

CASE 5679: AMOCO PROD. CO. FOR
APPROVAL OF AN UNORTHODOX GAS
WELL LOCATION, EDDY COUNTY, NM

CASE NO.

5679

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 12, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Company) CASE
for approval of an unorthodox gas well) 5679
location, Eddy County, New Mexico.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Antone L. Peterson, III, Esq.
Legal Counsel for Amoco Production
500 Jefferson Building
P. O. Box 3092
Houston, Texas

ATWOOD, MALONE, MANN & COOTER
Attorneys at Law
Security National Bank Bldg.
Roswell, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 962-9212

I N D E X

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JOHN C. HUNTER

Direct Examination by Mr. Peterson

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EXHIBIT INDEX

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Amoco's Exhibit No. One, Map

8

Amoco's Exhibit No. Two, Map

8

Amoco's Exhibit No. Three, Map

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Phone (505) 982-9212

1 MR. NUTTER: We will call Case Number 5679.

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4 Eddy County, New Mexico.

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6 red and white tape, what is that?

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8 hundred-and-twenty-acre proration unit for the proposed Empire
9 South Deep Unit No. 9. The proration unit consisting of the
10 west half of Section 5, Township 18 South, Range 29 East.

11 Q. And there is a red arrow directed into that area,
12 would you tell us what that red arrow represents?

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14 the Empire South Deep Unit No. 9. The location is an unortho-
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16 line and nine hundred and ninety feet from the west line of
17 Section 5.

18 Q. Are all of the offset operators shown on this map,
19 Mr. Hunter?

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22 Q. You've explained the unorthodox location requested,
23 could you tell us what the orthodox location for this well
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25 A. The closest orthodox location in which we could drill

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1 this well would be nineteen hundred and eighty feet from the
2 north line and six hundred and sixty feet from the west line.

3 Q Let me see if I have this right then, Mr. Hunter.
4 You propose to move the well in a northerly direction toward
5 the interior of the Empire South Deep Unit?

6 A Yes, sir, it would be in an unorthodox location which
7 would not crowd any offset operators.

8 Q Do you have any further comments regarding Exhibit One?

9 A No, sir, I don't.

10 Q All right, I would now like for you to look at
11 Exhibit Two, Mr. Hunter, and tell us what that depicts?

12 A Exhibit Number Two shows the eastern half of Amoco's
13 Empire South Deep Unit, as well as the immediate offsetting
14 acreage. On this map is shown a net pay isopach for the
15 Morrow "A" sand. I would like to point out at this point that
16 we realize that the Commission considers the Morrow sand as
17 one single entity for regulatory purposes but we have found
18 that we can map separate and distinct lenses in the Morrow and
19 this is one of them.

20 Q I see the markings on Exhibit Two correspond to the
21 markings on Exhibit One?

22 A Yes, insofar as the Unit boundary is concerned and
23 the proration unit boundary and the designation of the surface
24 location for No. 9.

25 Q In your opinion, Mr. Hunter, is the entire western

1 portion of Section 5 productive?

2 A Yes, sir, it is obvious from this net pay isopach
3 that all of the west half of Section 5 could reasonably be
4 considered to be productive.

5 Q In your opinion, will an unorthodox location as
6 opposed to an orthodox location have any advantage from a
7 standpoint of productivity of this well as to the Morrow "A"
8 sand?

9 A As far as the Morrow "A" sand is concerned, a southerly
10 move to an orthodox location, nineteen hundred and eighty feet
11 from the north line and six hundred and sixty feet from the
12 west line of Section 5 would probably not result in any loss
13 in net pay thickness.

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1 A. Yes, sir, it is apparent from looking at this
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6 not result in sufficient net pay to make a commercial completion.

7 Q. All right, so, integrating Exhibit Two and Exhibit
8 Three into what the Commission considers one sand, Morrow sand,
9 is the proposed unorthodox location the optimum one?

10 A. Yes, sir, we believe that our unorthodox location
11 is the optimum location for the two sands.

12 Q. In your opinion will the proposed unorthodox
13 location for Well 9 violate the correlative rights of any
14 offset interest owners?

15 A. No, sir, not in any way. We are not crowding any
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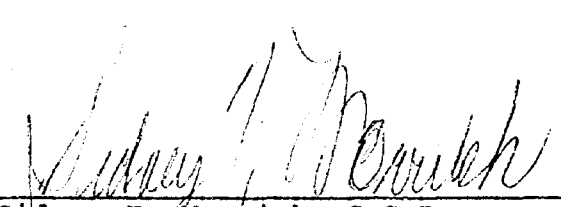
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5679.
heard by me on 5/12, 1976.


Examiner
New Mexico Oil Conservation Commission

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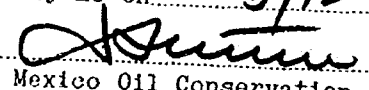
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heard by me on 5/12 1976
, Examiner
New Mexico Oil Conservation Commission

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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. 5679
Order No. R-5218

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 May 12, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of May, 1976, 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 approval of an unorthodox gas well location for its Empire South Deep Unit Well No. 9 at a point 660 feet from the North line and 990 feet from the West line of Section 5, Township 18 South, Range 29 East, NMPM, to test the Morrow formation, South Empire-Morrow Gas Pool, Eddy County, New Mexico.

(3) That the W/2 of said Section 5 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable

-2-

Case No. 5679
Order No. R-5218

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 will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

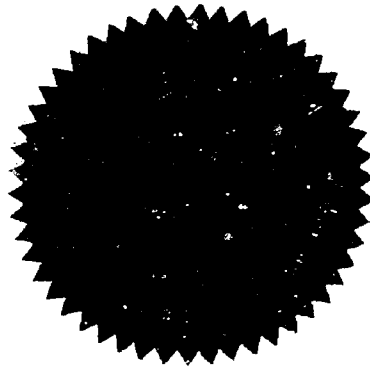
(1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Amoco Production Company Empire South Deep Unit Well No. 9, to be located at a point 660 feet from the North line and 990 feet from the West line of Section 5, Township 18 South, Range 29 East, NMPM, South Empire-Morrow Gas Pool, Eddy County, New Mexico.

(2) That the W/2 of said Section 5 shall be dedicated to the above-described well.

(3) 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



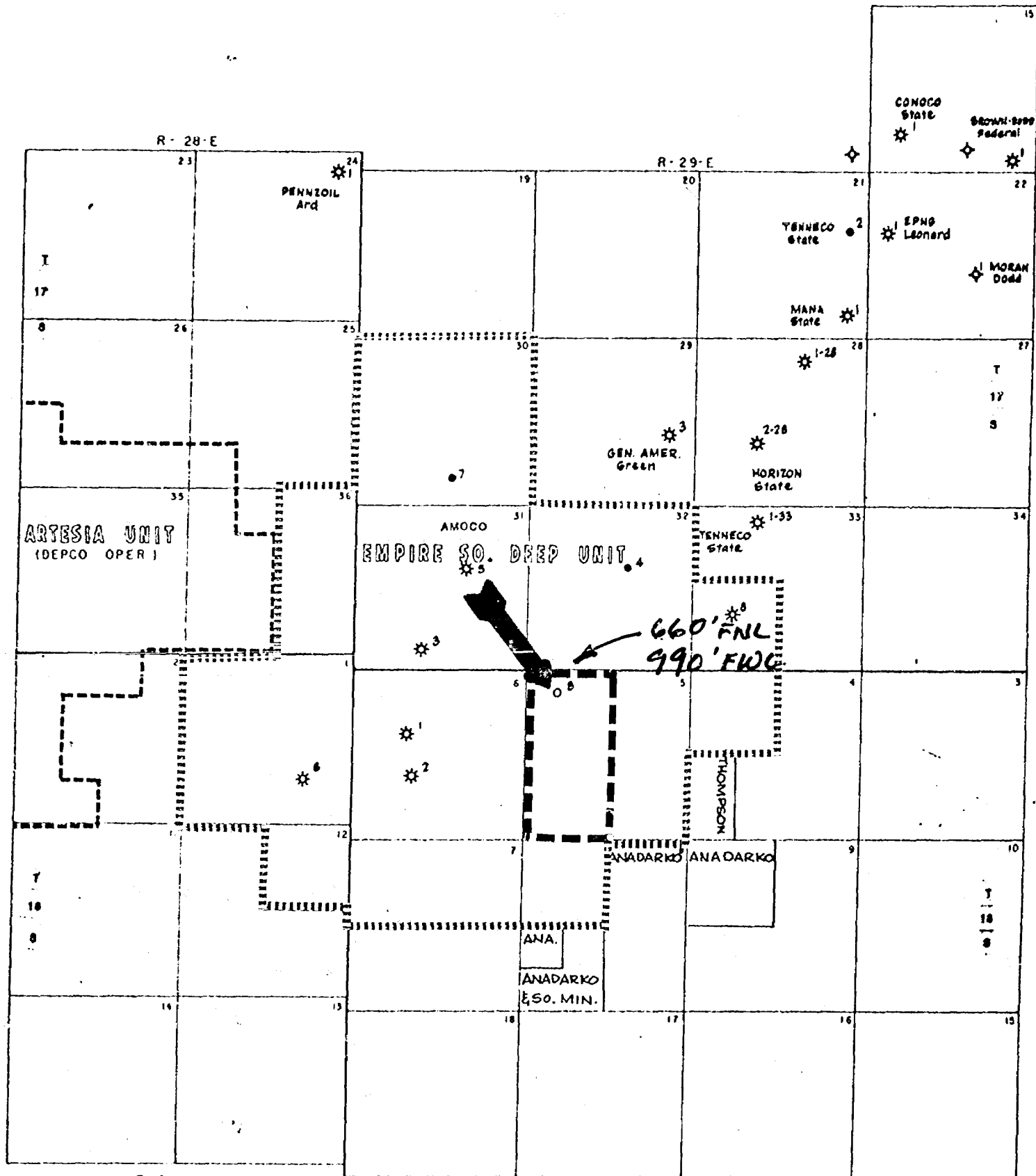
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

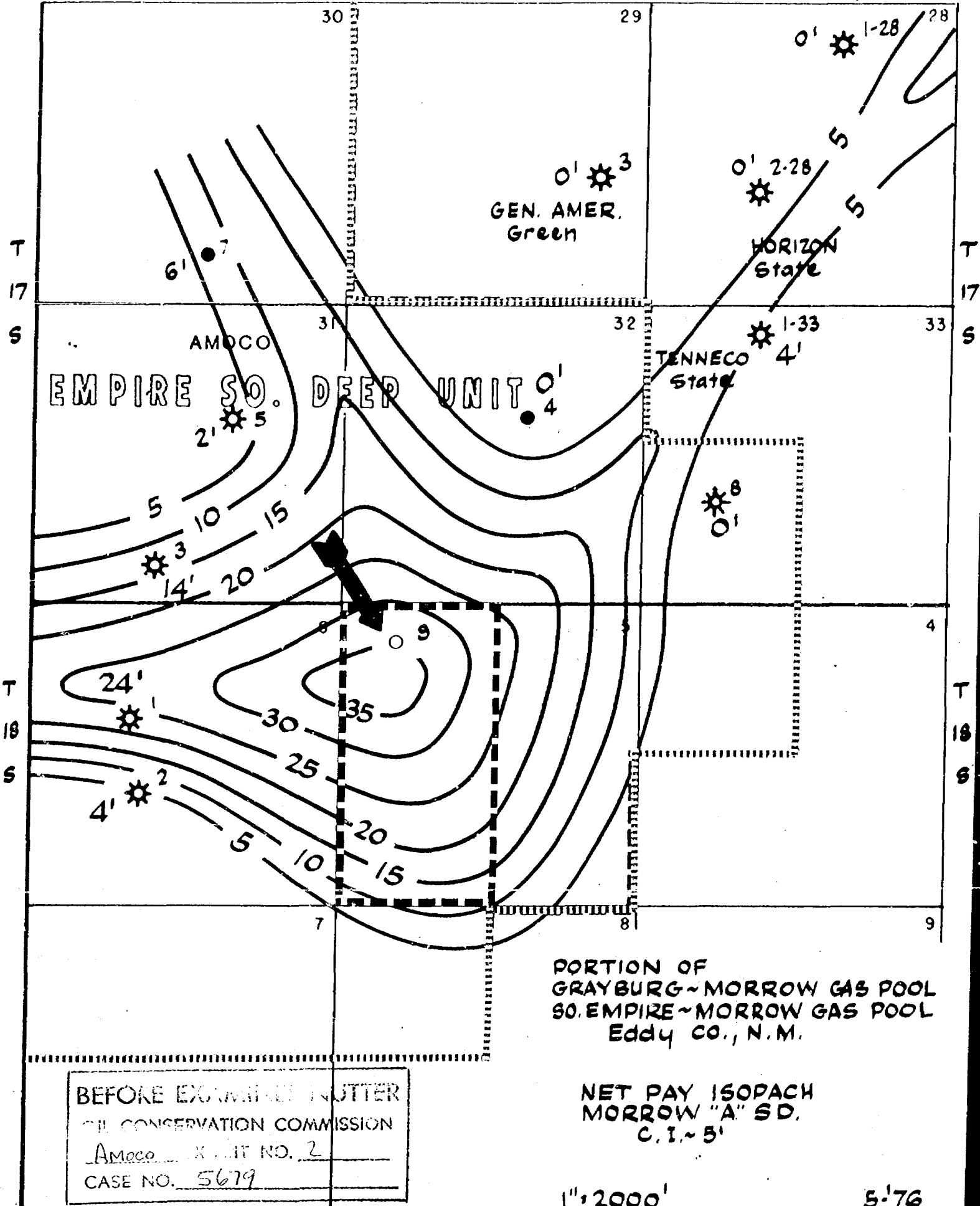


BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Amoco EXHIBIT NO. 1
CASE NO. 5679

GRAYBURG-MORROW GAS POOL
SO. EMPIRE-MORROW GAS POOL
BDDY CO., NEW MEX.

1" = 4000'

5-76

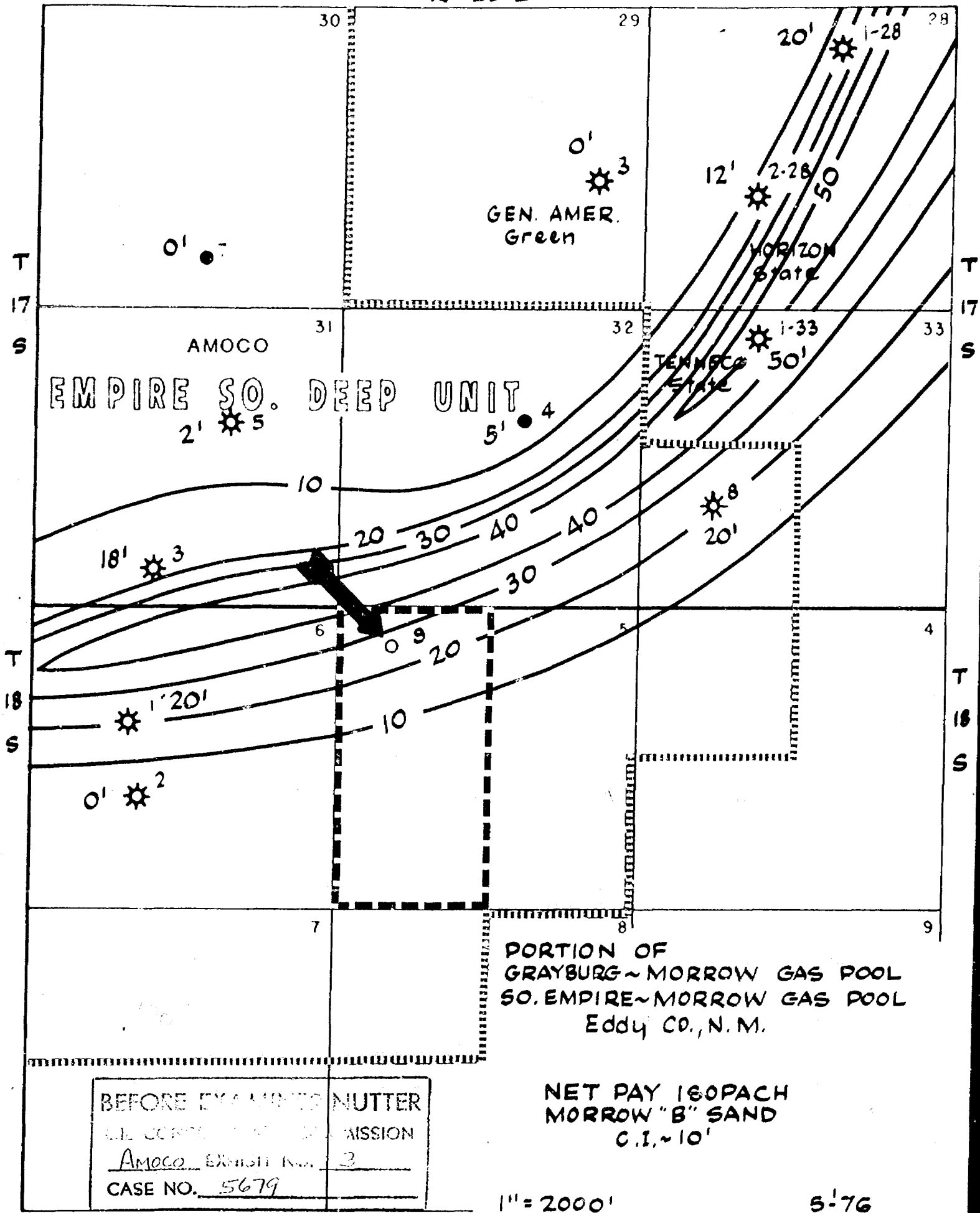


BEFORE EXAMINATION
OIL CONSERVATION COMMISSION
Amoco X UNIT NO. 2
CASE NO. 5679

PORTION OF
GRAYBURG-MORROW GAS POOL
SO. EMPIRE-MORROW GAS POOL
Eddy Co., N.M.

NET PAY ISOPACH
MORROW "A" SD.
C.I. ~ 5'

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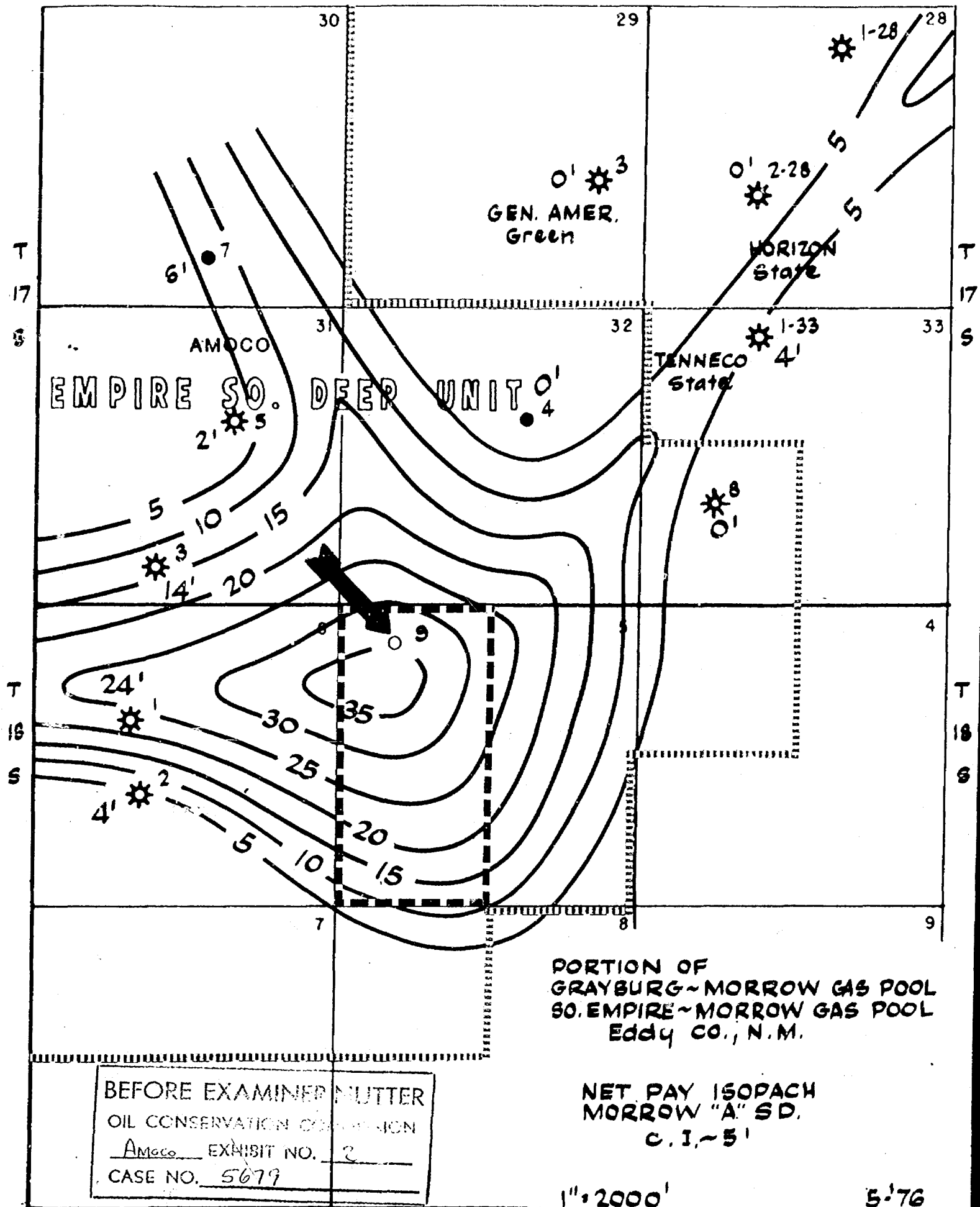


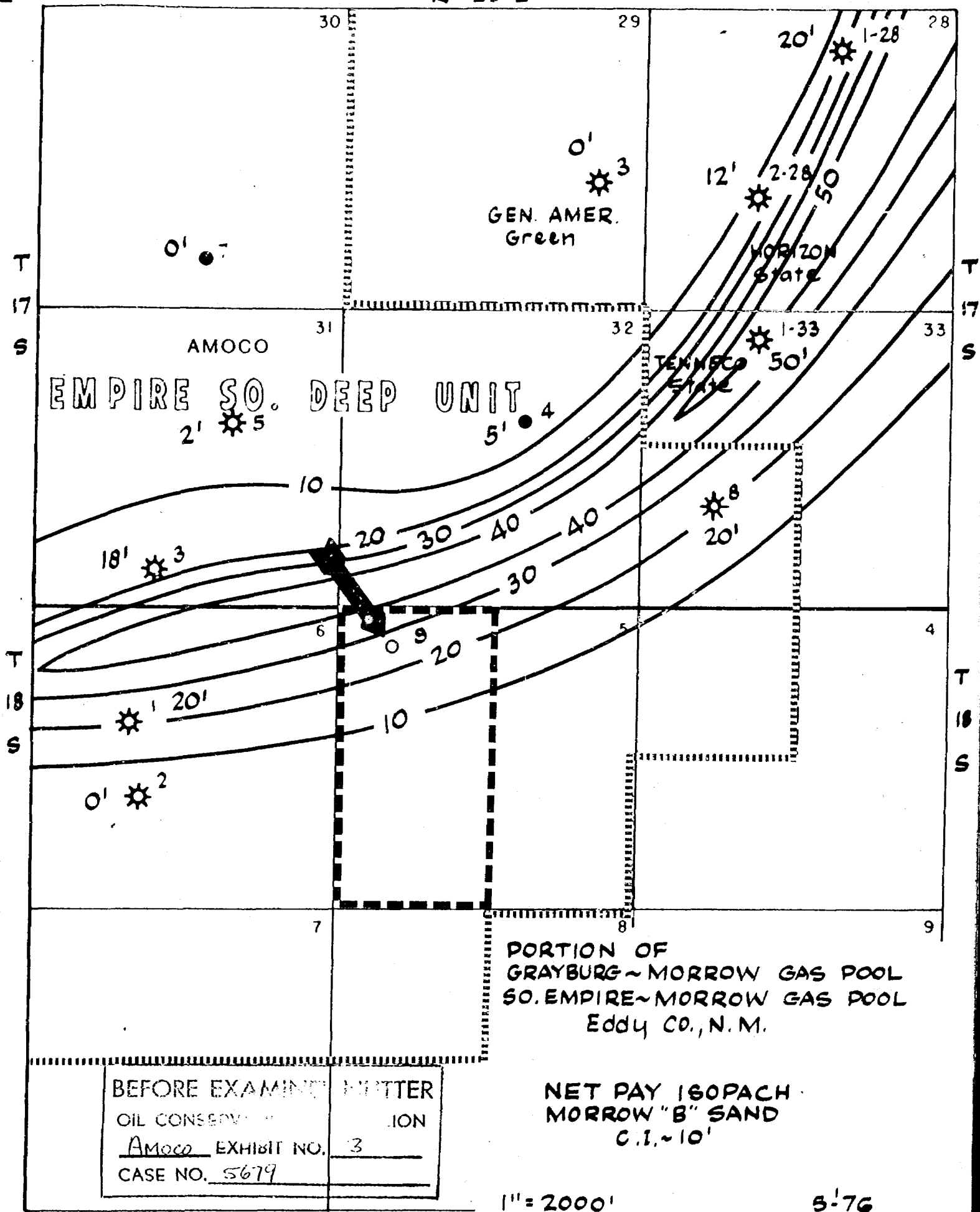
BEFORE EXAMINED BY NUTTER
 OIL CONTROL COMMISSION
Amoco EXHIBIT NO. 3
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NET PAY 160PACH
 MORROW "B" SAND
 C.I.~10'

1" = 2000'

5-76





BEFORE EXAMINER	WITTER
OIL CONSERVATION	ION
Amoco EXHIBIT NO.	3
CASE NO.	5679

NET PAY 160PACH
MORROW "B" SAND
C.I. ~ 10'



Case 5677
Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

T. Don Stacy
Design Engineering
Manager

April 12, 1976

File: DRC-986.51NM-1759

Re: Application for Hearing
Unorthodox Well Location
Empire South Deep Unit Well No. 9
South Empire-Morrow Gas Pool
Eddy County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

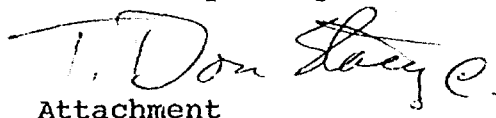
Gentlemen:

Amoco Production Company respectfully requests a hearing for the purpose of seeking approval to drill the Empire South Deep Unit Well No. 9 at an unorthodox location 660 feet from the North and 990 feet from the West lines of Section 5, Township 18 South, Range 29 East, South Empire-Morrow Gas Pool, Eddy County, New Mexico. The W/2 of Section 5 will be dedicated to the well.

Attached is a map showing the area of the South Empire-Morrow Gas Pool, including the location of the captioned well and offset operators.

It is respectfully requested that this matter be included on the Docket of the Hearing to be held May 12, 1976.

Yours very truly,


Attachment

JCH:as



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

T. Don Stacy
District Engineer
Mexico

April 12, 1976

File: DRC-986.51NM-1759

Re: Application for Hearing
Unorthodox Well Location
Empire South Deep Unit Well No. 9
South Empire-Morrow Gas Pool
Eddy County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

Amoco Production Company respectfully requests a hearing for the purpose of seeking approval to drill the Empire South Deep Unit Well No. 9 at an unorthodox location 660 feet from the North and 990 feet from the West lines of Section 5, Township 18 South, Range 29 East, South Empire-Morrow Gas Pool, Eddy County, New Mexico. The W/2 of Section 5 will be dedicated to the well.

Attached is a map showing the area of the South Empire-Morrow Gas Pool, including the location of the captioned well and offset operators.

It is respectfully requested that this matter be included on the Docket of the Hearing to be held May 12, 1976.

Yours very truly,

Attachment

JCH:as



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

T. Don Stacy
District Engineer
Manager

April 12, 1976

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Dockets Nos. 15-76 and 16-76 are tentatively set for hearing on May 26 and June 9, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 12, 1976

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 Richard L. Stamets, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for June, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for June, 1976, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5676: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal GC Com Well to be drilled 660 feet from the South and East lines of Section 32, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the E/2 of said Section 32 to be dedicated to the well.

CASE 5677: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Dunken Nose Unit Area comprising 6393 acres, more or less, of State and Fee lands in Township 17 South, Ranges 18 and 19 East, Chaves County, New Mexico.

CASE 5678: Application of Amoco Production Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to deviate its State "E" Tract 18 Well No. 15, the surface location of which is 330 feet from the North line and 2310 feet from the West line of Section 1, Township 17 South, Range 36 East, Lovington-Abo Pool, Lea County, New Mexico, by directionally drilling said well and bottoming it in the Abo formation within 100 feet of a point 600 feet from the North line and 2310 feet from the West line of said Section 1.

CASE 5679: Application of Amoco Production Company for approval of an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire South Deep Unit Well No. 9 to be drilled 660 feet from the North line and 990 feet from the West line of Section 5, Township 18 South, Range 29 East, South Empire-Morrow Gas Pool, Eddy County, New Mexico, the W/2 of said Section 5 to be dedicated to the well.

CASE 5680: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 21, Township 20 South, Range 25 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to David Fasken's Cemetery Federal Com Well No. 1 located in Unit L of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of David Fasken as operator of the well and a charge for the risk involved in drilling said well.

CASE 5681: Application of A. H. Rains for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation through the open-hole interval from approximately 550 feet to 561 feet in his Pure State Well No. 1, located in Unit J of Section 15, Township 21 South, Range 27 East, Magruder-Yates Pool, Eddy County, New Mexico.

CASE 5098: (Reopened)

In the matter of Case 5098 being reopened pursuant to the provisions of Order No. R-4682, which order established special rules for the Red Tank-Morrow Gas Pool, Lea County, New Mexico, including a provision for 640-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 5473: (Reopened)

In the matter of Case 5473 being reopened pursuant to the provisions of Order No. R-5029, which order established special rules and regulations for the West Knowles-Drinkard Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

- (e) EXTEND the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 1: NE/4

- (f) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 34: NE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 31: S/2
Section 32: W/2

- (g) EXTEND the Bluitt-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NMPM
Section 34: NW/4

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
Section 3: SE/4
Section 4: All
Section 9: N/2

- (h) EXTEND the Corbin-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 26: SE/4

- (i) EXTEND the Flying "M" Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 10: S/2

- (j) EXTEND the Garrett-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM
Section 29: NE/4

- (k) EXTEND the Gladiola-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM
Section 5: NE/4

- (l) EXTEND the West Jal-Fusselman Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM
Section 17: E/2

- (m) EXTEND the Maljamar-Grayburg San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 11: SW/4

- (n) EXTEND the North Mescalero-Cisco Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 11: SW/4

- (o) EXTEND the North Morton-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

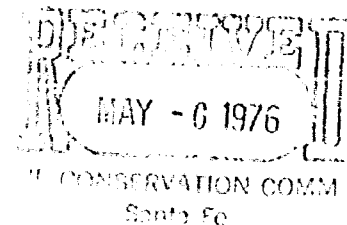
TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 26: SE/4

- (p) EXTEND the Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 17: SW/4

- (q) EXTEND the Tulk-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM
Section 27: SW/4



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF AMOCO PRODUCTION COMPANY FOR)
UNORTHODOX GAS WELL LOCATION,)
EMPIRE SOUTH DEEP UNIT WELL NO. 9,)
SECTION 5, TOWNSHIP 18 SOUTH,) CASE NO. 5679
RANGE 29 EAST, SOUTH EMPIRE-MORROW)
POOL, EDDY COUNTY, NEW MEXICO.)

ENTRY OF APPEARANCE

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

ATWOOD, MALONE, MANN & COOTER

By Charles S. Malone
Attorneys for Amoco Production
Company
Post Office Drawer 700
Roswell, New Mexico 88201

dr/

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. 5679

Order No. R- 5218

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 May 12, 1976,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of May, 1976, 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
for its Empire South Deep Unit Well No. 9
approval of an unorthodox gas well location/ 660 feet from the North
line and 990 feet from the West line of Section 5, Township
18 South, Range 29 East, NMPM, to test the
Morrow formation, South Empire-Morrow Gas Pool Pool,
Eddy County, New Mexico.

(3) That the W/2 of said Section 5 is to be dedicated to the
well.

(4) That a well at said unorthodox location will better enable
applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox
location.

at point

-2-

Case No. _____
Order No. R- _____

(6) 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 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 for the Morrow
~~the Amoco Production Company~~ Empire South Deep Unit Well No. 9,
formation is hereby approved for ~~locating~~ to be located at a point 660
feet from the North line and 990 feet from the West
line of Section 5, Township 18 South, Range 29 East
NMPM, South Empire-Morrow Gas Pool, Eddy County,
New Mexico.

(2) That the W/2 of said Section 5 shall be dedicated to the above-described well.

(3) 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.