

CASE 6731: PETROLEUM DEVELOPMENT CORPO-  
RATION FOR A NON-STANDARD GAS PRODUCTION  
UNIT AND AN UNORTHODOX LOCATION, EDDY  
COUNTY, NEW MEXICO.

Case No.

6731

Application

Transcripts.

Small Exhibits

ETC.

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 Petroleum Develop-  
ment Corporation for a non-standard  
gas proration unit and an unorthodox  
location, Eddy County, New Mexico.

CASE  
6731

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:

Brian T. McCabe, Esq.  
KEGEL & McCULLOUGH  
Paseo de Peralta  
Santa Fe, New Mexico 87501

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

I N D E X

CHARLES W. SANDERS

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Cross Examination by Mr. Nutter	5

E X H I B I T S

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Applicant Exhibit B, Cross Section	4
Applicant Exhibit C, Cross Section	4
Applicant Exhibit D, Map	4

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MR. NUTTER: We'll call next Case Number 6731.

MR. PADILLA: Application of Petroleum Development Corporation for a non-standard gas proration unit and an unorthodox location, Eddy County, New Mexico.

MR. MCCABE: Brian McCabe again. May the record show that the witness has been sworn?

MR. NUTTER: The record will so show.

MR. MCCABE: Mr. Examiner, we would like to use the same exhibits.

MR. NUTTER: Okay.

CHARLES W. SANDERS

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

DIRECT EXAMINATION

BY MR. MCCABE:

Q Mr. Sanders, are you familiar with the application in Case Number 6731?

A Yes.

Q Will you describe it, please?

A This is the application of Petroleum Development for a non-standard gas proration unit and an unorthodox location, Eddy County. This well will be located in the

SALLY WALTON BOYD  
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Santa Fe, New Mexico 87501

1 northwest northwest of Section 13, Township 19 South, Range  
2 31 East, adjacent to the Lusk-Morrow Pool.

3 Q Exhibit Number D, I guess, will you ex-  
4 plain its applicability to this case?

5 A All four of the exhibits would apply, I  
6 would think, in about the same manner and about for the same  
7 reasons of the previous case. It's purely an economic  
8 situation in trying to get a development on a 320.

9 Q Would the action contemplated by this  
10 application in your opinion adversely affect the rights of  
11 the holders of the correlative rights?

12 A No, it would not. In fact, I would think  
13 that offset operators, again, in this case would be -- I  
14 know we would be glad for somebody to drill in this area  
15 660 feet from our lease line. That would give us a much  
16 better chance in case they made a well.

17 Q Do you feel this contemplated action would  
18 promote conservation and effect the efficiency of production?

19 A Yes.

20 Q Did you prepare Exhibits A, B, C, and D,  
21 or cause them to be prepared?

22 A Yes, sir.

23 MR. McCABE: At this time we'd like to  
24 offer for introduction Exhibits marked A, B, C, and D.

25 MR. NUTTER: Okay. A is the tabulation.

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MR. McCABE: Yes.

MR. NUTTER: This is B; and this is C; and  
the map is D.

MR. McCABE: Yes.

CROSS EXAMINATION

BY MR. NUTTER:

Q Oh, Mr. Sanders, the application here is  
for a non-standard unit and an unorthodox location. The  
location is 660 out of the north and west corners of Section  
13. Why are you proposing a well at that location?

A The location has an existing well, which  
was drilled to test the Strawn, to a depth of 11,500 feet.  
By using this location we can save some \$200,000, which can  
best be applied somewhere else.

Q You'll be re-entering that old well, then?

A Yes, we'll be re-entering the old well.

Q Does that well have pipe in it?

A It has intermediate pipe from 4379 -- ex-  
cuse me, from 2379 down to 4200. It has no other casing,  
so we will --

Q It has surface casing, doesn't it?

A It has surface casing. It has 440 feet  
of surface casing.

Q And it has been plugged and abandoned.

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A. Yes, sir.

Q. When was it drilled?

A. In 1963.

Q. And you're proposing to dedicate the north half of Section 13 to the well.

A. Yes, sir.

Q. Have you made any estimate of reserves from this tract?

A. We estimate 2 to 3 billion plus 50 to 70,000 barrels of condensate. The Morrow does carry quite a bit of condensate there.

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

Do you have anything further, Mr. McCabe?

MR. McCABE: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6731?

We'll take the case under advisement.

(Hearing concluded.)



## REPORTER 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 complete and correct transcript of the hearing in  
the Division of Conservation No. 6791.  
heard by me on 11/14 1979.  
[Signature], Examiner  
Oil Conservation Division

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3010 Plaza Blanca (996) 471-2462  
Santa Fe, New Mexico 87501

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 Petroleum Develop-  
ment Corporation for a non-standard  
gas proration unit and an unorthodox  
location, Eddy County, New Mexico.

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I N D E X

CHARLES W. SANDERS

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Cross Examination by Mr. Nutter	5

E X H I B I T S

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14 being called as a witness and having been previously sworn  
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SALLY WALTON BOYD  
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Santa Fe, New Mexico 87501

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MR. McCABE: Yes.

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MR. McCABE: Yes.

CROSS EXAMINATION

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

Do you have anything further, Mr. McCabe?

MR. McCABE: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6731?

We'll take the case under advisement.

(Hearing concluded.)

REPORTER 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  
CERTIFIED SHORTHAND REPORTER  
3050 Plaza Blanca (605) 471-2462  
Santa Fe, New Mexico 87505

I do hereby certify that the foregoing is  
a correct and true transcript of the proceedings in  
the case of No. 6731.  
heard by me on 11/14 1979.  
[Signature], Examiner  
Oil Conservation Division





STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

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

November 27, 1979

Mr. Brian McCabe  
Kegel & McCulloh  
Attorneys at Law  
1231 Paseo De Peralta  
Santa Fe, New Mexico

Re: CASE NO. 6731  
ORDER NO. R-6196

**Applicant:**

Petroleum Development Corporation

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. 6731  
Order No. R-6196

APPLICATION OF PETROLEUM DEVELOPMENT  
CORPORATION FOR A NON-STANDARD GAS  
PRORATION UNIT, AND AN UNORTHODOX  
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 14, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of November, 1979, 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, Petroleum Development Corporation, seeks approval of a 320-acre non-standard gas proration unit comprising the N/2 of Section 13, Township 19 South, Range 31 East, NMPM, to be dedicated to a well to be re-entered at an unorthodox location 660 feet from the North line and 660 feet from the West line of said Section 13.

(3) That said unorthodox location results from the re-entry and deepening of a dry hole previously drilled to the Strawn formation.

(4) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Lusk-Morrow Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

-2-

Case No. 6731  
Order No. R-6196

(5) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Lusk-Morrow Gas 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.

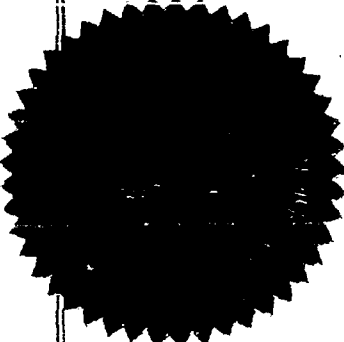
IT IS THEREFORE ORDERED:

(1) That the application of Petroleum Development Corporation for a 320-acre non-standard gas proration unit in the Lusk-Morrow Gas Pool comprising the N/2 of Section 13, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico, to be dedicated to a well to be re-entered at an unorthodox location 660 feet from the North line and 660 feet from the West line of said Section 13 is hereby approved.

(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

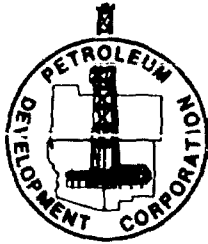


*Joe D. Ramey*  
JOE D. RAMEY,  
Director

dr/

Dan Nutter

Called  
Chas. Sanders of C  
3pm 11/21  
and advised his  
secretary that  
Order No. R-6196  
had been  
signed today  
Dan



## PETROLEUM DEVELOPMENT CORPORATION

9720-B CANDELARIA, NE  
ALBUQUERQUE, NEW MEXICO 87112  
TELEPHONE (505) 293-4044

*Case 6731*

October 26, 1979

Mr. Joe D. Ramey  
Secretary-Director  
OIL CONSERVATION COMMISSION  
PO Box 2088  
Santa Fe, New Mexico 87501

OCT 26 1979  
OIL CONSERVATION DIVISION  
SANTA FE

Dear Mr. Ramey:

RE: Application for unorthodox location and non-standard proration unit for Petroleum Development Corporation's Llano-McKay Federal #1, 660' FN & WL, Section 13, T19S, R31E, Eddy County, New Mexico.

It is requested that the above-captioned well be placed on the November 14, 1979 docket for consideration of unorthodox location and non-standard proration unit. The proposed proration unit is the north half (320 acres) of Section 13, T19S, R31E, Eddy County, New Mexico.

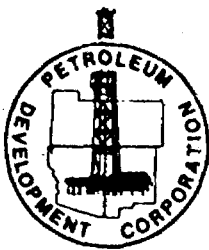
The well was originally drilled (dry hole) as a 11,500' Strawn test as the Coastal States Gas Producing Company - Sweeney-Federal "A" #1. Petroleum Development Corporation plans to re-enter the well, replace the top portion of the 8-5/8" casing, and deepen to approximately 12,800' to test the Morrow formation.

The use of the dry hole to explore for Morrow gas production makes this prospect economically attractive, and should result in the discovery of additional gas reserves.

Sincerely,  
PETROLEUM DEVELOPMENT CORPORATION

*Charles W. Sanders*  
Charles W. Sanders, Vice President

CWS:cmj



# PETROLEUM DEVELOPMENT CORPORATION

9720-B CANDELARIA, NE  
ALBUQUERQUE, NEW MEXICO 87112  
TELEPHONE (505) 293-4044

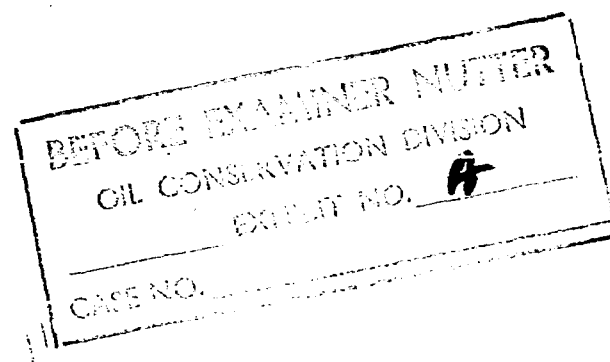
CASE NO. 6730

DOCKET No. 42-79, November 14, 1979

## EXHIBIT "A"

Following is a tabulation of wells in and adjacent to the Lusk-Morrow Gas Pool for which electric logs were available. Dry holes and near-dry holes and recent wells are not included. The purpose is to demonstrate the erratic and mostly low-acreage drainage of Morrow gas wells in the area.

<u>Well Location</u>	<u>Cum. Prod., MCF to 1-1-79</u>	<u>Net Pay Feet</u>	<u>Average Poro. %</u>	<u>Calc. Ult. Prod.-MCF</u>	<u>Calc. Drainage Acres</u>
H-29-19-32	505,631	14	6.0	510,000	72
J-19-19-32	8,558,064	16	8.0	10,300,000	950
G-20-19-32	337,281	14	9.0	338,000	32
K-18-19-32	128,378	28	6.5	130,000	8
J-9-19-32	293,295	21	10.3	850,000	47
K-16-19-32	1,830,169	36	10.0	3,000,000	98
F-16-19-32	837,050	13	8.0	2,600,000	295
N-34-18-32	644,726	21	8.9	1,100,000	70
L-3-19-32	1,335,184	33	7.2	5,000,000	248



CASE 6729: Application of Adams Exploration Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 16, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, 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 6730: Application of Petroleum Development Corporation to limit 640-acre spacing, Eddy and Lea Counties, New Mexico. Applicant, in the above-styled cause, seeks an order limiting the applicability of the 640-acre spacing and well location rules for the Lusk-Morrow Gas Pool to the present boundaries of said pool so that wells drilled nearby but outside the pool would be governed by Rule 104 of the Division's Rules.

CASE 6731: Application of Petroleum Development Corporation for a non-standard gas proration unit and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and West lines of Section 13, Township 19 South, Range 31 East, Lusk-Morrow Gas Pool, the N/2 of said Section 13 to be dedicated to the well as a non-standard 320-acre proration unit.

CASE 6709: (Continued from October 31, 1979, Examiner Hearing)

Application of HNG Oil Company for compulsory pooling, Lea 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 33, Township 16 South, Range 35 East, 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.

Chas Sanders ABQ 2:20 pm 10/25

Petroleum Development Corp.

unorthodox loc ~~Llano McKay Fed #1~~

660 FNL  
" FWC

13-195-31E Eddy Co.

unstd unit N/2 of Sec 13

---

limiting application of 640-acre  
spacing



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. 6731

Order No. R- ~~6197~~ 6196

APPLICATION OF PETROLEUM DEVELOPMENT CORPORATION  
GAS  
FOR A NON-STANDARD/PRORATION UNIT, AND AN UNORTHODOX LOCATION,  
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ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 14  
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NOW, on this \_\_\_\_\_ day of November, 1979, 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, Petroleum Development Corporation  
seeks approval of a 320-acre non-standard gas proration unit  
comprising the N/2 of Section 13, Town-  
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to a well to be drilled 660 feet from the North line and 660 feet  
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Unit of said Section 13.

(3) That the entire non-standard proration unit may reasonably  
be presumed productive of gas from the Lusk-Morrow  
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be efficiently and economically drained and developed by the  
aforesaid well.

(3) That said unorthodox location results from the  
re-entry and deepening of a well previously  
drilled to the Strawn formation.

*Please expedite  
want to start drilling  
by Nov. 26*

*[Signature]*

(5) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Lusk-Morrow Gas 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 <sup>*the application of Petroleum Development Corporation for*</sup> a 1320-acre non-standard gas proration unit in the Lusk-Morrow Gas Pool comprising the N/2 of Section 13, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico, ~~is hereby established and~~ <sup>*to be re-surveyed at an unorthodox location*</sup> dedicated to ~~xxx~~ a well to be drilled 660 feet from the North line and 660 ~~xxxxxxx~~ <sup>*located in the*</sup> ~~xxxxxxx~~ of said Section 13 *is hereby approved.*

(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.