

CASE 7404: TXO PRODUCTION CORPORATION
FOR AN UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO

DOCKET MAILED

Date 10/23/81

Case No.

7404

Application

Transcripts

Small Exhibits

ETC



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

December 31, 1981

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

Mr. Gary R. Kilpatric
Montgomery & Andrews
P. O. Box 2307
Santa Fe, New Mexico 87501

Re: Unorthodox Location
Order No. R-6818

Dear Mr. Kilpatric:

Reference is made to your letter dated December 14, 1981, requesting authority for TXO Production Company to move the well authorized by Division Order No. R-6818 to be drilled at a point 2,000 feet from the North line and 660 feet from the East line of Section 18, Township 21 South, Range 26 East, NMPM, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

It is our understanding that the aforesaid location turned out to be on U.S. Highway 285 and TXO desires to move the location to a point 2,000 feet from the North line and 890 feet from the East line of said Section 18.

Inasmuch as the new location is less unorthodox than the originally approved location, TXO Production Company is hereby authorized to drill the subject well at the new location as proposed.

Yours very truly,

JOE D. RAMEY
Director

JDR/DSN/fd

cc: OCD Artesia
Case File 7404

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

J. O. SETH (1983-1963)
FRANK ANDREWS (1914-1981)

A. K. MONTGOMERY
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ
VICTOR R. ORTEGA
JOHN E. CONWAY
JEFFREY R. BRANNEN
JOHN B. POUND
GARY R. KILPATRICK
THOMAS W. OLSON
WALTER J. MELENDRES
BRUCE L. HEAR
MICHAEL W. BRENNAN
ROBERT P. WORCESTER
JOHN B. DRAPER
NANCY M. ANDERSON
RUDOLPH B. SACKS, JR.
JANET MCL. MCKAY
EDWARD F. MITCHELL III
ALLEN H. BRILL
CARRIE L. PARKER
RANDALL GLOVER
MAUREEN A. SANDERS

SANTA FE OFFICE
325 PASEO DE PERALTA
POST OFFICE BOX 2307
SANTA FE, NEW MEXICO 87504-2307
TELEPHONE (505) 982-2873
TELECOPY (505) 982-4789

ALBUQUERQUE OFFICE
SUITE 916
FIRST INTERSTATE BANK BUILDING
4TH AND GOLD AVENUE, SW
POST OFFICE BOX 1346
ALBUQUERQUE, NEW MEXICO 87103-1346
TELEPHONE (505) 242-9677

*Rec'd
12/14
Jen*

December 14, 1981

REPLY TO SANTA FE OFFICE

Mr. Dan Nutter
Oil Conservation Division
Energy and Minerals Department
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Case No. 7404 - Order No. R-6818

Dear Mr. Nutter:

TXO Production Corporation made application for an unorthodox well infill gas well location to test the Morrow formation, Catclaw Draw-Morrow Gas Pool in Section 13, Township 21 South, Range 26 East, N.M.P.M.

By Order No. R-6818 the Division authorized the unorthodox well location at 2,000 feet from the north line and 660 feet from the east line of Section 18. As I informed you by telephone it turns out that that location would locate the proposed well on Highway 285. Therefore by this letter TXO is requesting administrative approval to move the location of the closed well to 2,000 feet from the north line and 890 feet from the east line. This would actually put the proposed well in the more orthodox location.

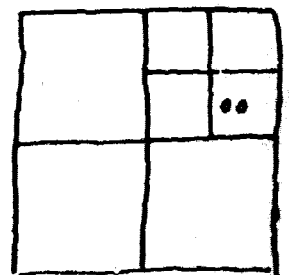
As TXO is in a position to begin drilling the well, we are anxious to have the Division rule upon this request at its earliest possible convenience.

If anything further needs to be supplied by TXO in order for a ruling to be made upon this application, please advise me.

Very truly yours,

Sam R. Kilpatrick

GRK:cs
8181-81-2
cc: Mr. Randy Click
HAND DELIVERED





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

January 15, 1983

Bill Johnson
Kaiser - Francis Oil Company
P. O. Box 35528
Tulsa, OK 74135

RE: New Mexico Oil Conservation
Division - Case Nos. 7326
and 7404

Dear Mr. Johnson:

Per our telephone conversation last week, enclosed are photocopies for your records of the subject case files. Also enclosed is a large map marked "Exhibit No. 1, Case 7326" and a large stratigraphic cross section marked "Exhibit No. 3, Case 7404". Please return these to me as soon as possible for they are part of said case files.

If you have any further questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Michael E. Stogner".

Michael E. Stogner
Petroleum Engineer

MES/dp

Enc.



BRUCE KING
GOVERNOR
LARRY KENOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

November 19, 1981

POST OFFICE BOX 2888
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
ISOM 827-3434

Mr. Allen Brill
Montgomery & Andrews
P. O. Box 2307
Santa Fe, New Mexico 87501

Re: CASE NO. 7404
ORDER NO. R-6818

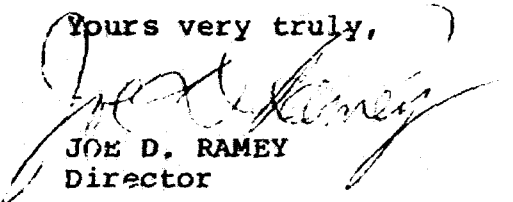
Applicant:

TXO Production Corporation

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/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other

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. 7404
Order No. R-6818

APPLICATION OF TXO PRODUCTION
CORPORATION FOR AN UNORTHODOX
WELL LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 4, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of November, 1981, 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, TXO Production Corporation, seeks approval of an unorthodox infill gas well location 2000 feet from the North line and 660 feet from the East line of Section 18, Township 21 South, Range 26 East, NMPN, to test the Morrow formation, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.
- (3) That all of said Section 18 is to be simultaneously dedicated to said well and to applicant's Catclaw Draw State Well No. 1 located in Unit M of said Section 18.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. 7404
Order No. R-6818

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

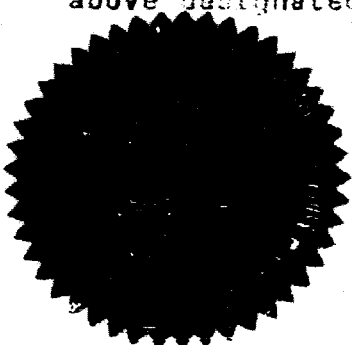
IT IS THEREFORE ORDERED:

(1) That an unorthodox infill gas well location for the Morrow formation is hereby approved for a well to be located at a point 2000 feet from the North line and 660 feet from the East line of Section 18, Township 21 South, Range 26 East, NMPM, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

(2) That all of said Section 18 shall be dedicated to the above-described well simultaneously with applicant's Catclaw Draw State Well No. 1 located in Unit M of said Section 18.

(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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
4 November 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of TXO Production
Company for an unorthodox well
location, Eddy County, New Mexico.

CASE
7404

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Allen Brill, Esq.
MONTGOMERY AND ANDREWS P.A.
Paseo de Peralta
Santa Fe, New Mexico 87501

1

2

2

I N D E X

3

4

JACK NAUMANN

5

Direct Examination by Mr. Brill

3

6

Cross Examination by Mr. Nutter

11

7

8

9

10

11

12

E X H I B I T S

13

14

Applicant Exhibit One, Plat

5

15

Applicant Exhibit Two, Map

5

16

Applicant Exhibit Three, Cross Section

6

17

Applicant Exhibit Four, Isopach

9

18

19

20

21

22

23

24

25

MR. NUTTER: Call next Case Number 7404.

MR. PEARCE: Application of TXO Production Corporation for an unorthodox well location, Eddy County, New Mexico.

MR. BRILL: Mr. Examiner, my name is Allen Brill, with the law firm of Montgomery and Andrews, appearing on behalf of TXO.

I will have one witness.

(Witness sworn.)

JACK NAUMANN

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

DIRECT EXAMINATION

BY MR. BRILL:

Q Please state your name and address.

A Jack Naumann, Midland, Texas.

Q Your occupation?

A I'm employed as a geologist for Texas Oil and Gas Corporation.

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

1

2

A. No.

3

4

Q. Could you then please briefly summarize your professional qualifications?

5

6

A. Yes. I have a BS degree in geology from Texas Tech from 1979.

7

8

9

I was subsequently employed by Fleur Exploration in Midland, Texas, as an exploration geologist for approximately a year and a half.

10

11

12

I'm presently employed as a geologist for Texas Oil and Gas Corporation for approximately eight months.

13

14

Q. Are you familiar with TXO's application in this matter?

15

16

17

A. Yes.

MR. BRILL: Are the witness' qualifications acceptable?

18

19

20

MR. NUTTER: Yes, they are.

Q. Mr. Naumann, referring to any exhibits which you have, where did TXO propose to locate its well?

21

22

23

A. TXO proposes the well 2000 feet from the north line, 660 from the east line of Section 18, Township 21 South, and 26 East.

24

25

Q. What is the target area?

A. Our main objective is -- will be the

1
2 Lower Morrow Sand.

3 Q Have you prepared an exhibit showing the
4 proposed location?

5 A Yes, I have Exhibit Number One, which is
6 a land plat showing our proposed location.

7 Q And how is the location indicated on the
8 map?

9 A It is indicated -- it is unorthodox as
10 the Catclaw Draw Field rules are set up. Catclaw Draw Unit
11 specified 1650 and 1650 from the lease lines.

12 Q And is this -- would this be the only
13 TXO well on this unit?

14 A No, this will be our second well. We
15 have one well which is located 660 and 660 from the south and
16 west boundaries of Section 18.

17 Q Would this proposed location be unortho-
18 dox in the Morrow outside of this pool?

19 A No.

20 Q Have you prepared any other exhibits
21 with reference to --

22 A Yes, our Exhibit Number Two is a pro-
23 duction map of the area, which is mainly Morrow production,
24 and I have it designated as undifferentiated upper middle,
25 lower middle, and lower Morrow, and the undifferentiated

1
2 mainly is producing from zones which I'm calling the Middle
3 and the Lower Morrow, kind of a dual completion out of the
4 sands there.

5 Where the Upper Middle and the Lower
6 Middle are just the sands located in the upper portion and
7 the lower portion of the Middle Morrow formation.

8 Q. Could you explain what Exhibit Three is?

9 A. Exhibit Three is a stratigraphic cross
10 section I have, which is hung on top of the -- on the base of
11 what I'm calling the Lower Morrow massive shale, which is
12 indicated as the top of the Lower Morrow, and if you'll look
13 at the very far righthand side of the well --

14 MR. NUTTER: Do you have an index map
15 for this --

16 A. Pardon?

17 MR. NUTTER: Is there an index map of
18 where that goes?

19 A. Well, I have an index map but it's not
20 marked on the production study. On the subsequent map it is
21 marked.

22 MR. BRILL: Mr. Examiner, the witness
23 will tie these logs into the production map and into another
24 exhibit, an Isopach map.

25 A. The far righthand well is the Coquina

1
2 "AN" Federal, and if you'll notice below the datum, which is
3 the top of the Lower Morrow, I have three sands identified as
4 the Lower Morrow A, B, and C sands.

5 This well was completed in the A and B
6 sands, which you know, I'm calling a Lower Morrow producer.

7 Now if you go to the next well over, the
8 Inexco --

9 Q Excuse me, if I may interrupt you, Mr.
10 Naumann, referring to the production map, where is this
11 Coquina well located?

12 A Excuse me, this well is located in Sec-
13 tion 3 at the very bottom in the southeast quarter.

14 In Section 8.

15 Q Please continue.

16 A The next well, the Inexco well, is
17 located at approximately the center of Section 13, and if
18 you'll notice, in the top of the Lower Morrow the only sands
19 present in the Lower Morrow formation are the B and the C
20 sands. The A sand is not present in this well.

21 Q Now, what is the basis, Mr. Naumann, for
22 this conclusion of yours? How do you decide that the two
23 layers of sand in this Inexco well are the B and C sands en-
24 countered in the Coquina well?

25 A Well, This is the reason I've hung this

1
2 stratigraphically. It shows you just depthwise or a
3 relationship, this is pretty consistent at the base of the
4 Lower Morrow sand. You've got approximately 50 feet there
5 where the B sand is encountered. Above that the A sand is
6 encountered approximately 10 to 15 feet below the base of the
7 Lower Morrow shale.

8 Q Okay, please continue.

9 A All right. As I stated, the Inexco well
10 only encountered the B and C sand.

11 The next well is our well, Texas Oil and
12 Gas Catclaw Draw, which is located in the southeast quarter
13 of Section 18. This well was also completed in the Lower
14 Morrow, but also the Middle Morrow, but it only encountered
15 the B and the C sands and not the A sand.

16 Q Now of what significance are the divisions
17 here, the little layers of shale within the two layers of
18 sand in your Catclaw Draw No. 1 Well?

19 A Well, these really have no significance
20 whatsoever as relationships between the B and the C sand, ex-
21 cept that you can infer that the channel here shaled up
22 slightly.

23 Q Okay, please continue.

24 A All right. The last well on the cross
25 section is the Managan well, which is located in Section 19,

up in the northwest quarter. It also, as the Lower Morrow goes, encountered only the B and the C sands.

Q Does this exhibit show anything else, Mr. Naumann?

A No. Well, it will just show the relationship of the A sand for our proposed location.

Q And how is that indicated here? Is there a -- is this dotted line --

A The dotted line is our proposed location in the Inexco well and the Coquina well.

Q Have you prepared another exhibit?

A Exhibit Four that I have is a gross Isopach of the Lower Morrow sands.

Now what I've done here is Isopach the A, the B, and the C sands, and the B -- and the C sands, as they occur more frequently through here and the A sand appears to be on a smaller type channel.

What you've got here is an indication, where you've got a thickening in the sand you have to have an anticipation of encountering the A sand, and so you can approximate the A sand occurring anywhere from the 55 to 60 contour line, which would include the majority of our eastern portion of Section 18.

Q Now would a well located at an orthodox

1

10

2 location encounter this A sand as you have labeled it?

3 A I believe it would not.

4 Q And on what basis?

5 A Well, on the basis that the A sand, of
6 course, like I explained, would occur between the 55 and 60
7 marks. The approximate thickness of the A sand appears to
8 be about 22 feet, approximately 22 feet, and if we drilled
9 an orthodox location I believe we would not encounter the A
10 sand.

11 Q Now is there any way drilling at an
12 orthodox location and encountering, I assume, the B and C
13 sands, that you could drain the A sands contained in your
14 unit?

15 A No. We would drain the B and the C
16 sands but from impermeable shales between the two layers, the
17 A and the B, that is, we would not drain the A sand.

18 Q Are the amount of hydrocarbons contained
19 in the A sand in your opinion significant within your unit?

20 A I believe they are significant, just on
21 the basis of the completion of the Coquina "AN Fed Well in
22 Section 8.

23 Q Mr. Naumann, would the granting of TXO's
24 application in this case prevent waste, protect correlative
25 rights, and aid in production of hydrocarbons?

1
2 A Yes.

3 MR. BRILL: We would move the admission
4 of Exhibits One through Four.

5 MR. NUTTER: Exhibits One through Four
6 will be admitted in evidence.

7 MR. BRILL: We have no other questions.

8
9 CROSS EXAMINATION

10 BY MR. NUTTER:

11 Q Mr. Naumann, looking at your plats, I
12 see 40 acres carved out of the 640.

13 A Correct. Now what that is, Inexco has
14 approximately -- well, they have 40 acres and we are under
15 a joint operating agreement with them and they will join us
16 on the well.

17 Q I see, so you will have a full 160 -- no,
18 640 acres --

19 A Correct.

20 Q -- dedicated to the well.

21 A Correct.

22 Q You're just depicting the TXO lease.

23 A This is just our acreage lease, right.

24 Q Okay. Now as I also recall, over in
25 this area somewhere someone's got a nonstandard location that

1
2 had a rather severe penalty on it. Would that be this TX0
3 well down here in --

4 A. We did have a penalty on it and I believe
5 it was 35 percent penalty for the No. 1 Well. If there is
6 any other well, I'm not -- I'm not familiar with them.

7 Q. I think it was probably this well that
8 I'm thinking of.

9 A. Yeah.

10 Q. What do you mean, you did have a penalty
11 on it?

12 A. Pardon?

13 Q. You mean you do have a penalty on it.

14 A. Yes, sir, we do have a penalty.

15 Q. Now how are you proposing that this
16 allowable is going to be divided among these two wells in
17 this proration unit, then, if you complete the second well?
18 You could -- the No. 1 down at the southwest southwest is
19 not abandoned, is it?

20 A. No, it's not abandoned, but it's not
21 making all that much gas presently, either.

22 Q. What is its present capability?

23 A. Well, you can look on the production
24 map. That is a misstatement. I believe it states approxi-
25 mately a million a day. I believe it's making approximately

300,000 cubic feet of gas a day, even less than that.

Q Is that less than its penalized allowable would be?

A I believe so.

Q And the old McMinn State No. 1 there has been P&A'd, hasn't it?

A That is a P&A.

Q And that other well that's shown as a dry hole there in Section 18 was just a shallow well.

A Yes, 1100 feet.

MR. NUTTER: Are there any other questions of Mr. Naumann? He may be excused.

MR. BRILL: We have nothing further, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 7404?

We'll take the case under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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 CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 453-7409

11/4
[Signature]

7404
81

Examiner

Oil Conservation Division

Dockets Nos. 36-81 and 37-81 are tentatively set for November 19 and December 4, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 4, 1981

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 7396: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Sentry Oil Exploration Company and Lawyers Surety Corporation to appear and show cause why Farr Well No. 1, located in Unit G of Section 6, Township 31 North, Range 34 East, Union County, New Mexico, should not be ordered plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7380: (Continued and Readvertised)
- Application of Bird Oil Corporation for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Entrada location of a well to be drilled 2110 feet from the North line and 1120 feet from the East line of Section 10, Township 22 South, Range 9 West, the SE/4 NE/4 of said Section 10 to be dedicated to the well.
- CASE 7397: Application of Belco Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Strawn production in the wellbore of its Kimbley Well No. 1, located in Unit G of Section 21, Township 23 South, Range 28 East.
- CASE 7398: Application of El Paso Natural Gas 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 Wolfcamp-Penn well, to be drilled 660 feet from the South and West lines of Section 23, Township 26 South, Range 30 East, Ross Draw Area, the S/2 of said Section 23 to be dedicated to the well.
- CASE 7399: Application of Texaco, Inc. for a Unit Agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Vacuum Abo West Unit Area, comprising 2000 acres, more or less, of state lands in Township 17 South, Range 34 East.
- CASE 7400: Application of Texaco, Inc. for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its North Vacuum Abo West Unit Area by the injection of water into the Abo formation through 13 wells located in Sections 15, 21, 22, 27, 28 and 34, Township 17 South, Range 34 East, North Vacuum - Abo Pool.
- CASE 7401: Application of Morris R. Antweil for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2410 feet from the North line and 330 feet from the West line of Section 21, Township 18 South, Range 38 East, Hobbs Grayburg-San Andres Pool, the SW/4 NW/4 of said Section 21 to be dedicated to the well.
- CASE 7384: (Continued from October 21, 1981, Examiner Hearing)
- Application of Morris R. Antweil 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 Abo formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7402: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the NW/4 NW/4 of Section 5, Township 20 South, Range 39 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7403: Application of Arco Oil and Gas Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Jalmat and Linglie Mattix production in the wellbore of its E. L. Steeler NW Well No. 5, located in Unit J of Section 19, Township 13 South, Range 37 East.

CASE 7359: (Continued from October 7, 1981, Examiner Hearing)

Application of Energy Reserves Group for creation of a new gas pool and an unorthodox location, Roosevelt County, New Mexico.

Applicant, in the above-styled cause, seeks creation of a new Cisco gas pool for its Miller Com Well No. 1, located in Unit M of Section 12, Township 6 South, Range 33 East.

Applicant further seeks approval for an unorthodox location for its Miller "A" Well No. 1-Y, to be drilled 1800 feet from the South line and 1700 feet from the East line of Section 11 of the same township. The S/2 of said Section 11 to be dedicated to the well.

CASE 7383: (Continued from October 21, 1981, 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 Upper Pennsylvanian formation underlying the NW/4 of Section 19, Township 19 South, Range 25 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7404: Application of TXO Production Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an infill well to be drilled 2000 feet from the North line and 660 feet from the East line of Section 18, Township 21 South, Range 26 East, Catclaw Draw-Morrow gas pool.

CASE 7405: Application of Carl Schellinger for dual completion and an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of his Campbell Station Unit Well No. 1, to produce gas from the Abo and Pennsylvanian formations. Applicant further seeks approval of the unorthodox Pennsylvanian location of said well 660 feet from the South and West lines of Section 34, Township 8 South, Range 27 East, the S/2 of said Section 34 to be dedicated to the Pennsylvanian and the SW/4 to the Abo.

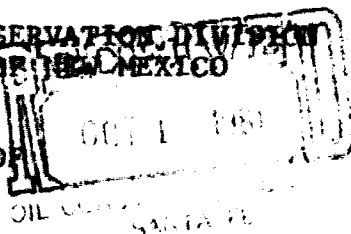
CASE 7406: Application of Depco, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Abo formation underlying the SE/4 of Section 23, Township 5 South, Range 24 East, to be dedicated to a well to be 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7407: Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 23, Township 5 South, Range 24 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7408: Application of Doyle Hartman for directional drilling, a non-standard proration unit, an unorthodox well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill his Justis Well No. 10, the surface location of which is 1940 feet from the North line and 120 feet from the West line of Section 20, Township 25 South, Range 37 East, in such a manner as to bottom said well in the Jalmat Gas Pool at an unorthodox location 1980 feet from the North line and 330 feet from the East line of Section 19, Township 25 South, Range 37 East. Applicant further proposes to simultaneously dedicate said well and the Bettis, Boyle and Stovall Justis Well No. 1 to an 80-acre non-standard proration unit comprising the E/2 NE/4 of said Section 19.

BEFORE THE OIL CONSERVATION DIVISION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
TXO PRODUCTION CORP. FOR AN
UNORTHODOX WELL LOCATION IN THE
E 1/2 OF SECTION 18, TOWNSHIP 21
SOUTH, RANGE 26 EAST, EDDY COUNTY
NEW MEXICO



CASE NO. 7404

A P P L I C A T I O N

Comes now the applicant, TXO Production Corp., by and through its attorneys, Montgomery & Andrews, P.A., and respectfully states:

1. Applicant is the operator of the Lower Morrow Formation underlying:

Township 21 South, Range 26 East, E 1/2 Section 18

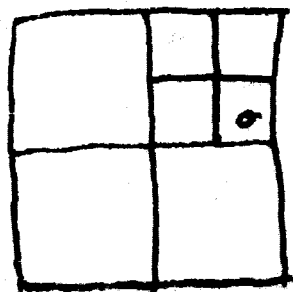
and proposes to drill its Catclaw Draw State Com. No. 2 Well at a point located 660 feet from the East line and 2,000 feet from the North line of Section 18.

2. The applicant seeks an exception to the well location requirements of Rule 104-C.2(a) of the Oil Conservation Division to permit the drilling of the well at the above-mentioned unorthodox location to a depth sufficient to adequately test the Lower Morrow formation.

3. A standard ~~320-acre gas proration unit for said Section 18~~ should be dedicated to such well or to such lesser portion thereof as is reasonably shown to be reasonably productive of gas.

4. The approval of this application will afford applicant the opportunity to produce its just and equitable share of gas, will prevent 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.

*Called Gary Kipatric
this is an infill on
a 640-acre unit
Jan 10/16*



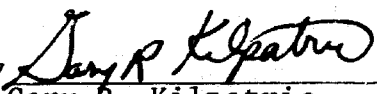
5. The Lower Morrow formation is represented as a Northeast Southwest Trending Channel Fill. The Coquina AM Fed #1 Well (Northeast of proposed location) encountered 70 feet of Lower Morrow Sand, while the Inexco McMinn State #1 Well, (Southwest of proposed location) encountered 26 feet of Lower Morrow Sand. Therefore, in order for the TXO Production Corp. proposed Catclaw Draw State Com. No. 2 Well to adequately test the Lower Morrow formation, the location should not be any further than 660 feet from the East line and 2,000 feet from the North line.

6. Applicant requests that this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

7. That upon hearing the Division enter its order granting applicant permission to drill a well 660 feet from the East line and 2,000 feet from the North line of Section 18, and to dedicate the East-half of Section 18, which is reasonably presumed to be productive of gas from the Lower Morrow formation, and for such other relief as may be just in the premises.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By 
Gary R. Kilpatrick
P.O. Box 2307
Santa Fe, New Mexico 87501
Attorneys for Applicant
TXO Production Corp.

DRAFT

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. 7404

ORDER NO. R- 6818

APPLICATION OF TXO PRODUCTION CORPORATION

FOR AN UNORTHODOX GAS WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 4,
19 81, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of November, 19 81, 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, TXO Production Corporation,
infill
seeks approval of an unorthodox gas well location 2000
feet from the North line and 660 feet from the
East line of Section 18, Township 21 South
Range 26 East, NMPM, to test the Morrow
formation, Catchlaw Draw-Morrow Gas Pool, Eddy
County, New Mexico.

(3) That the all of said Section 18 is to be
simultaneously said
dedicated to the well and to applicant's Catchlaw Draw State Well No. 1
located in Unit M of said Section 18.

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

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

-2-

Case No. _____
Order No. R- _____

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

IT IS THEREFORE ORDERED:

(1) That an ^{infill} unorthodox gas well location for the Morrow formation is hereby approved for a well to be located at a point 2000 feet from the North line and 660 feet from the East line of Section 18, Township 21 South, Range 26 East NMPM, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the all of said Section 18 shall be dedicated to the above-described well *simultaneously with applicant's Catclaw Draw State well No. 1 located in Unit M of said Section 18*

(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.