

CO. 100 20 2000 NATURAL GAS
CO. 100 20 2000 NATURAL GAS
location, Eddy County, N. M.

Case Number

5/4/3

Large

Exhibits

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

January 16, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso
Natural Gas Company for
an unorthodox gas well
location, Eddy County,
New Mexico.

Case No. 5143

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conser-
vation Commission:

Thomas Derryberry, Esq.
Legal Counsel for the Com-
mission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

John Chapman, Esq.
Office of General Counsel
El Paso, Texas

and

Sumner Buell, Esq.
MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & BUELL
350 E. Palace Avenue
Santa Fe, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

I N D E X

HOWARD R. GREEN

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Direct Examination by Mr. Chapman

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Cross Examination by Mr. Stamets

E X H I B I T S

Marked Admitted

-- 10

Applicant's Exhibit No. 1

MR. STAMETS: Call Case 5143.

MR. DERRYBERRY: Case 5143. Application of El Paso Natural Gas Company for an unorthodox gas well location, Eddy County, New Mexico.

MR. BUELL: Mr. Examiner, Sumner Buell of the firm, Montgomery, Federici, Andrews, Hannahs and Buell, appearing on behalf of the El Paso Natural Gas Company and associated with me is Mr. John Chapman of the Office of General Counsel in El Paso and we have one witness that needs to be sworn.

MR. STAMETS: Are there any other appearances in this case?

The witness will stand and be sworn, please.

(Witness sworn.)

HOWARD R. GREEN

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CHAPMAN:

Q Will you please state your name, address and occupation for the record?

A Howard R. Green, Regional Geological Manager, El Paso Natural Gas, Midland, Texas.

Q By whom and what capacity are you employed?

GREEN-DIRECT

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A I'm afraid I answered your question.

Q Have you ever testified before the New Mexico Commission before?

A No, I have not.

Q Okay. Would you state your educational and professional qualifications?

A I received geological degrees from Wichita University and Columbia University followed by 17 years of geologic employment by the Superior Oil Company. For the past five years I have been Regional Geological Manager for El Paso Natural Gas in Midland.

Q What were your responsibilities while employed by Superior?

A Ranging from geological trainee to District Geologist.

Q Mr. Green, what are your present responsibilities with El Paso?

A Supervising the exploration program for the Southwestern, comprising of southwestern Arizona, southern New Mexico and the bulk of the State of Texas.

Q Are you familiar with the geology of southeast New Mexico and in particular Rocky Arroyo Field?

A Yes, I am.

GREEN-DIRECT

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Q Are you familiar with what El Paso seeks in the Application?

A Yes, I am.

MR. CHAPMAN: Mr. Examiner, I would like to ask if Mr. Green's qualifications are acceptable?

MR. STAMETS: I missed your title, Mr. Green.

THE WITNESS: Regional Geological Manager.

MR. STAMETS: Yes, the witness is qualified.

BY MR. CHAPMAN:

Q Now, what specifically is El Paso seeking in this Application?

A We have requested approval of an unorthodox location in Section 4, Township 22 South, 22 East, Rocky Arroyo Field.

Q All right. Now, exactly where is this well to be located with respect to this south line?

A We have proposed locating the well 1,980 feet from the south line and 660 feet from the west line of Section 4.

Q What interest does El Paso have in Section 4?

A We are the 79 percent working interest to Rocky Arroyo Unit in which the southwest quarter of Section 4 -- the southeast quarter of Section 4 is controlled by Shell Oil Company.

GREEN-DIRECT

Page.....5-A.....

Q Now, in drilling this unorthodox location, which line will El Paso be crowding?

A In the sense of crowding, would be crowding the west line of Section 4.

Q All right. Does El Paso have any interest in the offset acreage to the west?

A We own 79 percent working interest in the offsetting acreage to the west.

Q In effect, you are crowding your own line?

A Yes, sir.

Q Who owns the royalty interest in the south half of Section 4?

A All of the acreage

Q Does the federal government also own royalty interest in the acreage immediately to the west?

A Yes, they do.

Q All right. Has there been any communication with the federal government, which is, as you pointed out, a common royalty interest owner in both sections?

A We requested approval from the U.S.G.S. for the location and received approval dated November 20th, 1973.

Q All right. Now, I refer you to what has been marked for identification, Applicant's Exhibit 1. Would you

please explain that Exhibit?

A Exhibit 1 contains two stratigraphic cross sections of Cisco and Morrow intervals. At the bottom of the cross section, for reference purposes is a Morrow structural map which shows the location of the subject cross section. In addition, the well symbols are color coded to show the producing zones in the field. The outline in red shows the Rocky Arroyo working interest and with El Paso as the operator.

Referring to the map, if we may, El Paso drilled a discovery well, the No. 1 Rocky Arroyo in the southeast quarter of Section 8. This well was completed as a dual lower Wolfcamp and Morrow producer in November of 1971. Since that time, we have maintained a continuous development program in the area. As a result of this, we have operated five additional producers and plugged and abandoned one non-commercial well to the Rocky Arroyo A-No. 1 in the northwest quarter of Section 9.

In addition, Great Western has drilled two producing wells, producing from the Morrow in Section 4 and the adjacent section to the north.

Of the six producers drilled by El Paso, three wells have pay in Morrow and one each producers from Atoka Canyon, Lower Wolfcamp and Middle Wolfcamp. The initial

GREEN-DIRECT

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potential from Morrow pay zones range from 1.2 to 5.5 million. The Atoka completion was 9.6 million, the Canyon 65.2, Lower Wolfcamp 20.5 and Middle Wolfcamp produced 10.3. The two Great Western Wells were completed for 5.1 and 10.6 million respectively.

This field was not put on the pipeline until January 1st of this year. We just started taking gas from the area, so, we have no means of determining the actual production abilities at this point beyond initial potential.

As you can see from the map, before we go into the cross sections, there have been several wells completed in Morrow and we have been unsuccessful in finding a stepout or development location to any other producing zones. The structure of the area is shown on that plat indicates strong regional east dip at the rate of 200 feet per mile. This goes along with the performance we have seen our drill stem test in our attempts to find development locations and, namely, that is a stratigraphic gas field in each of the producing zones.

It appears from our studies that I believe is indicated by the map, that each of the producing zones is linear, narrow and probably discontinuous along its length. This is, I think, demonstrated rather well on the cross sections.

Cross Section 'A', "A" Prime, the one on the left includes three wells, is basically an east-west cross section. We can refer to the map to the line of cross sections. It indicates rather strong, I think, that going in an easterly direction, the Morrow pay section in the No. 1-C Rocky Arroyo in the left is less well developed than the No. 1 Rocky Arroyo and has lined out in the Rocky Arroyo 1-A.

Similarly, the Canyon pay section in 1-C shown in blue in the middle of the upper part of the cross section which has calculated potential of 65.2 million in 1-C Rocky Arroyo is relatively poorly developed in both No. 1 Rocky Arroyo Unit and certainly in the 1-A. In contrast to this, the southwest-northeast cross section on your right, which goes on the Rocky Arroyo 1-C on the left, the same well as the key well on the left side of the other cross section. This cross section runs northeast between 1-C and Great Western No. 1 Cally Draw. It is evident on the map that this crosses the proposed location as we set it out. It indicates a strong similarity in the lithology and lithoid characteristics between 1-C and the Great Western Cally Draw.

All of the studies which we've undertaken in the area, we have to feel, as I pointed out before, that these producing zones in the field are linear and oriented northeast-southwest.

GREEN-DIRECT

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To supplement this -- this is word of mouth since I don't have the data on the cross section -- a similar look alike in producing zones. There is a similarity in the lower Wolfcamp pay in No. 1 Rocky Arroyo in the southeast quarter of Section 6 and the Great Western-Reese Cleaveland.

When we drilled our first well, we had hoped to find another well that looked like it in the lower Wolfcamp and when we drilled through the lower Wolfcamp we couldn't find the Wolfcamp pay. The strongest similarity lithologic characteristics between the Reese Cleaveland and Rocky Arroyo. Again, the greatest function, if you tied those two wells together as a trim of lower Wolfcamp carbonate, it runs almost through the proposed location, comes partly west of the standard location. The well that we've drilled in here encountered limited gas shows from 5,000 feet total depth. In other words, we have about 4,000 feet of section which carries numerous gas shows as indicated by mud logging unit we used on this location. The basic problem has not been one of finding gas, but finding the Strawn into which we need to drill to establish commercial production.

A It is on this basis, then, that we're reestablishing trendology producing zones which leads us into the proposed

GREEN-DIRECT

Page.....10.....

location.

Q Do you feel then that chances of getting a commercial well are poor if you drill at your orthodox site?

A We'd be back in the old gamma link balance again and we feel we have an optimum chance in the location proposed and a lesser chance on the proven reservoirs at a standard location.

Q Was Applicant's Exhibit 1 prepared by you or under your direction?

A It was prepared under my supervision.

MR. CHAPMAN: Mr. Examiner, I move at this time Applicant's Exhibit 1 be admitted into evidence.

MR. STAMETS: Without objection, it will be so admitted.

(Whereupon, Applicant's Exhibit No. 1 for identification was admitted into evidence.)

BY MR. CHAPMAN:

Q Mr. Green, in your opinion, will the granting of this Application prevent waste and protect correlative rights?

A Yes, sir.

MR. CHAPMAN: That concludes El Paso's Direct Examination and representation.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Green, the south half of Section 4 will be dedicated to the well, is that correct?

A That's correct.

Q Even at a standard location, the well could be located inside of Rocky Arroyo Unit?

A Yes, sir.

Q The Rocky Arroyo Unit has participation formula and this would not vary with the well location?

A Regardless of the location in south half, there would be no variation between -- Shell will be a working interest partner in the drilling.

Q The well is only crowding toward the inside of Rocky Arroyo Unit?

A Yes.

Q Are there any other questions of this witness?

MR. CHAPMAN: No.

THE WITNESS: We went through it pretty fast and I would certainly welcome any questions.

MR. STAMETS: The witness may be excused.

(Witness excused.)

MR. STAMETS: Anything further in this case?

CASE 5143

GREEN-CROSS

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Any statements?

Will take this case under advisement.

THE NYE REPORTING SERVICE
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225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is
a complete and true copy of the proceedings in
the Examiner hearing of case No. 5743,
heard by me on Jan 16, 1974.
Richard L. Hammett, Examiner
New Mexico Oil Conservation Commission

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

January 21, 1974

Re: CASE NO. 5143

ORDER NO. R-4709

Mr. Sumner Buell
Montgomery, Federici
& Buell
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Applicant:

EL PASO NATURAL GAS CO.

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	<u>x</u>
Aztec OCC	

Other _____

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. 5143
Order No. R-4709

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 16, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 18th day of January, 1974, 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, El Paso Natural Gas Company, seeks approval of an unorthodox gas well location for its Rocky Arroyo "D" Com Well No. 2 1980 feet from the South line and 660 feet from the West line of Section 4, Township 22 South, Range 22 East, NMPM, to test the Morrow formation, Rocky Arroyo-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the S/2 of said Section 4 is to be dedicated to the well.

(4) That a well drilled at the proposed unorthodox location should encounter a more favorable pay section or sections than a well drilled in a standard location for the S/2 of Section 4.

(5) That the applicant is the operator of the Rocky Arroyo Unit in the subject pool.

(6) That the proposed unorthodox location crowds toward the center of the applicant's Rocky Arroyo Unit.

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

(8) That approval of the subject application will afford the applicant the opportunity to produce his 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.

-2-
CASE NO. 5143
Order No. R-4709

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Rocky Arroyo "D" Com Well No. 2 1980 feet from the South line and 660 feet from the West line of Section 4, Township 22 South, Range 22 East, NMPM, Rocky Arroyo-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the S/2 of said Section 4 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 Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



R. Trujillo
I. R. TRUJILLO, Chairman

A. J. Armiño
ALEX J. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, JR., Member & Secretary

SEAL

jr/

5143

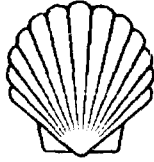
Finds

- (1) Applicant is operator of Rocky Arroyo Unit.
- (2) Proposes to drill a well at NSL ~~Loc~~
(describe location, pool, county, etc.)
- (3) ~~in said unit Applicant proposes to dedicate the~~
~~the location was established is requested~~
~~3/2 of said section to well~~
- (4) That a well at the proposed NSL should encounter a more favorable pay section or sections than a well drilled at std loc. S/2
- (5) That the ~~proposed~~ NSL crowds ~~into~~ the line toward the center of said unit.
- (6) That no offset operator has objected.

Ordered

NS Loc approved for S/2
dedication

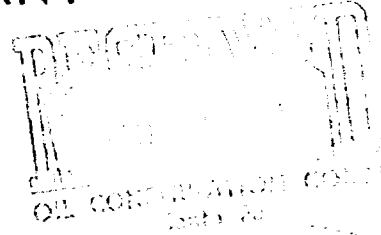
B L L



SHELL OIL COMPANY

PETROLEUM BUILDING
P.O. BOX 1509
MIDLAND, TEXAS 79701

January 11, 1974



Subject: Unorthodox Location (Case 5143)
El Paso Natural Gas Company
Rocky Arroyo "D" Com No. 2
Rocky Arroyo-Morrow Gas Pool
Eddy County, New Mexico

Jan 16

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

Gentlemen:

This is to advise you that Shell Oil Company supports the application of El Paso Natural Gas Company for an unorthodox location for their Rocky Arroyo "D" Com Unit No. 2. We understand the well is to be located in the center of Unit L, Section 4, T-22-S, R-22-E, Eddy County and the S/2 of Section 24 will be dedicated as a unit to this well.

Yours very truly,

For: Jack L. Mahaffey
Production Manager
Mid-Continent Division

7/2/74

JES:JLG

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 16, 1974

9 A.M. - OIL CONSERVATION COMMISSION 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 February, 1974, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for February, 1974.

CASE 5110: (Continued from the November 15, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extending the horizontal limits of the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, to include the S/2 of Section 28, Township 25 South, Range 24 East.

Also to be considered will be the institution of gas prorationing in said pool to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool.

CASE 5111: (Continued from the November 15, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extending the horizontal limits of the Burton Flats-Morrow Gas Pool, Eddy County, New Mexico, to include the S/2 of Section 34, Township 20 South, Range 28 East, and the N/2 of Sections 8 and 9, and all of Section 10, Township 21 South, Range 27 East.

Also to be considered will be the institution of gas prorationing in said pool to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool.

CASE 5112: (Continued from the November 15, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extending the horizontal limits of the Burton Flats-Strawn Gas Pool, Eddy County, New Mexico, to include all of Section 10, Township 21 South, Range 27 East.

(Case 5112 continued from Page 1)

Also to be considered will be the institution of gas prorationing in said pool to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool.

CASE 5113: (Continued from the November 15, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the institution of gas prorationing in the Burton Flats-Atoka Gas Pool, Eddy County, New Mexico, and to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool.

CASE 5124: (Continued from the November 28, 1973, Examiner Hearing)

Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the S/2 of Section 30, Township 20 South, Range 33 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1300 feet from the East line of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5143: 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 its proposed Rocky Arroyo "D" Com. Well No. 2 in the center of Unit L of Section 4, Township 22 South, Range 22 East, Rocky Arroyo-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of said Section 4 to be dedicated to the well.

CASE 5144: Application of Depco, Inc. for two waterflood projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute two waterflood projects by the injection of water into the Grayburg-San Andres formation through six wells located on applicant's State 647 lease in Sections 31 and 32, Township 17 South, Range 28 East, Artesia Pool, Eddy County, New Mexico, and through one well on the Kersey and Company Ramapo "A" Lease in said Section 32.

CASE 5145: Application of Texas Pacific Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 10,872 feet to 11,032 feet in its State "B" Well No. 2 located in Unit B of Section 11, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

CASE 4969: (Reopened)

In the matter of Case No. 4969 being reopened pursuant to the provisions of Order No. R-4557, which order established a temporary special depth bracket allowable for the Tocito Dome-Pennsylvanian "D" Oil Pool, San Juan County, New Mexico. All interested parties may appear and show cause why the special allowable should be made permanent.

CASE 5146: Application of Midwest Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Target Unit Area comprising 5120 acres, more or less, of State and Federal lands in Townships 25 and 26 South, Range 25 East, Eddy County, New Mexico.

CASE 5147: Application of Mesa Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the S/2 of Section 12, Township 16 South, Range 35 East, North Shoe Bar Field, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit in Unit O of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5148: Application of Coquina Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well at an unorthodox gas well location 990 feet from the North and East lines of Section 16, Township 19 South, Range 25 East, Boyd-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 16 to be dedicated to said well.

CASE 5149: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 33, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard Pennsylvanian gas well location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

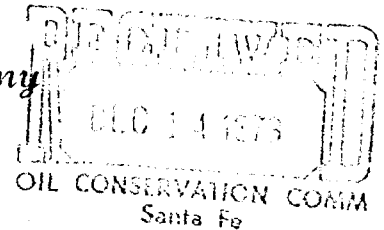
- CASE 5150: Application of Hanson Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen formation through 10 wells in its Mescalero Ridge Unit Area in Sections 26 and 35, Township 19 South, Range 34 East, Pearl-Queen Pool, Lea County, New Mexico.
- CASE 5151: Application of Penroc Oil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause seeks approval for the dual completion (conventional) of its Dero-Federal A-Com Well No. 1, located in Unit N of Section 35, Township 19 South, Range 28 East, Eddy County, New Mexico, in such a manner as to produce gas from the Winchester-Wolfcamp gas pool and an undesignated Strawn gas pool through the casing-tubing annulus and through tubing.
- CASE 5152: Application of Petro-Lewis Corporation for a Special Depth Bracket Allowable, Media-Entrada Oil Pool, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks a special depth bracket allowable for the Media-Entrada Oil Pool, Township 19 North, Range 3 West, Sandoval County, New Mexico.
- CASE 5140: (Continued from the January 3, 1974, Examiner Hearing)
- Application of Pierce & Dehlinger for compulsory pooling, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NW/4 of Section 24, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to the King Resources Sheridan Well No. 1-A located in Unit C of said Section 24. Also to be considered is designation of the applicant as operator of the NW/4 of said Section 24 and the well located thereon, provision for allocation of actual operating costs and charges for supervision, and allocation of costs for reworking said well including a 200% charge attributable to any non-consenting working interest owner's pro rata share of said workover costs, for the risk involved in said workover.
- CASE 4956: (Reopened) (Continued from the January 3, 1974, Examiner Hearing)
- Application of Pierce & Dehlinger for a determination of well costs, Lea County, New Mexico. Applicant, as operator of the Sheridan Well No. 1 located in Unit M of Section 13, Township 9 South, Range 33 East, Lea County, New Mexico, to which well is dedicated the SW/4 of said Section 13, all mineral interests in the Vada-Pennsylvanian Pool thereunder having been pooled by Commission Order No. R-4560, seeks the determination of reasonable well costs attributable to applicant and to King Resources, including, but not limited to, the costs of reworking and placing said Sheridan Well No. 1 back on production and attorneys fees in connection therewith. Applicant further seeks an order assessing, as a charge for the risk involved in the reworking of the well, 120% of the pro rata share of the reasonable well costs attributable to the working interest of King Resources.

Case 5143

El Paso Natural Gas Company

El Paso, Texas 79999

December 11, 1973



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

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

At your earliest convenience, please set for hearing the application of El Paso Natural Gas Company for a non-standard location in the Rocky Arroyo (Morrow) Pool for its Rocky Arroyo D Com. #2 Well located in the S/2 - 4-22S-22E, Eddy County, New Mexico.

The proposed non-standard location for this well is 660' from the west line and 1,980' from the south line.

If any further information is desired regarding this application, please do not hesitate to call on me.

Very truly yours,

E. R. Manning
E. R. Manning
Chief Proration Engineer

ERM:eh

DOCKET MAILED

Date 1-4-74

DRAFT

dr/

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. 5143

Order No. R-4709

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 16, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of January, 1974, 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, El Paso Natural Gas Company, seeks
approval of an unorthodox gas well location for its Rocky Arroyo
1980 feet from the South line and 660 feet from the West line.
"D" Com Well No. 2 ~~in the center of Unit 1~~ of Section 4, Town-
ship 22 South, Range 22 East, NMPM, to test the Morrow
formation, Rocky Arroyo-Morrow Gas Pool, Eddy County, New Mexico.

~~(3) That the applicant is the operator of the Rocky Arroyo
Unit in the ~~subject~~ pool.~~

(3) That the S/2 of said Section 4 is to be dedicated to the well.

(4) That a well drilled at the proposed unorthodox location should encounter a more favorable pay section or sections than a well drilled in a standard location for the S/2 of Section 4.
That the applicant is the operator of the Rocky Arroyo unit in the subject pool.

(5) That the proposed unorthodox location crowds toward the center of the applicant's Rocky Arroyo Unit.

(6) That no offset operator ^{has} objected to the proposed unorthodox location.

(7) 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 gas well location for the Morrow formation is hereby approved for the Rocky Arroyo "D" Com Well ^{1950 feet from the south line and 660 feet from the west line} No. 2 ~~located in the center of Unit 1~~ of Section 4, Township 22 South, Range 22 East, NMPM, Rocky Arroyo-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the S/2 of said Section 4 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 Commission may deem necessary.

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