CASE 654: Application of MIDWEST FOR TWO NON-STANDARD GAS SPACING UNITS AND WELL LOCATIONS.

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# Case Number 4654

Application
Trascripts

Small Exhibits

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#### NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing

Santa Fe , NEW MEXIC

### REGISTER

FEBRUARY 2, 1972 HEARING DATE TIME: C A.M. Vould & them He Vermett, Course let Serve 5.6 N. U. Leverney 5.1 Zumlukes Orille. Nui of Jacksonie SF RW Bypan & Co. aven le hope 2 Monterinery Federali (Milwest) S.F. milland, Tyler Light on mills midwest oil co. Milland, Two Could Oil Co-US But Kaster F.W. MORAN, JR Sata : Jason Kellali Kellahi & Fox Artesia n Raguel Lar wilso, wosten Ray Graha State dand & fice Santa 70.

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(After recess. The hearing will come to order, please.

MR. UTZ: MR. LOPEZ: Mr. Examiner, my name is Owen Lopez,

associated with the law firm of Montgomery, Federici, Andrews,

Hannahs & Morris, Santa Fe. I have one withess.

MR. UTZ: I don't believe we have called the case yet,

have we?

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We didn't call it before.

Case 4054.

MR. HATCH: Case 4654: Application of Midwest Oil Corporation for two-nonstandard gas spacing units and well locations, Eddy County, New Mexico.

MR. UTZ: You better put this before his appearance. Any other appearances?

## SANFORD WELLS

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

# DIRECT EXAMINATION

BY MR. LOPEZ 19

- Would you please state your name, residence, and occupation?
- Sanford Wells, Petroleum Engineer, Midwest Oil Corporation, 21
- Midland, Texas. 22
  - Mr. Wells, have you testified previously before the New Mexico Uil Conservation Commission?

No. 25

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Q	Would you please give the Examiner some of your educationa
	background and experience in the oil and gas field?
A	I graduated from Tulsa University in 1962 with a B.S.

degree in Petroleum Engineering.

Tompleyed by Cinclair Oil & Gas Corporation six years, drilling and production reservoir studies; a year and a half Marathon Oil Corporation, as a Petroleum Engineer in charge of water flood in Illinois.

I spent a year and a half with Shell Oil Company and Gas as a drilling and completion engineer, Oklahoma, Kansas, and Texas.

And I am currently employed by Midwest, in July of '71, as a petroleum engineer.

- Does your present occupation with Midwest include supervision and familiarity with Midwest' operations in New Mexico?
- Yes.
- Mr. Examiner, are Mr. Wells' qualifications acceptable? MR. UTZ: They are.
- Q (By Mr. Lopez) Are you familiar with the Applicant Case 4654?
- Yes.
- What does Midwest propose to do in this Application?
- We are asking for a non-standard gas spacing in Section 6 of 18 south, 29 east, Eddy County.

Currently there is 299 acres in the north half and 299

acres in the south half.

This is due to a deviation in the U. S. Public Land Survey.

- Is this so described on your Exhibit No. 1?
- Yes.

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Now, referring to Inhibit No. 1, I notify that there is shown a well drilled in the north half of Section 6 at a distance 1,629 from the west boundary and 1,830 from the north boundary.

Could you give us a brief run-down on why this well was drilled in that location and what its original purpose was?

The original purpose was Devonian test and put on unorthodox spacing as a Devonian test, and the Devonian test was water and recompletion, was made in parrow sand. was this an unorthodox location originally granted by this Commission in order R-4180?

Yen.

R- 4, 857:

Yes. The reason was the survey was off by that amount.

Is it also true that you are seeking a unit of 299.23 acres in the south half of Section 6 and also the unorthodox location at 1,980 from the south and 1,980 from the east, based on the reason that the survey of this section so dictates?

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Mr. Examiner, you will notice that the application regarding the unorthodox location on the south half of Section 6 was originally advertised at 1,980 from the south and west lines.

However, the applicant new proposes to drill 1,980 from the south and east lines. However, I believe this is subject to administrative approval since the unorthodox location is based on survey deviation, and I think it was originally included in this Application because of the fact that a hearing was required on the application regarding the north half.

However, I will leave that to your discretion whether you think it is necessary to be advertised or not.

MR. UTZ: Why don't you go ahead and complete your

Q (By Mr. Lopez) Now, I ask you to refer to Exhibit No. 2 and explain briefly to the Examiner what this exhibit shows. Exhibit No. 2 is a type log of the Morrow sand. It is shown as the top of the Marrow sand No. 1 and No. 2, which

case, and we will have a discussion before we close the case.

we have perforated and treated, and also on the side is shown the porosity and water saturation of the two sands.

Below is the formation of the Marrow. That is it. If your Application is granted in this case, when do you project drilling your second well in the south half of

Section 6?

I would imagine the last of March.

Is it your opinion that if your Application is granted in this case that it will prevent waste and protect correlative rights of the offset operators?

Were Exhibits 1 and 2 prepared by you or inder your supervision?

Under my supervision.

At this time, Mr. Examiner, the Applicant would like to introduce Exhibits 1 and 2 into evidence.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record of this case.

At this time let's go off the record.

(Whereupon a brief off the record was held.)

MR. UTZ: Back on the record now, and I will ask you a few questions to clarify this.

#### CROSS-EXAMINATION

BY MR. UTZ

Mr. Wells, it is my understanding that you brought a case oproved by Case 4528 for a before the Commission while of Section 6 for non-standard location the Devonian Forms

Correct.

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SPECIALIZING IN: DEPOSITIONS, HTARINGS, STATEMENTS, EXPERT TESTINONY, BAILY COPY, CONVENTIONS 209 SIMMS BLCG.+P.O. BOX 1092-PHONE 249-4691-ALBUQUERQUE; NEW MEXICO 67103 FIRST NATIONAL BANK BLDG. EAST-ALBUQUERQUE; NEW MEXICO 67103

MR. UTZ: 4578.

Q (By Mr. Utz) Rather than the Devonian Formation, you completed this in the Morrow?

Correct.

4578.

Is this then a non-standard location in the Morrow at this location?

Yes.

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Then you are asking at this Hearing for a non-standard location in the Morrow?

Correct.

I missed that in your Application, I guess, and in addition to that you are asking for the two non-standard proration units, one in the horth half, one in the south half?

Yes.

so that then your request for a non-standard location in the southwest quarter of Section 6, you are now dropping in favor of a standard location in the southeast quarter?

MR. UTZ: Anything alse? Are there any other questions? The witness may be excused.

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STATE OF NEW MEXICO ) SS. COUNTY OF BERNALILLO)

I, RICHARD STURGES, a Certified Shorthand 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

CERTIFIED SHORTHAND REPORTER

I do horeby certify that the foregoing is e centificate reports of the processings in the Arraidan bearing of thee of the 54

New Mozico Oil Conservation Commissio,

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# OIL CONSTRUCTION COMMISSION

BRUCE KING CHAIRMAN LAND COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87561 LAND COMMISSIONER ALEX J. ARMIJO MEMBER

GOVERNOR

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

February 8, 1972

NW.	Re:	Case No	4654
Mr. Owen Lores		Order No.	R-4354
Montgomery, Federici, Andrews, Hannahs & Morris		Applicant:	
Attorneys at Law Post Office Box 2307		MIDWEST OII	CORPORATION
Contract the second second			

Dear Sir:

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

A. L. PORTER, Jr.
Secretary-Director

Copy of order also sent to:

Hobbs OCC 
Artesia OCC 
Aztec OCC

# 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 MEXICG FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 4654 Order No. R-4254

APPREATION OF MIDWEST OIL COR-PORATION FOR TWO HON-STANDARD GAS SPACING UNITS AND AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, MEW MEXICO.

## ORDER OF THE CONCLESION

### BY THE COKRISSION:

This cause came on for hearing at 9 a.m. on February 2, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 8th day of Pebruary, 1972, 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, Midwest Oil Corporation, seeks an exception to Rule 104 of the Commission Rules and Regulations for approval of an unorthodox gas well location for its South Empire Deep Unit Well Mo. 1, located 1830 feet from the Morth line and 1639 feet from the West line of Section 6, Township 18 South, Range 29 East, NMPM, undesignated Morrow gas pool, Eddy County, New Mexico, with the M/2 of said Section 6 to be dedicated to the subject well.
- (3) That the above-described well was projected as an colwell at a standard location to test the Devonian formation but was productive of gas from the Morrow formation.

-2-CASE NO. 4654 Cyder No. R-4254

- (4) That the applicant also seeks approval of two 299-acre non-standard gas proration units in the subject pool comprising the N/2 and the S/2 of said Section 6.
- (5) That the unorthodox size and shape of each of the proposed non-standard units is due to variations in the United States Public Land Surveys.
- (5) That the proposed non-standard gas proration unit comprising the N/2 of said Section 6 can be efficiently and economically drained and developed by the aforesaid South Empire Deep Unit Well No.
- (7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the undesignated Morrow gas 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 chemiste prevent waste and protect correlative rights.

#### IT IS THEREFORE ORDERED:

- (1) That an unorthodox location is hereby approved for Midwest Oil Corporation's South Empire Deep Unit Well Mo. 1, located 1830 feet from the Morth line and 1639 feet from the West line of Section 6, Township 18 South, Range 29 East, MMPM, undesignated Morrow gas pool, Eddy County, New Mexico.
- (2) That a 299.23-acre non-standard gas proration unit in the subject undesignated Morrow gas pool comprising the N/2 of Section 6, Township 18 South, Range 29 East, MMPM, Eddy County, New Mexico, is hereby established and dedicated to the above-described South Empire Deep Unit Well No. 1.
- (b) That a 299.93-acre non-standard gas proration unit in the subject undesignated Morrow gas pool comprising the 5/2 of Section 6, Township 18 South, Range 29 East, MMPM, Eddy County, New Mexico, is hereby established and dedicated to a well to be drilled 1980 feet from the South line and 1990 feet from the East line of said Section 6.
- (4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-3-CASE NO. 4654 Order No. R-4254

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

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STATE OF NEW REXICO OIL COMSERVATION COMMISSION

UBRUCE KING, Chairman

ALEX J. ARMIJO, Member

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

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4654 Leard 2+2-72 Frank Midwest am NSL for its 50. En pine Hap touit # ! 1830 f N, 16**3**9/W, 6-18**5-2**9**E**: an un désignated Monon des-Covern Gunt an NDP for the's well consisting of the N/2 g said see. 8/. 299.23 Ac) also Gent an \$5 P for the 5/2 Deard see (289.93A) for a shell to be drilled 1780/5+E (Stablow) feet from the West line. Said S/2 to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the South and West lines.

- CASE 4655: Application of Western Oil Producers, Inc. for two non-standard gas proration units, Lea County, New Mexico.

  Applicant, in the above-styled cause, seeks approval of two 320-acre non-standard gas proration units in an undesignated Devonian gas pool, the first comprising the NE/4 of Section 31 and the NW/4 of Section 32, Township 20 South, Range 36 Fast, Lea County, New Mexico, to be dedicated to applicant's State M Well No. 1 located 1980 feet from the North line and 660 feet from the West line of said Section 32. The second whit would comprise the SE/4 of Section 31 and the SW/4 of Section 32 and would be dedicated to a well to be drilled 1650 feet from the Couth line and 660 feet from the West line of said Section 32.
- CASE 4656: Application of Western Oil Producers, Inc. for an unorthodox gas well location, Lea County, New Medico.

  Applicant, in the above-styled cause, seeks authority to drill an undesignated Devonian gas well at an unorthodox location 990 feet from the West line of Section 29. Township 20 South, Range 36 East, Lea County, New Medico, and 660 feet from the side boundary of the profation unit, which would comprise the S/2 of said Section 29.
- CASE 4563:

  (Continued from the January 5, 1972 Examiner Hearing)

  Application of Corinne Grace for special gas-oil rat o

  limitation and pressure maintenance project, Chaves

  County, New Mexico. Applicant, in the above-styled

  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 4619: (Continued from the January 5, 1972, Examiner Hearing)
  Application of Corinne Grace for compulsory pooling,
  Eddy County, New Mexico. Applicant, in the above-styled
  cause, seeks an order pooling all mineral interests
  from the surface of the ground down to and including the
  Morrow formation underlying the N/2 of Section 25, Township 22 South, Range 26 East, which acreage is within one
  mile of the South Carlsbad-Morrow Gas Pool, Eddy County,
  New Mexico. Said acreage to be dedicated to a well to

# DOCKET: EXAMINED HEADING WIDNESDAY - FEBRUARY 2, 1972

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

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

# CASE 4497 (Reopened):

In the matter of Case 4497 being reopened pursuant to the provisions of Order No. R-4102, which order established special rules and regulations for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, including provisions for the classification of oil and gas wells and the establishment of a gas-oil ratio limitation of 4,000 cubic feet of gas for each barrel of oil. All interested persons may appear and show cause why the gas-oil ratio limitation should not be reduced and why the special rules and regulations should not be discontinued.

- CASE 4652: Application of Gulf Oil Corporation for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Central Drinkard Unit Area Waterflood Project, Drinkard Pool, by the injection of water through 15 additional wells in Sections 28, 29, 31, 32, and 33 of Township 21 South Range 37 East, Lea County, New Mexico.
- CASE 4653: Application of Odessa Natural Corporation for compulsory pooling, San Juan County, New Mexico. Applicant. in the above-styled cause, seeks an order pooling all mineral interests from the surface of the ground down to and including the Dakota formation underlying the E/2 of Section 36, Township 26 North, Range 11 West. Basin-Dakota Pool. San Juan County, New Mexico. Said acreage to be dedicated to a well to be drilled to the Dakota formation at a location 1600 feet from the North line and 1,000 feet from the East line of said Section 36. Also to be considered will be the costs 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 the supervision of said well.

CASE 4634:

Application of Midwest Oil Corporation for two-nonstandard gas spacing units and well locations, Eddy County New Mexico. Applicant, in the above-styled cause, seeks approval for two 299-acre gas spacing units comprising N/2 and the S/2 of Section 6, Township 18 South, Range 221, undesignated Morrow gas pool, Eddy County, New Mexicology Said N/2 to be dedicated to a well located at an unorthodox location 1830 feet from the North line and 1639

Examiner Hearing - February 2, 1972

Docket No 3-72

(Case 4619 continued)

feet from the North and East lines of said Section 25. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges of supervision of said well.

CASE 4620:

(Continued from the January 5, 1972, Examiner Hearing)
Application of Corinne Grace for compulsory pooling.
Eddy County, New Mexico. Applicant, in the abovestyled cause, seeks an order pooling all mineral interests
from the surface of the ground down to and including the
Morrow formation underlying the N/2 of Section 24. Township
22 South, Range 26 East, which acreage is in the vicinity
of the South Carlsbad-Morrow Gas Pool, Eddy County, New
Mexico. Said acreage to be dedicated to a well to be
drilled to the Morrow formation at a location 1980 feet
from the North and East lines of said Section 24. Also
to be considered will be the costs 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.

JAN 11 1972

BEFORE THE NEW MEYICO CIL CONSERVATION COMMISSION

APPLICATION OF MIDWEST CIL CORPORATION FOR TWO NON-STANDARD GAS SPACING UNITS ) AND UNORTHODOX LOCATIONS, UN-) DESIGNATED MORROW GAS POOL, ) SOUTH EMPIRE DEEP UNIT, EDDY COUNTY, NEW MEXICO

Case No. 4654

# APPLICATION

Comes now Midwest Oil Corporation by its attorneys and applies to the New Mexico Oil Conservation Commission for approval of two non-standard gas spacing units and unorthodox gas well locations in an undesignated Morrow Gas Pool, in the South Empire Deep Unit, Eddy County, New Mexico, and in support of its application states:

- 1. The South Empire Deep Unit was approved by Order No. R-4185, in Case No. 4578 on August 25, 1971. Unitized formations include the Devonian and the Merrow formations within the Unit Area of the South Empire Deep Unit as set forth in the said Order No. R-4185.
- 2. Midwest 0:11 Corporation commenced a well projected as an oil well in the Devonian formation at a location 1830 feet from the North line, and 1639 feet from the West line, of Section 6, Township 18 South, Range 29 East, Eddy Courty, New Mexico, within the South Empire Deep Unit area; however, the said well was completed as a gas well in the Morrow formation.
- 3. Applicant seeks approval of an unorthodox gas well location for the aforesaid well, and in addition seeks approval of a non-standard gas spacing unit comprising the North half of said Section 6, containing 299.23 acres, more or less.
- 4. Applicant further seeks approval of a non-standard gas spacing unit comprising the South half of said Section 6, containing 299.93 acres, more or less, which unit would be dedicated

DOCKET MARED

and 1980 feet from the West line of said Section 6.

- 5. The two non-standard gas spacing units for which approval is sought by this application are occasioned by deviation in the United States Public Lands Sinvey.
- 6. A plat showing the outline of the South Empire Deep Unit and showing the subject acreage and wells is attached to this application.
- 7. Approval of this application will neither cause waste nor impair correlative rights.

WHEREFORE, applicant requests that this application be set for hearing before the Commission or one of its Examiners and that the Commission enter its order granting this application.

MONTGOMERY, FEDERICI, ANDREWS, HANNA, & MOREJIS

HANNAIS & MORRIS

P.O. Box 2307

350 East Palade Avenue Santa Fe, New Mexico 87501

Attorneys for Midwest Oil Corporation.

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BEFORE THE GIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 4654

Order No. R-4254

APPLICATION OF MIDWEST OIL CORP-ORATION FOR TWO-NONSTANDARD GAS SPACING UNITS AND AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 2, 1972, at Santa Fe, New Mexico, before Examiner Elvis A. Utz

NOW, on this \_\_\_\_\_\_day of <u>February</u>, 1972, the Commission, a guorum 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 aubject matter thereof.
- (2) That the applicant, Midwest Oil Corporation, seeks an exception to Rule 104 of the Commission Rules and Regulations for approval of an unorthodox gas well location for its South Empire Deep Unit Well No. 1, located 1830 feet from the North line and 1639 feet from the West line of Section 6, Township 18 South, Range 29 East, NMPM, Andesignated Morrow gas pool, Eudy County, New Mexico, with the N/2 of said Section 6 to be dedicated to the subject well.

- That the applicant also seeks approval of two 299-acre non-standard gas proration units in the subject pool comprising the N/2 and the S/2 of said Section 6.
- (3) That the above-described well was projected as an oil well at a standard location to test the Devonian formation but was productive of gas from the Morrow formation.
- (5) That the unorthodox size and shape of each of the proposed non-standard units is due to variations in the United States Public Land Surveys.
- (6) That the proposed non-standard gas proration unit comprising the N/2 of said Section, 6 can be efficiently and aforesaid Empire Deep Unit Wc//No 1. economically drained and developed by the subject=vell.
- (7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the undesignated Morrow gas 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 location is hereby approved for M,dwest Oil Corporation's South Empire Deep Unit Well No. 1, located 1830 feet from the North line and 1639 feet from the West line of Section 6, Township 18 South, Range 29 East, NMPM, widesignated Morrow gas pool, Eddy County, New Mexico.

- (2) That a 299.23-acre non-standard gas proration unit in the subject undesignated Morrow gas reel comprising the N/2 of Section 6, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to the above-described South Empire Deep Unit Well No. 1.
- (3) That a 299.9 -acre non-standard gas proration unit in the subject undesignated Morrow gas pool comprising the S/2 of Section 6, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to a well to be drilled 1980 feet from the South line and 1980 feet from the East line of said Section 6.
- (4) 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.

and the