

CASE 7126: FRANKS PETROLEUM INC. FOR
AN UNORTHODOX GAS WELL LOCATION, LEA
COUNTY, NEW MEXICO

CASE NO.

7/26

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

February 13, 1981

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico 87501

Re: CASE NO. 7126
ORDER NO. R-6574

Applicant:

~~Franko 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

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. 7126
Order No. R-6574

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 January 14, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of February, 1981, 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 1980 feet from the North line and 1315 feet from the West line of Section 3, Township 21 South, Range 32 East, NMPM, to test the Morrow formation, Hat Mesa-Morrow Gas Pool, Lea County, New Mexico.

(3) That Lots 1 through 8 of said Section 3 are 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. 7126
Order No. R-6574

(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:

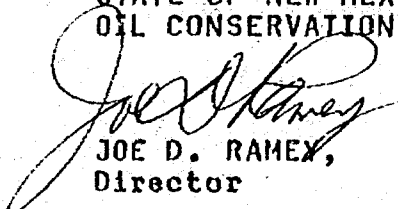
(1) That an unorthodox gas well location for the Morrow formation is hereby approved for a well to be located at a point 1980 feet from the North line and 1315 feet from the West line of Section 3, Township 21 South, Range 32 East, NMPM, Hat Mesa-Morrow Gas Pool, Lea County, New Mexico.

(2) That Lots 1 through 8 of said Section 3 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

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
14 January 1981

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7126

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

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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, Structure Map

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MR. STAMETS: We'll call next Case 7126.

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

MR. STAMETS: Mr. Henry, will you stand
and be sworn, please?

(Witness sworn.)

MR. KELLAHIN: If the Examiner please,
I'd like the record to reflect that I am Tom Kellahin, ap-
pearing on behalf of the applicant.

WILLIAM J. HENRY
being called as a witness and being duly sworn upon his oath,
testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. Mr. Henry, you have two exhibits for the
case, do you, sir?

A. Yes, that's right.

Q. Mr. Henry, for purposes of the record
would you please state your name and occupation?

1
2 A. My name is William J. Henry. I'm a con-
3 sulting geologist from Midland, Texas.

4 Q. Have you been employed by the applicant,
5 Franks Petroleum, Inc., as a consulting geologist for purposes
6 of testimony in this case?

7 A. Yes, I have.

8 MR. KELLAHIN: We tender Mr. Henry as an
9 expert geologist.

10 MR. STAMETS: I presume Mr. Henry has
11 qualified in various and sundry other Division cases, and he
12 is considered qualified.

13 MR. KELLAHIN: On numerous occasions,
14 Mr. Examiner.

15 Q. Mr. Henry, would you explain to the Exa-
16 miner what Franks Petroleum, Inc., is seeking to accomplish?

17 A. Yes. They have -- have a farmout from
18 Bass Enterprises on the north half of Section 3 in Township
19 21, 32, in Lea County, New Mexico, and this is presumably to
20 be classed in the Hat Mesa-Morrow Gas Field, and they are
21 requesting to move a standard location approximately 600 feet
22 to the west to clear a seismic disturbed area, to -- they
23 think they'd have a better chance and they'd just like to
24 move out of that disturbed area because they think it's going
25 to be low right where this location was or be -- might be in

1
2 a small fault. The agreement was that the --- or my opinion
3 was that the fault was not detrimental to the Morrow, but to
4 the rest, they would like to move it and get it out of this
5 area.

6 Q Exhibit Number One depicts the north half
7 of this Section 3, does it not?

8 A That's right, it does.

9 Q The Section 3 appears to be an oversized
10 section.

11 A There's 960 acres in this section, yes,
12 sir.

13 Q All right, and this would be the north
14 320 acres of the section?

15 A That's right.

16 Q All right. Would you turn to Exhibit
17 Number Two, then, and identify this exhibit?

18 A Exhibit Number Two is a structure map
19 on top of the Lower Morrow shale, which I prepared, and I
20 have -- up in Section 3 I have dashed where the proposed --
21 or disturbed area crosses through this section, and the pro-
22 posed location is moved just to the west of that disturbed
23 area.

24 Q A standard location for the Morrow form-
25 ation would be 660 feet from the south line of the proration

1
2 unit?

3 A. Right.

4 Q. And 1980 feet from the west line of the
5 proration unit?

6 A. Right.

7 Q. Where would that standard location place
8 the well in terms of the seismic fault?

9 A. It would be right on it.

10 Q. All right. Your proposed location would
11 be standard as to the south line but it would be 660 feet
12 closer to the west line.

13 A. That's right.

14 Q. All right, sir. In your opinion is the
15 proposed unorthodox location the optimum location from which
16 to develop the Morrow formation in this proration unit?

17 A. Yes, I believe it is, yes, sir.

18 Q. Was this exhibit prepared by you or under
19 your direction and supervision?

20 A. Yes, it was, yes, sir.

21 Q. And in your opinion, Mr. Henry, will
22 approval of this application be in the best interests of con-
23 servation, the prevention of waste, and the protection of
24 correlative rights?

25 A. I believe it will.

1
2 MR. KELLAHIN: That concludes our exam-
3 ination of Mr. Henry.

4 MR. STAMETS: Are there any questions
5 of Mr. Henry? He may be excused.

6 Anything else in this case?

7 The case will be taken under advisement.

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9 (Hearing concluded.)
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C E R T I F I C A T E

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.

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. 7126 heard by me on 5-14 1981.

Richard A. Starn, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

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

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

14 January 1981

EXAMINER HEARING

IN THE MATTER OF:

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

CASE
7126

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

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Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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KELLAHIN & KELLAHIN
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MR. STAMETS: Mr. Henry, will you stand and be sworn, please?

(Witness sworn.)

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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 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 correct record of the proceedings in the hearing of Case No. _____ heard by me on _____ 19____.

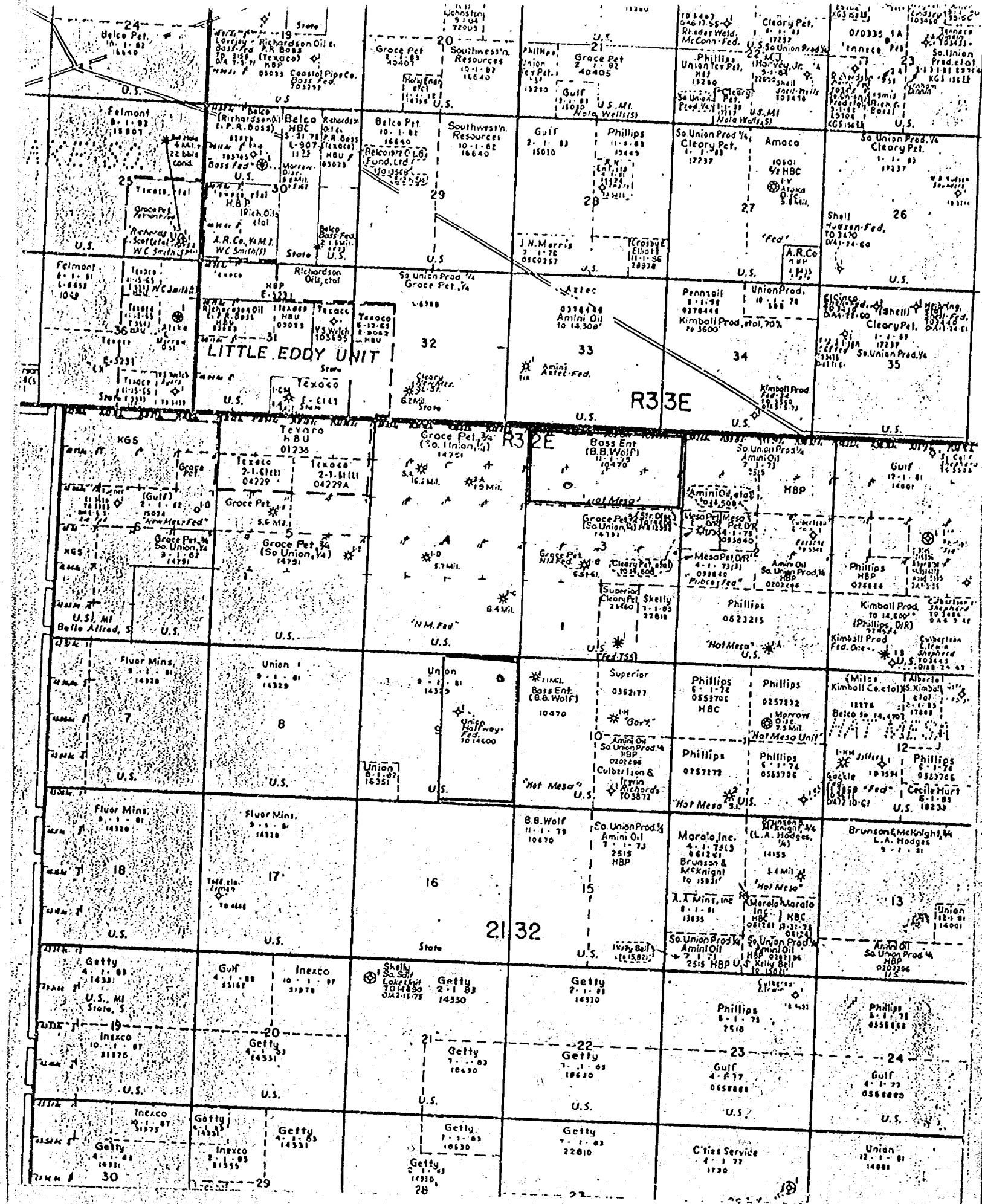
_____, Examiner
Oil Conservation Division

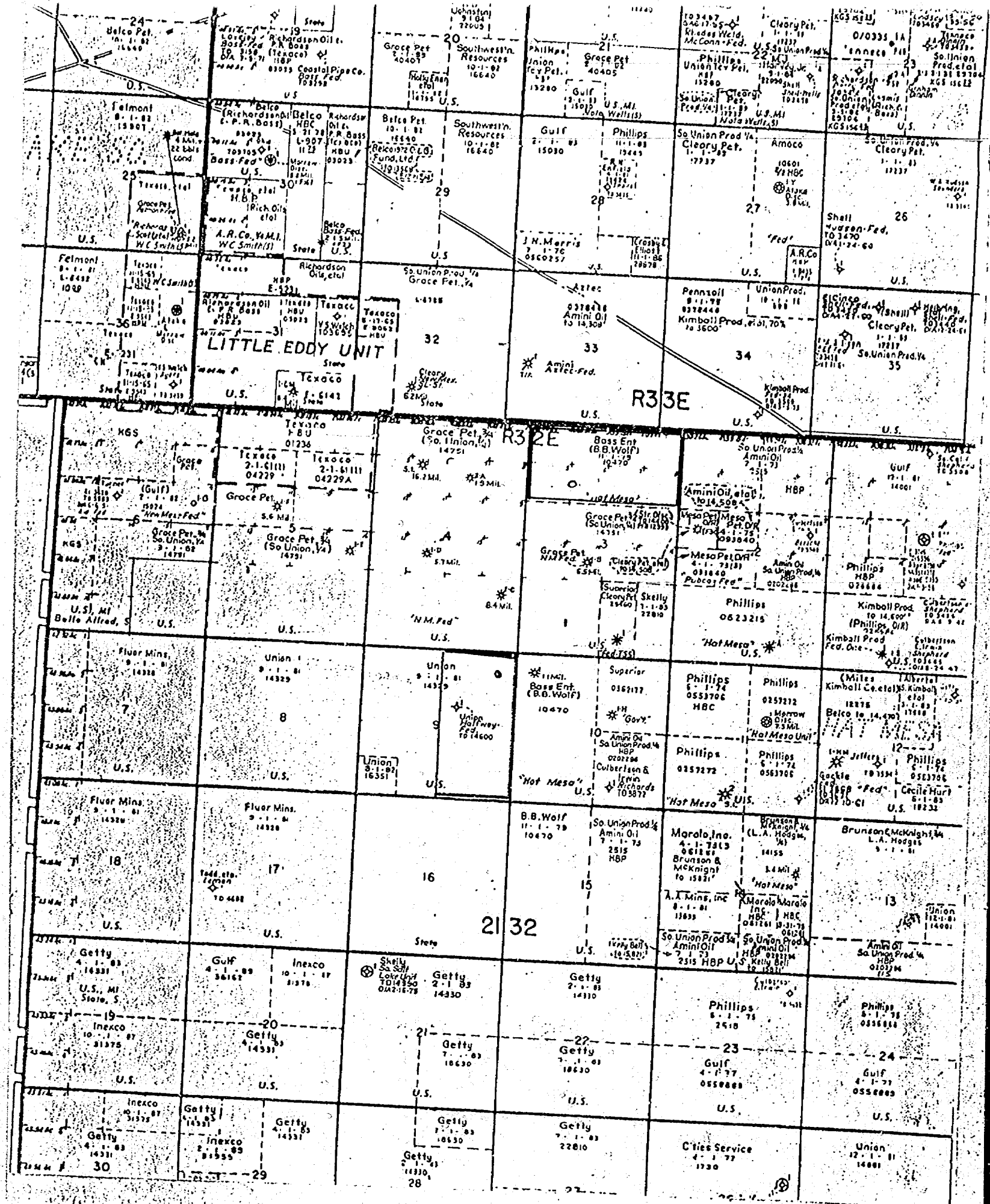
SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409





KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

Post Office Box 1769

Santa Fe, New Mexico 87501

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

Telephone 982-4285
Area Code 505

December 22, 1980

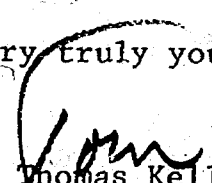
Mr. Joe Ramey
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

RE: Franks Petroleum Inc.

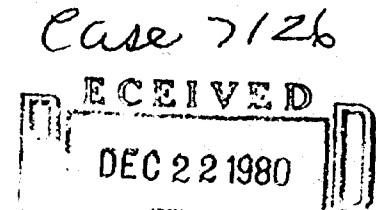
Dear Joe:

Plase set the enclosed Application for the next
examiner hearing scheduled for January 14, 1981.

Very truly yours,


W. Thomas Kellahin

WTK:jm
Encl.
cc: Bill Henry
Ed White



OIL CONSERVATION DIVISION
SANTA FE

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

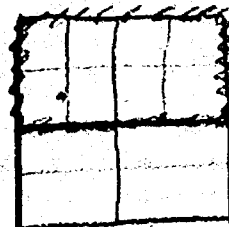
IN THE MATTER OF THE APPLICATION
OF FRANKS PETROLEUM, INC., FOR AN
UNORTHODOX WELL LOCATION, LEA
COUNTY, NEW MEXICO

Case 7126

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 1980 feet from the North line and ¹³¹⁵~~1320~~ feet from the West line of Section 3, T21S, R32E, N.M.P.M., for a Pennsylvanian test to which the N/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 1980 feet from the North line and ¹³¹⁵~~1320~~ feet from the West line of said Section 3, 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.

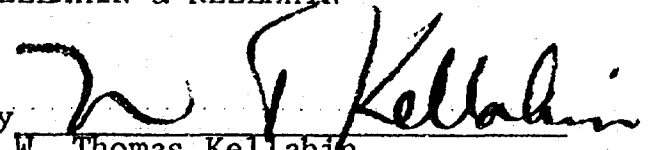


WHEREFORE, applicant requests that this application be set for an examiner hearing and that after notice and hearing the application be granted as requested.

FRANKS PETROLEUM INC.

KELLAHIN & KELLAHIN

By


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

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. 7126

ORDER NO. R- 6574

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 January 14,
19 81, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of January, 1981, 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 1980
feet from the North line and 1315 feet from the
West line of Section 3, Township 21 South
Range 32 East, NMPM, to test the Morrow
formation, Hat Mesa-Morrow Gas Pool, Lea
County, New Mexico.

(3) That ^{lots 1 through 8} ~~the~~ N/2 of said Section 3 ^{are} ~~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. _____

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 Morrow formation is hereby approved for a well to be located at a point 1980 feet from the North line and 1315 feet from the West line of Section 3, Township 21 South, Range 32 East NMPM, Hat Mesa-Morrow Gas Pool Pool, Lea County, New Mexico. *Lots 1 through 8*

(2) That the N/2 of said Section 3 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.

- CASE 7125: Application of Western Oil Producers Inc. for the amendment of Order No. R-5399, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-5399 to include production from all of the Pennsylvanian formations in its Amoco State Well No. 1 at an unorthodox location in Unit M of Section 28, Township 16 South, Range 33 East.
- CASE 7126: Application of Franks Petroleum, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 1980 feet from the North line and 1315 feet from the West line, Section 3, Township 21 South, Range 32 East, Hat Mesa-Morrow Gas Pool, the N/2 of said Section 3 to be dedicated to the well.
- CASE 7127: Application of Ellwade Corporation for amendment of Order No. R-6399, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6399 which approved a 129.52-acre non-standard gas proration unit comprising the W/2 of Section 33, Township 26 South, Range 30 East, for the Wolfcamp formation in the Ross Draw Area. Applicant seeks to have said order also apply to all formations of Pennsylvanian age.
- CASE 6670: (Reopened and Readvertised)
- In the matter of Case 6670 being reopened and pursuant to the provisions of Order No. R-6183 which order promulgated temporary special rules and regulations for the Red Hills-Devonian Gas Pool in Lea County, New Mexico, including a provision for 640-acre spacing units. Operators in said pool may appear and show cause why the pool should not be developed on 320-acre spacing units.
- CASE 7128: Application of HNG Oil Company for pool creation, special pool rules, assignment of a discovery allowable, and dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks creation of a new Wolfcamp oil pool for its San Simon 6 State Comm. Well No. 1 located 1980 feet from the North line and 660 feet from the East line of Section 6, Township 22 South, Range 35 East, with special rules therefor, including provisions for 160-acre spacing. Applicant further seeks a discovery allowable for said well and approval for its dual completion to produce oil from the Wolfcamp and gas from an undesignated Morrow pool thru parallel strings of tubing.
- CASE 7129: Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7130: Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the SE/4 of Section 12, Township 15 South, Range 27 East, to be dedicated to its Trobough "A" State Com. Well No. 1 in Unit J, and the other being the NE/4 of said Section 12 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the North and East lines of the section.
- CASE 7131: Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the SE/4 of Section 1, Township 15 South, Range 27 East, to be dedicated to its Trobough Com. Well No. 1 in Unit J, and the other being the NE/4 of said Section 1 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the North and East lines of the section.
- CASE 7132: Application of Read & Stevens, Inc. for an unorthodox gas well location and two non-standard gas proration units, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 160-acre non-standard proration units in the Buffalo Valley-Pennsylvanian Gas Pool, the first being the SE/4 of Section 13, Township 15 South, Range 27 East, to be dedicated to its Rose Well No. 1 located in Unit J, and the other being the SW/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 1315 feet from the South and West lines of the section.