

CASE 7080: FRANKS PETROLEUM, INC. FOR
AN UNORTHODOX GAS WELL LOCATION, LEA
COUNTY, NEW MEXICO

Case No.

7080

Application

Transcripts

Small Exhibits

ETC



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

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

December 15, 1980

Re: CASE NO. 7080
ORDER NO. R-6531

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Applicant:

Franks Petroleum, Inc.

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 x
Artesia OCD x
Aztec OCD

Other Conrad Coffield

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. 7080
Order No. R-6531

APPLICATION OF FRANKS PETROLEUM, INC.
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 November 12, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 11th day of December, 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, Franks Petroleum, Inc., seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the East line of Section 9, Township 21 South, Range 32 East, NMPM, to test the Morrow formation, Hat Mesa-Morrow Gas Pool, Lea County, New Mexico.

(3) That the E/2 of said Section 9 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. 7080
Order No. R-6531

(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.

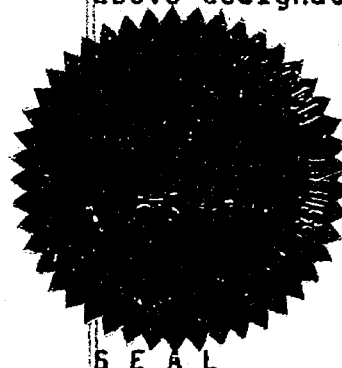
IT IS THEREFORE ORDERED:

(1) That the applicant, Franks Petroleum, Inc., is hereby authorized an unorthodox gas well location for the Morrow formation for a well to be located at a point 660 feet from the North line and 660 feet from the East line of Section 9, Township 21 South, Range 32 East, NMPM, Hat Mesa-Morrow Gas Pool, Lea County, New Mexico.

(2) That the E/2 of said Section 9 shall be dedicated to the above-described well.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

Fd/

LAW OFFICES

HINKLE, COX, EATON, COFFIELD & HENSLEY

1000 FIRST NATIONAL BANK TOWER

Post Office Box 3580

MIDLAND, TEXAS 79702

(512) 633-4031

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

ERNEST 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

RECEIVED
NOV 19 1980

OF COUNSEL
CLARENCE E. HINKLE
ROBERT A. STONE

W. E. BOND
OIL CONSERVATION DIVISION
ROSSELL, NEW MEXICO OFFICE
600 HINKLE BUILDING
(505) 622-6510

ARARILLO, TEXAS OFFICE
1701 AMERICAN NATIONAL BANK BUILDING
(806) 372-8589

ONLY ATTYS, EATON, COFFIELD, MARTIN, BOZARTH,
BOHANNON, FINNEY, FOSTER, ALLEN, ALLEN,
BURFORD, BREWER & STONE
LICENSED IN TEXAS

November 17, 1980

Mr. Joe D. Ramey
Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Franks Petroleum Corporation
Oil Conservation Division
Case No. 7080, Examiner's
Hearing November 12, 1980

Dear Joe:

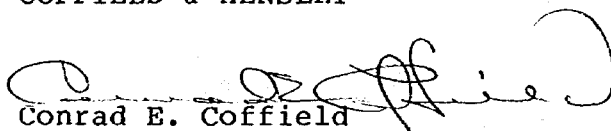
Per my telephoned request to Florene Davidson, please duly note the Oil Conservation Division records in connection with the above referenced case to the effect that I would like to have a copy of the Order transmitted to me at such time as the Division has actually entered its Order. One of my clients has an interest in the property involved and until Friday was unaware of the fact that the hearing was held on this particular property last Wednesday. Accordingly, it would be much appreciated if you would put me on the list for distribution of copies of this particular Order.

If anything further is needed in order to accomplish this request, please call.

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY


Conrad E. Coffield

CEC:rh

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Franks Petroleum, Inc.)
for an unorthodox gas well location,)
Lea County, New Mexico.)

CASE
7080

BEFORE: Richard L. Stamets

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:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

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

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I N D E X

WILLIAM J. HENRY

Direct Examination by Mr. Kellahin

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E X H I B I T S

Applicant Exhibit One, Plat

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Applicant Exhibit Two, Montage

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MR. STAMETS: The hearing will please
come to order.

We'll call at this time Case 7080.

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

MR. KELLAHIN: I'm Tom Kellahin of
Santa Fe, New Mexico, appearing on behalf of the applicant,
and I have one witness.

MR. STAMETS: I'd like to have him
stand and be sworn, please.

(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. KELLAHIN:

Q Will you please state your name and
occupation?

A. My name is William J. Henry. I'm a
consulting petroleum geologist out of Midland, Texas, repre-

1
2 sending Franks, Incorporated.

3 Q Mr. Henry, have you previously testified
4 before the Division as a petroleum geologist and had your
5 qualifications accepted and made a matter of record?
6

7 A Yes, I have.

8 Q And have you made a study of the facts
9 surrounding this particular application?

10 A Yes, I have.

11 MR. KELLAHIN: Westender Mr. Henry as
12 an expert petroleum geologist.

13 MR. STAMETS: The witness is considered
14 qualified.

15 Q Mr. Henry, would you refer to what
16 we've marked as Exhibit Number One and identify that?
17

18 A Yes. Exhibit One is a commercial land
19 map showing all the well locations in the Hat Mesa and South
20 Salt Lake Field, and our dedicated proration unit is shown
21 in red, with our proposed location shown in red with a red
22 arrow.
23

24 Q You propose to dedicate the east half
25 of the section to a Morrow test?

26 A That is correct.

27 Q And it will be at a location 660 feet
28 out of the north and east lines of Section 9, is it?

A. That is right.

Q Sir, would you turn to Exhibit Number Two and identify that, please?

A. Exhibit Number Two is a montage of the structure of the Morrow.

Exhibit Number Two is a montage with the structure of the Lower Morrow, which we map as our structural in South Salt Lake and Hat Mesa.

The structure map is on the northeast -- or the northwest corner of the map there, up in the lefthand corner there, showing our proration unit and our proposed location, and the existing Bass well over in Section 10, adjacent on the east, and the Union Halfway Federal in Section 9, which is a dry hole.

And down on the south part, or the lower part of the map, I show a cross section between the Bass well and the Union Halfway Federal, showing -- which is a diagrammatic section of the Morrow Sand section, and showing the lenticularity of the Morrow as it is present in this area.

Q. How close is the Bass well in Section 10 to the section line separating Sections 9 and 10?

A. It's 660 from the north and west.

Q. So you'll be at the same distance from that section line as the Bass well?

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A. That's correct.

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Q. Would you summarize for us, Mr. Henry, why you have chosen this particular location from which to drain and develop the east half of Section 9?

A. Well, as you can see, we -- our location is in the steep southwest flank off the structure, and if you'll give your attention to the Morrow section in the Union Halfway Federal, I won't point out all of them, but numerous sands have been perforated in the Union well, which had gas and no water but were low in porosity and permeability and noncommercial. And we feel like by moving up-dip that we can encounter and recover reserve -- I mean recoverable gas reserves that otherwise wouldn't be produced.

Q. In your opinion is the proposed location the optimum location from which to develop the east half of Section 9?

A. Yes, I believe it is.

Q. Anything else you'd like to draw our attention to with regards to this exhibit?

A. No, I believe it's self-explanatory. I would -- would like to point out on the Bass well down in the lower part of the section at fourteen two, there is a Morrow Sand that is not present in the Superior Government Well further to the east, nor in the Grace Well to the north,

1
2 and it is -- although it is -- was perforated and tested in
3 the Bass -- Franks well, it is not being produced at this
4 time. They are producing from the upper Morrow, and this is
5 one of the main reservoir sands that we are going for, that
6 we feel like is -- that we will encounter over in Section 9,
7 over on the Union farmout lease.
8

9 Q Mr. Henry, were Exhibits One and Two
10 prepared by you or compiled under your direction and super-
11 vision?

12 A Yes, they were.

13 Q And in your opinion will approval of
14 this application be in the best interests of conservation,
15 the prevention of waste, and the protection of correlative
16 rights?
17

18 A Yes, I believe it will.

19 MR. KELLAHIN: We move the introduction
20 of Exhibits One and Two.

21 MR. STAMETS: These exhibits will be
22 admitted.
23

24 Are there any questions of the witness?

25 He may be excused.

26 Anything further in this case?

27 The case will be taken under advisement.

28 (Hearing concluded.)

C E R T I F I C A T E

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.

I do hereby certify that the foregoing is a complete record of the hearing, in the Examiner's hearing of Case No. 7086, heard by me on 11-12 1980.

Richard L. Slawik, Examiner
Oil Conservation Division

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

EXAMINER HEARING

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for an unorthodox gas well location,)
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CASE
7080

BEFORE: Richard L. Stamets

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For the Applicant:

W. Thomas Kellahin, Esq.
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SALLY W. BOYD, C.S.R.

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Phone (505) 455-7409

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11 and I have one witness.

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16 (Witness sworn.)
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18 WILLIAM J. HENRY
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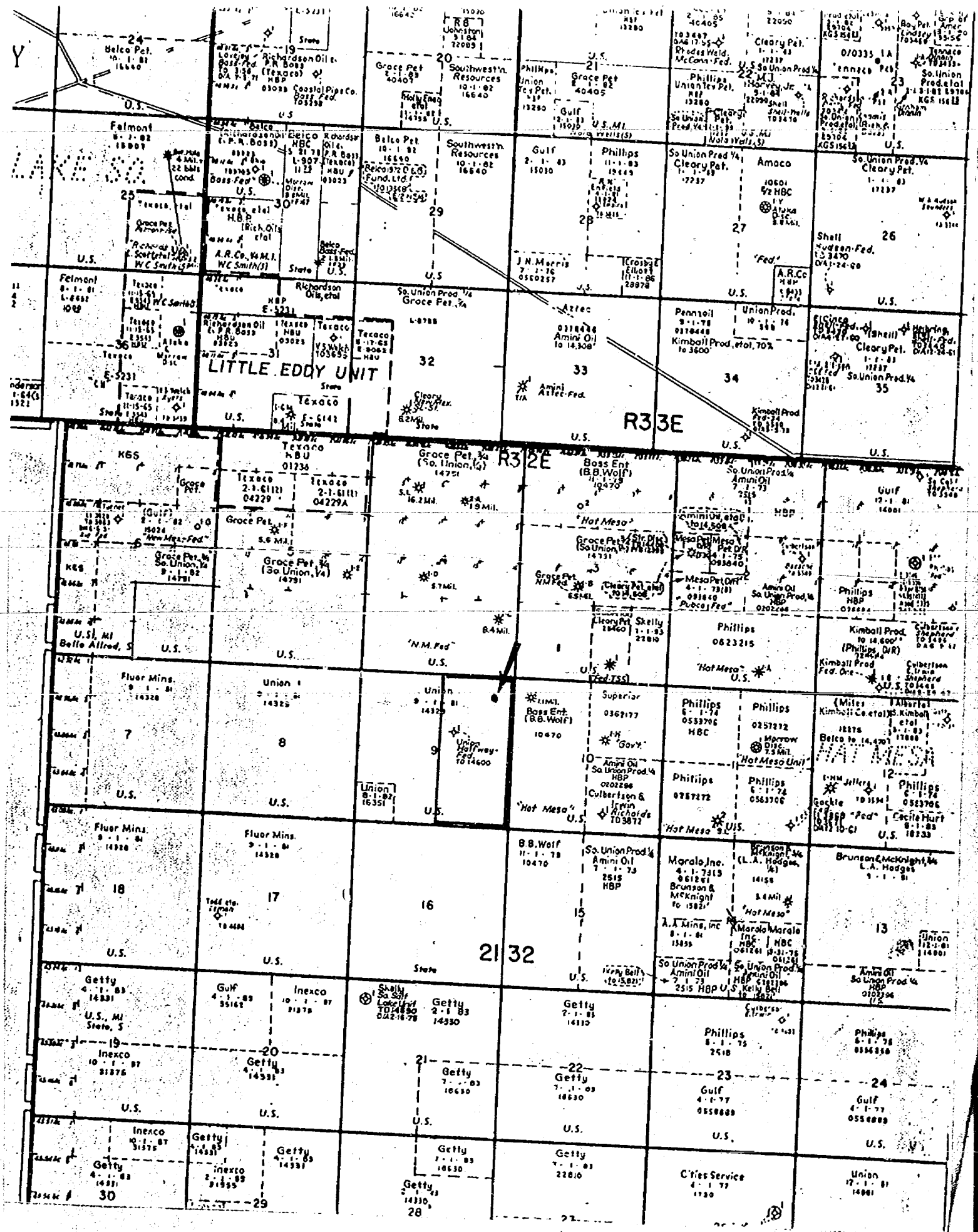
C E R T I F I C A T E

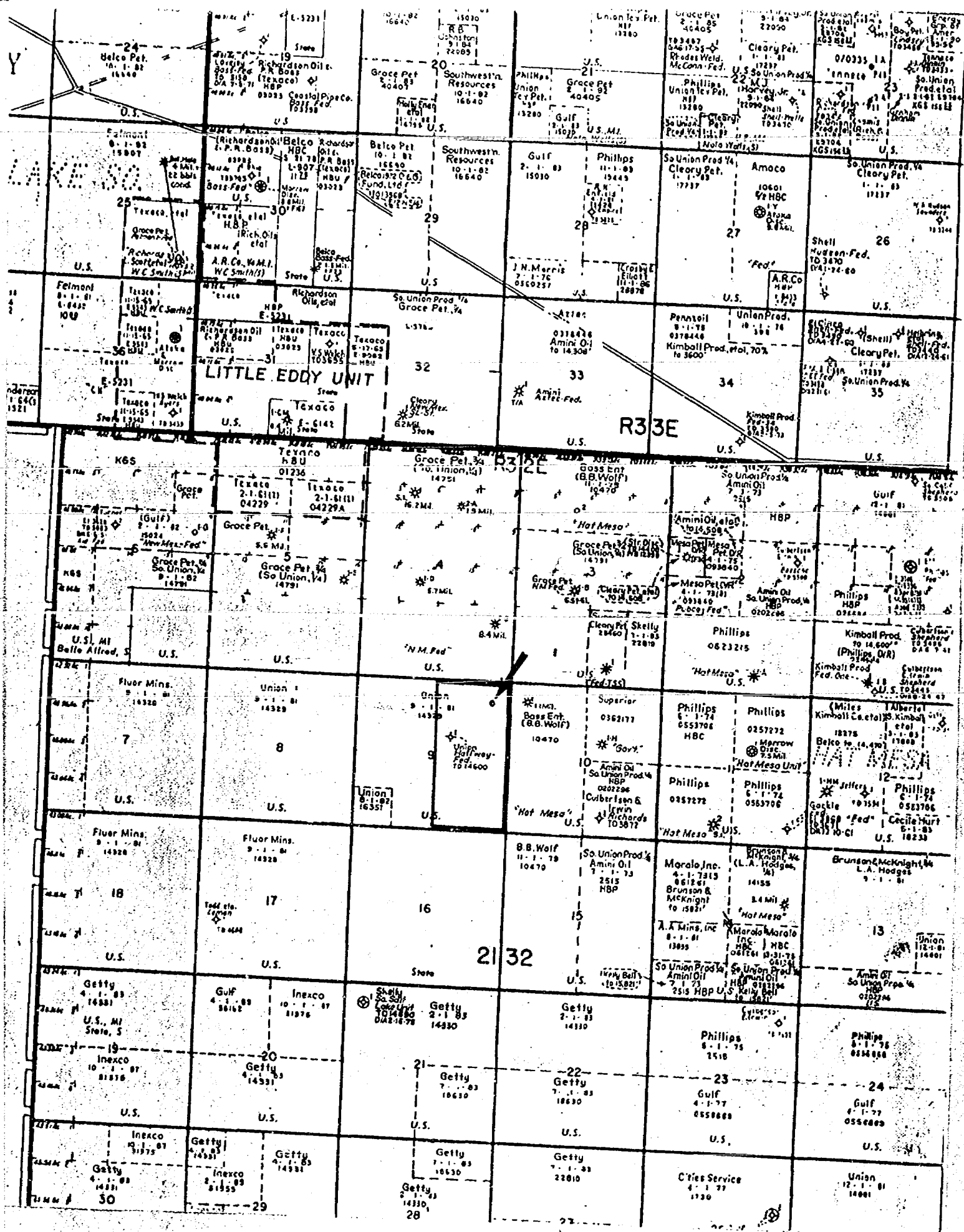
I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

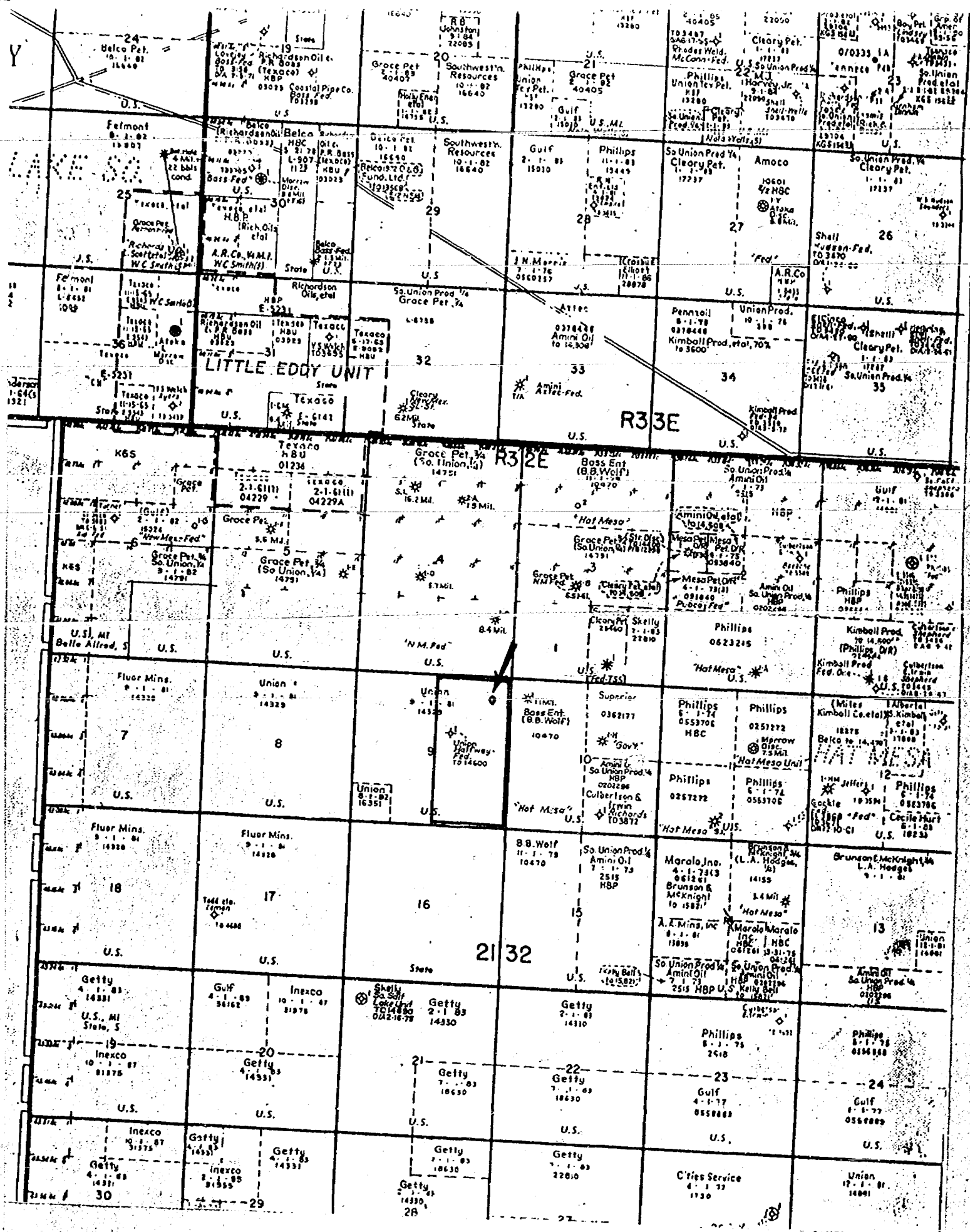
Sally W. Boyd C.S.R.

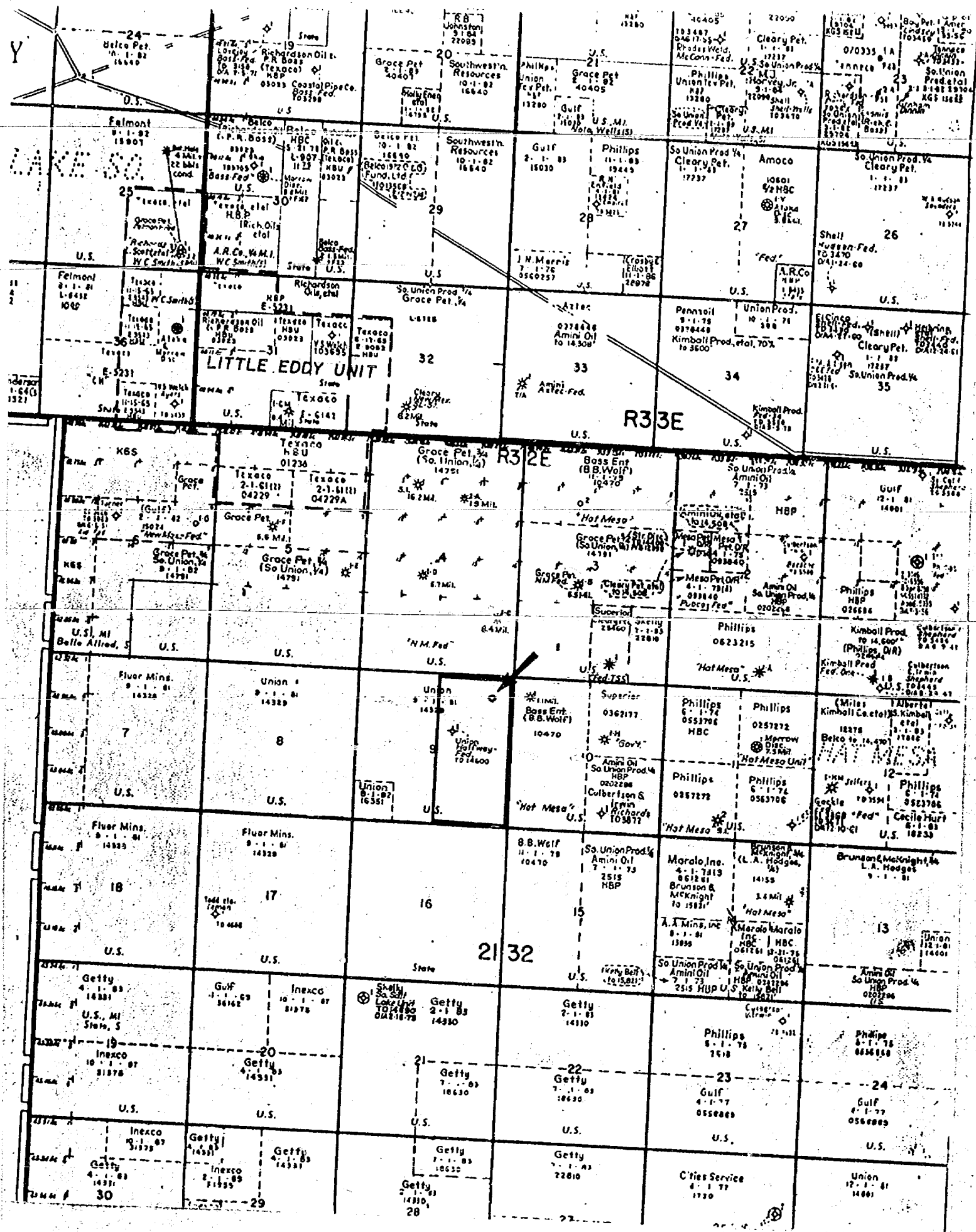
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division









Dockets Nos. 37-80 and 38-80 are tentatively set for November 25 and December 10, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 12, 1980

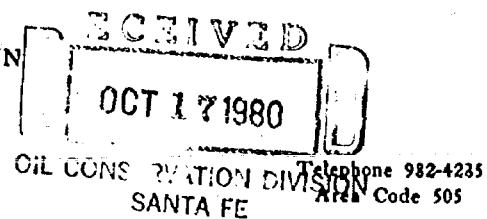
9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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 December, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for December, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7076:** Application of Vista Resources, Inc. for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its John H. Dashko Federal Well No. 1 to be drilled 2510 feet from the South line and 790 feet from the East line of Section 11, Township 24 North, Range 7 West, Basin-Dakota Pool, the E/2 of said Section 11 to be dedicated to the well.
- CASE 7077:** Application of Threshold Development Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Conoco "10" State Com Well No. 1 located in Unit I of Section 10, Township 19 South, Range 29 East, Turkey Track Field, to produce oil from the Wolfcamp formation and gas from the Atoka formation through parallel strings of tubing.
- CASE 7046:** (Continued from October 15, 1980, Examiner Hearing)
- Application of Cotton Petroleum Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Pictured Cliffs production in the wellbores of wells in the South Blanco-Pictured Cliffs Pool located in Sections 1, 2, 3, 4, 9, 10, 11, 13, 23, and 24, Township 24 North, Range 4 West.
- CASE 7078:** Application of Conoco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Warren Unit Well No. 82 located in Unit G of Section 35, Township 20 South, Range 38 East, to produce oil from the Dinewary Oil and Gas or Warren-Tubb Pools and the D-K Abo Pool.
- CASE 7079:** Application of HNG Oil Company for the amendment of Order No. R-5727, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5727 to include the entire Pennsylvanian formation under the compulsory pooling order rather than only the Morrow formation as previously ordered.
- CASE 7080:** Application of Franks Petroleum, Inc. for an unorthodox gas well location, Lea 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 East lines of Section 9, Township 21 South, Range 32 East, Hat Mesa-Morrow Gas Pool, the E/2 of said Section 9 to be dedicated to the well.
- CASE 7081:** Application of Belco Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 19, Township 23 South, Range 28 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7070:** (Continued from October 29, 1980, Examiner Hearing)
- Application of Tesoro Petroleum Corporation for a pilot caustic flood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a one-acre pilot caustic flood project in the Hospah Field by the injection of caustic fluid into the Seven Lakes Sand of the Upper Hospah Field at an approximate depth of 300-500 feet through four injection wells in Unit K of Section 1, Township 17 North, Range 9 West.
- CASE 7082:** Application of Maralo, Inc. and Dalport Oil Corporation for a waterflood project, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to institute a joint waterflood project on Dalport's Winters Lease offsetting Maralo's Jalmat Yates Unit waterflood project by the injection of water into the Yates-Seven Rivers-Queen formations through a well to be jointly drilled at an unorthodox location 1260 feet from the South line and 1250 feet from the West line of Section 7, Township 25 South, Range 36 East, Jalmat Pool.

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501



October 16, 1980

Mr. Joe Ramey
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Case 7080

Re: Franks Petroleum Inc.

Dear Joe:

Please set the enclosed Application for the next
examiner hearing scheduled for November 12, 1980.

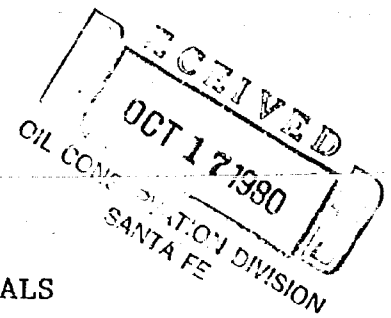
Very truly yours,

W. Thomas Kellahin
W. Thomas Kellahin

Encl.
cc: Bill Henry
Ed White

WTK:jm

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



IN THE MATTER OF THE APPLICATION
OF FRANKS PETROLEUM, INC. FOR AN
UNORTHODOX WELL LOCATION, LEA
COUNTY, NEW MEXICO

Case 7080

A P P L I C A T I O N

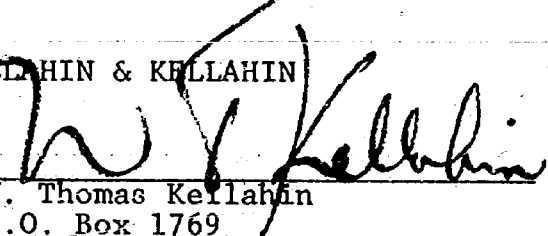
COMES NOW FRANKS PETROLEUM INC. and applies to the Oil Conservation Division of New Mexico for approval of an unorthodox well location adjacent to the Hat Mesa-Morrow Gas Pool, at a location 660 feet from the North line and 660 feet from the East line of Section 9, T21S, R32E, N.M.P.M., for a Morrow test to which the E/2 of said Section will be dedicated, and in support thereof would show:

1. Applicant is the owner of the right to drill and develop the Morrow formation in the area involved in this application.
2. Applicant proposes to drill a well to test the Morrow formation at an unorthodox well location 660 feet from the North line and 660 feet from the East line of said Section 9, Lea County, New Mexico.
3. A well located as proposed will recover gas that would not otherwise be recovered, is in the best interests of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, applicant requests that this application be set for an examiner hearing and that after notice and hearing the application be granted as requested.

FRANKS PETROLEUM INC.

KELLAHIN & KELLAHIN

By 
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ATTORNEYS FOR FRANKS PETROLEUM INC.

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. 7080

ORDER NO. R- 6531

APPLICATION OF FRANKS PETROLEUM, INC.

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 November 12, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets. NOW, on this 14 day of November, 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, Franks Petroleum, Inc., seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the East line of Section 9, Township 21 South Range 32 East, NMPM, to test the Morrow formation, Hat Mesa-Morrow Gas Pool, Lea County, New Mexico.

(3) That the E/2 of said Section 9 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

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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:

The applicant, Franks Petroleum, Inc., is hereby authorized and

(1) That ~~an~~ unorthodox gas well location for the Morrow formation ~~is hereby approved~~ for a well to be located at a point 660 feet from the North line and 660 feet from the East line of Section 9, Township 21 South, Range 32 East NMPM, Hat Mesa-Morrow Gas Pool, Lea County, New Mexico.

(2) That the E/2 of said Section 9 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.