

CASE 6292: AMOCO PRODUCTION COMPANY FOR
AN UNORTHODOX GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO

CASE NO.

6292

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
16 August 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Company) CASE
for an unorthodox gas well location,) 6292
Eddy County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico 87501

For Amoco Production Co.:

Richard Merrill, Esq.
Amoco Production Company
Houston, Texas

SALLY WALTON BOYD

CERTIFIED SHORTHAND REPORTER

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I N D E X

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1 MR. STAMETS: We'll call next Case 6292.

2 MS. TESCHENDORF: Case 6292. Application of
3 Amoco Production Company for an unorthodox gas well location,
4 Eddy County, New Mexico.

5 MR. STAMETS: Call for appearances in this case.

6 MR. MERRILL: Richard Merrill, Amoco. I have
7 three witnesses in this case.

8 There should be a letter of appearance from
9 Atwood and Malone.

10 MR. STAMETS: There is a letter of appearance
11 from Atwood and Malone in the file.

12 MR. MERRILL: I would also like to note that
13 in the file there is a waiver of objections from Leland
14 Hodges Trustee.

15 MR. STAMETS: Yes, we have a letter here dated
16 August 4, 1978, from the firm of Kellahin and Fox, indi-
17 cating they represent Leland Hodges Trustee and that they
18 have entered into a settlement and indicate a waiver of
19 objections.

20 You may proceed, Mr. Merrill. Any other ap-
21 pearance in this case? You may proceed.

22 MR. MERRILL: I would like to call my first
23 witness, Mr. Joe Durkee.

24 MR. STAMETS: I'd like to have all who are going
25 to be witnesses in this case stand and be sworn at this time,

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1 please.

2 (Witnesses sworn.)

3
4 JOE DURKEE

5 being called as a witness and having been duly sworn upon
6 his oath, testified as follows, to-wit:

7
8 DIRECT EXAMINATION

9 BY MR. MERRILL:

10 Q Mr. Durkee, would you please state your name,
11 your occupation, and place of employment?

12 A I'm Joe Durkee. I'm a land man with Amoco
13 Production Company, in Houston, Texas.

14 Q And are you familiar with the leaseholdings
15 in the area of our application?

16 A Yes, sir, I am.

17 Q Now, I'm going to show you what has been marked
18 as Exhibit One, Amoco's Exhibit One in this case, and ask
19 you to identify it, please?

20 A The acreage colored yellow on the plat repre-
21 sents the fee leases which we hold from Teledyne, Incor-
22 porated.

23 The area outlined in red represents a 640-acre
24 working interest unit, which we are entered into with
25 Bass Enterprises Production Company out of Ft. Worth.

1 The green outline represents the 320-acre pro-
2 ration unit to be used for the initial test well.

3 Q Okay, and the red dot on the map?

4 A The red dot indicates the approximate location
5 of the proposed Morrow test.

6 Q Now, on these leases in yellow, is that just
7 one lease or is it --

8 A No, we have a total of six leases from Tele-
9 dyne.

10 Q And what is the expiration date?

11 A The expiration date on those lease is March the
12 14th of 1979.

13 Q Would the proposed operating area of 640, the
14 yellow acreage has been contributed by Amoco and the rest
15 is by Bass, is that correct?

16 A That is correct.

17 Q And what is the status of that operating agree-
18 ment? Has it been signed?

19 A The operating agreement has been signed by both
20 parties.

21 Q All right. And now with regard to the acreage
22 contributed by Bass Enterprises into this unit, is that fee
23 acreage or Federal?

24 A It's Federal acreage. It's part of the Big
25 Eddy Unit, which is operated by Bass.

1 Q Now, have you discussed with the USGS the pos-
2 sibility of drilling a well at an orthodox location in the
3 east half of Section 4?

4 A Yes. Yes, I have.

5 Q And what was their response?

6 A They indicated that they would deny any such
7 request.

8 Q And did you also ask them whether or not they
9 would approve a com unit if the well were drilled on fee
10 acreage?

11 A They did indicate they would approve such a
12 communitization agreement.

13 MR. MERRILL: At this time I have no further
14 questions for this witness.

15 I would next like to call Ms. Cathy Buchanan.

16 MR. STAMETS: The witness may be excused.

17

18 CATHY BUCHANAN

19 being called as a witness and having been first duly sworn
20 upon her oath, testified as follows, to-wit:

21

22 DIRECT EXAMINATION

23 BY MR. MERRILL:

24 Q Ms. Buchanan, you've been sworn, haven't you?

25 A Yes, I have.

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1 Q And would you please state your name, your
2 employer, and occupation for your employer?

3 A I'm Cathy Buchanan. I'm a staff geologist
4 with Amoco Production Company in Houston, Texas.

5 Q Okay, and you have previously testified before
6 this Oil Conservation Division and your qualifications are
7 a matter of record on file?

8 A Yes.

9 Q Let me ask you, have you made a study of the
10 geological conditions and substructure in the general area
11 of our application?

12 A Yes, I have.

13 Q And how many wells did you look at in making
14 such study?

15 A Several hundred.

16 Q Now I would like to refer you to what has been
17 marked as Amoco's Exhibit Two and ask that you explain what
18 that exhibit is.

19 A This exhibit is a series of Isoliths indicating
20 various sandstone units of the Morrow formation.

21 Q Okay, and the red arrow on the exhibits, the
22 various Isoliths, what does that indicate?

23 A The red arrow indicates our approximate well
24 location in Section 4.

25 Q Now, for each of those Isoliths you've labeled

1 them, I believe, A sand, B sand, C, D, E, and F.

2 Is each of those Isoliths, is that one sand or
3 is that what we would call a sand package?

4 A. They are packages of sand separated by shales
5 which extend over a wide area.

6 Q. Okay. Now could you go into a little bit more
7 detail about what the various Isoliths mean?

8 A. All right. The type log in the center of the
9 exhibit is the Amoco No. 1 Teledyne Well, drilled in 1974,
10 Section 13, 23, 28, Eddy County. I have subdivided the
11 Morrow clastic section into middle and lower Morrow units.
12 In each of these units I have subdivided the sands into A,
13 B, C, D, E, and F, three units per section in the Morrow
14 clastic unit.

15 I have mapped net clean sand on the Isoliths
16 around the edge of the exhibit. This is sand that is indi-
17 cated to be clean by having an API unit count of less than
18 fifty on a gamma ray on the well log.

19 Q. Now starting off in your bottom sand, that would
20 be A sand, where would that be?

21 A. The A sand would be an interval on the type
22 log from here to here, an interval approximately 150 feet,
23 in which the sand thickness varies from well to well. This
24 is just an areal plat of these -- what we call the Amoco-
25 Teledyne area. Our well location would be here in the A

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1 sand.

2 What's indicated by the Isolith is a major
3 deltaic complex.

4 Q And your B sand would be then a little higher
5 up the --

6 A Yes. The B sand is the middle sand section in
7 the lower Morrow section. It's located in the middle of
8 the lefthand side of the exhibit. Our well location is
9 here. We would not expect to encounter any B sand. It
10 too looks something like a deltaic complex, although it's
11 apparent that it's been reworked by current action.

12 Q And with regard to the C sand?

13 A C sand is in the upper lefthand corner of the
14 exhibit. It's the uppermost unit in the lower Morrow
15 clastic section. Once again we would not encounter any
16 C sand. The C sand, however, is indicative of a barrier
17 bar type sequence.

18 Q Now turning to your D, E, and F sands, where
19 are those?

20 A These are located in the middle Morrow section.
21 The D sand is an interval of approximately 150 feet in
22 which there is some clean sand.

23 E sand is approximately 120 feet, and the F
24 sand is a little bit less, being about 100 feet, varying
25 from well to well, of course.

1 The D sand in the lower righthand corner of the
2 exhibit indicates a pronounced barrier bar sequence. Our
3 well location, the red arrow, indicates that we would be
4 on the up-dip side of one of these barrier bar-type islands.

5 Q And with regard to the E sand?

6 A In the E sand you also get some type of barrier
7 bar trend. We would be sitting in a maximum clean sand
8 sequence in the E sand.

9 Q And the F sand?

10 A The F sand is also the same case. We have a
11 pronounced barrier bar-type sequence. We would be sitting
12 in maximum clean sand in the F sand.

13 Q Now let me ask you this. In your opinion
14 would, say, either the D, E, or F sand, would they be a
15 better risk than, say, the A sand, as far as getting a
16 productive well?

17 A Yes, they would. The A sand is a deltaic com-
18 plex. The sands have not been reworked by current action
19 in a pronounced manner, and therefore, they are what we
20 call "dirtier" sand. They tend to be tighter in the area.
21 Most of the production, as you will see from Exhibit Three
22 is from the middle Morrow clastic section in the barrier
23 bar-type sands.

24 Q Now with particular reference to the D sand,
25 the location which we have made application for, would that

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1 be a better location in the D sand than an orthodox location
2 in that east half?

3 A. Oh, yes, definitely. It looks as though we would
4 be completely out of the barrier bar sequence if we moved to
5 an orthodox location.

6 Q. Okay, and you do think that the D sand would
7 be a sand much more capable of having a productive well com-
8 pleted in it than, say, anything in the lower Morrow?

9 A. Yes, I do.

10 Q. Now, I would like for you to turn to your -- what
11 has been marked as Amoco's Exhibit Number Three, and could
12 you describe what that exhibit shows?

13 A. This is a cross section, trending approximately
14 west to east, west being on the lefthand side of the cross
15 section; east on the right, showing some of the well control
16 in the area.

17 You start out at the beginning with the PanAm
18 No. 1 Harroun, located in Section 30,22, 28.

19 The next well to the left in the cross section
20 is the Amoco No. 1 Teledyne, located in Section 13, 23, 28.

21 Then we go to the three Mesa-Nash Unit wells,
22 which would be to the east from the proposed location, indi-
23 cated by the red arrow. Mesa No. 3 Nash in 12,23,29; No. 1
24 Nash Unit in 13,23,29; and No. 2 Nash Unit in 18,23,30.

25 Q. Okay. Now, you have -- there are some yellow

1 markings on the exhibit. Could you explain what those
2 mean?

3 A. Yes. Major yellow markings on the exhibit are
4 in the Morrow clastic section. Here's the top of the Middle
5 Morrow, the stratigraphic cross section hung on that zone.
6 Then the top of the Lower Morrow at this interval. I have
7 colored in all of the clean sands on these well logs.

8 Q And you have, I believe, shown the A, B, C, D,
9 E, and F sands.

10 A. Yes, the interval as interpreted are indicated
11 on the cross section.

12 Q Okay. Now, are there any other formations other
13 than the Morrow in which we might expect a productive well
14 at the location?

15 A. Yes. Unfortunately, I have not put on the
16 very shallow formations in this cross section; it would make
17 the cross section far too long. However, the Delaware
18 Sand section, which is Permian in age, is very productive
19 in the area. Our old Indian Draw Field is not very far
20 from the northwest. Then, of course, there is the Bone
21 Springs Formation in which some production has been indi-
22 cated and the South Carlsbad Field, also to the west of our
23 proposed location. Wolfcamp unit, which shows production
24 in South Carlsbad and the Texaco Remuda Basin Well, which
25 is to the east of our proposed location.

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1 Below that we have the Strawn intervals, Strawn
2 sands --- Strawn is up here -- we have some Strawn sands in--
3 dicated in the area, and Atoka sands, which are indicated
4 in yellow. We anticipate production in several of these
5 horizons.

6 Q And the Atoka sand, in your opinion, that was
7 the sand that was encountered in the well that blew out --

8 A Yes, in the Delta No. 1 South Calibre Bluff Well,
9 located in Section 23, 23, 28, this is the approximate in-
10 terval of the Atoka sand, which blew out in that well.

11 Q Now let me ask you, were these exhibits prepared
12 specifically for this hearing?

13 A No, they weren't.

14 Q Were they prepared -- what reason were they
15 prepared?

16 A They were prepared to sell the well to my
17 management.

18 Q Okay. Now, since the preparation of this --
19 either of these exhibits, have you looked at any new well
20 data?

21 A Yes, I have.

22 Q And with regard to our proposed well location,
23 does any of the new data you have looked at change your
24 geological interpretations?

25 A Not in our proposed well location. Most of the

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1 new wells would be drilled in a stratigraphic location be-
2 tween the PanAm No. 1 Harroun and the Teledyne.

3 Q They would not be --

4 A They would not change our interpretation, our
5 proposed location. We do have a well that is currently
6 drilling at a location approximately here, the Teledyne No.
7 1 17. It, unfortunately, has just entered the Strawn sec-
8 tion. We have no data from that well yet.

9 MR. MERRILL: At this time I have no further
10 questions of this witness.

11 MR. STAMETS: She may be excused.

12 MR. MERRILL: I would next like to call Mr.
13 Jim Allen.

14
15 JIM ALLEN

16 being called as a witness and having been duly sworn upon
17 his oath, testified as follows, to-wit:

18
19 DIRECT EXAMINATION

20 BY MR. MERRILL:

21 Q Mr. Allen, would you state your name, occupation,
22 place of employment? And employer?

23 A Yes. I'm James C. Allen, staff engineer with
24 Amoco Production Company in Houston.

25 Q Okay. And you have previously testified before

1 this Oil Conservation Division and your qualifications are
2 a matter of record in the files?

3 A. Yes, sir.

4 Q. Okay. Now, I would like you to look at what
5 has been identified as Amoco Exhibit Number One and can
6 you say if there are any offsets to our proposed drilling
7 location?

8 A. No, sir, there are no offsets to our proposed
9 drilling location.

10 Q. And with regard to the 640-acre operating area
11 with Bass and Amoco, it includes the east half of Section 9,
12 I believe, is that not correct?

13 A. Yes, sir.

14 Q. And where does that fall?

15 A. Well, the east half of Section 9 is in the middle
16 of a lake.

17 Q. And if we get a productive well at this location
18 in 4, how would we then develop, say, the east half of
19 Section 9?

20 A. It would be our intention to drill a well from
21 the drillsite of the well in Section 9, directionally drill
22 to develop Section 9.

23 Q. And why would we prefer to directionally drill
24 rather than put a rig down in the lake?

25 A. The cost to build a drilling location in Section

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1 9 would be prohibitive.

2 Q Would it be more ecologically sound to direction-
3 ally drill, also?

4 A Yes, sir, it would.

5 Q Okay. Now, Mr. Durkee has testified that the
6 leases outlined in yellow, colored in yellow, have -- are
7 all Teledyne. With this in mind, is it your opinion that
8 to drill a well at the location we have applied for, that
9 that would protect correlative rights?

10 A Yes, sir, in my opinion correlative rights would
11 be protected.

12 MR. MERRILL: At this time I have no further
13 questions of this witness.

14
15 CROSS EXAMINATION

16 BY MR. STAMETS:

17 Q Mr. Allen, you indicated you would directionally
18 drill into Section 9 if you developed Section 9. What type
19 of bottom hole location would you be talking about there?

20 A Our intention would be to drill at a standard
21 location in Section 9 from our location in Section 4.

22 Q Now, you also indicated the ownership -- that
23 there were no offset operators, and perhaps this question
24 should be answered by Mr. Durkee.

25 What about the ownership of Section 3, which is

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1 not colored in yellow?

2 Who is the operator there?

3 MR. DURKEE: Section 3 is, with the exception
4 of the southwest quarter southwest quarter, is in the Big
5 Eddy Unit and the leases are held by Bass Enterprises.

6 The southwest quarter southwest quarter is a
7 fragment of our Teledyne lease.

8 MR. STAMETS: And Bass is an operator in your
9 working interest unit?

10 MR. DURKEE: Bass will be nonoperator on our
11 proposed 640-acre working interest unit. We will be oper-
12 ator.

13 MR. STAMETS: Okay, then who is the owner of the
14 remainder of Section 4, which is not colored in yellow and
15 which is not dedicated to this well?

16 MR. DURKEE: The northwest quarter of Section 4,
17 again, is Bass Enterprises, committed to the Big Eddy Unit.
18 The north half of the southwest quarter is a Federal lease,
19 which is currently in Federal potash suspension status.

20 MR. STAMETS: Is that unleased?

21 MR. DURKEE: No, it's under lease to an individual
22 and when it comes out of suspension it's my understanding it
23 will have approximately thirty days left in its regular term,
24 if and when it comes out of suspension.

25 MR. STAMETS: Who is the leaseholder there?

1 MR. DURKEE: The leaseholder is a Mr. Carthel,
2 C-A-R-T-H-E-L, best information I have.

3 MR. STAMETS: All right.

4 Q (Mr. Stamets continuing.) Mr. Allen, the Divi-
5 sion's spacing rules are designed to prohibit wells being
6 located too close to one another and permitting improper
7 or inefficient drainage.

8 Do you feel that as a general rule that the
9 Division should allow locations such as you propose on 320-
10 acre tracts?

11 A Generally, Mr. Examiner, I would say no; however,
12 when we do get into a conflict as we have had, where you
13 have both oil and gas and potash rights to be developed,
14 then I think that there is a compelling reason to reach some
15 sort of equitable solution which will allow both interests
16 to develop their mineral interests.

17 Q I would assume that there are no producing wells
18 within a mile or two of this location, at least.

19 A Yes, sir, that's my understanding, there is not.

20 Q So we wouldn't be too worried about the drainage
21 from this well at least immediately?

22 A No, sir. Again, it's my opinion that any rights
23 even though Perry R. Bass and Amoco control them and they
24 are Teledyne or Federal leases, could be protected if this
25 is a producing well by additional development, primarily by

1 directional drilling from this location, if any were in
2 fact jeopardized.

3 Q Did Amoco consider --- well, scratch that. I
4 know why you're going to drill the well where you're going
5 to drill it. We had excellent geologic testimony on that
6 point.

7 MR. STAMETS: Any other questions of this wit-
8 ness? He may be excused.

9 MR. MERRILL: At this time, Mr. Examiner, I
10 would like to offer our Exhibits Number One, Two, and Three
11 into evidence.

12 MR. STAMETS: These exhibits will be admitted.
13 Anything further in this case?

14 MR. MERRILL: I have no closing statement.

15 MR. STAMETS: We'll take the case under advise-
16 ment.

17 (Hearing concluded.)
18
19
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25

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a court reporter, DO HEREBY
 CERTIFY THAT the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that the said transcript is a full, true, and correct
 record of the hearing, prepared by me to the best of my
 ability, knowledge, and skill from my notes taken at the
 time of the hearing.

Sally Walton Boyd, CSR
 Sally Walton Boyd, C.S.R.

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. 6292
 heard by me on 8/16, 1978
Richard D. Hammett, Examiner
 New Mexico Oil Conservation Commission

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JERRY APDACA
GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2089
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SANTA FE, NEW MEXICO 87501
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August 21, 1978

Re: CASE NO. 6292
ORDER NO. R-5782

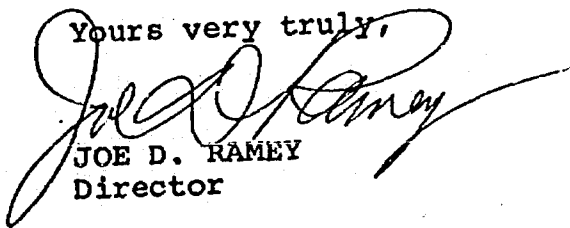
Mr. Richard Merrill
Attorney
Amoco Production Company
Box 3092
Houston, Texas 77001

Applicant:
Amoco Production Company

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC
Artesia OCC
Aztec OCC

Other Tom Kellahan

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6292
Order No. R-5782

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 16, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 18th day of August, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Amoco Production Company, seeks approval of an unorthodox gas well location for its Teledyne Federal Gas Com. Well No. 1 to be drilled 660 feet from the South line and 330 feet from the East line of Section 4, Township 23 South, Range 29 East, NMPM, to test the Wolfcamp and Pennsylvanian formations, Eddy County, New Mexico.

(3) That the E/2 of said Section 4 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.

-2-

Case No. 6292
Order No. R-5782

(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 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:

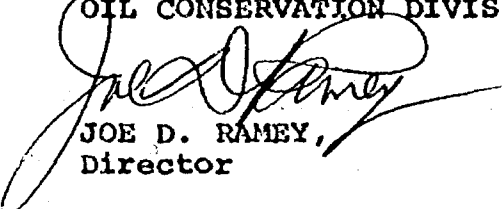
(1) That an unorthodox gas well location for the Wolfcamp and Pennsylvanian formations is hereby approved for the Amoco Production Company Teledyne Federal Gas Com Well No. 1 at a point 660 feet from the South line and 330 feet from the East line of Section 4, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That the E/2 of said Section 4 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 Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

dr/

TV

To:	K.M.O.C.C.	Bldg.	Mail Code or Rm. No.
To:	P. O. Box 2088	Bldg.	Mail Code or Rm. No.
To:	Santa Fe, NM 87501	Bldg.	Mail Code or Rm. No.
Location:	ATTN: Lynn Teschendorf		
Route Ticket	Please Handle	Remarks: Copy of application per	
	Please Approve	your request. Original sent to	
	Please Note and return	NMOC D Artesia.	
	For Your Information	Case # 6292	
	Please See Me	From: Amoco Production-Levelland Date 8/10/78	
	Please Advise		
Your File			

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Form C-101
Revised 1-1-65

5A. Indicate Type of Lease	
STATE <input type="checkbox"/>	FEE <input checked="" type="checkbox"/>
5. State Oil & Gas Lease No.	

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work		7. Unit Agreement Name	
b. Type of Well OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>		8. Farm or Lease Name Teledyne Fed Gas Com	
2. Name of Operator Amoco Production Company		9. Well No. 1	
3. Address of Operator P.O. Drawer A, Levelland, Tx 79336		10. Field and Pool, or Wildcat Undesignated Morrow	
4. Location of Well UNIT LETTER <u>P</u> LOCATED <u>660</u> FEET FROM THE <u>south</u> LINE AND <u>330</u> FEET FROM THE <u>east</u> LINE OF SEC. <u>4</u> TWP. <u>23-S</u> RGE. <u>29-E</u> NMPD		11. County Eddy	
19. Proposed Depth 13400		19A. Formation Morrow	
21. Elevations (Show whether DF, RT, etc.) 2953.4 GR		20. Rotary or C.T. Rotary	
21A. Kind & Status Plug. Bond Blanket-On File		22. Approx. Date Work will start 10-1-78	
21B. Drilling Contractor NA			

23. PROPOSED CASING AND CEMENT PROGRAM					
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
20"	16"	84#	400'	Circ to Surf	Surf
13 3/4"	10 3/4"	45.5#	5200'	Circ to Surf	Surf
9 1/2"	7 5/8"	26.4#	11000'	Tie back to 10 3/4"	BTM of 10 3/4"
6 1/2"	5"	13#	13400'	Tie back to 7 5/8"	Btm of 7 5/8"

After drilling well, logs will be run and evaluation made. Perforating and/or stimulating as necessary in attempting commercial production.

Mud Program 0 - 400' - Native mud and water.
400' - 5200' - Native mud and brine.
5200' - 13400' - Brine and commercial mud with additives to maintain good hole conditions.

BOP program is attached.

Gas is not committed.

This well is set up for a hearing August 16, 1978 for unorthodox location.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed Randy Atkins Title Administrative Analyst Date 8-9-78
(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

0+4-NMOCC,A 1-RWA 1-P.R. Bass
1-Div 1-Susp 1-Teledyne

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

Operator Amoco Production Co.		Lease Teledyne Federal Gas Com. A		Well No. 1
Tract Letter P	Section 4	Township 23 South	Range 29 East	County Eddy
Actual Footage Location of Well:				
660	feet from the South	line and 330	feet from the East	line
Ground Level Elev. 2952.3	Producing Formation MORROW	Pool UNDESIGNATED - MORROW	Dedicated Acreage: 320	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

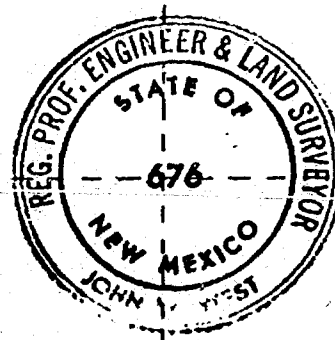
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes:" type of consolidation COMMUNITIZATION

If answer is "no:" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

<p><u>WORKING INTEREST</u></p> <p>AMOCO 62.4493</p> <p>P.R. BASS 37.5507</p>	<p>PERRY R. BASS</p> <p>064829</p>	<p>CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Name <u>Randy Atkins</u></p> <p>Position <u>ADMINISTRATIVE ANALYST</u></p> <p>Company <u>AMOCO PRODUCTION CO.</u></p> <p>Date <u>7-28-78</u></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <p>Date Surveyed <u>July 17, 1978</u></p> <p>Registered Professional Engineer and/or Land Surveyor</p> <p><u>John W. West</u></p> <p>Certificate No. <u>John W. West 676</u> <u>Ronald J. Eidsen 3239</u></p>
--------------------------------------------------------------------------------------------	--------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



AMOCO

ROYALTY OWNER
TELEDYNE

330
0 330 660 990 1320 1650 1980 2310 2640 2970 3300

3000# W.P. TWO-RAM BOP

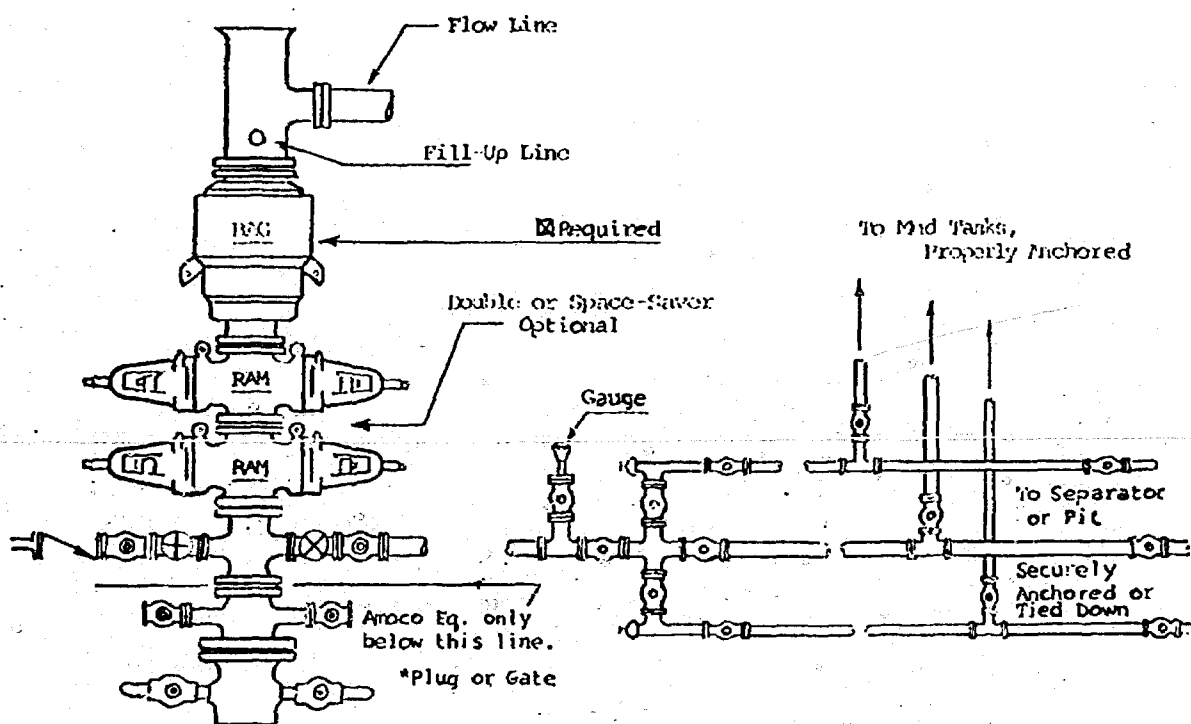
1. BOP'S TO BE FLUID OPERATED.
2. BOP'S AND ALL FITTINGS MUST BE IN GOOD CONDITION AND RATED AT 3000 PSI W.P. MINIMUM.
3. EQUIPMENT THROUGH WHICH BIT MUST PASS SHALL BE AT LEAST AS LARGE AS CASING SIZE BEING DRILLED THROUGH.
4. NIPPLE ABOVE BOP'S SHALL BE SAME SIZE AS LAST CASING SET.
5. UPPER KELLY COCK IS REQUIRED AND SHALL BE 3000# W.P. MINIMUM.
6. T. I. W. OR COMPARABLE SAFETY VALVE SHALL BE AVAILABLE ON RIG FLOOR WITH CONNECTION OR SUBS TO FIT ANY TOOL JOINT IN THE STRING. VALVE TO BE FULL BORE 5000# MIN.
7. VALVE NEXT TO SPOOL SHALL BE 4". OTHER EQUIPMENT MAY BE 3" OR 4". ALL CHOKE MANIFOLD EQUIPMENT SHALL BE FLANGED. FLOW LINE FROM MANIFOLD TO BE MINIMUM OF 3" AND STRAIGHT AS POSSIBLE WITH MINIMUM BENDS.
8. FLUID LINES FROM ACCUMULATOR TO BOP'S AND ALL REMOTE CONTROL FLUID LINES SHALL BE STEEL, AND RATED AT OR ABOVE MAXIMUM ACCUMULATOR PRESSURE. LINES SHALL BE ROUTED IN BUNDLES AND ADEQUATELY PROTECTED FROM DAMAGE.
9. USE RAMS IN FOLLOWING POSITIONS:*

	DRILLING	RUNNING CASING
UPPER RAM	DRILL PIPE	CASING
LOWER RAM	BLIND	BLIND

*AMOCO AREA SUPT. MAY REVERSE LOCATION OF RAMS.

10. CHOKE MANIFOLD, BEYOND SECOND VALVE FROM CROSS MAY BE OPTIONALLY POSITIONED OUTSIDE OF SUBSTRUCTURE.
11. EXTENSIONS AND HAND WHEELS TO BE INSTALLED AND BRACED AT ALL TIMES.
12. TWO INCH (2") LINES AND VALVES ARE PERMITTED ON THE KILL LINE.

NOTE: ALL UNMARKED VALVES MAY BE PLUG OR GATE VALVE, METAL TO METAL SEAL.



3000# W.P.

ATWOOD, MALONE, MANN & COOTER
A PROFESSIONAL ASSOCIATION
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

RECEIVED
AUG 10 1978
CONSERVATION COMMISSION
Santa Fe
CHARLES F. MALONE
ROSS L. MALONE
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
BRYAN W. COPPLE
RANDAL W. ROBERTS

August 9, 1978

Mr. Joe D. Ramey
Secretary-Director
Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501


RE: Examiner Hearing August 16, 1978

Dear Mr. Ramey:

We would appreciate your filing the enclosed
Entry of Appearance for Amoco Production Company in Case
No. 6292.

Thank you and with regards, I am,

Very truly yours,


Charles F. Malone

CFM:sgs
Enc.

cc: Guy Buell, Esquire

RECEIVED
AUG 10 1978
CONSERVATION COMM.
Santa Fe

BEFORE THE OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF AMOCO PRODUCTION COMPANY FOR)
UNORTHODOX GAS WELL LOCATION,) Case No. 6292
SECTION 4, TOWNSHIP 23 SOUTH,)
RANGE 29 EAST, EDDY COUNTY, NEW)
MEXICO.)

ENTRY OF APPEARANCE

The undersigned hereby enter their appearance in
this case on behalf of Amoco Production Company with Richard
Merrill, Esquire of Houston, Texas.

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

By *Charles Malone*
Post Office Drawer 700
Roswell, New Mexico 88201
Attorneys for Amoco Production
Company

Memo

From

LYNN
TESCHENDORF

To Dan

Amoco has waivers
from the potash people &
is sending them. Also I
told them to file their
C-101. So it's O.K. to
have the hearing.

L

OIL CONSERVATION COMMISSION-SANTA FE

Dockets Nos. 28-78 and 29-78 are tentatively set for hearing on August 30 and September 13, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 16, 1978

9 A.M. - OIL CONSERVATION DIVISION 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for September, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for September, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 6290: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6291: Application of Mesa Petroleum Co. for a triple completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion (conventional) of its State Com S Well No. 15A located in Unit D of Section 36, Township 32 North, Range 12 West, San Juan County, New Mexico, to produce gas from an undesignated Fruitland pool, the Blanco-Pictured Cliffs Pool, and the Blanco Mesaverde Pool thru two strings of tubing and the casing-tubing annulus.
- CASE 6292: Application of Amoco Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Teledyne Federal Gas Com. Well No. 1 to be drilled 660 feet from the South line and 330 feet from the East line of Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico, the E/2 of said Section 4 to be dedicated to the well.
- CASE 6293: Application of Cities Service Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Polk "A" Well No. 1 located in Unit B of Section 17, Township 23 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Strawn and Morrow formations thru parallel strings of tubing.
- CASE 6279: (Continued from August 2, 1978, Examiner Hearing)
- Application of Hanagan Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 28, Township 21 South, Range 26 East, Avalon Hills-Morrow Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6288: (Continued from August 2, 1978, Examiner Hearing)
- Application of Dorchester Exploration, Inc., for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Strawn formation for its Wilson State Com Well No. 1 located in Unit I of Section 13, Township 21 South, Range 34 East, Lea County, New Mexico, and for promulgation of special pool rules, including provision for 160-acre spacing;
- in the alternative, applicant seeks approval of 80-acre spacing for said pool. (This case will be dismissed.)
- CASE 6294: Application of El Paso Natural Gas Company for an exception to Rule 2(A) of Order No. R-1670, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2(A) of Order No. R-1670, as amended, for the Blanco Mesaverde Pool to approve the unorthodox location of its EPNG "R" Well No. 1, located in Unit O of Section 28, Township 32 North, Range 6 West, San Juan County, New Mexico, as an off-pattern well in said pool.
- CASE 6286: (Continued from August 2, 1978, Examiner Hearing)
- Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Blanco Mesaverde and Basin-Dakota gas production in the wellbore of its EPNG "B" Well No. 1 located in Unit O of Section 28, Township 32 North, Range 6 West, San Juan County, New Mexico.

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN
KAREN AUBREY

KELLAHIN and FOX
ATTORNEYS AT LAW
P. O. BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4318
AREA CODE 505

August 4, 1978

Mr. Joe Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: New Mexico Oil Conservation Division
Case No. 6272

Dear Joe:

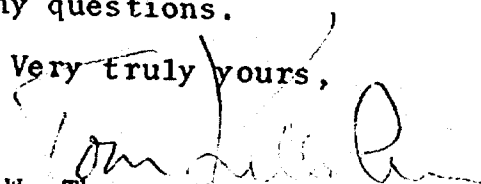
Our firm represents Leland Hodges, Trustee. You will recall that we appeared on behalf of Leland Hodges, Trustee, in opposition to Amoco's unorthodox case No. 6202.

Amoco and Leland Hodges have entered into a settlement of that dispute whereby Amoco will abandon their location approved in case 6202 and instead will apply for a location 660 feet from the South line and 330 feet from the East line of Section 4, T23S, R29E, Eddy County, New Mexico.

It is my understanding that Amoco has filed that case and it is now docketed as Case No. 6292. According to the terms of our settlement with Amoco, please find enclosed a signed original of our waiver of objections on behalf of Leland Hodges, Trustee.

Please call me if you have any questions.

Very truly yours,


W. Thomas Kellahin

CC: Mr. Ben Donegan
Mr. Leland Hodges, Trustee
Mr. Richard Merrill, Amoco

WTK:kfm

Enclosure

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE
APPLICATION OF AMOCO
PRODUCTION COMPANY FOR
AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY,
NEW MEXICO

Case No. 6292

WAIVER OF OBJECTIONS

COMES NOW, LELAND HODGES, TRUSTEE, and files with the Oil Conservation Division, this, his waiver of any and all objections which he might have or be able to make with regard to the application of Amoco Production Company for an unorthodox gas well location for the Teledyne Federal Gas Com. Well No. 1, an Eddy County wildcat, with such location being 660 feet from the South line and 330 feet from the East line, Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico.

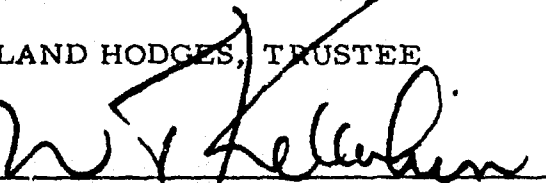
In the event that the application of Amoco Production Company for the above-described unorthodox gas well location is approved, then, in such event, LELAND HODGES, TRUSTEE, also hereby waives any and all objections which he might have or be able to make with regard to Amoco Production Company's obtaining a permit to drill such well at the approved location from the Oil Conservation Division.

LELAND HODGES, TRUSTEE further waives his rights to any and all notices to which he may be entitled under the provisions of Oil Conservation Division Order No. R-111-A and which pertain to the permitting and drilling of the hereinabove described well at the hereinabove described unorthodox gas well location.

Respectfully submitted,

LELAND HODGES, TRUSTEE

By


Kellahin & Fox
Attorneys at Law
P. O. Box 1769
Santa Fe, New Mexico 87501



JUL 20 1978

Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

J. M. Brown
Division Engineering
Manager

July 17, 1978

Case 6292

File: TBM-986.51NM-3777

Re: Application for Hearing
Unorthodox Location
Eddy County, New Mexico

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

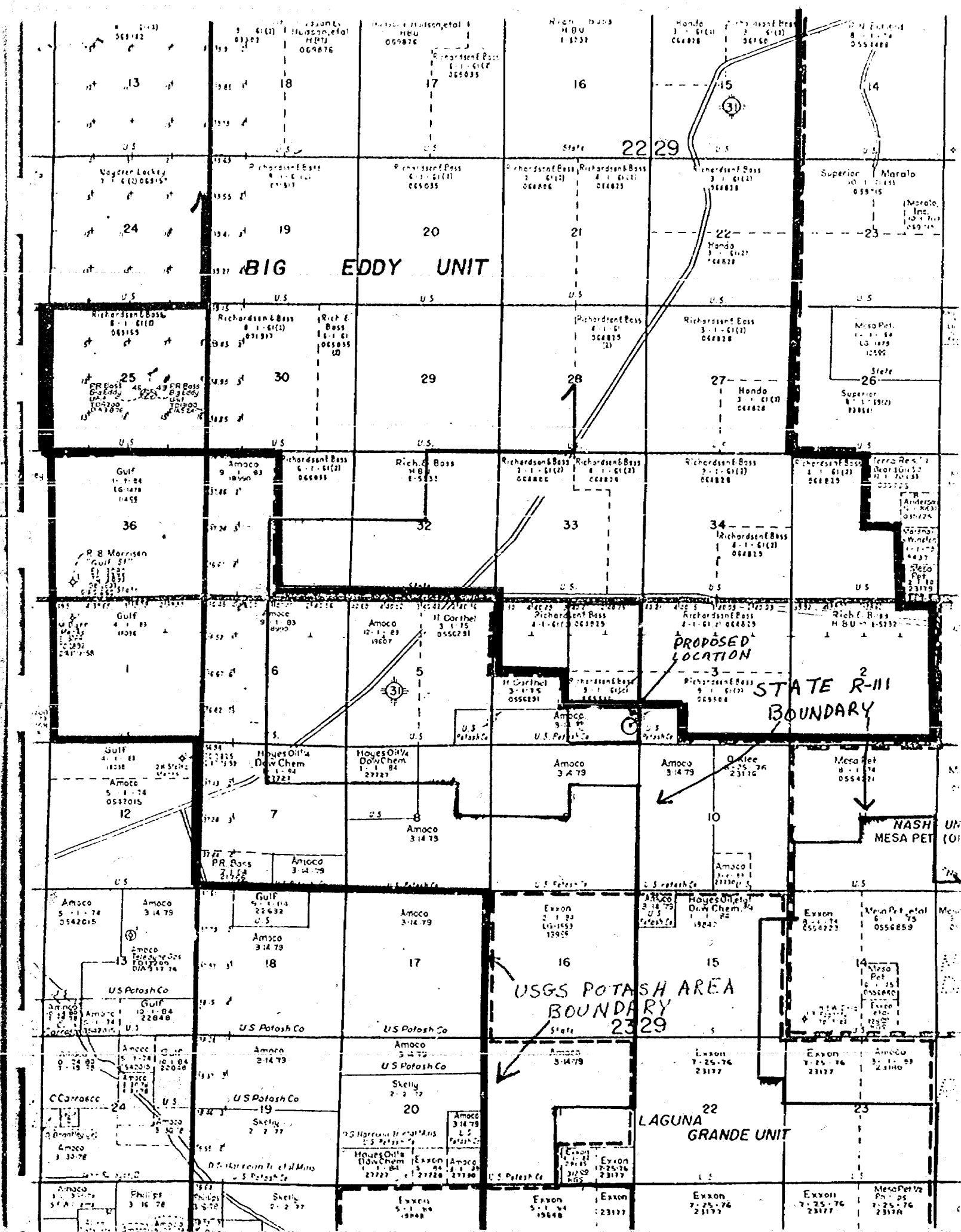
Amoco Production Company requests a hearing for obtaining approval of an unorthodox location for Teledyne Federal Gas Com. Well No. 1, an Eddy County wildcat, with the location being 660' FSL and 330' FEL, Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico. This location is also within the boundaries of the Potash-Oil Area as defined by Commission Order No. R-111-A. The east half of Section 4 is to be assigned to the well.

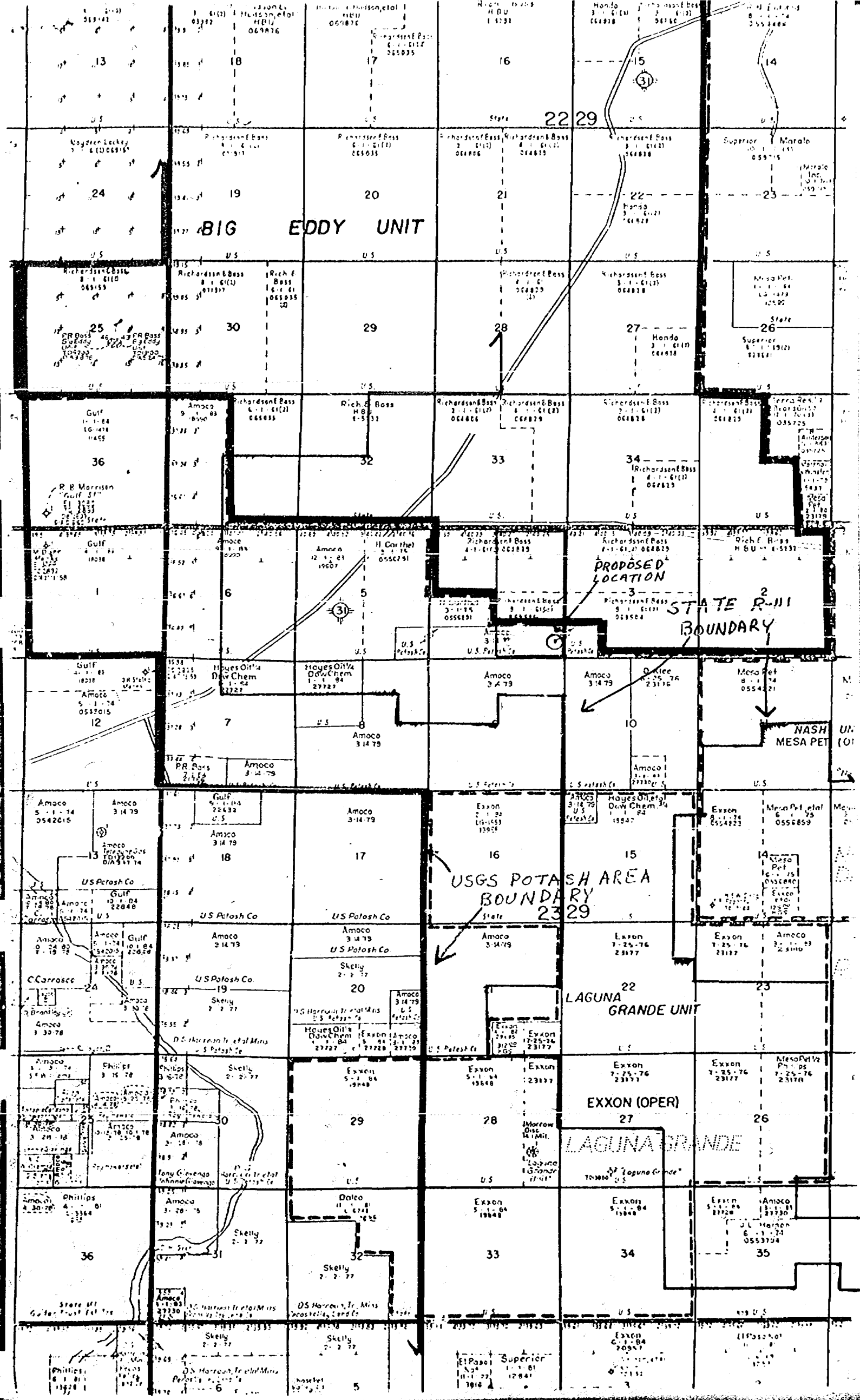
Please place this item on the Examiner Hearing Docket of August 16, 1978. A map of the area is attached. Please direct any questions to either Mr. Jim Allen (713-652-5496) or Mr. Jim Pease (713-652-5461).

Yours very truly,

J M Brown

JCA:sam
Attachment







Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

J. M. Brown
Division Engineering
Manager

July 17, 1978

File: TBM-986.51NM-3777

Re: Application for Hearing
Unorthodox Location
Eddy County, New Mexico

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

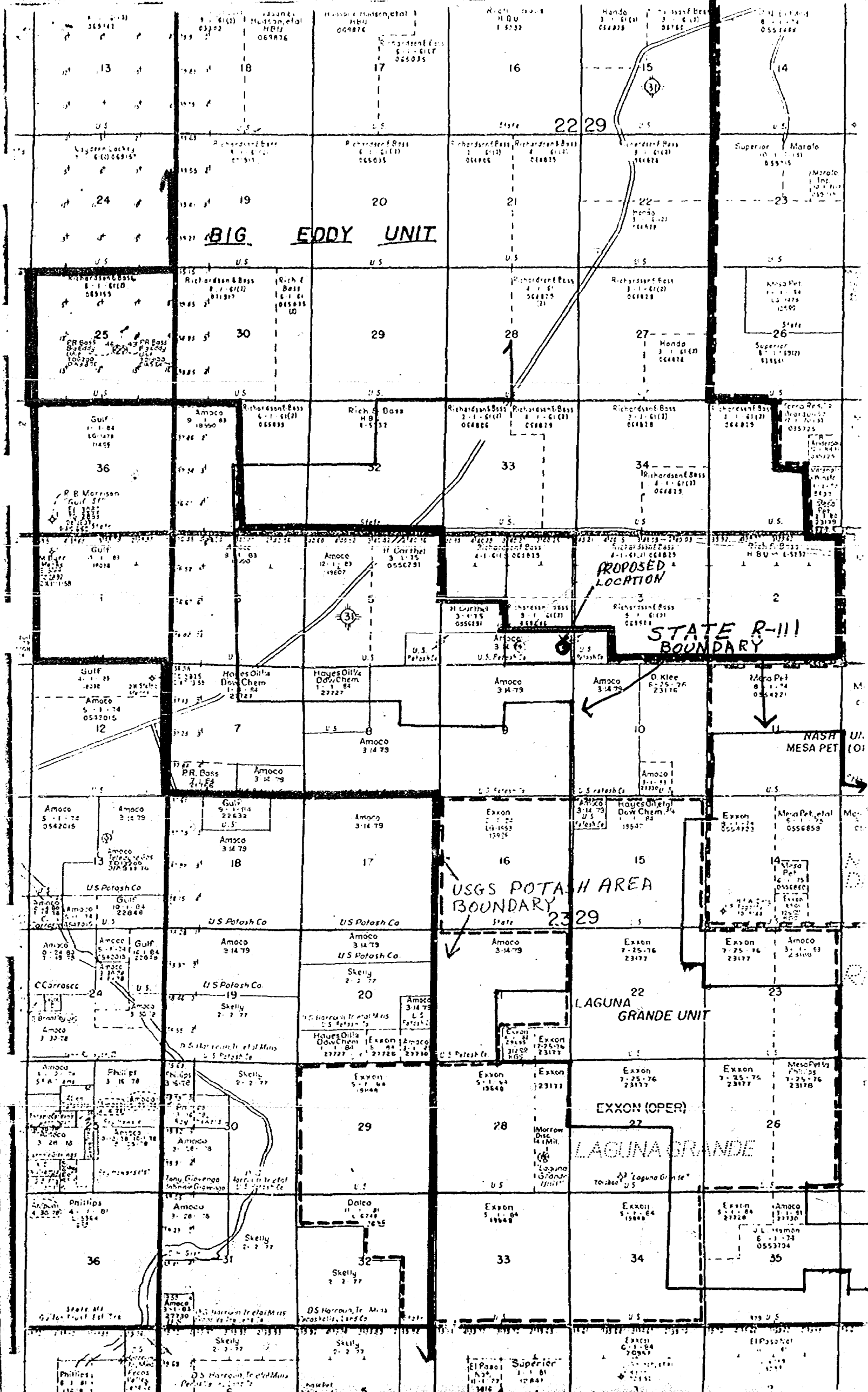
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Please place this item on the Examiner Hearing Docket of August 16, 1978. A map of the area is attached. Please direct any questions to either Mr. Jim Allen (713-652-5496) or Mr. Jim Pease (713-652-5461).

Yours very truly,

J M Brown

JCA:sam
Attachment



BIG EDDY UNIT

PROPOSED LOCATION

STATE R-III BOUNDARY

NASH MESA PET

USGS POTASH AREA BOUNDARY

LAGUNA GRANDE UNIT

EXXON (OPER)

LAGUNA GRANDE



Amoco Production Company

600 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

J. M. Brown
Division Engineering
Manager

July 17, 1978

File: TBM-986.51NM-3777

Re: Application for Hearing
Unorthodox Location
Eddy County, New Mexico

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

Amoco Production Company requests a hearing for obtaining approval of an unorthodox location for Teledyne Federal Gas Com. Well No. 1, an Eddy County wildcat, with the location being 660' FSL and 330' FEL, Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico. This location is also within the boundaries of the Potash-Oil Area as defined by Commission Order No. R-111-A. The east half of Section 4 is to be assigned to the well.

Please place this item on the Examiner Hearing Docket of August 16, 1978. A map of the area is attached. Please direct any questions to either Mr. Jim Allen (713-652-5496) or Mr. Jim Pease (713-652-5461).

Yours very truly,

JM Brown

JCA:sam
Attachment

BIG EDDY UNIT

PROPOSED LOCATION

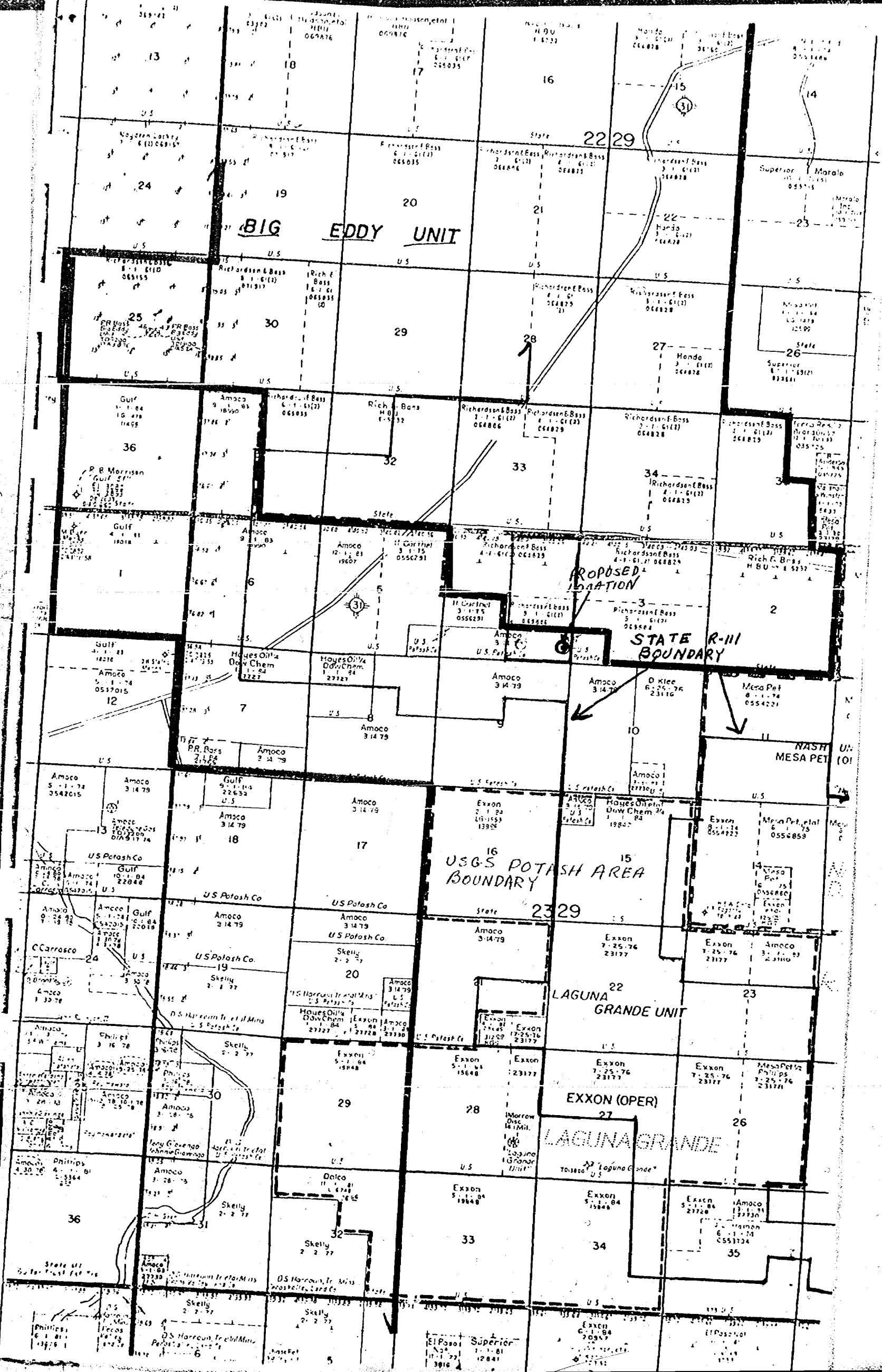
STATE R-III BOUNDARY

USGS POTASH AREA BOUNDARY

LAGUNA GRANDE UNIT

EXXON (OPER)

LAGUNA GRANDE



DRAFT

dr/

Expedite

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

RS
CASE NO. 6292

ORDER NO. R- 5782

278
APPLICATION OF AMOCO PRODUCTION COMPANY

FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION *JM*

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 16,
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.
NOW, on this day of August, 1978, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.
- (2) That the applicant, Amoco Production Company,
for its Teledyne Federal Gas Com. Well No. 1 to be drilled
seeks approval of an unorthodox gas well location / 660
feet from the South line and 330 feet from the
East line of Section 4, Township 23 South
Range 29 East, NMPM, to test the Wolfcamp and Pennsylvanian
formation, Eddy,
County, New Mexico.
- (3) That the E/2 of said Section 4 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. _____
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 Wolfcamp and Pennsylvanian the Amoco Production Company Teledyne Federal Gas Com. Well No. 1 formation is hereby approved for ~~a well to be~~ at a point 660 feet from the South line and 330 feet from the East line of Section 4, Township 23 South, Range 29 East NMPM, _____, ~~_____~~, Eddy County, New Mexico.

(2) That the E/2 of said Section 4 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 Division may deem necessary.

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