

CASE 6294: EL PASO NATURAL GAS CO. FOR
AN EXCEPTION TO RULE 2(A) OF ORDER NO.
R-1670, SAN JUAN COUNTY, NEW MEXICO

CASE NO.

6294

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.



JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

September 6, 1978

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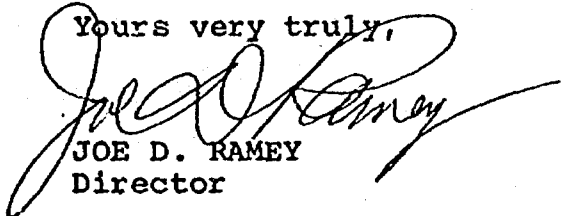
Re: CASE NO. 6294
ORDER NO. R-5795
Mr. David T. Burleson
Office of General Counsel
El Paso Natural Gas Company
Box 1492
El Paso, Texas 79978
Applicant:

El Paso Natural Gas 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 x
Artesia OCC x
Aztec OCC x

Other _____

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. 6294
Order No. R-5795

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.

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 5th day of September, 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, El Paso Natural Gas Company, 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 "B" Well No. 1, located in Unit O of Section 28, Township 32 North, Range 6 West, NMPM, San Juan County, New Mexico, as an off-pattern well in said pool.
- (3) That the E/2 of said Section 28 is to be dedicated to the well.
- (4) That said unorthodox location results from the proposed completion of the Mesaverde zone in an existing Basin-Dakota Pool well.
- (5) That no offset operator objected to the proposed unorthodox location.

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Case No. 6294
Order No. R-5795

(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.

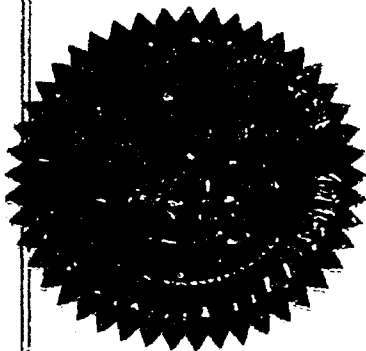
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location is hereby approved for the El Paso Natural Gas Company EPNG "B" Well No. 1, located in Unit O of Section 28, Township 32 North, Range 6 West, NMPM, Blanco Mesaverde Gas Pool, San Juan County, New Mexico.

(2) That the E/2 of said Section 28 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
JOE D. RAMEY
Director

fd/

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 El Paso Natural Gas
Company for an exception to Rule
2(A) of Order No. R-1670, as
amended.

CASE
6294

and

Application of El Paso Natural Gas
Company for downhole commingling,
San Juan County, New Mexico.

CASE
6286

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 Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

David T. Burleson, Esq.
El Paso Natural Gas Company
El Paso, Texas

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
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I N D E X

PAUL W. BURCHELL

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1 MR. STAMETS: Call next Case 6294.

2 MS. TESCHENDORF: Case 6294. Application of
3 El Paso Natural Gas Company for exception to Rule 2(A) of
4 Order No. R-1670, as amended, San Juan County, New Mexico.

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

7 MR. BURLESON: David T. Burleson for El Paso
8 Natural Gas Company.

9 MR. STAMETS: This is a letter of appearance
10 in Case 6286 and 6294.

11 MR. BURLESON: Mr. Examiner, I would move that
12 in the interests of efficiency, that our related applica-
13 tion, 6286, be heard on a consolidated basis with 6294, if
14 you have no objection. They are both related to the same
15 well and 6294, as a matter of fact, is necessitated only
16 by the requirement that the first well in the unit be
17 located in the northeast or the southwest, whereas this
18 well will be located in the southeast quarter of the sec-
19 tion.

20 MR. STAMETS: We will consolidate Case 6286
21 and 6294 and I'd like to have Case 6286 called at this
22 time.

23 MS. TESCHENDORF: Case 6286. Application of
24 El Paso Natural Gas Company for downhole commingling, San
25 Juan County, New Mexico.

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1 MR. STAMETS: Any other appearances in either
2 of these cases?

3 I'd like to have anyone who will be a witness
4 in this case stand and be sworn at this time.

5 (Witness sworn.)
6

7 PAUL W. BURCHELL

8 being called as a witness and having been duly sworn upon
9 his oath, testified as follows, to-wit:
10

11 DIRECT EXAMINATION

12 BY MR. BURLESON:

13 Q Would you please state your name for the record
14 and give us -- tell us where you reside, Mr. Burchell, and
15 for whom you're employed?

16 A Yes, my name is Paul W. Burchell. I reside in
17 El Paso, Texas. I'm employed by the El Paso Natural Gas
18 Company, and I serve in the capacity as a Senior Proration
19 Engineer.

20 Q Mr. Burchell, are you familiar with Case Number
21 6286 and -- which is one of the cases involved in this
22 hearing?

23 A Yes, I am.

24 Q Have you previously qualified as a witness be-
25 fore the Division or one of its examiners?

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1 A. Yes, several times, I believe.

2 Q. And your qualifications were accepted?

3 A. Yes.

4 MR. BURLESON: Mr. Examiner, are the witness'
5 qualifications acceptable?

6 MR. STAMETS: They are.

7 Q. (Mr. Burleson continuing.) Mr. Burchell, what
8 is El Paso seeking in Case 6286?

9 A. El Paso seeks permission to complete its EPNG
10 "B" No. 1 Well in the Blanco-Mesaverde Pool and to down-
11 hole commingle this gas with gas from the Basin Dakota Pool
12 and produce the combined gas through one meter.

13 This well is located in Unit letter O of
14 Section 28, Township 32 North, Range 6 West, San Juan
15 County, New Mexico.

16 El Paso proposes that the allocation of gas to
17 each formation be divided in such a manner that a certain
18 volume of the gas would be considered Basin Dakota gas and
19 then the remaining gas, plus all the liquids, would be
20 considered Mesaverde.

21 Q. Why is El Paso asking for permission to com-
22 mingle the gas from these two zones, Mr. Burchell?

23 A. Downhole commingling is conserved by El Paso to
24 be the most economic and efficient method to undertake in
25 order to produce gas reserves from the Basin Dakota Pool

1 that could not be recovered from a conventional dual com-
2 pletion.

3 Q Do you have an exhibit showing the present
4 equipment in the well?

5 A Yes, I do.

6 Q That would be Exhibit Number One, is that cor-
7 rect?

8 A Yes, sir.

9 Q Would you explain this, please, that exhibit and
10 what it shows?

11 A Exhibit Number One is a diagrammatic sketch of
12 the downhole equipment in the well. Basically, the exhibit
13 shows 1-1/2 inch free-hanging tubing and the well produces
14 from the Basin Dakota from a gross set of perforations as
15 shown on the exhibit, the top being 7,938 feet and the
16 lower perforations interval is 8,108 feet.

17 Q Do you have an exhibit showing the gas production
18 history of this well?

19 A Yes, sir, I do.

20 Q Would you please describe that exhibit and what
21 it shows?

22 A Yes. Exhibit Number Two is the Basin Dakota
23 gas production decline curve of the El Paso Natural Gas
24 Company's EPNG "B" No. 1 Well. The gas production decline
25 curve is based on the well's monthly daily flow rate average

1 in Mcf per day.

2 The well started producing a daily average of
3 139 Mcf of gas in September, 1972, and basically decreased
4 to below 30 Mcf per day in May of 1974. It has generally
5 produced below this 30 Mcf per day rate from May, 1974, to
6 the present time, and as the dashed line on the righthand
7 side of the graph shows, it's currently averaging 24 Mcf
8 of gas per day. This well is basically prorated as an
9 exempt marginal well.

10 Q Does this well have a fluid production history?

11 A No, it does not produce water or oil. The de-
12 hydrator has no water in it and the pit is always dry.

13 Q And what method are you recommending that we --
14 that El Paso undertake to increase the production of gas
15 from this well?

16 A If authority is obtained from the New Mexico
17 Conservation Division, I recommend removal of the 1-1/2 inch
18 tubing that's in the well and selectively perforate the
19 Mesaverde formation and then rerun the 1-1/2 inch tubing
20 and then commingle both the Mesaverde and the Dakota gas.

21 Q What additional volume of gas would you anti-
22 cipate would be recovered from this well, which of course,
23 would come from the opening of the Mesaverde formation in
24 the well?

25 A Okay. The -- it is estimated the Mesaverde

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1 formation will produce around 300 Mcf of gas per day and
2 this is in addition to the 24 Mcf of gas per day from the
3 Dakota formation.

4 Q Is there presently a Mesaverde well in the sec-
5 tion?

6 A No, there is not.

7 Q Would it be possible for this well to be dually
8 completed, or would it be feasible for it to be dually com-
9 pleted?

10 A Well, it could be dually completed but not in
11 a satisfactory manner. This is mainly because of the re-
12 striction that the 4-1/2 inch casing presents in the hole.
13 A dual completion would not be practical nor economical.

14 Q What is the -- could you tell the Examiner what
15 the proration unit is for the Dakota formation which is
16 presently producing?

17 A 320 acres.

18 Q Which 320 acres?

19 A It would be the east half of Section 28.

20 Q What would be the proration unit for the Mesa-
21 verde formation in the well?

22 A It would be the same, the east half of Section
23 28, which is a full 320 acres.

24 Q And I take it that you wouldn't recommend that
25 the Basin Dakota Pool be cement squeezed and bridged and

1 abandoned?

2 A. No, definitely not, because it's estimated that
3 the reserves of the Basin Dakota contains 78,000 Mcf of
4 gas and this is as of July 1st, 1978.

5 Now, by commingling the Mesaverde with the
6 Dakota, this small but remaining gas reserve can be recovered.

7 Q. What would be the -- what's the estimated cost
8 of this reworking which you're suggesting?

9 A. The estimated cost to re-enter the well and
10 perforate the Mesaverde and commingle both the Mesaverde
11 and Dakota, will amount to \$69,160.

12 Q. With regard to commingling, could that create
13 problems because of pressure and the liquids in the two
14 zones involved?

15 A. No, I believe the two zones are compatible.
16 In November of 1977 a successful plug-back to the Mesaverde
17 was done on El Paso Natural Gas's EPNG "A" No. 1 Well.
18 This well is in the immediate area of the -- of the "B" No.
19 1 Well.

20 Now it's virgin formation pressure was 1,212
21 pounds per square inch absolute and the estimated pressure
22 in the EPNG "B" No. 1 Well is 1,025 psia; therefor, parti-
23 cularly if both zones are producing to pipeline pressure,
24 I don't feel there would be any cross-flow problems.

25 MR. STAMETS: I'd like to clarify that before

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1 we move on. The "A" No. 1 pressure was 1212 pounds?

2 A. Yes, sir, 1212.

3 MR. STAMETS: And the 1025 pounds is the ---

4 A. Is the "B" No. 1.

5 MR. STAMETS: Now, is that Mesaverde pressure
6 that you expect?

7 A. No, that --- no, that is the estimated pressure
8 in the Basin Dakota in the "B" No. 1.

9 MR. STAMETS: Okay.

10 A. That's 1-0-2-5.

11 MR. STAMETS: And that's what date?

12 A. I believe this figure was given to me for July
13 the 1st, also, of 1973.

14 MR. STAMETS: And on what was that estimate
15 made?

16 A. I think just based on the past performance of
17 the well and pressure. They haven't taken recent measurements
18 but your PZ cumulative type graphs that they -- and cumulative
19 production at that particular time, they estimated the pres-
20 sure would be down at that point in the "B" well, in the
21 Dakota.

22 MR. STAMETS: Go ahead.

23 A. The Mesaverde in this well in the same area in
24 the "A" -- in the "A" well, produces approximately one
25 barrel of water per day and no oil, while the Dakota, as I

1 have previously testified, produces no water in the "B" No. 1
2 Well.

3 These zones, therefor, should be compatible
4 with respect to liquids.

5 Q Does El Paso propose a formula by which the gas
6 and liquid production would be apportioned between the two
7 producing zones?

8 A Yes. As indicated by Exhibit Number Two, 24 Mcf
9 of gas per day is produced from the Dakota, and based on my
10 prior testimony, that remaining Dakota reserves was esti-
11 mated at 78,000 Mcf. It is recommended that 24 Mcf of gas
12 per day be attributed to the Basin Dakota Pool and all
13 additional gas and liquids above this amount would be attri-
14 buted to the Blanco-Mesaverde Pool.

15 This formula would continue until the Basin
16 Dakota has produced a cumulative of 78,000 Mcf of gas and
17 this is as of July the 1st, 1978. Then at that time, when
18 it has produced this figure, the 100 percent of all gas and
19 liquids would then be attributed to the Mesaverde.

20 Q Is there any differential in the ownership as
21 between these two zones, the Dakota on the one hand and the
22 Mesaverde on the other, with respect to this well and the
23 entire proration unit?

24 A No.

25 Q Attributed to it?

A El Paso Natural Gas has 100 percent working

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1 interest in this well and the proration unit on which it is
2 located. The royalty owners are common; they have common
3 ownership in both zones and the unit.

4 Q In your opinion would granting this application
5 be in the interests of waste prevention and would protect
6 correlative rights?

7 A Yes, sir. We would be recovering gas that
8 otherwise might not be produced from the Dakota and this,
9 of course, is in the best interests of conservation.

10 Q Do you have anything further relating to El
11 Paso's application in 6286?

12 A No, not in 6286, no.

13 MR. BURLESON: Mr. Examiner, this completes
14 our testimony with respect to 6286. If you have no further
15 questions with respect to that matter, then we'll turn to
16 6294.

17 MR. STAMETS: I've got a couple of questions
18 on that.

19
20 CROSS EXAMINATION

21 BY MR. STAMETS:

22 Q Where will your Mesaverde perforations be?

23 A Let's see.

24 Q An approximate depth would be sufficient.

25 A I've got a portion of the log reproduced here

1 and I think by looking at it I could pretty well give you a
2 good idea.

3 Mr. Examiner, I believe the Mesaverde will be
4 produced around the 5700 to, say, 5710, in that approximate
5 interval.

6 Q And what's the location of the "A" No. 1 Well?

7 A The "A" No. 1 Well is located in the southeast
8 of the section directly to the north, which would be Section
9 21, Township 32 North, Range 6 West. It's in the southwest
10 of the southeast quarter.

11 Q Could you furnish the Examiner with detailed
12 information on how the shut-in pressure on the Dakota was
13 determined?

14 A Estimated, yes.

15 MR. STAMETS: Okay, you may proceed.

16 MR. BURLESON: Would you like that in the form
17 of a letter, Mr. Examiner?

18 MR. STAMETS: A letter or a letter with an at-
19 tached set of calculations, however you wish to do it.

20 MR. BURLESON: Fine.

21
22 REDIRECT EXAMINATION

23 BY MR. BURLESON:

24 Q Turning to El Paso's application CD6294, what
25 is El Paso seeking in this case, Mr. Burchell?

1 A. Yes, sir. El Paso seeks an exception to Rule
2 2(A) of Order Number R-1670, as amended.

3 This rule requires that the first well on a
4 proration unit in the Blanco-Mesaverde Pool be located in
5 either the northeast or the southwest quarter of the sec-
6 tion.

7 Now, in this case, the "B" No. 1 Well, well is
8 located in Unit letter O of Section 28, Township 32 North,
9 Range 6 West, San Juan County, New Mexico. Such location
10 being within the southeast quarter of this section. Thus
11 we are asking an exception to Rule 2(A) of Order R-1670,
12 as amended, to permit this first well in the unit to be
13 located in the southeast quarter.

14 Q. Is the location of the well within this unit
15 nonstandard in any other respect, Mr. Burchell?

16 A. No, the well is located 1140 feet from the
17 south line and 1720 feet from the east line, and is there-
18 fore 920 feet from the nearest point on the outer boundary
19 of the quarter section.

20 Since the rule requires a location no nearer
21 than 990 feet from the outer boundary of the quarter sec-
22 tion, plus a tolerance of 200 feet for topographic condi-
23 tions, this location conforms to this distance requirement.
24 The well was moved slightly to the west because of topo-
25 graphic conditions.

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1 Q Do you recommend that the Conservation Division
2 grant your requested exception?

3 A Yes, sir. The exception should be granted to
4 permit utilization of the presently existing hole that's
5 already in the ground.

6 Q In your opinion would granting of this application
7 be consistent with the prevention of waste and protection
8 of correlative rights?

9 A Yes, sir.

10 Q Were Exhibits One and Two prepared by you or
11 under your supervision?

12 A Yes, they were.

13 MR. BURLESON: Mr. Examiner, we ask that Ex-
14 hibits Number One and Two be accepted into evidence in
15 these causes.

16 MR. STAMETS: These exhibits will be admitted.

17 MR. BURLESON: And that concludes our direct
18 examination.

19

20

RECROSS EXAMINATION

21

BY MR. STAMETS:

22

Q Mr. Burchell, the nonstandard location results
23 from the completion of this additional zone --

24

A Yes.

25

Q -- in the existing well?

1 A. Yes.

2 MR. STAMETS: Any further questions of the wit-
3 ness?

4 He may be excused. Anything further in this
5 case? These cases?

6 They will be taken under advisement.

7 (Hearing concluded.)
8
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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.

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I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6244-6286 heard by me on 8/16/78.
Richard D. Hunt, Examiner
New Mexico Oil Conservation Commission

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 "B" 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.

J. O. BETH (1883-1963)

A. K. MONTGOMERY
FRANK ANDREWS
FRED C. HANNAHS
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ
VICTOR R. ORTEGA
JEFFREY R. BRANNEN
JOHN BENNETT POUND
GARY R. KILPATRIC
THOMAS W. OLSON
WALTER J. MELENORES
BRUCE L. HERR
MICHAEL W. BRENNAN
ROBERT P. WORCESTER
JOHN B. DRAPER
NANCY M. ANDERSON
JOHN K. SILVER

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August 8, 1978

New Mexico Energy and
Minerals Department
Oil Conservation Division
Land Office Building
Santa Fe, New Mexico 87503

Re: NMOCD Case No. 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.

Gentlemen:

Please be advised that David T. Burleson of the office of
General Counsel of El Paso Natural Gas Company, El Paso,
Texas, is associated with our firm for the presentation of
evidence and argument in the above-referenced case.

Sincerely,

Owen M. Lopez
Owen M. Lopez

OML:to

El Paso NATURAL GAS
COMPANY

P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915-543-2600

case 6244

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Oil Conservation Commission

July 26, 1978

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

Gentlemen:

El Paso Natural Gas Company respectfully requests a hearing be set before the Division or its designated Examiner on August 16, 1978.

El Paso seeks approval to recomplete its EPNG "B" No. 1 Well in the Blanco Mesaverde Gas Pool. This well is located in Unit 0 of Section 28, T32N - R6W, San Juan County, New Mexico, and is not a standard location for the first well on a drill tract in the Blanco Mesaverde Gas Pool. Therefore, El Paso requests an exception to Rule 2, Section A, of Order R-1670, as amended.

Very truly yours,

E. R. Manning
E.R. Manning

ERM:cn

xc: Messrs. David T. Burleson
John F. Eichelmann, Jr.
Carl E. Matthews
L.G. Truby

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

dr/

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

CASE NO. 6294

ORDER NO. R- 5795

APPLICATION OF EL PASO NATURAL GAS COMPANY
FOR AN EXCEPTION TO RULE 2(A) OF ORDER NO. R-1670, AS AMENDED,
FOR AN ~~UNORTHODOX GAS WELL LOCATION~~

SAN JUAN 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 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, El Paso Natural Gas Company, 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 "B" Well No. 1, located in Unit O of Section 28, Town-
ship 32 North, Range 6 West, San Juan County, New Mexico, as an
off-pattern well in said pool.

(3) That the E/2 of said Section 28 is to be
dedicated to the well.

results from the
(4) That ~~a well at said unorthodox location will better~~
proposed completion of the mesaverde zone in an existing Basin
~~enable applicant to produce the gas underlying the proration unit.~~
Da Rocha Pool well.

(5) That no offset operator objected to the proposed unorthodox
location.

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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 ~~exception to Rule 2(A) of Order No. R-1670,~~
~~as amended,~~ is hereby approved for the unorthodox gas well
is hereby approved for the
location ~~of the~~ El Paso Natural Gas Company EPNG "B" Well No. 1,
located in Unit O of Section 28, Township 32 North, Range 6 West, ~~MPH,~~
Blanco & Mesaverde Gas Pool
San Juan County, New Mexico, ~~as an off-pattern well in said~~
~~pool.~~

(2) That the C/2 of said Section 28 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.