CASE 3596: Application of TENNECO OIL CO. for an unorthodox location in Rio Arriba County, New Mexico.

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OIL CO. for an unorthodox location
in Rio Arriba County, New Mexico.

SE/WO.

APPlication,
Transcripts,
SMALL Exh. bits
ETC.

GOVERNOR DAVID F. CARGO CHAIRMAN

State of New Mexico Bil Conservation Commission

LAND COMMISSIONER GUYTON B. HAYS MEMBER



STATE GEOLOGIST A. L. PORTER, JR. SEGRETARY - DIRECTOR

P. O. BOX 2088 SANTA FE

June 8, 1967

Mr. Charles White White, Gilbert, Koch & Kelly Attorneys at Law Post Office Box 787 Santa Fe, New Mexico

Re: Case No. 3596
Order No. R-3259
Applicant:
TENNECO OIL COMPANY

Dear Sir:

Other

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

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/ir
Carbon copy of order also sent to:
Hobbs OCC X
Artesia OCC
Aztec OCC x

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION CONNISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE Mo. 3596 Order No. R-3259

APPLICATION OF TENNECO OIL COMPANY FOR AN UNORTHODOX LOCATION, RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSIOM:

This cause came on for hearing at 9 a.m. on June 6, 1967, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

MOW, on this 8th day of June, 1967, 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,

FIMDS:

- (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, Tenneco Oil Company, seeks approval of an unorthodox gas well location in the Blanco-Mesaverde Gas Pool for its Jicarilla "B" Well No. 8 at a point 790 feet from the North line and 2510 feet from the East line of Section 15, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.
- (3) That the subject well was originally projected to the Dakota formation and was drilled at a standard location for the Basin-Dakota Gas Pool.
- (4) That a standard gas well location for the Blanco-Mesaverde Gas Pool is not feasible due to the extremely rough terrain at said standard location.

-2-CASE No. 3596 Order No. R-3259

- (5) That approval of the subject application should result in the recovery of otherwise unrecoverable gas as the applicant proposes to dually complete the subject well in the Basin-Dakota Gas Pool and the Blanco-Mesaverde Gas Pool.
- (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 Blanco-Mesaverde Gas 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 otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

- (1) That an unorthodox location is hereby approved for the Tenneco Oil Company Jicarilla "B" Well Mo. 8 in the Blanco-Mesaverde Gas Pool at a point 790 feet from the North line and 2510 feet from the Bast line of Section 15, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DOME at Santa Pe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO OIL COMMERVAPTON COMMISSION

DAVID F. CARGO, Cha

GUYTON B. HAYS, Member

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

esr/

DOCKET: EXAMINER HEARING - TUESDAY - JUNE 6, 1967

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 Elvis A. Utz, Alternate Examiner:

CASE 3592: Application of Anne Burnett Windfohr, dba Windfohr Oil Company, for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a water-flood project by the injection of water into the San Andres formation through eight wells in Sections 13, 14 and 24, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico. Applicant further seeks an administrative procedure for future expansion of said project.

CASE 3584: (Continued and Readvertised)

Application of Gulf Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the abovestyled cause, seeks authority to drill its Eddy "BD" State Well No. 1 at an unorthodox location 660 feet from the South line and 990 feet from the East line of Section 32, Township 20 South, Range 30 East, in an undesignated Strawn gas pool, Eddy County, New Mexico

CASE 3578: (Continued and Readvertised)

Application of Texas Pacific Oil Company for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

A 12G-acre non-standard gas proration unit comprising the N/2 NE/4 and the SE/4 NE/4 of Section 7, to be dedicated to the State "A" A/c-2 Well No. 5, located in Unit A of said Section 7, and also to the State "A" A/c-2 Well No. 6 located in Unit B of said Section 7;

A 160-acre non-standard gas proration unit comprising the W/2 W/2 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 41, located in Unit M of said Section 5;

An 80-acre non-standard gas proration unit comprising the E/2 NW/4 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 44, located in Unit F of said Section 5;

A 160-acre non-standard gas proration unit comprising the N/2 SE/4 and the E/2 SW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 28, located in Unit I of said Section 5;

Case 3578 continued

An 80 facre non-standard gas proration unit comprising the S/2 SE/4 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 27, located in Unit P of said Section 5;

A 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 Section 8, to be dedicated to the State "A" $\Lambda/c-2$ Well No. 54, located in Unit O of said Section 8;

A 160-acre non-standard gas proration unit comprising the S/2 NW/4, NE/4 SW/4, and NW/4 SE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 56, located in Unit J of said Section 8;

An 80-acre non-standard gas proration unit comprising the S/2 NE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 43, located in Unit H of said Section 8;

An 80-acre non-standard gas proration unit comprising the N/2 NW/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 49, located in Unit C of said Section 8;

A 240-acre non-standard gas proration unit comprising the NE/4 and E/2 NW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 40, located in Unit A of said Section 9;

A 240-acre non-standard gas proration unit comprising the E/2 SE/4 Section 8, and the SW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 38, located in Unit K of said Section 9;

A 160-acre non-standard gas proration unit comprising the N/2 NE/4 Section 8, and the W/2 NW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 29, located in Unit D or said Section 9.

CASE 3579: (Continued from the May 24th Examiner Hearing)

Application of Texas Pacific Oil Company for three dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "A" A/c-2 Wells Nos. 28, 54, and 29, located in Unit I of Section 5, Unit O of Section 8, and Unit D of Section 9, respectively, Township 22 South, Range 36 East, Lea County, New Mexico, in such a manner as to produce gas from the Jalmat Gas Pool and oil from the South Eunice Oil Pool.

CASE 3593: Application of Amerada Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Monument Paddock and Monument Blinebry Oil Pools in the wellbore of its L. M. Lambert Well No. 8 located in Unit G of Section 6, Township 20 South, Range 37 East, Lea County, New Mexico, with the assignment of a single allowable to said commingled production.

Application of Amerada Petroleum Corporation for an Ogallala oil proration unit, special rules for said unit and authority for fresh water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the SE/4 NW/4 of Section 30, Township 18 South, Range 38 East, Lea County, New Mexico, as a 40-acre proration unit for production of oil from the Ogallala formation. Applicant also seeks the establishment of special rules governing said 40-acre tract including a maximum density of one well per 0.625-acre with a provision that wells should be drilled no nearer than 82.5 to the outer boundary of the unit and no nearer than 165 feet to another well producing from the same formation, provided that an exception should be made for existing wells on said 40-acre tract which are not located in conformance with said spacing rules. Applicant also seeks a temporary exception to Rule 307 for each well to permit utilization of a vacuum-type drilling unit during the drilling and completion operations. Applicant also seeks authority to produce the wells at capacity even though the aggregate production from said wells exceeds the 40-acre normal unit allowable. Applicant further seeks authority to dispose of fresh water produced with the oil back into the Ogallala formation through an injection well or wells located no nearer than 330 feet to the outer boundaries of the 40-acre tract.

CASE 3595: Application of Ernest A. Hanson for acreage rededication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of the SE/4 NW/4 of Section 19, Township 22 South, Range 38 East for the production of oil from the Blinebry Oil Pool, said 40-acre unit to be dedicated to applicant's Gutman Well No. 4, formerly the Gulf Oil Corporation's Max Gutman Well No. 3. This acreage is presently dedicated as a part of a 160-acre standard gas proration unit in the Blinebry Gas Pool to Gulf Oil Corporation's Max Gutman Well No. 2 located in Unit C of said Section 19.

CASE 3350: (Reopened)

In the matter of Case No. 3350 being reopened pursuant to the provisions of Orders Nos. R-3021 and R-3021-A, which orders established 80-acre spacing units for the Young-Wolfcamp Pool and the Young-Bone Spring Pool, Lea County, New Mexico, respectively, for a period of one year. All interested parties may appear and show cause why said pools should not be developed on 40-acre spacing units.

CASE 3596:

Application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Jicarilla "B" Well No. 8 at a point 790 feet from the North line and 2510 feet from the East line of Section 15, Township 26 North, Range 5 West, Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico

-4- Examiner Hearing - June 6, 1967

Docket No. 17-67

CASE 3574: (Continued from May 24th Examiner Hearing)

Application of Cima Capitan, Inc. 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 Grayburg-San Andres formations through one well located in Unit C of Section 3, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.

SANTA FE, NEW MEXICO

1967

Several Market Grant Grant

LEGAL DIVISION PHONE 827-2741

Case 3596

Tenneco Oil Company P. O. Box 1714

Durango, Colorado 81302

Attention: Mr. Robert E. Siverson

Gentlemen:

Reference is made to your application dated May 8, 1967, for administrative approval of the unorthodox location of your Jicarilla "B" Well No. 8 in the Blanco-Mesaverde Gas Pool 790 feet from the North line and 2510 feet from the Bast line of Section 15, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

DOCKET MAILED

The Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool do not provide administrative procedure for approving this unorthodox location. Such application could be approved only after notice and hearing.

Please advise if you do desire a hearing on this matter and we shall be happy to set it for hearing on the first docket available.

Very truly yours,

GEORGE M. HATCH Attorney

GMH/esr

J. 19 817

cc: Oil Conservation Commission - Aztec

Memo

From

George M. Hatch General Counsel

Blance - Mesonade Roles de not provide for adm. approval - Will line to set for heaving — TENNECO OIL COMPANY A Major Component extrenneco Inc.

P. O. BOX 1714 • 835 SECOND AVENUE • DURANGO, COLORADO 81302

TENNECO

Car 35 76

NSLL Adequate (R-1670)

May 8, 1967

b/ May

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

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

Director

Re: Jicarilla "B" No. 8
790' FNL, 2510' FEL
Section 15, T-26-N, R-5-W
Rio Arriba County, New Mexico

Gentlemen:

Tenneco Oil Company requests Administrative Approval for exceptions to state-wide Rule 104. This request is due to topographic conditions for the above referenced well with regard to the Blanco Mesaverde Pool. The well was orginally projected and completed in the Dakota Formation which is standard in regard to spacing. This well will be dually completed in the Blanco Mesaverde and Basin Dakota pools should our request be granted.

Drilling this well in an orthodox Mesaverde location would have resulted in locating the well on top of Honolulu Mesa. Thus increasing the drilling costs as well as transportation costs of products.

We have attached a plat which points out the existing topographic conditions surrounding this well. We have requested a waiver from off-set operator, Pan American Petroleum Corporation, with a request that they forward their approval or objection to your office.

Very truly yours,

TENNECO OIL COMPANY

Robert E. Siverson

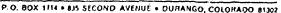
District Production Superintendent

JHW:hes

CC: New Mexico Oil Conservation Commission - Aztec U. S. Geological Survey - Farmington Atlantic Richfield Company Continental Oil Company

R. H. Byers

TENNECO OIL COMPANY A Major Component of tenneco Inc.





May 8, 1967

Pan American Petroleum Corporation P. O. Box 480 Farmington, New Mexico

Car 3596

Re: Jicarilla "B" No. 8
790' FNL, 2510' FEL
Section 15, T-26-N, R-5-W
Rio Arriba County, New Mexico

Gentlemen:

Tenneco has requested an exception to the New Mexico 011 Conservation Commission state-wide Rule 104 for the above referenced well. A copy of this request is attached for your information.

If you as offset operator have no objection to this request, please signify your approval in the space provided below and forward one copy to the New Mexico Oil Conservation Commission, Santa Fe, New Mexico to the attention of Mr. A. L. Porter, Jr.

Your cooperation in this matter will be greatly appreciated.

Very truly yours,

TENNECO OIL COMPANY

Robert E. Siverson

District Production Superintendent

JHW:hes

APPROVED:

Pan American Petroleum Corporation

DATE:

CC: New Mexico Oil Conservation Commission - Santa Fe
New Mexico Oil Conservation Commission - Aztec
U. S. Geological Survey - Farmington
Atlantic Richfield Company
Continental Oil Company
R. H. Byers

EW MEXICO OIL CONSERVATION COMMISSION 3596
WELL LOCATION AND ACERAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section

B 15 26 North 5 West R10 Arriba could foologe Location of Welt: 790	TENNECO OIL COMPANY			JICARILIA	JICARILIA "B" 8	
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Robert H. Ernst N. Mex. PR & IS 2463 Certificate No.

ERNST ENGINEERING CO. DURANGO, COLORADO dearnley-meier reporting service, inc.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 6, 1967

EXAMINER HEARING

IN THE MATTER OF:

Application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico.

Case <u>3596</u>

BEFORE: Daniel S. Nutter, Examiner

Transript of Hearing



MR. NUTTER: Case 3596.

MR. HATCH: Case 3596, application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico.

MR. WHITE: If the Examiner please, Charles White of White, Kolbert, Koch and Kelly, appearing on behalf of the Applicant. We have one witness to be sworn at this time.

(Witness sworn.)

LESLIE B. PLUMB, called as a witness on behalf of the Applicant, having first been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Would you state your full name for the record, please?

Leslie B. Plumb, employed as a Petroleum Engineer for Tenneco Oil Company in Durango, Colorado.

Have you previously testified before the Commission as a Petroleum Engineer and have your qualifications been accepted?

Α Yes.

Will you briefly state what the petitioner seeks by the application?

Tenneco Oil Company, requests the approval of the

MS BLDG, ● P.O. BOX 1092 ● PHONE 243-6491 ● ALBUQUERQUE, NEW MEXICO 67101 IST NATIONAL BANK EAST ● PHONE 256-1294 ● AĽBUQÜERĞÜE, NEW HEXICO 87108 location of its Jicarilla 'B' Number 8 as an unorthodox location in the Blanco-Mesa Verde Pool. This well is located seven ninety feet from the north line, twenty-five ten feet from the east line, Section 1426 North, 5 West, Rio Arriba County.

- Q In what respect is this well in an orthodox location?
- A The well is located in the correct quarter section. However, being twenty-five ten feet from the east line, it is beyond the tolerant boundaries normally allowed for locations for the Blanco-Mesa Verde Pool.

MR. NUTTER: Mr. Plumb, you said Section 14. All the records here indicate Section 15.

THE WITNESS: Section 15, you are correct, sir.

MR. NUTTER: Thank you.

- Q (By Mr., White) Is it the correct location for the Dakota?
 - A Yes, the location is standard for the basin Dakota.
 - Q Is the well dualled?
- A The well was drilled primarily as Dakota producer in the basin Dakota Pool and is now dually completed as a producer in both zones.
- Q And, 660 feet is too far west for the Mesa Verde, is that correct?

Yes, sir. Is it in the correct location, so far as the north line is concerned? Yes, sir, at 790 feet from the north line, we are

within the correct limits for a Flanco-Mesa Verde producer. MR. WHITE: Will you mark this as Exhibit Number 1, please?

> (Whereupon, Applicant's Exhibit Number 1 was marked for identification.

MR. WHITE: Would you mark this, please?

(Whereupon, Applicant's Exhibit Number 2 was marked for identification.

(By Mr. White) Will you explain your topo map marked Exhibit 1, please?

Exhibit 1 is a topographic map prepared by the United States Department of Interior, U.S.G.S., showing the topography of the general area and specifically of Section 15, wherein lies the subject location.

And, the well is shown --

The well is shown, marked B-8 in the northeast quarter of Section 15.

Now, will you explain why the well was drilled as an unorthodox well?

Note that this location lies right at the foot of

area known as BS Mesa, that, this well was drilled here because it was orthodox for Basin Dakota and was a much easier location to prepare. In order to get the well into orthodox position for the Blanco-Mesa-Verde, it would require about twenty-five miles additional travel to get to the location, the added cost for road and location and added drilling, tubular goods, etc., would result in an estimated additional cost for the well of approximately \$10,000.00.

- Did the location of the well have anything to do with the structure?
- No, there is no gain for structural position for this location over the orthodox location.
 - It was strictly an economic waste?
- It was strictly economics involved in saving and the cost of drilling the well.
- Are there any correlative rights involved in this location?
- There are no correlative rights involved. The Α Section 10 immediately north of Section 15 is produced by Pan-American Petroleum Corporation. They have no wells in the south half of this section, so there is no question of correlative rights.
- How about the ownership, as to the east, west and Q south?

- The ownership on the east, west and south is A operated by Tenneco Oil Company and we are our own offset operator.
 - Now, refer to Exhibit 2 and explain that, please? Q
- Exhibit 2 is a certified plat by the land surveyor showing that the location is as stated.

MR. WHITE: At this time, we offer Exhibits 1 and 2 in evidence and that concludes our testimony on direct.

MR. NUTTER: Tenneco's Exhibits 1 and 2 will be admitted in evidence.

> (Whereupon, Tenneco's Exhibits 1 and 2 were admitted in evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

- Mr. Plumb, apparently up here on the west side of this BS Mesa there is a rather sharp embankment coming down from the Mesa into the valley, there.
 - Yes, there is a double plateau arrangement there.
- And, you located the well as close as you could to an orthodox location right at the base of the cliff?
 - Yes, as close as we possibly could.

MR. NUTTER: Are there any further questions of the witness. He may be excused.

(Witness excused.)

DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTION!

MR. NUTTER: Do you have anything further,

Mr. White?

MR. WHITE: No, sir, thank you, Mr. Nutter.

MR. NUTTER: Does anyone have anything to offer

in Case 3596? We will take the case under advisement.

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STATE OF NEW MEXICO SS. COUNTY OF BERNALILLO)

I, JERRY POTTS, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner at Santa Fe New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial the day of June, 1967. seal this

Court Reporter

My Commission Expires:

k do hereby pertify that the foregoing is a complime record of the proceeding the Examiner bearing of Case No.

Rew Merico Oil Conservation Commission

NEW MEXICO DIL CONSERVATION CONSERVATION CEMMISSION WELL LOCATION AND ACERACE DEDICATION PLAT EXHIBIT NO. 2

BEFORE EXAMINER NUTTER

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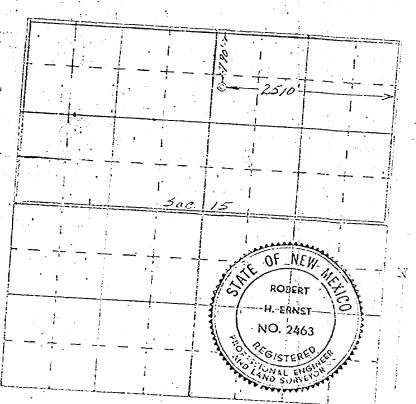
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CERTIFICATION

I hereby certify that it's information contained berein is true and complete to the best of my knowledge and belief.

Harold C. Nichols

Senior Production Clerk

Tenneco Oil Company

July 21, 1966

Thereby certify ther the well to. this plan was placed with their surveys mode by me or called the that the sense of true and arrest to his and knowledge and bolles.

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Robert 4.

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