

Entered September 6, 1977
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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5994
Order No. R-5531

APPLICATION OF TENNECO OIL COMPANY
FOR AN EXCEPTION TO THE PROVISIONS
OF ORDER NO. R-5459, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 20, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of September, 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 by its Order No. R-5459, entered on June 14, 1977,
the Commission redefined the vertical limits of the Blanco-
Mesaverde Pool, Rio Arriba and San Juan Counties, New Mexico.

(3) That such redefinition resulted in the inclusion of
"Chacra" equivalent fractured shales or siltstone zones within
the vertical limits of said pool in approximately one-half of
said pool North and East of a certain line traversing the pool.

(4) That in said Order No. R-5459 the Commission found:

"(17) That there are 4 wells North and East of
the line defined in Finding No. 15 above and Exhibit A
which may be producing from fractured shale or siltstone
zones equivalent to said Chacra sands and which may
or may not be connected to other producing zones in
said Blanco-Mesaverde Pool." and

"(18) That to protect the correlative rights of the owners of said four wells, the effective date of any redefinition of the vertical limits of said Blanco-Mesaverde Pool should be delayed to provide such owners with the opportunity to bring a case for an exception before the Commission."

(5) That the applicant, Tenneco Oil Company, is the operator of one and an interest owner in another of the wells reference in Findings Nos. (17) and (18) of said Order No. R-5459, the wells being, respectively, its Florance Well No. 29A located in Unit F of Section 25 and the Blackwood and Nichols Northeast Blanco Unit Well No. 64 located in Unit P of Section 24, both in Township 30 North, Range 8 West, San Juan County, New Mexico.

(6) That the applicant seeks an exclusion from the vertical limits of said Blanco-Mesaverde Pool for said Florance Well No. 29A and said Northeast Blanco Unit Well No. 64 as an exception to said Order No. R-5459.

(7) That an owner of interest offsetting said Florance Well No. 29A and in said Northeast Blanco Unit Well No. 64 appeared and presented testimony in opposition to the subject application.

(8) That the evidence presented demonstrated that the initial pressures encountered in the "Chacra" equivalent producing zones in said two wells were lower than should be expected in an undrained reservoir in this area.

(9) That the evidence presented demonstrated that such pressures do not vary in any significant degree from pressures encountered in other Blanco-Mesaverde Pool infill wells in the area.

(10) That the pressure evidence presented demonstrated that the "Chacra" equivalent zones in said two wells are in communication with other pay zones in said Blanco-Mesaverde Pool and are a part of the same common source of supply.

(11) That said Florance Well No. 29A and said Northeast Blanco Unit Well No. 64 are currently classified as infill wells drilled on pre-existing Blanco-Mesaverde Pool proration units in accordance with applicable special pool rules and regulations.

(12) That if the subject application is approved said wells would no longer be classified as infill wells in the W/2 of Section 25 and the E/2 of Section 24, respectively, of Township 30 North, Range 8 West, of said Blanco-Mesaverde Pool.

(13) That the evidence presented demonstrated that if the application should be approved, the protestant, Blackwood and Nichols Company, would be required to drill another Blanco-Mesaverde Pool infill well in the SE/4 of said Section 24.

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(14) That since said Northeast Blanco Unit Well No. 64 is already completed in the SE/4 of said Section 24 and is capable of producing gas from a zone that is a part of the common source of supply being said Blanco-Mesaverde Pool, the additional infill well described in Finding No. (13) above is an unnecessary well.

(15) That the drilling of unnecessary wells constitutes economic waste.

(16) That if the subject application is denied, the owners of interest under said Florance Well No. 29A in the W/2 of said Section 25 and under said Northeast Blanco Unit Well No. 64 in the E/2 of said Section 24 will be able to recover their just and equitable share of the production from said Blanco-Mesaverde Pool underlying said half sections.

(17) That approval of the subject application would result in said Florance Well No. 29A and said Northeast Blanco Unit Well No. 64 being spaced, prorated, and produced under rules differing from the special rules and regulations for wells producing from the same common source of supply being said Blanco-Mesaverde Pool.

(18) That such differences in spacing, prorationing, and producing within the same common source of supply could result in the violation of the correlative rights of the owners of interest in offsetting tracts.

(19) That denial of the subject application will not result in violation of correlative rights but will instead serve to protect the same and will prevent the economic waste which would result from the drilling of unnecessary wells.

(20) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of Tenneco Oil Company for an exception to Commission Order No. R-5459 to exclude its Florance Well No. 29A in Unit F of Section 25, and the Blackwood and Nichols Company Northeast Blanco Unit Well No. 64 in Unit P of Section 24, both in Township 30 North, Range 8 West, from the vertical limits of the Blanco-Mesaverde Pool, San Juan County, New Mexico, is hereby denied.


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

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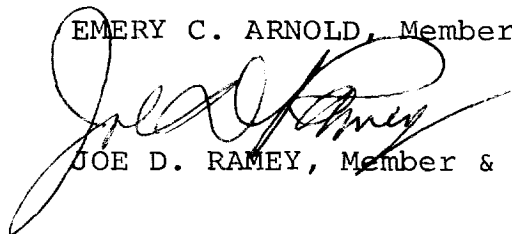
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DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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