

✓ CASE 3748: TERRAPET MANAGEMENT
CORPORATION FOR AN UNORTHODOX 2.
GAS WELL LOCATION, CHAVES COUNTY

CASE NO.

5748

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 1, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of TERRAPET Management
Corporation for an unorthodox gas
well location, Chaves County,
New Mexico.

CASE
5748

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 Building Santa Fe, New Mexico
For the Applicant:	Jason W. Kellahin, Esq. KELLAHIN & FOX Attorneys at Law 500 Don Gaspar Santa Fe, New Mexico

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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I N D E X

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DEAN R. FELLOWS

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1 MR. NUTTER: We will call Case Number 5748.

2 MR. CARR: Case 5748, application of TERRAPET
3 Management Corporation for an unorthodox gas well location,
4 Chaves County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason
6 Kellahin, Kellahin and Fox, appearing for the applicant. We
7 have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
10 DEAN R. FELLOWS

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

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Will you state your name, please?

17 A Dean R. Fellows.

18 Q Mr. Fellows, what business are you engaged in?

19 A I'm a principal in the firm of TERRAPET, Limited.

20 Q What is TERRAPET, Limited?

21 A We're petroleum consultants.

22 Q Do you do management work for other companies?

23 A Yes, we do.

24 Q In connection with the application being presented
25 today are you appearing as agent for R. L. Strong Corporation?

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1 A. That is correct.

2 Q. Who will be the operator of the well involved here?

3 A. R. L. Strong Corporation will be the operator.

4 Q. Have you ever testified before the Oil Conservation
5 Commission?

6 A. I have not.

7 Q. For the benefit of the Examiner will you briefly
8 outline your education and experience as a geologist?

9 A. I received a Bachelor of Science degree in geology
10 from the University of Tulsa and have had about twenty-two
11 years of experience in petroleum geology with Shell Oil
12 company, with Delhi-Taylor Oil Corporation and H. J. Gruin and
13 Associates and now our own firm.

14 Q. Generally where was this experience?

15 A. This experience has been in North Texas, Southern
16 Oklahoma, West Texas, Panhandle, Southeast New Mexico and the
17 Gulf Coast.

18 Q. You are familiar then with the area involved in this
19 application?

20 A. Yes, I am.

21 MR. KELLAHIN: Are the witness's qualifications
22 acceptable?

23 MR. NUTTER: They are.

24 Q. (Mr. Kellahin continuing.) Mr. Fellows, what is
25 proposed by the applicant in this case?

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1 A We are proposing to drill a well in the southwest
2 quarter section of Section 31 of Township 14 South, 28 East.

3 Q Now, referring to what has been marked as Exhibit
4 Number One would you describe that please?

5 A Exhibit Number One is a land leaseholders plat
6 showing our proposed unit and our proposed location with
7 respect to the other leaseholders and production in the
8 Buffalo Valley Field.

9 Q Now, referring to what has been marked as Exhibit
10 Number Two would you identify that exhibit?

11 A Exhibit Number Two is a structure map on top of
12 the Morrow formation in the Buffalo Valley Field, also
13 indicated are our proposed unit and proposed location.

14 Q And this plat also shows the offset ownership, does
15 it not?

16 A It does, as far as the wells are concerned, yes.

17 Q Now, referring to what has been marked as Exhibit
18 Number Three will you identify that exhibit?

19 A Exhibit Number Three is a net isopachous sand map
20 of the Lower Morrow sand which we here term the Morrow A sand
21 and it is our primary objective in Section 31. It is
22 productive in the southeast quarter section of Section 1 and
23 in Section 12.

24 Q Are those wells in 1 and 12 located approximately
25 in the same position as shown on this map, the isopachous map?

1 A Yes, sir.

2 Q Is that the reason then for the proposed location,
3 are you seeking a better location?

4 A We feel that the proposed location will provide a
5 greater opportunity to drill in the thickest portion of this
6 sand where production is more apt to be found.

7 Q Now, in your opinion is all of the proposed unit to
8 be dedicated to the well productive from this sand?

9 A We believe it will be.

10 Q A well located as you propose, would it better
11 drain the unit?

12 A We feel that it will.

13 Q Now, referring to what has been marked as Exhibit
14 Number Four, would you discuss that exhibit?

15 A Exhibit Number Four is another isopachous map of
16 the Morrow B sand and this sand is located approximately one
17 hundred feet stratigraphically above the A sand. It is
18 productive in the two wells in Section 6 which are south
19 offsets to the proposed location and I include this because I
20 feel this is an excellent secondary objective but it is not
21 the primary objective.

22 Q Now, again is your proposed location stratigraphically
23 located as to this sand, in your opinion?

24 A We feel that it is the best possible location to
25 exploit this particular sand.

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1 Q In your opinion is the unit that is proposed to be
 2 dedicated productive in this sand too?

3 A We feel that it will be, yes.

4 Q Or the major portion will be?

5 A Yes, sir.

6 Q Now, referring to what has been marked as Exhibits
 7 Five and Six, will you discuss those two exhibits?

8 A Exhibits Five and Six are cross sections, AB and CD
 9 respectively.

10 Q That is shown on the other --

11 A These are shown on the isopachous maps which are
 12 Exhibits Three and Four and these cross sections are our
 13 interpretation of how we feel these two particular objective
 14 Morrow sands will be developed at the proposed well, not at
 15 the proposed location but providing us a projection from
 16 these cross sections to the proposed location, that that
 17 proposed location is the best for finding these sands
 18 developed.

19 Q Now, in your opinion will the drilling of a well
 20 at the location proposed impair the correlative rights of
 21 offsetting operators?

22 A I do not believe so.

23 Q Have you contacted the offsetting operators?

24 A Yes, sir.

25 Q Now, did you receive any word from Read and Stevens?

1 A Yes, sir, I have a copy of the letter. I believe
2 the Commission has a copy of this letter which is dated
3 August 25th from Read and Stevens.

4 MR. NUTTER: We have that letter.

5 Q (Mr. Kellahin continuing.) In connection with Amoco
6 who offsets you to the south, that would be a standard location
7 as to them anyway, wouldn't it?

8 A Yes, sir, it would.

9 Q Have they made any objection to your proposed
10 location?

11 A No, in fact they said they would write the Commission
12 also but we have not received a copy of it. I do not know
13 if the Commission has received a letter from them or not.

14 MR. NUTTER: Who was that?

15 THE WITNESS: Amoco.

16 MR. NUTTER: I haven't seen anything.

17 Q (Mr. Kellahin continuing.) In your opinion will
18 the drilling of a well as you propose, at the location you
19 propose, result in the prevention of waste and the recovery of
20 gas that would not otherwise be recovered?

21 A I certainly do.

22 Q Were Exhibits One through Six prepared by you or
23 under your supervision?

24 A Yes, they were.

25 MR. KELLAHIN: At this time I would like to offer

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1 into evidence Exhibits One through Six inclusive.

2 MR. NUTTER: Applicant's Exhibits One through Six
3 will be admitted into evidence.

4 (THEREUPON, Applicant's Exhibits One through
5 Six were admitted into evidence.)
6

7 CROSS EXAMINATION

8 BY MR. NUTTER:

9 Q Mr. Fellows, with respect to Exhibit Number Five,
10 for example, Cross Section AB, your proposed location would
11 be on a line with the area between the Read and Stevens
12 Citgo State 10 and the A.R. Sinclair 28?

13 A That is correct.

14 Q And you are expecting that this Morrow A sand would
15 be a meandering channel going through here and that location
16 in the southwest quarter of Section 31 would hit this meander-
17 ing channel?

18 A Yes, sir. That is my interpretation.

19 Q And normal pool rules would require the well to be
20 located in the northwest or the southeast quarter of the
21 section, I believe?

22 A That is my understanding, yes, sir.

23 MR. NUTTER: Are there further questions of
24 Mr. Fellows? He may be excused.

25 (THEREUPON, the witness was excused.)

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1 MR. NUTTER: Do you have anything further,
2 Mr. Kellahin?

3 MR. KELLAHIN: That's all, Mr. Nutter.

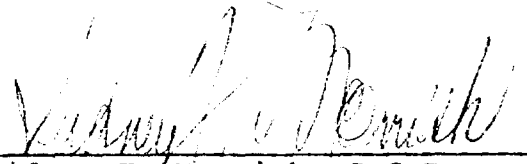
4 MR. NUTTER: Does anyone have anything they wish
5 to offer in Case Number 5748? We will take the case under
6 advisement.

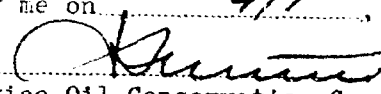
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5748...
heard by me on 9/1, 1976.
 Examiner
New Mexico Oil Conservation Commission

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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. 5748
Order No. R-5284

APPLICATION OF TERRAPET MANAGEMENT
CORPORATION FOR AN UNORTHODOX GAS WELL
LOCATION, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 1, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of September, 1976, 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, Terrapet Management Corporation, as agent for R. L. Strong Corporation, seeks approval of an unorthodox gas well location 990 feet from the South line and 990 feet from the West line of Section 31, Township 14 South, Range 28 East, NMPM, to test the Pennsylvanian formation, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.

(3) That the S/2 of said Section 31 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

-2-

Case No. 5748
Order No. R-5284

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 Pennsylvanian formation is hereby approved for the R. L. Strong Corporation Buffalo State 31 Well No. 1, to be located at a point 990 feet from the South line and 990 feet from the West line of Section 31, Township 14 South, Range 28 East, NMPM, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.

(2) That the S/2 of said Section 31 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



Phil R. Lucero
PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

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

S E A L

dr/

CHARLES B. READ
PRESIDENT

NORMAN L. STEVENS, JR.
VICE-PRESIDENT

JOHN L. ANDERSON, JR.
EXPLORATION MANAGER

Read & Stevens, Inc.

Oil Producers

P.O. Box 2126

Roswell, New Mexico 88201
August 25, 1976

Oil & Gas Commission
Box 2088
Santa Fe, NM 87501

RE: Docket #24-76AS, Wednesday,
September 1, 1976, Case #5748
R&S #77-2

Gentlemen:

Please be advised that Read & Stevens, Inc., as the offset operator to the west, south and east, supports the granting of an unorthodox location applied for in the captioned case.

We respectfully request that they be granted this unorthodox location without penalty.

Your consideration of this matter will be greatly appreciated.

Yours very truly,

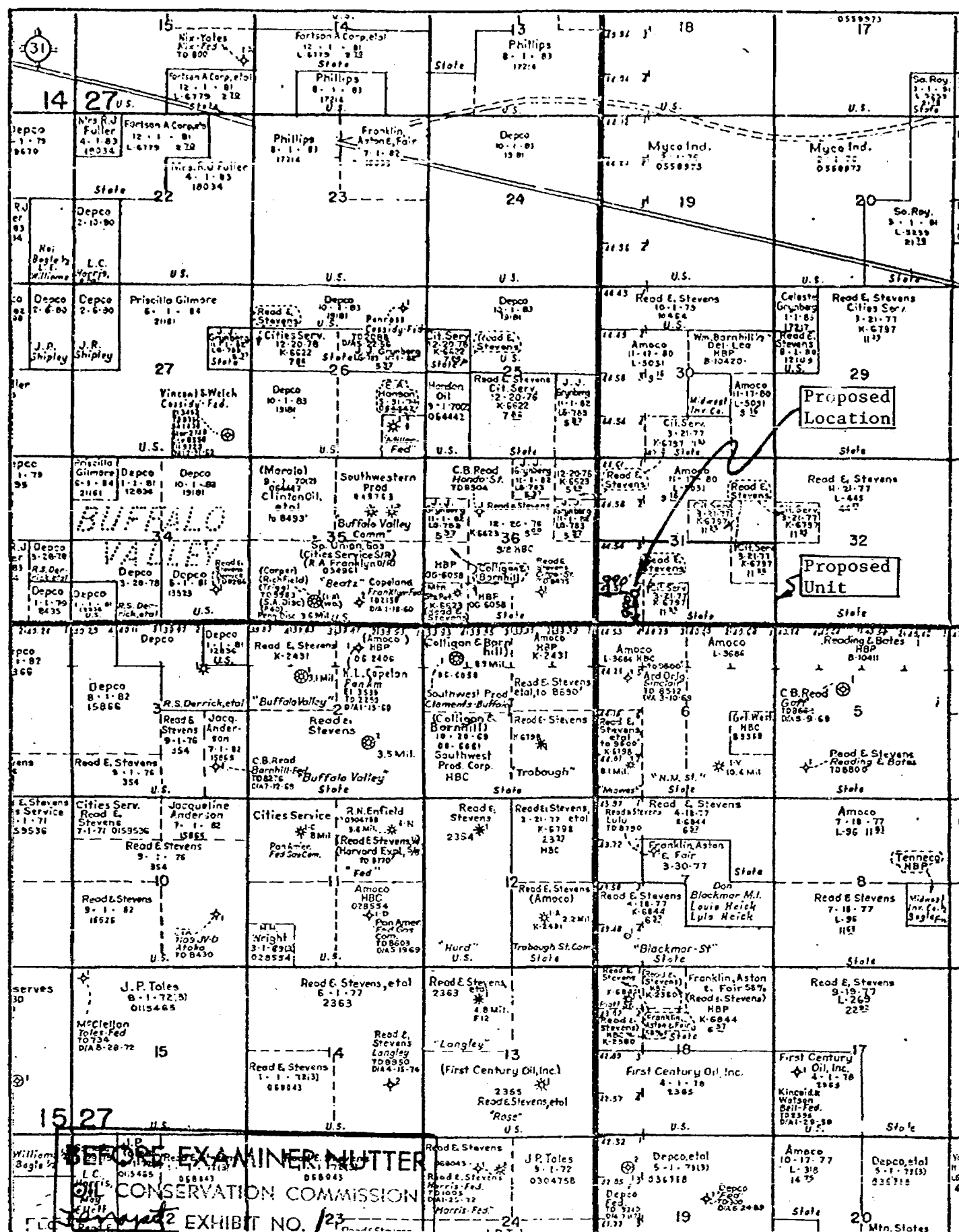
Joe Wigley
Joe Wigley, Land Manager

JW:ds

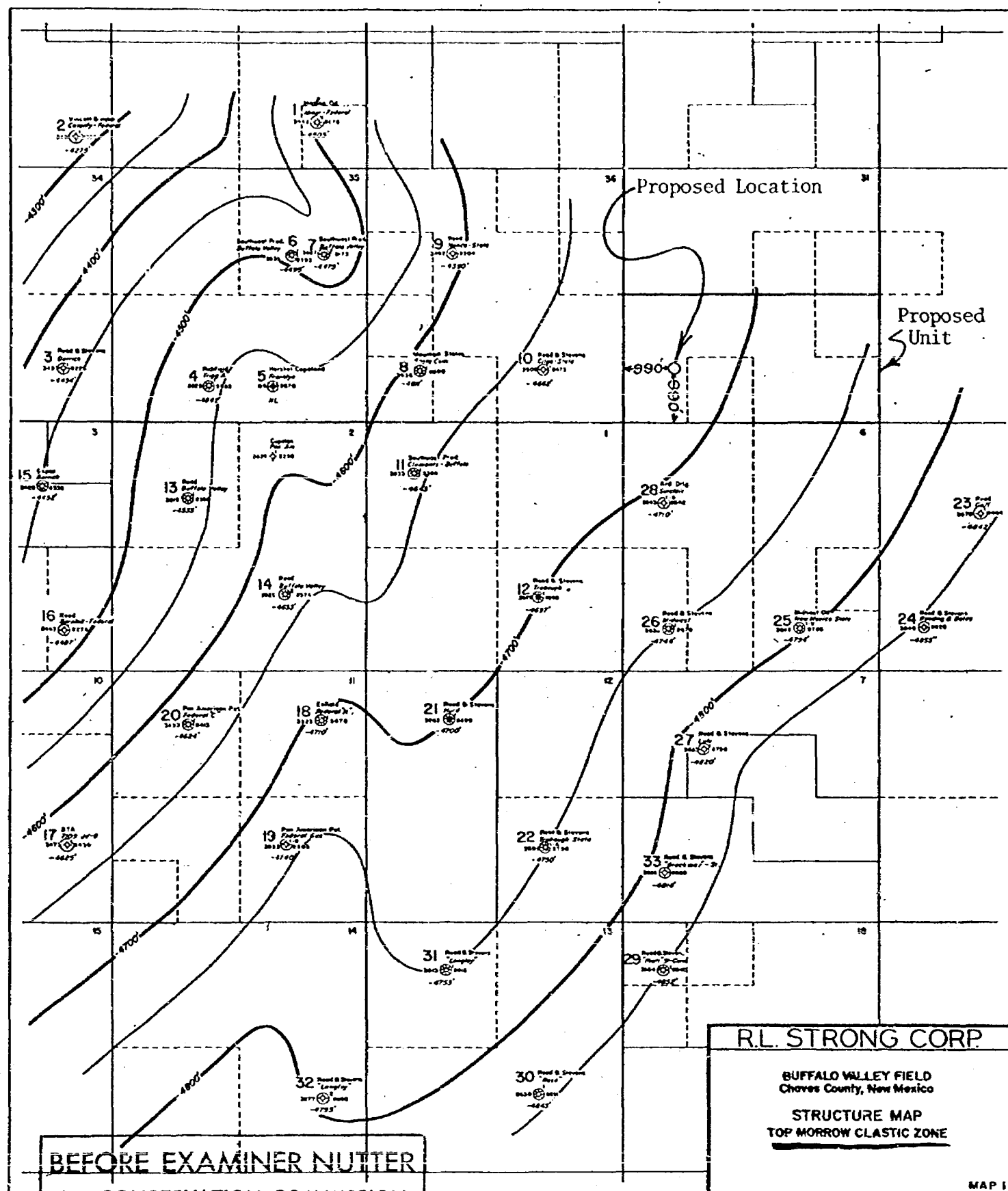
cc: R. L. Strong Cities Service Oil Co.
Carillon Tower West P.O. Box 1919
13601 Preston Road Midland, TX 79701
Dallas, TX 75240

AUG 26 1976

EXPLORATION COMM.
Santa Fe



R. L. STRONG CORP.
 Buffalo Valley Field
 Chaves County, New Mexico
 Offset Leaseholders Plat
 Exhibit 1



BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

Jansop EXHIBIT NO. 2

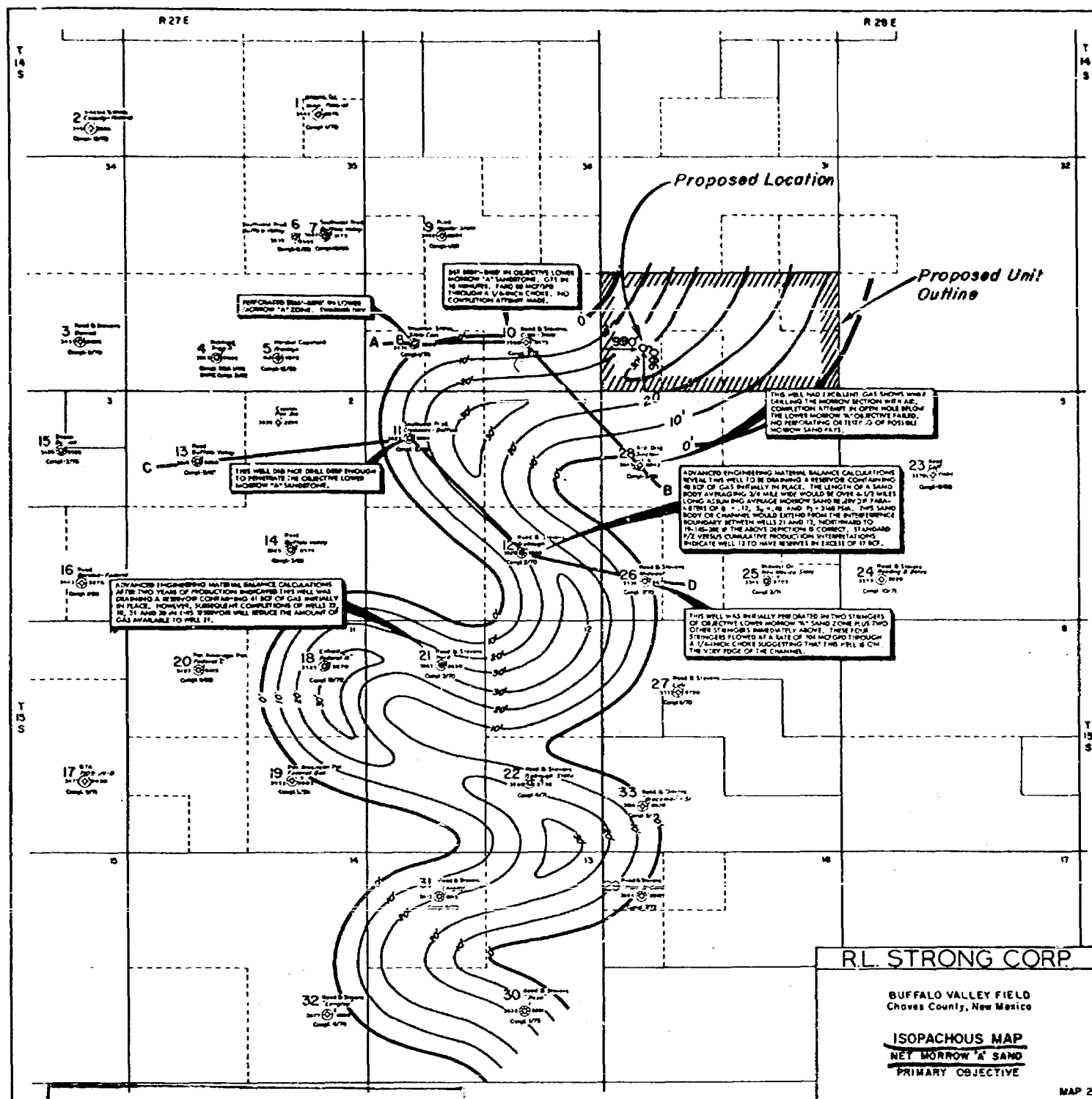
CASE NO. 5748

R.L. STRONG CORP.

BUFFALO VALLEY FIELD
Chaves County, New Mexico

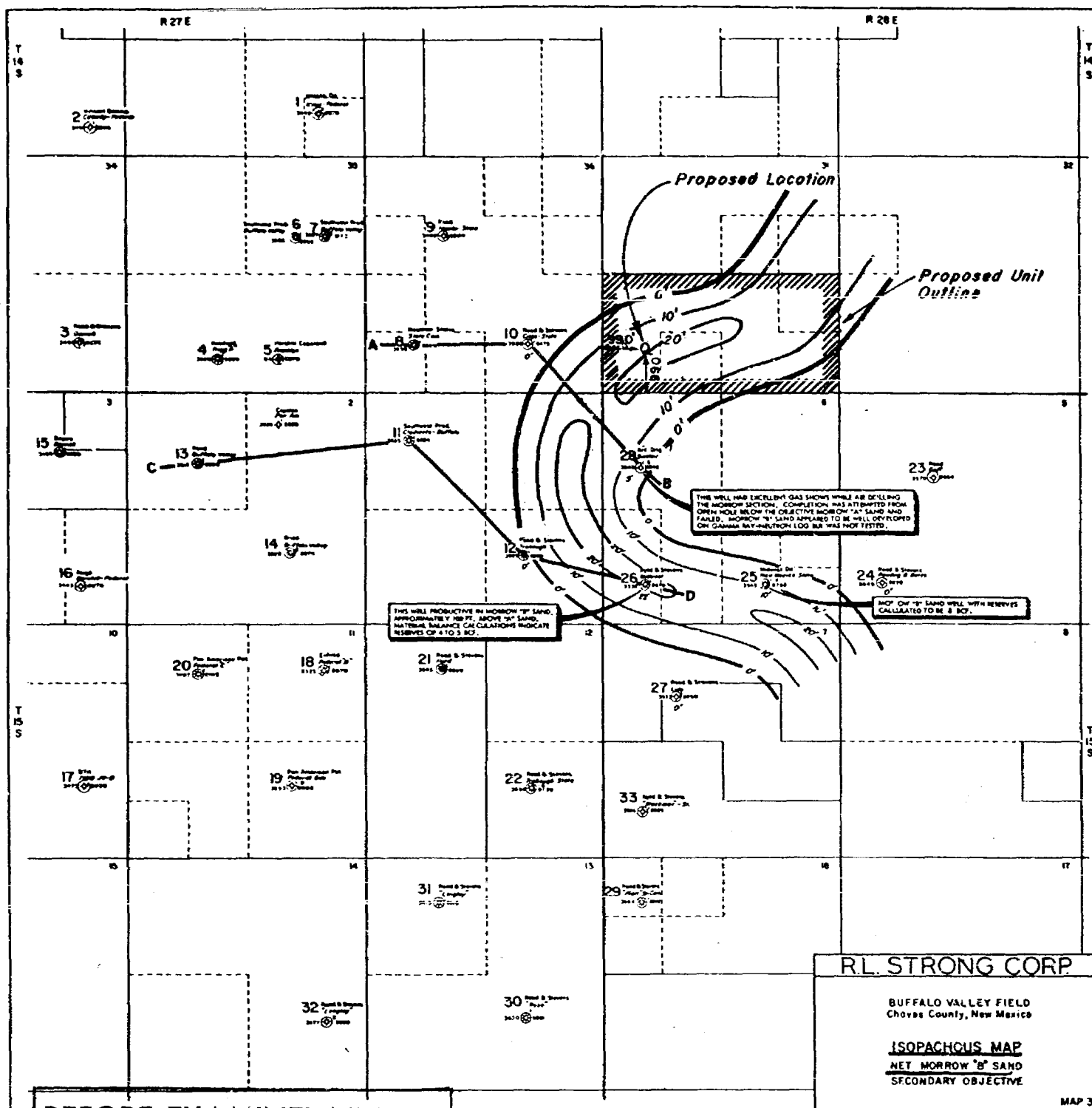
STRUCTURE MAP
TOP MORROW CLASTIC ZONE

MAP I



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Texas EXHIBIT NO. 3
CASE NO. 5748

A sand





TERRAPET

MANAGEMENT CORPORATION

909 Carillon Tower West
13501 Preston Road
Dallas, Texas 75240
(214) 661-1624
TWX 910-860-5474

August 12, 1976

*File Case No 5748
done 9/1*

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

Attention: Mr. D. S. Nutter

Re: Request for Hearing
31-14S-28E Chaves Co., New Mexico

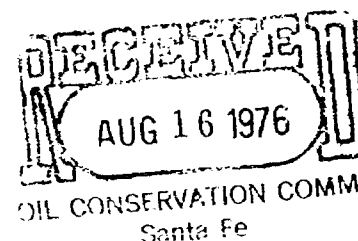
Gentlemen:

Mr. Fellows of our firm, under his letter of August 11, 1976 requesting a hearing for exception to field rules, referred to the well as the TERRAPET Management Corp. 1-31 Buffalo State. We now find that this well should be known as R. L. Strong Corp. 1-31 Buffalo State to be operated as R. L. Strong Corp. Our firm will be acting as R. L. Strong Corp.'s agent. I would appreciate it if you would change your records to indicate the above name change and hope that this does not cause you any undue confusion.

Very truly yours,

R. D. Rinehart

RDR/cah



Dockets Nos. 25-76 and 26-76 are tentatively set for hearing on September 15 and 29, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 1, 1976

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

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

- CASE 5747: Application of Atlantic Richfield Company for a non-standard gas proration unit, unorthodox location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a previously established 185-acre non-standard Eumont gas proration unit comprising the SW/4 and SW/4 NW/4 of Section 19, Township 21 South, Range 36 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "F" DE Wells Nos. 1 and 3, at unorthodox locations in Units E and K, respectively, of said Section 19.
- CASE 5748: Application of TERRAPET Management Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled at a point 990 feet from the South and West lines of Section 31, Township 14 South, Range 28 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.
- CASE 5749: Application of Southern Union Supply Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Gallagher State "8" Well No. 3, proposed to be drilled at a point 660 feet from the South line and 1980 feet from the East line of Section 8, Township 17 South, Range 34 East, West Vacuum Field, Lea County, New Mexico.
- CASE 5750: Application of Cities Service Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Southeast Maljamar G-SA Unit-Tract 1 Well No. 4 to be located 1355 feet from the South line and 1135 feet from the East line of Section 30, Township 17 South, Range 33 East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.
- CASE 5751: Application of Phillips Petroleum Company for a special allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a capacity allowable for its U. S. Minerals Well No. 4 located in Unit O of Section 30, Township 17 South, Range 33 East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico, said well being a direct offset to an active waterflood project.
- CASE 5752: Application of Bettis, Boyle & Stovall for a special allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a capacity allowable for its V. H. Justis Well No. 2 located in Unit D of Section 20, Township 25 South, Range 37 East, Jalmat Oil Pool, Lea County, New Mexico, said well being a direct offset to an active waterflood project.
- CASE 5262: (Reopened)
In the matter of Case 5262 being reopened pursuant to the provisions of Order No. R-4822-B, which order extended the special pool rules for Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, including a provision for 160-acre spacing and proration units and a special depth bracket allowable of 750 barrels of oil per day. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and why the special depth bracket allowable should not be rescinded.
- CASE 5737: (Continued & Readvertised)
Application of Howard Boatright for amendment of Order No. R-5208, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5208 which authorized salt water disposal into the Delaware formation through applicant's State CS Well No. 1, located in Unit E of Section 17, Township 21 South, Range 27 East, Eddy County, New Mexico. Applicant seeks to increase the maximum injection pressure for said well from 400 psi to 800 psi, and also to amend the specified packer setting depth from 2975 feet to 2585 feet.
- CASE 5736: (Continued from August 18, 1976, Examiner Hearing)
Application of ECO Inc. for commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.



TERRAPET

MANAGEMENT CORPORATION

909 Carillon Tower West
13601 Preston Road
Dallas, Texas 75240
(214) 661-1624
TWX 910-860-5474

August 11, 1976

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

Attention: Mr. D. S. Nutter

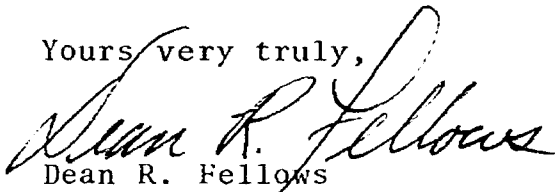
Re: Request for Hearing
31-14S-28E Chaves Co., New Mexico

Gentlemen:

We respectfully request a hearing at your earliest convenience for an exception to the Buffalo Valley Pennsylvanian gas field rules for a well to be located 990 feet from the south and west lines of Section 31, Township 14 South, Range 28 East, Chaves County, New Mexico. This well is to be drilled by our firm as operator and will be known as the TERRAPET Management Corp. No. 1-31 Buffalo State.

If any additional information is needed, please do not hesitate to write or call.

Yours very truly,


Dean R. Fellows

DRF/cah

Application of TERRAPET Management
Corporation for an unorthodox
gas well location, Chaves County, New Mexico.

Applicant, in the above-styled cause,
seeks approval for the unorthodox
location of a well to be drilled
at a point 990 feet from the
South and West lines of Section
31, Township 14 South, Range 28 East,
Buffalo Valley - Pennsylvanian
Gas Pool, Chaves County, New Mexico.

called in by

Dean Fellows

TERRAPET Management Corp

909 Carillon Tower West

Dallas, Texas 75240

(214) 661-1624

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. 5748

Order No. R- 5284

APPLICATION OF TERRAPET Management Corporation
FOR AN UNORTHODOX GAS WELL LOCATION,
Chaves COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 1, 19 76,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of September, 19 76, 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, TERRAPET Management Corporation, ^{as agent for R.L. Strong Corporation,} seeks approval of an unorthodox gas well location 990 feet from the South line and 990 feet from the West line of Section 31, Township 14 South, Range 28 East, NMPM, to test the Pennsylvanian formation, Buffalo Valley-Pennsylvanian ^{Gas} Pool, Chaves County, New Mexico.
- (3) That the 5/2 of said Section 31 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.

-2-

Case No. 5748

Order No. R-

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

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Pennsylvanian
the R.L. Strong Corporation Buffalo State 31 Well No. 1,
formation is hereby approved for A well to be located at a point 990
feet from the South line and 990 feet from the West
line of Section 31, Township 14 South, Range 28 East,
NMPM, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County,
New Mexico.

(2) That the 3/2 of said Section 31 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.