

Entered January 25, 1977
JLR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5811
Order No. R-5360

APPLICATION OF COQUINA OIL
CORPORATION FOR AN OFFSET
ALLOWABLE REDUCTION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 23, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of January, 1977, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant herein, Coquina Oil Corporation, is the owner and operator of the Yates Federal Well No. 1, located 1980 feet from the South line and 1980 feet from the West line of Section 10, Township 21 South, Range 27 East, NMPM, Burton Flat Field, Eddy County, New Mexico.

(3) That said well is dually completed and produces gas and condensate from the Strawn formation and from the Morrow formation, the S/2 of said Section 10 being dedicated to said well for each of said formations.

(4) That Monsanto Company is the owner and operator of the Cerf Federal Well No. 2, located 1980 feet from the North line and 1980 feet from the West line of Section 10, Township 21 South, Range 27 East, NMPM, Burton Flat Field, Eddy County, New Mexico.

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(5) That said well is dually completed and produces gas and condensate from the Strawn formation and from the Morrow formation, the N/2 of said Section 10 being dedicated to said well for both of said formations.

(6) That the applicant herein, Coquina Oil Corporation, seeks the reduction of the gas allowable assigned to the aforesaid Monsanto Cerf Federal Well No. 2, alleging that a portion of the acreage dedicated to said well is non-productive of gas from the Burton Flat-Strawn Gas Pool and the Burton Flat-Morrow Gas Pool.

(7) That the applicant bases its claim that a portion of the N/2 of the aforesaid Section 10 which is dedicated to the Cerf Federal Well No. 2 is non-productive "....upon the fact that a Strawn-Morrow dry hole was drilled in the acreage assigned to this well."

(8) That there was drilled in the N/2 of said Section 10 the Cerf Federal Well No. 1, a dual completion in the Strawn and Morrow formations, located 660 feet from the North line and 1980 feet from the West line of said Section 10, to which well the N/2 of said Section 10 was originally dedicated.

(9) That said well was completed in August, 1973, with a calculated absolute open flow potential of 1,600,000 cubic feet of gas per day from the Strawn formation and 1,400,000 cubic feet of gas per day from the Morrow formation.

(10) That said Cerf Federal Well No. 1 was taken off production in December, 1974, and put on a temporarily abandoned status after having produced a cumulative total of 74,676,000 cubic feet of gas and 3,424 barrels of condensate from the Strawn formation and 57,903,000 cubic feet of gas and 3,828 barrels of condensate from the Morrow formation.

(11) That an analysis of the logs of the said Cerf Federal Well No. 1 as well as the pressure data available from both the Strawn and Morrow formations in said well indicate the presence of hydrocarbons around the wellbore.

(12) That said well proved difficult to complete when it was originally drilled, and the evidence indicates that the well may have sustained reservoir damage during drilling and completion operations, or that mechanical problems exist which render the well incapable of sustaining commercial production despite the presence of hydrocarbons in the vicinity of the wellbore.

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(13) That the Cerf Federal Well No. 2, being the replacement well for the Cerf Federal Well No. 1 on the N/2 of said Section 10, was of necessity drilled to enable Monsanto Company to recover the hydrocarbons underlying said N/2 of Section 10, and was drilled at a standard location on said spacing and proration unit.

(14) That to impose a reduction of allowable on said Cerf Federal Well No. 2, and to require it to produce at a lesser rate than the rate at which offsetting wells are permitted to produce, would impair Monsanto Company's correlative rights by depriving it of the opportunity to produce its just and equitable share of the gas in the subject pools.

(15) That the protection of correlative rights is a necessary adjunct to the prevention of waste.

(16) That in order to protect correlative rights and to prevent waste, the application of Coquina Oil Corporation for a reduction in the allowable of the Monsanto Company Cerf Federal Well No. 2 should be denied.

IT IS THEREFORE ORDERED:

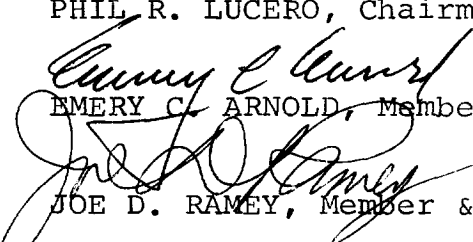
(1) That the application of Coquina Oil Corporation for a reduction in the allowable of the Monsanto Company Cerf Federal Well No. 2, located in Unit F of Section 10, Township 21 South, Range 27 East, NMPM, Burton Flat-Strawn and Burton Flat-Morrow Gas Pools, Eddy County, New Mexico, be and the same is hereby denied.

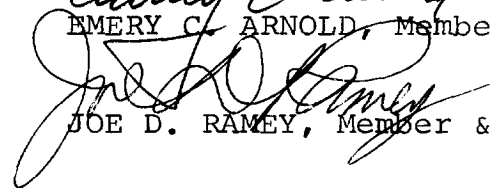
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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