

CASE 6719: SAM H. SNODDY FOR AN AMEND-
MENT TO ORDER NO. R-5521, LEA COUNTY,
NEW MEXICO

*Cont 40
Dec 12 & reads.*

CASE Number

6719

Application

Transcripts.

Small Exhibits

ETC.

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
 SANTA FE, NEW MEXICO
 12 December 1979

EXAMINER HEARING

 IN THE MATTER OF:)

Application of Sam H. Snoddy for an)
 amendment of Order R-5521, Lea County,)
 New Mexico.)

CASE
 6719

 BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
 Division:

Ernest L. Padilla, Esq.
 Legal Counsel to the Division
 State Land Office Bldg.
 Santa Fe, New Mexico 87501

MR. NUTTER: We'll call next Case Number 6719.

MR. PADILLA: Application of Sam H. Snoddy for an amendment to Order No. R-5521, Lea County, New Mexico.

MR. NUTTER: We heard this case last month. It became necessary to amend the target area for the well. I was advised this morning that it appears that the bottom of the hole will be approximately 86 feet south and 274 feet east of the center of the southwest quarter of the section, which would be within the range targeted in this new advertisement.

Are there appearances in Case Number 6719?

We'll take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand 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.

Sally W. Boyd C.S.R.
Sally W. 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. 6719,
heard by me on 12/12 1979.

[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 STATE LAND OFFICE BLDG.
 SANTA FE, NEW MEXICO
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, Examiner
Oil Conservation Division



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

January 10, 1980

Mr. James T. Jennings
Jennings & Christy
P. O. Box 1180
Roswell, New Mexico 88201

Re: CASE NO. 6719
ORDER NO. R-5521-B

Applicant:

Sam H. Snoddy

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 OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

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. 6719
Order No. R-5521-B

APPLICATION OF SAM H. SNODDY
FOR AN AMENDMENT TO ORDER
NO. R-5521, LEA COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 12, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of January, 1980, 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 in this case, Sam H. Snoddy, received authority under Division Order No. R-5521 to directionally drill his Federal Well No. 2 from a surface location 660 feet from the South line and 760 feet from the East line of Section 25, Township 20 South, Range 32 East, NMPM, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to a bottom hole location within 200 feet of a point 1320 feet from the South line and 1320 feet from the West line of said Section 25, and to dedicate the SW/4 of Section 25 to the well as a 160-acre non-standard gas proration unit.

(3) That Division Order No. R-5521-A amended said Order No. R-5521 to provide that the aforesaid directionally drilled well would be dedicated to a 320-acre non-standard gas proration unit comprising the SW/4 of Section 25 and the NW/4 of Section 36, Township 20 South, Range 32 East, NMPM.

-2-

Case No. 6719
Order No. R-5521-B

(4) That the applicant now seeks the further amendment of Division Order No. R-5521 to permit the subject well to be bottomed within 400 feet of a point 1320 feet from the South and West lines of the aforesaid Section 25.

(5) That such amendment will not violate correlative rights nor cause waste and should be approved.

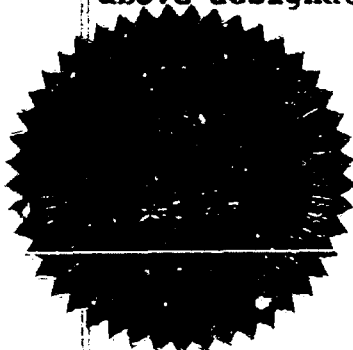
IT IS THEREFORE ORDERED:

(1) That the third paragraph of Order No. (1) of Division Order No. R-5521 is hereby amended to read in its entirety as follows:

"Federal Well No. 2, from a surface location 660 feet from the South line and 760 feet from the East line of said Section 25 to a bottom hole location within 400 feet of a point 1320 feet from the South and West lines with the SW/4 of said Section 25 and the NW/4 of Section 36, Township 20 South, Range 32 East, a 320-acre non-standard gas proration unit hereby approved, being dedicated thereto."

(2) 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.

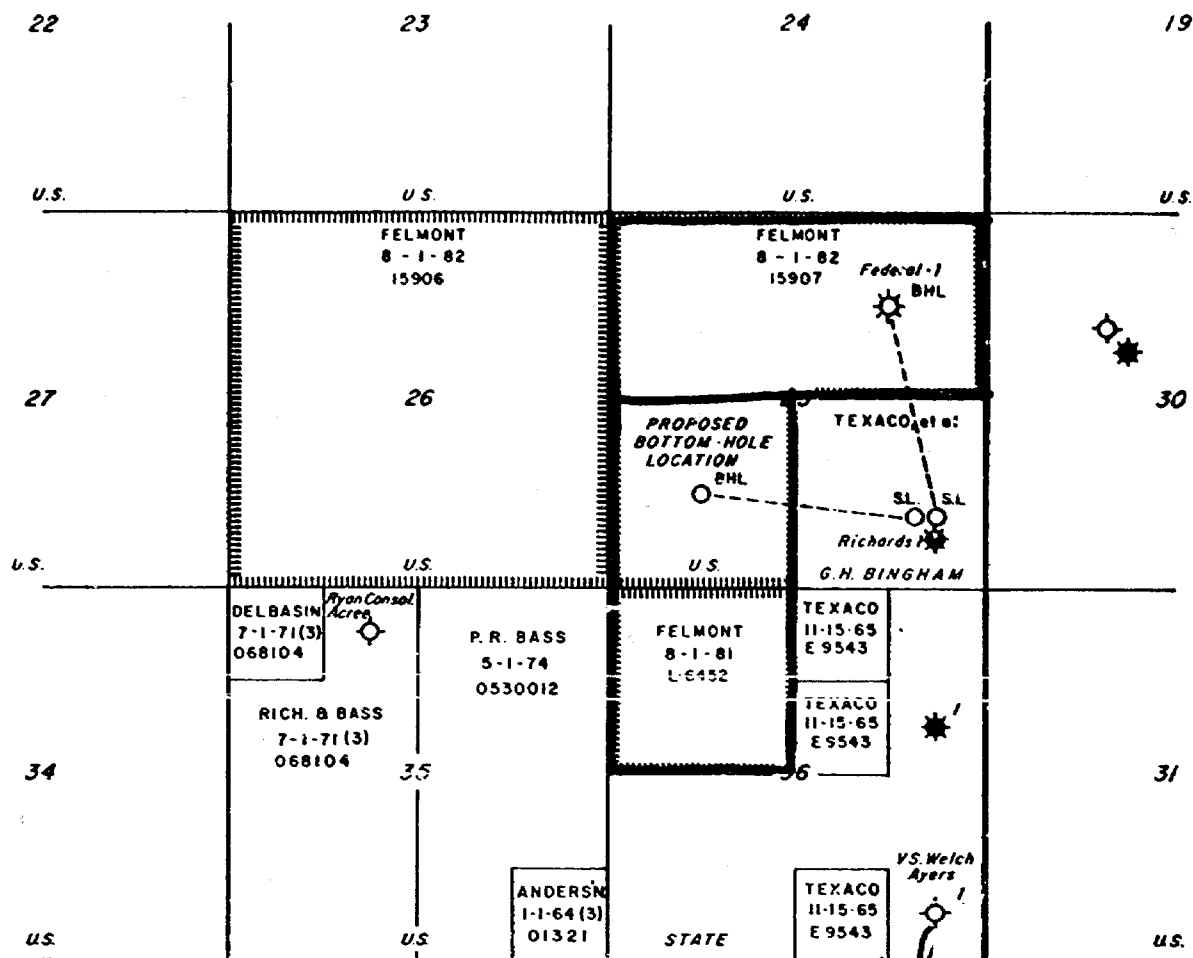


S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

fd/



*have survey
PB from
12400 +
11500 +
to
now only 11,900 measured
depth*

*record
Case 5982
6448
inc. by ref*

BEFORE EXAMINER NUTTER
OIL COMMISSIONER
2ndly
C/NO. 6719

GRACE Petroleum Corporation <small>BROADWAY EXCLUSIVE PARK 6501 NORTH BROADWAY OKLAHOMA CITY, OKLA.</small>		
SOUTH SALT LAKE LEA CO., NEW MEXICO LEASE PLAT		
GEOLOGY BY: _____ SCALE: _____	DRAFTING BY: _____ REVISED BY: _____	DATE: _____ DATE: _____

DUE NORTH/SOUTH

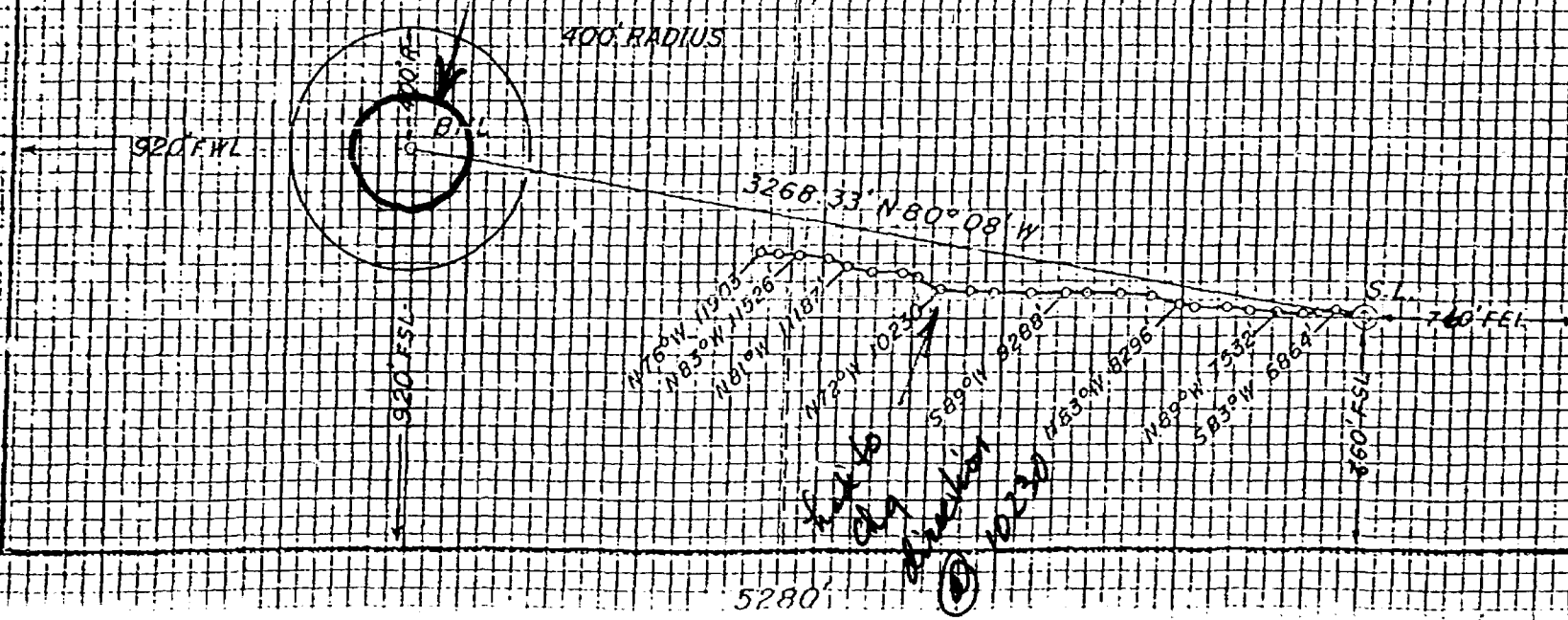
GRACE PETROLEUM CORPORATION
FELMONT FEDERAL WELL NO. 2
LEA COUNTY, NEW MEXICO

SCALE: 1" = 600'

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
SUNDAY EXHIBIT NO. 2
CASE NO. 6719

*orig plan
scaled for
14,600' measured
13,500' true vert sep*

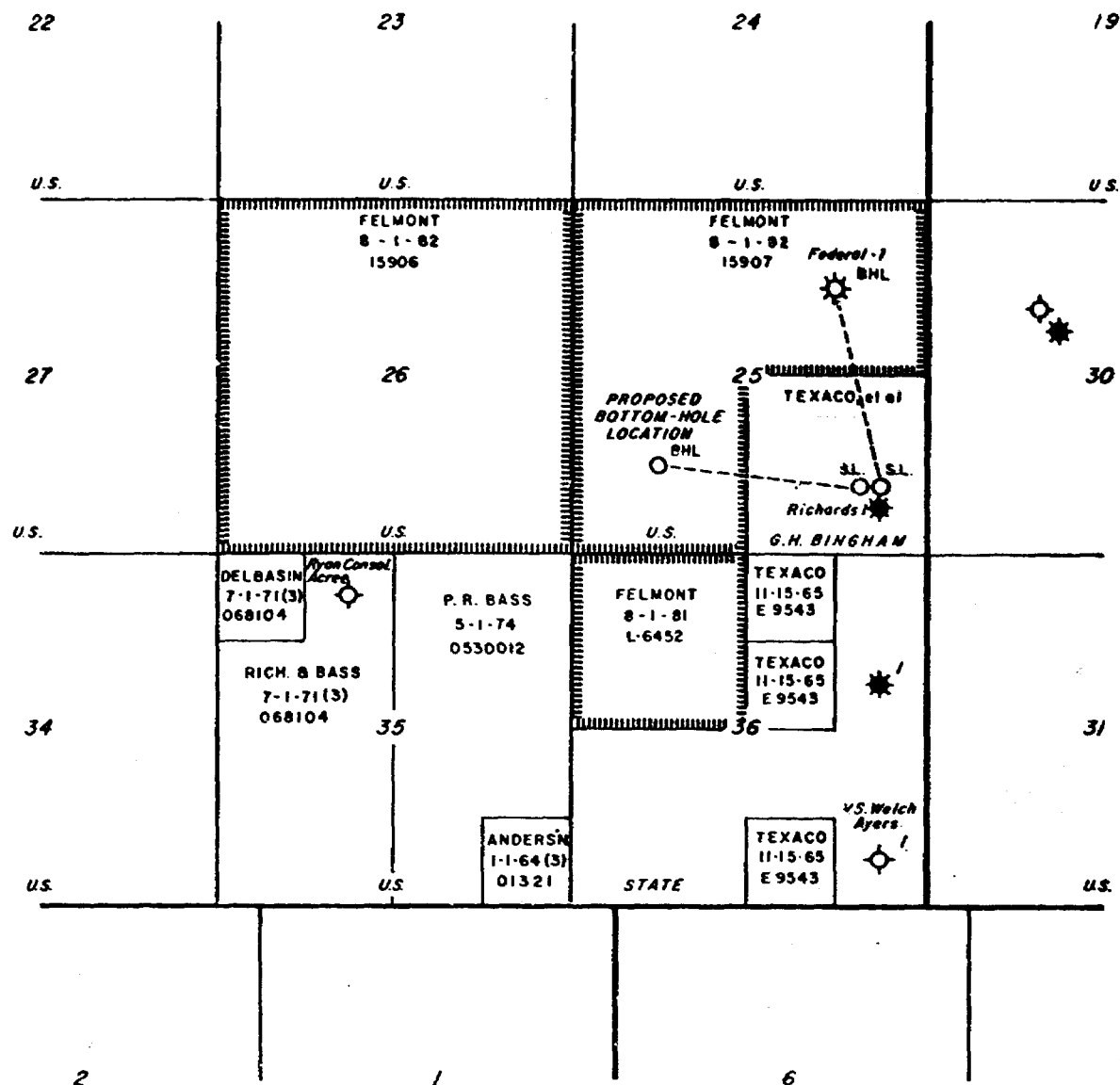
*orig target area
200' x 120' x 50' high*




FELMONT FED. NO. 2
 SEC. 25-205-30E
 LEA CO., N.M.

	1	2	3	4	5
1	TOTAL COST	\$378,881			
2	THRU 11-8-79				
3	TO DIRECT				
4	WELL				
5					
6					
7	TOTAL DAYS	74			
8					
9					
10	Avg Cost/Day	\$5119			
11					
12	ADD. DAYS	33			
13	TO TD				
14	AFTER PB	\$168,927			
15					
16					
17	EST. TOTAL	\$547,758			
18	COST TO				
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BEFORE EXAMINER NOTED
 OIL CONSERVATION DIVISION
 3rdly EXHIBIT NO. 3
 CASE NO. 6719



BEFORE EXAMINER MUTTER
OIL CONSERVATION DIVISION
Snoddy DEED NO. 1
CASE NO. 6719

 GRACE Petroleum Corporation <small>BROADWAY EXECUTIVE PARK 6501 NORTH BROADWAY OKLAHOMA CITY, OKLA</small>		
SOUTH SALT LAKE LEA CO., NEW MEXICO LEASE PLAT		
GEOLOGY BY: _____ SCALE: _____	DRAFTING BY: _____ REVISED BY: _____	DATE: _____ DATE: _____

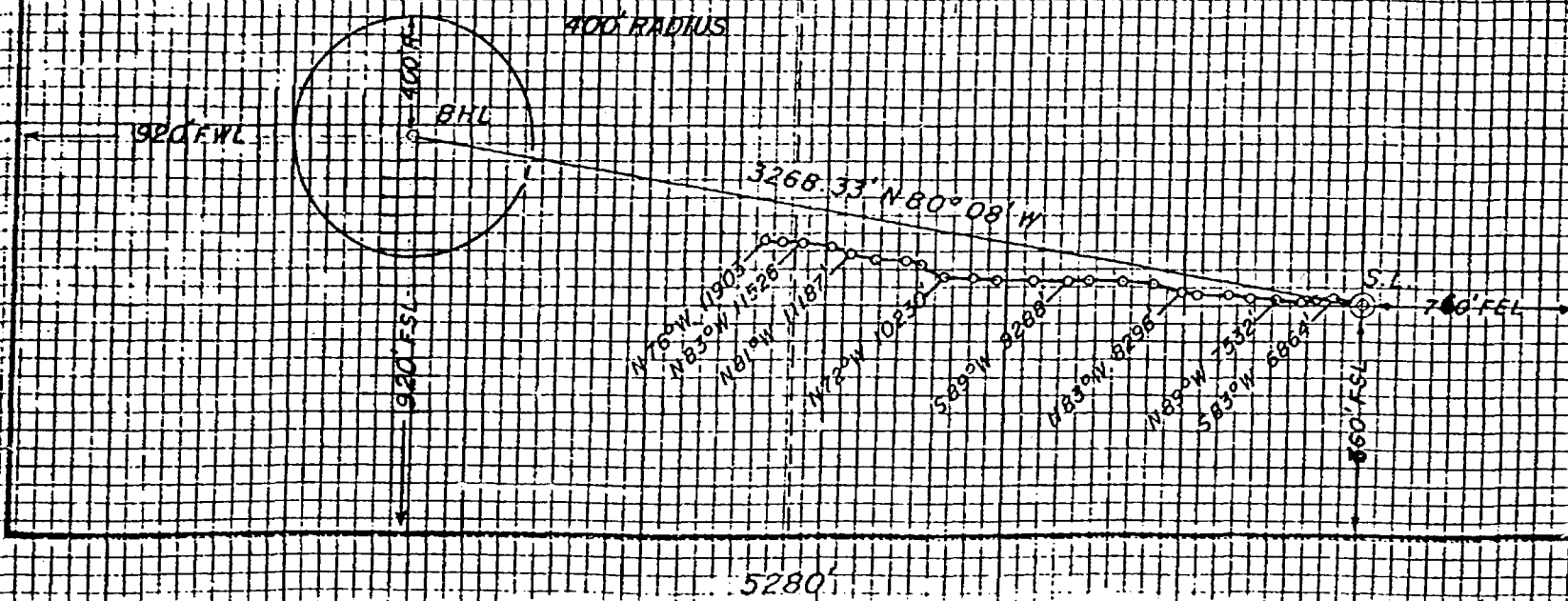
CHARTERED LEASE, MASS. 3PH 12358

DUE NORTH X SOUTH

GRACE PETROLEUM CORPORATION
FELMONT FEDERAL WELL NO. 2
LEA COUNTY, NEW MEXICO

SCALE: 1" = 600'

DATE	1/24/53
BY	W. J. ...
PROJECT NO.	3
CASE NO.	6217



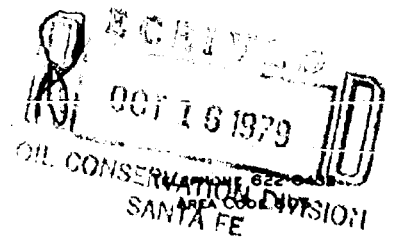
FELMONT FED. NO. 2
 SEC. 25-205-30E
 LEA CO., N.M.

	1	2	3	4	5
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REPORT BY HANMER NUTTER
 OF C. H. HANMER & SONS
 Drilling ENGINEER NO. 3
 CASE NO. 6719

JAMES T. JENNINGS
SIM B. CHRISTY II
DEAN G. CONSTANTINE

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201



October 15, 1979

Case 6719

Oil Conservation Division
Energy and Minerals Dept.
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey
Director

Re: Case 6448
Order No. R-5521-A

Gentlemen:

On February 28, 1979 the Division entered of the captioned Order in connection with an application of our client; Sam H. Snoddy, which permits directional drilling of the Federal Well #2 in Section 25, Township 20 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

The drilling operator: Grace Petroleum Company, has spent in excess of \$250,000.00 trying to meet the "target area" specified in the Order. It appears that the anticipated bottom of the hole will be 1,285 feet from the west line which is within the required distance, but will be 1,014 feet from the south line which is short of the "target area" by about 106 feet.

At this writing the true vertical depth of the hole is 13,600 feet and the measured vertical depth is 14,337 feet.

In view of the excessive costs of continuing to try and meet the "target area" prescribed in the captioned Order, which will result in waste, we respectfully request that the Commission consider permitting a further amendment to the captioned Order to permit the well to be bottomed at approximately 1,285 feet from the west line and 1,014 feet from the south line of Section 25. The offset acreage to the south affected by this request has been communitized with the SW $\frac{1}{4}$ Section 25 so that there will not be any impairment of correlative rights by the

JENNINGS & CHRISTY

Oil Conservation Division
October 15, 1979
Page Two

granting of this request.

Hopefully the request can be granted administratively, but if a hearing is necessary, then we request that it be put on the next available Examiner Docket.

Since I will be out of the country for the balance of the month, I would appreciate it if your reply would be addressed to Mr. James T. Jennings of this office.

Respectfully,

JENNINGS & CHRISTY



S. B. Christy, IV

SBC:kw

xc: Sam H. Snoddy

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
14 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Sam H. Snoddy for an) CASE
amendment to Order No. R-5521, Lea) 6719
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: Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant: James T. Jennings, Esq.
JENNINGS & CHRISTY
Roswell, New Mexico

SALLY WILTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

I N D E X

GARRALD O. WEBB

Direct Examination by Mr. Jennings	3
Cross Examination by Mr. Nutter	14

E X H I B I T S

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Applicant Exhibit Three, List	11

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SSE) 471-2483
Santa Fe, New Mexico 87501

1 MR. NUTTER: We'll call next Case Number
2 6719.

3 MR. PADILLA: Application of Sam H. Snoddy
4 for an amendment to Order No. R-5521, Lea County, New
5 Mexico.

6 MR. JENNINGS: I'm James T. Jennings of
7 Jennings and Christy, appearing on behalf of the applicant
8 and we will have one witness, Mr. Webb.

9
10 (Witness sworn.)

11
12 GARRALD O. WEBB
13 being called as a witness and having been duly sworn upon
14 his oath, testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. JENNINGS:

18 Q I would like to make a brief statement be-
19 fore we proceed with the testimony.

20 As the Examiner is aware, the application
21 in this case was to permit the well to be bottomed at appro-
22 ximately 1014 feet from the south line and 1285 feet from
23 the west line of Section 25, and the original -- the Order
24 5521, I guess, provided that the well would be bottomed
25 within 200 feet of a point which would be 1320 feet from the

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1 south line and 1320 feet from the west line of Section 25,
2 which I think is the center section.

3 And as the proof progresses, we might
4 want to make an amendment to our application to provide that
5 the well would be located within -- bottomed within 400 feet
6 of that point rather than 200 feet, and it might well deve-
7 lop the well will be actually bottomed within the original
8 designation, but at this point the well has not been com-
9 pleted so we do not really know.

10 Q (Mr. Jennings continuing.) Would you
11 state your name, occupation, please, sir?

12 A Garrauld O. Webb. I'm a Senior Drilling
13 Engineer for Grace Petroleum Corporation.

14 Q Mr. Webb, what is your educational back-
15 ground?

16 A I graduated from the University of Kansas
17 in 1950, B.S. in Petroleum Engineering.

18 Q And what is your employment since that
19 time?

20 A It has been with the Amerada Petroleum
21 Corporation and Anson Corporation, Natura (sic) Resources
22 and the current employer, Grace Petroleum.

23 Q Well, just briefly during the periods and
24 what your occupations -- and your duties were during those
25 periods.

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3030 Plaza Blanca (SSE) 471-2432
Santa Fe, New Mexico 87501

1 A I advanced from -- from a Junior Petroleum
2 Engineer through Assistant Chief Engineer with Amerada
3 Petroleum; later --

4 Q How long were you with them?

5 A 21 years with Amerada.

6 Q Go ahead, excuse me.

7 A And later I acquired a registered profes-
8 sionalism in the State of North Dakota and transferred by
9 reciprocity to the State of Oklahoma. I'm a Registered
10 Professional Engineer.

11 Q Have you had occasion to testify before
12 other regulatory commissions, other than the New Mexico Oil
13 Conservation Division?

14 A Yes, I have.

15 Q And I believe one of your qualifications
16 is that you graduated with Mr. Ramey, is that right?

17 A That's right, yes.

18 MR. JENNINGS: Are the witness' qualifica-
19 tions acceptable?

20 MR. NUTTER: Yes, the witness is qualified.

21 Q (Mr. Jennings continuing.) Mr. Webb, you
22 are familiar with the application which has been filed and
23 is now pending before the Commission.

24 A Yes, I am.

25 Q Would you just briefly tell us about the

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1 history of the well in question, where it is, and the prob-
2 lems that you are now encountering?

3 A Yes. Originally, of course, by a previous
4 order we were permitted a radius of 200 feet from the --
5 which would have been 1320 from the west line and 1320 from
6 the south line of Section 25, but we found in the process
7 of drilling that we were unable to maintain angle. We were
8 unable to maintain direction, and after our Eastman had
9 worked on it for a number of weeks, we found that doglegs
10 become more severe. We were in -- the hole was in jeopardy.
11 And at that point in time we felt it necessary to seek some
12 sort of relief.

13 Recently, within the last ten days we have
14 plugged back from 12,400 plus, back to 11,500, in an effort
15 to get rid of our most severe dogleg situation, which caused
16 the well to go to the right, which would have been north.
17 All of the other drilling history had caused the well to
18 turn to the left, which would have put us in the -- more
19 south, and that was the -- where the first -- our first re-
20 quest had originated.

21 But this is the basic problem. We are
22 unable to hold direction. We are unable to hold angle.
23 We're going to -- do you want to go into the economics of
24 this?

25 Q No, I don't think --

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Santa Fe, New Mexico 87501

1 A. All right, but that is basically our prob-
2 lem. We have -- and because of that, we have --Eastman has
3 found themselves unable to control the drilling process, so
4 that we would end up within the designated 200 foot radius.

5 And because of the dogleg severity, and
6 at that point in time we are jeopardizing a well in which
7 we have currently \$1,500,000 in. We did not feel it wise
8 to continue drilling, so we plugged back at that point.

9 So that's where we are right now.

10 Q Are you drilling ahead at this time?

11 A Yes.

12 Q At what depth?

13 A Approximately 11,900.

14 MR. NUTTER: Are you talking about the
15 length of the hole or depth from the surface?

16 A This is measured depth, Mr. Examiner.
17 This is the measured depth.

18 MR. NUTTER: Measured depth, okay.

19 Q Okay. Mr. Webb, if you will refer to what
20 has been marked as Snecdy Exhibit Number One, and review
21 that for the Commission and tell them the reason for the
22 location of the well, too. I know the Commission is aware
23 but I think you ought to indicate that.

24 A The surface location is in the southeast
25 quarter of Section 25 and our objective was to deviate the

1 well 3260 feet north, 80 degrees west, and which would have
2 bottomed in the southwest quarter, the center of the south-
3 west quarter of Section 25.

4 Q Well, now referring to the exhibit, just
5 review what it reflects as to the offset operators and the
6 location of the existing wells.

7 A This is a plat showing a portion of Lea
8 County, namely the South Salt Lake area, of those properties
9 immediately about those lands in which we have an interest.

10 Felmont held the lease and we earned --
11 had to drill and produce to earn, and that is the reason
12 you'll notice that Felmont is indicated on the lease plat.

13 You notice to the north half of Section
14 25 we've already drilled the Felmont Federal No. 1. it is
15 on production. This is the second well that we will have
16 drilled in the area, a non-standard spacing unit, consisting
17 of the southwest quarter of Section 25 and the northwest
18 quarter of Section 36 has been approved by the Commission,
19 and then we have Section 26, which is also within the same
20 farmout agreement that we had with Felmont, and it, as I
21 said before, this was a drill and produce to earn the acres.

22 So we are surrounded, essentially, by
23 acreage held by us.

24 Q This is the third well that's drilled off
25 the same pad, is it not?

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Santa Fe, New Mexico 87501

1 A. Yes. This is -- the Richards No. 1 was
2 drilled. 100 foot north the Felmont Federal No. 1 surface
3 location, and then to the west 100 feet is where the Felmont
4 Federal No. 2 is located.

5 Q The proposed location for the bottom of
6 the well is well within the rules as prescribed by the Oil
7 Conservation Division, isn't it?

8 A Yes, it is.

9 Q Now, Mr. Webb, if you would again refer
10 to what has been marked as Exhibit Number Two, and explain
11 to the Commission what that represents.

12 A This -- I tried to show, this is a plan
13 view of the horizontal displacement that has been conducted
14 on this well. You'll notice that the surface location,
15 which is 660 feet from the south line and 760 from the
16 east line, and then there are a number of -- at various
17 depths you'll find our course deviation, and you'll notice
18 we went from north 89 degrees west at 7532 to -- and if
19 you'll look down through, you'll see that we had difficulty
20 controlling and you will see, for instance, at 10,230 feet
21 we had changed directions and with the die drill and moved
22 it back to north 72 degrees west.

23 All this time we were holding an angle
24 of any place from 23 to 25 degrees, but as we proceeded to
25 drill, we were unable to maintain this -- and it requires

1 that we have essentially 26 degrees north 80 degrees west
2 to come into our target.

3 We were unable to maintain our 25 and 26
4 degrees. The angle got as low as 16 to 18 and we were un-
5 able to lift the angle and it continued to turn to the left
6 and lose, so that was -- this graphically shows the trace
7 of our actual drilling program down to 11,903, and that's
8 where we were when we plugged back at 12,004, and that is
9 not shown, those last few points are not shown. I only
10 showed what had happened after that -- before that, rather.

11 Q Where do you now hope to bottom the hole?

12 A We would hope to be able to be within the
13 permitted 200 feet, but our problem is, of course, if we're
14 unable to do this, we can't control it. If we can't control
15 it, then we have a well drilled without being in the author-
16 ized location, and --

17 Q Well, how large an area do you think that
18 you might need or encompass where you might bottom?

19 A What we would like to have, which would
20 be a 400 foot radius, if we might, which would at the most
21 put us 920 feet from either the south or the west lines,
22 and we believe that we can stay within those limits.

23 Q What would be the total objective depth of
24 this well?

25 A 14,600 was the first depth. That was

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3026. Jaza Blanca (995) 472-2482
Santa Fe, New Mexico 87501

1 the measured depth, and the 13,500 was the true vertical
2 depth, I believe, if I'm not mistaken.

3 MR. NUTTER: 13 what?

4 A. 13,500.

5 Q. Is it possible to drill under the present
6 conditions, the existing rules and regulations, in Section
7 26?

8 A. No.

9 Q. I believe that you -- this acreage and the
10 acreage to the west is underlined by the potash area.

11 A. That is my -- that is my understanding,
12 that all of Section 26 is in the same potash area.

13 Q. Mr. Webb, just refer to what has been re-
14 presented -- marked as Exhibit Three, if you would, and
15 tell the Examiner what that represents.

16 A. Yes. I apologize for the fact that this
17 is a work copy. I apologize for that.

18 The total costs that we have incurred to
19 November the 8th, just to direct the well, that would in-
20 clude directional expense, not the drilling rig, not the
21 mud, not the bits, anything else other than the cost in-
22 curred to direct the well to its current depth, we've spent
23 \$378,831.

24 Presuming that it requires 33 more days
25 after we plugged back to be able to accomplish our first

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1 objective, then our total expenditure would be \$548,000.
2 That is the cost to direct the well and not to drill, as such,
3 but only to maintain and direct the well to its designated
4 total depth.

5 Q All that is by reason of the fact that the
6 area is in the potash area.

7 A It's in the potash area and, as you cross
8 the strike, as you change dip, and such, wells do not react
9 the same going against the dip as they do up dip or down dip,
10 or any other way.

11 Q Who have you engaged to handle the direction-
12 al drilling?

13 A Eastman Whipstock.

14 Q Mr. Webb, do you feel that the change of --
15 proposed change in location or the objective, final location
16 of the well will in any way impair the correlative rights
17 of any of the operators in the area, offset operators?

18 A No, no way at all.

19 Q It's completely within the orthodox normal
20 drilling?

21 A Uh-huh.

22 Q I don't know whether this question is right
23 or not. I don't know whether this would be in the interest
24 of conservation in light of what -- all you've spent.

25 A Well, this is, if we can have our -- the

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1 radius by which we can complete this relaxed, then we would
2 naturally reduce those expenses incurred in the forthcoming
3 completing the program.

4 Q And you're drilling ahead and you antici-
5 pate that it will be another 33 days?

6 A I would imagine. That's our best estimate
7 is between 33 to 40 days.

8 Q How many days have you been on the well?

9 A Well, we have been on 112 so far.

10 Q Mr. Webb, do you have anything further
11 that you wish to offer in connection with this, any comments,
12 suggestions?

13 A No, I believe we've included all our
14 statement.

15 MR. JENNINGS: We would like to offer --
16 or wait.

17 Q Were Exhibits Number One to Three prepared
18 by you or under your direction?

19 A Yes, they were.

20 MR. JENNINGS: We would like to offer Ex-
21 hibits One to Three and we would further like to offer the
22 testimony heretofore entered in Case Number 5982 and 6448,
23 which were prior hearings in connection with this same well
24 and ask that they be incorporated in the record.

25 MR. NUTTER: The record in Cases Numbers

1 5982 and 6448 will be incorporated in the record of this case
2 by reference.

3 MR. JENNINGS: We have nothing further
4 with this witness.

5
6 CROSS EXAMINATION

7 BY MR. NUTTER:

8 Q Mr. Webb, now the surface location of the
9 well is 760 feet from the east line of the section and the
10 original target was within 200 feet of a point 1320 feet
11 from the west line, so that meant that you were going to
12 have a horizontal displacement to the west of approximately
13 3200 feet, is that it?

14 A Yes, sir. Yes, sir.

15 Q And what distance did you get out there
16 before you decided to come back and --

17 A About a little over 2100 feet, Mr. Examiner
18 we got that far.

19 Q Now I have a letter that was written
20 October 15th at the time that it was thought that the hole
21 would be bottomed 1285 feet from the west line and 1014 feet
22 from the south line, and it stated at that time that the
23 measured depth of the hole was 14,337 and the true vertical
24 depth was 13,600.

25 A That was the proposed total depth at the

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1 location if we made it into the target. That was where it
2 was supposed to have been.

3 Q But that wasn't actually where it was.

4 A It wasn't the drilling depth at that point.

5 Q I see, there's --

6 A No, sir.

7 Q -- mistake, then in the description there.

8 A Oh, yeah, that is right.

9 Q And then at the time this case was adver-
10 tised we were under the impression that the hole had been --
11 had reached its target and that the bottom of the hole was
12 1014 from the south line and 1285 from the south line.

13 A No, the --

14 Q I mean from the west line.

15 A Yes. I understand why you would have been
16 led to believe that.

17 Q And that was the reason that this was ad-
18 vertised in this manner, that it was going to be bottomed
19 at this point.

20 A Yes, I understand.

21 Q Now, we didn't advertise the tolerance on
22 this.

23 A Uh-huh.

24 Q At approximately this point.

25 A Uh-huh.

1 Q So now what you think is that you really
2 don't know where it's going to bottom.

3 A That's true. That's true, Mr. Examiner.
4 We don't have -- we really don't have any idea of that.

5 Q You're still back away 1000 feet from your
6 target.

7 A That's right. That's right.

8 Q And so you have suggested that if a radius
9 of 400 feet from the original target of 1320/1320 were set,
10 that you could fall within that 400 foot radius.

11 A We are -- we believe strongly, we're confi-
12 dent that we can -- we can come within that. We may be --
13 it may not be the case, but that's the way we feel at this
14 point.

15 Q Did you have any trouble with the hole
16 going up and down?

17 A All over. It had left turn when it should
18 have been right and then when we got down to 12,000 feet we
19 had a right turn and it was drastic, and it was the cause of
20 a severe dogleg, and at that point we --

21 Q Are you drilling this with a conventional
22 bit and whipstock or are you drilling with Dynadrill?

23 A Dynadrill, Dynadrill, bent sub and such,
24 the conventional deviation equipment.

25 MR. NUTTER: Mr. Jennings, I think that we

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1 could take the case under advisement today and re-advertise
2 the case to amend the target depth. We couldn't enter an
3 order before the hearing on December the 12th, which is the
4 earliest it could be advertised.

5 How long is it going to take you to get to
6 your target area?

7 A It will be about 30 days; it would about
8 that 14th of December, or so, Mr. Examiner.

9 MR. JENNINGS: We might know where it is
10 by then.

11 MR. NUTTER: Well, we might have to amend
12 the application and re-advertise it for January.

13 MR. JENNINGS: I might say this, Mr. Exa-
14 miner, if the Examiner has any questions of the Eastman
15 Whipstock representative, he is here, Mr. Gregg, the District
16 Operation Manager, is here and --

17 MR. NUTTER: Oh, I don't want to ask East-
18 man why they can't --

19 So if we take it under advisement and
20 withhold an order until after the case has been re-advertised,
21 will that be satisfactory with you, Mr. Jennings?

22 MR. JENNINGS: Well, under the circum-
23 stances I don't think there's much else we can do.

24 MR. NUTTER: We don't want to enter an order
25 bottoming the hole approximately 1014 and 1285 because you

1 don't know whether you're going to hit that or not.

2 MR. JENNINGS: Right. Well, if we could
3 get -- we might be within that original order or, if we were
4 within 200 feet of the -- as advertised, why, we might be
5 home free.

6 MR. NUTTER: Yeah. Well, at any rate, un-
7 less something unforeseen happens, we wouldn't have to have
8 a hearing for you on December 12th.

9 MR. JENNINGS: That's right.

10 MR. NUTTER: It's just a matter of opening
11 the record and letting somebody that is opposed to that
12 location come in.

13 MR. JENNINGS: Right. I see nothing else
14 that we can do.

15 MR. NUTTER: You seem to think that you've
16 got consent of everyone. Either you own the acreage or you
17 have the consent of everyone to this proposed location, so
18 there shouldn't be any problem on December the 12th, but we
19 do have to abide by these formalities.

20 With that, we will take the case under
21 advisement. Mr. Webb, you're excused.

22 Does anyone else have anything to offer in
23 Case Number 6719?

24 We'll take the case under advisement.

25 (Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand 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, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a correct and true transcript of the proceedings in
the hearing of Case No. 6717
heard by me on 11/14 1979.
[Signature] Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
14 November 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Sam H. Snoddy for an) CASE
amendment to Order No. R-5521, Lea) 6719
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:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

James T. Jennings, Esq.
JENNINGS & CHRISTY
Roswell, New Mexico

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I N D E X

GARRALD O. WEBB

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E X H I B I T S

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Applicant Exhibit Two, Diagram 9

Applicant Exhibit Three, List 11

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MR. NUTTER: We'll call next Case Number 6719.

MR. PADILLA: Application of Sam H. Snoddy for an amendment to Order No. R-5521, Lea County, New Mexico.

MR. JENNINGS: I'm James T. Jennings of Jennings and Christy, appearing on behalf of the applicant and we will have one witness, Mr. Webb.

(Witness sworn.)

GARRALD O. WEBB
being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q I would like to make a brief statement before we proceed with the testimony.

As the Examiner is aware, the application in this case was to permit the well to be bottomed at approximately 1014 feet from the south line and 1285 feet from the west line of Section 25, and the original -- the Order 5521, I guess, provided that the well would be bottomed within 200 feet of a point which would be 1320 feet from the

1 south line and 1320 feet from the west line of Section 25,
2 which I think is the center section.

3 And as the proof progresses, we might
4 want to make an amendment to our application to provide that
5 the well would be located within -- bottomed within 400 feet
6 of that point rather than 200 feet, and it might well deve-
7 lop the well will be actually bottomed within the original
8 designation, but at this point the well has not been com-
9 pleted so we do not really know.

10 Q (Mr. Jennings continuing.) Would you
11 state your name, occupation, please, sir?

12 A Garrauld O. Webb. I'm a Senior Drilling
13 Engineer for Grace Petroleum Corporation.

14 Q Mr. Webb, what is your educational back-
15 ground?

16 A I graduated from the University of Kansas
17 in 1950, B.S. in Petroleum Engineering.

18 Q And what is your employment since that
19 time?

20 A It has been with the Amerada Petroleum
21 Corporation and Anson Corporation, Natura (sic) Resources
22 and the current employer, Grace Petroleum.

23 Q Well, just briefly during the periods and
24 what your occupations -- and your duties were during those
25 periods.

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1 A I advanced from --- from a Junior Petroleum
2 Engineer through Assistant Chief Engineer with Amerada
3 Petroleum; later --

4 Q How long were you with them?

5 A 21 years with Amerada.

6 Q Go ahead, excuse me.

7 A And later I acquired a registered profes-
8 sionalism in the State of North Dakota and transferred by
9 reciprocity to the State of Oklahoma. I'm a Registered
10 Professional Engineer.

11 Q Have you had occasion to testify before
12 other regulatory commissions, other than the New Mexico Oil
13 Conservation Division?

14 A Yes, I have.

15 Q And I believe one of your qualifications
16 is that you graduated with Mr. Ramcy, is that right?

17 A That's right, yes.

18 MR. JENNINGS: Are the witness' qualifica-
19 tions acceptable?

20 MR. NUTTER: Yes, the witness is qualified.

21 Q (Mr. Jennings continuing.) Mr. Webb, you
22 are familiar with the application which has been filed and
23 is now pending before the Commission.

24 A Yes, I am.

25 Q Would you just briefly tell us about the

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1 history of the well in question, where it is, and the prob-
2 lems that you are now encountering?

3 A Yes. Originally, of course, by a previous
4 order we were permitted a radius of 200 feet from the --
5 which would have been 1320 from the west line and 1320 from
6 the south line of Section 25, but we found in the process
7 of drilling that we were unable to maintain angle. We were
8 unable to maintain direction, and after our Eastman had
9 worked on it for a number of weeks, we found that doglegs
10 become more severe. We were in -- the hole was in jeopardy.
11 And at that point in time we felt it necessary to seek some
12 sort of relief.

13 Recently, within the last ten days we have
14 plugged back from 12,400 plus, back to 11,500, in an effort
15 to get rid of our most severe dogleg situation, which caused
16 the well to go to the right, which would have been north.
17 All of the other drilling history had caused the well to
18 turn to the left, which would have put us in the -- more
19 south, and that was the -- where the first -- our first re-
20 quest had originated.

21 But this is the basic problem. We are
22 unable to hold direction. We are unable to hold angle.
23 We're going to -- do you want to go into the economics of
24 this?

25 Q No, I don't think --

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1 A All right, but that is basically our prob-
2 lem. We have --- and because of that, we have ---Eastman has
3 found themselves unable to control the drilling process, so
4 that we would end up within the designated 200 foot radius.

5 And because of the dogleg severity, and
6 at that point in time we are jeopardizing a well in which
7 we have currently \$1,500,000 in. We did not feel it wise
8 to continue drilling, so we plugged back at that point.

9 So that's where we are right now.

10 Q Are you drilling ahead at this time?

11 A Yes.

12 Q At what depth?

13 A Approximately 11,900.

14 MR. NUTTER: Are you talking about the
15 length of the hole or depth from the surface?

16 A This is measured depth, Mr. Examiner.
17 This is the measured depth.

18 MR. NUTTER: Measured depth, okay.

19 Q Okay. Mr. Webb, if you will refer to what
20 has been marked as Snoddy Exhibit Number One, and review
21 that for the Commission and tell them the reason for the
22 location of the well, too. I know the Commission is aware
23 but I think you ought to indicate that.

24 A The surface location is in the southeast
25 quarter of Section 25 and our objective was to deviate the

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1 well 3260 feet north, 80 degrees west, and which would have
2 bottomed in the southwest quarter, the center of the south-
3 west quarter of Section 25.

4 Q Well, now referring to the exhibit, just
5 review what it reflects as to the offset operators and the
6 location of the existing wells.

7 A This is a plat showing a portion of Lea
8 County, namely the South Salt Lake area, of those properties
9 immediately about those lands in which we have an interest.

10 Felmont held the lease and we earned --
11 had to drill and produce to earn, and that is the reason
12 you'll notice that Felmont is indicated on the lease plat.

13 You notice to the north half of Section
14 25 we've already drilled the Felmont Federal No. 1. It is
15 on production. This is the second well that we will have
16 drilled in the area, a non-standard spacing unit, consisting
17 of the southwest quarter of Section 25 and the northwest
18 quarter of Section 36 has been approved by the Commission,
19 and then we have Section 26, which is also within the same
20 farmout agreement that we had with Felmont, and it, as I
21 said before, this was a drill and produce to earn the acres.

22 So we are surrounded, essentially, by
23 acreage held by us.

24 Q This is the third well that's drilled off
25 the same pad, is it not?

1 A Yes. This is -- the Richards No. 1 was
2 drilled. 100 foot north the Belmont Federal No. 1 surface
3 location, and then to the west 100 feet is where the Belmont
4 Federal No. 2 is located.

5 Q The proposed location for the bottom of
6 the well is well within the rules as prescribed by the Oil
7 Conservation Division, isn't it?

8 A Yes, it is.

9 Q Now, Mr. Webb, if you would again refer
10 to what has been marked as Exhibit Number Two, and explain
11 to the Commission what that represents.

12 A This -- I tried to show, this is a plan
13 view of the horizontal displacement that has been conducted
14 on this well. You'll notice that the surface location,
15 which is 660 feet from the south line and 760 from the
16 east line, and then there are a number of -- at various
17 depths you'll find our course deviation, and you'll notice
18 we went from north 89 degrees west at 7532 to -- and if
19 you'll look down through, you'll see that we had difficulty
20 controlling and you will see, for instance, at 10,230 feet
21 we had changed directions and with the die drill and moved
22 it back to north 72 degrees west.

23 All this time we were holding an angle
24 of any place from 23 to 25 degrees, but as we proceeded to
25 drill, we were unable to maintain this -- and it requires

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1 that we have essentially 26 degrees north 80 degrees west
2 to come into our target.

3 We were unable to maintain our 25 and 26
4 degrees. The angle got as low as 16 to 18 and we were un-
5 able to lift the angle and it continued to turn to the left
6 and lose, so that was -- this graphically shows the trace
7 of our actual drilling program down to 11,903, and that's
8 where we were when we plugged back at 12,004, and that is
9 not shown, those last few points are not shown. I only
10 showed what had happened after that -- before that, rather.

11 Q Where do you now hope to bottom the hole?

12 A We would hope to be able to be within the
13 permitted 200 feet, but our problem is, of course, if we're
14 unable to do this, we can't control it. If we can't control
15 it, then we have a well drilled without being in the author-
16 ized location, and --

17 Q Well, how large an area do you think that
18 you might need or encompass where you might bottom?

19 A What we would like to have, which would
20 be a 400 foot radius, if we might, which would at the most
21 put us 920 feet from either the south or the west lines,
22 and we believe that we can stay within those limits.

23 Q What would be the total objective depth of
24 this well?

25 A 14,600 was the first depth. That was

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1 the measured depth, and the 13,500 was the true vertical
2 depth, I believe, if I'm not mistaken.

3 MR NUTTER: 13 what?

4 A 13,500.

5 Q Is it possible to drill under the present
6 conditions, the existing rules and regulations, in Section
7 26?

8 A No.

9 Q I believe that you -- this acreage and the
10 acreage to the west is underlined by the potash area.

11 A That is my -- that is my understanding,
12 that all of Section 26 is in the same potash area.

13 Q Mr. Webb, just refer to what has been re-
14 presented -- marked as Exhibit Three, if you would, and
15 tell the Examiner what that represents.

16 A Yes. I apologize for the fact that this
17 is a work copy. I apologize for that.

18 The total costs that we have incurred to
19 November the 8th, just to direct the well, that would in-
20 clude directional expense, not the drilling rig, not the
21 mud, not the bits, anything else other than the cost in-
22 curred to direct the well to its current depth, we've spent
23 \$378,831.

24 Presuming that it requires 33 more days
25 after we plugged back to be able to accomplish our first

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1 objective, then our total expenditure would be \$548,000.
2 That is the cost to direct the well and not to drill, as such
3 but only to maintain and direct the well to its designated
4 total depth.

5 Q All that is by reason of the fact that the
6 area is in the potash area.

7 A It's in the potash area and, as you cross
8 the strike, as you change dip, and such, wells do not react
9 the same going against the dip as they do up dip or down dip,
10 or any other way.

11 Q Who have you engaged to handle the direction-
12 al drilling?

13 A Eastman Whipstock.

14 Q Mr. Webb, do you feel that the change of --
15 proposed change in location or the objective, final location
16 of the well will in any way impair the correlative rights
17 of any of the operators in the area, offset operators?

18 A No, no way at all.

19 Q It's completely within the orthodox normal
20 drilling?

21 A Uh-huh.

22 Q I don't know whether this question is right
23 or not. I don't know whether this would be in the interest
24 of conservation in light of what -- all you've spent.

25 A Well, this is, if we can have our -- the

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1 radius by which we can complete this relaxed, then we would
2 naturally reduce those expenses incurred in the forthcoming
3 completing the program.

4 Q And you're drilling ahead and you antici-
5 pate that it will be another 33 days?

6 A I would imagine. That's our best estimate
7 is between 33 to 40 days.

8 Q How many days have you been on the well?

9 A Well, we have been on 112 so far.

10 Q Mr. Webb, do you have anything further
11 that you wish to offer in connection with this, any comments,
12 suggestions?

13 A No, I believe we've included all our
14 statement.

15 MR. JENNINGS: We would like to offer --
16 or wait.

17 Q Were Exhibits Number One to Three prepared
18 by you or under your direction?

19 A Yes, they were.

20 MR. JENNINGS: We would like to offer Ex-
21 hibits One to Three and we would further like to offer the
22 testimony heretofore entered in Case Number 5982 and 6448,
23 which were prior hearings in connection with this same well
24 and ask that they be incorporated in the record.

25 MR. NUTTER: The record in Cases Numbers

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1 5982 and 6448 will be incorporated in the record of this case
2 by reference.

3 MR. JENNINGS: We have nothing further
4 with this witness.

5
6 CROSS EXAMINATION

7 BY MR. NUTTER:

8 Q Mr. Webb, now the surface location of the
9 well is 760 feet from the east line of the section and the
10 original target was within 200 feet of a point 1320 feet
11 from the west line, so that meant that you were going to
12 have a horizontal displacement to the west of approximately
13 3200 feet, is that it?

14 A Yes, sir. Yes, sir.

15 Q And what distance did you get out there
16 before you decided to come back and --

17 A About a little over 2100 feet, Mr. Examiner,
18 we got that far.

19 Q Now I have a letter that was written
20 October 15th at the time that it was thought that the hole
21 would be bottomed 1285 feet from the west line and 1014 feet
22 from the south line, and it stated at that time that the
23 measured depth of the hole was 14,337 and the true vertical
24 depth was 13,600.

25 A That was the proposed total depth at the

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1 location if we made it into the target. That was where it
2 was supposed to have been.

3 Q But that wasn't actually where it was.

4 A It wasn't the drilling depth at that point.

5 Q I see, there's ---

6 A No, sir.

7 Q -- mistake, then in the description there.

8 A Oh, yeah, that is right.

9 Q And then at the time this case was adver-
10 tised we were under the impression that the hole had been --
11 had reached its target and that the bottom of the hole was
12 1014 from the south line and 1285 from the south line.

13 A No, the --

14 Q I mean from the west line.

15 A Yes. I understand why you would have been
16 led to believe that.

17 Q And that was the reason that this was ad-
18 vertised in this manner, that it was going to be bottomed
19 at this point.

20 A Yes, I understand.

21 Q Now, we didn't advertise the tolerance on
22 this.

23 A Uh-huh.

24 Q At approximately this point.

25 A Uh-huh.

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1 Q So now what you think is that you really
2 don't know where it's going to bottom.

3 A That's true. That's true, Mr. Examiner.
4 We don't have -- we really don't have any idea of that.

5 Q You're still back away 1000 feet from your
6 target.

7 A That's right. That's right.

8 Q And so you have suggested that if a radius
9 of 400 feet from the original target of 1320/1320 were set,
10 that you could fall within that 400 foot radius.

11 A We are -- we believe strongly, we're confi-
12 dent that we can -- we can come within that. We may be --
13 it may not be the case, but that's the way we feel at this
14 point.

15 Q Did you have any trouble with the hole
16 going up and down?

17 A All over. It had left turn when it should
18 have been right and then when we got down to 12,000 feet we
19 had a right turn and it was drastic, and it was the cause of
20 a severe dogleg, and at that point we --

21 Q Are you drilling this with a conventional
22 bit and whipstock or are you drilling with Dynadrill?

23 A Dynadrill, Dynadrill, bent sub and such,
24 the conventional deviation equipment.

25 MR. NUTTER: Mr. Jennings, I think that we

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1 could take the case under advisement today and re-advertise
2 the case to amend the target depth. We couldn't enter an
3 order before the hearing on December the 12th, which is the
4 earliest it could be advertised.

5 How long is it going to take you to get to
6 your target area?

7 A It will be about 30 days; it would about
8 that 14th of December, or so, Mr. Examiner.

9 MR. JENNINGS: We might know where it is
10 by then.

11 MR. NUTTER: Well, we might have to amend
12 the application and re-advertise it for January.

13 MR. JENNINGS: I might say this, Mr. Exa-
14 miner, if the Examiner has any questions of the Eastman
15 Whipstock representative, he is here, Mr. Gregg, the District
16 Operation Manager, is here and --

17 MR. NUTTER: Oh, I don't want to ask East-
18 man why they can't --

19 So if we take it under advisement and
20 withhold an order until after the case has been re-advertised,
21 will that be satisfactory with you, Mr. Jennings?

22 MR. JENNINGS: Well, under the circum-
23 stances I don't think there's much else we can do.

24 MR. NUTTER: We don't want to enter an order
25 bottoming the hole approximately 1014 and 1285 because you

1 don't know whether you're going to hit that or not.

2 MR. JENNINGS: Right. Well, if we could
3 get -- we might be within that original order or, if we were
4 within 200 feet of the -- as advertised, why, we might be
5 home free.

6 MR. NUTTER: Yeah. Well, at any rate, un-
7 less something unforeseen happens, we wouldn't have to have
8 a hearing for you on December 12th.

9 MR. JENNINGS: That's right.

10 MR. NUTTER: It's just a matter of opening
11 the record and letting somebody that is opposed to that
12 location come in.

13 MR. JENNINGS: Right. I see nothing else
14 that we can do.

15 MR. NUTTER: You seem to think that you've
16 got consent of everyone. Either you own the acreage or you
17 have the consent of everyone to this proposed location, so
18 there shouldn't be any problem on December the 12th, but we
19 do have to abide by these formalities.

20 With that, we will take the case under
21 advisement. Mr. Webb, you're excused.

22 Does anyone else have anything to offer in
23 Case Number 6719?

24 We'll take the case under advisement.

25 (Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Certified Shorthand 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, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
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3026 Plaza Blanca (995) 471-2462
San Antonio, Texas 78201

I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the case of the hearing of Case No. 6719
held on 11/14/77.
19.77.
[Signature], Examiner
Oil Conservation Division

Dockets Nos. 1-80 and 2-80 are tentatively set for January 3 and 16, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 12, 1979

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. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 6752: Application of Bill Stapler for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Quark Unit Area, comprising 11,200 acres, more or less, of State and Federal lands in Township 22 South, Range 34 East.
- CASE 6753: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 26 and 27, Township 19 South, Range 29 East.
- CASE 6754: Application of Petroleum Development Corporation for a non-standard gas proration unit and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for a well to be drilled 660 feet from the North and West lines of Section 15, Township 19 South, Range 32 East, Lusk-Morrow Gas Pool, the W/2 of said Section 15 to be dedicated to the well as a non-standard 320-acre proration unit.
- CASE 6755: Application of Dome Petroleum Corporation for water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to extend the previously authorized water disposal interval in its Santa Fe 20 Well No. 2 located in Unit F of Section 20, Township 21 North, Range 8 West, Snake Eyes-Entrada Oil Pool, to include the perforated interval from 5756 feet to 5790 feet in the Entrada formation.
- CASE 6756: Application of Amoco Production Company for pool contraction and creation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Air Strip-Bone Spring Pool to comprise the Middle Bone Spring formation only, from 9300 feet to 9460 feet, and the creation of the Air Strip-Upper Bone Spring Pool to comprise said formation from 9180 feet to 9260 feet and the Air Strip-Lower Bone Spring Pool to comprise said formation from 10,100 feet to 10,400 feet. All depths are from the log of the Amoco State FU Well No. 2 in Unit N of Section 25, Township 18 South, Range 34 East, for which well applicant also seeks 51,310 barrels of discovery allowable.
- CASE 6757: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its State FU Well No. 1 located in Unit K of Section 25, Township 18 South, Range 34 East, to produce oil from the Air Strip Upper and Middle Bone Spring Pools thru parallel strings of tubing.
- CASE 6758: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State "C" Tract 11 Well No. 11 located in Unit X of Section 2, Township 21 South, Range 36 East, to produce oil from the Hardy-Blinberry Pool and an undesignated Drinkard pool through parallel strings of tubing.
- CASE 6719: (Continued and Readvertised)
- Application of Sam H. Snoddy for an amendment to Order No. R-5521, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5521, which authorizes the directional drilling of the Federal Well No. 2 in Section 25, Township 20 South, Range 32 East, to permit the well to be bottomed within 400 feet of a point 1320 feet from the South and West lines of Section 25.
- CASE 6759: Application of Sun Oil Company for an unorthodox location, non-standard gas proration unit, infill findings, simultaneous dedication, and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Reeves Well No. 6, 660 feet from the North line and 610 feet from the East line of Section 29, Township 20 South, Range 37 East, Eumont Gas Pool, to be simultaneously dedicated with its Reeves Well No. 2 in Unit D of Section 29 to a 160-acre non-standard gas proration unit comprising the N/2 N/2 of Section 29. Also sought are findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing unit well, and authority to commingle Eumont and Monument production in the wellbore of the proposed well.

Dockets Nos. 43-79 and 44-79 are tentatively set for November 28 and December 12, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 14, 1979

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. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for December, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for December, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6715: Application of Texaco Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Loomis Fed. Well No. 1 to be drilled 1600 feet from the North line and 660 feet from the West line of Section 5, Township 21 South, Range 32 East, South Salt Lake-Morrow Gas Pool, the N/2 of said Section 5 to be dedicated to the well.

CASE 6707: (Continued from October 31, 1979, Examiner Hearing)

Application of Gulf Oil Corporation for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Southeast Bisti Unit Area, comprising 7,048 acres, more or less, of State and Federal lands in Townships 24 and 25 North, Range 10 West.

CASE 6716: Application of Alpha Twenty-One Production Company for two non-standard proration units and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 SE/4 of Section 8, Township 25 South, Range 37 East, Jalmat Gas Pool, to be dedicated to El Paso Natural Gas Company's Langlie Federal Well No. 3, and also a 120-acre unit comprising the E/2 SE/4 and SW/4 SE/4 of said Section 8 to be dedicated to a well to be drilled by applicant at a standard location thereon; applicant further seeks a waiver of existing well spacing requirements and a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.

CASE 6717: Application of O. H. Berry for a non-standard proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 15, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to his Isbell Well No. 6 at an unorthodox location 418 feet from the North line and 351 feet from the East line of said Section 15.

CASE 6718: Application of Southland Royalty Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 1325 feet from the North line and 2303 feet from the East line of Section 14, Township 19 South, Range 29 East, Oil-Potash Area, the E/2 of said Section 14 to be dedicated to the well.

CASE 6719: Application of Sam H. Snoddy for an amendment to Order No. R-5521, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5521, which authorizes the directional drilling of the Federal Well No. 2 in Section 25, Township 20 South, Range 32 East, to permit the well to be bottomed at approximately 1014 feet from the South line and 1285 feet from the West line of said Section 25.

CASE 6710: (Continued from October 31, 1979, Examiner Hearing)

Application of ARCO Oil and Gas Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry and Montoya production in the wellbores of the following wells on its State Y Lease: No. 3 located in Unit B, No. 6 located in Unit H, and No. 7 located in Unit A, all in Section 25, Township 25 South, Range 37 East.

CASE 6720: Application of ARCO Oil and Gas Company to drill a horizontal drainhole, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill and complete its Empire Abo Unit Well No. J-213, located in Unit E of Section 6, Township 18 South, Range 28 East, Empire-Abo Pool, with a single horizontal drainhole of about 200 feet in length in the Abo formation.

ROUGH

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. 6719

Order No. R-5521-B

APPLICATION OF SAM H. SNOODY
FOR AN AMENDMENT TO ORDER
NO. R-5521, LEA COUNTY, NEW
MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 12,
19 79, at Santa Fe, New Mexico, before Examiner DSN.

NOW, on this _____ day of _____, 19____, 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 in this case, Sam H. Snoddy,
received authority under Division Order No. R-5521
to directionally drill his Federal Well No. 2 from a
surface location 660 from the South line and 760 feet
from the East line of Section 25, Township 20 South,
Range 32 East, NMPM, Santa Salt Lake-Morrow Gas Pool,
Lea County, New Mexico, to a bottomhole location within
200 feet of a point 1520 feet from the South line
and 1520 feet from the West line of said Section 25,
and to dedicate the SE 1/4 of Section 25 to the well as
a 160-acre non-standard gas proration unit.

(3) That Division Order No. R-5521-A amended said
Order No. R-5521 to provide that the aforesaid direction-
ally drilled well would be dedicated to a 320-acre
non-standard gas proration unit comprising the SE 1/4
of Section 25 and the NW 1/4 of Section 36, Township 20
South, Range 32 East, NMPM.

(4) That the applicant now seeks the further amendment of Division Order No. R-5521 to permit the subject well to be bottomed within 400 feet of a point 1320 feet from the South and West lines of the aforesaid Section 25.

(5) That such amendment will not violate correlative rights nor cause waste and should be approved.

IT IS THEREFORE ORDERED

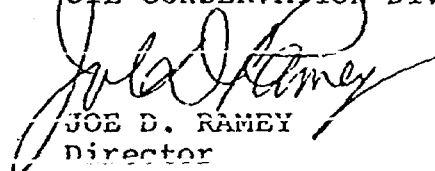
(1) That ^{the third paragraph of} Order No. (10) of Division Order No. R-5521 is hereby amended to read in its entirety as follows:

"Federal Well No. 2, from a surface location 660 feet from the South line and 760 feet from the East line of said Section 25 to a bottom hole location within 400 feet of a point 1320 feet from the South and West lines with the SW/4 of said Section 25 and the NW/4 of Section 36, Township 20 South, Range 32 East, a 320-acre non-standard gas proration unit hereby approved, being dedicated thereto."

(2) 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

S E A L