

4571

Application
Transcripts.

Small Exhibits

ETC.

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

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 28, 1971

EXAMINER HEARING

IN THE MATTER OF:

Application of Read & Stevens for an
unorthodox gas well location, Chaves
County, New Mexico. Applicant, in
the above-styled cause, seeks an ex-
ception to the special rules and
regulations governing the Buffalo
Valley-Pennsylvanian Gas Pool to
permit the drilling of a well at an
unorthodox gas well location 990 feet
from the South and West lines of
Section 5, Township 15 South, Range
28 East, Chaves County, New Mexico.
the 8/2 of said Section 5 will be
dedicated to the well.

Case No.
4571

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

1 MR. UTZ: We'll take case 4571.

2 MR. HATCH: Case 4571. Application of Read and
3 Stevens for an unorthodox gas well location, Chaves County,
4 New Mexico.

5 MR. STEVENS: Mr. Examiner, I am Don Stevens, with
6 McDermott, Connelly, and Stevens, representing the applicants
7 in this case. We have one witness to be sworn.

8 (Witness sworn.)

9 (Whereupon, Applicant's Exhibits one through five
10 were marked for identification.)

11 WILLIAM J. LEMAY

12 having been first duly sworn, according to law
13 testified upon his oath as follows:

14 DIRECT EXAMINATION

15 BY MR. STEVENS:

16 Q Could you state your name, residence, and your occupation?

17 A William J. LeMay. I am a consulting geologist in Santa
18 Fe, New Mexico.

19 Q Have you testified before the New Mexico Oil Conservation
20 Commission?

21 A Yes, I have.

22 MR. UTZ: The witness has qualified previously.

23 Q (Mr. Stevens Continuing.) Mr. LeMay, would you state
24 briefly what the applicant seeks in this application?

25 A Yes. My client, Read and Stevens, seeks to drill a well

1 in the Buffalo Valley Pennsylvanian Gas Pool in Section
2 5, Township 15 South, Range 28 East, which would be
3 located 990 feet from the South and 990 feet from the
4 West lines.

5 Q Is that a standard location in this field?

6 A No. It is not. It would be an unorthodox location.

7 Q What do the rules provide for the orthodox locations?

8 In other words would there be a well of the Northwest
9 quarter and the Southwest quarter as a rule?

10 A Yes. But the spacing in this can be shifted, the North
11 half or the South half or the East half, West half, and
12 then -- there would be the Standard Pennsylvanian Gas
13 location of a 990 feet from the shore -- from the long
14 boundary and 650 minimum feet from the lessee 990 feet
15 from the long boundary, 1650 from the short boundary of
16 the 320.

17 MR. UTZ: Now, are you sure that this results in
18 this pool? Don't you allow a 999 location?

19 THE WITNESS: I am not sure on that, Mr. Examiner.

20 MR. UTZ: Well, I read it yesterday, and I believe
21 that's correct.

22 THE WITNESS: Do they allow a 999 here?

23 MR. UTZ: So, your location in here is just the
24 wrong quarter section unless I am in error.

25 THE WITNESS: No, I think you were -- I checked

1 that one time, and didn't--I forgot what the normal
2 spacing was.

3 Q (Mr. Stevens continuing.) Referring to your exhibit 1,
4 could you describe it for the commission and point out
5 what spacing is asked for in this application.

6 A Yes. Exhibit one is an acreage ownership map showing
7 the working interest ownership surrounding the proposed
8 location in Section 5.

9 In essence it shows that the applicant, Read and
10 Stevens, either owned or controlled through farmout and
11 operating agreements much of the land in the acreage
12 surrounding the proposed location in Section 5 of Section
13 32, has a hundred and forty acres, which is half Read
14 and Stevens, half City Service, but they own--are the
15 operating rights under farmout agreement in Section 5,
16 and in all the forty acres of Section 18 to the South,
17 most of the acreage in Section 7, and, of course, they
18 have a gas well under that midwest farmout in Section 6.

19 Q The mineral ownership in the area around the proposed
20 location, could you describe it for us?

21 A Yes. The mineral ownership is all state land. At least
22 to the North, West and South. There is some federal
23 land in Sections 4 and 9, but estimate at least 75 percent
24 or greater of the land of state ownership mineral rights.

25 Q Referring to what has been marked as exhibit number two,

1 would you explain that for the commission?

2 A Exhibit number two is a structure map drawn on top of
3 the Atoka formation, and it shows the contour intervals
4 at a hundred feet.

5 It shows just the regional dip, basically, in the
6 Atoka, which is Southeast. There is a smaller structure
7 map up in the vicinity of Section 35, Township 15 South,
8 Range 27 East.

9 However, in my study of the field, the controlling
10 mechanism for production is stratigraphic. It is not
11 structural. It also -- also shows the proposed location
12 the progression unit, the South half of Section 5, 1528,
13 and the cross section that will be brought up later
14 running from the Read and Stevens Trowall A well, and
15 the Southeast of Section 12 to the recently completed
16 midwest well in the Southeast Section 6.

17 That cross section is labeled A, A Prime, and is
18 exhibit Number 5.

19 Q From your studies, then, based on this, it is your opinion
20 that the gas accumulations is not structurally controlled?

21 A No. It is not. It is stratigraphic accumulation.

22 Q Referring to exhibit marked 3, would you describe it for
23 the commission?

24 A Yes. Exhibit number 3 is a gross and net sand isopach of
25 the main pay in the Buffalo Valley field.

1 In conjunction with exhibit number 5, which I will
2 show later, there are two wells in Section 6, in the
3 South half on Section 6, which do not produce from this
4 main sand.

5 It has been referred to in the exhibit as the lower
6 pay sand and has been main pay in the Buffalo Valley
7 field prior to the joining of these two wells in Section
8 6.

9 It shows a general thickening of the gross sands
10 interval, lower gross sand interval, in excess of thirty
11 feet, and the net pay sand tends to conform with this
12 gross thickening of the lower sands, as shown by the
13 dotted line on the exhibit, where it exceeds twenty
14 feet, there are excellent wells, where it exceeds twenty
15 feet there are good wells.

16 Example of a poor well completed from this well
17 was less than ten feet of net sand, and that well is up
18 in Section 26, 1427. It is in the Southeast quarter of
19 26.

20 However, in general, the wells have to have over ten
21 feet to be commercial. The net sand tends to conform
22 generally with the gross sand, gross sand being the hard
23 lines, the ones that are not broken on the exhibit.

24 And that sand again, being the dashed lines, so you
25 can see in considering the lower sand, there are, in

1 essence, five dry holes on the East side of the field,
2 none of which encountered commercial lower sand produc-
3 tion. Those wells being three wells in Section 6, one
4 in Section 5, and one in Section 7.

5 Q Were any wells in Section 5, 6, 7, were any of them
6 perforated in the lower sand?

7 A No, they were not. There were shoals in the lower sand,
8 as the well would dry hole in section indicated, but
9 there is no production, and none of the wells have been
10 perforated in that lower sand interval.

11 Q There were shows on the drill stem tests?

12 A Yes. Gas on the surface too small to measure.

13 Q And your testimony is that the wells in Section 6 that
14 are productive are not perforated in nor producing from
15 the lower sand which produces in the rest of the field?

16 A They are not, no, sir.

17 Q But they are prorated in with the rest of the fields; is
18 that correct?

19 A Yes. A hearing was never docketed, and I guess it has
20 never been requested to separate this field into an
21 upper and lower sand pit.

22 Actually, the two wells in Section 6 and fairly
23 recent. Therefore, it may be in the future that one of
24 the operators will request this split pool designation
25 here, but to date, it has not been requested.

1 Q Referring to what has been marked as exhibit number
2 four, would you explain it for the commission?

3 A Yes. Exhibit number four is an isopach map of the gross
4 and net pay sand in the upper sand interval, which to
5 date, has included only two wells in Section 6, which
6 have been commercial.

7 There again, there had been shows in the upper
8 sand intervals as the Read and Stevens gulf well in the
9 North half of Section 5 indicates. It has seven feet
10 of net scattered porosity, and it had gas to the surface,
11 but too small to measure.

12 It was noncommercial. However, pipe was not set
13 on that well. As you can see to the West, this sand
14 really gets quite thin, and shaley, and it has not been
15 a gas reservoir except in the area to date of section
16 6.

17 Q Were there any tests or perforations in the wells in
18 Sections one and twelve to the West, to your knowledge?

19 A In the upper sand interval?

20 Q In the upper sand, yes.

21 A No, no. They were completed exclusively in the lower
22 sand. There again, this exhibit shows the gross sand
23 thickness in the upper sand interval as a solid line
24 isopach, the net pay sand has a dashed line, and that
25 also is isopach.

1 I might point out the one factor that I could not
2 take into consideration is the quality of the pay sand,
3 and that is evident by the midwest well, which is in
4 the Southeast quarter of Section 6.

5 That well is as good or better than the Read and
6 Stevens well. However, it had less net pay sand, but
7 the porosity and permeability were high, and therefore,
8 it is an excellent well with only eleven feet of net
9 sand.

10 Q On your exhibits, you show the net sand isopach to the
11 effect that all of the South half of Section 5, be
12 proposed proration unit, would be within, I guess, what
13 we would call a productive limit of the field. Is it
14 your opinion that all of it would be productive of gas?

15 A Well, this upper sand is a new objective for the operators
16 in the field. To date, with the available control, it
17 looks like the sand body is oriented East-West with two
18 wells producing in an East-West direction, the control
19 being pretty tight to the West, and giving some evidence
20 of opening up the sands interval.

21 In other words, thickening of the sands, and develop-
22 ment of scattered porosity to the North and South, so
23 with the available control, I would say this sand body
24 is extending East-West, and it is a projection that
25 includes the entire South half of 5.

1 It is a risky objective. However, since my
2 knowledge, it has not produced anywhere -- not only this
3 field, but the general area.

4 It is a sand body that can be roughly correlated
5 with the sand in the Atoka field, but it is a very
6 rough correlation.

7 These sands come and go, and therefore, it is
8 dangerous to say that one sand this far North equals
9 the sand in a field twenty miles away.

10 Q The areal extent, then, of this particular gas productive
11 sand is unknown, at least, to the East; is that correct?

12 A That's correct. It is a projection to the East.

13 Q You have dry holes to the North, to the West, and to at
14 least the Southwest; is that correct?

15 A Right. We feel that we have it pretty well narrowed in,
16 if it doesn't go East, maybe a little Southeast, but it
17 is a fairly well controlled prospect. You might say
18 on where you shouldn't drill for it.

19 Q I will refer you to what has been marked as exhibit
20 number 5. Could you explain it for the commission?

21 A Yes. Exhibit number 5 is the cross section shown on
22 exhibit two extending from the Southwest to the Northeast
23 from the Trowall A well drilled by Read and Stevens, which
24 is a producing well in the lower sand to the midwest
25 state B Number 1, which is a producing well in the upper

1 sand, which is an off-set to the proposed location.

2 In general, it shows the Trowall A well to be very
3 thin in both gross sand and certainly in net sand.

4 In essence, a dry hole in the upper sand, but the
5 lower sand being fairly well developed in mainly two
6 sand bodies.

7 I could not show the lower sand there. It occurs
8 at approximately 8570. You can see it is just beginning
9 to develop, and it is the main pay sand in the lower sand
10 interval, correlating the sands over into the midwest
11 well.

12 The upper sand has developed nicely, as shown by
13 the perforated interval from 8459 to 8475.

14 This well has a calculated absolute open flow of
15 ten million four hundred eighty thousand cubic feet of
16 gas, ten million four hundred eighty cubic feet of gas
17 per day.

18 Q Thousand cubic feet?

19 A Thousand cubic feet of gas per day.

20 Q Right.

21 A Right. The pay is of good quality in the midwest well.

22 However, in the lower interval in the midwest well, the

23 sand gets shaley, and broken to a great extent, so the well

24 is noncommercial in the lower sand.

25 Q Mr. LeMay, in your opinion, will the granting of this

1 application prevent waste and protect relative rights to
2 the operator and owners and the royalty owners in Section
3 5?

4 A In my opinion it would protect relative rights and
5 conserve natural resources.

6 MR. STEVENS: Mr. Examiner, at this time, we would
7 like to offer into evidence exhibits one through five of the
8 applicant's.

9 MR. UTZ: Without objection, exhibits one through
10 five will be entered into the record of this case.

11 MR. STEVENS: We have no further questions of this
12 witness.

13 CROSS EXAMINATION

14 BY MR. UTZ:

15 Q Mr. LeMay, the well in the Southwest quarter of Section
16 6, is it a non-standard location?

17 A Yes, sir, it is. It is a non-standard location.

18 Q Was that after a hearing?

19 A Yes, it was.

20 Q You don't know that Order Number, do you?

21 MR. STEVENS: Yes, sir, I do. 43610.

22 MR. UTZ: The order number.

23 MR. STEVENS: No, sir. I have the case number.

24 MR. UTZ: That is good enough.

25 Q (Mr. Utz continuing.) So that in this pool, now, has this

1 been a recent, or was this grandfathered in, do you know?

2 A Not in this pool, I don't think.

3 MR. STEVENS: It was --

4 Q (Mr. Utz continuing.) It wouldn't be grandfathered in?

5 MR. STEVENS: May 27, 1970.

6 A The recent hearing wants pool rules in the proration was
7 established in the Buffalo Valley, there were quite a few
8 unorthodox locations that were exempt certainly from the
9 previous, from the subsequent pool rules, so I think at
10 that time we figured about half the wells were really
11 unorthodox prior to the hearing, or, you know, they got
12 in because the rules were later.

13 Q Well, the reason for your location, then, is that you
14 could only step out too far from the producing well?

15 A This is correct. This is a real risky thing, this upper
16 sand, and it is really a new exploration objective. We
17 have very little that we know about it today, and we just
18 want to reduce risk.

19 Q So you really don't have any information at this time as
20 to whether the whole South half is productive or not
21 productive, do you?

22 A At this time we don't, no. We just projected the sand
23 going East-West on the basis of the well control.

24 Q It is your testimony, then, that this sand is a separate
25 sand from the pool proper to the West of it?

1 A That's correct. That can be also substantiated by
2 pressure variations. Example, the Read and Stevens well,
3 these are drill stem test pressures, the Read and Stevens
4 well in the Southwest quarter of Section 6 encountered
5 a final shut-in bottom hole pressure of four thousand and
6 twenty-five.

7 Midwest well, we began drill stem tests 3504 the
8 pool pressure generally is about two thousand at this
9 time.

10 However, I must point out that the drill stem test
11 pressure correlations in this pool have led both
12 engineers and geologists to scratch their heads, because
13 they don't correlate nearly as fast as others, as other
14 pools do.

15 We have encountered some close diversion pressures
16 in the second sand, and the explanation might be imper-
17 fect permeability, but it is not a good pool in this
18 field.

19 However, it does show that at least in the case of
20 the Read and Stevens well there is pressure, twice as
21 much as the current pool pressure, so we don't -- with
22 that much variation, we won't assume, certainly,
23 communications between the two.

24 Q Do you know whether the large wells in the pool is due
25 to better permeability or thicker pay?

1 A Probably a combination of both. There are some thick
2 pays in there that produce well. There are also some --
3 some ones on the thin side, maybe ten, twelve feet that
4 produce wells that have good deliverability.

5 These sands are really quite erratic, where you
6 take an interval, you may have the good sands develop
7 at the top in one well, and maybe in the middle in
8 another, and they are probably joined, but imperfectly,
9 throughout the field.

10 It would be my impression of it.

11 Q Well, this is fairly true, isn't it, with most strati-
12 graphic tracts?

13 A Well, in this field, we will say moreso than the Atoka
14 Pennsylvanian fields, where you can pretty well, if you
15 drilled a well today, see pay sand. You would certainly
16 anticipate current bottom hole pressure.

17 In other words, pressure of twelve hundred pounds,
18 whatever the current pressure is.

19 In this field, that may not be the case. You may
20 be quite a bit higher, but to some extent, in all these
21 lower Pennsylvanian sand pools, the sand will come and
22 go and be imperfectly connected in the subsurface between
23 the wells.

24 MR. UTZ: Are there other questions of the witness?

25 The witness may be excused.

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(Witness excused.)

MR. UTZ: Case will be taken under advisement. We
will take a recess.

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3	<u>WITNESS</u>		<u>PAGE</u>
4	WILLIAM J. LEMAY		
5	Direct Examination by Mr. Stevens		2
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7			
8	<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
9	Applicant's Exhibits 1		
10	through 5.		12
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1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO)

3 I, LINDA MALONE, Court Reporter, do hereby certify that
4 the foregoing and attached Transcript of Hearing before the
5 New Mexico Oil Conservation Commission was reported by me; and
6 that the same is a true and correct record of the said
7 proceedings, to the best of my knowledge, skill and ability.

8
9
10 Linda Malone
11 Court Reporter
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22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the hearing of Case No. 4571
25 heard by me on July 28, 1971.
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

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

August 4, 1971

Mr. Don S. Stevens
McDermott, Connelly & Stevens
Attorneys at Law
Post Office Box 1904
Santa Fe, New Mexico

Re: Case No. 4571
Order No. R-4175
Applicant:
Read & Stevens

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.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other

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. 4571
Order No. R-4175

APPLICATION OF READ & STEVENS
FOR AN UNORTHODOX GAS WELL
LOCATION, CHAVES COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 28, 1971,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 3rd day of August, 1971, 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, Read & Stevens, Inc., seeks authority
to drill a gas well at an unorthodox gas well location 990 feet
from the South line and 990 feet from the West line of Section 5,
Township 15 South, Range 28 East, NMPM, Buffalo Valley-Pennsyl-
vanian Gas Pool, Chaves County, New Mexico, to be dedicated to
a gas proration unit comprising the S/2 of said Section 5, in
exception to the provisions of Rule 2 of Order No. R-1670-H.

(3) That the Special Rules and Regulations governing the
Buffalo Valley-Pennsylvanian Gas Pool provide that each well
completed or recompleted in said pool shall be located in the
northwest quarter or the southeast quarter of the section and
shall be located no nearer than 990 feet to the outer boundary
of the quarter section nor nearer than 330 feet to any govern-
mental quarter-quarter section line.

-2-

CASE NO. 4571

Order No. R-4175

(4) That the proposed location, in the southwest quarter of said Section 5, is an off-pattern quarter section location.

(5) That the evidence indicates that a well drilled at the proposed non-standard location in the southwest quarter of said Section 5 should encounter a thicker and more prolific pay section of the Pennsylvanian sand than a well drilled at a standard location in said section and should, therefore, result in greater ultimate recovery of gas, thereby preventing waste.

(6) That approval of the proposed unorthodox location will not violate correlative rights and 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 otherwise prevent waste.

IT IS THEREFORE ORDERED:

(1) That the applicant, Read & Stevens, Inc., is hereby authorized to drill a gas well at an unorthodox location 990 feet from the South line and 990 feet from the West line of Section 5, Township 15 South, Range 28 East, NMPM, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, to be dedicated to a gas proration unit comprising the 8/2 of said Section 5.

(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 designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruch King
BRUCH KING, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

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


S E A L

dr/

Case 4571

Heard 7-28-71

Rec. 7-28-71

Grant Read & Stevens the NSL
in the Buffalo Valley - Penn. for a
well to be drilled 990/5 + W - sec. 5 -
15-28. The old location would
have been in the SE + NW 1/4's
This sand is quite elusive and
R + S want to step out 1 location.

Thus R + S

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 28, 1971

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 4539: (Continued from the June 30, 1971, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Doanbuy Lease & Company, Inc., and all other interested persons to appear and show cause why its following described wells in Section 27, Township 14 South, Range 33 East, Saunders Pool, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

Atlantic State AC-1	Well No. 1	Unit N
Atlantic State AC-2	Well No. 2	Unit M
Atlantic State AC-2	Well No. 3	Unit O
Atlantic State AC-3	Well No. 4	Unit L
Atlantic State AC-3	Well No. 5	Unit J
Atlantic State AC-4	Well No. 6	Unit P
Atlantic State AC-4	Well No. 7	Unit I

CASE 4558: (Continued from the June 30, 1971, Examiner Hearing)

Application of Midwest Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Little Inbe (Bough "C") Unit Area comprising 2,240 acres, more or less, of state lands in Sections 10, 11, 14 and 15 of Township 10 South, Range 33 East, Inbe Permo-Pennsylvanian Pool, Lea County, New Mexico.

CASE 4559: (Continued from the June 30, 1971, Examiner Hearing)

Application of Midwest Oil Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Little Inbe (Bough "C") Unit Area, Inbe Permo-Pennsylvanian Pool, Lea County, New Mexico, by the injection of water through three wells located in Sections 11 and 14 of Township 10 South, Range 33 East, Lea County, New Mexico.

CASE 4563: (Continued from the June 30, 1971, Examiner Hearing)

Application of Corinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1. Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

CASE 4561: (Continued and readvertised from the June 30, 1971, Examiner Hearing)

Application of Great Plains Land Company 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, to dispose of water produced by its well located in the NW/4 NW/4 of Section 31, Township 18 South, Range 31 East, Shugart Field, Eddy County, New Mexico.

CASE 4570: Application of Shenandoah Oil Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from 1760 feet to 1840 feet by injection down the annulus of its Read & Stevens "M" Federal Well No. 1 located in Unit K of Section 28, Township 6 South, Range 27 East, Haystack-Cisco Gas Pool, Chaves County, New Mexico.

CASE 4571: Application of Read & Stevens for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the special rules and regulations governing the Buffalo Valley-Pennsylvanian Gas Pool to permit the drilling of a well at an unorthodox gas well location 990 feet from the South and West lines of Section 5, Township 15 South, Range 28 East, Chaves County, New Mexico, the S/2 of said Section 5 to be dedicated to the well.

Examiner Hearing - July 28, 1971

Docket No. 16-71

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CASE 4572: Application of Franklin, Aston & Fair, Inc., for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the "B" zone of the Slaughter section of the San Andres formation in its Cook State Well No. 1 located in Unit L of Section 32, Township 7 South, Range 36 East, Todd-San Andres Field, Roosevelt County, New Mexico.

CASE 4573: Application of Tenneco Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sand Springs South Unit Area comprising 2536 acres, more or less, of state lands in Township 11 South, Ranges 34 and 35 East, Lea County, New Mexico.

CASE 4574: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tenneco Oil Company to appear and show cause why it should not take immediate action to repair the production casing in its Bolack "B" Well No. 5 located in Unit J of Section 31, Township 27 North, Range 8 West, Basin-Dakota Pool, San Juan County, New Mexico.

CASE 4569: (Continued from the July 14, 1971, Examiner Hearing)
Application of Barber Oil, Inc., for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a producing oil well at an unorthodox location 1326 feet from the South line and 5 feet from the West line of Section 13, Township 20 South, Range 28 East, as an infill well in its waterflood project in the Russell (Yates) Pool, Eddy County, New Mexico.

ACREAGE OWNERSHIP ONE MILE
AROUND PROPOSED LOCATION

- [illegible]

CASE NO. 4571 - BUFFALO VALLEY FIELD
EXHIBIT NO. 2

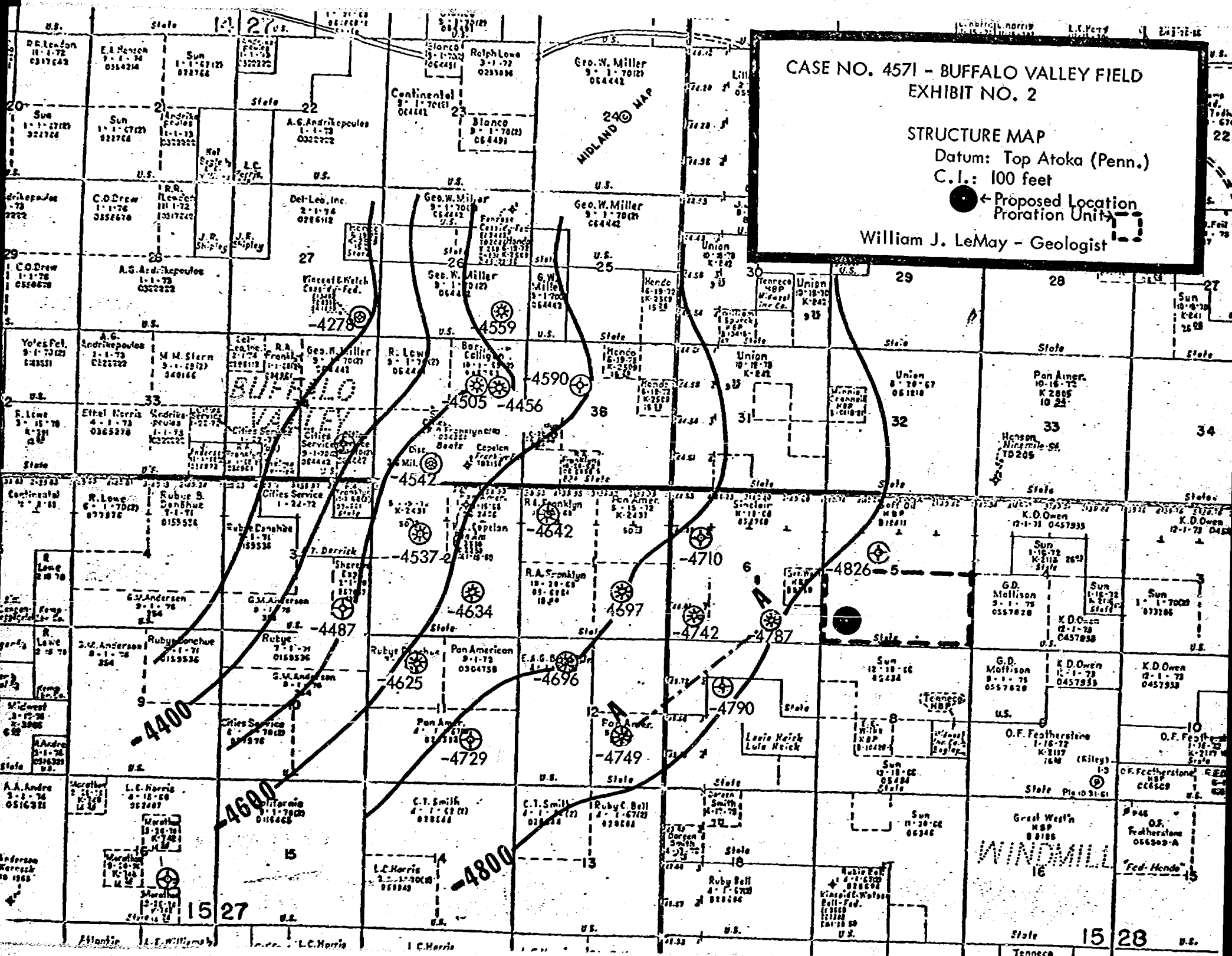
STRUCTURE MAP

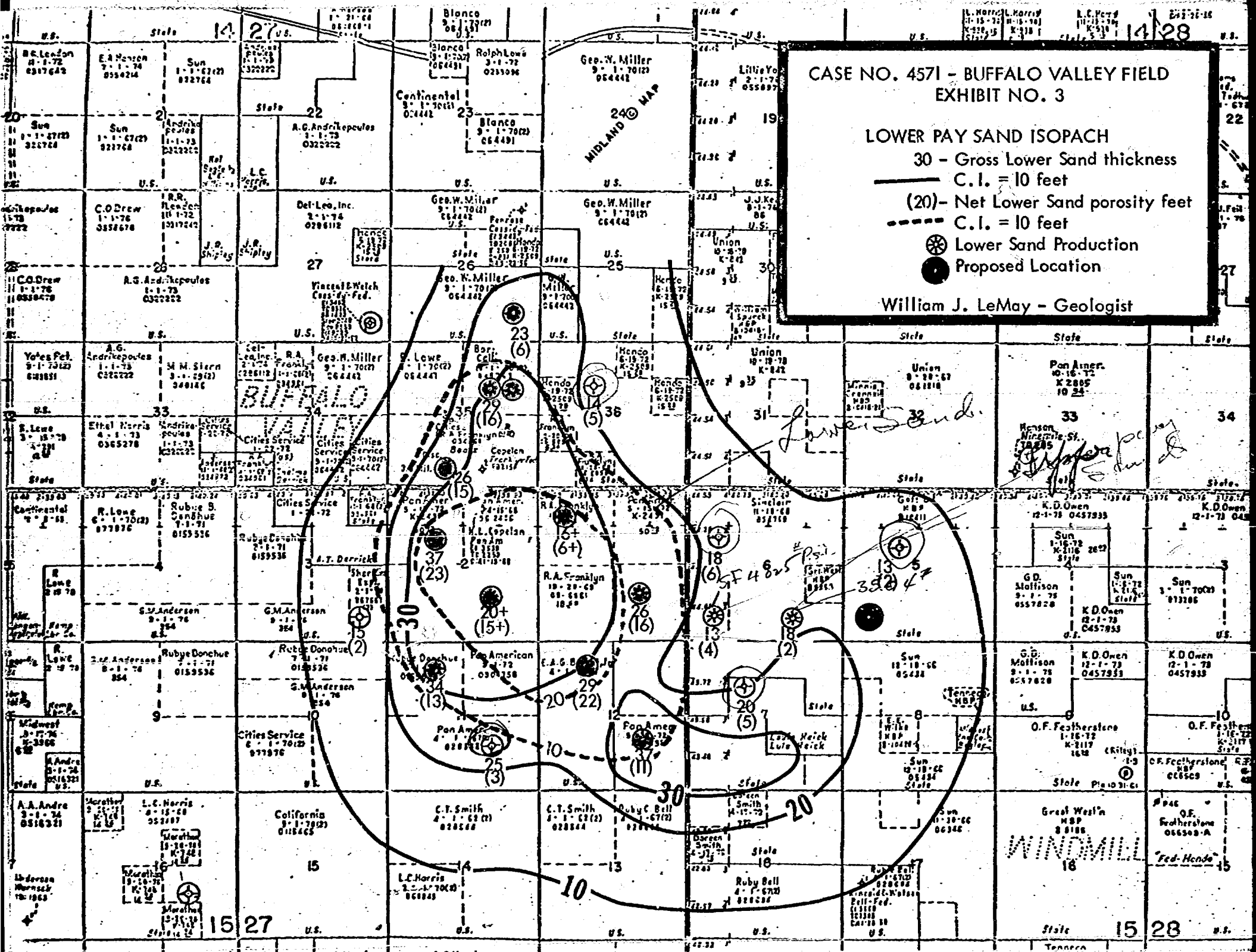
Datum: Top Atoka (Penn.)

C.I.: 100 feet

● Proposed Location
□ Proration Unit

William J. LeMay - Geologist





CASE NO. 4571 - BUFFALO VALLEY FIELD
EXHIBIT NO. 3

LOWER PAY SAND ISOPACH

30 - Gross Lower Sand thickness

C.I. = 10 feet

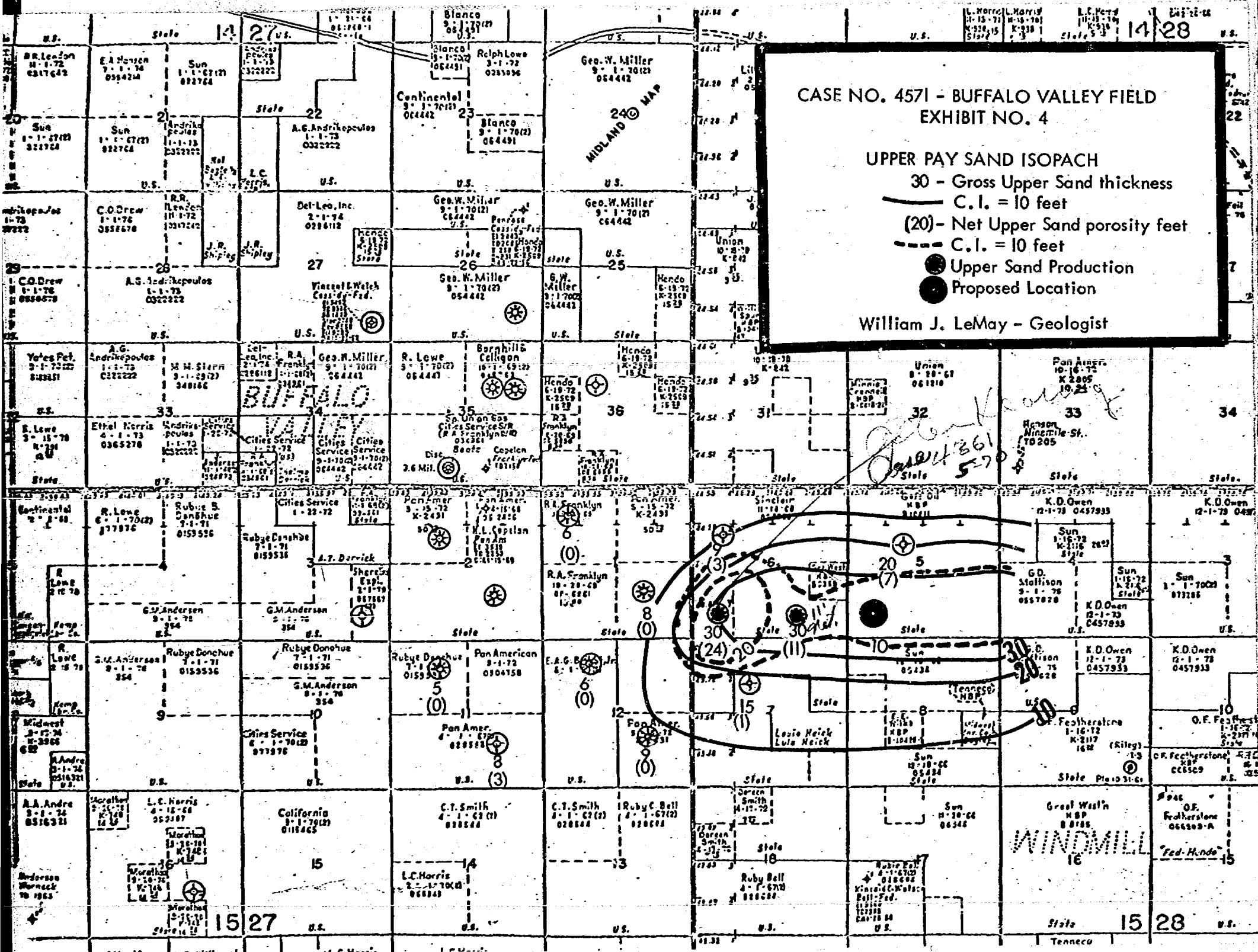
(20) - Net Lower Sand porosity feet

C.I. = 10 feet

Lower Sand Production

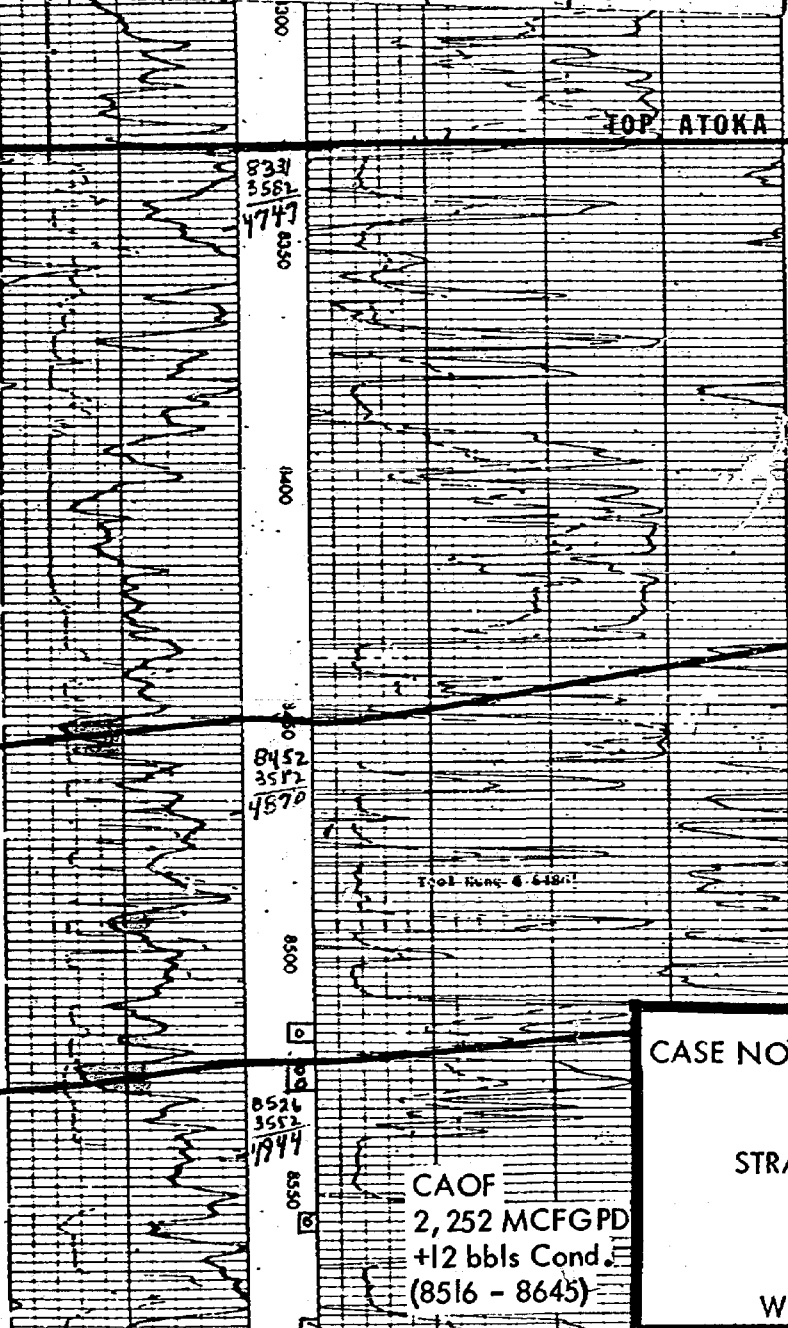
Proposed Location

William J. LeMay - Geologist



A

COMPANY READ & STEVENS	
WELL TROBROUGH "A" STATE COV. # 1	
FIELD BUFFALO VALLEY PENN	
COUNTY CHAVES STATE NEW MEXICO	
Location 1650' FSL & 1650' FEL	Other Services: Ind - EI Forxo
Sec. 12 Twp. 15-S Rge. 27-E	



TOP ATOKA FORMATION (Datum)

Top Upper Sand

Top Lower Sand

CASE NO. 4571 - BUFFALO VALLEY FIELD
EXHIBIT NO. 5

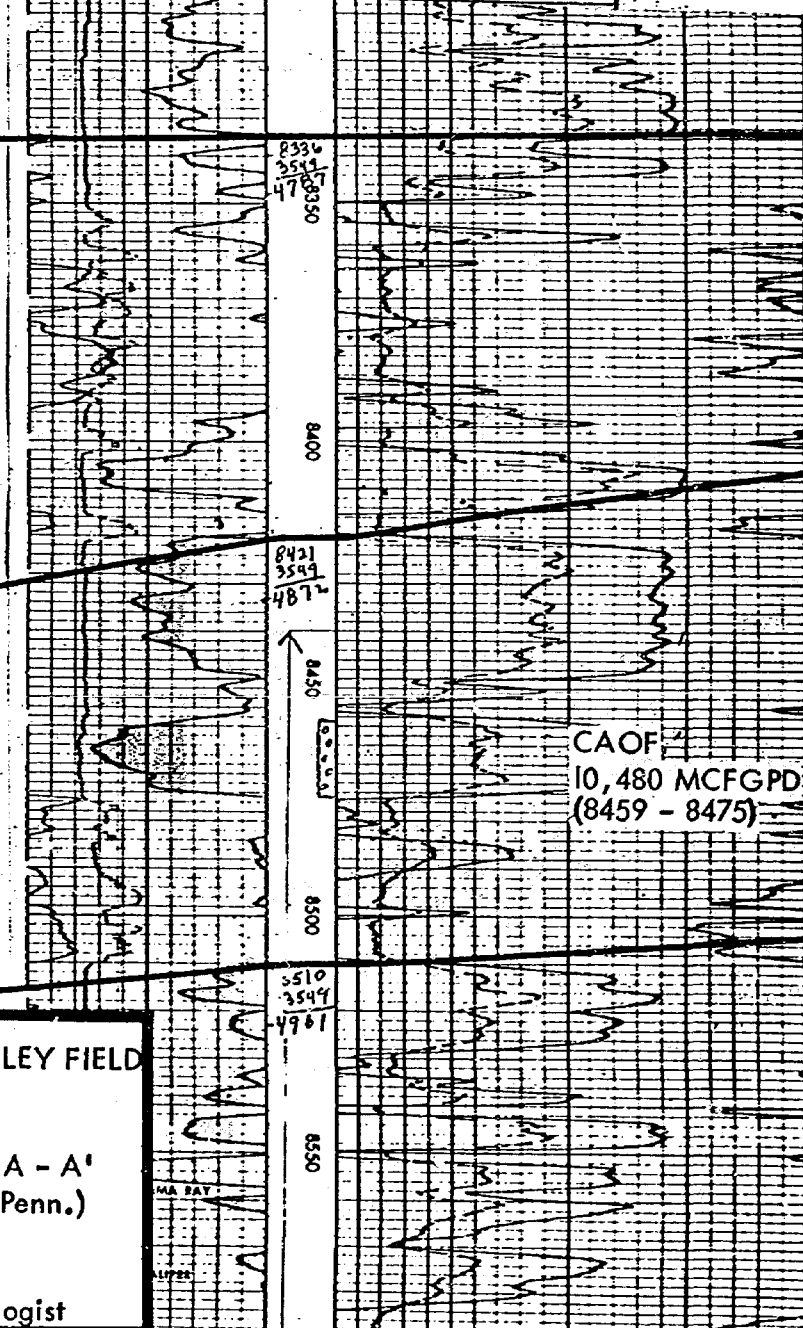
STRATIGRAPHIC SECTION A - A'
Datum: Top Atoka (Penn.)
Sand

William J. LeMay - Geologist

CAOF
2,252 MCFGPD
+12 bbls Cond.
(8516 - 8645)

A'

COMPANY MIDWEST OIL CORPORATION	
WELL STATE "V" # 1	
FIELD BUFFALO VALLEY (PENN)	
COUNTY CHAVES STATE NEW MEXICO	
Location 990' FSL & 1650' FEL	Other Services: Ind - EI Forxo
Sec. 6 Twp. 15-S Rge. 28-E	



CAOF
10,480 MCFGPD
(8459 - 8475)

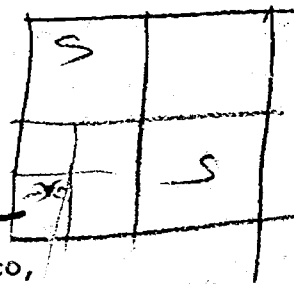
JUL 2 AM 10 28
BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

APPLICATION OF READ & STEVENS
FOR AN ORDER APPROVING AN
UNORTHODOX GAS WELL LOCATION,
BUFFALO VALLEY, PENNSYLVANIAN
FIELD, CHAVES COUNTY, NEW MEXICO

Case No. 4571

APPLICATION

COMES NOW Read & Stevens and applies to the Oil Conservation Commission of the State of New Mexico for the approval of an unorthodox gas well location to be located 990 feet from the South and West lines of Section 5, Township 15 South, Range 28 East, Chaves County, New Mexico, as an exception to the provisions of Rule 2 of Order No. R-1670, as amended, and in support thereof would show the Commission:



1. Applicant is the owner of the right to drill for, develop and produce oil and gas from the Pennsylvanian formation in Section 5, above Township and Range, with the South 1/2 of Section 5 being the 320 acre proration unit dedicated to said well.

2. Unless applicant is granted approval of an unorthodox gas well location as proposed herein, he will be denied his right to obtain his just and equitable share of the gas underlying his lands.

3. Approval of the application will result in the recovery of gas that probably would not otherwise be recovered, will prevent waste, and correlative rights of the other owners in the area will be protected.

THEREFORE applicant requests that his matter be set for hearing before the Commission, or before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving an unorthodox gas well location for Pennsylvanian production, as requested above.

Respectfully submitted,

READ & STEVENS

By

William J. LeMay
William J. LeMay
P.O. Box 2244
Santa Fe, New Mexico 87501

DOCKET MAILED

Date 7-16-71 Agent for Applicant

DRAFT

GMH/dr

(14)

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. 4571

Order No. R-4175

APPLICATION OF READ & STEVENS FOR
AN UNORTHODOX GAS WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 28, 1971,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of July, 19 71, 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, Read & Stevens, Inc., seeks authority
to drill a gas well at an unorthodox gas well location 990 feet
from the South line and 990 feet from the West line of Section 5,
Township 15 South, Range 28 East, NMPM, Buffalo Valley-Pennsylvanian
Gas Pool, Chaves County, New Mexico, to be dedicated to a gas
proration unit comprising the S/2 of said Section 5, in exception
to the provisions of Rule 2 of Order No. R-1670-H.

-2-

CASE NO. 4571

Order No. R-

(3) That the Special Rules and Regulations governing the Buffalo Valley-Pennsylvanian Gas Pool provide that each well completed or recompleted in said pool shall be located in the northwest quarter or the southeast quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line.

(4) That the proposed location, in the ~~southwest~~ *southeast* quarter of said Section 5, is an off-pattern quarter section location.

(5) That the evidence indicates that a well drilled at the proposed non-standard location in the ~~southwest~~ *southeast* quarter of said Section 5 should encounter a thicker and more prolific pay section of the Pennsylvanian sand than a well drilled at a standard location in the ~~southwest~~ *southeast* quarter of said section and should, therefore, result in greater ultimate recovery of gas, thereby preventing waste.

(6) That approval of the proposed unorthodox location will not violate correlative rights and 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 otherwise prevent waste.

IT IS THEREFORE ORDERED:

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CASE NO. 4571

Order No. R-

(1) That the applicant, Read & Stevens, Inc., is hereby authorized to drill a gas well at an unorthodox location 990 feet from the South line and 990 feet from the West line of Section 5, Township 15 South, Range 28 East, NMPM, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, to be dedicated to a gas proration unit comprising the S/2 of said Section 5.

(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 designated.

CASE 4572: Appli. of FRANKLIN,
ASTON & FAIR, INC., FOR SALT WATER
DISPOSAL, ROOSEVELT COUNTY.