

CASE NO. 5387: HNG OIL CO. FOR
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

CASE No.

5387

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 8, 1975

EXAMINER HEARING

-----)
 IN THE MATTER OF:)
)
 Application of HNG Oil Company for an)
 unorthodox gas well location, Lea)
 County, New Mexico.)
)
 -----)

Case No.
5387

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

James T. Jennings, Esq.
JENNINGS, CHRISTY & COPPLE
1012 Security National
Bank Building
Roswell, New Mexico

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

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MR. STAMETS: The Hearing will please come to order. We'll call the next case, Case 5387.

MR. CARP: Case 5387. Application of HNG Oil Company for an unorthodox gas well location, Lea County, New Mexico.

MR. JENNINGS: James T. Jennings of Jennings, Christy & Copple, appearing for HNG Oil Company, and I have one witness, Mr. Charles Tierce.

MR. STAMETS: Are there any other appearances in this Case? The Witness will stand and be sworn, please.

(Witness sworn.)

CHARLES TIERCE

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

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name and occupation, please, sir?

A Charles Tierce, Geologist, HNG Oil Company.

Q Mr. Tierce, have you appeared and testified before this Commission many times in the past?

A Yes, I have.

Q Have your qualifications been accepted ?

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A Yes, sir.

MR. STAMETS: Where are you located, Mr. Tierce?

MR. TIERCE: Midland, Texas.

MR. STAMETS: Thank you. Yes, the Witness is qualified.

BY MR. JENNINGS:

Q Mr. Tierce, HNG Oil Company has made an application of unorthodox location in the Dogie Draw Unit.

Are you familiar with this Application?

A Yes, I am.

Q Basically, was is the reason for this request for an unorthodox location?

A Our big objection to a 198660 location would be that a deviation of 1.8 degrees from the surface to 22,000 foot would put us across the lease line and we think it would be a lot cheaper in the drilling of this hole to move it back 1325 from the south and west. Economics is the big reason.

Q What is the actual location of this well?

A 1325 from the south and west.

Q Have you drilled other wells in the Dogie Draw Unit?

A We are currently trying to complete the Dogie

Draw No. 1 in Section 8, 1980 from the south and west location. This morning we were getting water, which was load water out of the Devonian. We expect to make it a Devonian gas well.

Q What is your objective depth in this well?

A 22,000 feet to the Ellenburger.

Q Do you anticipate the possibility of the problem of getting beyond the lease lines if you use the normal gas well spacing location?

A If the hole should deviate toward the lease line I think it would be almost impossible to keep it from it. It would be very expensive at the least.

Q Referring to what has been marked as Exhibit 1, Mr. Tierce, where is this well located with reference to the outside boundaries of the unit?

A Section 5 is the northeasternmost section, so we would be about three-quarters of a mile from the east line and the same from the north line.

Q And those are the closest offset operators?

A Yes.

Q Do you feel that this will in any way impair the correlative rights of any of the offset operators?

A No, sir.

Q Would this be in the interests of conservation and prevent waste?

A Yes, sir.

Q Was Exhibit No. 1 prepared by you or under your supervision?

A Yes, it was.

MR. JENNINGS: We have nothing further and we would offer it to the Commission.

MR. STAMETS: Exhibit No. 1 will be admitted.

(Whereupon, HNG's Exhibit

No. 1 was admitted into evidence.)

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Tierce, talking about this well potentially getting off the lease are you talking about the lease that's located on Section 5 or the Dogie Draw Unit?

A No, the lease in Section 5.

Q So what you're worried about would be drifting off into Section 6 or 7 or down into 8?

A Yes, sir. Primarily in 6 or 8 if we went standard locations.

Q And you don't wish to locate it at a standard gas location, say 1980 from the south and west, because

that would tend to put you off structure?

A It would put us off somewhat. Our biggest concern would be the fault that we show on the east side. We think it does hade and it is a reverse fault; hade back to the west. If this were the case, by the time we get to the Ellenburger we could cut that fault and go on the down side.

Q I expect Devonian gas, and we expect Ellenburger gas as well?

A We did test Ellenburger in the No. 1. We recovered nothing really; it was just tight, so we would like to drill another well to that formation.

Q At that depth the normal expectation would be gas?

A Yes, it would. We think also by moving to the west that we have a better chance in the Devonian. We think the Devonian porosity is getting better to the west, but primarily it's the fault that concerns us.

REDIRECT EXAMINATION

BY MR. JENNINGS:

Q What acreage are you going to dedicate to this proposed well, Mr. Tierce?

A Section 5.

Q The South half of Section 5?

A All of it.

Q I think you have to dedicate the South half at this time; we don't have special pool rules.

A I'm sorry. Yes, it would be the South half.

MR. STAMETS: I assume if you get a well you will be in here for 640-acre spacing.

Any other questions of this Witness? He may be excused. Anything further in this Case?

MR. JENNINGS: We have nothing further.

MR. STAMETS: We will take the Case under advisement.

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. 5387
Order No. R-4942

APPLICATION OF HNG OIL CO. FOR
AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 8, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of January, 1975, 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, HNG Oil Co., seeks approval of an unorthodox gas well location for its Dogie Draw Fed. Well No. 2 to be drilled at a point 1325 feet from the South line and 1325 feet from the West line of Section 5, Township 26 South, Range 36 East, NMPM, to test the Devonian and/or Ellenburger formations, Lea County, New Mexico.

(3) That the S/2 of said Section 5 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 aforesaid spacing and proration unit.

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

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Case No. 5387
Order No. R-4942

(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 pools, 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 Devonian and Ellenburger formations is hereby approved for applicant's Dogie Draw Fed. Well No. 2 to be located at a point 1325 feet from the South line and 1325 feet from the West line of Section 5, Township 26 South, Range 36 East, NMPM, Lea County, New Mexico.

(2) That the S/2 of said Section 5 shall be dedicated to the above-described well.

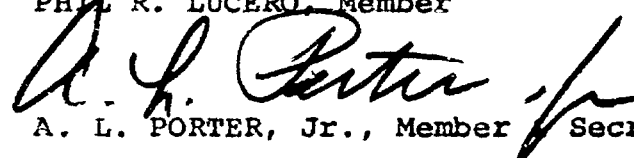
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman


PHIL R. LUCERO, Member


A. L. PORTER, Jr., Member Secretary

S E A L

dr/

(Case 5386 Continued from Page 2)

The Federal "CR" Com Well No. 1, located at an unorthodox gas well location 660 feet from the South and West lines of Section 29, to produce gas from the Canyon formation through the casing-tubing annulus and from the Atoka formation through tubing, the W/2 of said Section 29 to be dedicated to the well;

The State "CY" Well No. 1, located in Unit K of Section 32, to produce gas from the Strawn and Atoka formations through the casing-tubing annulus and from the Cisco through tubing by means of a cross-over assembly;

The Powell "DG" Com Well No. 1, located in Unit O of Section 35, to produce gas from the Morrow through the casing-tubing annulus and from the Cisco through tubing by means of a cross-over assembly;

And the Federal "CZ" Well No. 1, located in Unit B of Section 8, Township 18 South, Range 25 East, to produce gas from the Morrow through the casing-tubing annulus and from the Cisco through tubing by means of a cross-over assembly.

CASE 5367: (Continued from the November 26, 1974, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Hornbaker BA Well No. 1, located in Unit G of Section 25, Township 18 South, Range 25 East, Penasco Draw Yeso-San Andres Pool, Eddy County, New Mexico, to dispose of produced salt water into the Yeso and San Andres formations through the perforated intervals from 1400 to 2480 feet. Applicant further seeks an administrative procedure for approval of additional salt water disposal into the Yeso and San Andres formations in the subject pool without notice and hearing.

CASE 5387: Application of HNG Gil Co. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location in the Devonian and/or Ellenburger formation of its Dogie Draw Fed. Well No. 2, to be drilled at a point 1325 feet from the South and West lines of Section 5, Township 26 South, Range 36 East, Lea County, New Mexico, the S/2 of said Section 5 to be dedicated to the well.

CASE 5388: Application of Great Western Drilling Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Hay Hollow Unit Area comprising 7040 acres, more or less, of Federal and State lands in Township 26 South, Range 27 East, Eddy County, New Mexico.

CASE 5389: Application of Shell Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the S/2 NW/4, NE/4 SW/4, and NW/4 SE/4 of Section 3, Township 21 South,

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE
ROBERT G. ARMSTRONG

TELEPHONE 622-8432
AREA CODE 505

December 18, 1974

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

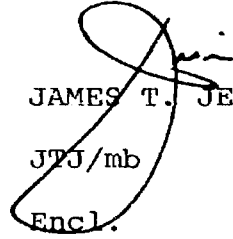
Attention: Mr. Dan Nutter, Chief Engineer

RE: HNG OIL COMPANY APPLICATION FOR UNORTHODOX
GAS WELL LOCATION, LEA COUNTY, NEW MEXICO
SECTION 5, TOWNSHIP 26 SOUTH, RANGE 36 EAST

Dear Mr. Nutter:

In accordance with our telephone conversation of earlier today, I have prepared and you will find enclosed herewith HNG's Application for an Unorthodox Gas Well Location in Section 5, Township 26 South, Range 36 East, N.M.P.M., Lea County, New Mexico. It is my understanding that the notice is being published and that this matter will come on for hearing on January 8, 1975.

Yours very truly,


JAMES T. JENNINGS
JTTJ/mb
Encl.

cc: HNG Oil Company

DOCKET MAILED

Date 12-26-74

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
HNG OIL COMPANY FOR AN UNORTHODOX GAS
WELL LOCATION, LEA COUNTY, NEW MEXICO.

APPLICATION

Comes now Applicant, HNG Oil Company, and hereby makes application for an unorthodox gas well location in Lea County, New Mexico, and states:

1. Applicant is the operator of the Dogie Draw Unit Agreement heretofore approved by this Commission by Order No. R-4754 dated March 26, 1974.

2. Applicant hereby requests that the Commission approve an unorthodox gas well location for its Dogie Draw Federal No. 2 Well to be located 1325' FSL and 1325' FWL of Section 5, Township 26 South, Range 36 East, N.M.P.M. That said well is to be a Devonian and/or Ellenberger test.

3. Applicant proposes to dedicate the S $\frac{1}{2}$ Section 5, Township 26 South, Range 36 East, N.M.P.M. to said well.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing before an Examiner at an early date, publish notice as required by law, and after hearing issue its Order approving the unorthodox gas well location.

Respectfully submitted,

HNG OIL COMPANY

By 

James T. Jennings, for
JENNINGS, CHRISTY & COPPLE
Attorneys for Applicant
P. O. Box 1180
Roswell, New Mexico 88201

(3) That the S/2 of said Section 5 is to be ~~xxx~~ dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the ^{gas} ~~gas~~ underlying the proration unit. ^{as provided spacing and}

(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 ^{gas,} ~~land~~, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk ~~is~~ 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 Devonian and ~~the~~ Ellenburger formation, is hereby approved for applicant's Dogie Draw Fed. Well No. 2 to be located at a point 1325 feet from the South line and 1325 feet from the West line of Section 5, Township 26 South, Range 36 East, NMPM, ~~_____~~, Lea County, New Mexico.

(2) That the S/2 of said Section 5 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.