

CASE NO.

7575

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 May 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Eagle Oil & Gas Co.
for an unorthodox gas well location,
Eddy County, New Mexico.

CASE
7575

BEFORE: Richard L. Stamets

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:

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

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I N D E X

MARK WILSON

Direct Examination by Mr. Kellahin

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Cross Examination by Mr. Stamets

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E X H I B I T S

Applicant Exhibit One, Plat

4

Applicant Exhibit Two, Map

5

Applicant Exhibit Three, Log

8

Applicant Exhibit Four, Structure Map

9

MR. STAMETS: We'll call next Case 7575.

MR. PEARCE: That is the application of Eagle Oil and Gas Company for an unorthodox gas well location, Eddy County, New Mexico.

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

(Witness sworn.)

MARK WILSON

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Wilson, would you please state your name and occupation?

A Mark Wilson, independent geologist.

Q Mr. Wilson, have you previously testified before the Division as a geologist and had your qualifications accepted and made a matter of record?

A I have.

Q And have you been retained by the applicant

1
2 as a geological consultant for this application?

3 A Yes.

4 MR. KELLAHIN: We tender Mr. Wilson as an
5 expert geologist.

6 MR. STAMETS: He is considered qualified.

7 Q Mr. Wilson, let me direct your attention to
8 what we've marked as Applicant Exhibit Number One, have you
9 identify that for me, and summarize what the applicant is
10 seeking to accomplish.

11 A Okay. In this case Eagle Oil and Gas Com-
12 pany requests approval for the unorthodox Wolfcamp-Pennsyl-
13 vanian gas well location of the Dog Canyon Unit No. 1, to be
14 drilled 1500 feet from the south line and 660 feet from the
15 east line of Section 2, in Township 17 South, 27 East.

16 That's in the Crow Flats Field, Eddy
17 County, New Mexico.

18 Q What now --

19 A The south half of said Section 2 is to be
20 dedicated to the well.

21 Q All right, sir.

22 A Let me describe this Exhibit One, now,
23 please, Tom.

24 Exhibit One is a land plat showing the pro-
25 posed location at the red dot, the acreage to be dedicated in

1
2 yellow, and the outline of the Dog Canyon Working Interest
3 Unit in red.

4 Amoco Production Company is the operator
5 of the Dog Canyon Unit, but they are farming out for this well
6 so Eagle Oil and Gas will be the operator.

7 The green outline on Exhibit One is the
8 Five Forks Working Interest Unit, which is also operated by
9 Amoco.

10 It is requested that all Wolfcamp and
11 Pennsylvanian gas rights be pooled for the proposed well.

12 Q All right, sir, let's turn to Exhibit
13 Number Two and have you describe that for us.

14 A Exhibit Two is a thickness map of the
15 Morrow series of the Pennsylvanian system. The contour inter-
16 val is generally 50 feet. The outline of the Dog Canyon Unit
17 is shown in red. The drillsite with a red dot and the acreage
18 dedicated in yellow.

19 The proposed drillsite is in the axis of
20 the southeast -- excuse me, northeast trending Crow Flats
21 alluvial valley, which has been carved into the underlying
22 Chester Shale.

23 Since the main objective sandstone in the
24 Morrow lies at the very base of the Morrow series, its
25 orientation is expected to be northeast, like the Crow Flats

alluvial valley.

This sandstone was first encountered in the discovery well of Crow Flats Field, the Eagle Crow Flats Federal No. 1, in Section 30 of Township 16 South, Range 28 East. That's labeled as such there on Exhibit Two.

The --

Q Excuse me, I'm having trouble locating your well --

A Okay.

Q -- Mr. Wilson, or your location. Are those squares blocked out in 10-acre tracts or 40-acre tracts?

A Those are 160's. Those are sections, Tom.

Q All right. I'm looking at the wrong scale. Each square is the -- each --

A The 4000 --

Q Each of the squares, then, is the entire section.

A That's correct.

Q All right, sir, and you've indicated in red, then, not the proration unit, you've identified that working interest unit.

A That's correct.

Q All right.

A Sections 1 and 2.

1
2 Q All right. Is there a location that would
3 be a standard location in the south half of the section, Mr.
4 Wilson, that would allow you to properly test and drain this
5 proration unit?

6 A It's possible, but we picked this one be-
7 cause we think there is less risk involved in this location.
8 This valley is quite narrow and we feel that the further away
9 we get from the control back up there to the north, the more
10 risk is going to be involved.

11 Q In your opinion, then, the proposed location
12 is the optimum location in the south half of the section.

13 A That's true.

14 Q Would you identify what has occurred with
15 this Amoco offset to the east?

16 A In Section 1 of 17, 27, this is the Amoco
17 Federal "CE" No. 1, labeled as such on Exhibit Two. This is
18 a very weak Morrow gas well, and it's in a sand which is right
19 at the very top of the Morrow.

20 You will notice on the thickness map there,
21 Exhibit Two, that it has 208 feet of total Morrow in it, and by com-
22 parison the MWJ Dog Canyon 36-1 in Section 36 of 16 South, 27
23 East, is also labeled on there, has 286 feet. And the MWJ
24 Well has this basal Morrow sand, which is our principal objec-
25 tive. In other words, the Amoco "CE" Well is on the east flank

1
2 of the valley.

3 I might also point out that immediately
4 east of MWJ's well in Section 36 there's another well MWJ
5 drilled, the Dog Canyon 31-E Federal, and that well has 231
6 feet of Morrow, but it missed this basal Morrow sand, again
7 being on the east side of the valley.

8 In other words, this sand is limited to
9 the very thickest area of the Morrow here or the bottom of
10 this valley.

11 Q All right, sir. Let's turn to Exhibit
12 Number Three, then, and have you identify that.

13 A Okay. Exhibit Three is a CNL-FDC log on
14 the MWJ Dog Canyon 36-1 State, the well we just discussed, in
15 36 of 16 South, 27 East. The main objective sandstone is
16 colored yellow. The porosity is shown in red.

17 As previously noted, this basal Morrow
18 sandstone rests directly on the Chester Shale, shown with the
19 gray line on this log. The top of the Morrow series is shown
20 with the brown line and the top of the Chester Shale is --
21 excuse me, Chester Lime with a blue line.

22 This well had a calculated absolute open
23 flow of 6,390,000 cubic feet of gas a day. This sand corre-
24 lates perfectly with the pay in the Eagle well in Section 30
25 of 16 South, 28 East, northeast along trend.

1
2 Q All right, sir, let's turn to Exhibit Four
3 and have you identify that.

4 A Exhibit Four is a structure map on top of
5 the Atoka series, with a contour interval of 50 feet. The
6 proposed drillsite, which is the red dot on this map, is shown
7 to be about the same subsea elevation as the top of the Atoka
8 in the MWJ well in Section 36. We therefor think that there
9 will be virtually no risk with water; that well is not making
10 any water.

11 Q In your opinion, Mr. Wilson, will approval
12 of this application be in the best interest of conservation
13 and the prevention of waste?

14 A I believe so and we might also point out
15 that we feel that there is at least two wells to the northeast
16 here which are draining gas out of the reservoir we're seeking.

17 Q All right, sir. Were Exhibits One through
18 Four prepared by you?

19 A They were.

20 MR. KELLAHIN: We move the introduction of
21 Exhibits One through Four.

22 MR. STAMETS: These exhibits will be ad-
23 mitted.

24

25

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Wilson, I see that you've drawn a sort of a thinner section, or at least a division in this valley, from the northeast to the southwest.

A Yes.

Q In Section 2. Do you have any basis for that or do you just feel it's unlikely that that valley would be as wide as it would be otherwise?

A The best gauge on the width of that valley is up there in Section 19 of 16 South, 28 East. There are three Morrow wells there, okay? And the well in the southwest quarter has 232 feet of Morrow and it has, you know, the Chester Shale section underneath the Morrow, and then the well which is about 1980 from the north and east has 287+ feet. It didn't entirely penetrate the Morrow. And then the most recent well Eagle drilled, 1980 from the south, 660 from the east, has 281 feet, and we feel that, as indicated there by the thicknesses, the valley will be on the order of less than half a mile wide.

Now, the reason for that funny-looking island down there in Section 36, Section 2, is really the MWJ Well over in Section 35. It had, oh, around 196 feet of Morrow in it, and what I thought was a little thicker section

1
2 than I might have expected at one point. And then if you look
3 back to the southeast, for instance, in that Amoco Federal "CX"
4 Well in Section 12, 17, 27, that well only had 130 feet of
5 Morrow, and then further to the east there is another well in
6 Section 6 of 17, 28, which has 122 feet. So that 196 thickness
7 is certainly more than it would be if there were no valley
8 present here, and of course, the control is so scattered in
9 here that I am portraying that as in another valley with this
10 island sitting between the two. It may turn out to be other-
11 wise in view of the control situation here.

12 But the thing that I am more certain of
13 is this eastern valley where we have the two penetrations of
14 the sand that we're looking for in that Eagle Crow Flats 1 and
15 then that MWJ Well down in Section 36.

16 If you laid a lead pencil on that for a
17 straight line projection, it's headed our way.

18 MR. STAMETS: Are there any other questions
19 of this witness? He may be excused.

20 Anything further in this case?

21 The case will be taken under advisement
22 and we'll take about a fifteen minute recess.

23
24 (Hearing concluded.)
25

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 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.

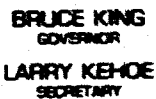
Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7575 heard by me on 5-12 1982.

Richard L. Stewart, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409



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

May 26, 1982

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

Re: CASE NO. 7575
ORDER NO. R-6985

Applicant:

Eagle Oil & Gas Co.

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. 7575
Order No. R-6985

APPLICATION OF EAGLE OIL & GAS
CO. 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 May 12, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 24th day of May, 1982, 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, Eagle Oil & Gas Co., seeks approval of an unorthodox gas well location 1500 feet from the South line and 660 feet from the East line of Section 2, Township 17 South, Range 27 East, NMPM, to test the Wolfcamp and Pennsylvanian formations, Eddy County, New Mexico.

(3) That the S/2 of said Section 2 is to be dedicated to the well.

(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.

(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

-2-

Case No. 7575

Order No. R-6985

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.

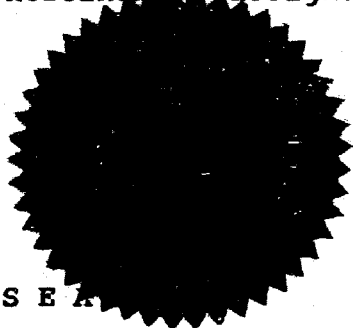
IT IS THEREFORE ORDERED:

(1) That the application of Eagle Oil & Gas Co. for an unorthodox gas well location for the Wolfcamp and Pennsylvanian formations is hereby approved for a well to be located at a point 1500 feet from the South line and 660 feet from the East line of Section 2, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 2 shall be dedicated to the above-described well.

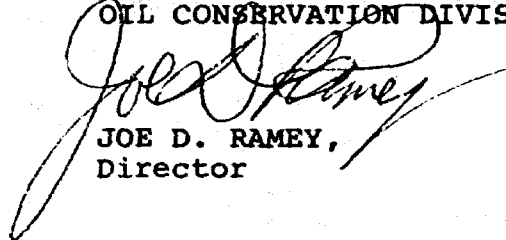
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 1

CASE NO. 1575

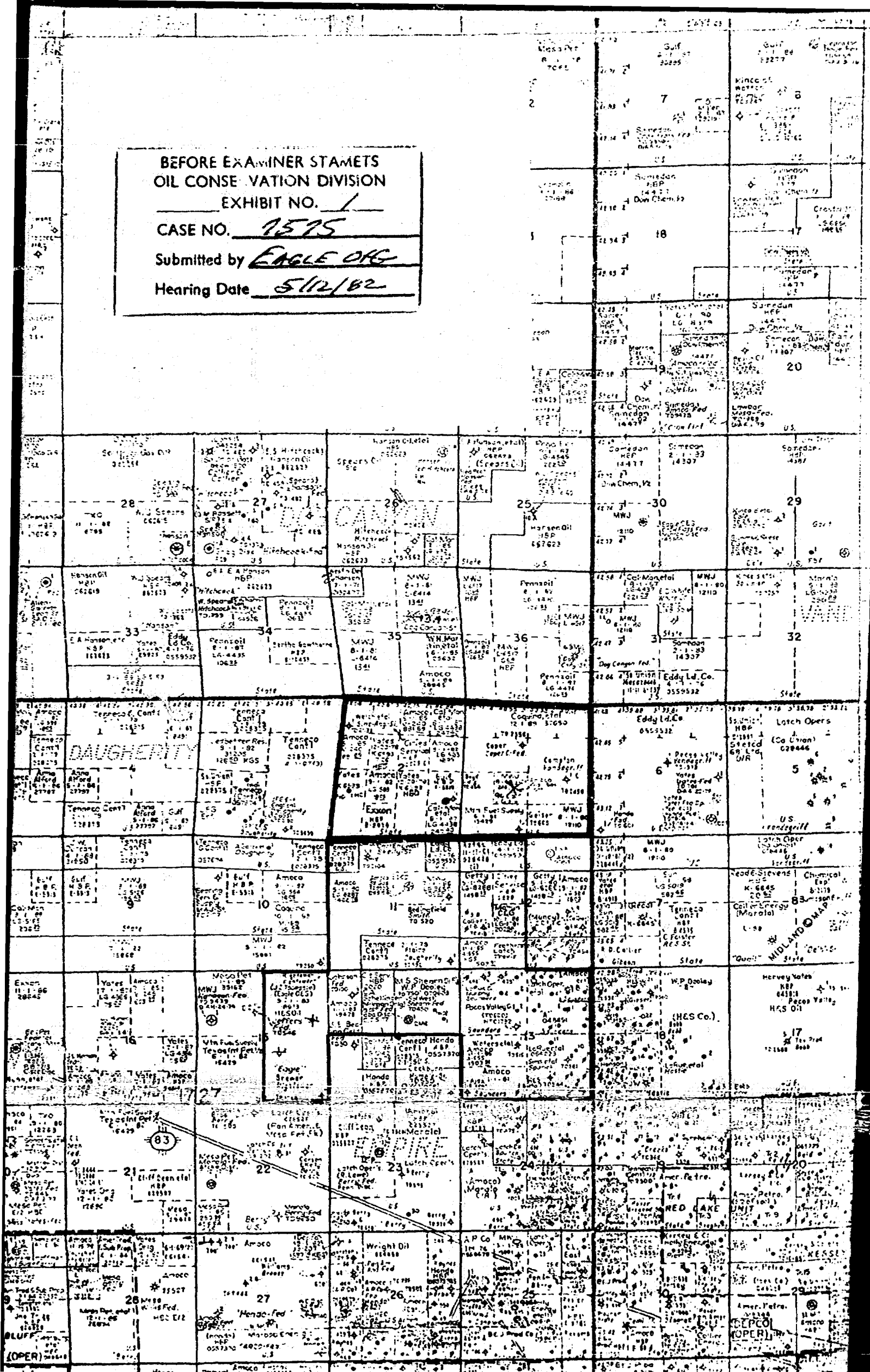
Submitted by ENGLE OIL

Hearing Date 5/12/82

W.N.N.C.F. MICROGRAPHICS



BEST AVAILABLE COPY



MIDLAND MAP

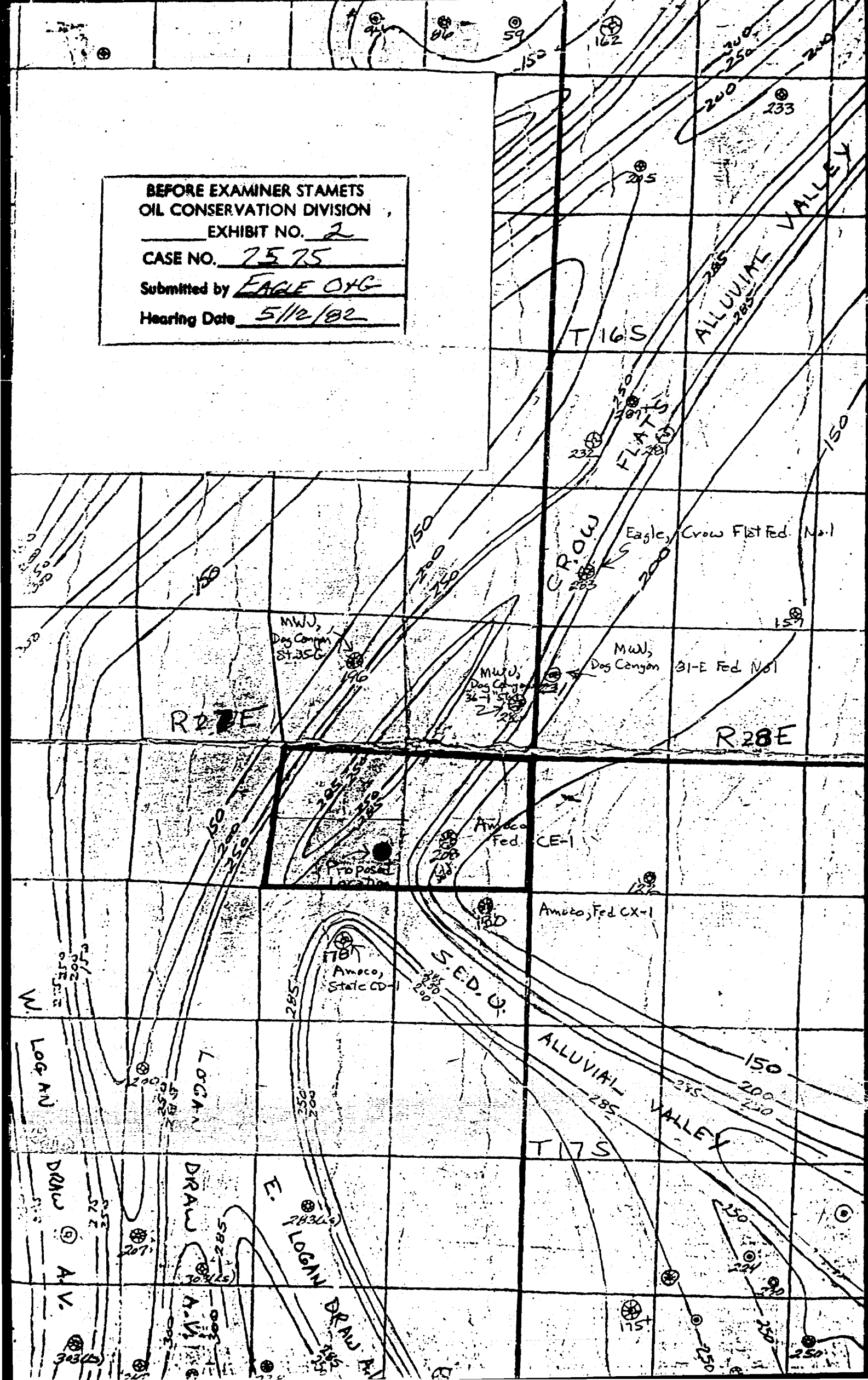
BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 2575

Submitted by EAGLE OIL

Hearing Date 5/12/82



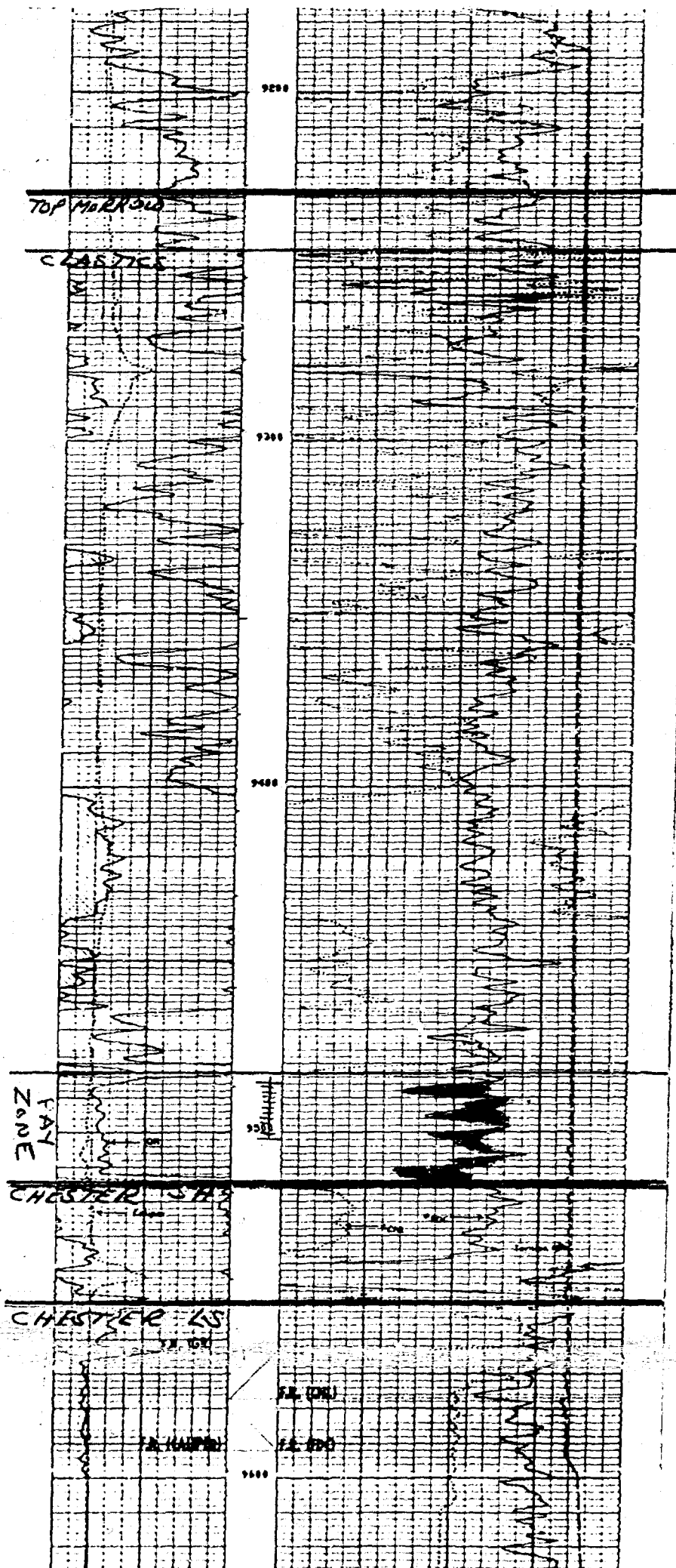
MWJ PRODUCING CO,
Dog Canyon "36-1" State
Sec. 36-T16S-R27E
1980 FS 660 FE

KB 3535

MICROGRAPHICS



ABLE COPY



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 3
CASE NO. 7575
Submitted by EAGLE OIL
Hearing Date 5/12/82

CAOF 6,390,000 CFGPD Perfs 9486-9502
Gas Gravity .679 SIWHP 2560

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 4

CASE NO. 7575

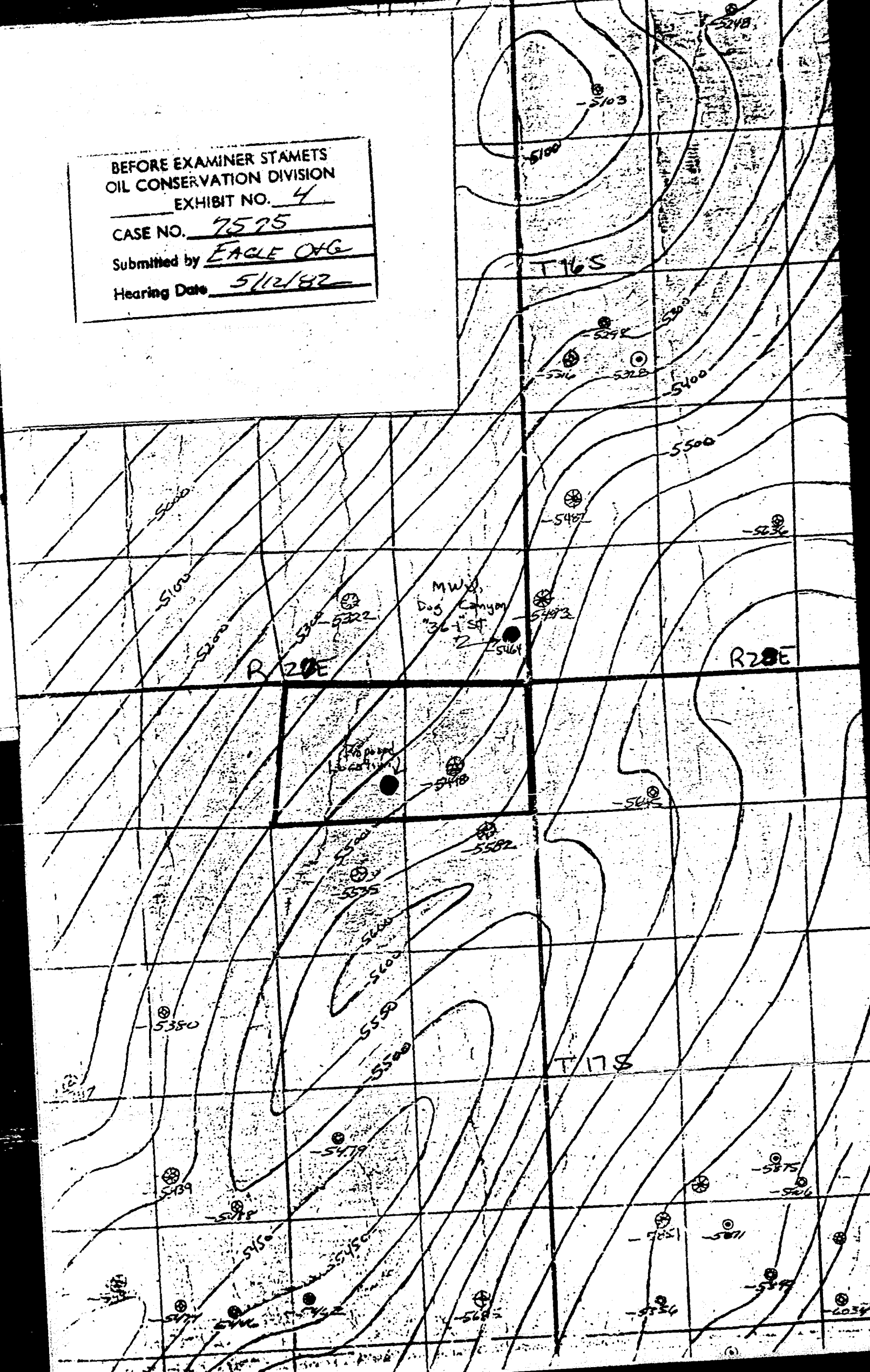
Submitted by EAGLE OIL

Hearing Date 5/12/82

MICROGRAPHICS



AVAILABLE COPY



Dockets Nos. 14-82 and 15-82 are tentatively set for May 26 and June 9, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date..

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 12, 1982

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for June, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for June, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7540: (Continued and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Pauly-Anderson-Pritchard, William H. Pauly, and all other interested parties to appear and show cause why the Maloy Well No. 1, located in Unit P, Section 16, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7538: (Continued and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Francis L. Harvey and all other interested parties to appear and show cause why the Pinkstaff Estate Well No. 2, located in Unit A, Section 29, Township 29 North, Range 10 West, San Juan County, should not be re-entered and plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7566: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Flag-Redfern Oil Co., Principal, National Surety Corporation, and all other interested parties to appear and show cause why four wells, being the Julander No. 1 located in Unit L, Section 34; Julander No. 2 located in Unit I, Section 33; Hargis No. 1 located in Unit G, Section 33; and Hargis No. 2 located in Unit J, Section 33, all in Township 30 North, Range 12 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7560: (Continued from April 28, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Charles H. Heisen, Fidelity and Deposit Company of Maryland, Surety, and all other interested parties to appear and show cause why the Crownpoint Well No. 1, located in Unit F, Section 18, Township 18 North, Range 13 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7542: (Continued from April 14, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Benson-Montin-Greer Drilling Corporation, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the following wells: Dustin No. 1, located in Unit K, Section 6, and the Gallegos Canyon Unit No. 2, located in Unit K, Section 35, both in Township 29 North, Range 12 West, and the Segal No. 1, located in Unit K, Section 10, and the Price No. 1, located in Unit N, Section 15, both in Township 31 North, Range 13 West, San Juan County, should not be plugged and abandoned in accordance with Division-approved plugging programs.

CASE 7567: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Richardson Unit Area, comprising 1,283.35 acres, more or less, of State and Fee lands in Townships 13 and 14 South, Range 36 East.

CASE 7565: (Continued from April 28, 1982, Examiner Hearing)

Application of Delta Drilling Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Mescalero Unit Area, comprising 719.77 acres, more or less, of State, Fee and Federal lands in Townships 9 and 10 South, Range 32 East.

CASE 7568: Application of Petroleum Corp. of Delaware for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Superior Federal Well No. 6 located in Unit N of Section 6, Township 20 South, Range 29 East, East Burton Flat Field, to produce oil from the Strawn formation through tubing and gas from the Morrow formation through the casing-tubing annulus by means of a cross-over assembly.

Examiner Hearing - WEDNESDAY - MAY 12, 1982

CASE 7569: Application of Petroleum Corp. of Delaware for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbores of its Parkway West Unit Well No. 3, located in Unit K of Section 29, and Well No. 10, located in Unit G of Section 27, both in Township 19 South, Range 29 East.

CASE 7570: Application of J. Cleo Thompson for three unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for three unorthodox well locations, being 660 feet from the North line and 1330 feet from the West line, 660 feet from the North line and 2630 feet from the East line, and 660 feet from the North line and 1310 feet from the East line, all in Section 2, Township 17 South, Range 30 East, Square Lake Pool.

CASE 7516: (Continued from March 31, 1982, Examiner Hearing)

Application of Benson-Montin-Greer for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Canada Ojitos Unit Area, comprising 12,361 acres, more or less, of Jicarilla Apache Indian lands in Township 27 North, Range 1 West.

CASE 7571: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Abo formation underlying the SE/4 of Section 9, the SW/4 of Section 10, the NW/4 of Section 15, all in Township 6 South, Range 26 East, each to form a standard 160-acre spacing and proration unit 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 7551: (Continued from April 14, 1982, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Mississippian formations underlying the E/2 of Section 21, Township 11 South, Range 31 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 7572: Application of Anadarko Production Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Ballard GSA Waterflood Project by drilling and converting ten wells located in Unit N of Section 5, Units N and P of Section 6, Units F, H, J, and P of Section 7, Units F and N of Section 3, and Unit F of Section 17, all in Township 18 South, Range 29 East, Loco Hills Pool.

CASE 7573: Application of Anadarko Production Company for a waterflood expansion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its West Square Lake Waterflood Project by the conversion to water injection of five wells located in Units J and N of Section 9, D and H of Section 10, and J of Section 3, all in Township 17 South, Range 30 East.

CASE 7574: Application of Sun Exploration and Production Company for two non-standard gas proration units and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard Jalmat gas proration units comprising the NW/4 of Section 21, for its Boren & Greer Com Well No. 2 in Unit C and the NE/4 of Section 20, for its Boren & Greer Com Well No. 3, to be drilled at an unorthodox location 660 feet from the North line and 940 feet from the East line of said Section 20, all in Township 22 South, Range 36 East. Applicant further seeks rescission of Order No. R-5686.

CASE 7575: Application of Eagle Oil & Gas Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for a Wolfcamp-Penn test well to be drilled 1500 feet from the South line and 660 feet from the East line of Section 2, Township 17 South, Range 27 East, the S/2 of said Section 2 to be dedicated to the well.

CASES 7576 and 7577: Application of Apollo Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in each of the following cases, seeks an order pooling all mineral interests from the surface through the base of the San Andres formation underlying the lands specified in each case, each to form a standard 40-acre oil spacing and proration unit 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7576: NE/4 SW/4 Section 6, Township 19 South, Range 38 East

CASE 7577: SE/4 SW/4 Section 6, Township 19 South, Range 38 East

- CASE 7578: 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 from the surface down through the Seven Rivers formation underlying the SE/4 of Section 31, Township 19 South, Range 39 East, to form a standard 160-acre gas proration unit 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 7579: 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 from the surface down through the Seven Rivers formation underlying the N/2 NW/4 of Section 5, Township 20 South, Range 39 East, to form a non-standard 80-acre gas proration unit 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 7580: 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 from the surface to the base of the Seven Rivers formation underlying the SW/4 of Section 31, Township 19 South, Range 39 East, to form a standard 160-acre gas proration unit 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 7581: Application of Estoril Producing Corp. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South line and 990 feet from the East line of Section 10, Township 23 South, Range 34 East, Antelope Ridge-Morrow Gas Pool, the S/2 of said Section 10 to be dedicated to the well.
- CASES 7582 thru 7585: Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:
- CASE 7582: NW/4 Section 13, Township 6 South, Range 24 East
- CASE 7583: NE/4 Section 13, Township 6 South, Range 24 East
- CASE 7584: SW/4 Section 13, Township 6 South, Range 24 East
- CASE 7585: NW/4 Section 24, Township 6 South, Range 24 East
- CASES 7525 thru 7534: (Continued from April 28, 1982, Examiner Hearing)
- Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following 10 cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:
- CASE 7525: SW/4 Section 3, Township 5 South, Range 24 East
- CASE 7526: NW/4 Section 3, Township 5 South, Range 24 East
- CASE 7527: SE/4 Section 3, Township 5 South, Range 24 East
- CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East
- CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East
- CASE 7530: NW/4 Section 11, Township 6 South, Range 24 East
- CASE 7531: SW/4 Section 11, Township 6 South, Range 24 East
- CASE 7532: SE/4 Section 27, Township 6 South, Range 24 East
- CASE 7533: SW/4 Section 27, Township 6 South, Range 24 East
- CASE 7534: NW/4 Section 34, Township 6 South, Range 24 East

CASE 7515: (Continued from April 14, 1982, Examiner Hearing)

Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Ranges 12 and 13 West, Township 28 North, Range 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CASE 7586: Application of Standard Resources Corp. for designation of a tight formation, Chaves and Eddy Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Abo formation underlying all or portions of Township 15 South, Ranges 23 through 25 East, Township 19 South, Range 20 East, and Township 20 South, Range 20 East, all in Chaves County; in Eddy County: Township 16 South, Ranges 23 through 26 East, Township 17 South, Ranges 21, 23, 24, and 25 East, and Township 18 South, Ranges 21, 23, 24 and 25 East, Township 19 South, Ranges 21, 23, and 24 East, and Township 20 South, Ranges 21, 23, and 24 East, containing 460,800 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CASE 7587: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Draper Mill-Wolfcamp Gas Pool. The discovery well is the HMC Oil Company Vaca Draw 16 State Well No. 1 located in Unit E of Section 16, Township 25 South, Range 33 East, NNPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NNPM
Section 16: W/2

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Jabalina-Morrow Gas Pool. The discovery well is the Amoco Production Company Perro Grande Unit Well No. 1 located in Unit J of Section 6, Township 26 South, Range 35 East, NNPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NNPM
Section 6: E/2

- (c) ABOLISH the Diamond Mound-Morrow Gas Pool in Chaves and Eddy Counties, New Mexico, as heretofore classified, defined, and described as:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NNPM
Section 35: All

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NNPM
Section 31: E/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NNPM
Section 3: Lots 1 through 16
Section 4: Lots 1 through 16
Section 5: Lots 1 through 16
Section 6: Lots 1, 2, 7, 8, 9, 10, 15, 16, and S/2

- (d) EXTEND the vertical limits of the Diamond Mound-Atoka Gas Pool in Chaves and Eddy Counties, New Mexico, to include the Morrow formation, and redesignate said pool to Diamond Mound-Atoka-Morrow Gas Pool, and extend the horizontal limits of said pool to include acreage from abolished Diamond Mound-Morrow Gas Pool and one additional well as follows:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NNPM
Section 35: All

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NNPM
Section 31: E/2

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NNPM
Section 9: S/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NNPM
Section 3: Lots 1 through 16
Section 4: Lots 1 through 16
Section 5: Lots 1 through 16
Section 6: Lots 1, 2, 7, 8, 9, 10, 15, 16, and S/2

- (e) EXTEND the Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 35: E/2
Section 36: N/2

- (f) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 1: All
Section 12: N/2

- (g) EXTEND the South Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 10: All
Section 11: W/2
Section 14: W/2
Section 15: W/2
Section 34: W/2

- (h) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 17: N/2

- (i) EXTEND the Golden Lane-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 28: All

- (j) EXTEND the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 10: N/2

- (k) EXTEND the East LaRica-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 36: S/2

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 31: S/2

- (l) EXTEND the Little Box Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 18: E/2

- (m) EXTEND the Malaga-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 11: E/2

- (n) EXTEND the South Millman-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 16: N/2

- (o) EXTEND the East Millman-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 7: NE/4

- (p) EXTEND the Millman Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 8: S/2

- (q) EXTEND the West Nadine-Blaine Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 30 EAST, NMPM
Section 5: SW/4

- (r) EXTEND the West Osado-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 11: S/2
Section 12: S/2

- (s) EXTEND the Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 24 EAST, NMPM

Section 24: S/2
Section 25: All
Section 26: E/2
Section 35: W/2 and NE/4
Section 36: N/2

TOWNSHIP 4 SOUTH, RANGE 25 EAST, NMPM

Section 19: SW/4
Section 30: W/2
Section 31: SW/4

TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM

Section 2: NW/4
Section 7: All
Section 8: All
Section 9: N/2 and SW/4
Section 16: W/2
Section 17 thru 20: All
Section 21: W/2
Section 28: W/2
Section 29: All
Section 30: All
Section 31: N/2
Section 32: W/2
Section 33: NW/4

TOWNSHIP 5 SOUTH, RANGE 25 EAST, NMPM

Section 1 thru 5: All
Section 6: E/2
Section 7: SW/4 and E/2
Section 8 thru 12: All
Section 14 thru 22: All
Section 23: W/2
Section 27: N/2
Section 28 thru 30: All
Section 31: NE/4
Section 32: N/2
Section 33: All
Section 34: All

TOWNSHIP 6 SOUTH, RANGE 24 EAST, NMPM

Section 2: All
Section 11 thru 14: All
Section 22 thru 28: All
Section 34: E/2
Section 35: All
Section 36: All

Examiner Hearing - WEDNESDAY - MAY 12, 1982

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM

Section 4 thru 6: All
 Section 7 thru 8: All
 Section 9: N/2
 Section 17 thru 20: All
 Section 29 thru 32: All

TOWNSHIP 7 SOUTH, RANGE 24 EAST, NMPM

Section 1: All
 Section 2: All
 Section 3: E/2
 Section 9 thru 15: All
 Section 22 thru 27: All
 Section 34 thru 36: All

TOWNSHIP 7 SOUTH, RANGE 25 EAST, NMPM

Section 6: W/2
 Section 7: S/2
 Section 13: SW/4
 Section 14: S/2
 Section 15: S/2
 Section 18 and 19: All
 Section 20: S/2
 Section 22 thru 27: All
 Section 29 thru 32: All
 Section 34 thru 36: All

TOWNSHIP 7 SOUTH, RANGE 26 EAST, NMPM

Section 5: All
 Section 6: All
 Section 7 thru 10: All
 Section 11: W/2
 Section 15 thru 17: All
 Section 18: W/2
 Section 19 thru 22: All
 Section 28 thru 32: All

TOWNSHIP 8 SOUTH, RANGE 24 EAST, NMPM

Section 1 through 3: All
 Section 10: E/2
 Section 11: All
 Section 12: All

TOWNSHIP 8 SOUTH, RANGE 25 EAST, NMPM

Section 1 through 12: All
 Section 13 through 16: N/2

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 6: W/2

- (c) EXTEND the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 22 EAST, NMPM

Section 23: SE/4
 Section 24: S/2 and NE/4
 Section 25 through 27: All
 Section 28: E/2

TOWNSHIP 8 SOUTH, RANGE 23 EAST, NMPM

Section 3 through 5: All
 Section 6: N/2
 Section 8 through 10: N/2
 Section 17: W/2
 Section 18: SE/4
 Section 19: All
 Section 20: W/2
 Section 29: W/2
 Section 30: All
 Section 31: All
 Section 32: W/2

TOWNSHIP 9 SOUTH, RANGE 23 EAST, NMPM
Section 3: W/2
Section 4: All
Section 5: All
Section 6: E/2
Section 8: All

- (u) EXTEND the East Red Lake-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 25: E/2 NE/4 and NE/4 SE/4

- (v) EXTEND the Sand Ranch-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM
Section 26: All

- (w) EXTEND the Sawyer-San Andres Associated Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 38 EAST, NMPM
Section 4: SW/4

- (x) EXTEND the Tom-Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 7: All

- (y) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 2: W/2
Section 7: N/2

- (z) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 18: N/2 SE/4 and SE/4 SE/4

- (aa) EXTEND the South Vacuum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 16: SE/4

DOCKET: COMMISSION HEARING - MONDAY - MAY 17, 1982

Docket No. 14-82

OIL CONSERVATION COMMISSION - 9 A.M.
ROOM 205 - STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO.

CASE 7522: (DE NOVO)

Application of Santa Fe Exploration Co. for an unorthodox gas well location, Eddy County, New Mexico Applicant, in the above-styled cause, seeks approval of an unorthodox location 660 feet from the North and West lines of Section 14, Township 20 South, Range 25 East; Permo-Penn, Strawn, Atoka and Morrow formations, the N/2 of said Section 14 to be dedicated to the well.

Upon application of Chama Petroleum Company, this case will be heard ~~De Novo pursuant to the provisions~~ of Rule 1220.

CASE 7476: (DE NOVO)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation, underlying two 160-acre gas spacing units, being the NE/4 and SE/4, respectively, of Section 12, Township 5 South, Range 24 East, each 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.

Upon application of Mesa Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 7513: (DE NOVO)

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 SE/4 of Section 12, 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.

Upon application of Mesa Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

Post Office Box 1769

Santa Fe, New Mexico 87501

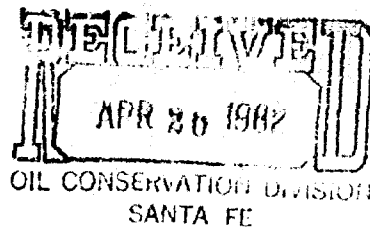
Telephone 982-4285

Area Code 505

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

April 15, 1982

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



Re: Eagle Oil & Gas Co.

Case 7575

Dear Mr. Ramey:

Please set the enclosed application for the next available examiner docket on May 12, 1982.

Very truly yours,

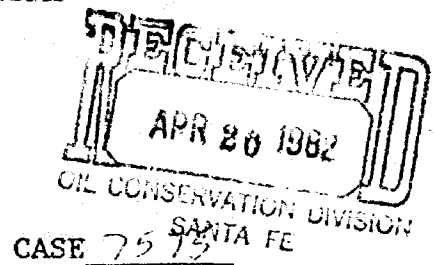
A handwritten signature in dark ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with the first name "W." and last name "Kellahin" clearly distinguishable.

W. Thomas Kellahin

WTK:rb
Enclosure
cc: Mr. Scott Wilson

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

IN THE MATTER OF THE APPLICATION OF
EAGLE OIL & GAS CO., FOR APPROVAL OF
AN UNORTHODOX WELL LOCATION, EDDY
COUNTY, NEW MEXICO



A P P L I C A T I O N

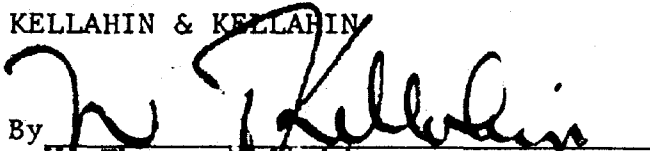
COMES NOW THE APPLICANT, EAGLE OIL & GAS CO., by and through its attorneys, Kellahin & Kellahin and applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location 660 feet from the East line and 1500 feet from the South line of Section 2, T17S, R27E, N.M.P.M., Eddy County, New Mexico and in support thereof would show:

1. Applicant has the right to drill the S/2 of Section 2, T17S, R27E, N.M.P.M.
2. Applicant or its designated operator proposes to drill a Wolfcamp-Pennsylvanian test at an unorthodox well location 660 feet from the East line and 1500 feet from the South line of said Section 2, and to dedicate the S/2 of said section to the subject well.
3. Approval of the application will be in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that the application be set for hearing and that after notice and hearing, the application be granted as requested.

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501
(505) 982-4285
ATTORNEYS FOR APPLICANT

Handwritten:
Filer
CASES

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. 7575

Order No. R-6985

APPLICATION OF EAGLE OIL & GAS
CO. 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 May 12, 1982,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of May, 1982, 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, Eagle Oil & Gas Co., seeks approval of an unorthodox gas well location 1500 feet from the South line and 660 feet from the East line of Section 2, Township 17 South, Range 27 East, NMPM, to test the Wolfcamp^{sub} Penn^{formation} formations, _____ ~~2001~~, Eddy County, New Mexico.

(3) That the S/2 of said Section 2 is to be dedicated to the well.

(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.

(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 the application of Eagle Oil & Gas Co. for an unorthodox gas well location for the Wolfcamp^{sub} Penn^{formation} formations is hereby approved for a well to be located at a point 1500 feet

from the South line and 660 feet from the East line of Section 2, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) That the S/2 of said Section 2 shall be dedicated to the above-described well.

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

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

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

JOE D. RAMEY,

Director

S E A L

DOCKET MAILED

413042 (Pooler)