Sor CASE 5749: SOUTHERN UNION SUPPLY CO. FOR AN UNORTHODOX GAS WELL 'any LOCATION, LEA COUNTY, NEW MEXICO

CASE NO.

5749

APPlication,
Transcripts,
Small Exhibits,

ETC.

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

EXAMINER HEARING

The mile Manner of

IN THE MATTER OF:

Application of Southern Union Supply) CASE Company for an unorthodox gas well 5749 location, Lea County, New Mexico.

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

APPEARANCES

For the New Mexico Oil William F. Carr, Esq.
Conservation Commission: Legal Counsel for the

Conservation Commission: Legal Counsel for the Commission State Land Office Building

State Land Office Building Santa Fe, New Mexico

For the Applicant: Owen M. Lopez, Esq.

MONTGOMERY, FEDERICI, ANDREWS

AND HANNAHS
Attorneys at Law
P. O. Box 2307
Santa Fe, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mylia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

16 For the Applicant:

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MR. NUTTER: We will call Case Number 5749.

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MR. CARR: Case 5749, application of Southern Union Supply Company for an unorthodox das well location, Lea County, New Mexico.

MR. LOPEZ: If the Examiner please, my name is Owen Lopez with the firm of Montgomery, Pederici, Andrews and Hannahs, Santa Fe, New Mexico. I have one witness to be sworn.

(THEREUPON, the witness was duly sworn.)

ROY SHARROCK

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

DIRECT EXAMINATION

BY MR. LOPEZ:

- Would you please state your name, residence, by whom you are employed and in what capacity?
- My name is Roy Sharrock, I'm employed by Southern Union Gas Company and I live in Dallas, Texas.
- And what is your capacity as an employee of Southern Union?
 - I'm a geologist. A.
 - Have you previously testified before the Commission? 0.
 - No, I have not. A.

Q Could you briefly state your educational background and employment history?

M. I have a Bachelor of Science degree from Texas Tech University, a minor in mathematics and I have eighteen years of experience with various companies, W. W. West in Midland; Permian Basin Sample Lab in Midland; Duvall Corporation, Midland, Houston and Pecos Texas; and Southern Union Gas Company, Dallas.

O Do your duties with Southern Union Gas Company involve its operations in New Mexico?

A. Yes, I take care of all of the geological activity in New Mexico.

Q And you are familiar with the application in this case?

A. Yes, sir, I am.

MR. LOPEZ: Are his qualifications acceptable?
MR. NUTTER: Yes, they are.

Q (Mr. Lopez continuing.) Would you, turning to the exhibits we propose to introduce, would you identify Exhibit One and explain what it means?

A. Exhibit One is an area showing the periphery of sections around Section 8, Township 17 South, Range 34 East, Lea County, New Mexico. It shows the wells that have penetrated the Morrow formation, the hachure mark shows the area of interest.

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That does Southern Union Supply Company propose with this amplication?

Incomplete the maximum Lower Morrow clastic interval which includes a channel sand type facies. The channel has not been attained in other wells drilled in the immediate vicinity except the Susco No. 2 Gallegher State location at six hundred and sixty feet from the south and west lines of Section 8, Township 17 South, Range 34 East. This well had thirty-eight feet of Lower Morrow channel sand which exhibited low porosity and permeability on the E logs.

Morrow wells drilled to the south, scuthwest and southeast and northeast do not display the channel on their E log.

It is our belief that the channel runs in an eastwest direction and much better porosity and permeability will
be encountered in an east direction due to a lower depositional
position of the channel.

Now, turning to Exhibit Two will you please explain what that means and identify it?

A. Exhibit Two shows the surrounding leases around

Section 8, Township 17 South, Range 34 East. They are color

coded showing Southern Union Production Company, Superior,

J. A. Yates, Coat Exploration, Monsanto and J. C. Barnes, Mobil

and Pennzoil.

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9 Turning to Exhibit Three would you identify it and explain what it means?

A. Exhibit Three is a correlation and type log of the area. It is a log of the No. 2 Gallagher State "8" drilled by Southern Union Supply Company. It shows the top of the Morrow lime, the top of the Morrow clastic and top of the Morrow A zone, top of the Morrow B zone, top of the Lower Morrow and top of the Morrow C zone, top of the Morrow channel sand and the isopach interval which will be on Exhibit Four and the top of the first Missippian.

Q Would you identify Exhibit Number Four and explain what it means?

A. Exhibit Number Four, the solid line shows -- is a structural map on top of the Morrow lime and the dashed lines show the isopach of the channel which was hit in the No. 2 Gallagher State "8" and our interpretation of the direction of the channel.

Q. Fine. Is there anything further you want to add?

A. No.

Q Turning to Exhibit Number Five would you identify it, please, and explain what it means?

A. Exhibit Number Five is a cross section from Susco
No. 2 Gallegher State to Susco No. 1 Citgo State. It shows the
channel sand which we are taking to penetrate in our unorthodox
location.

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	Q.	Is it	your	opinion	that	iſ	your	proposed	applic	ation
is	granted	l that	the	proposed	well	wil	l of	Eactively	drain	the
un:	it?									

- A Yes, sir.
- 0. Have you contacted the offset operators and received any response?
- A. Yes, sir, we contacted all offset operators and have received a response from a few.
- Q At this point in time has anyone indicated that they intend to protest your application?
 - A. No.
- Q Is it your opinion that if your application is granted at the proposed unorthodox location that it will prevent waste and protect correlative rights?
 - A. Yes, sir.
- Q Were these exhibits prepared by you or under your direction?
 - A. Yes, sir.

MR. LOPEZ: At this time, Mr. Examiner, I would like to introduce Applicant's Exhibits One through Five.

MR. NUTTER: Exhibits One through Five will be admitted into evidence.

(THEREUPON, Applicant's Exhibits One through Five were admitted into evidence.)

MR. NUTTER: I didn't get your name, sir.

rish reporting service

THE WITNESS: Roy Sharrock, S-h-a-r-r-o-c-k.

MR. NUTTER: Roy is the first name?

THE WITNESS: yes, sir.

CROSS EXAMINATION

BY MR. NUTTER:

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Q. Mr. Sharrock, has the Commission designated any pool yet for these Morrow wells that you have already completed?

A. The No. 2 has been designated in the Northwest Morrow Vacuum Pool.

- Q. The Northwest Vacuum Morrow?
- A. Yes, sir.
- 0. And there are no pool rules in this area as of now, are there?
 - A. No, sir.
 - Q Other than the regular state-wide rules?
 - A. That is correct, sir.
- Q. So I presume you are dedicating the east half of Section 8 to this proposed well?
 - A. That is correct.
- Q. And the location is unorthodox in that it should be nineteen, eighty from the end boundary and six, sixty from the --
 - A. Yes, sir.

MR. NUTTER: Are there any other questions of the

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Phone (505) 982-9212

witness? He may be excused.

(THEREUPON, the witness was excused.)

MR. NUTTER: Do you have anything further, Mr. Lopez?

MR. DOPEZ: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 5749? We will take the case under advisement.

REPORTER'S CERTIFICATE

T, 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 P. Morrish, C.S.R.

the Examiner hearing of Case No. 3729

New Mexico Oil Conservation Commission

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General Court Reporting Service

Alle Mejia, No. 122, Santa Fe, New Mexico 8750;
Phone (505) 982-9212

The same

OIL CONSERVATION COMMISSION

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

LAND COMMISSIONER

PHIL R. LUCERO September 17, 1976



EMERY C. ARNOLD

DIRECTOR
JOE D. RAMEY

Re: CASE NO. 5749
ORDER NO. R55279

Montgomery, Federici,
Andrews & Hannahs
Attorneys at Law
P. O. Box 2307
Santa Fe, New Mexico 87501

Applicant:

Southern Union Supply Company

Dear Sir:

Mr. Owen Lopez

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

Yours very truly,

JOE D. RAMEY

Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
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. 5749 Order No. R-5279

APPLICATION OF SOUTHERN UNION SUPPLY COMPANY 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 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, Southern Union Supply Company, seeks approval of an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line of Section 8, Township 17 South, Range 34 East, NMPM, to test the Morrow formation, North Vacuum-Morrow Gas Pool, Lea County, New Mexico.
- (3) That the E/2 of said Section 8 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.
- (6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic

-2-Case No. 5749 Order No. R-5279

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 a well to be located 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, NMPM, North Vacuum-Morrow Gas Pool, Lea County, New Mexico.
- (2) That the E/2 of said Section 8 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.

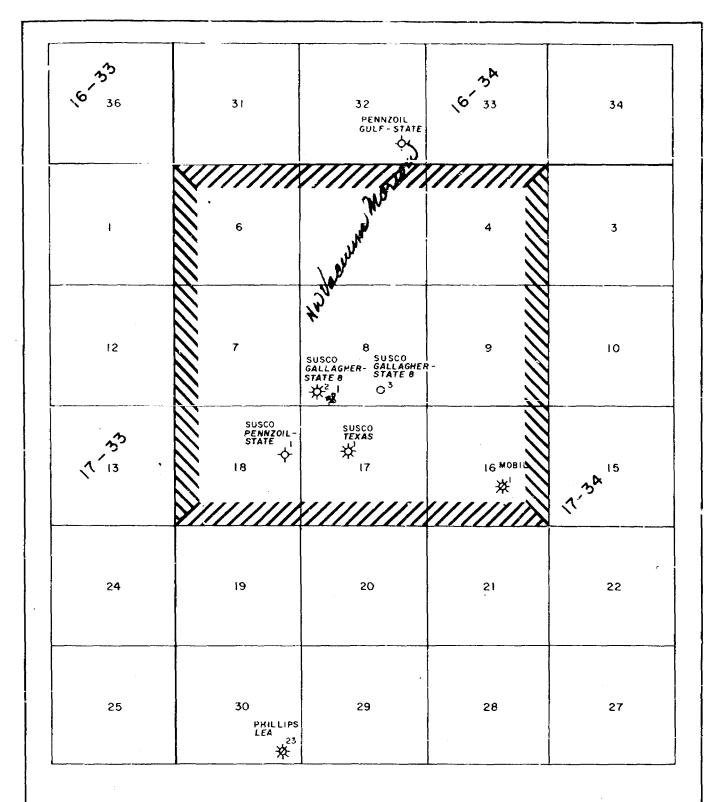
STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

SEAL



LEGEND



SOUTHERN UNION SUPPLY COMPANY

UNORTHODOX LOCATION
- NMOCC CASE 5749
FOR SEPTEMBER 1 1076 HEARN

SET FOR SEPTEMBER 1,1976 HEARING EXHIBIT NO. 1

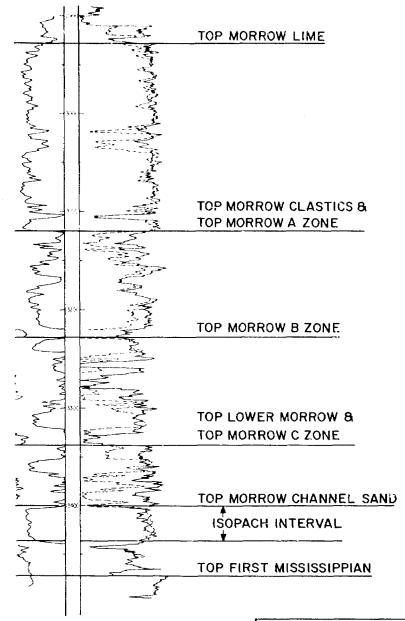
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SOUTHERN UNION SUPPLY COMPANY NO. 2 GALLAGHER - STATE '8'

660 FSL 8 660 FWL SECTION 8, T-17-S, R-34-E LEA COUNTY, NEW MEXICO

CORRELATION & TYPE LOG



SOUTHERN UNION SUPPLY COMPANY

UNORTHODOX LOCATION

NMOCC CASE 5749

SET FOR SEPTEMBER I, 1976, HEARING

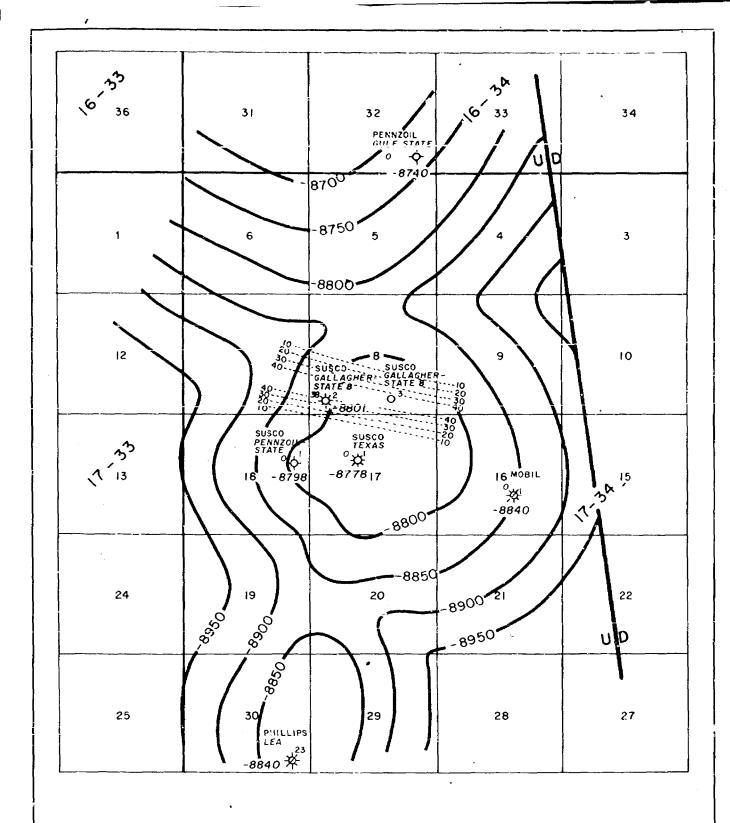
EXHIBIT 3

CORRELATION & TYPE LOG

GEOLOGY BY: RG. SHARROCK

DRAFTED BY: J. ANDERSON

AUGUST 23, 1976



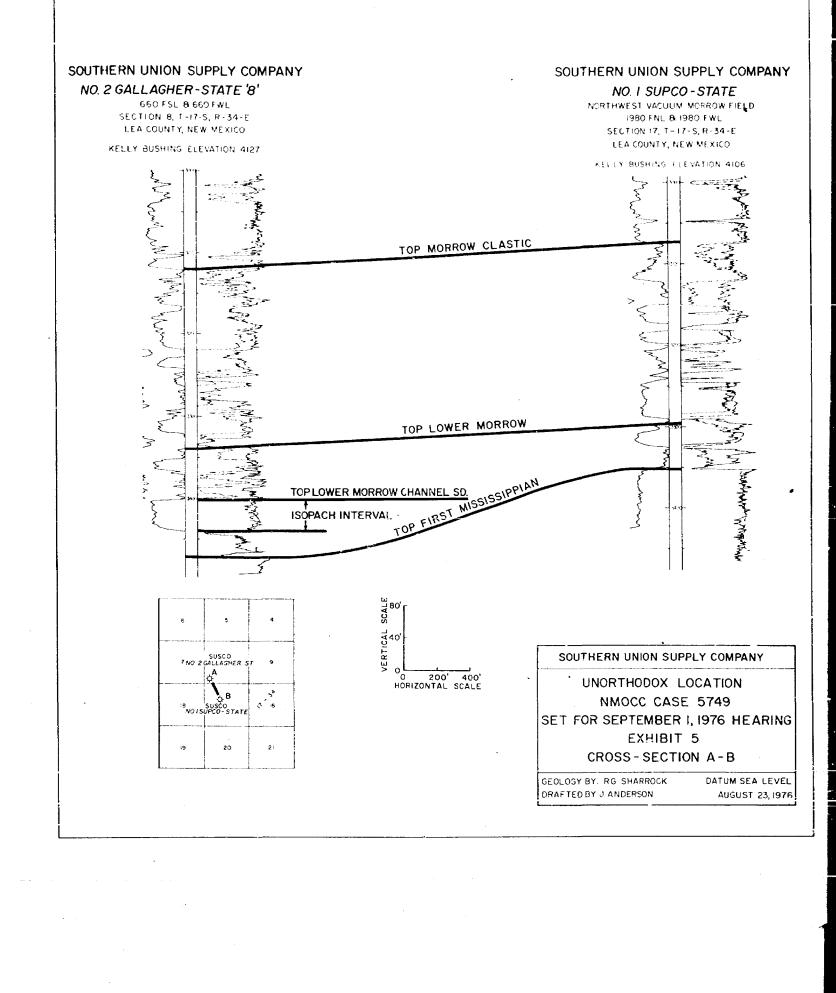
LEGEND

TOP OF MORROW LIME STRUCTURE ISOPACH OF LOWER MORROW CHANNEL SAND

SOUTHERN UNION SUPPLY COMPANY

UNORTHODOX LOCATION
NMOÇC CASE 5749
SET FOR SEPTEMBER I, 1976 HEARING
EXHIBIT NO. 4

GEOLOGY, BY: RG SHARROCK DRAFTED BY: J. ANDERSON SCALE: 1" = 4000' AUGUST 23,1976



SOUTHERN UNION SUPPLY COMPANY
FIDELITY UNION TOWER
DALLAS. TEXAS 75201
August 13, 1976

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

Attention: Mr. Dan Nutter

Jile Case 5749 den 9/1

Re: Gallagher State "8" #3, West Vacuum Field 1980' FEL and 660' FSL, Section 8, T-17-S, R-34-E, Lea County, New Mexico

Gentlemen:

Southern Union Supply Company, as Operator, proposes to drill the subject well to a depth sufficient to test the Morrow formation and if we are successful we propose to dedicate a 320 acre tract, being the E/2 of Section 8, to this well. In response to your advice in our telephone conversation on this date this is to formally request you to grant us a hearing for this unorthodox location and you indicated that this hearing would be set for Wednesday, September 1, 1976. Among other parties representing us at the hearing will be a member of our Geological Department, Mr. Roy Sharrock.

We are, at this time, circulating a letter with a plat attached to all the surrounding leasehold owners to get their waiver to this unorthodox location and propose to present this evidence to you at that time.

Thank you again for your assistance in this connection and should you require anything further of us, please advise and it will be responded to very promptly.

C. Ø. Hammond Land Department

CJH: pm

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. Mutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 5747: Application of Atlantic Richfield Company for a non-standard gas proration unit, uncerthodox location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a previously established 185-acre non-standard Euront gas proration unit comprising the SW/4 and SW/4 NW/4 of Section 19, Township 21 South, Range 36 Fast, 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.
- Application of TERMAPET 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 "6" Well No. 3, proposed to be drilled at a point 660 feet from the South
 line and 1930 feet from the Fast line of Section 8, Township 17 South, Range 34 East, West Vacuum
 Field, Lea County, New Mexico.
 - 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 GrayburgSan 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 Scuthwest 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 L of Section 17, Township 21 South, Range 27 East, Eddy Court 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 BCO Inc. for downhole 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.

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 3749
Order No. R- 5279
APPLICATION OF SOUTHERN UNION SUPPLY COMPANY 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 September 1 , 19 7 at Santa Fe, New Mexico, before Examiner Daniel S. Nutter
NOW, on this day of <u>September</u> , 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 premise
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, <u>Southern Union Supply Company</u> , seek
approval of an unorthodox gas well location 660 feet from the South
line and 1980 feet from the <u>East</u> line of Section <u>8</u> , Township
17 South, Range 34 East, NMPM, to test the Most Vacuum Field Most Vacuum Field Most
Lea County, New Mexico.
(3) That the $\frac{E/2}{L}$ of said Section 8 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.

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Case	No.	5749	
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 <u>harrical</u>
formation is hereby approved for a well to be located 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
NMPM, West Vacuum-Field 17 South, Range 34 East NMPM, West Vacuum-Field 17 South, Range 34 East NMPM, West Vacuum-Field 17 South, Range 34 East NMPM, West Vacuum-Field 17 South Range 34 East
New Mexico.

- (2) That the Form of said Section 8 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.

Southern thiron Supply Co. from unorthodox gas wee loc., Lea County how mexico

Replicant, in the acous slighed cause, seeks approval for the uncerthor day location of its Hallagher.

Store "8" no. 3, proposed to drilled at a point 660 feet from the South line and 1980 feet from the Earl Cine See 8, Tits, Rotte west Vacuum Field, Rea Co., hen Mergico.

Called in by Hammond Santhern Chion Gas Co., Dallas