



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

August 22, 1988

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Tenneco Oil Company
P.O. Box 3249
Englewood, CO 80155

Attention: Niles V. Jokela
Staff Administrative Analyst

RE: Unorthodox Gas Well Location
Mudge "LS" Well No. 9-B
H-3-T31N-R11W, Blanco
Mesaverde Pool, San Juan
County, New Mexico.

Dear Mr. Jokela:

Per your application dated June 7, 1988, this matter was covered in Division Order No. R-8697, issued in Cased 9393 and dated July 26, 1988 (see copy attached).

I am therefore returning this filing to you as it is unnecessary.

Sincerely,

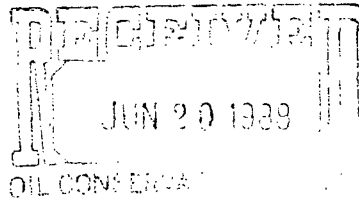
Michael E. Stogner
Petroleum Engineer

MES/ag

cc: N. M. Oil Conservation Division - Aztec
Meridian Oil, Inc. - Farmington

Tenneco Oil Company
A Tenneco Company

Rocky Mountain Division
P.O. Box 3249
Englewood, Colorado 80155
(303) 740-4800



Delivery Address:
6162 South Willow Drive
Englewood, Colorado 80111



June 7, 1988

*156-2556
1208-104 (E)*

*Blanco Mesaverde Pool
320 Acres d.d.
E/2 Section 3*

CERTIFIED MAIL

Mr. William LeMey, Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Unorthodox Location
Mudge LS 9B
2160' FNL, 395' FEL
Sec. 3, T31N, R11W
San Juan, New Mexico

Dear Sir:

Pursuant to Rule 104 F.I. Tenneco Oil Company requests administrative approval for the referenced unorthodox location. Enclosed is a plat showing the topographic conditions existent at the location. Also enclosed is a plat showing ownership of offset mesaverde leases.

A copy of this request has been sent to the offset operators via certified mail.

Sincerely,

TENNECO OIL COMPANY



Niles V. Jokela
Staff Administrative Analyst

NVJ/jm:2585q

Enclosures

cc: Ernie Busch, NMOCD - Aztec
Kimbark Oil & Gas
Meridian Oil Inc.

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-4-65

All distances must be from the outer boundaries of the Section.

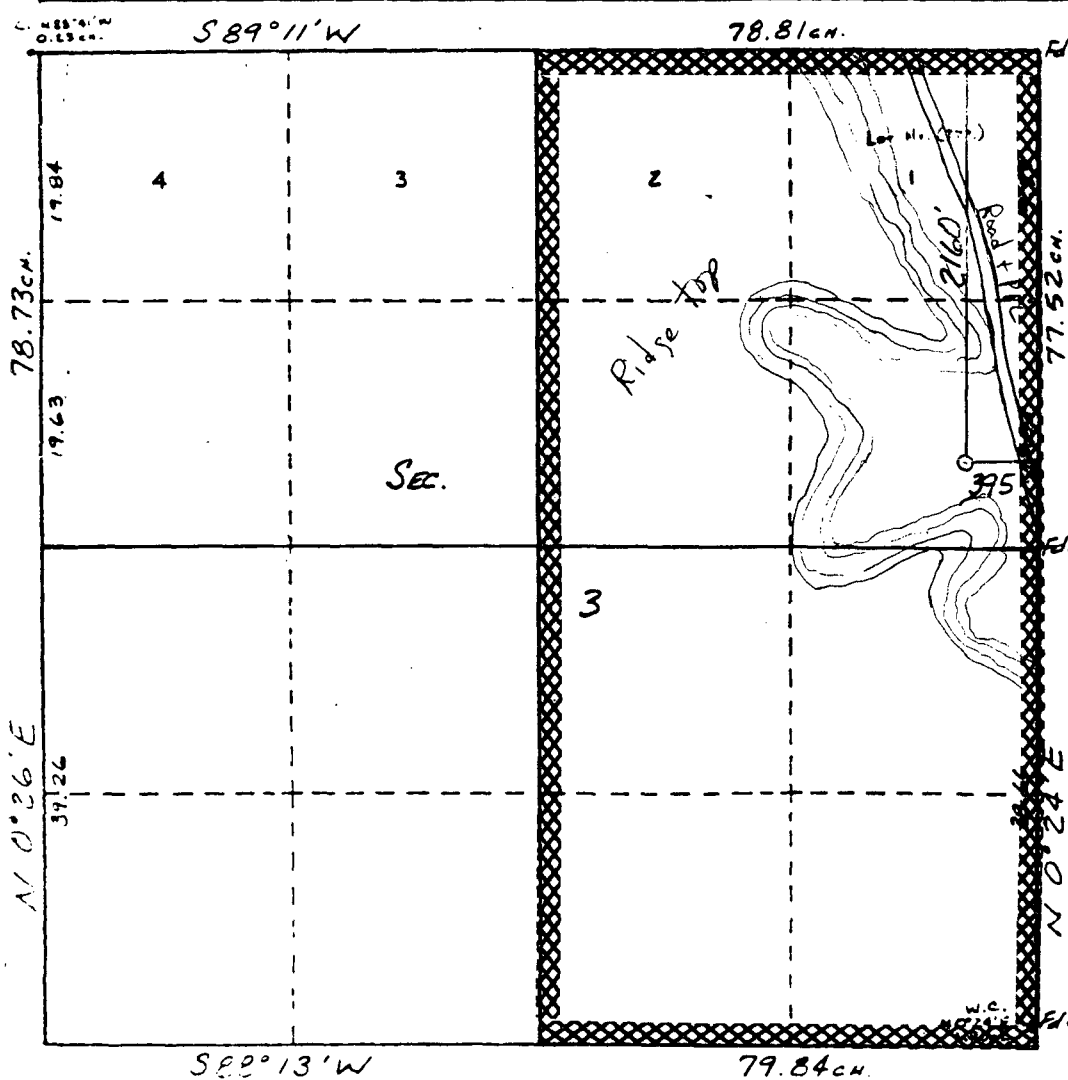
Operator TENNECO OIL COMPANY			Lease MUDGE LS		Well No. 9B
Unit Letter H	Section 3	Township 31 N	Range 11 W	County SAN JUAN	
Actual Footage Location of Well: <div style="display: flex; justify-content: space-between;"> 2160 feet from the North line and 395 feet from the East line </div>					
Ground Level Elev. 5962	Producing Formation Mesaverde	Pool Blanco Mesaverde		Dedicated Acreage 320.81 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

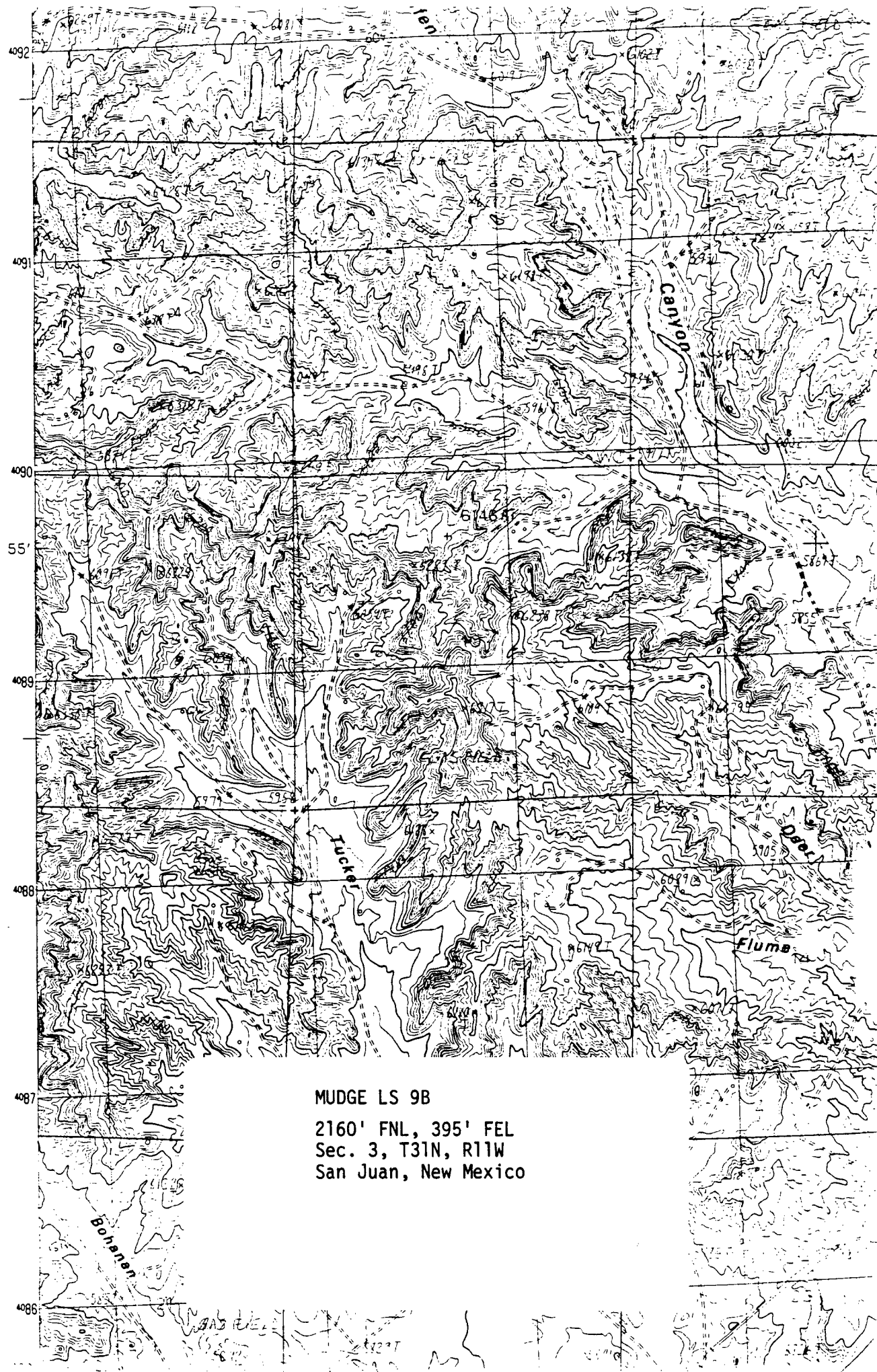
☒ Yes ☐ No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

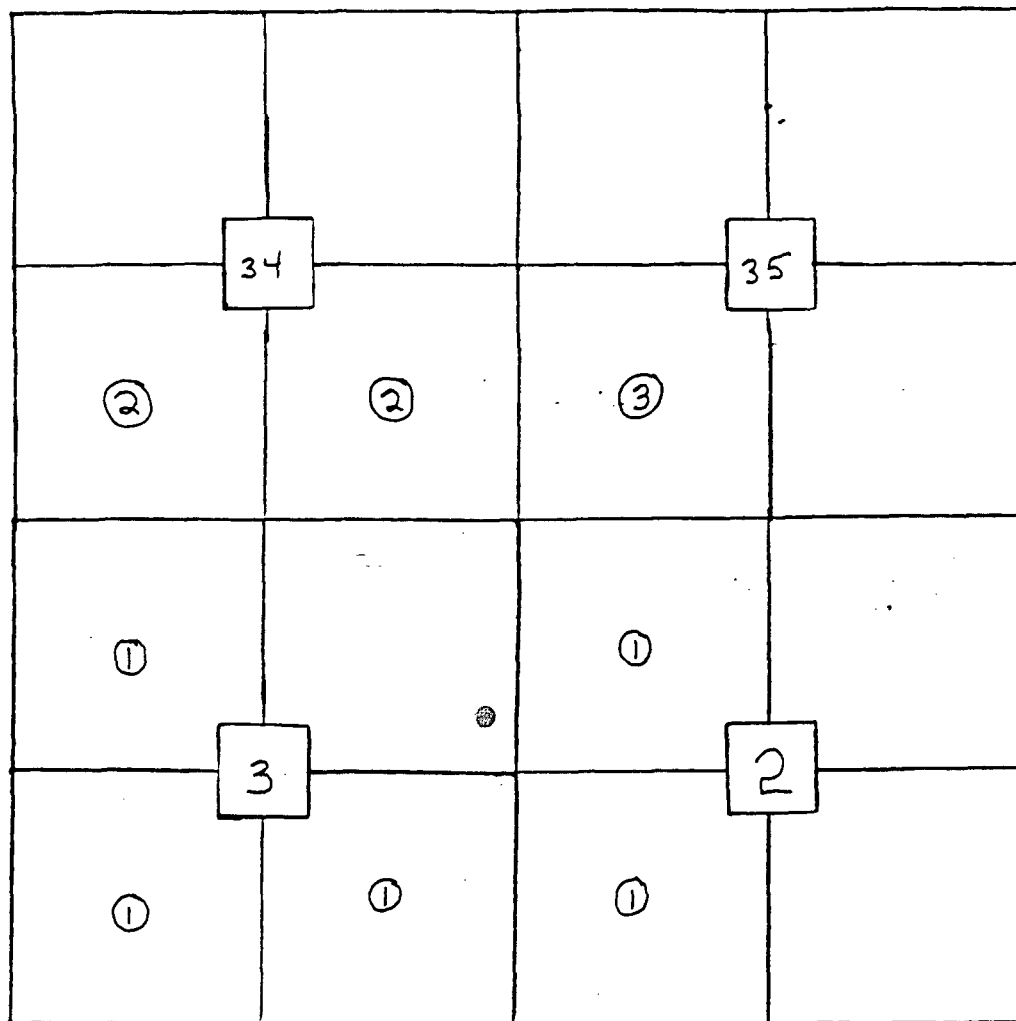


CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Name	<u>Ken Russell</u>
Position	<u>Administrative Analyst</u>
Company	<u>Tenneco Oil Co</u>
Date	<u>6/3/88</u>
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.	
Date Surveyed	<u>6/3/88</u>
Registered Professional Engineer and Surveyor	<u>William R. Mahнке II</u>
Certificate No.	<u>8466</u>



MUDGE LS 9B

2160' FNL, 395' FEL
Sec. 3, T31N, R11W
San Juan, New Mexico



MUDGE LS 9B

2160' FNL, 395' FEL
Sec. 3, T31N, R11W
San Juan, New Mexico

OFFSET OPERATORS

1. Tenneco Oil Co.
2. Kimbark Oil & Gas
1580 Lincoln St., Ste. 1000
Denver, CO 80203
3. Meridian Oil Inc.
P.O. Box 4289
Farmington, NM 87499



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Date: 6/30/88

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Proposed MC _____
Proposed DHC _____
Proposed NSL a _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated 6/17/88
for the Jensen Mudger LS #913
Operator Lease & Well No.

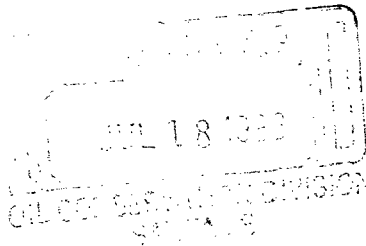
14-3-31N-11W and my recommendations are as follows:
Unit, S-T-R

Aggravon

Yours truly,

John

MERIDIAN OIL



July 15, 1988

CERTIFIED - RETURN RECEIPT REQUESTED

New Mexico Oil Conservation Division
Attention: Mr. David Catanach
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Re: Objection to
Unorthodox Location Request
Mudge LS #9 B
Tenneco - Operator
2160' FNL, 395' FEL
Section 3, T-31-N, R-11-W
San Juan County, New Mexico

Gentlemen:

Meridian Oil Inc. hereby objects to Tenneco Oil Company's application for administrative approval on the unorthodox location for the captioned well. We feel that the subject well will allow Tenneco a geometric drainage advantage and threaten our correlative rights as a working interest owner in the direct east offsetting proration unit which is operated by Tenneco.

If Tenneco is unwilling to change their placement to a less threatening location Meridian Oil requests that the question be set for hearing. If I can be of further information please advise.

Very truly yours,

Robert J. Hopkins
Senior Landman

RJH:gm
NM-4010
Tenneco Corresp.
Document 30+

cc: Mr. Ernie Busch
N.M.O.C.D., Aztec, N.M.

Tenneco Oil Company
Attention: Mr. Niles V. Johela

Lynn Meibos
Charlie Donahue

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9393
ORDER NO. R-8697

APPLICATION OF TENNECO OIL
COMPANY FOR EXCEPTIONS TO
RULE 2(b) OF THE SPECIAL
RULES GOVERNING THE BLANCO-
MESAVERDE POOL, INFILL WELL
FINDINGS AND FIVE UNORTHODOX
GAS WELL LOCATIONS, SAN JUAN
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 25, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 26th day of July, 1988, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Tenneco Oil Company, seeks an exception to Rule 2(b) of the special rules and regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, allowing a third well to be drilled and produced within 16 proration units, as further described in Exhibit "A" attached hereto and made a part hereof, each well to be drilled within the quarter section that contains the original well in the unit, five of which are unorthodox, and for an effective and efficient infill well finding on each well, pursuant to FERC Rule 271.305.

(3) Amoco Production Company and Kimbark Oil & Gas Company have entered their appearances and have participated in the hearing as interested parties.

(4) The original Blanco-Mesaverde well in each of the subject spacing and proration units was drilled between 1951 and 1955 by El

Paso Natural Gas Company and was completed open hole using either nitroglycerin or a sand-oil frac on the formation.

(5) Between 1985 and 1986, Tenneco sidetracked some 14 open hole Mesaverde wells and improved the well completions thereby recovering reserves that otherwise would not have been recovered.

(6) It is more efficient to drill a third well in each of these sixteen units and thus eliminate the mechanical risk of sidetracking.

(7) Because of the proven success of the sidetracking procedures to recover additional reserves it is not necessary to have the subject 16 wells actually drilled and completed prior to finding that such well will effectively and efficiently drain the spacing units.

(8) Both Amoco Production Company and Kimbark Oil and Gas Company submit that only two wells should be produced in any 320-acre Blanco-Mesaverde spacing and proration unit at any one time. More specifically, they urge that no two wells should be produced in the same quarter section at any one time without the prior approval of the Division entered after notice and hearing.

(9) An expert petroleum engineer for Tenneco testified that operationally such a staggered production between the original well and the third well should be feasible and should not result in waste to either the original well or the third well.

(10) In order to prevent waste Tenneco Oil Company should not be required to plug and abandon the original well before drilling the third well.

(11) While the Division assigns allowables to spacing units and not wells and while Tenneco, as operator, should have the flexibility to determine what volumes of gas it should produce from any given well within the restrictions of the Oil Conservation Division rules and regulations in order to preclude any possibility of creating a pressure sink and a corresponding advantage over offset operators by producing three wells concurrently, Tenneco should not be permitted to produce either the original well or the third well on that same 160 acres concurrently in the same month without further order of the Division.

(12) In each of the subject sixteen units the original well is not effectively and efficiently draining a portion of the reservoir covered by the proration and spacing unit.

(13) Unless a new well is drilled on the same 160 acres as the original well in each of these sixteen units, significant reserves will be left behind in the reservoir due to the inefficiency of the open hole completions.

(14) In each instance the third well in each of the sixteen spacing units is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

(15) 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, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Tenneco Oil Company, is hereby authorized to drill each of the sixteen subject wells shown on Exhibit "A" attached hereto and incorporated by reference herein as infill wells on existing 320-acre spacing and proration units in the Blanco-Mesaverde Pool, San Juan County, New Mexico.

(2) The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements for this pool and is necessary to permit the drainage of a portion of the reservoir covered by the existing original well on the proration unit which cannot efficiently and economically be drained by any existing well thereon.

(3) Without the further approval of the Division, to be granted only after additional notice and hearing, Tenneco Oil Company shall not produce the third well and the original well on any of the spacing units concurrently within the same month.

(4) For determining the allowable for each of the subject spacing and proration units, the Aztec Office of the Division is directed to take the higher of the deliverability from either the original well or the third well and factor that deliverability along with the deliverability of the infill well in the opposite 160 acres of the same proration and spacing unit in calculating the allowable to be assigned to that 320-acre spacing and proration unit.

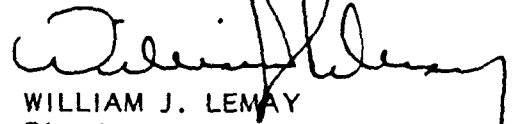
(5) For allocation of the allowable determined by Ordering Paragraph No. (4) above, the Aztec Office of the Division, in accordance with 18 CFR 271.305(b)(2)(ii) and for each proration period shall determine the ratio between the latest deliverabilities of the two wells in the same 160-acre portion of the spacing and proration unit and then allocate the unit allowable so that neither of those two wells produces within a proration period a total volume of gas in excess of that ratio.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case No. 9393
Order No. R-8697
Page No. 4

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the printed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM J. LEMAY
Director

S E A L

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CASE NO. 9393
ORDER NO. R-8697
EXHIBIT "A"

WELL NAME AND NUMBER	FOOTAGE LOCATION	NON-STANDARD GAS WELL LOCATION	SPACING UNIT
Fields "LS" 7B	965' FNL & 2060' FEL		N/2-34-32N-11W
Neil "LS" 8B	2055' FNL & 885' FEL		E/2- 4-31N-11W
Gartner "LS" 1B	1720' FSL & 1610' FWL	X	W/2-28-30N- 8W
Gartner "LS" 5B	1620' FSL & 1005' FWL	X	W/2-27-30N- 8W
Gartner "LS" 6B	300' FNL & 1230' FEL	X	E/2-27-30N- 8W
Mudge "LS" 9B	2160' FNL & 395' FEL	X	E/2- 3-31N-11W
Mudge "LS" 8B	845' FNL & 1740' FEL		E/2-12-31N-11W
Day A "LS" 3B	790' FNL & 1800' FEL		E/2- 8-29N- 8W
Hughes A "LS" 2B	1125' FNL & 1828' FEL	X	E/2-27-29N- 8W
Scott "LS" 3B	790' FSL & 1850' FWL		S/2-29-32N-10W
Riddle F "LS" 1B	1850' FSL & 1500' FWL		W/2-17-28N- 8W
Mudge "LS" 5B	900' FSL & 1190' FWL		W/2- 3-31N-11W
Jacques "LS" 1B	790' FN & EL		E/2-29-31N- 9W
Jones A "LS" 2B	1650' FSL & 990' FWL		S/2-11-28N- 8W
Fields "LS" 4B	1850' FNL & 1450' FEL		E/2-28-32N-11W
Barrett "LS" 2B	790' FN & EL		E/2-19-31N- 9W