CASE 3820: Application of EL PASO NATURAL FOR AN UNORTHODOX GAS WELL LOCATION, RIO ARRIBA CO.

Exhibitis

GOVERNOR DAVID F. CARGO CHAIRMAN

State of New Accies Bil Conservation Commission

LAND COMMISSIONER GUYTON B. HAYS MEMBER



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

August 1, 1968

Mr. Richard Morris R	e: Case No.	3820 3821		
Montgomery, Federici, Andrews, Manna and Morris	hs Order No.	R-3466 & R-3467		
Attorneys at Law	Applicant	Applicant:		
Post Office Box 2307 Santa Pe, New Mexico	El Paso	El Paso & Marathon		

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. Secretary-Director

ALP/1T	
Carbon copy	of drder also sent to:
Hobbs OCC	X
Artesia OCC	
Aztec OCC	<u>x (R</u> -3466)
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. 3820 Order No. R-3466

APPLICATION OF EL PASO NATURAL GAS COMPANY FOR AN UNORTHODOX GAS WELL LOCATION, RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE CONMISSION:

This cause came on for hearing at 9 a.m. on July 24, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of August, 1968, 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, El Paso Natural Gas Company, seeks an exception to Rule 2 of the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool as promulgated by Order Mo. R-1670, as amended, to recomplete its Harvey "A" Well No. 3 at an unorthodox location 890 feet from the South line and 1650 feet from the East line of Section 32, Township 27 North, Range 7 West, MMPM. Rio Arriba County, New Mexico.
- (3) That said well was drilled and completed as a Dakota gas well at a standard location for the Basin-Dakota Gas Pool and is off-pattern with respect to the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool.

-2-CASE No. 3820 Order No. R-3466

(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 Blanco-Mesaverde 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 otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

- (1) That the applicant, El Paso Natural Gas Company, is hereby granted an exception to the well location requirements of Rule 2 of the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool as promulgated by Order No. R-1670, as amended, and is hereby authorized to recomplete its Harvey "A" Well No. 3 at an unorthodox location 890 feet from the South line and 1650 feet from the East line of Section 32, Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.
- (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
OTL CONSERVATION COMMISSION

DAVID F. CARGO, Charrman

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

esr/

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 24, 1968

- 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 A. L. Porter, Jr., Alternate Examiner:
- CASE 3809: Application of Solar Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Travis Well No. 2 located in Unit J of Section 21, Township 23 South, Range 37 East, Lea County, New Mexico, to produce oil from the Teague-Blinebry and undesignated Tubb-Drinkard pools through parallel strings of tubing.
- CASE 3810: Application of Bronco Oil Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Saltmount Well No. 2 located in Unit O of Section 21, Township 23 South, Range 37 East, Lea County, New Mexico, to produce oil from the Teague-Blinebry and undesignated Tubb-Drinkard pools through parallel strings of tubing.
- CASE 3811: Application of Charles B. Read for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill his Marathon State Well No. 1 at a location 1980 feet from the South line and 660 feet from the West line of Section 7, Township 19 South, Range 35 East, Scharb-Bone Springs Pool, Lea County, New Mexico, in exception to the pool rules which require the first well drilled on a unit to be located in the NE/4 or the SW/4 of the guarter section.
- CASE 3812: Application of Tenneco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Southwest Henshaw (Premier) Unit Area comprising 1720 acres, more or less, of Federal lands in Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico.
- CASE 3813: Application of Tenneco Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its Southwest Henshaw (Premier) Unit Area by the injection of water into the Premier sand through nine injection wells in Sections 7, 8, 17, 18 and 19, Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico.

- CASE 3814: Application of Humble Oil & Refining Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Penrose zone of the Queen formation in the perforated interval from 3818 feet to 3838 feet in its New Mexico "G" State Well No. 17 located 330 feet from the South line and 1850 feet from the West line of Section 23, Town-ship 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico. If said Penrose zone does not prove satisfactory, then the applicant proposes to deepen said well and dispose into the San Andres formation.
- CASE 3815: Application of Humble Oil & Refining Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the interval from 5670 feet to 6030 feet in its Chalk Bluff Draw Unit (A) Well No. 19 located 990 feet from the South line and 1650 feet from the West line of Section 16, Township 18 South, Range 27 East, Empire Abo Pool, Eddy County, New Mexico.
- CASE 3816: Application of Humble Oil & Refining Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Wolfcamp formation in the interval from 10,199 feet to 10,530 feet in its H. A. Townsend Well No. 6 located 1980 feet from the North and East lines of Section 9, Township 16 South, Range 35 East, Townsend Wolfcamp Pool, Lea County, New Mexico.
- CASE 3817: Application of Continental Oil Company for reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules and regulations for prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, to permit the reinstatement of underproduction accumulated by its Stevens A-35 Well No. 2 located in Unit J of Section 35, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, cancelled December 31, 1967. Applicant requests that its Stevens A-35 Well No. 1 located in Unit L and its Stevens A-35 Well No. 2 located in Unit J, both in the aforesaid Section 35 and dedicated to the same non-standard gas proration unit, be permitted to produce the aforesaid cancelled underproduction.

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- CASE 3818: Application of Continental Oil Company for an exception to Rule 506, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the statewide limiting gas-oil ratio of 2,000 feet of gas per barrel of oil as promulgated by Commission Rule 506 for its Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, Warren-Drinkard Pool, Lea County, New Mexico.
- CASE 3819: Application of Cities Service Oil Company for the institution of gas prorationing in the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the limitation of gas production from the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to reasonable market demand and to the capacity of gas transportation facilities, and that the subject pool be governed by the general rules and regulations for the prorated gas pools of Southeastern New Mexico insofar as said general rules and regulations are not inconsistent with the special rules and regulations governing the subject pool. Further, the applicant proposes that the allowable production from the pool be allocated among the wells in the pool on a 100% surface acreage basis.
- CASE 3820: Application of El Paso Natural Gas Company for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Harvey "A" Well No. 3 at a point 890 feet from the South line and 1650 feet from the East line of Section 32, Township 27 North, Range 7 West, Blanco-Mesaverde Pool, Rio Arriba County, New Mexico, in exception to the pool rules which require locations to be in either the Northeast or Southwest quarter of the section.
- CASE 3821: Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 22, Town-ship 20 South, Range 35 Fast, Lea County, New Mexico. Said acreage to be dedicated to a well to be drilled 660 feet from the South and East lines of said Section 22, and within one mile of the Southeast Lea-Wolfcamp Gas Pool.

Case 3822: Application of Aztec Oil & Gas Company for commingling,
Lea County, New Mexico. Applicant, in the above-styled
cause, seeks authority to commingle San Andres production
from its State "AJ" lease comprising the SW/4 and the
W/2 NE/4 of Section 1 and its Amerada State lease comprising the N/2 NW/4 of Section 12, all in Township 18
South, Range 36 East, Arkansas Junction-San Andres Pool,
Lea County, New Mexico, allocating production to each
lease on the basis of periodic well tests.

CASE 3805: CONTINUED FROM THE JULY 10, 1968, EXAMINER HEARING

Application of Benson-Montin-Greer Drilling Corporation and Lloyd B. Taylor for Pressure Interference Tests and Back Allowable, San Juan County, New Mexico. Applicants, in the above-styled cause, seek authority to extend for an additional 60-day period from July 8, 1968, the shut-in test period authorized for one well in the La Plata Gallup Oil Pool, San Juan County, New Mexico, by Commission Order No. R-3399 and to also extend the back allowable make-up period for said well. Applicants further seek authority to drill three additional La Plata oil wells in Section 6 of Township 31 North, Range 13 West, and Sections 31 and 32, Township 32 North, Range 13 West, and to shut said wells in immediately after recovery of load oil and the establishment of initial potentials, for a period of up to 180 days for the purpose of conducting pressure interference tests, and to make-up the production lost during said test period at a later date. Applicants further seek a provision for administrative extension of the shut-in test period and the make-up period.

El Paso Natural Gas Company

El Paso, Texas 79999

June 21, 1968

Care 3820

Oil Conservation Commission State of New Mexico P. O. Box 2088 Santa Fe, New Mexico

RE:

Exception for Mesaverde Location

Harvey A #3

SE/4, Section 32, T 27 N,

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R-2-W; Rio Arriba County,

New Mexico

Gentlemen:

Mexico

What region 25 AM 8 47

El Paso Natural Gas Company, as operator of the captioned well, hereby requests a hearing before an Examiner in order to present testimony in support of its application for an exception to General Order R-1670, Rule 2, Paragraph A, Section 8, pursuant to which the Commission requires Mesaverde Wells to be drilled in the NE/4 and the SW/4 of a given Section, and for the assignment of an allowable.

The captioned well was originally drilled as a Dakota test, at a regular Dakota location, but was temporarily abandoned and later plugged back and completed in the Mesaverde Formation.

The exception, if approved, will permit this well, as shown on the plat attached, to be assigned an allowable. Testimony will be presented at such hearing to show that such exception will prevent waste and will not infringe on correlative rights.

Offset operators are being advised, by copy of this letter, of our request for hearing.

DOCKET MAILED

7-11-68

-2-

Please advise the undersigned of the time, date and place of the hearing should this request be granted.

Yours very truly,

Robert A. Meyer
Attorney - Office of
General Counsel

RAM/am

enclosure

cc: Depco, Inc.

1025 Petroleum Club Building Denver, Colorado 80202

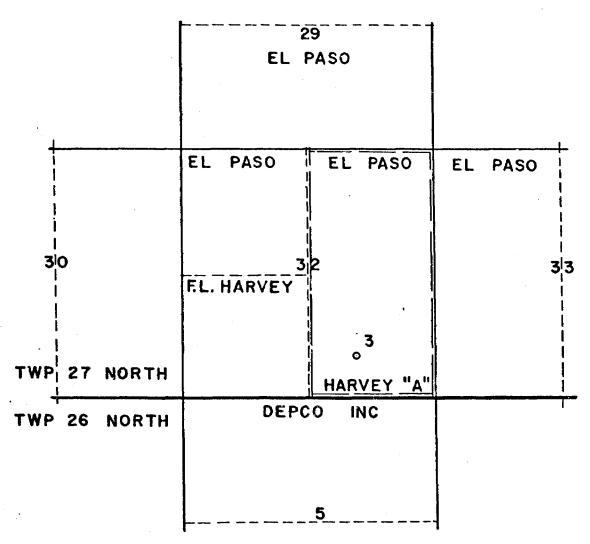
Mr. Francis L. Harvey

P. O. Box 990

Wichita Falls, Texas 76301

SOCKET MAILED

Date-



RIO ARRIBA COUNTY NEW MEXICO

Carl 3820

dearnley-meier reporting service, inc.

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

1120 SIMMS BLDG. . P. O. BOX 1092 . PHONE 243-6491 . ALBUQUERQUE, NEW MEXICO

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico July 24, 1968

MXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas Company for an unorthodox gas well location, Rio Arriba County, New Mexico.

Case No. 3820

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEAPING



ME. NUTTER: Me'll call the next case, 3920.

MR. HATCH: Case 3820. Application of El Paso Natural Gas Company for an unorthodox gas well location, Rio Arriba County, New Mexico.

MR. MORRIS: I'm Dick Morris of Montgomery, Federici, Andrews, Hannahs and Morris, Santa Fe, appearing on behalf of the applicant. We have one witness and I ask that he stand and be sworn.

(Witness sworn.)

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

PICHARD ULLRICH

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

DIRECT EXAMINATION

BY MR. MORRIS:

- O Mr. Ullrich, will you please state your name, where you reside and by whom you are employed, and in what capacity.
- A Pichard Ullrich. I'm a Senior Geologist with El Paso Natural Gas Company in Farmington.
- Q Have you previously testified before the New Mexico
 Oil Conservation Commission or one of it's examiners?
 - A No, I have not.

Q Would you briefly state your education and your experience in the petroleum industry?

A I have a Bachelor of Science Degree from the University of New Mexico with a major in geology and a minor in engineering. I have been with El Paso Natural Gas Company for twelve years working in all phases of development and exploration out of the Farmington office.

Q Are you familiar with the history of the well that is the subject of this application?

Λ Yes, I am.

O Have you prepared an exhibit being a plat of the area showing the subject well?

A Yes.

O And is that what has been marked Exhibit Number 1 in this case?

A That is.

Q Point out the location of the subject well and the acreage that would be dedicated to the well.

A The well would be in the southeast of Section 32, Township 27 North, Range 7 West in Rio Arriba County, and the east half of the Section 32 would be dedicated to this well.

Q What is the footage location of this well from the boundaries of Section 32?

- A It is 890 from the south and 1650 from the east.
- Q I notice that this plat shows some unit boundaries on it. What are those units and who are the operators of those units?
- A Immediately to the east of this township is the Rincon Unit which El Paso operates and immediately to the north of this unit is the San Juan 28 Southern Unit, also operated by El Paso.
- Q Do you have shown on this exhibit all of the Mesa Verde completions within two miles of the subject well?
- A Yes. In fact, I went outside of two miles to get in a little more of it, but all of these are the attempted Mesa Verde completions within this area.
 - What is the history of the subject well?
- A This well was originally drilled to test and hope to complete in the Dakota and Gallup. It was to try to complete a Dakota-Gallup trend to the south and southeast. This was in 1966 and, unfortunately, neither the Dakota nor the Gallup yielded enough gas, enough hydrocarbon to tie it into the pipeline.
 - Q Has the well been tested in the Mesa Verde?
 - A Yes, it has.
 - Q Will it be capable of production in the Mesa Verde?
- A Yes. This has initial potential of two and a half million in the Mesa Verde.

Commission?

A Actually, we're seeking to salvage some, the money from the Dakota and Gallup completions of the drilling of the well.

- O And is this application necessary because the completion of this well as a Mesa Verde well would be off pattern under the Mesa Verde Pool Pules?
 - A This is true, because it's in the southeast quarter.
 - Mho are the offsetting working interest owners?
 - A F. L. Harvey, et al, and Dep-Co.
- O Have they been given actual notice of the filing of this application?
 - A Yes, they have.
- And have either of them registered any objection to this application?
 - A To my knowledge, they have not.
- Q Would a single completion to the Mesa Verde Formation be justified economically in this area?
 - A No, it would not. :
- O Will El Paso gain any structural advantage by this location in the Mesa Verde that it would have if the well were located in the northeast guarter of Section 32?

A No, it wouldn't. There would be no advantage any place in this section.

? Is all of the east half of Section 32 reasonably assumed to be productive of gas in the Mesa Verde?

A It would be equally the same, I would say.

O So in essence, this is a salvage operation, is that correct, Mr. Ullrich?

A This is a hundred percent salvage operation to conserve what we have or try to get out what we have in an attempt.

MR. MORRIS: We offer into evidence Applicant's Exhibit Number 1 in this case.

MR. NUTTER: El Paso's Exhibit 1 will be admitted in evidence.

MR. MORRIS: That's all I have on direct.

(Whereupon, Applicant's Exhibit Number 1 was admitted in evidence.)

CROSS EXAMINATION

BY MR. NUTTER:

- Q What was your name, again, sir?
- A Richard Ullrich.
- Q How do you spell that?
- A U-1-1-r-i-c-h.
- Ω Mr. Ullrich, I presume that these little symbols beneath or beside the Mesa Verde wells indicate the potentials

on those wells, correct?

- A This is correct, yes.
- Q So to the north in Section 29, you have a Mesa Verde-Dakota dual completion which has a Mesa Verde potential of 1.6 million?
- A Yes, and that symbol next to that means that it was sand fracked. It is a modern completion as we have it today as the Harvey 38 was completed.
- Q And then in Section 5 to the south, there is a Mesa Verde well which is temporarily abandoned, I presume.
- A Yes. Now, with the information that we have, we could never find a potential on this; with the information we have, this well was temporarily abandoned and never potentialed.
 - Q Is this also true of the well in Number 5 in Section 6?
 - A This is correct.
- O And then you go on into the west half of Section 6 and you have a Mesa Verde well of 1.1 million.
 - A Yes, sir, that's correct.
- O There's no Mesa Verde production to the southeast,
 I guess?
- A No. Not on this map. To the east, there is over in the Rincon Unit.
 - Q In Section 34?
 - A Yes.

o Then was the test made of the "esa Werde on this well? Has it recently been made or was that a test that was made while the well was being drilled?

A The Mesa Verde, the well was drilled in 1966 and the Mesa Verde was just completed in April of this year. So this is a completed -- It was completed, I believe, in May, or April or May of this year.

O Does Fl Paso contemplate any other Mesa Verde completion in this area?

A No. This is not a strong -- This is a weak Mesa

Verde area. The production on those other Mesa Verde wells

are, or most of them are under 100 mcf per day. In fact, there

are more or quite a few of them under fifty and a half per day.

O That's against the existing line pressure --

A Yes. Yes.

MR. NUTTER: Are there any other questions of Mr. Ullrich? You may be excused. Do you have anything further, Mr. Morris?

MR. MORRIS: No.

MR. NUTTER: Does anyone have anything they wish to offer in Case 3820? We'll take the case under advisement.

HITNESS	הטעת
RICHARD ULLRICH	
Direct Examination by Mr. Morris	?
Cross Evamination by Mr. Nuttor	c

$\underline{\mathbf{E}} \ \underline{\mathbf{X}} \ \underline{\mathbf{H}} \ \underline{\mathbf{I}} \ \underline{\mathbf{B}} \ \underline{\mathbf{I}} \ \underline{\mathbf{T}}$

Number	Marked for Identification	Received in Evidence
Applicant's Exhibit # 1	2	6

STATE OF NEW MEXICO)

SS.
COUNTY OF BERNALILLO)

I, CHARLOTTE MACIAS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Mearing 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.

Witness my Hand and Seal this 20th day of September, 1968.

Motary Public

My Commission Expires:

February 10, 1971.

I to hereby portify that the foregoing is a constant record of the proceedings in the investment of the in 3820, and the contract the foregoing of the income of the incom

New Marico Oil Conservation Commission