

CASE 3275: Application of ODESSA
NATURAL for a non-standard gas
unit and unorthodox location.

CASE 3275: Application of CODESSA
NATURAL for a non-standard gas
unit and unorthodox location.

CASE NO.
3275

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

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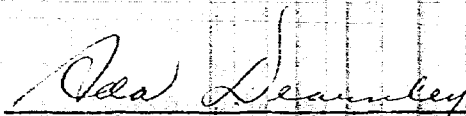
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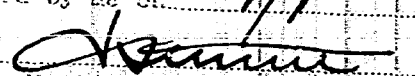
STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, DENNY WATTS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 4th day of October, 1965.


DENNY WATTS

My Commission Expires:

I do hereby certify that the foregoing is a complete record of the proceedings in the hearing of Case No. 3276 heard by me on 7/7/65.

Examiner
New Mexico Oil Conservation Commission

MR. MASON: We think if that were left, that some gas would probably be drained from under the green tract and the maroon tract, and that overriding royalty would not receive any income from the well and we think they should be entitled to some.

MR. DURRETT: They support you in that request, I assume.

MR. MASON: Yes.

MR. NUTTER: Are there any other questions of Mr. Ayers? You may be excused. Do you have anything further, Mr. Mason? Does anyone have anything they wish to offer in Case 3275.

We will take the Case under advisement, and take a fifteen minute recess.

(Whereupon, a fifteen minute recess was taken.)

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A I am not certain.

MR. MASON: It is my understanding this well has received a 160 acre allowable but we don't know what acreage is dedicated to it.

Q (By Mr. Nutter) If 160 acres is dedicated presumably it would be the Southwest Quarter of Section 24?

A I think that's correct. Odessa Natural had an exhibit, I believe, showing the Southwest Quarter of 24 dedicated to that.

Q Now, is it your proposal that this participating area dedicated be made retroactive to the time of the first production?

A Yes, sir. All of the overriding royalty funds have been held in escrow. We haven't had, as I understand, a truly proper legal basis on which to make payment. Of course, it hasn't involved working interests or royalty interests because it was all common and they have been paid, but the overriding royalty differs over the different tracts so that has all been held in escrow, it should definitely be retroactive to the date of first production.

Q Now, this fourth tract that has been colored on Exhibit 1 is the area that will participate in the overriding royalty.

A The two within the red line, yes, sir.

reservoir engineer you believe this well will in fact drain 160 acres?

A Approximately, yes, sir.

Q On a regular drainage pattern, I would assume?

A As far as I know. Of course, I don't know the configuration of the reservoir. In that absence I would say basically so.

Q Now, this is a non-prorated gas pool, is that correct, so we are not talking about the effect any allowable would or would not have on the well?

A That's the way I understand. Of course the well is a very poor producer. It is producing at capacity and producing at very low rates against a line pressure of around 300, 330 pounds, I believe. Also it's making some water, it's quite a problem to operate.

Q But at any rate the allowable assigned to the well would have no effect on the amount of production?

A No, sir, that is correct.

Q And there is no further drilling contemplated, at least within the unit areas?

A Not by Odessa Natural, no, sir.

MR. DURRETT: Thank you. I think that's all I have.

BY MR. NUTTER:

Q Mr. Ayers, what is presently dedicated to the well?

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on the well. We have three logs; the dual induction-laterlog, that log is the one that was interpreted for water saturation; we also have the sonic log, gamma ray, that log was interpreted for the porosity determination; and the third is the micro log, on the micro log we have drawn in the perforated interval of the casing and also colored in red on the micro log, is the net pay thickness of seventeen feet that was used in the volumetric calculation.

Q Were Exhibits 2 and 3 prepared by you or under your direction?

A Yes, sir.

MR. MASON: We wish to offer Exhibits 2 and 3.

MR. NUTTER: Exhibits 2 and 3 will be admitted into evidence.

(Whereupon, Exhibits 2 and 3 were admitted into evidence.)

MR. MASON: That's all of the direct testimony of Mr. Ayers.

MR. NUTTER: Mr. Mason, these three logs together complete Exhibit 3, is that correct?

MR. MASON: Correct.

MR. NUTTER: Are there any questions of Mr. Ayers?

CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Ayers, am I correct in understanding that as a

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area or the method of assigning acreage to wells, will be based upon 40 acre tracts, and in order to have symmetrical acreage around the well, it is proposed for protection, for drainage purposes in all directions that the proration unit should be acquired with the understanding it should be symmetrical around the well; it should be distributed on the basis of 40 acre tracts.

Q Now, as to the element of waste, waste is really not a factor here, is it?

A No, in my opinion, it is not.

Q Would the correlative rights of any off-setting operator be violated by the granting of this proration unit?

A No. Referring to the plat, and as stated by Mr. Hamblin, all of the acreage within the proration unit is all common working interest and common royalty. The only change in interest among the four different tracts that go into the proposed proration unit is a difference in the overriding royalty based on the proration unit. It's larger than we think will be the drainage area of the well, so I think--the only rights we are trying to protect, of course, is the overriding royalty rights and we think this is giving maximum protection.

Q You have what has been identified as Exhibit 3. Would you explain what that shows?

A Yes, Exhibit 3 is a set of the logs that has been run

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owners, in this case, the overall average gas price would be about sixteen cents throughout the life of the well; and we have estimated the condensate recovery and taken out royalty to get a net to the working interest owner. The value of the condensate is about \$2.00 per barrel, so the total value for the sales of gas and condensate for the working interest owner on the pressure decline analysis is about \$199,000.00, and on the volumetric about \$230,000.00.

The estimated well cost for a Morrow well at this depth is approximately \$240,000.00 and the operating cost, we think, between twenty and twenty-three thousand dollars. So it looks like in the optimistic case, we could anticipate a loss of about thirty-two thousand dollars in the optimistic case; or the pessimistic case, a loss of about sixty thousand dollars, to the working interest owner, so this lead to our conclusion that the well should be classified as an uneconomic well.

Q Your brochure indicates that this well could be expected to drain 160 acres and yet we are asking for 360 acres. What's the reason for this, Mr. Ayers?

A Primarily, it's a combination of reasons, it's partly for conservation and for correlative rights and partly to stay consistent with the provisions of the unit agreement. As I understand it, the unit agreement says that the participating

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predict the gas recovery from a volumetric analysis. Under the basic data we have the initial pressure of 4,997 which was obtained from the drill stem test at the time that the well was being drilled. The reservoir temperature is 200° Fahrenheit, the porosity has been estimated at seven percent which is an interpretation of the sonic log and the electric log. The water saturation has been estimated at 40 percent, which is an interpretation from the laterlog and the induction logs. The net pay thickness is estimated at seventeen feet which has been determined from the interpretation of the micro log. The drainage area shown here is 160 acres, and of course, that's just an estimate.

For calculation purposes, now, using the standard volumetric formula for gas reserves, we calculated an estimated recoverable gas for the Federal Dooley Number One to be 1,609 MMCF. Of course, that compared quite closely with the 1,390,000 MCF from the pressure decline analysis. This confirmed to me that 160 acres was the proper or very nearly the amount of drainage area that we will expect to drain from this well.

The last page in the brochure is an economic analysis for the reserves, both determined from the volumetric calculation and also from the pressure decline calculation. Gross recovery is shown, and then taking out the one-eighth reserves the net gas reserves to the working interest

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trapolation.

Turning to the following page, this is a graph that shows a plot of the build-up data. Using the type slot that is appropriate to gas wells, we got an extrapolation for a true static reservoir pressure of 3,742 psig as of May 26, 1965. Of course, the actual maximum pressure on the survey was 3,035, so the extrapolation permitted us to get from the 3,035 to 3,742 true static.

If you turn to the following page, we did not have an actual gas analysis for this well. We knew the gravity of the gas and reservoir temperature, so going to the literature and selecting a compressibility curve for the gas gravity of 0.6 and the reservoir temperature of 200° Fahrenheit give us this "Z" curve.

Now the following page is a graph showing a plot of cumulative gas production versus the pressures over the compressible factor of gas. The initial pressure in the reservoir was 4,997 PSI and then our static reservoir pressure on May 26, 1965, was 3,757 PSI with the cumulative production of approximately 3000,000 MCF. So, putting a straight line through those two points and extrapolating to an estimated economic limit or abandonment pressure in the reservoir of 500 PSI gives us an anticipated ultimate recovery for the gas of 1,390,000 MCF.

Turning to the following page is an estimate to

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three thousand.

First gas sales from the well started on March the 14th, 1964. The Morrow perforations as shown from the top are twelve thousand one hundred two to a depth of twelve thousand two hundred twenty-nine.

Next we show the gas sales price and the escalation provision in the gas sales contract. Also, about a month after the well was on production, the production was extremely disappointing so the operator performed a workover. He perforated into an interval twelve thousand one hundred forty-four to one hundred fifty-three, and twelve thousand one hundred fifty-seven to one hundred seventy, and fracked the Morrow formation using 20,000 gallons of gelled acid and 20,000 pounds of sand.

Turning to the next page of the brochure this is statistical presentation of the production, both condensate and gas, from the well starting in March, 1964, and going through April of 1965. At the end of April the cumulative gas production was 287,669 MCF.

Turning to the following page, on March 26, 1965, the well was shut in to take a bottom hole pressure build-up to get an accurate determination of reservoir pressure at that time to permit a reserve analysis based on cumulative production and pressure decline. This is the data from that build-up and it is arranged in tabular form to permit a Horner type ex-

A My name is Lee Aycrs. I am employed by El Paso Natural Gas Products in El Paso, Chief Reservoir Engineer.

Q Also inasmuch as Odessa is a wholly owned subsidiary of El Paso Natural Gas Products Company, you have been assisting Odessa Natural in its reservoir and proration matters?

A Yes, sir.

Q Mr. Hamblin testified that this well was an uneconomical well. Now, as I understand it, your testimony will go to that point and also to the drainage area of this Federal Dooley Number One Well?

A Yes, sir.

(Whereupon, Applicant's Exhibit Number Two marked for identification.)

Q You have before you what has been identified as Exhibit Number Two, would you explain what that shows, please?

A Exhibit Number Two is a brochure that has been prepared to give us some past history and basic data of the Federal Dooley Number 1 and also to present reserve estimated for the recovery, ultimate anticipated recovery from the Morrow formation both from a pressure decline analysis and volumetric analysis.

Turning to the second page of the brochure, this shows the location of the well, the completion date, which was October 19, 1963; the initial potential was a Callahin open flow of sixteen point six million feet per day; gas ratio, three hundred thirty

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BY MR. NUTTER:

Q Mr. Hamblin, as I understand it now, in the terminology of the thing, the lands which will be participating in the well, which are included in the proration by having their proration unit, this in effect becomes the participating area?

A In effect, Mr. Nutter, this is correct and these overriding royalties in this proration unit will be entitled to participate in production from the well.

Q Under the circumstances there won't--you are not contemplating any further proration units, then?

A No, sir, this is the only well contemplated, the working interest is all the same, the royalty is all the same, the only question that will be evident will be the overriding royalty.

MR. NUTTER: Are there any other questions of Mr. Hamblin? Mr. Hamblin, you may be excused.

MR. MASON: The next witness will be Mr. Ayers.

LEE AYERS called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MASON:

Q State your name and your place of residence, by whom you are employed and in what capacity you are employed?

royalty in the unit and it's necessary to form a three hundred twenty acre proration unit around the well.

Q It is not contemplated that there will be any additional wells drilled in this area?

A No, sir, there are no future wells contemplated under the unit agreement.

Q Has the USGS approved any units such as this proposed unit?

A Yes, sir, and this is their standard, more or less standard participating area or KGS, around a gas well which is the only well in the area and it is formed by including the forty acres on which the well is located with the 840 acre tract immediately surrounding the well and this has their approval, this size in this area proration unit.

Q Was Exhibit One prepared by you or under your direction?

A Yes, sir, it was prepared under my direction.

MR. MASON: I would like to offer Odessa's Exhibit One into evidence.

MR. NUTTER: It will be admitted into evidence.

(Whereupon, Applicant's Exhibit One was received into evidence.)

MR. MASON: We have no further questions.

MR. NUTTER: Does anyone have any questions of Mr.

Hamblin?

CROSS EXAMINATION

well in the Morrow formation. It was the initial test well required under the terms of the initial agreement. It is the only well in the unit and is the discovery well and the only well in the Getty Morrow field.

The terms of the unit agreement require that the royalty and overriding royalty of any well determined to be non-commercial be allocated on the basis of a proration unit in the participating area, but that the royalty and overriding royalty on production from any well determined to be non-commercial will not be allocated to the proration unit.

It has been determined that the Federal Dooley Number One Well is a non-commercial well. The language "on which the well is located" has been consistently construed by the USGS, and the operation has been well established in New Mexico to mean the proration unit on which the well is located as established by the New Mexico Oil Conservation Commission, therefore it is necessary to establish a proration unit for this well in order that the royalties and overriding royalties can be paid.

Q Now, why are you asking for three hundred sixty acre units instead of three hundred twenty acre units?

A We feel that a three hundred sixty acre standard proration unit with the well at the approximate center of the proration unit will be the most equitable for the overriding

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unit consists of three hundred sixty acres, with acreage in four different sections.

Q And in what respect is this an unorthodox location?

A It's an unorthodox well location in that Section B-1A of this same Order R-2707 also states that any wildcat gas well shall be located not more than six hundred sixty feet from the outer boundary of such tract; and the Federal Dooley Number 1 Well which was initially a Devonian test was subsequently completed in the Morrow formation, and is located five hundred sixty feet from the South line of Section 24.

Q Are those locations and distances with respect to the section lines and not the outer boundaries of the proposed unit?

A That is correct, the South and West lines of Section 24.

Q What is the nature of the royalty and the working interest ownership with respect to the acreage that would be included within the proposed unit?

A The royalty interests of all the leases included within the Getty Deep Unit are federalized. The royalty is all owned by the United States of America, and overriding royalty under the different leases does vary with different overriding under different leases. The Federal Dooley Number 1 Well was drilled by Odessa Natural Gasoline as the operator of the Getty Deep unit to the Devonian formation but it was completed as a gas

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consists of the following acreage: The East Half Southeast Quarter of Section 23, Southwest Quarter of Section 24, the North Half of the Northwest Quarter of Section 25, and the Northeast Quarter of the Northeast Quarter of Section 26, all in 20 South, 29 East.

The four federal leases within the proposed non-standard proration unit are colored for your convenience in identifying them as follows: Tract Number 2 is colored in maroon, that's the Northeast Quarter of 25. Tract Number 3, Northeast of 26, is colored in green. Tract Number 4 is colored in blue, and Tract Number 5 is colored in yellow.

Q And just what does the applicant seek by this application?

A We are seeking approval of the Commission for a non-standard proration unit and an unorthodox well location for the Federal Dooley Number 1 Well.

Q And in what respect is this unit, this proposed unit a non-standard unit?

A Section B-1A entitled "Wildcat Gas Wells," of Order Number R-2707 which I understand is an amendment to the Statewide Rule 104 which states that any gas well of Pennsylvanian age or older shall be located on a drilling unit consisting of three hundred twenty acres comprising any two contiguous quarter sections of any single governmental section, and our proration

in a number of leased properties?

A That is correct.

Q Have you testified before this commission before?

A Yes, sir.

Q Are you familiar with this application?

A Yes, sir, I am.

MR. MASON: Are the qualifications of the witness acceptable?

MR. NUTTER: They are.

(Whereupon, Applicant's Exhibit 1
marked for identification)

Q You have before you what has been identified as Exhibit 1, would you please explain what this shows?

A Exhibit Number 1 is a plat showing the following information: The boundaries of the Getty Deep Unit in Township 20 South, Range 39 East, Eddy County, New Mexico is shown by the dark dotted line, the unit boundaries. The plat also shows the Number 2, the seven federal leases or tracts committed to the Getty Deep Unit. They are indicated by Tracts Number 1 through 7.

Location of the Federal Dooley Number One in the Southwest Quarter of the South east Quarter of Section 24, 20 South, 29 East and the proposed boundary of a three hundred sixty acre non-standard proration unit which is outlined in red and which

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MR. NUTTER: Case 3275.

MR. DURRETT: Application of Odessa Natural Gasoline Company for a nonstandard gas proration unit and an unorthodox location, Eddy County, New Mexico.

MR. MASON: John Mason, representing El Paso, represented by local counsel, Maurice Sanchez from the firm of Grantham, Spann and Sanchez of Albuquerque. We will have two witnesses, Mr. Hamblin and Mr. Ayer. (Witnesses Sworn) My first witness will be Mr. Hamblin.

ROLAND L. HAMBLIN

called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MASON:

Q Would you please state your name, and where you live, and by whom you are employed, and in what capacity you are employed, please?

A My name is Roland L. Hamblin, I live at 360 Maple Street in Odessa, Texas. I am employed by El Paso Natural Gas Products Company, as manager of their plant.

Q Insofar as the relationship to the applicant, Odessa Natural Gasoline Company, Odessa is a wholly owned subsidiary of El Paso Natural Gas Products Company, and El Paso Natural Gas Products Company has been assisting Odessa Natural

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 7, 1965

EXAMINER HEARING

IN THE MATTER OF: Application of Odessa Natural
Gasoline Company for a non-standard gas
proration unit and an unorthodox location,
Eddy County, New Mexico.

Case No. 3275

BEFORE: DANIEL S. NUTTER

TRANSCRIPT OF HEARING

ECONOMIC ANALYSIS OF FEDERAL DOOLEY #1

<u>Method of Analysis</u>	<u>Pressure Decline</u>	<u>Volumetric</u>
Gross Gas Recovery - MCF	1,390,000	1,609,000
Net Gas Reserve to Working Interest - MCF	1,216,250	1,407,875
Value of Net Gas Reserve @ 16¢	\$194,600	\$225,260
Gross Condensate Recovery - barrel	2,780	3,218
Net Condensate to Working Interest - barrel	2,432	2,816
Value of Net Condensate @ \$2.00	\$4,864	\$5,632
Total Value of Gas and Condensate	\$199,464	\$230,892
Estimated Well Cost	\$240,000	\$240,000
Estimated Operating Expenses	\$20,000	\$23,000
Profit or Loss	-\$60,536	-\$32,108

VOLUMETRIC GAS RESERVE CALCULATION

Basic Data

Initial Pressure = 4997 psia
Reservoir Temperature = 2000° F
Porosity = 7.0%
Water Saturation = 40%
Net Pay Thickness = 17 feet
Drainage Area = 160 acres

Calculations

$$\text{Initial Gas Factor} = \frac{P_0}{P_s} \frac{T_s}{T_0} \frac{1}{Z} = \frac{4997}{15} \frac{520}{660} \frac{1}{1.011} = 259.6 \text{ SCF/ft.}^3$$

$$\text{Abandonment Gas Factor} = \frac{500}{15} \frac{520}{660} \frac{1}{0.964} = 27.2 \text{ SCF/ft.}^3$$

$$\text{Recoverable Gas} = 259.6 - 27.2 = 323.4 \text{ SCF/ft.}^3$$

$$\text{Est. Recoverable Gas for Federal Dooley \#1} = 43,560 (17) (160) (0.070) (0.60) (323.4)$$

$$\text{Est. Recoverable Gas for Federal Dooley \#1} = 1,609 \text{ MMCF}$$

$$\frac{P_i}{Z_i} = \frac{4971}{1.011} = 4943$$

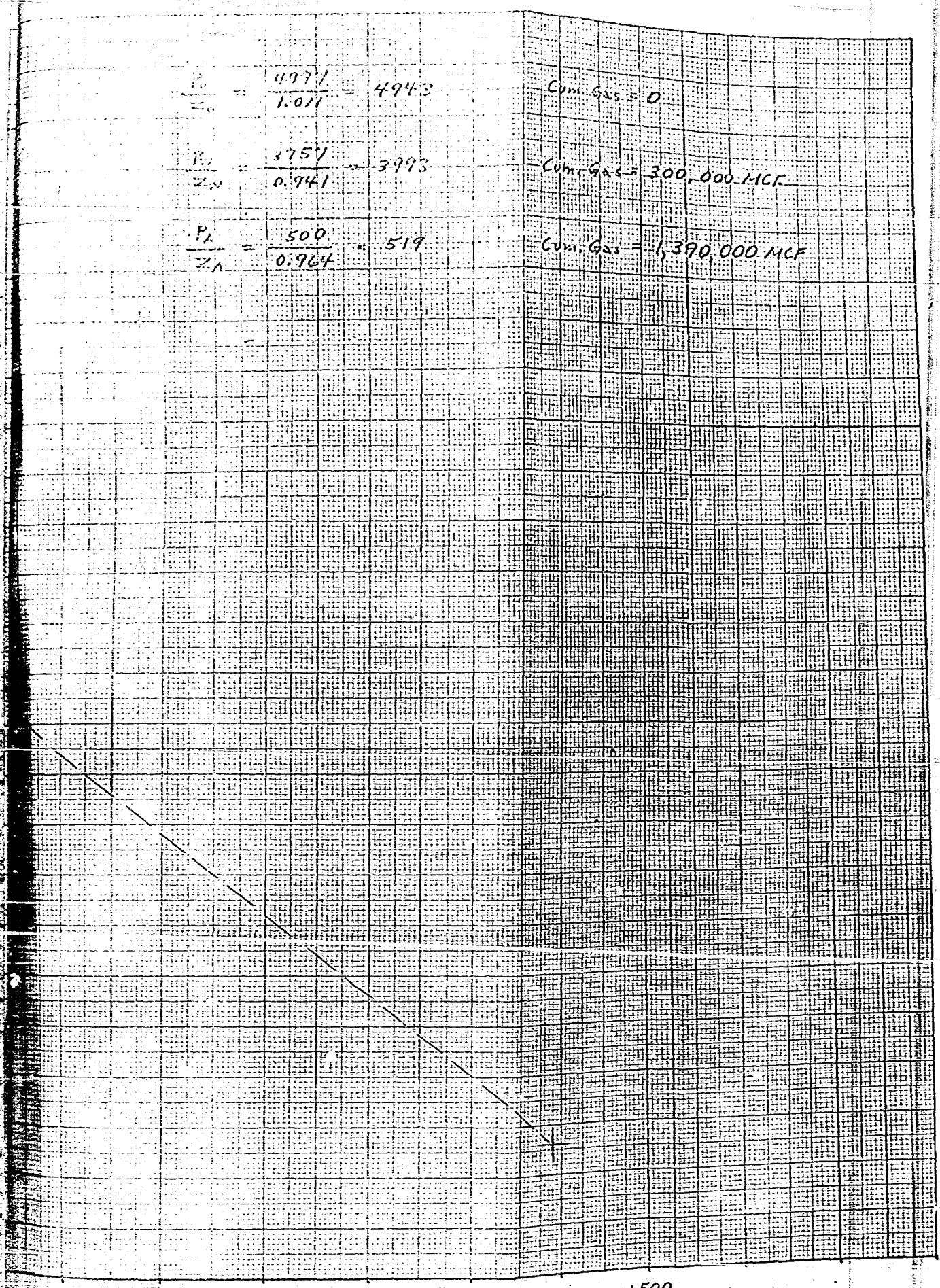
Cum. Gas = 0

$$\frac{P_i}{Z_i} = \frac{3751}{0.941} = 3993$$

Cum. Gas = 300,000 MCF

$$\frac{P_i}{Z_i} = \frac{500}{0.964} = 519$$

Cum. Gas = 1,390,000 MCF

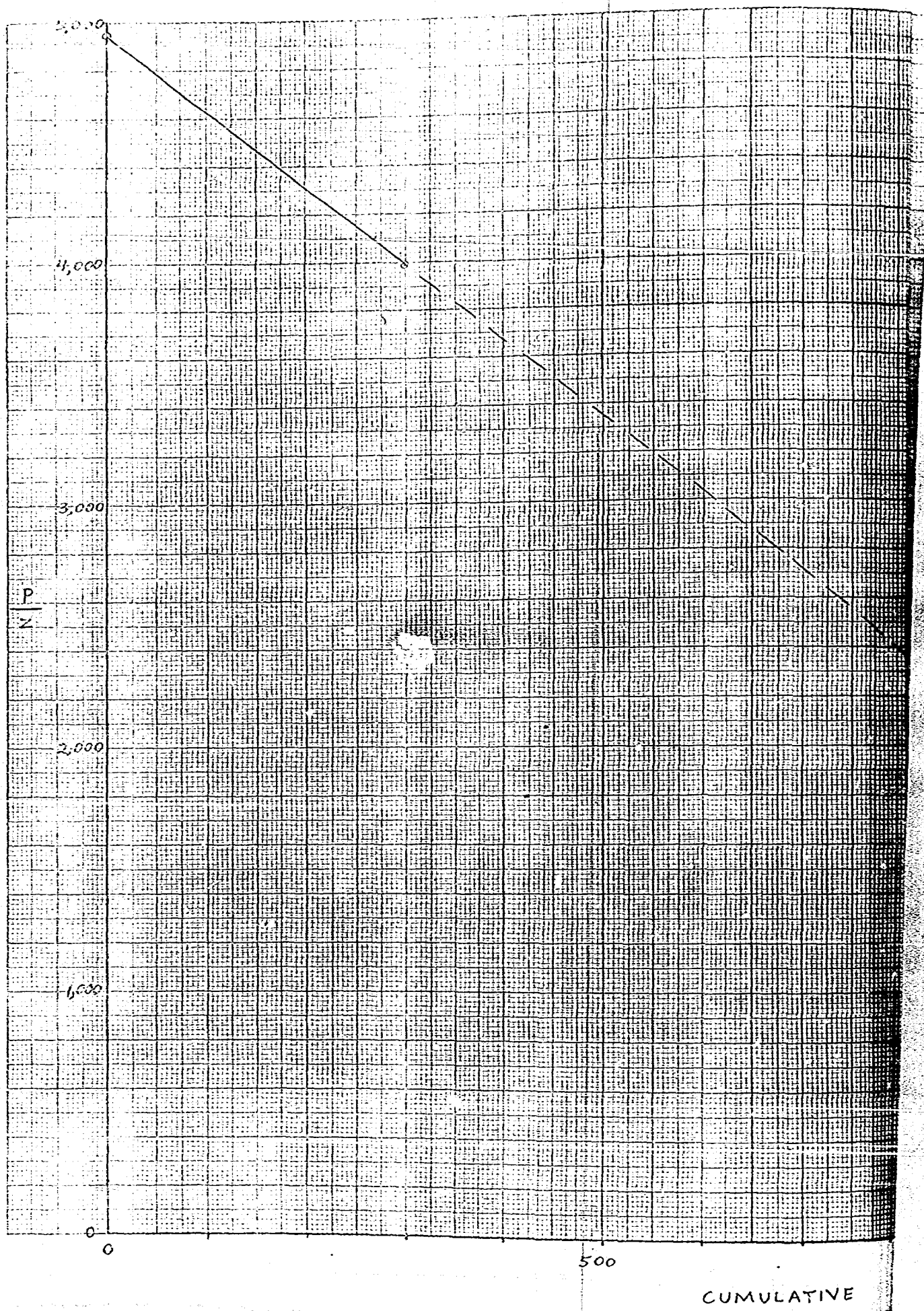


1,000

1,500

PRODUCTION - MMCF

PLOT OF PRESSURE DECLINE VS CUMULATIVE
 FEDERAL-DOOLEY #1

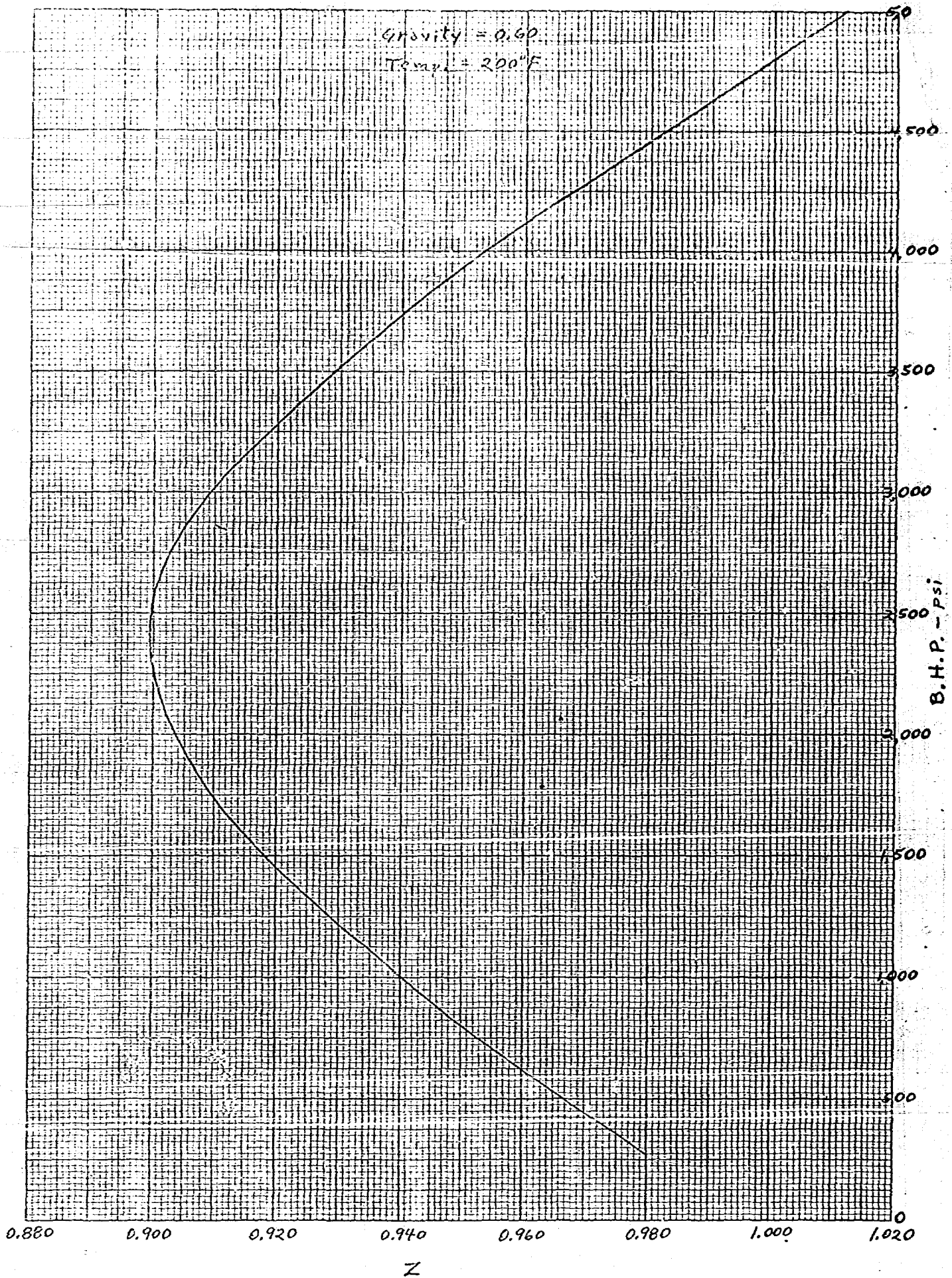


10 X 10 TO THE CM. 350-14L
 KNOX REUFILL & ESSER CO. WACO, TEX.

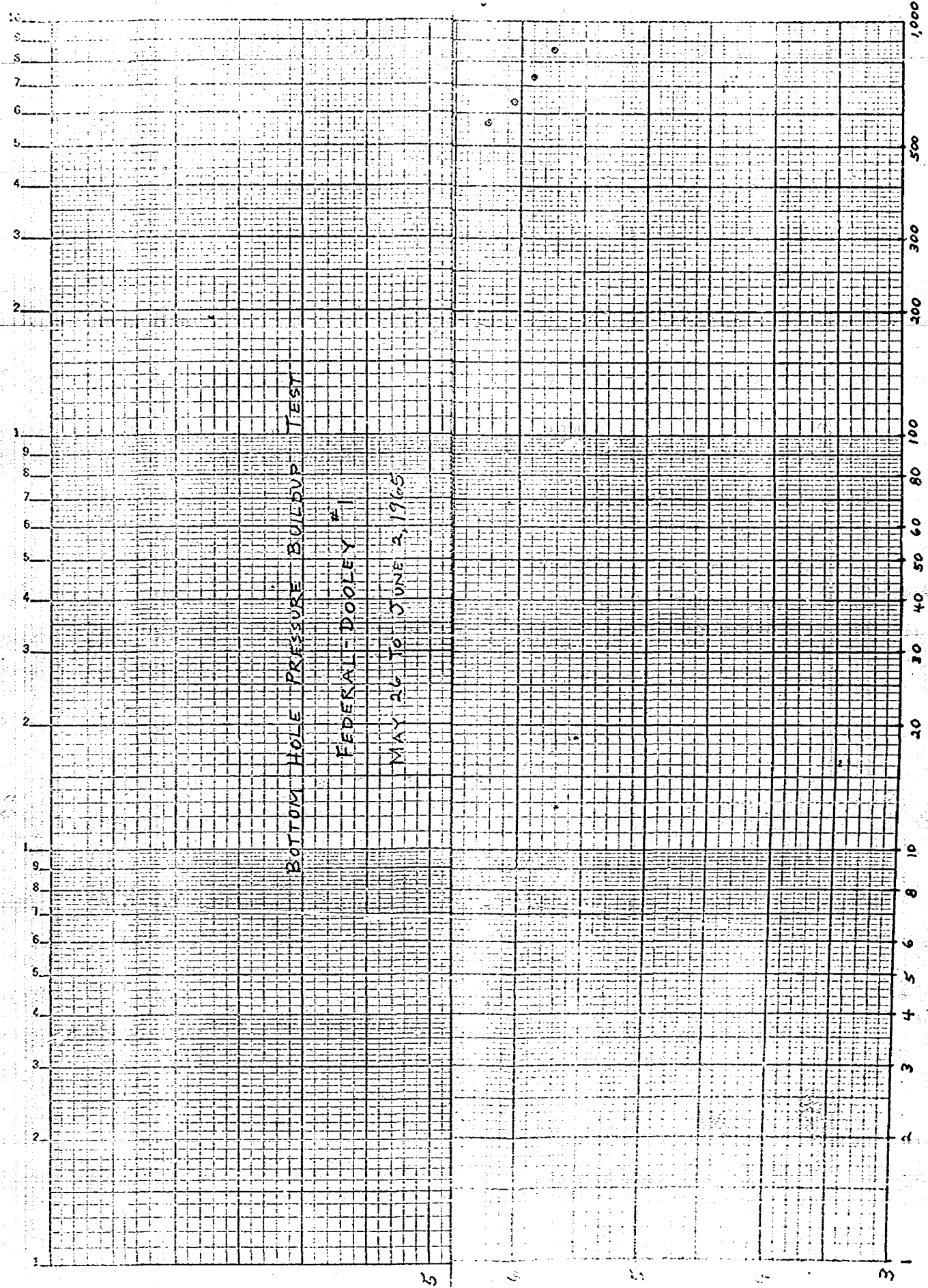
ESTIMATED GAS COMPRESSIBILITY FACTOR - Z
FEDERAL-DOOLEY #1

EUGENE DIETZGEN CO.
MADE IN U. S. A.

NO. 340R-20 DIETZGEN GRAPH PAPER
20 X 20 PER INCH



358-71L
KEUFFEL & ESSER CO. WATFORD, U.S.A.
3 CYCLES X 150 DIVISIONS



$$\frac{t_c + \theta}{\theta}$$

B. H. P. Build-up -- May 26, 1965

$t_c = 425 \text{ days} = 10,200 \text{ hours}$

Well Pressure, psig $P_w @ 12,164'$	Build-up Time, hrs. θ	$\frac{t_c - \theta}{\theta}$	P_w^2
1,867	1	10,201	3,485,689
2,119	3	3,401	4,490,161
2,227	5	2,041	4,959,529
2,302	7	1,458.14	5,299,204
2,352	9	1,134.33	5,531,904
2,399	12	851.00	5,755,201
2,431	14	729.57	5,909,761
2,460	16	638.50	6,051,600
2,500	18	567.67	6,250,000
2,564	20	511.00	6,574,096
2,590	22	464.64	6,708,100
2,614	24	426.00	6,832,996
2,635	26	393.31	6,943,225
2,656	28	365.29	7,054,336
2,675	30	341.00	7,155,625
2,715	35	292.43	7,371,225
2,746	40	256.00	7,540,516
2,773	45	227.67	7,689,529
2,799	50	205.00	7,834,401
2,823	55	186.45	7,969,329
2,839	60	171.00	8,059,921
2,855	65	157.92	8,151,025
2,868	69	148.83	8,225,424
2,900	80	128.50	8,410,000
2,919	90	114.33	8,520,561
2,937	100	103.00	8,625,969
2,956	110	93.73	8,737,936
2,974	120	86.00	8,844,676
2,987	130	79.46	8,922,169
3,001	140	73.86	9,006,001
3,014	150	69.00	9,084,196
3,027	160	64.75	9,162,729
3,031	165	62.82	9,186,961
3,035	166	62.45	9,211,225

PRODUCTION STATISTICS

FEDERAL DOOLEY #1

GETTY (MORROW) GAS FIELD

EDDY COUNTY, NEW MEXICO

1964	Production		Cumulative	
	Condensate-bbl	Gas - MCF	Condensate-bbl	Gas - MCF
March	--	25,502	--	25,502
April	--	28,341	--	53,843
May	10	30,020	10	83,863
June	55	19,058	65	102,921
July	52	21,729	117	124,650
August	63	20,724	180	145,374
September	62	20,801	242	166,175
October	70	19,874	312	186,049
November	44	19,240	356	205,289
December	55	17,813	411	223,102
1965				
January	48	17,260	459	240,362
February	52	15,818	511	256,180
March		14,654		270,834
April		10,833		287,669

GENERAL WELL INFORMATION

FEDERAL DOOLEY #1

GETTY (MORROW) GAS POOL

Location: 560' South and West, Section 24, T-20S, R-29E,
Eddy County, New Mexico.

Completion Date: October 19, 1963.

Initial Potential: COFP 16.6 MMCF/Day.

GOR = 333,000 ft.³/Bbl.

First Gas Sales on March 14, 1964.

Morrow Perforations:

- 12, 102-12, 111
- 12, 118-12, 201
- 12, 126-12, 130
- 12, 144-12, 153
- 12, 157-12, 170
- 12, 181-12, 189
- 12, 216-12, 229

Gas Sales Price: 15¢/MCF ending November 14, 1964
16-1/2¢/MCF next five years
18¢/MCF next five years
19-1/2¢/MCF thereafter

Workover: Perforated casing @ 12, 144-12, 153
12, 157-12, 170

Frac 20,000 gallons gelled acid
20,000 pounds sand

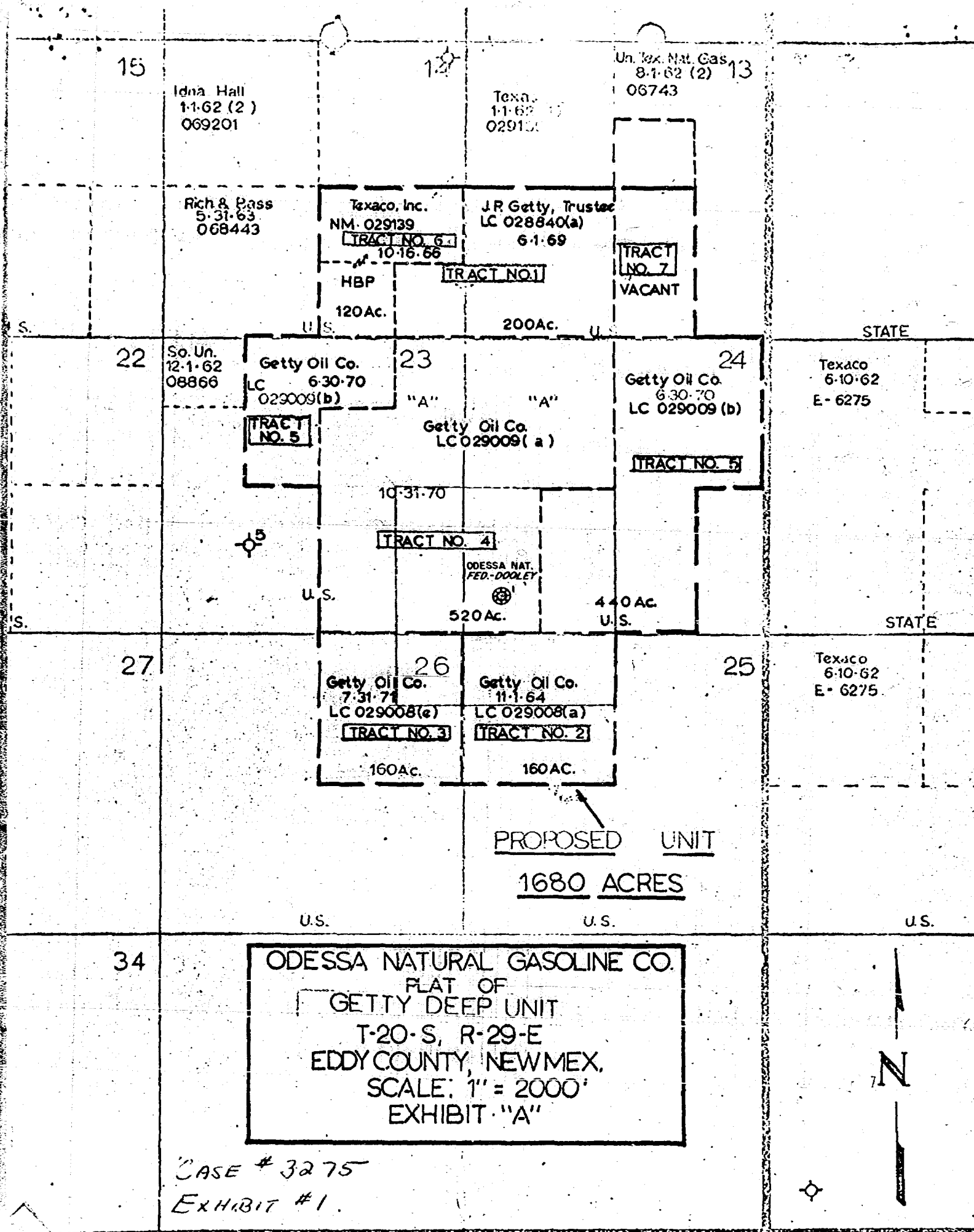
GAS RESERVE ESTIMATE
FEDERAL DOOLEY #1
GETTY (MORROW) FIELD,
EDDY COUNTY, NEW MEXICO

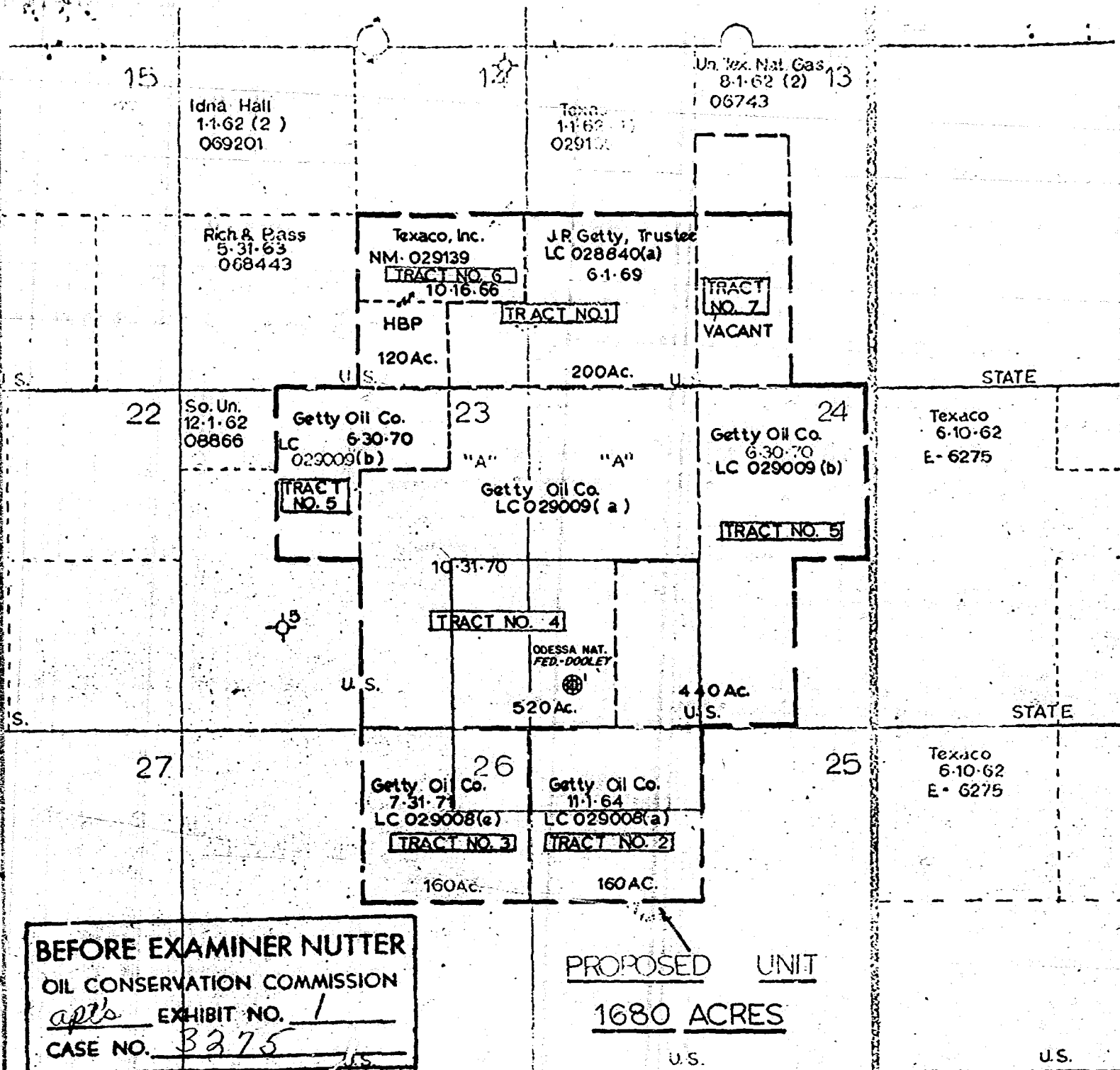
BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
apl EXHIBIT NO. *2*
CASE NO. *3276*

Odessa Natural Gasoline Company

Prepared By: M. L. Ayers

Date: June 7, 1965





ODESSA NATURAL GASOLINE CO.
FLAT OF
GETTY DEEP UNIT
T-20-S, R-29-E
EDDY COUNTY, NEW MEX.
SCALE: 1" = 2000'
EXHIBIT "A"

CASE #3275
EXHIBIT #1



-2-

CASE No. 3275
Order No. R-2941

avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

(5) That approval of the proposed non-standard gas proration unit will afford the applicant the opportunity to produce its just and equitable share of the gas in the Getty-Morrow Gas Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

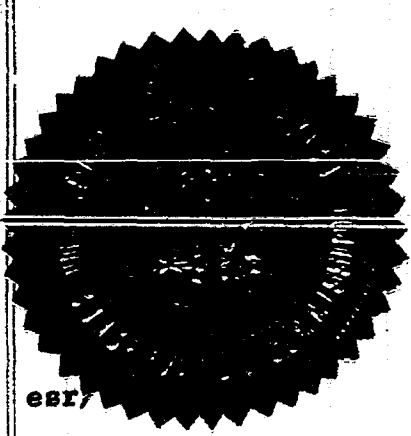
(1) That an unorthodox location is hereby approved for the Odessa Natural Gasoline Company Federal Dooley Well No. 1 located 560 feet from the South line and 560 feet from the West line of Section 24, Township 20 South, Range 29 East, NNPM, Eddy County, New Mexico.

(2) That a 360-acre non-standard gas proration unit in the Getty-Morrow Gas Pool comprising the E/2 SE/4 of Section 23, SW/4 of Section 24, N/2 NW/4 of Section 25, and NE/4 NE/4 of Section 26, Township 20 South, Range 29 East, NNPM, Eddy County, New Mexico, is hereby established and dedicated to the Odessa Natural Gasoline Company Federal Dooley Well No. 1.

(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


Jack M. Campbell
JACK M. CAMPBELL, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

esr/

**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. 3275
Order No. R-2941**

**APPLICATION OF ODESSA NATURAL GASOLINE
COMPANY FOR A NON-STANDARD GAS PRODUCTION
UNIT AND AN UNORTHODOX LOCATION, EDDY
COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 7, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 23rd day of July, 1965, 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, Odessa Natural Gasoline Company, seeks approval of an unorthodox location for its Federal Dooley Well No. 1 located 560 feet from the South line and 560 feet from the West line of Section 24, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That the applicant also seeks approval of a 360-acre non-standard gas production unit in the Gatty-Morrow Gas Pool comprising the E/2 SE/4 of Section 23, SW/4 of Section 24, E/2 NW/4 of Section 25, and NE/4 NE/4 of Section 26, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, to be dedicated to the subject well.

(4) That approval of the unorthodox location will prevent the economic loss caused by the drilling of unnecessary wells,

DOCKET - EXAMINER HEARING - WEDNESDAY - JULY 7, 1965

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 3273: Application of Caulkins Oil Company for a dual completion and an unorthodox well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Breech "A" Well No. 229 to produce gas from the Dakota and Mesaverde formations through parallel strings of 1-1/4 inch tubing. Said well is located at an unorthodox location for the Blanco Mesaverde Pool 1170 feet from the North line and 970 feet from the West line of Section 17, Township 26 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 3274: Application of Continental Oil Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Skaggs Pool Waterflood Project by the conversion to water injection of 9 additional wells located in Sections 13, 14, and 24, Township 20 South, Range 37 East, and Section 18, Township 20 South, Range 38 East, Skaggs Pool, Lea County, New Mexico.

CASE 3275: Application of Odessa Natural Gasoline Company for a non-standard gas proration unit and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 360-acre non-standard gas proration unit comprising the E/2 SE/4 of Section 23, SW/4 of Section 24, N/2 NW/4 of Section 25, and NE/4 NE/4 of Section 26, Township 20 South, Range 29 East, Getty Morrow Gas Pool, Eddy County, New Mexico, said unit to be dedicated to its Federal Dooley Well No. 1 located at an unorthodox location 560 feet from the South and West lines of said Section 24.

CASE 3072 (Reopened):

In the matter of Case No. 3072 being reopened pursuant to the provisions of Order No. R-2746, which order established 80-acre spacing for the Flying "M" San Andres Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

EVERETT M. GRANTHAM
CHARLES C. SPANN
MAURICE SANCHEZ
R. RUSSELL RAGER

GRANTHAM, SPANN AND SANCHEZ
ATTORNEYS AT LAW
914 BANK OF NEW MEXICO BUILDING
POST OFFICE BOX 1031
ALBUQUERQUE, NEW MEXICO 87101

July 2, 1965

TELEPHONE
243-3525

Mr. A. L. Porter, Jr., Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Case No. 3275
In the Matter of the Application of Odessa
Natural Gasoline Company for a Non-
Standard Gas Proration Unit at an Un-
orthodox location, Eddy County, New Mexico

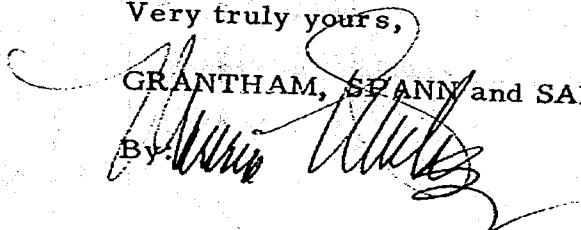
Dear Mr. Porter:

Please enter my appearance as local attorney of record for
Odessa Natural Gasoline Company in the above entitled and number-
ed cause, which is set for examiner hearing on Wednesday, July 7,
1965.

Mr. John Mason, Attorney, or some other representative of
Odessa will be personally present at the hearing.

Very truly yours,

GRANTHAM, SPANN and SANCHEZ

BY: 

MS:rr

cc: Mr. John Mason
P. O. Box 3986
Odessa, Texas

W. D. NOEL
PRESIDENT

W. T. EDWARDS
EXEC. VICE-PRESIDENT

J. W. COLE, JR.
VICE-PRESIDENT

JOHN BEN SHEPHERD
SECY-TREAS.

W. D. SMITH
ASST. SECY-TREAS.

ODESSA NATURAL GASOLINE COMPANY

AMERICAN BANK OF COMMERCE BUILDING

POST OFFICE BOX 3908

ODESSA, TEXAS

June 15, 1965

Case 3275

JUN 16 1965

Mr. A. L. Porter, Jr., Secretary
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Porter:

I am enclosing herewith an Application for Non Standard Gas Proration Unit for Odessa Natural Gasoline Company with the request that it be set up for Examiner's Hearing on July 7, 1965.

Yours very truly,

ODESSA NATURAL GASOLINE COMPANY

By *Roland L. Hamblin*
Roland L. Hamblin

RLH:jc

Encl.

DOCKET MAILED

Date

6-23-65

R

3. It is the understanding of Odessa Natural Gasoline Company that the above well and field are covered under your General Rule #104 as revised by Order #2707 covering the spacing of all gas wells completed in the Pennsylvania and deeper formations in Southeast New Mexico.

4. Odessa Natural Gasoline Company believes that the above well will drain an area different from the regular spacing pattern for this well and that a non-standard proration unit should be established that will closely approximate the drainage pattern of this well.

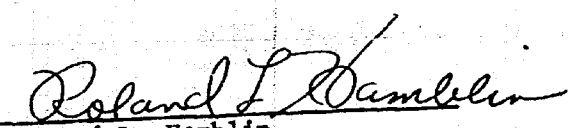
5. Payments to the overriding royalty interest owners in the Getty Deep Unit cannot be made until a proration unit for this well is determined. Payments to the overriding royalty interest should be made as soon as possible.

In view of the above facts Odessa Natural Gasoline Company hereby respectfully requests that this matter be advertised and that the matter be considered at your next examiner hearing which we understand to be on July 7, 1965.

Respectfully submitted,

ODESSA NATURAL GAS COMPANY

By


Roland L. Hamblin
Attorney

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION FOR NON STANDARD GAS PRORATION
UNIT FOR ODESSA NATURAL GASOLINE COMPANY'S
DOOLEY #1 WELL COMPLETED AS THE DISCOVERY
WELL IN THE GETTY MORROW FIELD AND GETTY
DEEP UNIT, SUCH PRORATION UNIT TO COVER THE
E/2 SE/4 OF SECTION 23, THE SW/4 OF SECTION
24, THE N/2 NW/4 OF SECTION 25, AND THE NE/4 NE/4
OF SECTION 26, ALL IN TOWNSHIP 20 SOUTH,
RANGE 29 EAST, EDDY COUNTY, NEW MEXICO AND
CONTAINING 360 ACRES, MORE OR LESS.

No. 3275

Comes now the Odessa Natural Gasoline Company, a Texas Corporation, and respectfully requests that the Commission schedule the above matter at its next regularly scheduled examiner hearing on July 7, 1965. In support of this application, applicant submits the following facts:

1. Odessa Natural Gasoline Company as the Unit Operator of the Getty Deep Unit has heretofore drilled and completed the Federal Dooley #1 Well as the initial unit well at a location 560' from the South line and 560' from the West line of Section 24, T-20-S, R-29-E, Eddy County, New Mexico. This well was completed on October 19, 1963, as a gas well in the Morrow Formation, from 12,102' to 12,229'.
2. The well was tied into a Southern Union Gas Line on March 14, 1964. Pressures have declined rapidly and it has now been determined that the well is either non-commercial or a marginal producer.

(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.

3 (A) That the applicant also seeks approval of a 360-acre non-standard gas proration unit in the Getty-Morrow Gas Pool comprising the E/2 SE/4 of Section 23, SW/4 of Section 24, N/2 NW/4 of Section 25, and NE/4 NE/4 of Section 26, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, to be dedicated to the subject well.

~~(5) That the proposed non-standard proration unit can be efficiently and economically drained and developed by the subject well.~~

4 (B) That approval of the unorthodox location will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

5 (C) That approval of the proposed non-standard gas proration unit will afford the applicant the opportunity to produce its just and equitable share of the gas in the Getty-Morrow Gas Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That an unorthodox location is hereby approved for the Odessa Natural Gasoline Company Federal Dooley Well No. 1 located 560 feet from the South line and 560 feet from the West line of Section 24, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That a 360-acre non-standard gas proration unit in the Getty-Morrow Gas Pool comprising the E/2 SE/4 of Section 23, SW/4 of Section 24, N/2 NW/4 of Section 25, and NE/4 NE/4 of Section 26, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to the Odessa Natural Gasoline Company Federal Dooley Well No. 1.

DRAFT
JMD/esr

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:

CF Subj. _____

CASE No. 3275

Order No. R- 2941

APPLICATION OF ODESSA NATURAL GASOLINE
COMPANY FOR A NON-STANDARD GAS PRORATION
UNIT AND AN UNORTHODOX LOCATION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
July 7, 1965, at Santa Fe, New Mexico, before Examiner
Daniel S. Nutter.

NOW, on this _____ day of July, 1965, 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.

Approval of an unorthodox location for its
(2) That the applicant, Odessa Natural Gasoline Company, ~~is~~
~~the owner and operator of the~~ Federal Dooley Well No. 1 located
560 feet from the South line and 560 feet from the West line of
Section 24, Township 20 South, Range 29 East, NMPM, Eddy County,
New Mexico, that _____

(3) _____

JACK M. CAMPBELL
CHAIRMAN

State of New Mexico



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

July 23, 1965

Mr. John Mason
Odessa Natural Gasoline Company
American Bank of Commerce Building
Post Office Box 3986
Odessa, Texas

Re: Case No. 3275
Order No. R-2941
Applicant:

ODESSA NATURAL GASOLINE CO.

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

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC x

Aztec OCC

OTHER _____

CASE, file 32, 67

MISSIS 11