

CASE 1364: GRACE PETROLEUM CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION, LEA
COUNTY, NEW MEXICO

CASE NO.

6864

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
9 April 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Grace Petroleum Corpor-) CASE
ation for an unorthodox gas well loca-) 6864
tion, Lea 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 to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Conrad E. Coffield, Esq.
HINKLE LAW FIRM
P. O. Box 3580
Midland, Texas 79701

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I N D E X

WILLIAM B. HENRY

Direct Examination by Mr. Coffield 3
Cross Examination by Mr. Nutter 7

E X H I B I T S

Applicant Exhibit One, Plat 5
Applicant Exhibit Two, Letter 5
Applicant Exhibit Three, Structure Map 5
Applicant Exhibit Four, Isopach 6
Applicant Exhibit Five, Map 6

SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 MR. NUTTER: We'll call next Case Number
2 6864.

3 MR. PADILLA: Application of Grace Petro-
4 leum Corporation for an unorthodox gas well location, Lea
5 County, New Mexico.

6 MR. COFFIELD: Conrad Coffield, with the
7 Hinkle Law Firm, appearing on behalf of the applicant. I
8 have one witness, Mr. Bill Henry.

9
10 (Witness sworn.)

11
12 WILLIAM J. HENRY
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. COFFIELD:

18 Q Mr. Henry, would you please for the record
19 state your name, address, occupation, and relationship with
20 the applicant?

21 A My name is William J. Henry. I live in
22 Midland, Texas, and I'm a consultant geologist, and I've
23 been employed by Grace Petroleum Corporation to testify in
24 this case.

25 Q Have you previously testified before the

SALLY W. BOYD, C.S.R.

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Santa Fe, New Mexico 87501
Phone (505) 435-7409

1 Division?

2 A Yes, I have.

3 Q And were your qualifications made a matter
4 of record and accepted by the Division?

5 A Yes, they were.

6 Q Are you familiar with Grace's application
7 in this particular case?

8 A Yes, sir.

9 Q And likewise are you familiar with the
10 property and the proposed well location?

11 A Yes.

12 MR. COFFIELD: Mr. Examiner, do you have
13 any other questions of Mr. Henry?

14 MR. NUTTER: Mr. Henry is qualified.

15 Q Mr. Henry, what is it that Grace Petroleum
16 seeks by this particular application?

17 A They propose to request an unorthodox
18 location to protect the potash in this particular instance.

19 Q Is Grace Petroleum urging this approval
20 for an unorthodox location because it's preferable on a
21 geological basis?

22 A No. We had originally proposed a standard
23 location, being the north half of Section 11, being 1980 from
24 the west line and 660 from the north, but there is a potash
25 conflict there, so we worked out a plot where we can drill

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1 and satisfy everybody involved.

2 Q All right, Mr. Henry, would you go to
3 what is marked as Exhibit One and explain that to the Examiner?

4 A Exhibit Number One is a land plat showing
5 the Grace Petroleum Smith Ranch Unit and the location of the
6 well that has been suggested by all parties, being down 1980
7 from the north and 660 from the west, which is down in the
8 southwest corner of our proration unit.

9 Q Okay, let's go on now to what we've marked
10 as Exhibit Two and have you identify that, please.

11 A Exhibit Two is a letter from Noranda,
12 who owns the potash lease in this area in Section 11, and
13 they state that they object to the standard location because
14 in the north half of Section 11 there is some 16 percent
15 K_2O , as sylvite over 5.5 feet thick, and as a compromise
16 they would not object if we've move the location as shown
17 on the land plat to a point 1980 from the north and 660 from
18 the west.

19 And they said that they would provide
20 any information to anybody that needed it about potash there.

21 Q Okay, Mr. Henry, would you go to what
22 we've marked as Exhibit Three and discuss that exhibit,
23 please.

24 A Exhibit Three is the Lower Morrow structure,
25 which this is our primary reservoir objective in this area,

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Box 1 Box 191-B
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1 which we're going to drill a 14,300 Morrow test, and as you
2 can see, our structural advantage would be optimum in our
3 original location, which is a standard location, but as you
4 can see, we've moved down structure to satisfy the potash
5 people, and we have agreed to drill the well there, if the
6 Commission agrees to this.

7 Q Okay, let's go on now to what we've marked
8 as Exhibit Four and discuss that.

9 A Exhibit Four is a gross Morrow Sand Iso-
10 pach, which shows the thickness of the reservoir that we
11 expect to be encountered there. And our reservoir quality
12 looks like will be approximately the same at this location
13 as it would be at a standard location.

14 Q Okay, Mr. Henry, refer now to what we've
15 marked as Exhibit Five and discuss that exhibit.

16 A Exhibit Five is a photocopy of the pre-
17 liminary potash resource map put out by USGS in Eddy and
18 Lea Counties in 1979.

19 You'll notice up in Township 20, 33, I
20 have shown the well location that we have compromised on,
21 which would be 1980 from the north, 660 from the west of
22 Section 11, and you can see that they show potash grade ore
23 there in the dark color, and the area where the well is
24 there's not supposed to be any.

25 Q In your expert opinion, Mr. Henry, is

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Phone (505) 455-7409

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Phone (505) 455-7409

1 the unorthodox well location sought in this application as
2 acceptable from a geological standpoint as a normal location
3 would be?

4 A Yes.

5 Q Mr. Henry, were these Exhibits One through
6 Five prepared by you or under your supervision?

7 A Yes, sir. They were.

8 Q And in your opinion will the approval of
9 this application by Grace prevent the drilling of unnecessary
10 wells and otherwise prevent waste and protect correlative
11 rights?

12 A Yes, sir.

13 MR. COFFIELD: Mr. Examiner, I move the
14 admission of Exhibits One through Five.

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

17 Are there any questions of Mr. Henry?

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19 CROSS EXAMINATION

20 BY MR. NUTTER:

21 Q Mr. Henry, is there any active potash
22 mining going on anywhere in this area?

23 A There's active potash mining by Kerr
24 McGee -- let me get back to the map -- back to the southwest
25 in Lea -- in Eddy County. You see --

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Phone (505) 433-7409

Page

2

1 Q Okay, I see, it's down here in this --

2 A Yes. Yes.

3 Q -- lower corner.

4 A Yes, lower corner, yes.

5 Q Okay, it's down in this lower lefthand
6 corner.

7 A Yes, sir, in Lea and Eddy Counties.

8 Q That's the nearest mining activity.

9 A That's the nearest mining activity, yes,
10 sir.

11 Q Okay.

12 MR. NUTTER: Are there any further ques-
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14 Do you have anything further, Mr. Cof-
15 field?

16 MR. COFFIELD: No, Mr. Examiner, I do not.

17 MR. NUTTER: Does anyone have anything
18 they wish to offer in Case Number 6864?

19 We'll take the case under advisement.

20

21

(Hearing concluded.)

22

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25

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Box 1 Box 199-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6864 heard by me on 4/9 1980.
[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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I N D E X

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WILLIAM B. HENRY

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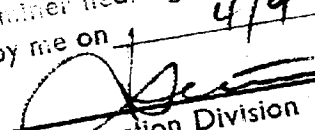
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21 (Hearing concluded.)
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Rt. 1 Box 195-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1864 heard by me on 4/9 1980.

Oil Conservation Division Examiner



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

April 17, 1980

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

Mr. Conrad E. Coffield
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
P. O. Box 3580
Midland, Texas 79702

Re: CASE NO. 6864
ORDER NO. R-6320

Applicant:

Grace Petroleum 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/ed

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. 6864
Order No. R-6320

APPLICATION OF GRACE PETROLEUM
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 9, 1980,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of April, 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, Grace Petroleum Corporation, seeks
approval of an unorthodox gas well location for its Smith Ranch
Well No. 11 to be drilled at a point 1980 feet from the North
line and 660 feet from the West line of Section 11, Township 20
South, Range 33 East, NMPN, Teas-Pennsylvanian Gas Pool, Lea
County, New Mexico.
- (3) That the N/2 of said Section 11 is to be dedicated to
the well.
- (4) That said unorthodox gas well location was chosen as
a compromise to avoid drilling in an area suspected of containing
commercial deposits of potash.
- (5) That no offset operator objected to the proposed un-
orthodox location.

-2-

Case No. 6864
Order No. R-6320

(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 Pennsylvanian formation is hereby approved for the Grace Petroleum Corporation Smith Ranch Well No. 11 to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East, NMPM, Texas-Pennsylvanian Gas Pool, Lea County, New Mexico.

(2) That the N/2 of said Section 11 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

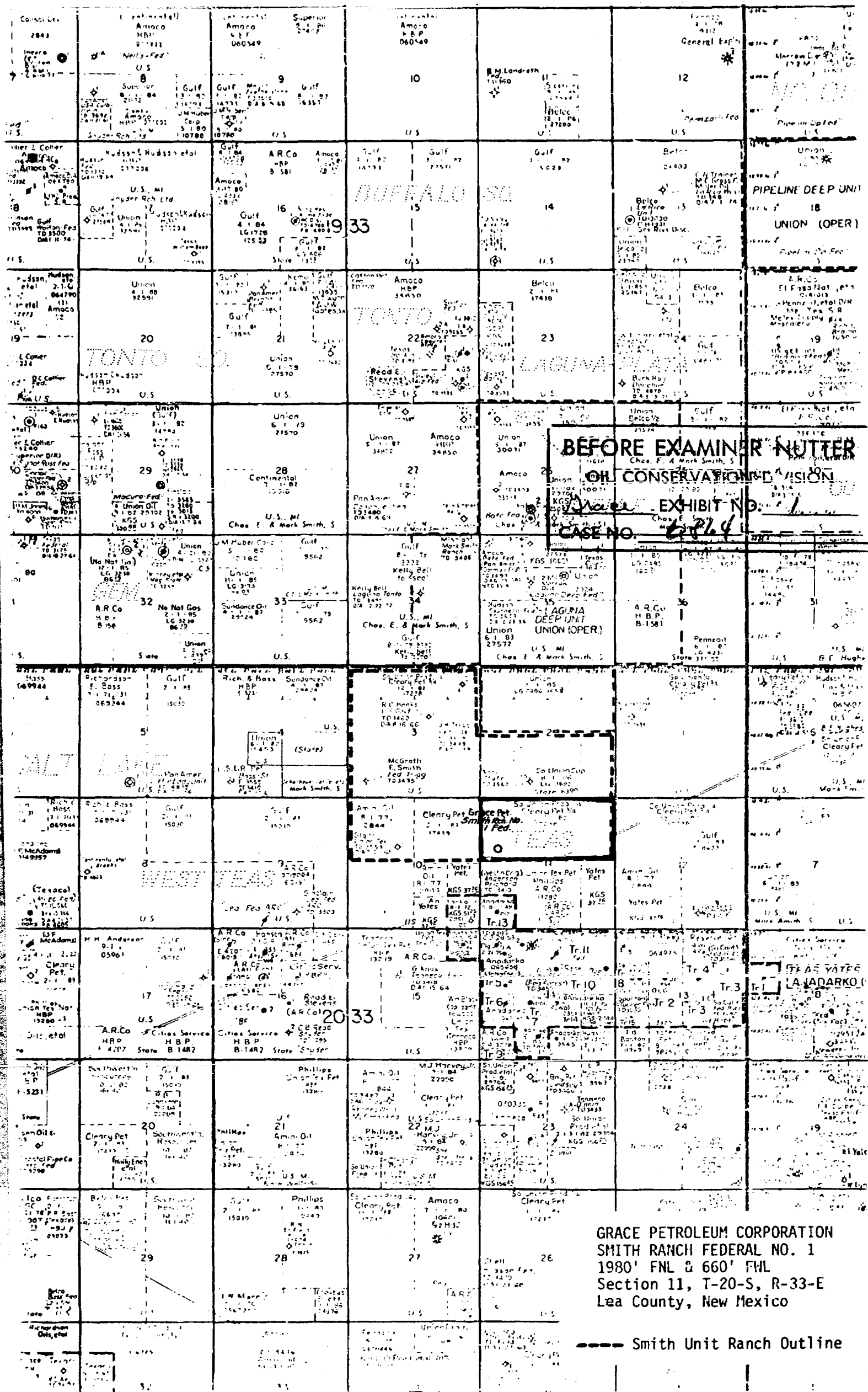
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director



S E A L

rd/



GRACE PETROLEUM CORPORATION
SMITH RANCH FEDERAL NO. 1
1980' FNL & 660' FNL
Section 11, T-20-S, R-33-E
Lea County, New Mexico

Smith Unit Ranch Outline


Noranda Exploration, Inc.
2136 Gulf Gate Drive
Suite 3
Sarasota, Florida 33581

noranda

FILE

MAR - 5 1980

Tel.: (813) 921-5711

February 28, 1980

Mr. Joe C. Steely
Grace Petroleum Corp.
Broadway Executive Park
6501 North Broadway,
Oklahoma City, Oklahoma 73116

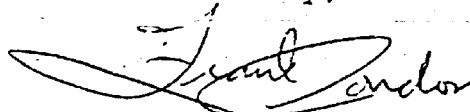
SMITH RANCH
FEDERAL WELL N° 1

Dear Mr. Steely,

Thank you for your letter of February 15 regarding the deep well Grace Petroleum proposes to drill in Section 11, T20S - R33E. Noranda Exploration, which has a potassium lease covering all of Section 11, objects to drilling this well because of the interference with their potash reserves. Our drilling records indicate this area contains Tenth Zone potash mineralization, averaging 16% K2O as sylvite over 5.5 feet.

As a compromise, we would not object to you moving the well site west, to a point 1,980 feet from the north boundary and 660 feet from the west boundary of Section 11. I understand that you will require approval from the Conservation Director to change the well site, and we can arrange to supply you with drill reports verifying the presence of economic grade potash, if necessary.

Yours truly,



Frank Condon
Project Manager

CC: J. Burleson
J.M. Gordon w/encl.
W. Melton
D. Olmsted w/encl.

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
<i>Yade</i>	EXHIBIT NO. <u>2</u>
CASE NO.	<u>6864</u>

EXHIBIT NO. 1
CASE NO. 686

Smith Unit Ranch Outline

AK
Noranda Exploration, Inc.
2136 Gulf Gate Drive
Suite 3
Sarasota, Florida 33581

noranda

FILE
MAR - 5 1980

Tel.: (813) 921-5711

February 28, 1980

Mr. Joe C. Steely
Grace Petroleum Corp.
Broadway Executive Park
6501 North Broadway,
Oklahoma City, Oklahoma 73116

SMITH RANCH
FEDERAL WELL N° 1

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BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

See EXHIBIT NO. 2
CASE NO. 6864

Docket No. 9-80

Dockets Nos. 12-80 and 13-80 are tentatively set for April 23 and May 7, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 9, 1980

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:

- CASE 6850: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Jack F. Grimm, N. B. Hunt, George R. Brown, Am-Arctic, Ltd., The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Mobil 32 Well No. 1 located in Unit D of Section 32, Township 25 South, Range 1 East, Dona Ana County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6851: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amendments to its SPECIAL RULES FOR APPLICATIONS FOR WELLHEAD PRICE CEILING CATEGORY DETERMINATIONS as promulgated by Division Order No. R-5878 and amended by R-5878-A. The proposed amendments would make said SPECIAL RULES conform to FERC Order No. 65 which promulgated final regulations implementing filing requirements of the Natural Gas Policy Act of 1978.
- CASE 6852: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider special rules and procedures for the designation of "tight formations" or "tight sands" as outlined in the FERC interim rules and regulations issued February 20, 1980, relating to Section 107(b) of the Natural Gas Policy Act of 1978.
- CASE 6853: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cha Cha-Gallup Pool underlying the N/2 NE/4 of Section 18, Township 29 North, Range 14 West, 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 6854: Application of Jack A. Cole for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Apache Hills Well No. 6, 1326 feet from the North line and 1843 feet from the West line of Section 17, Township 23 North, Range 3 West, Ballard-Pictured Cliffs Pool, the NW/4 of said Section 17 to be dedicated to the well.
- CASE 6841: (Continued from March 26, 1980, Examiner Hearing)
- Application of CIG Exploration, Inc. for two non-standard gas proration units, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units in Township 16 South, Range 28 East, the first being 219.6 acres comprising Lots 1 thru 8 of Section 1 and the second being 219.92 acres comprising Lots 1 thru 8 of Section 2, for the Wolfcamp, Pennsylvanian, and Mississippian formations, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6855: Application of Dome Petroleum Corporation for an unorthodox well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Santa Fe 3 Well No. 1 to be drilled 1220 feet from the North line and 900 feet from the West line of Section 3, Township 21 North, Range 10 West.
- CASE 6856: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry, Tubb-Drinkard, and Fusselman production in the wellbore of its C. C. Fristoe "3" Federal NCT-2 Well No. 6 located in Unit H of Section 34, Township 24 South, Range 37 East, Justis Field.
- CASE 6857: Application of Holly Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 14 Well No. 1, a Morrow test to be drilled 660 feet from the South line and 590 feet from the East line of Section 14, Township 18 South, Range 28 East, the S/2 of said Section 14 to be dedicated to the well.

CASE 6843: (Continued from March 26, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yeso formation underlying two 40-acre proration units, the first being the SE/4 SE/4 and the second being the SW/4 SE/4 of Section 6, Township 19 South, Range 25 East, Penasco Draw Field, each 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 wells 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 wells and a charge for risk involved in drilling said wells.

CASE 6858: Application of H. L. Brown, Jr. for gas well commingling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Bluit-Wolfcamp gas and condensate production from ten federal wells located as follows: Units K and P of Section 33 and L of 34, Township 7 South, Range 37 East; Units D and L of Section 3, C and J of 4, I of 5, C of 9 and C of 10; and one fee well in D of 10, all in Township 8 South, Range 37 East. Applicant would separate and meter the gas and condensate production from each well, then recombine the well's stream and commingle all wells into a small gasoline plant. Allocation of gas and condensate to each well would be on the basis of wellhead meter readings and allocation of gasoline plant production would be on the basis of gas production and BTU content at each well.

CASE 6859: Application of R & C Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1890 feet from the North line and 1830 feet from the East line of Section 28, Township 28 North, Range 11 West, Kutz-Fruitland Pool, the NE/4 of said Section 28 to be dedicated to the well.

CASE 6860: Application of Flag-Redfern Oil Company for an exception to Order No. K-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit P of Section 3, Township 19 South, Range 31 East.

CASE 6861: Application of Zia Energy, Inc. for pool creation, special pool rules, and an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres oil pool for its State "C" Well No. 1 located in Unit F of Section 17, Township 22 South, Range 37 East, and special rules therefor, including a provision for a limiting gas-oil ratio of 10,000 to 1. Applicant further seeks a new onshore reservoir determination for said State "C" Well No. 1.

CASE 6837: (Continued from March 26, 1980, Examiner Hearing)

Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, 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 6862: Application of ARCO Oil and Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State 157 "D" Well No. 11 drilled 2123 feet from the South line and 1644 feet from the East line of Section 12, Township 22 South, Range 36 East, Drinkard Pool, the NW/4 SE/4 of said Section 12 to be dedicated to the well.

CASE 6863: Application of [redacted] Production Co. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Big Eddy Unit Well No. 72 located in Unit R of Section 3, Township 21 South, Range 28 East, to produce undesignated Atoka and Morrow gas thru parallel strings of tubing.

CASE 6864: Application of Grace Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Smith Ranch Well No. 11, to be drilled 1980 feet from the North line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East, Teas-Penn Gas Pool, the N/2 of said Section 11 to be dedicated to the well.

CASE 6846: (Amended)

In the matter of Case No. 6846 being amended to reflect that the location for the unorthodox location of the well on the second unit is 330 feet from the North line and 2310 feet from the East line of Section 13, Township 21 South, Range 36 East, Lea County.

CASE 6846: (Continued from March 26, 1980, Examiner Hearing)

Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Humont Gas Pool underlying two 80-acre non-standard gas proration units, the first being the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13, and the second being the N/2 NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the North line and 2310 feet from the East line of said Section 13. Also to be considered will be the cost of drilling and completing said wells 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 wells and a charge for risk involved in drilling said wells.

CASE 6865: Application of Getty Oil Company to reopen Case No. 6608, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to reopen Case No. 6608 for consideration of the establishment of maximum efficient rates of withdrawal from the Grama Ridge-Wolfcamp Gas Pool.

Docket No. 10-80

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 16, 1980

8:45 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

- ALLOWABLE:** (1) Consideration of the allowable production of gas for May, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for May, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

Docket No. 11-80

DOCKET: COMMISSION HEARING - WEDNESDAY - APRIL 16, 1980

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

CASE 6609: (DE NOVO) (Continued from March 11, 1980, Commission Hearing)

Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit O of Section 33, Township 18 South, Range 30 East, and special rules therefor, including 160-acre spacing and standard well locations.

Upon application of Yates Petroleum Corporation and Napeco Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220. Applicants allege this is not an "oil" pool but is a "volatile" oil pool.

LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
MARCEL L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
JAMES H. BOZARTH
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON

ENNEST R. FINNEY, JR.
J. DOUGLAS FOSTER
K. DOUGLAS PERRIN
C. RAY ALLEN
JACQUELINE W. ALLEN
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD
JOHN S. NELSON
RICHARD E. OLSON
PHILLIP T. BREWER

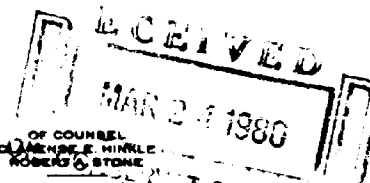
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BOHANNON, FINNEY, FOSTER, ALLEN, ALLEN,
BURFORD, BREWER & STONE
LICENSED IN TEXAS

March 19, 1980

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 6864

Re: Grace Petroleum
Corporation Application
for Unorthodox Well
Location in Lea County,
New Mexico

Dear Dan:

Transmitted herewith you will find triplicate executed copies of an Application for Grace Petroleum Corporation for an unorthodox gas well location in Section 11, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

It is my understanding that the docket setting for April 9, 1980 is still available for this matter, and accordingly, we request that it be heard on that date.

I trust that the enclosed copies of the Application are all that is needed in order for this to be set for the April 9, 1980 hearing. However, if anything is needed in addition, please let me know.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:cl

Enclosures

xc: Mr. Leslie Howard
Grace Petroleum Corporation
6501 North Broadway
Oklahoma City, Oklahoma 73116

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

APPLICATION OF GRACE PETROLEUM
CORPORATION FOR AN UNORTHODOX
WELL LOCATION, LEA COUNTY,
NEW MEXICO

Case 6864

APPLICATION

Grace Petroleum Corporation hereby makes application for approval of an unorthodox gas well location and states:

1. Applicant seeks approval of an unorthodox gas well location for its Smith Ranch #1-11 Well to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, to an approximate depth of 13,500 feet, or to a depth sufficient to test the Wolfcamp and Pennsylvanian formations.

2. That the N $\frac{1}{2}$ of Section 11 is to be dedicated to the well, and all of said lands are in the Teas-Pennsylvanian Gas Pool.

3. Approval of the unorthodox location will be in the interest of conservation, prevention of waste and protection of correlative rights.

4. Applicant requests that this matter be heard at the April 9, 1980 Examiner's hearing.

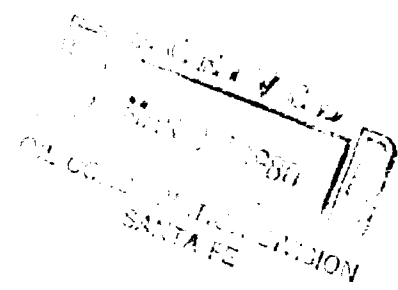
HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: 

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Grace
Petroleum Corporation

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

APPLICATION OF GRACE PETROLEUM)
CORPORATION FOR AN UNORTHODOX)
WELL LOCATION, LEA COUNTY,)
NEW MEXICO)



Case 6864

APPLICATION

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1. Applicant seeks approval of an unorthodox gas well location for its Smith Ranch #1-11 Well to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, to an approximate depth of 13,500 feet, or to a depth sufficient to test the Wolfcamp and Pennsylvanian formations.

2. That the N $\frac{1}{2}$ of Section 11 is to be dedicated to the well, and all of said lands are in the Teas-Pennsylvanian Gas Pool.

3. Approval of the unorthodox location will be in the interest of conservation, prevention of waste and protection of correlative rights.

4. Applicant requests that this matter be heard at the April 9, 1980 Examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: 

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Grace
Petroleum Corporation

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

APPLICATION OF GRACE PETROLEUM)
CORPORATION FOR AN UNORTHODOX)
WELL LOCATION, LEA COUNTY,)
NEW MEXICO)

Case 6864

APPLICATION

Grace Petroleum Corporation hereby makes application for approval of an unorthodox gas well location and states:

1. Applicant seeks approval of an unorthodox gas well location for its Smith Ranch #1-11 Well to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, to an approximate depth of 13,500 feet, or to a depth sufficient to test the Wolfcamp and Pennsylvanian formations.

2. That the N $\frac{1}{2}$ of Section 11 is to be dedicated to the well, and all of said lands are in the Teas-Pennsylvanian Gas Pool.

3. Approval of the unorthodox location will be in the interest of conservation, prevention of waste and protection of correlative rights.

4. Applicant requests that this matter be heard at the April 9, 1980 Examiner's hearing.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By: 

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Grace
Petroleum Corporation

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. 6864

ORDER NO. R- 6320

APPLICATION OF GRACE PETROLEUM CORPORATION

FOR AN UNORTHODOX GAS WELL LOCATION,

LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 9,
19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of April, 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, Grace Petroleum Corporation,
for its Smith Ranch Well No. 11 to be drilled at a point
seeks approval of an unorthodox gas well location/ 1980

feet from the North line and 660 feet from the

West line of Section 11, Township 20 South

Range 33 East, NMPM, to test the

formation, Teas-Penn Gas Pool, Lea

County, New Mexico.

(3) That the N/2 of said Section 11 is to be
dedicated to the well.

(4) *That said unorthodox gas well location was chosen as a com-*
~~promise to avoid drilling in an area suspected of containing~~
~~enable applicant to produce the gas underlying the proration unit.~~
~~Commercial deposits of potash.~~

(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 Pennsylvanian the Grace Petroleum Corporation Smith Ranch Well No. 11 to be drilled formation is hereby approved for ~~a well to be located~~ at a point 1980 feet from the North line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East NMPM, Teas-Penn^{Gas} Pool, Lea County, New Mexico.

(2) That the N/2 of said Section 11 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.

Grace Petroleum Corp.

Smith Ranch #11 narrow test
1980 FNL 660 FWL 11-20-33 Sea Co



N/2 of Sec ^{to be} dedicated

Conrad Coffield 3PM 3/19/80