

CASE 6303: TEXAS OIL & GAS CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO

CASE NO.

6303

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Texas Oil and Gas Cor-) CASE
poration for an unorthodox gas well) 6303
location, Eddy County, New Mexico.)

BEFORE: Daniel S. Nutter

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: Joel Carson, Esq.
LOSEE, CARSON, & DICKERSON
Artesia, New Mexico 88201

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I N D E X

JERRY ELGER

Direct Examination by Mr. Carson

3

Cross Examination by Mr. Nutter

7

E X H I B I T S

Applicant Exhibit One, Land plat

7

Applicant Exhibit Two, Map

7

Applicant Exhibit Three, Isolith map

7

Applicant Exhibit Four, Structure Map

7

Applicant Exhibit Six, Cross Section

7

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1 MR. NUTTER: Call next Case Number 6303.

2 MS. TESCHENDORF: Case 6303. Application of
3 Texas Oil and Gas Corporation for an unorthodox gas well
4 location, Eddy County, New Mexico.

5 MR. CARSON: Mr. Examiner, my name is Joel
6 Carson, Losee, Carson, and Dickerson, P. A., Artesia, New
7 Mexico, appearing on behalf of the applicant and I have one
8 witness.

9 (Witness sworn.)

10 JERRY ELGER
11
12 being called as a witness and having been duly sworn upon
13 his oath, testified as follows, to-wit:

14
15 DIRECT EXAMINATION

16 BY MR. CARSON:

17 Q Would you state your name, please?

18 A Jerry Elger.

19 Q And by whom are you employed, Mr. Elger?

20 A By Texas Oil and Gas Corporation.

21 Q And in what capacity?

22 A Geologist.

23 Q Have you previously testified before this Com-
24 mission or Division as the case may be?

25 A Yes, I have.

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1 Q And were your qualifications acceptable?

2 A Yes, they were.

3 MR. CARSON: Is the witness qualified?

4 MR. NUTTER: Yes, he is. What was your name
5 again?

6 A Jerry Elger.

7 MR. NUTTER: How do you spell that?

8 MR. CARSON: E-L-G-E-R, Mr. Examiner.

9 MR. NUTTER: Thank you.

10 Q (Mr. Carson continuing.) Mr. Elger, I'll refer
11 you to Applicant's Exhibit -- first let me ask you what the
12 purpose of this application is?

13 A The purpose is Texas Oil and Gas seeking ap-
14 proval for an unorthodox location of their No. 2 Indian
15 Hills State Com to be drilled in the south half of Section
16 36, Township 20 South, Range 24 East, Eddy County, New
17 Mexico, at a location which is 660 from the south line and
18 east line of that section.

19 Q And what's the -- what's the well to be called?

20 A The No. 2 Indian Hills State Com.

21 Q Mr. Elger, I refer you to Applicant's Exhibit
22 No. 1 and ask you to describe that to the Examiner.

23 A This is a land plat showing wells in the vicinity
24 of the proposed location and proration units for those wells.

25 Q Now I'll refer you to Applicant's Exhibit No. 2,

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1 which is called a production map on your --- and ask you to
2 explain that to the Examiner.

3 A. This is a production map of nearby wells pro-
4 ducing from the Morrow Sands from Wolfcamp and from Cisco
5 formations in the vicinity of the proposed location.

6 Q. I'll refer you to Applicant's Exhibit Number
7 Three and ask you to identify that and explain what it
8 shows.

9 A. It's a map showing the --- Isolith map of the
10 Upper Morrow Sands, showing the relationship of the proposed
11 location to this particular sand body.

12 Q. I refer you to Applicant's Exhibit Number Four
13 and ask you to explain to the Examiner what that shows.

14 A. It's the Morrow -- Morrow structural map showing
15 the relationship of the proposed location to the existing
16 wells in the vicinity of the proposed location.

17 Q. Okay. Now, I refer you to Applicant's Exhibit
18 Number Five and ask you to explain that to the Examiner.

19 A. It's a Morrow cross section from the Texas Oil
20 and Gas No. 1 Indian Hills State Com in the north half of
21 Section 36 to the Shell Federal 6 in Section 6 of Township
22 21 South, Range 24 East.

23 Q. By reference to these exhibits would you explain
24 to the Examiner why you're seeking this unorthodox location?

25 A. The main pay in the Shell Federal No. 6 in Section

1 6 is in Upper Morrow Sand. It's, as seen on the cross
2 section, perforations are from 9535 to 9543.

3 Referring to the production map, from this parti-
4 cular sand body Shell Federal No. 6 is selling 2.8 million
5 cubic feet per day. The total cum on the well is 1.1 Bcf
6 with 2300 barrels of condensate. The sand is also a pay
7 in the David Faskin Shell Federal in Section 5. Its total
8 cum on that well is 6.7 Bcf, selling 1.6 million a day,
9 14,000 barrels of condensate. This is the main -- this is
10 the only sand perforated in these two particular wells.
11 It's a high permeability sand and referring now to the
12 Isolith map, the pay in the -- to the cross section in the
13 Texas Oil and Gas No. 1 Indian Hills State Com, the sand
14 was only four feet thick. It appears that the main trend
15 of this sand body is across the eastern half of Section 36
16 and we felt like if we were held to an orthodox location in
17 Section 36, that probability would be that this sand would
18 be similar to the No. 1 Indian Hills State Com, and would
19 possibly not even be present at that location.

20 Q Mr. Elger, in your professional opinion will
21 the granting of this application afford to the Applicant
22 the opportunity to produce its just and equitable share
23 of the gas, will it prevent the economic loss caused by the
24 drilling of unnecessary wells, avoid the augmentation of
25 risk rising from the drilling of an excessive number of

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1 wells, and otherwsie prevent waste and protect correlative
2 rights?

3 A. Yes.

4 Q. Now, Mr. Elger, were all these exhibits, Number
5 One through Five, prepared by you or under your supervision?

6 A. Yes, they were.

7 MR. CARSON: I'd like to move the introduction
8 of the exhibits, Mr. Examiner.

9 MR. NUTTER: What was there, five or six?

10 MR. CARSON: I believe there are five.

11 A. Five.

12 MR. NUTTER: Applicant's Exhibits One through
13 Five will be admitted in evidence.

14
15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q. Mr. Elger, it appears from the cross section
18 that the pay is present in the lower Morrow in the Shell
19 well, but that never has been perforated, has it?

20 A. Log calculations indicate that -- are you re-
21 ferring to the sand below the massive shale, right?

22 Q. Yes, sir.

23 A. That sand is wet in the Shell well.

24 Q. I see, but it is productive over in the Texas
25 Oil and Gas Indian Hills No. 1?

1 A. Yes, sir, it is. It is perforated in that well.

2 Q. You'd anticipate drilling to this lower sand
3 in the proposed well.

4 A. Correct, we would drill through the Morrow
5 formation to the -- fifty feet into the top of the Mississ-
6 ippian.

7 Q. Now, is this well going to be in the horizontal
8 limits of the Indian Basin - Morrow Pool, or would it be
9 closer to the Cemetery - Morrow Gas Pool?

10 A. It is in the Cemetery - Morrow Pool.

11 Q. So it would be a non-prorated well, then. I
12 don't believe Cemetery is a prorated pool, is that correct?

13 A. I'm not sure.

14 MR. NUTTER: Are there any further questions
15 of Mr. Elger? He may be excused.

16 Do you have anything further, Mr. Carson?

17 MR. CARSON: No, sir.

18 MR. NUTTER: Does anyone have anything to offer
19 in Case Number 6303?

20 We'll take the case under advisement.

21 (Hearing concluded.)
22
23
24
25

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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 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

Sally Walton Boyd, C.S.R.

I do hereby certify that the foregoing is a complete report of the proceedings in the Examiner hearing of Case No. 6303 heard by me on 8/30 1978.

[Signature], Examiner
Oil Conservation Division

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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. 6303
Order No. R-5797

APPLICATION OF TEXAS OIL & GAS
CORPORATION 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 30, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 7th 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, Texas Oil & Gas Corporation, seeks approval of an unorthodox gas well location for its Indian Hills State Com. Well No. 2 to be drilled 660 feet from the South line and 660 feet from the East line of Section 36, Township 20 South, Range 24 East, NMPM, to test the Morrow formation, Cemetery-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the S/2 of said Section 36 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. 6303
Order No. R-5797

(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 Morrow formation is hereby approved for The Texas Oil & Gas Corporation Indian Hills State Com. Well No. 2 to be drilled at a point 660 feet from the South line and 660 feet from the East line of Section 36, Township 20 South, Range 24 East, NMPM, Cemetery-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the S/2 of said Section 36 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

dr/

Dockets Nos. 29-78 and 30-78 are tentatively set for hearing on September 13 and 27, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 30, 1978

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

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

- CASE 6298: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 1105 of the Division Rules and Regulations to require the filing of two copies of all well logs instead of one.
- CASE 6312: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Order No. R-1670-T, Rule 2(A), Blanco Mesaverde Pool, San Juan and Rio Arriba Counties, New Mexico, to provide that the initial well drilled on a proration unit shall be located not closer than 790 feet to any outer boundary of the quarter section on which the well is located, and not closer than 130 feet to any quarter-quarter section or subdivision inner boundary.
- CASE 6299: Application of Wm. G. Ross for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause seeks approval for its South Lea Unit Area comprising 1,753 acres, more or less, of state land in Township 21 South, Range 34 East, Lea County, New Mexico.
- CASE 6300: Application of The Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Atoka and Morrow production in the wellbore of its Parkway West Unit Well No. 1, located in Unit C of Section 28, Township 19 South, Range 29 East, Parkway West (Atoka) Field, Eddy County, New Mexico.
- CASE 6301: Application of The Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Strawn and Morrow production in the wellbore of its Superior Federal Well No. 4, located in Unit I of Section 5, Township 20 South, Range 23 East, East Burton Flat Field, Eddy County, New Mexico.
- CASE 6302: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 25, Township 23 South, Range 28 East, 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 6303: Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Indian Hills State Com. Well No. 2 to be drilled 660 feet from the South line and 660 feet from the East line of Section 36, Township 20 South, Range 24 East, Eddy County, New Mexico, to test the Morrow formation, the S/2 of said Section 36 to be dedicated to the well.
- CASE 6304: Application of Doyle Hartman for compulsory pooling and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Jalmat Gas Pool underlying the S/2 NE/4 of Section 26, Township 24 South, Range 36 East, Lea County, New Mexico, to form an 80-acre non-standard proration unit 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 6305: Application of Flag-Redfern Oil Company for two unorthodox locations and two non-standard oil proration units, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 61.14-acre non-standard unit comprising Unit K and Lot 3 of Section 16, Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, to be dedicated to a well to be drilled 2130 feet from the South line and 2873 feet from the West line of said Section 16; also a 60.43-acre unit comprising Unit N and Lot 4 of said Section 16 to be dedicated to a well to be drilled 810 feet from the South line and 2850 feet from the West line of the section.
- CASE 6306: Application of Texaco Inc. for an unorthodox location, permission to inject water, and directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Central Vacuum Unit Well No. 139 to be located 85 feet from the South line and 958 feet from the East line of Section 36, Township 17 South, Range 34 East, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, and directionally drilled to a 100' square bottom hole target location with the center of the target being 60 feet from the South line and 1310 feet from the East line of said Section 36, and approval to inject water into the San Andres formation in said well.

- CASE 6307: Application of Exxon Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Brinkard and Wantz-Abo production in the wellbore of its F. F. Hardison B Well No. 10, located in Unit A of Section 34, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 6308: Application of Petroleum Corporation of Texas for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 8, Township 8 South, Range 37 East, Roosevelt 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 6309: Application of Southland Royalty Company for an exception to Rule 2(A) of Order No. R-1670, as amended, Rio Arriba 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 locations of its Jicarilla 468 Well No. 1, located in the NW/4 of Section 32, Township 28 North, Range 3 West and its Jicarilla 446 Well No. 1, located in the SE/4 of Section 8, Township 27 North, Range 3 West, Rio Arriba County, New Mexico, as off-pattern wells in said pool.
- CASE 6310: Application of Southland Royalty Company for an exception to Rule 2(A) of Order No. R-1670, as amended, Rio Arriba 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 Jicarilla 101 Well No. 7, to be located in the SE/4 SE/4 of Section 12, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, as an off-pattern well in said pool.
- CASE 6311: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico:

(a) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Nacimiento production and designated as the Arch-Nacimiento Pool. The discovery well is El Paso Natural Gas Company San Juan 32-9 Unit Well No. 84 located in Unit N of Section 14, Township 31 North, Range 10 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM
Section 14: SW/4

(b) EXTEND the Blanco Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM
Section 5: SE/4

(c) EXTEND the Blanco-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM
Section 35: SE/4
Section 36: S/2

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM
Section 32: NE/4 and S/2

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM
Section 30: N/2

TOWNSHIP 32 NORTH, RANGE 12 WEST, NMPM
Section 24: E/2
Section 25: S/2
Section 26: SE/4
Section 36: N/2

(d) EXTEND the South Blanco-Pictured Cliffs Pool in Rio Arriba, San Juan, and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM
Section 3: SW/4
Section 4: S/2
Section 10: N/2
Section 11: NW/4

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM
Section 2: SE/4
Section 11: NE/4

- (e) EXTEND the Cha Cha-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM
Section 25: W/2 NW/4

- (f) EXTEND the Chacon-Dakota Associated Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 3 WEST, NMPM
Section 2: W/2

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM
Section 4: NE/4
Section 27: W/2
Section 28: E/2
Section 34: NW/4 and SE/4
Section 35: SW/4

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 29: SW/4
Section 30: S/2 (partial)
Section 31: NW/4 (partial)
Section 32: E/2
Section 33: W/2 and SE/4

- (g) EXTEND the Choza Mesa-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 4 WEST, NMPM
Section 15: N/2 and SW/4
Section 22: W/2

- (h) EXTEND the Dufers Point Gallup-Dakota Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM
Section 12: E/2

- (i) EXTEND the South Gallegos-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM
Section 14: NE/4

- (j) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
Section 1: N/2

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM
Section 30: SE/4
Section 32: SW/4

- (k) EXTEND the Mount Nebo-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM
Section 28: S/2
Section 33: NW/4

- (l) EXTEND the Otero-Chacra Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Section 18: N/2

(m) EXTEND the Rusty-Chacra Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMLM
Section 24: SE/4
Section 27: NE/4

(n) EXTEND the Tapacito-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Section 2: NW/4

(o) EXTEND the Tocito Dome-Pennsylvanian D Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 18 WEST, NMPM
Section 14: SW/4
Section 23: W/2

(p) EXTEND the WAW-Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM
Section 2: NE/4
Section 4: All
Section 5: SE/4

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM
Section 27: SW/4

Docket No. 27-78

DOCKET: COMMISSION HEARING - WEDNESDAY - AUGUST 23, 1978

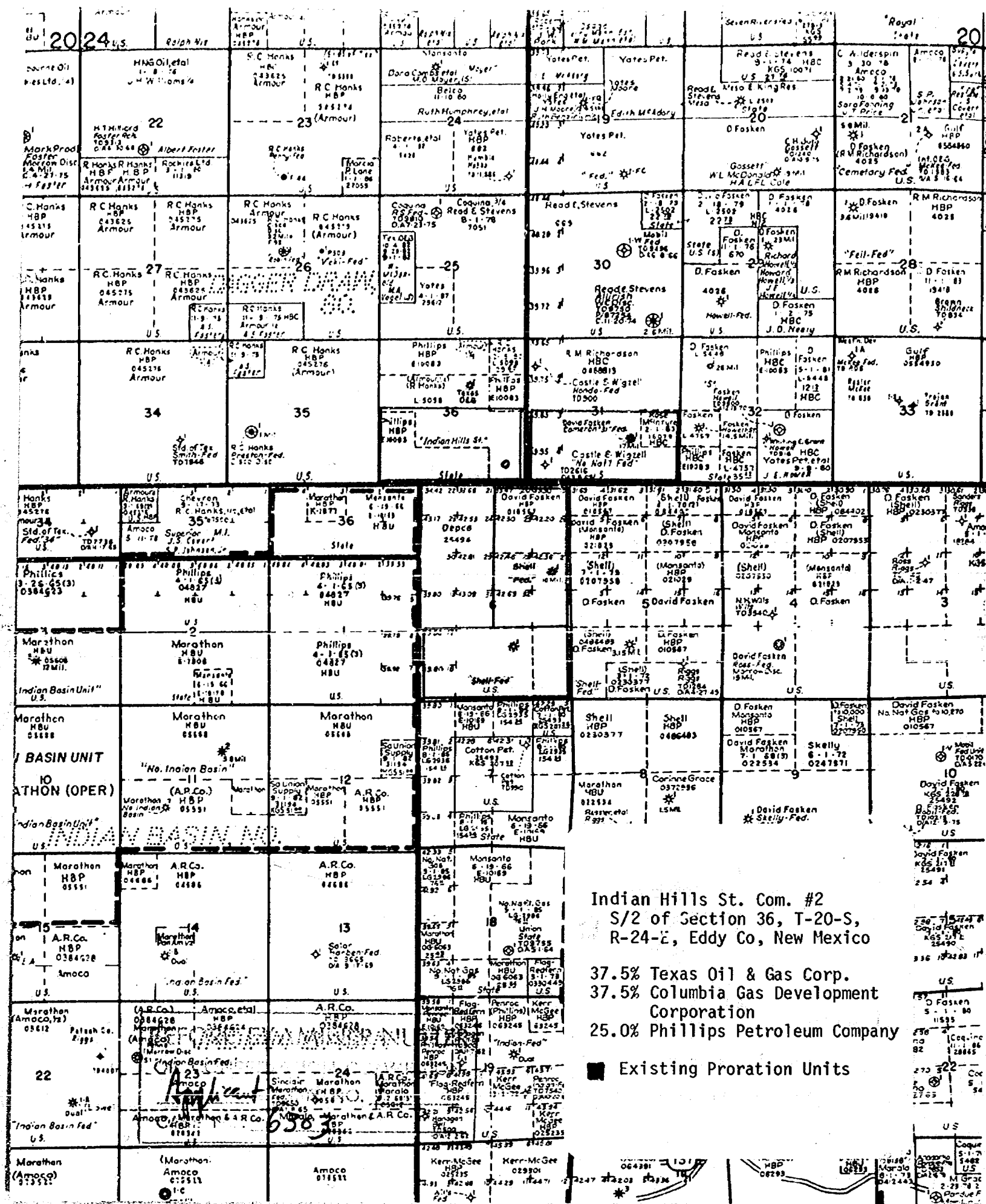
OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6289: (Continued from August 9, 1978, Commission Hearing)

Application of Bill Taylor for enforcement and amendment of Order No. R-5332, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a determination of well costs, an accounting of expenditures and costs withheld from production, and the amendment of Order No. R-5332 to remove the present operator of the pooled proration unit comprising the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, and designate another operator for said unit.

CASE 6222: (Rehearing) (Continued from August 9, 1978, Commission Hearing)

Application of Paul Hamilton for salt water disposal well shut-in, Lea County, New Mexico. Upon application of Paul Hamilton there will be a rehearing of Case No. 6222, Order No. R-5753. This case involves the application of Paul Hamilton for an order shutting down salt water disposal operations in the Texaco, Inc., New Mexico State "BO" SWD Well No. 3, located in Unit D of Section 24, Township 11 South, Range 32 East, Moore-Devonian Pool, Lea County, New Mexico. Pursuant to Commission Order No. R-5753-A, evidence at said rehearing shall be limited to evidence relating to data regarding water quality and water level obtained from an observation well completed next to the aforesaid SWD Well No. 3, and to other new evidence unavailable at the time of the original hearing of this case on May 31, 1978.



Indian Hills St. Com. #2
S/2 of Section 36, T-20-S,
R-24-E, Eddy Co, New Mexico

37.5% Texas Oil & Gas Corp.
37.5% Columbia Gas Development
Corporation
25.0% Phillips Petroleum Company

Existing Proration Units

100-711

BEFORE THE OIL CONSERVATION DIVISION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
TEXAS OIL & GAS CORPORATION FOR AN
UNORTHODOX GAS WELL LOCATION, EDDY
COUNTY, NEW MEXICO

CASE NO. 6303

APPLICATION

COMES NOW TEXAS OIL & GAS CORPORATION, by its attorneys,
and in support hereof, respectfully states:

1. Applicant is the operator of the Morrow formation
underlying:

Township 20 South, Range 24 East, N.M.P.M.

Section 36: S/2

and proposes to drill its Indian Hills State Com. No. 2 Well at a
point located 660 feet from the South line and 660 feet from the
East line of said Section 36.

2. The applicant seeks an exception to the well loca-
tion requirements of Rule 104-C.2(a) of the Oil Conservation
Division to permit the drilling of the well at the above men-
tioned unorthodox location to a depth sufficient to adequately
test the Morrow formation.

3. A standard 320-acre gas proration unit comprising
the S/2 of said Section 36 should be dedicated to such well or
to such lesser portion thereof as is reasonably shown to be
reasonably productive of gas.

4. The approval of this application will afford
applicant the opportunity to produce its just and equitable

share of gas, will prevent 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.

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing the Division enter its order granting applicant permission to drill a well 660 feet from the South line and 660 feet from the East line of said Section 36 and to dedicate the S/2 of Section 36, which is reasonably presumed to be productive of gas from the Morrow formation.

C. And for such other relief as may be just in the premises.

TEXAS OIL & GAS CORPORATION

By: 

Joel M. Carson

LOSEE, CARSON & DICKERSON, P.A.
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

August 30

Texaco Oil & Gas Corp.
unorthodox gas well location

460 FS + EC

36 - 205 - 24E Eddy

S/2 ded.

Indian Hills State Com. # 2.

to test WC + Penn formations

8-2-78

Called in by Joel Carson

DRAFT

dr/

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. 6303

ORDER NO. R- 5797

APPLICATION OF TEXAS OIL & GAS CORPORATION

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 30,
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 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, Texas Oil & Gas Corporation,
for its Indian Hills State Com. Well No. 2 to be drilled
seeks approval of an unorthodox gas well location/ 660

feet from the South line and 660 feet from the

East line of Section 36, Township 20 South

Range 24 East, NMPM, to test the Morrow

formation, Cemetery - Morrow Gas Pool, Eddy
County, New Mexico.

(3) That the S/2 of said Section 36 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 Morrow
The Texas Oil & Gas Corporation Indian Hills State Com. Well No. 2
formation is hereby approved for ~~a well~~ to be ~~drilled~~ at a point 660
feet from the South line and 660 feet from the East
line of Section 36, Township 20 South, Range 24 East
NMPM, Cemetery-Morrow Gas Pool, Eddy County,
New Mexico.

(2) That the S/2 of said Section 36 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.