

CASE 6781. PHILLIPS PETROLEUM COMPANY 7
FOR UNKNOWN GAS WELL LOCATION AND AP-
PROVAL OF INFILL DRILLING, EDDY COUNTY

CASE NO.

6761

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
 SANTA FE, NEW MEXICO
 12 December 1979

EXAMINER HEARING

 IN THE MATTER OF:

Application of Phillips Petroleum Com-
 pany for an unorthodox gas well loca-
 tion and approval of infill drilling,
 Eddy County, New Mexico.

)
)
)
) CASE
) 6761
)
)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
 Division:

Ernest L. Padilla, Esq.
 Legal Counsel for the Division
 State Land Office Bldg.
 Santa Fe, New Mexico, 87501

For the Applicant:

W. Thomas Kellahin, Esq.
 KELLAHIN & KELLAHIN
 500 Don Gaspar
 Santa Fe, New Mexico 87501

I N D E X

R. J. STRINGER

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E X H I B I T S

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Applicant Exhibit Two, DST Chart	9
Applicant Exhibit Three, Plat	9

MR. NUTTER: Call next Case Number 6761.

MR. PADILLA: Application of Phillips Petroleum Company for an unorthodox gas well location and approval of infill drilling, Eddy County, New Mexico.

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

(Witness sworn.)

R. J. STRINGER

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

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

A R. J. Stringer, Phillips Petroleum, as a geologist.

Q Mr. Stringer, have you testified before the Division before?

A Yes, sir.

Q And have your qualifications as a geologist

been accepted and made a matter of record?

A Yes.

MR. KEILAHIN: We tender Mr. Stringer as an expert geologist.

MR. NUTTER: Mr. Stringer is qualified.

Q Please refer to what we've marked as Applicant Exhibit Number One and identify that for us.

A This is a composite of two plats and one cross section.

Starting in the upper righthand corner, we have a structural interpretation on top of the Atoka. This is in the Malaga Field of Eddy County, New Mexico.

Q You've superimposed upon the Atoka structure map a proration unit. What about it, Mr. Stringer?

A This is the west half of Section 2, which is the proration unit behind the current well which is producing there, Phillips No. 1-A Malaga.

Q The Phillips Malaga A-1 Well, Mr. Stringer, currently produces from what formation?

A It produces from the Morrow Sands.

Q And what kind of production rate does it have from the Morrow now?

A Approximately 40 Mcf per day.

Q Now, the requested well is this Phillips Malaga A-2 Well, is it not?

A Yes, sir.

Q And what is the location of that well?

A This would be 660 from the north and the west corner of that proration unit.

Q That would be an unorthodox location, would it not?

A Yes.

Q Tell me about that well. How deep are you going to drill it?

A That well will be drilled through the Morrow but initially the idea is to complete in the Atoka, which is the better pay, and upon depletion of the Atoka, then complete in the Morrow.

Q All right. So you're seeking approval to locate this well at an unorthodox location for both Atoka and Morrow production.

A Yes, sir.

Q And that you will first produce from the Atoka and at such time as you commence production from the Morrow formation you would like findings from the Examiner now that the Morrow production from that well is necessary in order to effectively and efficiently drain this proration unit.

A Right.

Q And that it will recover Morrow gas that

would not now or in the future be recovered from the A-1 Well.

A Yes.

Q Is that true?

A That's true.

Q All right. Would you describe for me

now what the well is in Section 35?

A The well in Section 35 at the B, which is the end of our cross section, in the northeast of the southwest quarter, is the HNG No. 2 Williams, and that's currently an Atoka producer.

Q And what does it produce now, what volume?

A It's producing approximately 6-million per day. It's recently completed in October of this year.

Q Now would you describe for me the well in Section 3?

A That well in the southwest of the northeast quarter is the Mattix No. 1 Malaga, which was completed in July of this year and is currently producing approximately 15 to 16-million per day from the Atoka.

Q Mr. Stringer, do you have an opinion as to whether or not the Mattix Well and the HNG Atoka Well will drain any portion of the Atoka formation underlying Phillips' proration unit unless Phillips goes ahead and drills the well at the requested location?

A. Based on our interpretation, I believe that it would, yes.

Q. In your opinion is the proposed location the optimum location from which to test the Atoka formation?

A. Yes.

Q. Would you describe for me your Isopach?

A. All right. The one in the lower righthand corner is an Isopach of the net pay of the Atoka in this portion of the Malaga Field.

You'll note that the Phillips Malaga A No. 1 has zero net pay, whereas the Mattix No. 1 Malaga is interpreted to have 9 feet and the HNC No. 2 Williams, 11 feet. We anticipate approximately 6 feet at the proposed location.

Q. The Malaga A-1 Well now produces from the Morrow but at the time it was drilled was the Atoka tested?

A. Yes, sir. We ran a drill stem test through the equivalent zone, or the interval, but gas was not commercial, too small to measure.

Q. Would you now discuss the cross section which you've placed on your Exhibit One?

A. The cross section runs from A to B, as depicted on the plats, from the Mattix Well through the Phillips Malaga A No. 1 and to the HNC Well, and the top

of the cross section, the top line there, is the top of the Atoka formation, and the green depicts the producing interval in the two end wells. They are perforated and producing. The Phillips well in the middle, the DST interval is shown and the interval is not perred.

The bottom part of the cross section depicts the Morrow Sands in purple. In the Phillips Well they are perforated and the perforations are shown on the log. The other two wells are not currently producing and have not been perforated, but we've interpreted the correlative porosities and sand developments in the Morrow Sands and, as shown, which is typical of Morrow, they do come and go. We expect something, let's say, between the Phillips Well and the other two wells as far as Morrow Sands in the proposed location.

Q Let me ask you this, Mr. Stringer. Do you have an opinion as to whether or not the Malaga A-2 Well will encounter Morrow stringers or Morrow production that is not present in the A-1 Well?

A Yes. Based on the interpretation here and the fact that these sands do come and go, we expect the same thing to happen in A-2 that has happened in these other wells. We will pick up additional sands that are not represented in our No. 1 Well.

Q Let's turn to Exhibit Number Two and have you identify that for me.

A Exhibit Two is a drill stem test chart of this previously referred to drill stem test interval in the Phillips Malaga A No. 1, and it will be noted that the initial and final shut-in pressures are considerably apart, even though the time interval for the shut-in period was close to the same. This confirms the fact that we can't find the sand present and it's a noncommercial well.

Q Would you identify for us Exhibit Number Three?

A Exhibit Three is an ownership plat which, in the center of which the proration unit is outlined.

Q Based upon the contractual arrangements and the dedication of acreage in the west half of Section 2, is it possible for Phillips to dedicate any other acreage configuration to this proposed well?

A No, sir.

Q Why not?

A The ownership is such that we would have to satisfy the owners in the southwest quarter of the section.

Q The west half of the section has been communitized.

A Right.

Q All the leases have been.

A Yeah, that's right.

Q Mr. Stringer, do you have any recommendation to the Examiner of the additional Morrow gas recovery to be anticipated from the second well on the proration unit that could not be recovered from the first well?

A It will be noted that at the bottom of these logs on the cross section we have the cumulative production, and on the Phillips Well, which was completed back in April of '74, cumulative production to date, to July 1st, '79, was 337.4-million cubic feet. It's my opinion that based on this and the correlation of the sands that we could conservatively expect in the neighborhood of 200-million cubic feet of gas from this proposed location.

Q This is additional gas from the Morrow?

A Additional gas from the Morrow, yes, sir.

Q Were Exhibits One through Three compiled by you or prepared under your direction and supervision?

A Yes, sir.

Q And in your opinion, Mr. Stringer, will approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A Yes, sir.

MR. KELLAHIN: We move the introduction of Exhibits One, Two, and Three.

MR. NUTTER: Phillips Exhibits One through Three will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Stringer, what is the Phillips Well presently producing insofar as the Morrow is concerned?

A Approximately 40 Mcf per day.

Q So it's just about reached its economic limit, then.

A Yes.

Q And it's only made about a third of a billion cubic feet.

A That's right.

Q But you would expect the new well up here in the proposed location would recover approximately 200-million cubic feet.

A Yes, sir.

Q Now did I hear you correct when you said that the well north is producing at about 6-million a day from the Atoka?

A That's my understanding, yes.

Q And the well to the west is producing 15

to 16-million a day from the Atoka?

A Yes, sir. You'll note down there that that well was completed July of '79, and the cumulative production to November the 1st was 1. -- nearly 1-1/2 billion cubic feet.

Q So it's making a lot of gas.

A Yes, sir.

Q Well, that big well that Delta has that blew out in the Atoka, it's up north here a couple of miles, isn't it?

A Yes. Just off the plat to the north there, north of Section 26, I believe.

Q No, I believe it's up there in Section 23 on your plat. I believe that's it.

A Oh, you mean on the ownership plat.

Q Yeah.

A Oh, yes.

Q On the ownership plat, yeah.

A Yes. I was looking at -- referring to Exhibit One.

MR. NUTTER: Are there any further questions of Mr. Stringer? He may be excused.

Mr. Stringer, how long do you expect this Malaga 1 to be on production? Do you have any idea?

A. The Phillips Malaga 1?

Q. Yes.

A. Oh, probably two to three more years,
would be my estimate.

Q. At very low marginal rates?

A. Yes, sir.

MR. NUTTER: The witness may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything
they wish to offer in Case Number 6761?

We'll take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached Transcript
of Hearing before the Oil Conservation Division was reported
by me; that the said transcript is a full, true, and correct
record of the hearing, prepared by me to the best of my
ability.

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

I do hereby certify that the foregoing is
a complete and correct transcript of the hearing in
the instant hearing of Case No. 6761
heard by me on 12/12 1979
[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. 6761
Order No. R-6231

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION AND APPROVAL OF INFILL
DRILLING, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 12, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd day of January, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Phillips Petroleum Company, seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 2, Township 24 South, Range 28 East, NMPM, to test the Atoka and Morrow formations, Malaga Field, Eddy County, New Mexico.

(3) That the W/2 of said Section 2 is to be dedicated to the well in both of the aforesaid formations, and in the Morrow formation, this would constitute simultaneous dedication of said lands to the subject well and to applicant's Malaga "A" Well No. 1. located in Unit L of said Section 2.

(4) That the applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain the Morrow formation underlying that portion of the production unit, being the W/2 of said Section 2, which cannot be so drained by the existing well.

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Case No. 6761

Order No. R-6231

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

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

(7) That the evidence in this case indicates that the proposed well at the requested unorthodox location may recover some 200 million cubic feet of gas from the Morrow formation which cannot be produced by the existing well on the proration unit.

(8) 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 the application of Phillips Petroleum Company for an unorthodox gas well location for the Atoka and Morrow formations is hereby approved for a well to be located at a point 660 feet from the North line and 660 feet from the West line of Section 2, Township 24 South, Range 28 East, NMPM, Malaga Field, Eddy County, New Mexico, as an infill well on an existing 320-acre proration unit being the W/2 of said Section 2. The authorization for infill drilling in the Morrow formation granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the existing 320-acre proration unit which cannot efficiently and economically be drained by any existing well thereon.

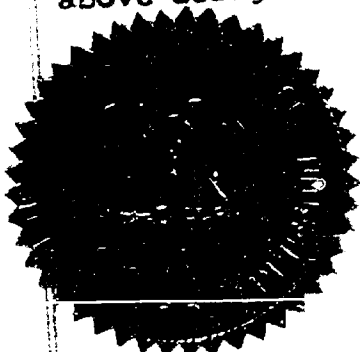
(2) That the W/2 of said Section 2 shall be dedicated to the above-described well in each of the subject formations.

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

-3-

Case No. 6761
Order No. R-6231

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/



January 10, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6761
ORDER NO. R-6231

Applicant:

Phillips Petroleum Company

Dear Sir:

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

~~Yours very truly,~~

JOE D. RAMEY
Director

JDR/ia

Copy of order also sent to:

Hobbs OCD	<u> </u>	X
Artesia OCD	<u> </u>	X
Aztec OCD	<u> </u>	

Other _____

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
 SANTA FE, NEW MEXICO
 12 December 1979

EXAMINER HEARING

 IN THE MATTER OF:

Application of Phillips Petroleum Com-)
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BEFORE: Daniel S. Nutter

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 State Land Office Bldg.
 Santa Fe, New Mexico, 87501

For the Applicant:

W. Thomas Kellahin, Esq.
 KELLAHIN & KELLAHIN
 500 Don Gaspar
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I N D E X

R. J. STRINGER

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E X H I B I T S

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MR. NUTTER: Call next Case Number 6761.

MR. PADILLA: Application of Phillips Petroleum Company for an unorthodox gas well location and approval of infill drilling, Eddy County, New Mexico.

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

(Witness sworn.)

R. J. STRINGER

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

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

A R. J. Stringer, Phillips Petroleum, as a geologist.

Q Mr. Stringer, have you testified before the Division before?

A Yes, sir.

Q And have your qualifications as a geologist

been accepted and made a matter of record?

A. Yes.

MR. KELLAMIN: We tender Mr. Stringer as an expert geologist.

MR. WUTTER: Mr. Stringer is qualified.

Q Please refer to what we've marked as Applicant Exhibit Number One and identify that for us.

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Starting in the upper righthand corner, we have a structural interpretation on top of the Atoka. This is in the Malaga Field of Eddy County, New Mexico.

Q You've superimposed upon the Atoka structure map a proration unit. What about it, Mr. Stringer?

A This is the west half of Section 2, which is the proration unit behind the current well which is producing there, Phillips No. 1-A Malaga.

Q The Phillips Malaga A-1 Well, Mr. Stringer, currently produces from what formation?

A It produces from the Morrow Sands.

Q And what kind of production rate does it have from the Morrow now?

A Approximately 40 Mcf per day.

Q Now, the requested well is this Phillips Malaga A-2 Well, is it not?

A Yes, sir.

Q And what is the location of that well?

A This would be 660 from the north and the west corner of that proration unit.

Q That would be an unorthodox location, would it not?

A Yes.

Q Tell me about that well. How deep are you going to drill it?

A That well will be drilled through the Morrow but initially the idea is to complete in the Atoka, which is the better pay, and upon depletion of the Atoka, then complete in the Morrow.

Q All right. So you're seeking approval to locate this well at an unorthodox location for both Atoka and Morrow production.

A Yes, sir.

Q And that you will first produce from the Atoka and at such time as you commence production from the Morrow formation you would like findings from the Examiner now that the Morrow production from that well is necessary in order to effectively and efficiently drain this proration unit.

A Right.

Q And that it will recover Morrow gas that

would not now or in the future be recovered from the A-1 Well.

A Yes.

Q Is that true?

A That's true.

Q All right. Would you describe for me now what the well is in Section 35?

A The well in Section 35 at the B, which is the end of our cross section, in the northeast of the southwest quarter, is the HNG No. 2 Williams, and that's currently an Atoka producer.

Q And what does it produce now, what volume?

A It's producing approximately 6-million per day. It's recently completed in October of this year.

Q Now would you describe for me the well in Section 3?

A That well in the southwest of the northeast quarter is the Mattix No. 1 Malaga, which was completed in July of this year and is currently producing approximately 15 to 16-million per day from the Atoka.

Q Mr. Stringer, do you have an opinion as to whether or not the Mattix Well and the HNG Atoka Well will drain any portion of the Atoka formation underlying Phillips' proration unit unless Phillips goes ahead and drills the well at the requested location?

A Based on our interpretation, I believe that it would, yes.

Q In your opinion is the proposed location the optimum location from which to test the Atoka formation?

A Yes.

Q Would you describe for me your Isopach?

A All right. The one in the lower righthand corner is an Isopach of the net pay of the Atoka in this portion of the Malaga Field.

You'll note that the Phillips Malaga A No. 1 has zero net pay, whereas the Mattix No. 1 Malaga is interpreted to have 9 feet and the INC No. 2 Williams 11 feet. We anticipate approximately 6 feet at the proposed location.

Q The Malaga A-1 Well now produces from the Morrow but at the time it was drilled was the Atoka tested?

A Yes, sir. We ran a drill stem test through the equivalent zone, or the interval, but gas was not commercial, too small to measure.

Q Would you now discuss the cross section which you've placed on your Exhibit One?

A The cross section runs from A to B, as depicted on the plate, from the Mattix Well through the Phillips Malaga A No. 1 and to the INC Well, and the top

of the cross section, the top line there, is the top of the Atoka formation, and the green depicts the producing interval in the two end wells. They are perforated and producing. The Phillips well in the middle, the DST interval is shown and the interval is not perforated.

The bottom part of the cross section depicts the Morrow Sands in purple. In the Phillips Well they are perforated and the perforations are shown on the log. The other two wells are not currently producing and have not been perforated, but we've interpreted the correlative porosities and sand developments in the Morrow Sands and, as shown, which is typical of Morrow, they do come and go. We expect something, let's say, between the Phillips Well and the other two wells as far as Morrow Sands in the proposed location.

Q Let me ask you this, Mr. Stringer. Do you have an opinion as to whether or not the Malaga A-2 Well will encounter Morrow stringers or Morrow production that is not present in the A-1 Well?

A Yes. Based on the interpretation here and the fact that these sands do come and go, we expect the same thing to happen in A-2 that has happened in these other wells. We will pick up additional sands that are not represented in our No. 1 Well.

Q Let's turn to Exhibit Number Two and have you identify that for me.

A Exhibit Two is a drill stem test chart of this previously referred to drill stem test interval in the Phillips Malaga A No. 1, and it will be noted that the initial and final shut-in pressures are considerably apart, even though the time interval for the shut-in period was close to the same. This confirms the fact that we can't find the sand present and it's a noncommercial well.

Q Would you identify for us Exhibit Number Three?

A Exhibit Three is an ownership plat which, in the center of which the proration unit is outlined.

Q Based upon the contractual arrangements and the dedication of acreage in the west half of Section 2, is it possible for Phillips to dedicate any other acreage configuration to this proposed well?

A No, sir.

Q Why not?

A The ownership is such that we would have to satisfy the owners in the southwest quarter of the section.

Q The west half of the section has been communitized.

A Right.

Q All the leases have been.

A Yeah, that's right.

Q Mr. Stringer, do you have any recommendation to the Examiner of the additional Morrow gas recovery to be anticipated from the second well on the proration unit that could not be recovered from the first well?

A It will be noted that at the bottom of these logs on the cross section we have the cumulative production, and on the Phillips Well, which was completed back in April of '74, cumulative production to date, to July 1st, '79, was 337.4-million cubic feet. It's my opinion that based on this and the correlation of the sands that we could conservatively expect in the neighborhood of 200-million cubic feet of gas from this proposed location.

Q This is additional gas from the Morrow?

A Additional gas from the Morrow, yes, sir.

Q Were Exhibits One through Three compiled by you or prepared under your direction and supervision?

A Yes, sir.

Q And in your opinion, Mr. Stringer, will approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A Yes, sir.

MR. KELLAMIN: We move the introduction of Exhibits One, Two, and Three.

MR. NUTTER: Phillips Exhibits One through Three will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Stringer, what is the Phillips Well presently producing insofar as the Morrow is concerned?

A Approximately 40 Mcf per day.

Q So it's just about reached its economic limit, then.

A Yes.

Q And it's only made about a third of a billion cubic feet.

A That's right.

Q But you would expect the new well up here in the proposed location would recover approximately 200-million cubic feet.

A Yes, sir.

Q Now did I hear you correct when you said that the well north is producing at about 6-million a day from the Atoka?

A That's my understanding, yes.

Q And the well to the west is producing 15

to 16-million a day from the Atoka?

A Yes, sir. You'll note down there that that well was completed July of '79, and the cumulative production to November the 1st was 1. -- nearly 1-1/2 billion cubic feet.

Q So it's making a lot of gas.

A Yes, sir.

Q Well, that big well that Delta has that blew out in the Atoka, it's up north here a couple of miles, isn't it?

A Yes. Just off the plat to the north there, north of Section 20, I believe.

Q No, I believe it's up there in Section 23 on your plat. I believe that's it.

A Oh, you mean on the ownership plat.

Q Yeah.

A Oh, yes.

Q On the ownership plat, yeah.

A yes. I was looking at -- referring to Exhibit One.

MR. HUTTER: Are there any further questions of Mr. Stringer? He may be excused.

Mr. Stringer, how long do you expect this Malaga 1 to be on production? Do you have any idea?

A. The Phillips Malaga 1?

Q. Yes.

A. Oh, probably two to three more years,
would be my estimate.

Q. At very low marginal rates?

A. Yes, sir.

MR. NUTTER: The witness may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything
they wish to offer in Case Number 6761?

We'll take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached Transcript
of Hearing before the Oil Conservation Division was reported
by me; that the said transcript is a full, true, and correct
record of the hearing, prepared by me to the best of my
ability.

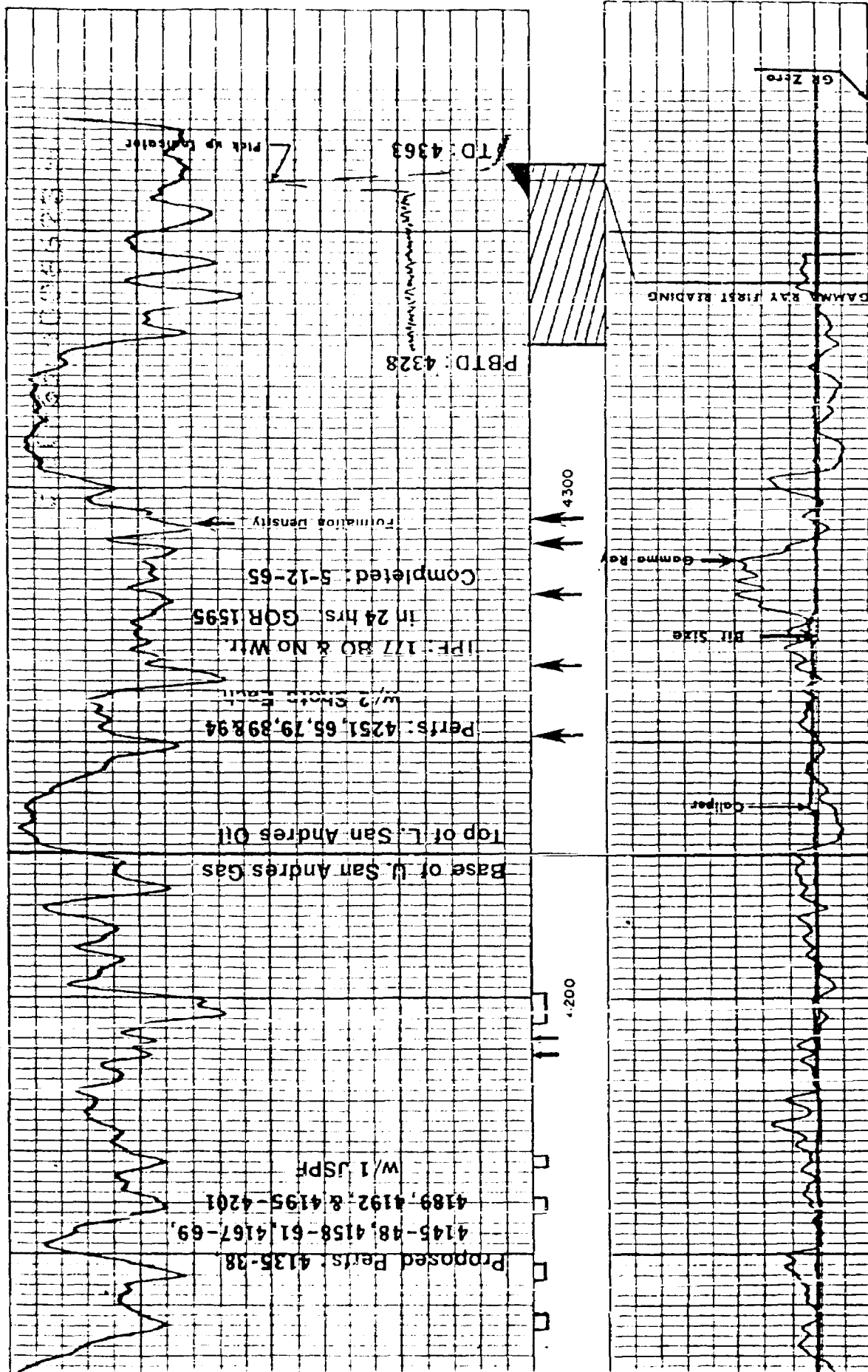
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete report of the proceedings in
the Examiners hearing of Case No. 6761
heard by me on 12/12 1979.

 Examiner
Oil Conservation Division

NEW MEXICO STATE "AY" No. 5
 TODD SAN ANDRES FIELD
 ROOSEVELT COUNTY, NEW MEXICO
 Sec. 36 Twp. 7S Rye. 35E

KB 4176
 DF 4175
 CL 4167 S



NEW MEXICO STATE "AY" NO.5
TODD LOWER SAN ANDRES
ROOSEVELT COUNTY, NEW MEXICO
UNIT E, SEC. 36, T-7-S., R-35-E.

PRESENT COMPLETION

8 5/8", 24# SET @
339' IN 12 1/4" HOLE;
CMT'D W/250 SX; 50 SX
CIRCULATED TO PIT

ELEV.: 4176' KB
4175' DF
4167.5' GL

2 3/8", 4.7# J-55; T80. SEAT
@ 4315'

1 1/2" INSERT PUMP SEATED @
4296'

TOC BEHIND 4 1/2" @
3520'

4 1/2", 9.5# J-55 SET @
4363' IN 7 7/8" HOLE;
CMT'D. W/200 SX; TOC
BY TEMP SURVEY @ 3520'

PERFS: 4251', 65, 79, 89 &
94 (2 SPF)

PB TD: 4328'
TD: 4363'

RECEIVED
DEC 0 1970
OIL CO. OF AMERICA
SANTA FE

NEW MEXICO STATE "AY" NO. 5
TODD LOWER & UPPER SAN ANDRES
ROOSEVELT COUNTY, NEW MEXICO
UNIT E, SEC. 36, T-7-S, R-35-E.
PROPOSED COMPLETION

8 5/8", 24# SET @ 339'
IN 12 1/4" HOLE; CMT'D.
W/250 SX; 50 SX CIRC.
TO PIT

ELEV.: 4178' KB
4175' DF
4167.5' GL

TOC BEHIND 4 1/2" @ 3520'

U-S.A. PERFS.: 4135'-38,
4145'-48, 4158'-61, 4167'-69,
4189', 4192', 4195'-4201'
(1 JSPF)

L.-S.A. PERFS.: 4251',
65, 79, 89, 94 (2SPF)

2 3/8" TBG. APPROX. TBG. SEAT
@ 4270'

SLIDING SLEEVE SET 3 JTS. ABOVE
OVERSHOT TBG. SEAL DIVIDER

O.T.S.D. W/TYP N LANDING
NIPPLE; 1 1/2" PUMP SEATED IN NIPPLE

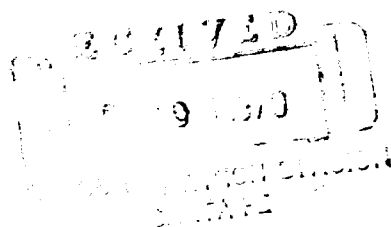
PACKER SET @ 4230'

PERFORATED NIPPLE & 1 JT. OF
TBG. BELOW PKR

PBTD: 4328'

TD: 4363'

4 1/2", 9.5# J-55 SET @ 4363'
IN 7 7/8" HOLE CMT'D. W/200
SX; TOC BY TEMP SURVEY @
3520'



New Mexico Oil Conservation Division
Page 2
December 3, 1979

A copy of this letter and attachments are being sent by certified mail to each offset operator as their notice of this application and request for their waiver of objection. These offset operators are:

O. F. Featherstone, 1717 W. 2nd, Roswell, New Mexico 88201
Franklin, Aston, Fair, Box 1090, Roswell, New Mexico 88201
Holly Energy, Suite 2680, 2001 Bryan Tower, Dallas, TX 75201
Layton Enterprises, 3103 79th Street, Lubbock, Texas 79423
Monument Energy Co., Box 1476, Lovington, New Mexico 88260
Gene A. Snow, 606 S. 13th, Lovington, New Mexico 88260
Texaco, Inc., Box 728, Hobbs, New Mexico 88240

This request has been set for hearing December 12, 1979.

Yours very truly,

J. T. Power

By: *J. T. Harris*
J. T. Harris

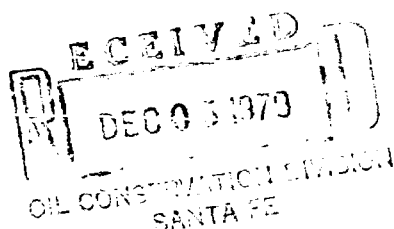
JTP/JTH/ag

Attachments

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

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

Offset Operators



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.D.S.	
LAND OFFICE	
OPERATOR	

OIL CONSERVATION DIVISION
P. O. BOX 2030
SANTA FE, NEW MEXICO 87501

Form C-103
Revised 10-1-78

SUNDARY NOTICES AND REPORTS ON WELLS

DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.

1. OIL ☐ GAS ☒ OTHER ☐

2. Name of Operator

Sun Oil Company

3. Address of Operator

Box 1861 Midland, Texas 79702

4. Location of Well

UNIT LETTER E 1980 FEET FROM THE North LINE AND 660 FEET FROM
THE West LINE, SECTION 36 TOWNSHIP 7S RANGE 35E

15. Elevation (Show whether DF, RF, GR, etc.)

5a. Indicate Type of Lease
State ☒ Fee ☐

5. State Oil & Gas Lease No.
E-10047

7. Unit Agreement Name

8. Farm or Lease Name

N.M. "AY" State

9. Well No.

5

10. Field and Pool, or Wildcat

Todd Upper San Andres

12. County

Roosevelt

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data
SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK ☐
TEMPORARILY ABANDON ☐
PULL OR ALTER CASING ☐

PLUG AND ABANDON ☐

CHANGE PLANS ☐

REMEDIAL WORK ☐

COMMENCE DRILLING OPNS. ☐

CASING TEST AND CEMENT JOBS ☐

OTHER ☒

ALTERING CASING ☐

PLUG AND ABANDONMENT ☐

OTHER Dually Complete

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) See Rule 103.

Move in rig, pull tubing, perforate Upper San Andres 4135-38, 4145-48, 4158-61, 4167-69, 4189, 4192, & 4195/4201, acidize perfs w/2900 gal. 15% DS-30 @ 3-4 BPM w/maximum pressure 3500 PSI. If frac job necessary, will frac in two (2) stages using 30,000 gal. mini-max II and 40,000# 20-40 mesh sand and dually complete as shown on attached sketch.

RECEIVED
DEC 6 1979
OIL CONSERVATION DIVISION
SANTA FE

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED

J. J. Harris

TITLE

Senior Conservation Representative

DATE

Dec. 3, 1979

APPROVED BY

CONDITIONS OF APPROVAL, IF ANY:

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-107
Supercedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator Sun Oil Company		Lease N.M. "AY" State		Well No. 5
Unit Letter E	Section 36	Township 7S	Range 35E	County Roosevelt
Actual Footage Location of Well:				
1980	feet from the North	line and 660	feet from the West	line
Ground Level Elev. 4168'	Producing Formation Upper San Andres	Pool Todd Upper San Andres	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

J. T. Harris
Name
J. T. Harris

Position
Senior Conservation Rep.

Company
Sun Oil Company

Date
December 3, 1979

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
4/24/65

Prepared by *Robert Howse*
or their duly authorized agents

N.M. - LS 3050

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

Operator Sun Oil Company		County Roosevelt		Date December 3, 1979
Address Box 1861, Midland, Texas 79702		Lease N.M. "AY" State		Well No. 5
Location of Well E	Unit 36	Section 7S	Range 35E	

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO X
2. If answer is yes, identify one such instance: Order No. _____; Operator Lease, and Well No.: _____

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Todd Upper San Andres		Todd Lower San Andres
b. Top and Bottom of Pay Section (Perforations)	4135-4201		4251-4294
c. Type of production (Oil or Gas)	Gas		Oil
d. Method of Production (Flowing or Artificial Lift)	Flow		Pump

4. The following are attached. (Please check YES or NO)

Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.)

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

O. F. Featherstone, Oil Prod., 1717 W. 2nd, Roswell, New Mexico 88201
Franklin, Aston, Fair, Box 1090, Roswell, New Mexico 88201
Holly Energy, Suite 2680, 2001 Bryan Tower, Dallas, Texas 75201

Layton Enterprises, 3103 79th Street, Lubbock, Texas 79423

Monument Energy Co., Box 1476, Lovington, New Mexico 88260

Gene A. Snow, 606 S. 13th, Lovington, New Mexico 88260

Texaco, Inc., Box 728, Hobbs, New Mexico 88240

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES X NO _____. If answer is yes, give date of such notification **December 3, 1979**.

CERTIFICATE: I, the undersigned, state that I am the Area Manager Conservation of the Sun Oil Company (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

**RECEIVED
FRI DEC 4 1979
OIL CONSERVATION
SANTA FE**

[Signature]
Signature

Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest or request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

Dockets Nos. 1-80 and 2-80 are tentatively set for January 3 and 16, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 12, 1979

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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 6752: Application of Bill Stapler for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Quark Unit Area, comprising 11,200 acres, more or less, of State and Federal lands in Township 22 South, Range 34 East.
- CASE 6753: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 26 and 27, Township 19 South, Range 29 East.
- CASE 6754: Application of Petroleum Development Corporation for a non-standard gas proration unit and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for a well to be drilled 660 feet from the North and West lines of Section 15, Township 19 South, Range 32 East, Lusk-Morrow Gas Pool, the W/2 of said Section 15 to be dedicated to the well as a non-standard 320-acre proration unit.
- CASE 6755: Application of Dome Petroleum Corporation for water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to extend the previously authorized water disposal interval in its Santa Fe 20 Well No. 2 located in Unit F of Section 20, Township 21 North, Range 8 West, Snake Eyes-Entrada Oil Pool, to include the perforated interval from 5756 feet to 5790 feet in the Entrada formation.
- CASE 6756: Application of Amoco Production Company for pool contraction and creation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Air Strip-Bone Spring Pool to comprise the Middle Bone Spring formation only, from 9300 feet to 9460 feet, and the creation of the Air Strip-Upper Bone Spring Pool to comprise said formation from 9180 feet to 9260 feet and the Air Strip-Lower Bone Spring Pool to comprise said formation from 10,100 feet to 10,400 feet. All depths are from the log of the Amoco State FU Well No. 2 in Unit N of Section 25, Township 18 South, Range 34 East, for which well applicant also seeks 51,310 barrels of discovery allowable.
- CASE 6757: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its State FU Well No. 1 located in Unit K of Section 25, Township 18 South, Range 34 East, to produce oil from the Air Strip Upper and Middle Bone Spring Pools thru parallel strings of tubing.
- CASE 6758: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State "C" Tract 11 Well No. 11 located in Unit X of Section 2, Township 21 South, Range 36 East, to produce oil from the Hardy, Blinberry Pool and an undesignated Drinkard pool through parallel strings of tubing.
- CASE 6759: (Continued and Readvertised)
- Application of Sam H. Snoddy for an amendment to Order No. R-5521, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5521, which authorizes the directional drilling of the Federal Well No. 2 in Section 25, Township 20 South, Range 32 East, to permit the well to be bottomed within 400 feet of a point 1320 feet from the South and West lines of Section 25.
- CASE 6759: Application of Sun Oil Company for an unorthodox location, non-standard gas proration unit, infill findings, simultaneous dedication, and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Reeves Well No. 6, 660 feet from the North line and 610 feet from the East line of Section 29, Township 20 South, Range 37 East, Eumont Gas Pool, to be simultaneously dedicated with its Reeves Well No. 2 in Unit D of Section 29 to a 160-acre non-standard gas proration unit comprising the N/2 N/2 of Section 29. Also sought are findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing unit well, and authority to commingle Eumont and Monument production in the wellbore of the proposed well.

- CASE 6760:** Application of Sun Oil Company for an unorthodox location, non-standard gas proration unit, infill findings, and simultaneous dedication, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "AY" Well No. 5, located in Unit E of Section 36, Township 7 South, Range 35 East, Todd-Upper San Andres Gas Pool, to be simultaneously dedicated with its State "AY" Well No. 3 in Unit F of Section 36 to a 160-acre non-standard gas proration unit comprising the NW/4 of Section 36. Also sought are findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing unit well.
- CASE 6761:** Application of Phillips Petroleum Company for an unorthodox gas well location and approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Atoka-Morrow test well to be drilled 660 feet from the North and West lines of Section 2, Township 24 South, Range 28 East; applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the proration unit, being the W/2 of said Section 2, which cannot be so drained by the existing well.
- CASE 6762:** Application of Joe Don Cook for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Section 1, Township 19 South, Range 31 East, Shugart Pool.
- CASE 6763:** Application of Adams Exploration Company for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the North Osudo-Morrow Gas Pool underlying Section 16, Township 20 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 16. 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 6729:** (Continued from November 14, 1979, Examiner Hearing)
- Application of Adams Exploration Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 16, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, 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 6725:** (Continued from November 28, 1979, Examiner Hearing)
- Application of Tenneco Oil Company for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 291.23-acre non-standard gas proration unit comprising the W/2 of Section 6 and the NW/4 of Section 7, a 347.58-acre unit comprising the W/2 of Section 19 and the NW/4 of Section 30, and a 375.17-acre unit comprising the SW/4 of Section 30 and the W/2 of Section 31, all in Township 29 North, Range 8 West, Basin-Dakota Pool, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6751:** (Continued from November 28, 1979, Examiner Hearing)
- Application of Tenneco Oil Company for the rescission of special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the rescission of the special pool rules for the Catclaw Draw-Morrow Gas Pool to provide for 320-acre spacing rather than 640 acres. In the absence of objection, the pool rules will be rescinded and the pool placed on standard 320-acre spacing for Pennsylvanian gas pools rather than the present 640-acre spacing.
- CASE 6764:** Application of Lee Crane for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling of undesignated Ojo Alamo and Usweil-Farmington production from his Martin Wells Nos. 1 and 3 located in Section 34, Township 30 North, Range 11 West.
- CASE 6765:** Application of Mesa Petroleum Company for an exception to Order No. R-111-A and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order No. R-111-A to complete its Bass Federal Well No. 2 to be drilled at an unorthodox location 1450 feet from the North line and 1850 feet from the West line and its Bass Federal Well No. 3 to be drilled in Unit D, both in Section 6, Township 20 South, Range 31 East, by setting surface casing in the "Red Bed" section of the basal Rustler formation and production casing at total depth. Both casing strings would have cement circulated to the surface.



Case 6760

SUN PRODUCTION COMPANY

CAMPBELL CENTRE II, P.O. BOX 2680, DALLAS, TEXAS 75221

December 3, 1979

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

Attention: Mr. Joe D. Ramey

Re: Dual Completion, Unorthodox Location,
Non-Standard Gas Proration Unit and
Exception to Rule 4 of the Special
Field Rules
New Mexico "AY" State Well No. 5
Todd-Upper San Andres and Todd-Lower
San Andres Pools, Roosevelt County,
New Mexico

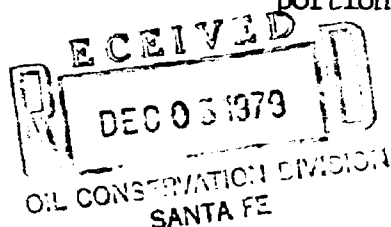
Gentlemen:

Sun Oil Company plans to dually complete Well No. 5 on our N.M. "AY" State Lease in the Todd Upper San Andres Pool as an exception to Rule 4 of the special rules which requires gas wells to be located in the northeast quarter or the southwest quarter. The well is located in the northwest quarter on Unit "E" of Section 36, T7S, R35E, Roosevelt County, New Mexico.

The well is located 1980' from the North line and 660' from the West line which will be an unorthodox well location and a non-standard gas proration unit of 160 acres.

In support of this request the following documents are being submitted to the Hobbs District Office:

1. Four (4) copies Form C-103 Sundry Notices.
2. Four (4) copies Form C-102 Well Location and Acreage Dedication Plat.
3. Four (4) copies Form C-107 Application for Multiple Completion with diagrammatic sketch, plat and portion of log with producing zones indicated.



- CASE 6760: Application of Sun Oil Company for an unorthodox location, non-standard gas proration unit, infill findings, and simultaneous dedication, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "AY" Well No. 5, located in Unit E of Section 36, Township 7 South, Range 35 East, Todd-Upper San Andres Gas Pool, to be simultaneously dedicated with its State "AY" Well No. 3 in Unit F of Section 36 to a 160-acre non-standard gas proration unit comprising the NW/4 of Section 36. Also sought are findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing unit well.
- CASE 6761: Application of Phillips Petroleum Company for an unorthodox gas well location and approval of infill drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Atoka-Morrow test well to be drilled 660 feet from the North and West lines of Section 2, Township 24 South, Range 28 East; applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the proration unit, being the W/2 of said Section 2, which cannot be so drained by the existing well.
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- Application of Adams Exploration Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 16, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, 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.
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KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

Post Office Box 1769

Santa Fe, New Mexico 87501

Jason Kellahin
W. Thomas Kellahin

Karen Aubrey

Telephone 982-4235
Area Code 505

November 19, 1979

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

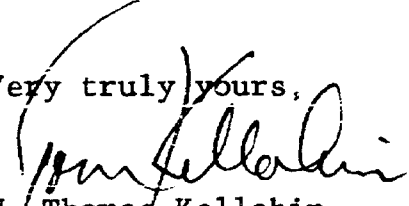
re: Phillips Petroleum
Company

Dear Joe:

Please set the enclosed application for hearing on
December 12, 1979.

Thank you.

Very truly yours,


W. Thomas Kellahin

WTK:mmm
Encl.

cc: Joe Peacock

PHILLIPS PETROLEUM

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY
FOR APPROVAL OF AN UNORTHODOX WELL
LOCATION AND FOR INFILL DRILLING
FINDINGS EDDY COUNTY, NEW MEXICO.

APPLICATION

Case 6761


COMES NOW PHILLIPS PETROLEUM COMPANY by and through its attorneys, KELLAHIN & KELLAHIN, and applies to the Oil Conservation Division of New Mexico for approval of an unorthodox well location and infill drilling findings for its Malaga-A Well No. 2 located 660 feet from the North and 660 feet from the West lines of Section 2, T24S, R28E, N.M.P.M., Eddy County, New Mexico and in support thereof would show:

1. Applicant is the operator of the W/2 of Section 2, T24S, R28E, N.M.P.M.
2. Applicant desires approval to commence a well to test both the Atoka and the Morrow formations at an unorthodox well location 660 feet from the North line and 660 feet from the West line of Section 2.
3. Applicant proposes to dedicate the W/2 of Section 2 to the subject well.
4. Applicant further seeks a finding under Order No. R-6013 Paragraph C--Rule 4 that the subject well, being the second Morrow well on the proposed proration unit, is necessary to effectively and efficiently drain a portion of the reservoir covered by this proration unit that cannot be so drained by the existing well (Pursuant to Sections 271.304 and 271.305 of the FERC NGPA-1978 Regulations).

WHEREFORE, Applicant requests that this application be set for hearing before the Division's Examiner and that after notice and hearing the Applicant be granted as requested.

KELLAHIN & KELLAHIN

By



W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY
FOR APPROVAL OF AN UNORTHODOX WELL
LOCATION AND FOR INFILL DRILLING
FINDINGS EDDY COUNTY, NEW MEXICO.

APPLICATION

Case 6761

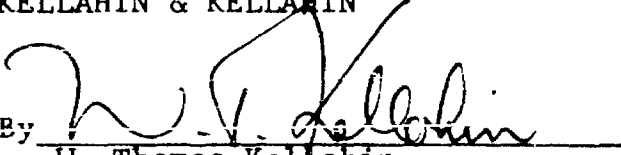
COMES NOW PHILLIPS PETROLEUM COMPANY by and through its attorneys, KELLAHIN & KELLAHIN, and applies to the Oil Conservation Division of New Mexico for approval of an unorthodox well location and infill drilling findings for its Malaga-A Well No. 2 located 660 feet from the North and 660 feet from the West lines of Section 2, T24S, R28E, N.M.P.M., Eddy County, New Mexico and in support thereof would show:

1. Applicant is the operator of the W/2 of Section 2, T24S, R28E, N.M.P.M.
2. Applicant desires approval to commence a well to test both the Atoka and the Morrow formations at an unorthodox well location 660 feet from the North line and 660 feet from the West line of Section 2.
3. Applicant proposes to dedicate the W/2 of Section 2 to the subject well.
4. Applicant further seeks a finding under Order No. R-6013 Paragraph C--Rule 4 that the subject well, being the second Morrow well on the proposed proration unit, is necessary to effectively and efficiently drain a portion of the reservoir covered by this proration unit that cannot be so drained by the existing well (Pursuant to Sections 271.304 and 271.305 of the FERC NGPA-1978 Regulations).

WHEREFORE, Applicant requests that this application be set for hearing before the Division's Examiner and that after notice and hearing the Applicant be granted as requested.

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501
ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PHILLIPS PETROLEUM COMPANY
FOR APPROVAL OF AN UNORTHODOX WELL
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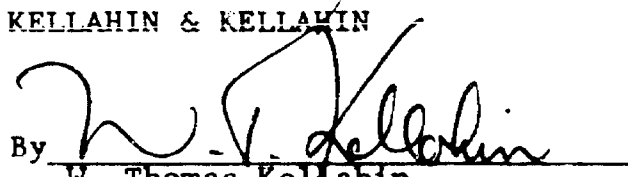
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3. Applicant proposes to dedicate the W/2 of Section 2 to the subject well.
4. Applicant further seeks a finding under Order No. R-6013 Paragraph C--Rule 4 that the subject well, being the second Morrow well on the proposed proration unit, is necessary to effectively and efficiently drain a portion of the reservoir covered by this proration unit that cannot be so drained by the existing well (Pursuant to Sections 271.304 and 271.305 of the FERC NGPA-1978 Regulations).

WHEREFORE, Applicant requests that this application be set for hearing before the Division's Examiner and that after notice and hearing the Applicant be granted as requested.

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501
ATTORNEYS FOR APPLICANT

LPATT

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. 6761

ORDER NO. R- 6231

APPLICATION OF PHILLIPS PETROLEUM COMPANY

FOR AN UNORTHODOX GAS WELL LOCATION AND APPROVAL OF INFILL DRILLING,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 12,
1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of December, 1979, 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, Phillips Petroleum Company,
seeks approval of an unorthodox gas well location 660
feet from the North line and 660 feet from the
West line of Section 2, Township 24 South,
Range 28 East, NMPM, to test the Atoka and Morrow
formations Malaga Field, Eddy
County, New Mexico.

(4) That the applicant further seeks a finding that the drilling

(3) That the W/2 of said Section 2 is to be
dedicated to the well in both of the abovesaid formations, and
in the Morrow formation, this would constitute simultaneous dedication of said lands
to the subject well and in applicant's charge in Well No 1, located in Unit L of said Section 2.

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

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

the Morrow formation underlying
of said well is necessary to effectively and efficiently drain
that portion of the proration unit, being the W/2 of said
Section 2, which cannot be so drained by the existing well.

8) 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:

the application of Phillips Petroleum Company
(1) That ^{an} ~~an~~ ^{unorthodox} gas well location for the Atoka ~~Morrow~~ ^{Morrow} formations is hereby approved for a well to be located at a point 660 feet from the North line and 660 feet from the West line of Section 2, Township 24 South, Range 28 East NMPM, Malaga Field, ~~and~~ Eddy County, New Mexico, as an infill well on an existing 320-acre *

(2) That the W/2 of said Section 2 shall be dedicated to the above-described well *in each of the subject formations.*

(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.

★ proration unit being the W/2 of said Section 2, ~~Post.~~ The authorization for infill *in the Morrow formation* drilling granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the existing 320-acre proration unit which cannot efficiently and economically be drained by any existing well thereon.

(7) That the evidence in this case indicates that the proposed well at the requested *unorthodox* location may recover some 200 million cubic feet of gas from the Morrow formation which cannot be produced by the existing well on the proration unit.