-33 Well No. 2 located in Unit N of Section 30, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 6359: Application of Getty Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production in the wellbore of its Jicarilla "C" Well No. 27 located in Unit E of Section 33, Township 25 North, Range 5 West. Applicant further seeks provision for administrative approval for downhole commingling of the Gallup and Dakota formations in others of its wells on its Jicarilla "B" and Jicarilla "C" leases in Sections 5 and 6, Township 24 North, Range 5 West, and Sections 21, 22, 27, 28 and 31 thru 34, Township 25 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 6368: Application of Getty Oil Company for the amendment of Order No. R-5388, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5388 to provide an administrative procedure to permit the downhole commingling of Pictured Cliffs and Chacra production in wells on its Jicarilla "B" and "C" Leases in Sections 21, 22, 27, 28, and 31 thru 34, Township 25 North, Range 5 West, and Sections 5 and 6, Township 24 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 6360: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 228-acre non-standard gas proration unit comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Lockhart A-18 Wells Nos. 3 and 4, located in Units K and M, respectively, of said Section 18.

- CASE 6361: Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Buffalo-Pennsylvanian Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Wolfcamp and Pennsylvanian gas pools rather than the present 160-acre spacing.
- CASE 6362: Application of Continental Oil Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 294.9-acre non-standard gas proration unit comprising the S/2 of partial Section 19, Township 17 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South line and 3300 feet from the East line of said Section 19 to test the Morrow formation.
- CASE 6363: Application of Phoenix Resources Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and West lines of Section 16, Township 19 South, Range 21 East, Eddy County, New Mexico, to be drilled to the Mississippian formation, the W/2 of said Section 16 to be dedicated to the well.
- CASE 6364: Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenburger formation underlying the NW/4 SE/4 of Section 23, Township 20 South, Range 38 East, Lea County, New Mexico, to be dedicated to a proposed oil well to be drilled at a standard location thereon. Applicant seeks the pooling of the SE/4 of said Section 23 in the event said drilling results in a gas well. 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 6365: Application of Michael P. Grace II for compulsory pooling, 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 W/2 of Section 25, Township 21 South, Range 26 East, Burton Flat Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6366: Application of Phillips Petroleum Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of a pressure maintenance project, all mineral interests in the East Vacuum Grayburg-San Andres Unit encompassing 7,025 acres, more or less, underlying all or portions of the following lands in Lea County, New Mexico: Section 24, Township 17 South, Range 34 East; Sections 18 thru 29 and 31 thru 35, Township 17 South, Range 35 East; and Sections 4 and 5, Township 18 South, Range 35 East.
- The unitized interval would be the Grayburg-San Andres Formation between the depths of 4,050 feet and 5,050 feet in Exxon's NM State "K" Well No. 19, located in Unit P of Section 28, Township 17 South, Range 35 East.
- Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.
- CASE 6367: Application of Phillips Petroleum Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its East Vacuum Grayburg-San Andres Unit, Lea County, New Mexico, by the injection of water into the Grayburg-San Andres formation; and the establishment of an administrative procedure for approval of injection and producing wells at unorthodox locations.

OCT 23 1973

BEFORE THE OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF )  
AMOCO PRODUCTION COMPANY FOR TWO )  
UNORTHODOX WELL LOCATIONS, SOUTH )  
MATTIX UNIT WELLS, NOS. 32 and 34, ) Case No. 6355  
FOWLER-UPPER YESO POOL, LEA COUNTY, )  
NEW MEXICO. )

ENTRY OF APPEARANCE

The undersigned hereby enter appearance herein  
in behalf of AMOCO PRODUCTION COMPANY, with Guy Buell of  
Houston, Texas.

ATWOOD, MALONE, MANN & COOTER, P.A.

By



Post Office Drawer 700  
Roswell, New Mexico 88201

Attorneys for Amoco Production Company

# Memo

From

FLORENE DAVIDSON  
ADMINISTRATIVE SECRETARY

To

10/31/78

Jim Pease w/ Amoco called  
to add another well to this  
application:

South Mattix Unit #34  
Fowler - Upper Yess Pool

1650/N + 2310/W

22-24-37

Lea County

Will send corrected application.

OIL CONSERVATION COMMISSION-SANTA FE



October 6, 1978

**Amoco Production Company**

500 Jefferson Building  
P.O. Box 3092  
Houston, Texas 77001

File: TBM-986.51NM-5353

Re: Application for Hearing  
Unorthodox Location  
Fowler-Upper Yeso Pool  
Lea County, New Mexico

New Mexico Department of Energy and Minerals (3)  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

Confirming telephone request of October 3, 1978, Amoco Production Company respectfully requests a hearing for obtaining approval of an unorthodox location for South Mattix Unit Well No. 34 in the Fowler-Upper Yeso Pool.

The location is 1650' FNL and 2310' FWL, Unit F, Section 22, T-24-S, R-37-E, Lea County, New Mexico. Rule 2 of the Fowler-Upper Yeso Pool rules stipulates that well is to be located within 150' of the center of a quarter, quarter section.

Attached is a map of the area. Please direct any questions to Mr. Jim Pease, telephone (713) 652-5461.

Yours very truly,

A handwritten signature in cursive script that reads "J. R. Barnett".

J. R. Barnett

JCA/tc  
5/242





**Amoco Production Company**

500 Jefferson Building  
P.O. Box 3092  
Houston, Texas 77001

J. M. Brown  
Division Engineering  
Manager

September 29, 1978

*Case 6355*

File: TBM-986.51NM-5183

Re: Application for Hearing  
Fowler-Upper Yeso Pool  
Lea County, New Mexico

New Mexico Department of Energy and Minerals (3)  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

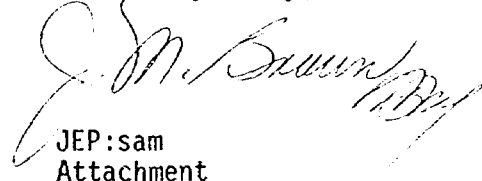
Amoco Production Company respectfully requests a hearing for obtaining approval of an unorthodox location for South Mattix Unit Well No. 32 in the Fowler Upper Yeso Pool.

South Mattix Unit No. 32, located 330' FEL and 1535' FNL, Section 22, T-24-S, R-37-E, Lea County, New Mexico, was originally permitted as a Fowler Fusselman development well and as a wildcat for the McKee zone. Both of these objective zones were encountered non-productive at this location. Approval was obtained to deepen the well into the Ellenburger and to test the Ellenburger for a 30-day period by letter dated April 7, 1978.

Rule 2 of the Fowler Upper Yeso Pool rules stipulates that wells are to be located within 150' of the center of a quarter, quarter section.

Please place this on the Examiner Hearing Docket of October 25, 1978. Attached is a map of the area. Please direct any questions to Mr. Jim Pease, telephone number 713-652-5461.

Yours very truly,

  
JEP:sam  
Attachment

ROUGH

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 6355

Order No. R-5847

APPLICATION OF AMOCO PRODUCTION  
COMPANY FOR TWO UNORTHODOX WELL  
LOCATIONS, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 25  
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this November day of October, 19 78, the  
Division Director, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

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

(2) That the applicant, Amoco Production Company, seeks  
approval of <sup>two</sup> ~~an~~ unorthodox locations, <sup>one</sup> for its South Mattix Unit Well  
No. 32 located 1535 feet from the North line and 330 feet from the  
East line, <sup>the other for</sup> and its South Mattix Unit Well No. 34 located 1650 feet  
from the North line and 2310 feet from the West line, both in  
Section 22, Township 24 South, Range 37 East, Fowler-Upper Yeso

Pool, Lea County, New Mexico.

(3) That the S/2 NE/4 and the E/2 NW/4, <sup>respectively,</sup> of said Section 22 ~~are~~ <sup>is</sup> to be dedicated, ~~respectively,~~ to the wells.

(4) That wells at said unorthodox locations will better enable applicant to produce the <sup>oil and gas</sup> ~~gas~~ underlying the <sup>aforsaid</sup> ~~proportion~~ units.

(5) That no offset operator objected to the proposed <sup>either of</sup> unorthodox locations.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the <sup>oil and gas</sup> ~~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 two unorthodox <sup>oil</sup> ~~one~~ well locations for the Yeso formation are hereby approved, for the Amoco Production Company South Mattix Unit Well No. 32 located 1535 feet from the North line <sup>the other for the Amoco Production Company</sup> and 330 feet from the East line, and ~~its~~ South Mattix Unit Well No. 34 located 1650 feet from the North line and 2310 feet from the West line, both in Section 22, Township 24 South, Range 37 East, Fowler-Upper Yeso Pool, Lea County, New Mexico.

(2) That the S/2 NE/4 and the E/2 NW/4, <sup>respectively,</sup> of said Section 22 shall be dedicated to the above-described wells.

(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.