CASE 4407: Application of TENNECO OLL CO. FOR AN UNORTHODOX OIL WELL LOCATION, MCKINLEY COUNTY.

Case Number

Application Transcripts.

Small Exhibits

T. C.

SPECIALIZING IN. DEPOSITIONS, HEARINGS, STATE MENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 209 SIMMS BLDG. • P.D. BOX 1092 • PHONE 243-6691 • ALBUGUEROIIE NEW MEY MODICE.

dearnley-meiler reporting

13

DEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 19, 1970

EXAMINER HEARING

IN THE MATTER OF:

application of Tenneco Oil Company dor an unorthodox oil well location, McKinley County, New Mexico Case No. 4407

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING



123

Service,

reporting

Case 4407. MR. NUTTER:

MR. HATCH: Application of Tenneco Oil Company for an unorthodox oil well location, McKinley County, New Mexico.

MR. KELLY: Booker Kelly of Santa Fe on behalf of the Applicant.

HERBERT C. JOHNSTON,

a witness, first being duly sworn according to law, upon his oath, testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

- Would you state your name, position and employer, please? Q
- Herbert C. Johnston, Jr. I am a senior geologist employed by Tennoco Oil Company in the Denver district.
- Have you previously testified as an expert witness before this Commission?
- No, sir, I have not.
- Would you give the examiner a brief resume of your Q educational and professional experience?
 - I was graduated from the University of New Mexico in '52 with a BS in geology and in '53 with an MS in geology and went to work for Humble Oil and Refining Company in south Louisiana, worked for them for the following six years in south Louisiana, Alaska, and California. Since 1959 I have been employed by Tenneco Oil Company in



south Louisiana, south Texas and Denver.

- And part of your experience with Tenneco has to do with Q the municipal operations in northwest New Mexico?
- That's correct.

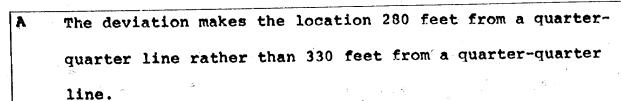
MR. KELLY: I would suggest that the fact that he graduated from the University of New Mexico is sufficient in itself.

MR. NUTTER: The witness is qualified.

- (By Mr. Kelly) Referring to what is marked Exhibit No. 1, would you state what briefly Tenneco seeks by this application?
- Tenneco seeks approval for unorthodox Dakota oil well location 1980 feet from the south line and 1980 from the east line of Section 13, Township 17 North, Range 9 West, McKinley County, New Mexico.
- Now what caused this well to be unorthodox?
- The section is several hundred feet wider than a normal Ā 5,280 foot section.
- And there is actually extra supply along the east side?
- Along the east side, yes, sir. A
- And 1980 feet would be a standard location except for 0 this extra width, is this correct?
- A Yes, that's correct.
- What is the extent of the deviation? Q







- Is this well now completed? Q
- Yes, sir, it is. A
- What is its present status? Q
- It's completed as a Dakota oil well.
- And was the air caught before or after they completed the well?
- It was after the well -- we had gotten the location from the surveyor and had gotten verbal approval from the Commission to drill our well and when they called me in from the field we were at T.B.
- As far as the ownership, is that shown in Exhibit No. 1?
- Yes, it is. A
- Would you explain to the examiner the ownership of the Q adjoining sections to the proration unit involved here?
- Tenneco has a lease on everything in Section 13. We also A have all of 24 and all of 19, 14 on the west side, 11 on the northwest and 12 on the north. The southwest of the southwest quarter is a Tenneco lease in Section 7. In Section 18, the northwest quarter is Tenneco.
- So as far as any adjoining forty acre proration unit, Q it is owned by Tenneco?
 - Yes, sir, that's correct.



In your opinion, could this slight deviation from an unorthodox location have an adverse affect on correlative rights on any other operator?

No, sir.

Was Exhibit 1 prepared by your of under your supervision?

Yes, sir.

MR. KELLY: I have no further questions.

MR. NUTTER: Now, Mr. Johnston, in other words, as far as the outer boundaries of the lease are concerned, you get a normal distance of nineteen hundred and eighty feet from the outer boundary of the section?

That's correct.

And the only problem is that you are fifty feet closer to an interior boundary line, 230 rather than 280?

Yes, sir.

MR. NUTTER: Anything further of the witness? The witness may be excused. Does anyone have anything further to offer in Case 4407?

MR. KELLY: I am not sure I moved for the introduction of the exhibits.

MR. NUTTER: Tenneco's Exhibit 1 will be admitted in evidence. If nothing further, we will take the case under advisement.

SPECIALIZING IN DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

dearnley-meier repetiting service, inc.

SPECIALIZING IN DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 1120 SIMMS BLDG, • P.O. BOX 1092 • PHONE 243-669) • ALBUQUERQUE, NEW MEXICO 87101 1400 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

PAGE INDEX WITNESS PAGE HERBERT C. JOHNSTON Direct examination by Mr. Kelly EXHIBITS OFFERED AND ADMITTED Applicant's Exhibit No. 1

等

STATE OF NEW MEXICO COUNTY OF BERNALILLO)

I, SOVEIDA GONZALES, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

COURT REPORTER

DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS 1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87108 1400 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

I do heraby sertify that the foregoing is the areather bearing of Case no. 440 J.

New Morriso Oll Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 47801 GOVERNOR DAVID F. CARGO CHAIRMAN

LAND COMMISSIONER ALEX J. ARMIJO MEMJER

STATE GEOLOGIST A. L. PORTER, JR. SECRETARY - DIRECTOR

August 25, 1970

Mr. Booker Kelly White, Gilbert, Koch & Kelly		Case No.	4407
		Order No	R-4024
		Applicant:	
Post Office Box 787		Tenneco Oil	Company
Santa Fe, New Mexico			

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.

Secretary-Director

ALP/ir
Copy of order also sent to:
Hobbs OCC X
Artesia OCC X

Other

Docket No. 19-70

DOCKET: REGULAR HEARING - WEDNESDAY - AUGUST 19, 1970

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

ALLOWABLE:

- (1) Consideration of the oil allowable for September and October, 1970;
- (2) Consideration of the allowable production of gas for September, 1970 from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, September, 1970.

THE FOLLOWING CASES WILL BE HEARD BEFORE DANTEL S. NUTTER, EXAMINER, OR ELVIS A. UTZ, ALTERNATE EXAMINER, IN THE OIL CONSERVATION COMMISSION CONFERENCE ROOM ON THE SECOND FLOOR OF SAID BUILDING AT 9:30 a.m.

CASE 4414:

Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Lea, Chaves, and Eddy Counties, New Mexico:

(a) Create a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Townsend-Morrow Gas Pool. The discovery well is the Avance Oil & Gas Company State ETA No. 2 located in Unit I of Section 8, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM SECTION 8: SE/4

(b) Extend the Allison-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMFW SECTION 12: S/2

(c) Extend the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMIM SECTION 36: NW/4

(d) Extend the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM SECTION 24: E/2 NE/4

(e) Extend the EK Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM SECTION 19: SE/4 SECTION 20: SW/4

(f) Extend the Hobbs-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM SECTION 19: S/2

(g) Extend the Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM SECTION 21: N/2 and N/2 N/2 N/2 S/2

(h) Extend the Paduca-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM SECTION 1: W/2 SECTION 12: W/2

(i) Extend the Springs-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM SECTION 3: Lots 1, 2, 7, 8, 9, 10, 15 and 16

(j) Extend the Sulimar-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM SECTION 26: SW/4 NE/4

(k) Extend the Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

> TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM SECTION 33: NW/4

(1) Extend the Northwest Vacuum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

> TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM SECTION 5: SW/4

CASE 4413: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to permit Stanley Leonard Jones dba Francisca Corporation and all other interested parties to appear and show cause why the Francisca Corporation Beeman Well No. 1 located 1980 feet from the South and West lines of Section 2, Township 24 South, Range 28 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4172: (Reopened)



In the matter of Case No. 4172 being reopened pursuant to the provisions of Order No. R-3816, which order established 80-acre spacing units for the Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico. All interested parties may appear and show cause why the said pool should not be developed on 40-acre spacing units.

CASE 4399: Application of Pan American Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks authority to commingle in the wellbore production from the Blinebry, Tubb, and Drinkard Oil Pools in its Southland Royalty "A" Well No. 8 located in Unit O of Section 4, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 4400:

Application of David C. Collier for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico. Said exception would be for applicant's Southern Federal Lease in Units A, C, E, G, I, K, and M of Section 30, Township 19 South, Range 31 East, North Hackberry Yates-Seven Rivers Pool, Eddy County, New Mexico.

CASE 4401:

Application of Read and Stevens, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen, San Andres, Glorieta, and Delaware formations in the open-hole interval between the 8 5/8 inch casing shoe at 3998 feet and the top of the cement at 6109 feet in its Getty State "B.G." Well No. 1 located in Unit K of Section 12, Township 19 South, Range 34 East, Quail-Queen Pool, Lea County, New Mexico.

CASE 4402:

Application of Reserve Oil and Gas Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Cooper-Jal Unit Area comprising 2581 acres, more or less, of Federal and fee lands in Township 24 South, Ranges 36 and 37 East, Lea County, New Mexico.

CASE 4403:

Application of Reserve Oil and Gas Company for a waterflood project, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks authority to institute a waterflood project by water injection through 26 wells into the Lower Seven-Rivers and Queen formations underlying its Cooper-Jal Unit Area, Langlie-Mattix Pool, Lea County, New Mexico.

CASE 4404: Application of Reserve Oil and Gas Company for a waterflood project, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks authority to institute a waterflood project by water injection through 23 wells into the Tansill, Yates, and Upper and Middle Seven-Rivers formations underlying its Cooper-Jal Unit Area, Jalmat Pool, Lea County, New Mexico.

CASE 4405:

Application of Reserve Oil and Gas Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Langlie-Jal Unit Area comprising 1080 acres, more or less, of fee lands in Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 4406:

Application of Reserve Oil and Gas Company for a waterflood project, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks authority to institite a waterflood project by water injection through 13 wells into the Seven Rivers and Queen formations underlying its South Langlie-Jal Unit Area, Langlie-Mattix Oil Pool, Lea County, New Mexico.

CASE 4407:

Application of Tenneco Oil Company for an unorthodox oil well location, McKinley County, New Mexico. Applicant, in the abovestyled cause, seeks approval for an unorthodox Dakota oil well location 1980 feet from the South and East lines of Section 13, Township 17 North, Range 9 West, Hospah Field, McKinley County, New Mexico, said location being closer than 330 feet to an inner boundary line.



CASE 4408: Application of Keohane and Westall for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for applicants' State Well No. 1, located in Unit D of Section 2, Township 19 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

CASE 4409:

Application of Anadarko Production Company for two waterflood expansions, Eddy County, New Mexico. Applicant, in the abovestyled cause, seeks the expansion of its Federal Q Waterflood Project by the conversion to water injection of three additional wells in Units J, L, and P of Section 3, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico. Applicant further seeks the expansion of the Stallworth Oil and Gas Company Parke Waterflood Project by the conversion to water injection of one additional well in Unit H of said Section 3.

CASE 4410:

Application of Major, Giebell& Forster for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 of Section 28, Township 25 South, Range 37 East, Crosby-Devonian Pool, Lea County, New Mexico, said acreage to be dedicated to a well to be drilled in said quarter section. Also, to be considered will be the cost of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4411:

Application of Continental Oil Company for an exception to Rule 104 C I, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks an exception to Rule 104 C I of the Commission Rules and Regulations to permit the completion within 660 feet of another producing well in the same formation of its State H-35 Well No. 10 located 2030 feet from the North line and 1780 feet from the East line of Section 35, Township 17 South, Range 34 East, Vacuum Pool, Lea County, New Mexico.

CASE 4412: Application of Continental Oil Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the abovestyled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Yates and Seven Rivers formations through two wells on its McCallister "A" lease in Section 24, Township 26 South, Range 36 East, Scarborough Yates-Seven Rivers Pool, Lea County, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE No. 4407 Order No. R-4024

APPLICATION OF TENNECO OIL COMPANY FOR AN UNORTHODOX OIL WELL LOCATION, MCKINLEY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on August 19, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of August, 1970, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Tenneco Oil Company, seeks approval for an unorthodox Dakota oil well location for its Santa Fe Pacific Railroad Well No. 1, located 1980 feet from the South line and 1980 feet from the East line of Section 13, Township 17 North, Range 9 West, NMPM, Hospah Field, McKinley County, New Mexico, said location being closer than 330 feet to an inner boundary line.
- (3) That the subject well was drilled at the said unorthodox location inadvertently due to a variation in the size and shape of said Section 13.
- (4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share

-2-CASE No. 4407 Order No. R-4024

of the oil in the Dakota formation, 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 otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

- (1) That the applicant, Tenneco Oil Company, is hereby granted, as an exception to the well location requirements of the New Mexico Oil Conservation Commission Rules and Regulations, approval for an unorthodox location for its Santa Fe Pacific Railroad Well No. 1, located 1980 feet from the South line and 1980 feet from the East line of Section 13, Township 17 North, Range 9 West, NMPM, Hospah Field, McKinley County, New Mexico.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

OID COMSERVATION COMMISSION

DAVID F. CARGO, engirman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

WHITE, GILBERT, KOCH & KELLY

ATTORNEYS AND COUNSELORS AT LAW

LINCOLN BUILDING

SANTA PE, NEW MEXICO 87501

CARL H. GILBERT [1891-1963] L.C.WHITE
WILLIAM W. GILBERT
SUMNER S. XOCH
WILLIAM BOOKER KELLY
JOHN F. MCCARTHY, JR.

July 31, 1970

POST OFFICE BOX 787 TELEPHONE 982-4301 (AREA CODE 505)

Care 4407

Mr. A. L. Porter, Jr. Secretary-Director Oil Conservation Commission State of New Mexico P. O. Box 2088 Santa Fe, New Mexico 87501

Dear Mr. Porter:

Enclosed find original and two copies of Tenneco's Application for an unorthodox well location, McKinley County, New Mexico. I have previously discussed this case with Mr. Nutter, and it is to appear on the docket for August 19, 1970.

Very truly yours,

W. B. KELLY

WBK:CC erclosures

DOCKET MALLED

Date 8-6-76

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF TENNECO OIL COMPANY FOR AN UNORTHODOX WELL LOCATION, SECTION 13, TOWNSHIP 17 NORTH, RANGE 9 WEST, MCKINLEY COUNTY, NEW MEXICO

No. 4407

APPLICATION

Comes now Tenneco Oil Company by its Attorneys White, Gilbert Koch & Kelly, and for its application states:

- 1. That it is the owner and operator of S.F.P.R.R. Well No. I an undesignated Dakota well now being drilled in Section 13, Township 17 North Range 9 West, McKinley County, New Mexico. The above described well which is projected to be an oil well has dedicated to it the NW 1/4 of the SE 1/4 of Section 13, Township 17 North, Range 9 West, McKinley County, New Mexico. Said well is located 1980 feet from the East line and 1980 feet from the South line of said Section 13.
- 2. That because said Section 13 is non-standard in that it is larger than a standard section, the location of the subject well though normally orthodox in a standard section is unorthodox under Rule 104 II(b) of the New Mexico Oil and Gas Commission. That said well instead of being 330 feet from the outer boundary of the 40 Acre tract is 280 feet from the East boundary of said 40 acre tract.
- 3. That Tenneco Oil Company is the Lessee of all of Section 18, Township 17 North, Range 8 West. McKinley County, New Mexico, which bounds Section 13 on the East. That attached hereto and made a part hereof is Exhibit "A" being a land plat showing all off-set operators within a two mile radius of the subject well. Said off-set operators are Tesoro Petroleum Corporation, 533 Busby Drive, San Antonio, Texas; Gulf Oil Corporation, P. O. Box 1938, Roswell, New Mexico; E. R. Richardson 2929 Monte Vista NE, Albuquerque, New Mexico; Thomas Chace, Box 464, Santa Fe, New Mexico.

4. That in granting this application the Commission would be preventing waste by allowing Tenneco Oil Company to complete and produce the subject well at its present unorthodox location.

That the correlative rights of all operators in the area would not be adversely affected by the granting of this application.

WHEREFORE, Applicant prays that it be granted the unorthodox location stated above for its S.F.P.R.R Well No. 1, Section 13

Township 17 North, Range 9 West, McKinley County, New Mexico.

WHITE, GILBERT, KOCH & KELLY

Attorneys for Tenneco Oil Company

Cost 400 for an unertholox ail well location, Mo Kinky County her Megres Quela approval for an emorthology of well location 1980 feet from the Santh Line and 1980 feet from the Santh Line and 1980 feet Range 9 WENT Seekin 13, Toronohip 17 horth, McKinky Count, her Mexico, said location Coing closer than 330 feet to an inner loc undary line.

CASE 4408: Application of KEOHANE AND WESTALL FOR AN EXCEPTION TO ORDER NO. R-3221, AS AMENDED.