

Case Number
4663

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
February 16, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production
Company for an unorthodox gas well
location, Eddy County, New Mexico.

CASE NO. 4663

BEFORE: Elvis Utz
Examiner

TRANSCRIPT OF HEARING

dearnley-meier reporting service

dearnley-meier reporting

1 MR. UTZ: Case 4663.

2 MR. HATCH: Application of Amoco Production
3 Company for an unorthodox gas well location, Eddy County,
4 New Mexico.

5 MR. UTZ: Let the record show that this is the
6 same witness, and he has already been sworn.

7 THOMAS MALLOY,
8 was called as a witness and, having been already duly sworn,
9 testified as follows:

10 DIRECT EXAMINATION

11 BY MR. GROSS:

12 Q Have you prepared an Exhibit to submit to the
13 Commission in regard to Case 4663, Mr. Malloy?

14 A Yes, I have.

15 Q Would you identify Exhibit 1?

16 A Exhibit 1 is an area plat prepared by me.

17 Q What does Amoco request at this Hearing?

18 A We are requesting that a well in Section 11, the
19 Malco "A" Federal Well Number 1 be given an exception
20 to the spacing regulations.

21 This well is located 1,650 from the north line
22 and 1653 feet from the west line of Section 11, Township
23 18 South, Range 27 East, in Eddy County.

24 The regulations require that the well be located
25 1,950 feet from the end boundaries of the unit in the

dearnley-meier reporting

1 west half of Section 11, and the unit for this well,
2 therefore, is 330 feet over the pattern.

3 MR. GROSS: Just for the record, Mr. Examiner,
4 this well has been renamed and it is now called the Malco
5 "S" Federal Well Number 1.

6 Q (By Mr. Gross) You were describing the plat?

7 A This shows two other wells in addition to the subject
8 well.

9 Q What would the cost for drilling this well be?

10 A The total cost would be \$216,500.

11 Q And you are not requesting a nonstandard unit?

12 A No, this is a standard unit in the west half of
13 Section 11. It is an unorthodox location in that
14 unit.

15 MR. GROSS: That's all we have, Mr. Examiner.
16 We would like to introduce Exhibit Number 1.

17 MR. UTZ: Without objection, Amoco Exhibit Number
18 1 will be entered into the record of this Case.

19 (Whereupon Amoco Exhibit Number 1 was admitted
20 in evidence.)

21 MR. UTZ: You want to drill this well 1,650 from
22 the north line?

23 A Yes, sir. And 1,653 feet from the west. Of course,
24 the well is already drilled.

25 MR. UTZ: Any questions of the witness?

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(No response.)

MR. UTZ: If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Case Number 4663 will be taken under
advisement.

1 STATE OF NEW MEXICO)
 2) SS
 3 COUNTY OF BERNALILLO)

4 I, RICHARD E. McCORMICK, a Certified Shorthand Reporter,
 5 in and for the County of Bernalillo, State of New Mexico,
 6 do hereby certify that the foregoing and attached Transcript
 7 of Hearing before the New Mexico Oil Conservation Commission
 8 was reported by me; and that the same is a true and correct
 9 record of the said proceedings to the best of my knowledge,
 10 skill and ability.

11 Richard E. McCormick
 12 CERTIFIED SHORTHAND REPORTER

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 22 I do hereby certify that the foregoing is
 23 a complete and true record of the proceedings in
 24 the Hearing before the New Mexico Oil Conservation Commission
 25 heard by me on July 16, 1972.
[Signature], Secretary
 New Mexico Oil Conservation Commission

dearnley-meier reporting

dearnley-meier reporting service

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I N D E X

WITNESS:

PAGE

THOMAS MALLOY

Direct Examination by Mr. Gross

3

E X H I B I T S

APPLICANT'S: (Amoco)

OFFERED

ADMITTED

Exhibit 1

Area Plat

3

4



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

February 28, 1972

Mr. Jerry Gross
Amoco Production Company
Post Office Box 3092
Houston, Texas 77001

Re: Case No. 4663
Order No. R-4264
Applicant:

Amoco Production Company

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. 4663
Order No. R-4264

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR 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 16, 1972, at Santa Fe, New Mexico, before Examiner Elvís A. Vts.

NOW, on this 28th day of February, 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, Amoco Production Company, seeks an exception to Rule 104 of the Commission Rules and Regulations for approval of an unorthodox gas well location for its Malco "S" Federal Well No. 1, located 1650 feet from the North line and 1653 feet from the West line of Section 11, Township 18 South, Range 27 East, NMPM, undesignated Morrow-Pennsylvanian Pool, Eddy County, New Mexico.

(3) That the subject well was projected as a wildcat oil well at a standard location to test the Mississippian formation but was productive of gas from the Morrow formation.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject undesignated Morrow-Pennsylvanian

-2-

CASE NO. 4663
Order No. R-4264

pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

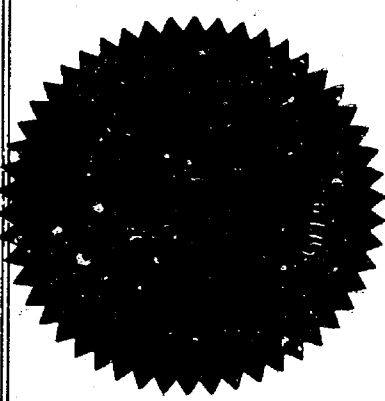
IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location is hereby approved for the Amoco Production Company's Malco "S" Federal Well No. 1 in an undesignated Morrow-Pennsylvanian pool at a point 1650 feet from the North line and 1653 feet from the West line of Section 11, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, as an exception to Rule 104 of the Commission Rules and Regulations.

(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



Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILJO, Member

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

S E A L

dr/

Case 4663

Heard 2-16-72

Rec. 2-17-72

Grant Amoreo an NSL for
their "Malco" 5" Fed #1, 1650/N
1653/S, 11-185-27E, ~~See page 100~~
~~Perm. for b. Undesignated~~
Perm.

This is necessitated because
of entering an old hole.

Thos. D. R.

RECEIVED
FEB-7 1972
OIL CONSERVATION COMM.
SANTA FE

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF AMOCO PRODUCTION COMPANY FOR)
AN UNORTHODOX GAS WELL LOCATION,)
UNDESIGNATED PENNSYLVANIAN-)
MORROW POOL, EDDY COUNTY, NEW)
MEXICO.)

No. 4663

ENTRY OF APPEARANCE

The undersigned Atwood, Malone, Mann & Cooter of Roswell, New Mexico, hereby enter their appearance herein for Amoco Production Company with Jerry Gross, Esquire, of Houston, Texas.

ATWOOD, MALONE, MANN & COOTER

BY 

Attorneys for
Amoco Production Company
Post Office Drawer 700
Roswell, New Mexico

(Case 4661 continued)

levelled in accordance with Commission Rules and Regulations.

CASE 4662: Application of Amoco Production Company for an exception to Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the potash-oil area casing and cementing rules set forth in Order No. R-111-A to permit its Bate Federal Well No. 2 located in Unit L of Section 26, Township 19 South, Range 33 East, Lea County, New Mexico, to be drilled in such a manner as to eliminate running a salt protection string provided the production string is cemented to the surface.

CASE 4663: Application of Amoco Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Malco "A" Federal Well No. 3 located 1650 feet from the North line and 1653 feet from the West line of Section 11, Township 18 South, Range 27 East, undesignated Pennsylvanian-Morrow Pool, Eddy County, New Mexico, with the W/2 of said Section 11 to be dedicated to the well.

CASE 4664: Application of Tenneco Oil Company for a unit agreement, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Lone Pine Dakota "D" Unit Area comprising 2598 acres, more or less, of federal, fee and Indian lands in Township 17 North, Ranges 8 and 9 West, Lone Pine Dakota "D" Pool, McKinley County, New Mexico.

CASE 4665: Application of Tenneco Oil Company for a pressure maintenance project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot pressure maintenance project in the Lone Pine Dakota "D" Pool by the injection of gas and water into the Dakota "D" zone through five wells located in Sections 12 and 13 of Township 17 North, Range 9 West and Sections 7 and 19 of Township 17 North, Range 8 West, McKinley County, New Mexico. Applicant further seeks the designation of a project area and promulgation of rules for the project including a procedure whereby additional injection wells may be approved administratively.

R 27 E

⊕ Malco
State No. 1-A
T.D. 8725'

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T
18
S

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165°
1653' ⊕ Malco "S"
Federal No. 1
T.D. 10,168
11

12

T
18
S

⊕ USA Malco "N"
No. 1
T.D. 9855'

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BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 4663

Submitted by Amoco

Date 2-16-72

R 27 E

SCOGGIN DRAW-PENN

Eddy Co., N.M.

1" = 2000'

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

January 24, 1972

Case 4663

C
O
P
Y

Amoco Production Company
P. O. Box 68
Hobbs, New Mexico 88240

Attention: Mr. V. E. Staley

DOCKET MAILED

Date 2-3-72

Re: Unorthodox location for
MALCO "A" Federal Well
No. 3 - Unit F - Section 11,
Township 18 South, Range 27
East, Eddy County, N. M.

Gentlemen:

The above-described matter has been set
for hearing before an examiner on February 15,
1972. A docket will be mailed to you at a later
date.

Very truly yours,

GEORGE M. HATCH
Attorney

GME/dr



RECEIVED
JAN 24 1972
Amoco Production Company
Post Office Box 68
Hobbs, New Mexico, 88240
NEW MEXICO OIL CONSERVATION COMM.

January 21, 1972

File: VES-40-WF

Re: Application For Unorthodox Well Location
MALCO "S" FEDERAL WELL NO. 1
Eddy County, New Mexico, Wildcat

Case 4663

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico

Gentlemen:

Amoco Production Company has drilled the Malco ^{45"} Federal Well No. 1, a wildcat, at a location 1650' from the north line and 1653' from the east ~~line~~ ^{well} line of Section 11, Township 18 south, Range 27 east, N.M.P.M. Eddy County, New Mexico. This well was projected to and drilled as a 10,500' Mississippian oil well with no commercial oil zones being encountered. Gas in commercial quantities was found and the well completed on December 21, 1971, as a shut-in gas well in the Morrow-Penn.

Under the provisions of Rule 104. B.I.(a) the subject well is at an unorthodox location. Therefore, Amoco respectfully requests administrative approval of this unorthodox location in accordance with Rule 104.F.

Attached is a plat showing well location, acreage dedication, and names of the offset operator. Gulf Oil Corporation, the only offset operator, is being sent a copy of this application by certified mail.

Yours very truly,

Original Signed by:
W. E. STALEY

W. E. STALEY
Area Superintendent

cc: Gulf Oil Corporation
NMOCC - Hobbs

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR AN UNORTHODOX GAS
WELL LOCATION, EDDY COUNTY,
NEW MEXICO.

ALP
CASE No. 4663

Order No. R-~~4263~~

R-4264
2-22-72

JS
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 16, 1972,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this day of February, 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, Amoco Production Company, seeks an
exception to Rule 104 of the Commission Rules and Regulations
for approval of an unorthodox gas well location for its Malco
Federal Well No. 1, located 1650 feet from the North line and
1653 feet from the West line of Section 11, Township 18 South,
Range 27 East, NMPM, undesignated Pennsylvanian-Morrow Pool,
Eddy County, New Mexico.

(3) *that the subject well was projected as a
wildcat oil well at a standard location to
test the Mississippian formation and was
production of gas from the Morrow formation.*

-2-

CASE NO. 4663

Order No. R-

4 (3) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject undesignated Pennsylvanian-Morrow pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location is hereby approved for the Amoco Production Company's Malco ^{"S"} ~~"A"~~ Federal Well No. ~~4~~ in an undesignated Pennsylvanian-Morrow pool at a point 1650 feet from the North line and 1653 feet from the West line of Section 11, Township 13 South, Range 27 East, NMPM, Eddy County, New Mexico, as an exception to Rule 104 of the Commission Rules and Regulations.

(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 4664: Application of TENNECO
FOR APPROVAL OF THE LONE PINE
DAKOTA "D" UNIT AGREEMENT.