POR AN UNORTHODOX GAS WELL LOCATION, LEADONTY, NEW HEXICO

CASE NO.

6864

APPlication,
Transcripts,
Small Exhibits,

ETC.

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

EXAMINER HEAPING

IN THE MATTER OF:

Application of Grace Petroleum Corpor-) ation for an unorthodox gas well loca-) tion, Lea County, New Mexico.

CASE 6864

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation

Ernest L. Padilla, Esq. Legal Counsel to the Division

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

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WILLIAM B. HENRY

Direct Examination by Mr. Coffield

Cross Examination by Mr. Nutter

EXHIBITS

Applicant Exhibit One, Plat

Applicant Exhibit Two, Letter

Applicant Exhibit Three, Structure Map

Applicant Exhibit Four, Isopach

Applicant Exhibit Five, Map

ALLY W. BOYD, C.S.I Rt. 1 Box 193-B Senta Fe, New Mexico 57301 Phone (505) 435-7409

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MR. NUTTER: We'll call next Case Number

MR. PADILLA: Application of Grace Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico.

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

(Witness sworn.)

WILLIAM J. HENRY

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

DIRECT EXAMINATION

BY MR. COFFIELD:

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

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

Have you previously testified before the

ALLY W. BOYD, C.S.I Ft. 1 Box 193-38 Santa Fe, New Mexico 87501 Phone (505) 455-7409

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Division?

Yes, I have.

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

Yes, they were.

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

Yes, sir.

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

Yes.

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

MR. NUTTER: Mr. Henry is qualified.

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

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

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

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

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and satisfy everybody involved.

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

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

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

Exhibit Two is a letter from Noranda, who owns the potash lease in this area in Section 11, and they state that they object to the standard location because in the north half of Section 11 there is some 16 percent K_20 , as sylvite over 5.5 feet thick, and as a compromise they would not object if we've move the location as shown on the land plat to a point 1980 from the north and 660 from the west.

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

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

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

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

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

pach, which shows the thickness of the reservoir that we expect to be encountered there. And our reservoir quality looks like will be approximately the same at this location as it would be at a standard location.

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

Exhibit Five is a photocopy of the preliminary potash resource map put out by USGS in Eddy and Lea Counties in 1979.

have shown the well location that we have compromised on, which would be 1980 from the north, 660 from the west of Section 11, and you can see that they show potash grade ore there in the dark color, and the area where the well is there's not supposed to be any.

Q In your expert opinion, Mr. Henry, is

the unorthodox well location sought in this application as

acceptable from a geological standpoint as a normal location

would be?

Yes.

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

Yes, sir. They were.

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

Yes, sir.

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

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

Are there any questions of Mr. Henry?

CROSS EXAMINATION

BY MR. NUTTER:

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

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

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Yes, lower corner, yes.

-- lower corner.

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

Yes, sir, in Lea and Eddy Counties.

That's the nearest mining activity.

That's the nearest mining activity, yes,

sir.

Okay.

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

Do you have anything further, Mr. Cof-

field?

MR. COFFIELD: No, Mr. Examiner, I do not. MR. NUTTER: Does anyone have anything

they wish to offer in Case Number 6864?

We'll take the case under advisement.

(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.

Jally W. Boyd C.S.E.

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W. BOYD, C.S.R. 1.1 Box 199-B 1, New Meddo \$7301 STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA PE, NEW MEXICO
9 April 1980

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For the Applicant:

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ALLY W. BOYD, C.S.
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Exhibit Five is a photocopy of the preliminary potash resource map put out by USGS in Eddy and Lea Counties in 1979.

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

In your expert opinion, Mr. Henry, is

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

A. Yes.

Q. Mr. Henry, were these Exhibits One through

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A Yes, sir. They were.

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

A Yes, sir.

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

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

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Okay, I see, it's down here in this --Yes. Yes. -- lower corner. Yes, lower corner, yes. Okay, it's down in this lower lefthand corner. Yes, sir, in Lea and Eddy Counties. That's the nearest mining activity. That's the nearest mining activity, yes, sir. Okay. MR. NUTTER: Are there any further questions of Mr. Henry? He may be excused. Do you have anything further, Mr. Coffield? MR. COFFIELD: No, Mr. Examiner, I do not. MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6864? We'll take the case under advisement. (Hearing concluded.)

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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.

> I do hereby certify that the foregoing is a correlate record of the proceedings in the Examiner hearing of Case No. 1980. neard by me on

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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

Re:	CASE NO. 6864
Mr. Conrad E. Coffield	ORDER NO. R-6320
Hinkle, Cox, Eaton, Coffield	
& Hensley	
Attorneys at Law	Applicant:
P. O. Box 3580	
Midland, Texas 79792	

Grace Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

JOE D. RAMEY
Director

JDR/fd	
Copy of order also sent to:	
Robbs OCD X Artesia OCD X Aztec OCD	
Other	

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN TEE 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. Mutter.

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 Fell 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 26 South, Range 33 East, MMPM, 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 compromise to avoid drilling in an area suspected of containing commercial deposits of potential.
- (5) That no offset operator objected to the proposed un-

-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 Worth line and 660 feet from the West line of Section 11, Township 20 South, Range 33 East, NMPM, Teas-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 Nextco, on the day and year hereinabove designated.

> STATE OF NEW MEXICO OLL CONSERVATION DIVISION

JOE D. RAMEY

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

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MAR - 5 1980

Tel.: (813) 921-5711

February 28, 1980

SMITH RANCH FEDERAL WELL Nº 1

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

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

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

Grace EXHIBIT NO. 2

CASE NO. 6864

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

13AR = 5 1000

noranda

Tel.: (813) 921-5711

February 28, 1980

SMITH RANCH
FEDERAL WELL Nº |

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

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

Suc 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. Bunt, George R. Brown, Am-Arctic, Ltd., The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Hobil 32 Well No. 1 located in Unit D of Section 32, Township 25 South, Range 1 East, Done And 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 ChaGallup 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 Wolframp, 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 Petrolem Correction for an unorthodox well location, McKinley County, New lines. 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 Blinebry, 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 990 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 and complete.

- 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 Bluitt-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, 1 of 5, C of 9 and G of 10; and one fee well in P 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 & G 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. R-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, Eange 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 8803: Applicant, in the above-styled cause, seems approved Township 21 South, Range 25 Last, 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.

Page 3 of 3 Examiner Hearing - Wednesday - April 9, 1980 Docket No. 9-80

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 Eumont 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 1550 feet from the Morth 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 befor 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 Merch 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 Hovo pursuant to the provisions of Rule 1220. Applicants allege this is not an "oil" pool but is a "wolatile" oil pool.

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

1000 FIRST NATIONAL BANK TOWER

POST OFFICE BOX 3580 MIDLAND, TEXAS 79702

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(915) 683-4091

OF COUNTER WINDS 1980

AMARILLO, TEXAS OFFICE 1701 AMERICAN NATIONAL BANK BUILDING

only attyš. Eatok, coppield, martin, bozarth, Bohannon, finney, foster, allen, allen, Burpord, srewer & stone Lichberd 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 ON CO. THE DEPARTMENT OF ENERGY AND MINERALS STATE OF NEW MEXICO APPLICATION OF GRACE PETROLEUM Case 6864 CORPORATION FOR AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO 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

a depth sufficient to test the Wolfcamp and Pennsylvanian

formations.

correlative rights.

April 9, 1980 Examiner's hearing.

County, New Mexico, to an approximate depth of 13,500 feet, or to

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

4. Applicant requests that this matter be heard at the

HINKLE, COX, EATON, COFFIELD & HENSLEY

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

2. That the $N^{\frac{1}{2}}$ of Section 11 is to be dedicated to the well,

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

Бу.

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 N½ 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:

Post Office Box 3580 Midland, Texas 79702 Attorneys for Grace Petroleum Corporation

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION

location.

DIVISION FOR THE PURPOSE OF CONSIDERING: CASE NO. 6864 ORDER NO. R- (320)APPLICATION OF GRACE PETROLEUM CORPORATION FOR AN UNORTHODOX GAS WELL LOCATION, 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 paint seeks approval of an unorthodox gas well location/ feet from the North line and 650 feet from the West line of Section 11 ___, Township 20 Scuth 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. That said unorthodox gas well location was chosen as a Co promise to avoid drilling in an area suspected of Containing enable applicant to produce the gas underlying the provation whit. real deposits of potash. (5) That no offset operator objected to the proposed unorthodox



-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 the Grace Petroleum Corporation Smith	for the Pennsylvanian
formation is hereby approved for/a medal kick bex low	DECREE AT A POINT 1980
feet from the North line and 660 feet	t from the <u>West</u>
line of Section 11 , Township 20 South	, Range 33 East
NMPM, Teas-Penn ³ /Gas	Pool, Lea County,
1000 5000	_ room, oddney,
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.

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in terming Andrews Dept.	