

CASE 5529: IN THE MATTER OF THE HEARING  
CALLED BY THE OCC UPON ITS OWN MOTION  
TO CONSIDER THE CREATION OF A NEW GAS  
POOL FOR MORROW PRODUCTION

CASE NO.

5529

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

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. 5529  
Order No. R-5074

NOMENCLATURE

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION COMMISSION UPON ITS  
OWN MOTION TO CONSIDER THE CREATION OF A  
NEW GAS POOL FOR MORROW PRODUCTION, SAID  
TO BE DESIGNATED SHEEP DRAW-MORROW GAS  
POOL TO COMPRISE THE E/2 OF SECTION 11,  
AND THE W/2 OF SECTION 12, TOWNSHIP 23  
SOUTH, RANGE 25 EAST, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 16, 1975,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of August, 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 there is need for a new gas pool in Eddy County,  
New Mexico, for the production of gas from the Morrow formation,  
said pool to bear the designation of Sheep Draw-Morrow Gas Pool.  
Said Sheep Draw-Morrow Gas Pool was discovered by the Hanagan  
Petroleum Corporation Mary Federal Well No. 1, located in Unit H  
of Section 11, Township 23 South, Range 25 East, NMPM, Eddy  
County, New Mexico. It was completed in the Morrow formation on  
August 22, 1973. The top of the perforations is at 11,363 feet.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified  
as a gas pool for Morrow production, is hereby created and  
designated as the Sheep Draw-Morrow Gas Pool, consisting of the  
following described area:

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Order No. R-5074

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM

Section 11: E/2

Section 12: W/2

IT IS FURTHER ORDERED:

(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

(2) 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

*Phil R. Lucero*  
PHIL R. LUCERO, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

SEAL

jr/

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 16, 1975

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Commission upon its own motion to consider the creation of a new gas pool for Morrow production, said pool to be designated Sheep Draw-Morrow Gas Pool to comprise the E/2 of Section 11 and the W/2 of Section 12, Township 23 South, Range 25 East, Eddy County, New Mexico.

Case No.  
5529

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

William F. Carr, Esq.  
Legal Counsel for the  
Commission  
State Land Office Bldg.  
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

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CARL ULVOG

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E X H I B I T S

Marked      Admitted

Oil Conservation Commission's Exhibit No. 1	--	6
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MR. NUTTER: Call the next case, 5529. Case No. 5529 is a case in the matter of the hearing called by the OCC upon its own motion to consider the creation of a new gas pool for Morrow production, said pool to be designated Sheep Draw-Morrow Gas Pool to comprise the E/2 of Section 11 and the W/2 of Section 12, Township 23 South, Range 25 East, Eddy County, New Mexico. I call for appearances.

MR. CARR: Mr. Examiner, I am William F. Carr appearing for the Commission.

MR. NUTTER: Are there any other appearances? Mr. Carr, would you proceed.

MR. CARR: Mr. Examiner, I have one witness to be sworn.

(Witness sworn.)

CARL ULVOG

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

DIRECT EXAMINATION

BY MR. CARR:

Q Would you state your name and position for the record, please?

A Yes, sir. Carl Ulvog, Senior Geologist for the

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Oil Conservation Commission here in Santa Fe.

Q Mr. Ulvog, do your duties as Senior Geologist include making recommendations to the Commission concerning nomenclature of certain pools in New Mexico?

A Yes, sir, they do.

Q Are you familiar with the subject matter of this case?

A I am.

Q Would you please refer to what has been marked as Oil Conservation Commission's Exhibit 1 and explain to the Examiner what it shows?

A Yes, sir. Exhibit No. 1 is a plat which shows the location of the proposed pool; it shows the location of the nearest Morrow pools to it, and the location of all of the wells which have reached the Morrow section and tested the Morrow section or deeper, and by its color coding and symbols it shows which wells are dry in all formations which were dry in the Morrow but are producing in some other formation and the wells which are productive in the Morrow and the locations of the Morrow tests which are now drilling, all data taken from the Oil Conservation Commission's files.

Q What conclusions do you draw from this Exhibit?

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A From this I conclude that because of the dry holes, which separate the producing Morrow areas from the proposed locations, indicate that we need to create a new pool because it's unlikely that the present Morrow gas pools will reach this area.

Q And the proposed pool is colored in red, is that correct?

A That is correct.

Q Mr. Ulvog, have you reviewed the logs on all of these wells and confirmed that these are in fact Morrow producers?

A I have reviewed and correlated the logs and they are all correlated corresponding to the nomenclature that was established by the industry nomenclature committee for Eddy County.

Q And it is your recommendation that the Commission create the Sheep Draw-Morrow Gas Pool as indicated?

A That is correct.

Q Do you have anything further to add to your testimony?

A No, sir.

MR. CARR: At this time, Mr. Examiner, I would offer Oil Conservation Commission's Exhibit 1.

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MR. NUTTER: OCC Exhibit 1 will be admitted into evidence.

(Whereupon, Oil Conservation Commission's Exhibit No. 1 was admitted into evidence.)

MR. CARR: I have nothing further.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Ulvog, your proposed Sheep Draw-Morrow Gas Pool is colored pink, is that correct?

A That is right.

Q And the other Morrow gas pools on Exhibit 1 are colored in a shade of blue or light purple or something?

A That is correct, and in addition to that they are all labeled.

Q Okay. Now, going west from your proposed Sheep Draw-Morrow Gas Pool to the Rock Tank Morrow Gas Pool, what is the horizontal distance separating those two pools?

A There is approximately three-and-a-half miles which separate those pools.

Q And going east from your proposed Sheep Draw-

Morrow Gas Pool to the South Carlsbad Pool, what's the approximate distance separating those two pools?

A The nearest established Morrow production in the South Carlsbad Morrow Pool would be slightly over two-and-a-half miles to the east southeast.

Q I see. So you have two-and-a-half miles separating on the one side and three-and-a-half miles separating on the other side?

A That is correct.

Q And there are no pools on the Exhibit to the north or south of your proposed --

A (Interrupting) That is correct; no Morrow gas pool.

MR. NUTTER: Are there any further questions of Mr. Ulvog? He may be excused. Do you have anything further, Mr. Carr?

MR. CARR: Mr. Examiner, I call to your attention that we received a letter from Robert G. Hanagan of Hanagan Petroleum Corporation indicating that they are in favor of the creation of this particular pool.

MR. NUTTER: Do they have some wells in this area?

MR. CARR: They are the operator of the two

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existing wells completed in the Morrow, the Sheep Draw-Morrow Pool.

MR. NUTTER: I see. They own the wells that are in the pool we're creating?

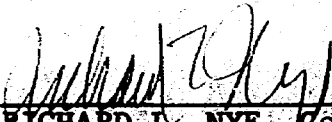
MR. CARR: That's right.

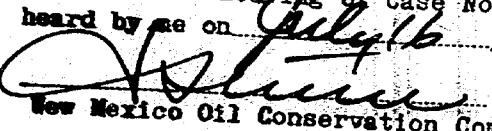
MR. NUTTER: Does anyone else have anything they wish to offer in Case 5529? We will take the case under advisement.

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

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 record of the proceedings in the Examiner hearing of Case No. 5529 heard by me on July 16, 1975.  
  
Examiner  
New Mexico Oil Conservation Commission

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DRAFT

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. 5529

Order No. R- 5074

NOMENCLATURE

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION COMMISSION UPON ITS  
OWN MOTION TO CONSIDER THE CREATION OF A  
NEW GAS POOL FOR MORROW PRODUCTION, SAID TO BE  
DESIGNATED SHEEP DRAW-MORROW GAS POOL TO COMPRISE  
THE E/2 OF SECTION 11; and the W/2 OF SECTION 12,  
TOWNSHIP 23 SOUTH, RANGE 25 EAST, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 16, 1975  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of July, 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 there is need for a new gas pool in Eddy County,  
New Mexico, for the production of gas from the Morrow formation,  
said pool to bear the designation of Sheep Draw-Morrow Gas Pool.

Said Sheep Draw-Morrow Gas Pool was discovered by the Hanagan  
Petroleum Corporation Mary Federal Well No. 1, located i

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Case No. 5529  
Order No. R-

Unit 14 of Section 11, ~~and Unit 14 of Section 12,~~  
Township 23 South, Range 25 East, NMPM, Eddy County, New Mexico.

It was completed in the Morrow formation on August 22, 1973.  
The top of the perforations is at 11,363 feet.

IT IS THEREFORE ORDERED:

(1) That a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production, is hereby created and designated as the Sheep Draw-Morrow Gas Pool, consisting of the following described area:

25  
TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM  
Section 11: E/2  
Section 12: W/2

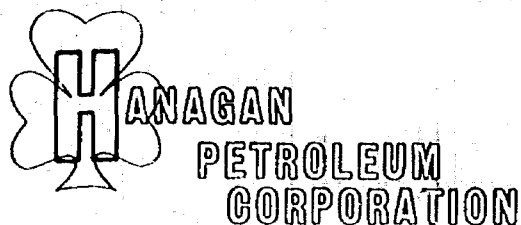
IT IS FURTHER ORDERED:

(1) That, pursuant to Section 65-3-14.5, NMSA 1953, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Commission. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Forms C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Commission within said 60-day period shall subject the well to cancellation of allowable.

~~(2) That the effective date of this ~~creation~~ order and pool creation included herein shall be \_\_\_\_\_~~

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

(2) That jurisdiction etc



PHONE 505 - 623-5053  
J. P. WHITE BUILDING  
POST OFFICE BOX 1737  
ROSWELL, NEW MEXICO

July 11, 1975

*File*

VIA CERTIFIED MAIL

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

Re: Examiner Hearing of July 16, 1975  
Docket 17-75 - Case 5529

Gentlemen:

As operator of the existing two wells completed in the Morrow in your proposed Sheep-Draw Morrow Gas Pool in reference to the captioned, please be advised that we favor the creation of said pool designation as proposed by the New Mexico Oil Conservation Commission. The present two wells in the pool as mentioned above are shut-in waiting on a pipeline connection from Transwestern Pipeline Gas Company, who has the gas therefrom under a Gas Purchase Agreement.

Very truly yours,

HANAGAN PETROLEUM CORPORATION

*Robert G. Hanagan*  
Robert G. Hanagan

RGH/n



- CASE 5526: Application of Austral Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Blanco-Mesaverde and Basin-Dakota production in the wellbore of its Bunny Well No. 1, located in Unit P of Section 10, Township 27 North, Range 9 West, San Juan County, New Mexico.
- CASE 5527: Application of Plains Radio Broadcasting Company for an exception to the provisions of Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose into earthen pits produced salt water from its L. E. Ranch 9 Wells Nos. 1, 2, and 3, located, respectively, in Units O, N, and I of Section 9, and its L. E. Ranch 16 Wells Nos. 2 and 3, located, respectively, in Units B and A of Section 16, all in Township 11 South, Range 28 East, East Chisum-San Andres Pool, Chaves County, New Mexico.
- CASE 5528: Application of Reserve Oil and Gas Company for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its South Langlie-Jal Langlie Mattix Waterflood Project in the Langlie Mattix pool by the conversion to water injection of its Unit Wells Nos. 24 and 26 located, respectively, in Unit O of Section 18 and Unit M of Section 17, both in Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 5529: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the creation of a new gas pool for Morrow production, said to be designated Sheep Draw-Morrow Gas Pool to comprise the E/2 of Section 11 and the W/2 of Section 12, Township 23 South, Range 25 East, Eddy County, New Mexico.
- CASE 5530: Application of Cities Service Oil Company for the amendment of Order No. R-5052, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5052, which order pooled all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 30, Township 21 South, Range 27 East, and in the Pennsylvanian formation underlying the E/2 of said Section 30, to be dedicated to a well drilled at an orthodox location for both formations. Applicant proposes the amendment of said order to provide for an unorthodox location for said well at a point 1980 feet from the South line and 2190 feet from the East line of said Section 30.
- CASE 5531: Application of Oil Development Company of Texas for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the open-hole interval from 5,000 to 5,150 feet in its SFPRR Well No. 6, located in Unit D of Section 33, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico.

July 16

SF  
Hax  
Art

Case 5529

In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the creation of a new gas pool for Morrow production, said pool to ~~be~~ be designated Sheep Draw-Morrow Gas Pool to comprise the E/2 of Section 11 and the W/2 of Section 12, Township 23 South, Range 25 East, Eddy County, New Mexico