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

# Case No.

1080

Application

Transcripts

Small Exhibits

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### STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 2008 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

LARRY KEHOE SECRETARY

December 15, 1980

K	lr. Thomas Kellahin Cellahin & Kellahin	Re:	CASE NO. ORDER NO. R	-7080 -6531
· P	ost Office Box 1769 anta Fe, New Mexico		Applicant:	
•			<u>Franks Pet</u>	roleum, Inc.
	Dear Sir:	F =	•	,
	Enclosed herewith are two conditions order recently ent			
(	Pours very truly,  JOE D. RAMEY	-		· · · · · · · · · · · · · · · · · · ·
	Director			
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#### 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 <u>lith</u> 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. RAMET Director

EAL

LAW OFFICES

1000 FIRST NATIONAL BANK TOWER

Post Office Boy 3580

MIDLAND, TEXAS 79702

(015) 000:4081

HINKLE, COX, EATON, COFFIELD & HENSLEY W.E. BONDONLINGE MENTERS ATTIC Y DIVISION

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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

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMEN OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 12 November 1980	IT	
EXAMINER HEARING		
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SALLY W. BOYD, C.S.R. 11. 1 Box 193-B

Santa 1c. New Mexico 87301

Physic (305) 455-7409 3

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BEFORE: Richard L. Stamets

IN THE MATTER OF:

TRANSCRIPT OF HEARING

APPEARANCES

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

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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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That's correct.

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?

Well, as you can see, we -- cur 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.

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

Yes, I believe it is.

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

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 Morrow Sand that is not present in the Superior Government Well further to the east, nor in the Grace Well to the north,

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

Mr. Henry, were Exhibits One and Two prepared by you or compiled under your direction and supervision?

A. Yes, they were.

And in your opinion will approval of this application he in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes, I believe it will.

MR. KELLAHIN: We move the introduction

of Exhibits One and Two.

MR. STAMETS: These exhibits will be

admitted.

Are there any questions of the witness?

(Hearing concluded.)

He may be excused.

Anything further in this case?

The case will be taken under advisement.

CERTIFICATE

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I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

Solly W. Rayd C.S.R.

I do hereby certify that the foregoing is a complete second of the reservoir, in the Exercise of Association of the Exercise of 1980 heard by me on 117/2 1980 Kinhard A. Llamit, Examiner

Oll Conservation Division

CASE

7080

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 12 November 1980 EXAMINER HEARING 5 6 IN THE MATTER OF: Application of Franks Petroleum, Inc. ) for an unorthodox gas well location, ) Lea County, New Mexico. BEFORE: Richard L. Stamets 10 TRANSCRIPT OF HEARING 13 14 APPEARANCES 15 16 For the Oil Conservation Ernest L. Padilla, Esq. 17 Division: Legal Counsel to the Division State Land Office Bldg. 18 Santa Fe, New Mexico 87501 19 20 For the Applicant: W. Thomas Kellahin, Esq. KELLAHIN & KELLAHIN 500 Don Gaspar Santa Fe, New Mexico 87501 22 23

#### INDEX

WILLIAM J. HENRY

Direct Examination by Mr. Kellahin

EXHIBITS

Applicant Exhibit One, Plat Applicant Exhibit Two, Montage

1 2 MR STAMETS: The hearing will please come to order. 4 We'll call at this time Case 7080. 5 MR. PADILLA: Application of Franks .6 Petroleum, Inc., for an unorthodox gas well location, Lea 7 8 County, New Mexico. 9 MR. KELLAHIN: I'm Tom Kellahin of 10 Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness. 12 MR. STAMETS: I'd like to have him 13 stand and be sworn, please. 14 15 (Witness sworm.) 16 17 18 WILLIAM J. HENRY 19 being called as a witness and having been duly sworn upon his 20 oath, testified as follows, to-wit: 21 22 DIRECT EXAMINATION 23 BY MR. KELLAHIN: 24 Will you please state your name and 25 26 occupation? 27 My name is William J. Henry. I'm a 28 consulting petroleum geologist out of Midland, Texas, repre-

that section line as the Bass well?

It's 660 from the north and west.

So you'll be at the same distance from

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CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

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I do hereby certify that the foregoing is a complete record of the promodia with the Exeminer hearing of Case -0. heard by me on 12.

Oil Conservation Division

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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 provated 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 irmation 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 Bast, to produce oil from the bilineary oil and was 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 & of Section 1, Township 17 North, Range 9 West.

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, lange 36 East, Jalmat Pool.

Jason Keliahin W. Thomas Kellahin Karen Aubrey

KELLAHIN and KELLAHIN Attorneys at Law OCT 1 71980 500 Don Gaspar Avenue Post Office Box 1769
Santa Fe, New Mexico 87501 Oil CONS 27 TION DIVISION Code 505
SANTA FE

October 16, 1980

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

Re: Franks Petroleum Inc.

Case 7080

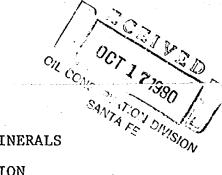
Dear Joe:

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

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 PETROLEU, INC. FOR AN UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO

Case 7080

#### APPLICATION

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

W. Thomas Kellahin
P.O. Box 1769
Santa Fe, New Mexico 87501
(505) 982-4285

ATTORNEYS FOR FRANKS PETROLEUM INC.

#### 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- (53)
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. Stamet
NOW, on this 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.
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(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. The opplicant, Franks Petroleum, Inc.
IT IS THEREFORE ORDERED: Is here by authorized an
(1) That an unorthodox gas well location for the Morrow
formation is hereby approved for a well to be located at a point660
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.

\ <u>\*</u>

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