CASE 5936: EL PASO NATURAL GAS COMPANY FOR A DUAL COMPLETION AND AN UNORTHODOX GAS WELL LOCATION, RIO ARRIBA COUNTY, NM Case Number 5936

Application

Transcripts.

Small Exhibits

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BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico May 25, 1977

EXAMINER HEARING

5 IN THE MATTER OF:

Application of El Paso Natural Gas Company for a dual completion and unorthodox gas well location, Rio Arriba) County, New Mexico.

CASE 5936

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

APPEARANCES

For the New Mexico Oil Conservation Commission:

Lynn Teschendorf, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico

For the Applicant:

Rand C. Schmidt, Esq. Associate Counsel for El Paso Natural Gas Company P. O. Box 1492 El Paso, Texas

MONTGOMERY, ANDREWS & HANNAHS Attorneys at Law 325 Paseo de Peralta Santa Fe, New Mexico

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MR. STAMETS: We will call next Case 5936.

MS. TESCHENDORF: Case 5936, application of El Paso Natural Gas Company for a dual completion and an unorthodox gas well location, Ric Arriba County, New Mexico.

MR. SCHMIDT: My name is Rand Schmidt, I'm with the Office of General Counsel of El Paso Natural Gas Company and I'm representing El Paso here today and for purposes of presenting testimony I'm associated with the local Montgomery firm and I have a letter evidencing that fact.

I have one witness to be sworn today.

(THEREUPON, the witness was duly sworn.)

HAROLD L. KENDRICH

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

DIRECT EXAMINATION

BY MR. SCHMIDT:

- Q Would you please state your name and where you reside?
 - A Harold L. Kendrich, I reside in El Paso, Texas.
 - Q. By whom are you employed and in what capacity?
 - I'm employed by El Paso Natural Gas Company as a
- 24 |Senior Proration Engineer.
 - Q As a Proration Engineer have you previously testified

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before the Commission and had your qualifications accepted?

- Yes, sir.
- Are you familiar with El Paso's application in this Case 5936?
 - Yes, sir.

MR. SCHMIDT: Are the witness' qualifications acceptable?

MR. STAMETS: They are.

(Mr. Schmidt continuing.) Mr. Kendrich, what is 10 El Paso seeking in Case Number 5936?

El Paso plans to drill and dually complete a 12 Tapacito-Pictured Cliffs and Blanco-Mesaverde well on Unit letter O of Section 23, Township 27 North, Range 4 West, Rio Arriba County, New Mexico. This location is a standard Pictured Cliffs location but it is not standard for the first well as a Mesaverde to be drilled on that tract, therefore, El Paso requests an exception to Rule Two of Section A of Order R-1670 as amended as it pertains to the Blanco-Mesaverde Pool, permitting El Paso to drill this well at this unorthodox location.

Why does El Paso wish to drill to the Mesaverde at this unorthodox location rather than a standard well site in either the northeast or southwest quarters of Section 23?

Under the terms of the unit agreement of the 27-4 Unit the Tapacito-Pictured Cliffs Pool in the southeast quarter 11

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of Section 23 has become an intervening drilling block in which we must drill a Pictured Cliffs well and at this time we choose to go ahead and drill onto the Mesaverde to make this a dually completed well in this area.

- Q. Do you have an exhibit which shows the proposed location of the subject well?
 - A. Yes, I do.
- Q This exhibit has been marked for purposes of identification as El Paso Exhibit Number One. Mr. Kendrich, will you please explain what this exhibit shows?
- A This exhibit shows a portion of the San Juan 27-4
 Unit area. The well under discussion is illustrated by the
 symbol of a star in the southeast quarter of Section 23.

The Mesaverde producing wells are colored red, the Pictured Cliffs wells are colored green and there are also some Dakota wells. The data listed near the well show the individual well's date of first delivery, the average daily producing rate for 1977 and a cumulative production, or the approximate cumulative production as of January 1st, 1977.

This information shows that the Mesaverde formation gas productivity is poorer in this particular area. The Mesaverde well located to the northwest of this subject well in the southwest quarter of Section 14 and the Mesaverde well located to south of the proposed well in the northeast quarter of Section 26 have an average producing rate of forty-one MCF per

day for 1977 producing rates. These wells are classified as marginal wells.

The exhibit also shows some Dakota production marked with square symbols, some Dakota-Pictured Cliffs duals as shown in Section 25 and Dakota single production wells with square symbols shown in Section 21.

0 Mr. Kendrich, do you have a second exhibit which shows the equipment that El Paso plans to use in this dual completion and also the expenditures involved in drilling this dual completed well?

well with two strings of tubing. It shows a production packer isolating the Pictured Cliffs formation from the Mesaverde formation. In addition, the exhibit shows that it would cost approximately fifty-eight thousand eight hundred and eighty dollars to drill it and make a single completion in the Pictured Cliffs formation while a single completion to the Mesaverde would cost a hundred and sixty-eight thousand eight hundred and twenty dollars. So to drill two singly completed wells would be a total of two hundred twenty-seven thousand, seven hundred. However, to dually complete these wells we indicate the cost would be about a hundred and eighty-six thousand a hundred and ninety dollars, which shows a savings of some forty-one thousand five hundred and ten dollars for a dually completed well.

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Q.	No	ow, i	s the u	ltimate	volume	e of	gas t	hat	you wor	ıld	
recover	the	same	whethe	r these	wells	were	dua]	lly (complete	€đ	or
drilled	sepa	arate	ly?		-				-		

- A. That is true that the same recovery would be available in either a dual completed well or two singly completed wells.
- Q So according to your exhibit it is more economical to drill one well than two?
 - A Very definitely so.
- Q. Mr. Kendrich, what is the nature of the ownership in this proposed drill site?
- A. El Paso is a hundred percent working interest owner in both the Pictured Cliffs and Mesaverde participating areas of the 27-4 Unit.
- Q In your opinion would granting this application for an exemption to Rule Two, Section A, Crder R-1670 as amended promote conservation, prevent waste and protect correlative rights?
 - A. Yes, sir.
- Q Do you have anything further you would like to present in this case?
 - A. No, sir.
- Q Were Exhibit Numbers One and Two prepared by you or under your supervision?
 - A. Yes, sir, they were.
 - MR. SCHMIDT: Mr. Examiner, I would like to ask that

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Exhibits One and Two be entered into evidence at this time.

MR. STAMETS: These exhibits will be admitted.

(THEREUPON, El Paso Exhibits One and Two were admitted into evidence.)

MR. SCHMIDT: I have no further questions of the witness.

MR. STAMETS: Mr. Kendrich, this must be one of those areas where Mr. Borgerding indicated all of that extra gas would be recovered by infield wells?

MR. KENDRICH: Possibly it was. I was not present at that hearing.

MR. STAMETS: Any other questions of the witness?
He may be excused.

(THEREUPON, the witness was excused.)

MR. STAMETS: Anything further in this case? We will take the case under advisement.

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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,

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1 do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5.236

New Mexico Oil Conservation Commission

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. 5936 Order No. R-5449

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 25, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 8th day of June, 1977, 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 approval for the dual completion of its San Juan 27-4 Unit Well No. 109 to be located in Unit O of Section 23, Township 27 North, Range 4 West, NMPM, Tapacito-Pictured Cliffs and Blanco Mesaverde Pools, Rio Arriba County, New Mexico.
- (3) That the applicant further seeks the approval of an unorthodox location for said San Juan 27-4 Unit Well No. 109, for the Blanco Mesaverde Pool, to be located 990 feet from the South line and 1840 feet from the East line of said Section 23.
- (4) That said San Juan 27-4 Unit Well No. 109 must be drilled to the Tapacito-Pictured Cliffs Pool at the proposed location in accordance with requirements of the San Juan 27-4 Unit Agreement.
- (5) That said San Juan 27-4 Unit Well No. 109 may be drilled to the Blanco Mesaverde Pool and dually completed therewith at a cost much less than drilling a second well to the Blanco Mesaverde Pool at a standard location.

-2-Case No. 5936 Order No. R-5449

- (6) That the mechanics of the proposed dual completion are reasonable and in accord with good conservation practices.
- (7) That no offset operator objected to the proposed unorthodox location.
- (8) 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 pools, 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.
- (9) That the subject application for dual completion and unorthodox location should be approved.

IT IS THEREFORE ORDERED:

- (1) That El Paso Natural Gas Company is hereby authorized to dually complete its San Juan 27-4 Unit Well No. 109 to be located at an unorthodox location, for the Blanco Mesaverde Pool 990 feet from the South line and 1840 feet from the East line of Section 23, Township 27 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, in such a manner as to produce gas from the Tapacito-Pictured Cliffs and Blanco Mesaverde Pools, through parallel strings of tubing with separation of the zones achieved by means of a packer set at approximately 4,000 feet.
- (2) That the applicant shall conduct a packer leakage test upon completion of said well and annually thereafter in accordance with the Northwest New Mexico Packer Leakage Test Schedule.
- (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 herein-above designated.

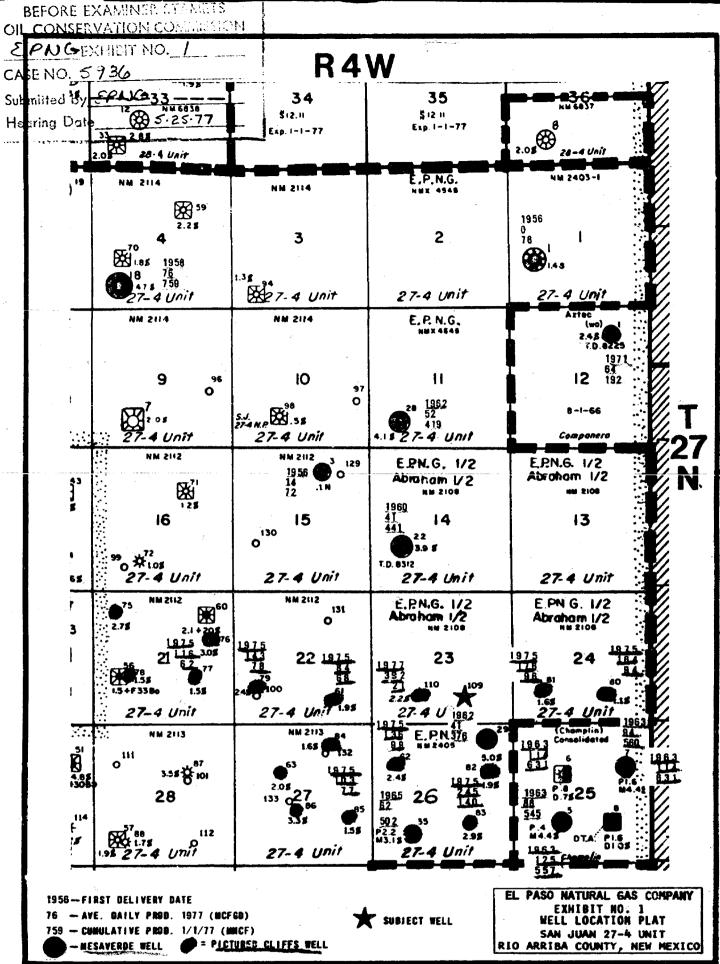
SEAL jr/ STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

PHILER LUCERO Chairman

PHERY ADMOTT Member

JOE D. RAMEY, Member & Secretary

Lucero



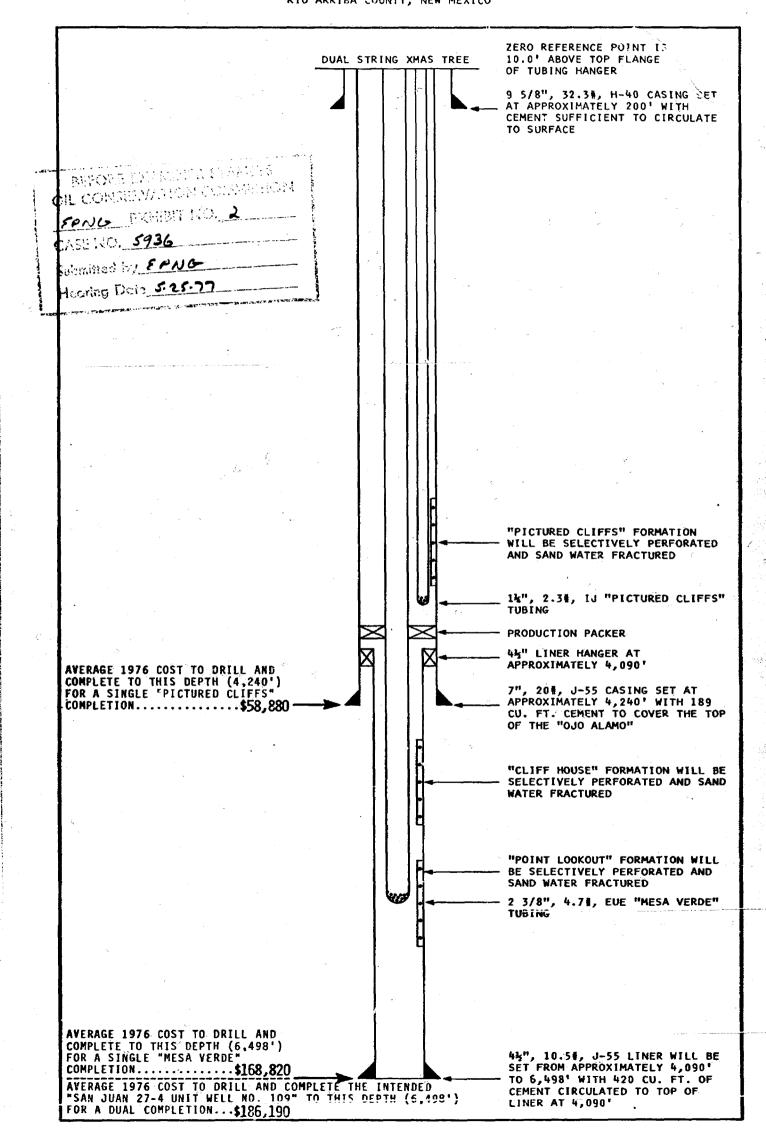
RLP 4/25/77

SCHEMATIC DIAGRAM OF INTENDED DUAL COMPLETION

EL PASO NATURAL GAS COMPANY "SAN JUAN 27-4 UNIT #109" (PM)

SE/4 SECTION 23, T27N, R4W

RIO ARRIBA COUNTY, NEW MEXICO



J. O. SETH (1883-1963)

A. K. MONTGOMERY
FRANK ANDREWS
FRED C. HANNAHS
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ
JEFFREY R. BRANNEN
JOHN BENNETT POUND
GARY R. KILPATRIC
THOMAS W. OLSON
WALTER J. MELENDRES
BRUCE L. HERR

MONTGOMERY, ANDREWS & HANNAHS
ATTORNEYS AND COUNSELORS AT LAW

325 PASEO DE PERALTA

SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3873

May 24, 1977

New Mexico Oil Conservation Commission State Land Office Building Santa Fe, New Mexico 87503

Re: NMOCC Case No. 5936 - Application of El Paso Natural
Gas Company for a dual completion and an unorthodox
gas well location, Rio Arriba County, New Mexico.

Gentlemen:

Please be advised that Rand C. Schmidt of the office of General Counsel of El Paso Natural Gas Company, El Paso, Texas, is associated with our firm for the presentation of evidence and argument in the above-referenced case.

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Owen M. Lopez

OML: RB

- Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico, to be dedicated to it's Moore "FQ" Well No. 1 located in Unit F of said Section 19. 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 applicant as operator of the well and a charge for risk involved in drilling said well.
- Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 15, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to it's Hunter "FL" Well No. 1 located in Unit F of said Section 15.

 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 applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5934: Application of HNG Oil Company for an unorthodox gas well location, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its El Paso Federal 29 Well No. 1 to be located 2427 feet from the North line and 904 feet from the West line of Section 29, Township 24 South, Range 27 East, Eddy County, New Mexico, the W/2 of said Section 29 to be dedicated to the well.
- Application of Union Texas Petroleum for a non-standard proration unit and simultaneous dedication,
 Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre nonstandard gas proration unit comprising the E/2 W/2 and W/2 E/2 of Section 7, Township 20 South,
 Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to
 applicant's Brit' Well Nos. 3 and 12 located at unorthodox locations in Units G and C of said
 Section 7, respectively.
- CASE 5936: Application of El Paso Natural Gas Company for a dual completion and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its San Juan 27-4 Unit Well No. 109 to be located at an unorthodox location 990 feet from the South line and 1840 feet from the East line of Section 23, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Tapacito-Pictured Cliffs and Blanco-Mesaverde Pools.
 - Application of Sun Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Lusk-Morrow, East Lusk-Wolfcamp and East Lusk-Bone Springs production in the wellbore of its Shearn Federal Well No. 1, located in Unit L of Section 15, Township 19 South, Range 32 East, Lea County, New Mexico.
 - Application of V-F Petroleum, Inc., for an unorthodox oil well location, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Landreth State Well No. 1 to be drilled 330 feet from the South line and 1100 feet from the West line of Section 15, Township 10 South, Range 36 East, South Crossroads-Devonian Pool, Lea County, New Mexico, the S/2 SW/4 of said Section 15 to be dedicated to the well.
 - CASE 5939: Application of C&K Petroleum, Inc., for compulsory pooling and an unorthodox location, 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 7, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to it's Carlsbad Well No. 7 to be located at an unorthodox location 760 feet from the South line and 690 feet from the West line of said Section 7. 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 applicant as operator of the well and a charge for risk involved in drilling said well.
 - CASE 5940: Application of C&K Petroleum, Inc., for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 6, Township 19 South. Range 32 East, Lea County, New Mexico, to be dedicated to it's Federal Well No. 6 to be located at an unorthodox location 600 feet from the South line and 2012 feet from the West line of said Section 6. 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 applicant as operator of the well and a charge for risk involved in drilling said well.



P. O. BOX 1492 EL PASO, TEXAS, 78978 PHONE: 915-543-2600, TION COMM

April 25, 1977

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

Gentlemen:

El Paso Natural Gas Company respectfully requests a hearing be set before the Commission or its designated examiner, preferably on May 25, 1977. El Paso seeks approval to drill and dually complete a well in the Tapacito-Pictured Cliffs and Blanco-Mesaverde Pools.

This well, the San Juan 27-4 Unit No. 109 is to be located in Unit 0, Section 23, Township 27 North, Range 4 West, Rio Arriba County, New Mexico, and its site is not a standard location for the first well on a drill tract in the Blanco-Mesaverde Pool. Therefore, El Paso requests an exception to Rule 2, Section A, of Order R-1670, as amended.

Very truly yours,

E.R. Manning
E. R. Manning

ERM:eh

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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. 5936 Order No. R- 5449

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 25, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _______ day of ______, 1977, 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 approval for the dual completion of its San Juan 27-4 Unit Well No. 109 to be located at an unorthodox location 999 feet from the

South line and 1940 feet from the Last Time of Section 23, Town-NMPM, Tapacito-Pictured Cliffs and Blanco Mesaverde Pools, ship 27 North, Range 4 West,/Rio Arriba County, New Mexico.

(3) That the applicant further seeks
the approval of an unorthodox location
for soid San Juan 29-4 Unit Well
No. 109, to the Blanco Mesoworde Pool,
atta point to be located 990 feet
from the South line and 1840 feet
from the Cont line of soid
Section 23.

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(4) that said son Juan 27-4 Unid Wall
No. 109 Most be drilled at
the Proposed Cliffs
fool at the proposed location
in accordance with requirements
of the San Juan 27-4 Unit agreement. (5) That said San Juan 27-4 Unit Well No. 109 may be drilled to the Bland Allasounde and dually completed therewith at a cost

much less than drilling a second well
to the Blanco Mesoude Pool at a stended location. (6) That the mechanics of the proposed dual completion are reasonable and in accord with good conserve tion proctices.

of said Section 23 is to be dedicated to the well.

That well at said unorthodox location pplicant to produce the gas underlying the pro-

- That no offset operator objected to the proposed unorthodox location.
 - (%) 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 pools 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. The sobject application for dual completion and wester lax

(9) The the sobject application should be approved.

IT IS THEREFORE ORDERED:

(1) That El Paso Natural Gas Company is hereby authorized to daually complete its San Juan 27-4 Unit Well No. 109 to be for the Blanco Meseverde Pool located at an unorthodox location 990 feet from the South line and 1840 feet from the East line of Section 23, Township 27 North, Range 4 West, NMPM, Tapacito-Pictured Cliffs and Blanco Mesaverde Pools _____

of said Section 23 shall be to the above-described well.

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.

strings of tuling with separation of the yours ashierd by means of a pocker set at approximately 4000 feet. (2) That the applicant shall conduct poreker beakage teak upon completion of sail the wire and annually thereaster in according with the hardhourd have husice Packer hakage