CASE 5963: AMOCO PRODUCTION COMPANY FOR A NON-STANDARD PRORATION UNIT AND SIMULTANEOUS DEDICATION, LEA COUNTY

Application

Transcripts.

Small Exhibits

Sid morrish reporting Service General Court Reporting Service 825 Calle Mejia, No. 122, Santa Fe, New M Phone (505) 982-9212

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## sid morrish reporting service General Court Reporting Service 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501

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Production Company for a nonstandard proration unit, unoral locations and simultaneous dedication, Lea County, New Mess

MR. STAMETS: Call for appearances in this case.

MR. PETERSON: Amoco Production and Antone Peter

attorney. The file should reflect an appearance on Amocos behalf by Atwood, Malone, Mann and Cooter, New Mexico county

MR. STAMETS: That is on file.

MR. PETERSON: Amoco will have one witness today.

MR. PETERSON: Amoco will have one witness today

I would like to have him sworn at this time.

Amoco would like to consolidate this case with to case immediately following to expedite matters. They are similar and we have the same exhibits for purpose of testionly.

MR. STAMETS: Please call the next case.

MS. TESCHENDORF: Case 5963, application of Amoc Production Company for a nonstandard proration unit and simultaneous dedication, Lea County, New Mexico.

MR. STAMETS: These two cases will be consolidate for the purpose of testimony.

Will the witness stand and be sworn, please?
(THEREUPON, the witness was duly sworn.)

and testified as follows:

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provation units for the gas completions in the Eumont Cas which are shown on this map by the yellow dots.

A Aside from the yellow dots you have also marked wells or locations with red markings, could you explain to significance of those, please?

A. Yes, sir. In the bottom portion of the map is

A. Yes, sir. In the bottom portion of the map is a dot, it represents Amoco's State "C" Tract 11, Well No. 5 is the subject for Case 5962. The location of this well is thirty-three hundred feet from the north line and six hund and sixty feet from the east line which places it in Unit Section 2 which is an oversized section, Township 21 South Range 36 East. This well was permitted on a hundred and acres on April 18th, 1977. It was completed as a gas well the Queen formation on May the 8th, 1977.

- Q Is that location an orthodox location in that un
- A. For three hundred and twenty acres that would be unorthodox location.
- Q I would like for you to turn your attention now other red dot mentioned earlier to the north of the red do which you just discussed and tell us the significance of the marking, please?
- A. This red dot represents the proposed location fo Amoco's Gilluly B Federal Royalty Count A Well No. 16. Th

## sid morrish reporting service General Court Reporting Service 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501

M of Section 22, Township 20 South, Range 37 East.

- Q Is that an orthodox location on that unit?
- A This proration unit contains two hundred and for acres and this would be an unorthodox location for this will the first well on this unit was Well No. 7 and it's at a standard location. The nonstandard unit was approved admit tratively in May of 1956 by Order No. NSP~263.
- O Do you have any further comments at this time regarding Exhibit One?
- A. I would like to go back on the State "C" Tract I mention that the nonstandard unit there in the nonstandard location for Well No. 1 was approved by Order No. R-656.
- O. All right, I would like for you to turn now to Exhibit Two, Amoco's Exhibit Two, and explain what that tabulation shows, please?
- A. This is a table of allowables and production. Get-hand side I have the months and the year for the last balancing period for the Eumont Gas Pool and I have report the allowable which a nonmarginal gas well containing a hu and sixty acre proration unit would have received. I have the monthly volume and then adjacent to it on the right I that converted to a daily basis. As you can see this would be approximately a thousand MCF a day for last year.

### Sid morrish reporting service General Court Reporting Service 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501

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and forty acres and also the daily allowable for a nonmarg

Then on the right is the production data. The state column there would be for Amoco State "C" Tract 11 Well No.

as I mentioned had a three hundred and twenty acre proration unit. As you can see it averaged slightly less than one hundred MCF a day during the last balancing period.

Taking the allowable which a nonmarginal gas well with three hundred and twenty acres would have received the unit was short approximately eighteen hundred and fifty MC a day during the last year.

On the right, the two right columns, represent the production for Amoco's Gilluly "B" Federal Royalty Count "Well No. 7. As I mentioned this has a two hundred and for acre unit. Again taking its total production for the year subtracting that number from the allowable for which a two hundred and forty acre would have received a nonmarginal allowable we find that this unit was short five hundred and ninety-one MCF a day during the past year.

- Q Any further comments on this exhibit?
- A. No, sir.
- Q I would like for you to again look at Amoco's Ex One, more specifically State "C" Tract 11 Well 5 and expla

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the production of the surrounding wells to the Unit, it as that more than one additional completion would be necessar this lease to raise it up from a marginal to a nonmarginal You can see there are two Blinebry completions we are in the Hardy Blinebry Field. Well No. 4 is producing barrels of oil a day and forty barrels of water. Well No. makes about seventeen barrels a day and about twelve barre It is anticipated that these wells will be come of water. 11 to the Queen zone in the future and a standard location in three hundred and twenty acres would have been nineteen hu and eighty feet from the north unit boundary, which would placed it due east of the Well No. 4, so to obtain a bette spread of our wells on this tract a decision was made to d a new well at the present time in the nonstandard location This location doesn't crowd any of the existing w and it's indicated that it is draining a portion of the rewhich perhaps hasn't been drained by the other wells. The Cities Service wells north of it, the State "AO" No. 1 in produced eighty-one MCF a day. The No. 5 Well tested seve hundred MCF a day and the bottom-hole pressure recorded in well shut in after a hundred and eighteen hours is two hun and ninety-four pounds.

I would like for you now to look at Well 16 on t

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}	hundred and forty acres, would have been nineteen hund	dred
	eighty feet from the west line. It was decided to mo	ve i
	to the west which places it closer to an existing pro-	ratio
	unit on the same lease.	
	O. Do you have any further comments regarding of	e <b>i</b> tho
	Exhibit One or Two?	
	A. No, sir.	
		ې ۱ تا سام

- 10 Q. In your opinion will the granting of these application which have been combined for purposes of testimony prevent waste, protect correlative rights and promote the interest of conservation?
  - A. It will.
  - Q. Were Exhibits One and Two prepared by you or und your supervision?
    - A. They were.

MR. PETERSON: I would like to move that Amoco's Exhibits One and Two be admitted into evidence.

MR. STAMETS: These exhibits will be admitted.

(THEREUPON, Amoco's Exhibits One and Two
were admitted into evidence.)

MR. STAMETS: Mr. Pease, do you know the order n which approved these two nonstandard units originally?

MR. PEASE: Yes, sir, the State "C" Tract 11 was

like. MR. STAMETS: No, just the final order that condated the two hundred and forty acres. MR. PEASE: That would have been an administrate order, NSP-263. MR. STAMETS: Are there any other questions of witness? He may be excused. (THEREUPON, the witness was excused.) MR. STAMETS: Anything further in this case? case will be taken under advisement.

sid morrish reporting service

do hereby certify that the foregoing and attached Transcritor of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct red of the said proceedings to the best of my knowledge, skill ability.

Sidney F. Worrish, C.S.R.

Antone Peterson	ORDER NO. R-5475
torney oco Production Company O. Box 3092 uston, Texas 77001	Applicant:
	Amoco Production Company
Dear Sir:	
Enclosed herewith are two commission order recently ex	opies of the above-referenced ntered 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. 5963 Order No. R-547

APPLICATION OF AMOCO PRODUCTION COMPANY FOR A NON-STANDARD PRORATION UNIT, UNORTHODOX LCCATIONS, AND SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO.

### ORDER OF THE COMMISSION

### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 22, 197 Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of June, 1977, the Commission, quorum being present, having considered the testimony, the reand the recommendations of the Examiner, and being fully advisin the premises,

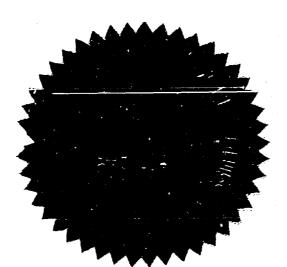
### FINDS:

- (1) That due public notice having been given as required law, the Commission has jurisdiction of this cause and the submatter thereof.
- (2) That the applicant, Amoco Production Company, seeks approval of a 240-acre non-standard gas proration unit comprise the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range East, NMPM, to be simultaneously dedicated to its Gilluly B Fe Lease Wells Nos. 7 and 16, located at unorthodox locations in Units K and M, respectively, of said Section 22.
- (3) That the entire non-standard proration unit may reas ably be presumed productive of gas from the Eumont Gas Pool and that the entire non-standard gas proration unit can be efficient and economically drained and developed by the aforesaid well.
- (4) That approval of the subject application will afford applicant the opportunity to produce his just and equitable shof the gas in the Eumont Gas Pool, will prevent the economic leaused by the drilling of unnecessary wells, avoid the augment of risk arising from the drilling of an excessive number of we and will otherwise prevent waste and protect correlative right
- (5) That Commission Administrative Order NSP-263 which previously approved the subject provation unit should be super

### IT IS THEREFORE ORDERED:

- (1) That the applicant, Amoco Production Company, is he granted a 240-acre non-standard gas proration unit in the Eum Gas Pool comprising the SW/4 and W/2 SE/4 of Section 22, Town 20 South, Range 37 East, NMPM, Lea County, New Mexico, to be simultaneously dedicated to its Gilluly B Federal Lease Wells 7 and 16, located at unorthodox locations in Units K and M, respectively, of said Section 22.
- (2) That Commission Administrative Order NSP-263 is her superseded.
- (3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem neces

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



STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY CARNOLD Member

JOE D. RAMEY, Member & Secretary

SEAL

UASE 5960:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to per Corinne Grace and all other interested parties to appear and show cause why the following wells should not be shut-in until they can be operated in such a manner as to prevent injury to neighboring leases or properties, and to protect against contamination of fresh water supplies:

Humble Grace Com Well No. 1 located in Unit P of Section 2, and Panagra Com Well No. 1 located in Unit B of Section 11, both in Township 23 South, Range 26 East, Eddy County, New Mexico.

CASE 5961:

Application of D. L. Hannifin for amendment of Order No. R-4432; Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4432 to remove the present operator of the pooled proration unit comprising the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, and to designate applicant as operator of said unit.

Docket No. 22-77

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 22, 1977

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

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

CASE 5962:

Application of Amoco Production Company for a non-standard proration unit, unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, see approval for a 320-acre non-standard proration unit comprising Lots 9, 10, 15 and 16 and the SE of Section 2, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "C" Tract 11 Wells Nos. 1 and 5 located at unorthodox locations in Units X and I, respectively, of said Section 2.

CASE 5963:

Application of Amoco Production Company for a non-standard proration unit and simultaneous dedic Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre nonstandard proration unit comprising the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Gilluly B Federal Lease Well Nos. 7 and 16 at unorthodox locations in Units K and M of said Section 22, respectively.

CASE 4962: (Reopened)

In the matter of Case 4962 being reopened pursuant to the provisions of Order No. R-4538 which order established temporary special pool rules for the Peterson-Pennsylvanian Associated Pool, Roosevelt County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5964:

Application of Texas Pacific Oil Company, Inc., for non-standard proration units and unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approva for two 160-acre non-standard gas proration units comprising the NW/4 of Section 9, and the SW/4 of Section 11, dedicated respectively, to its State "A" A/c-2 Wells Nos. 63 and 62, at unorthodo locations 990 feet from the North line and 2310 feet from the West line of Section 9 and 1980 feet from the South line and 2310 feet from the West line of Section 11, all in Township 22 Sout Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 5965:

Application of Layton Enterprises, Inc., for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, Chaves County, New Mexico, in such a manner as to produce oil from the Cisco formation thru tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations thru the open-hole interval from 1861 feet to approximately 5000 feet.

CASE 5966:

Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Tubb production in the wellbore of his Eubanks Well No. 2 located in Unit L of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

### BEFORE THE OIL CONSERVATION COMMISSION STATE OF NEW MEXICO

IN	THE	MATT	ER OF	THE A	PPLIC	ATION	)		
OF	AMOC	O PR	ODUCT	ION CO	MPANY	FOR A	)		
NON	I-STA	NDAR	D PRO	RATION	UNIT	AND	)	No.	5963
DEI	DICAT	'ION,	EUMO	NT GAS	POOL	, LEA	)		
COU	JNTY,	NEW	MEXI	co.			)		

### ENTRY OF APPEARANCE

The undersigned hereby enter their appearance herein for the Applicant, Amoco Production Company, with Antone Peterson of Houston, Texas.

ATWOOD, MALONE, MANN & COOTER, P.A.

Post Office Drawer 700

Roswell, New Mexico 88201

Attorneys for Amoco Production Company

591 MCFD		1,849 MCFD		•		
215,677 MCF	21	678,431 MCF	RODUCTION	NON MARGINAL ALLOWABLE MINUS PRODUCTION	NON MARGINAL	
319,847 MCF/Yr.	31	35,601 MCF/Yr.	714,032 MCF/Yr.	535,524 MCF/Yr.	•	357,016 MCF/Yr.
27,012 871		2,965 96	3,368	2,526	1,684	52,197
24,806 886		2,884 103	3,078	2,308	1,539	43,098
4		2,844 92	2,012	1,509	1,006	31,185
	92 2	2,846 9	2,756	2,067	1,378	42,724
26,882 896		2,913 97	2,692	2,019	1,346	40,367
26,998 871		3,001 97	2,498	1,874	1,249	38,720
25,288 843		3,143 105	1,694	1,270	847	25,415
N		3,159 102	968	726	484	15,000
·		2,872 93	742	556	371	11,505
27,054 902		3,103 103	1,000	750	500	14,997
27,181 877		3,124 101	1,260	945	630	19,520
26,772 892	92 2	2,747 9	1,486	-,114	743	22,288;
DATA CO GILLULY "B" FED. R, 240 ACRE UNIT	PRODUCTION DATA 1 #1 AMOCO GI MCFD MONTH	AMOCO STATE C TR. 1 320 ACRE UNIT	DAILY 320 ACRE MCFD	DAILY 240 ACRE MCFD	NON MARGINAL GAS ALLOWABLE  F DAILY, MCFD  2	NO ACRE UNIT

BEFORE EXAMINE OIL CONSERVATION EXHIBIT N

Submitted by Pear

Hearing Date\_

6-2

J. M. Brown Division Engineering Manager

June 2, 1977

File: HHR-986.51NM-2259

Re:

Application for Hearing

Eumont Gas Pool

Lea County, New Mexico

New Mexico Oil Conservation Commission (3) P. O. Box 2088 Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

Confirming telephone request of June 1, 1977, Amoco Production Company respectfully requests a hearing for obtaining approval of a 240 acre non-standard proration unit to be simultaneously dedicated to Guilluly "B" Federal Well No. 7 and Well No. 16 located at unorthodox locations in Units K and M, respectively, in Section 22, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico.

Attached is a map of the area. Please direct any questions to Mr. Jim Pease, telephone number 713-652-5461.

Yours very truly,

JEP:sam Attachments

CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:	AS.
	CASE NO. 5963
Jan	Order No. R- 5475
APPLICATION OF AMOCO PRODUCTION CO FOR A NON-STANDARD PRORATION UNIT AN	MPANY locations
LEA COUNTY, NEW MEXICO.	D SIMULTANEOUS DEDICATION,
ORDER OF THE COMM	ISSION
BY THE COMMISSION:	
This cause came on for hearing	at 9 a.m. on June 22
19 77, at Santa Fe, New Mexico, bef	ore Examiner Richard L. S
NOW, on this day of	having considered the test
FINDS:	
<ul><li>(1) That due public notice had law, the Commission has jurisdiction matter thereof.</li><li>(2) That the applicant, Am</li></ul>	of this cause and the sub
seeks approval of a 240 -acre i	non-standard gas proration
comprising the SW/4 and W/2 SE/4	of Section 22, Tow
ship 20 South , Range 37	East , NMPM, to be
dedicated to its <u>Gilluly B Federal</u> at unorthodox locations located/in Units K and of said Sections	on 22 <u>a rognosti<del>so</del>l</u> v
(3) That the entire non-standa	ard proration unit may rea
sonably be presumed productive of gas	from the <u>Eumont</u>
Gas Pool and t	that the entire non-standar
gas proration unit can be efficiently	and economically drained
and developed by the aforesaid well.	
(4) That approval of the subje	ct application will afford
the applicant the opportunity to prod	uce his just and equitable
share of the gas in theEumont	
Pool, will prevent the economic loss	

taneously

### IT IS THEREFORE ORDERED:

(1	L) ************************************	ka_	240	-acr	e non-s	standard	gas pro	ration
in the _		Eumo	nt		(	Gas Pool	compris	ing th
SW/4 and	W/2 SE	/4	of	Section	22	, Townsh	ip <u>2</u>	0
South		ige _3	7	East	_, NMPN	1, Lea	Nagara Araka	County
New Mexi	.co, <del>is</del>	hereb	cstal	blished		nultaneous licated t rthodox location		
Federal	Lease V	Vells	Nos. 7	and/, 1				
Section		resp	ostive	<del>ly</del> .	/ ·	et en		

entry of such further orders as the Commission may deem necess DONE at Santa Fe, New Mexico, on the day and year herein designated.

(2) The F Commission Administrative Order NSP-263 is bekeby supersect Called in by Jim Pease 6/1/27 amoco Production Co. 240-acra Non-Standard Broration Unit and Simultaneous Dedication Gilluly B. Federal Lease Wells # > and 16 located at unorthodox locations in Units K and M of 22-205-3>E Eumout Das Pool Jet 1 presently to who see I was be dicable 240 as