

CASE 5990: CONTINENTAL OIL COMPANY FOR
AN UNORTHODOX LOCATION, RIO ARRIBA
COUNTY, NEW MEXICO

Case Number

5990

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
20 July 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Com-) CASE
pany for an unorthodox location,) 5990
Rio Arriba County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
500 Don Gaspar
Santa Fe, New Mexico

sid morrish reporting service

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

I N D E X

VICTOR T. LYON

Direct Examination by Mr. Kellahin 3

E X H I B I T S

Continental Exhibit One, Plat 6

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1 MR. STAMETS: Call the next case, Case 5990.

2 MS. TESCHENDORF: Case 5990. Application of Con-
 3 tinental Oil Company for an unorthodox location, Rio Arriba
 4 County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, I'm Tom
 6 Kellahin of Kellahin and Fox, I'd like the record to reflect
 7 that has my witness has been qualified and he is now testifying
 8 under oath.

9 MR. STAMETS: It will so show.

10
 11 VICTOR T. LYON

12 being called as a witness and being duly sworn upon his oath,
 13 testified as follows, to-wit:

14
 15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Mr. Lyon, would you please refer to Exhibit Number
 18 One and identify it, and tell us what Continental is seeking?

19 A Case Number 5990 is the application of Continental
 20 Oil Company for approval of a nonstandard location for its
 21 AXI Apache "D" Well Number 5, to be drilled in Unit "E" of
 22 Section 19, Township 24 North, Range 4 West, in Ballard-Pictured
 23 Cliffs Pool, Rio Arriba County, New Mexico.

24 Exhibit One is a plat showing the AXI Apache "D"
 25 lease, consisting of Section 17, 18, 19, and 20 in Township

24 North, Range 4 West.

The lease is outlined in red. The proposed well is circled in red and it is proposed to be located 2310 feet from the north line, 990 feet from the west line of Section 19.

The green outline that is shown on the plat is the pool boundaries for the Ballard-Pictured Cliffs pool. This pool trends northwest-southeast and normally would line up through a line that would be drawn by taking the midpoint of the green line in the south portion of Section 30 and the midpoint of that line as it trends west in Section 30. In other words, just due northwest, and Section 19 and part of Section 20 are kind of a peninsula from this regular shape of the pool, and the sand development has proven to be pretty poor in this area.

Well Number 1, which is shown on the plat, was a dry hole. Number 3 was a dry hole. The only producing well, really, is Number 2 at the present time, and during 1976 it produced an average of about 65 Mcf per day of gas. Number 4 has been completed this spring and is not yet on production.

We feel confident that there is recoverable gas in the northwest quarter of Section 19, but we're rather concerned that if we move that to a standard location, we would encounter sand in noncommercial -- that it would produce in noncommercial quantities, so we would like to move the well

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1 about 660 feet south of the normal location at the location
2 I have described.

3 We feel that in this particular situation we need
4 all the insurance we can get.

5 Q What's the acreage to be dedicated to the well?

6 A It would be the northwest quarter of Section 19.

7 Q In your opinion, Mr. Lyon, will a well located at
8 the unorthodox location better drain the northwest quarter of
9 Section 19 than a well at a standard location?

10 A Yes, I feel that it would, but we can't very well
11 drain the northwest quarter if the well is drilled at a place
12 where we can't get commercial quantities of gas.

13 Q In your opinion is the northwest quarter of Section
14 19 reasonably productive?

15 A Yes, I think it is productive of gas.

16 Q In your opinion will approval of the application
17 be in the best interests of conservation, the prevention of
18 waste, and the protection of correlative rights?

19 A Yes, I believe it will. We have -- we have moved
20 the well south towards the interior of our lease rather than
21 toward the nearest boundary, so that I feel that there is no
22 problem with correlative rights involved.

23 Q Was Exhibit One prepared by you?

24 A Yes, it was.

25 MR. KELLAHIN: We move the introduction of Exhibit

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1 One.

2 MR. STAMETS: Exhibit One will be admitted.

3 MR. KELLAHIN: That concludes our case.

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

6 Anything further in this case? The case will be
7 taken under advisement.

8 (Hearing concluded.)

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REPORTER'S CERTIFICATE

I, Sally Walton Boyd, 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.

Sally Walton Boyd
Sally Walton Boyd, C. S. R.

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Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5990
heard by me on 7-30, 1977.
Richard L. Stuntz Examiner
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. 5990
Order No. R-5503

APPLICATION OF CONTINENTAL OIL
COMPANY FOR AN UNORTHODOX LOCATION,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 20, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of August, 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, Continental Oil Company, seeks
approval of an unorthodox gas well location for its AXI
Apache "D" Well No. 5 to be drilled 2310 feet from the North
line and 990 feet from the West line of Section 19, Town-
ship 24 North, Range 4 West, NMPM, Ballard-Pictured Cliffs
Pool, Rio Arriba County, New Mexico.

(3) That the NW/4 of said Section 19 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.

-2-
Case No. 5990
Order No. R-5503

(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 is hereby approved for the Continental Oil Company AXI Apache "D" Well No. 5 to be drilled at a point 2310 feet from the North line and 990 feet from the West line of Section 19, Township 24 North, Range 4 West, NMPM, Ballard-Pictured Cliffs Pool, Rio Arriba County, New Mexico.

(2) That the NW/4 of said Section 19 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

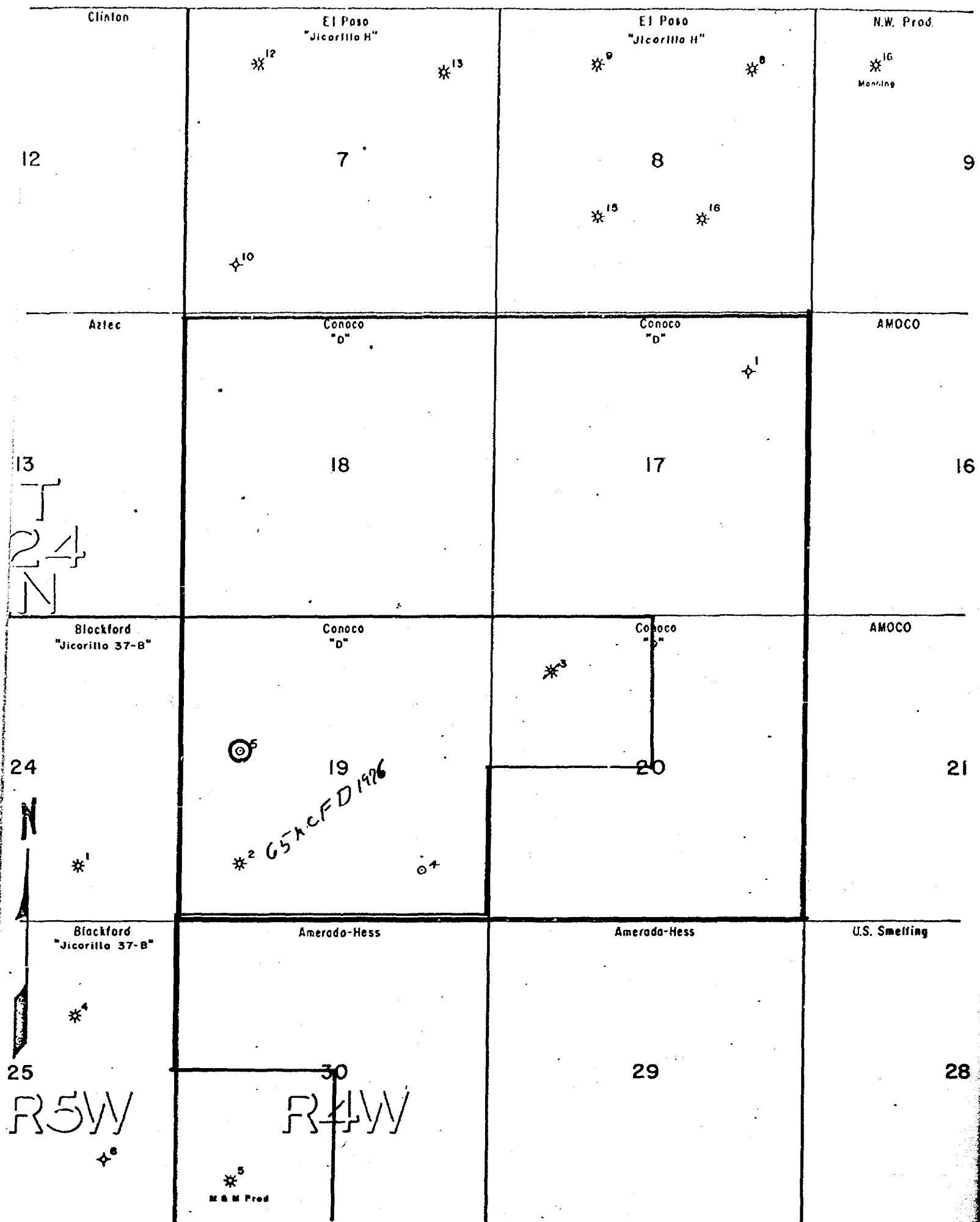
PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

dr/



BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 5990

Submitted by Conoco

Hearing Date 7-20-77

CONOCO

PRODUCTION DEPARTMENT

HOBBS DIVISION

AXI APACHE "D" LEASE
RIO ARriba COUNTY, NEW MEXICO

SCALE
0 1000 2000

- CASE 5989: Application of Continental Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Marshall Well No. 8 to be located 2600 feet from the South line and 1230 feet from the West line of Section 19, Township 23 South, Range 33 East, Cruz-Delaware Pool, Lea County, New Mexico.
- CASE 5990: Application of Continental Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its AXI Apache "D" Well No. 5 to be located 2310 feet from the North line and 990 feet from the West line of Section 19, Township 24 North, Range 4 West, Ballard-Pictured Cliffs Pool, Rio Arriba County, New Mexico.
- CASE 5991: Application of Continental Oil Company for capacity allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a capacity allowable for its Pearl "D" Well No. 4 located 330 feet from the South line and 2310 feet from the West line of Section 25, Township 17 South, Range 32 East, Maljaran Grayburg-San Andres Pool, Lea County, New Mexico.
- CASE 5992: Application of Burleson & Huff for compulsory pooling and a non-standard unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 NW/4 of Section 14, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to form a non-standard 40-acre gas proration unit to be dedicated to applicant's Cooper Well No. 1 located in Unit F of said Section 14, or in the alternative to drill another well at a standard location thereon. Also to be considered will be the cost of recompletion or of drilling and completing the unit 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 recompleting or drilling said well.
- CASE 5993: Application of Lively Exploration Company for an exception to the provisions of Order No. R-5459, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Order No. R-5459 to exclude its Chacra Well No. 7Y in Unit E of Section 35, Township 30 North, Range 8 West, San Juan County, New Mexico, from the vertical limits of the Blanco-Mesaverde Pool as defined by said order.
- CASE 5994: Application of Tenneco Oil Company for an exception to the provisions of Order No. R-5459, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Order No. R-5459 to exclude its Florance Well No. 29-A in Unit F of Section 25, and its Northeast Blanco Unit Well No. 64 in Unit P of Section 24, both in Township 30 North, Range 8 West, San Juan County, New Mexico, from the vertical limits of the Blanco-Mesaverde Pool.
- CASE 5995: Application of Tenneco Oil Company for dual completions and waterflood expansions, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its South Hospah-Upper Sand and -Lower Sand Waterflood Projects by dually completing its Hospah Unit Wells Nos. 58 and 59, located in Units F and G, respectively, of Section 12, Township 17 North, Range 9 West, McKinley County, New Mexico, in such a manner as to permit water injection into each of said zones thru parallel strings of tubing.
- CASE 5996: Application of Petroleum Corporation of Texas 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 through the perforated interval from 6852 feet to 6877 feet in its Dexter Federal Well No. 3 located in Unit I of Section 22, Township 17 South, Range 30 East, Jackson Abo Pool, Eddy County, New Mexico.
- CASE 5997: Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Drinkard Unit Area comprising 3080 acres, more or less, of Federal and fee lands in Sections 11, 12, 13, 14, 23 and 24, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 5998: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Drinkard Unit Area, Lea County, New Mexico, by the injection of water into the Drinkard formation through 30 wells.
- CASE 5999: Application of Atlantic Richfield Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Blinebry Unit Area comprising 3080 acres, more or less, of Federal and fee lands in Sections 11, 12, 13, 14, 23, and 24, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 6000: Application of Atlantic Richfield Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its East Blinebry Unit Area, Lea County, New Mexico, by the injection of water into the Blinebry formation through 38 wells.



Case 5990

L. P. Thompson
Division Manager
Production Department
Hobbs Division

Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141

JUN 28 1977
NEW MEXICO OIL CONSERVATION COMMISSION

June 27, 1977

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

Attention Mr. J. D. Ramey, Secretary-Director

Gentlemen:

Application for Examiner Hearing July 20, 1977

Attached in triplicate is an application for a non-standard location of the AXI Apache "D" Well No. 5 to be located in the Ballard Pictured Cliffs Pool, Rio Arriba County, New Mexico.

Please set this matter on the docket for examiner hearing on July 20, 1977.

Yours very truly,

L. P. Thompson

VTL/jj

Enc

CC:

C. F. Ellis - Houston
F. O. Hull - Houston
J. W. Kellahin - Santa Fe

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR APPROVAL
OF A NON-STANDARD LOCATION FOR ITS
AXI APACHE "D" WELL NO. 5 TO BE
LOCATED 2310' FNL AND 990' FWL OF
SECTION 19, T-24-N, R-4-W, BALLARD
PICTURED CLIFFS POOL, RIO ARRIBA
COUNTY, NEW MEXICO.

APPLICANT

Applicant, CONTINENTAL OIL COMPANY, respectfully requests approval of
a non-standard location for its AXI Apache "D" Well No. 5 to be located 2310' FNL
and 990' FWL of Section 19, T-24-N, R-4-W, Rio Arriba County, New Mexico, in the
Ballard Pictured Cliffs Pool, and in support thereof would show:

1. Applicant is the owner of the AXI Apache "D" lease consisting of
Sections 17, 18, 19 and 20 in T-24-N, R-4-W, Rio Arriba County, New Mexico.
2. Applicant has heretofore drilled four wells on the said lease
to the Ballard Pictured Cliffs Pool, one of which is productive in said pool
and one in process of completion.
3. Pictured Cliffs reservoir conditions appear to deteriorate to
the north and east of Well No. 2 in SW/4 Section 19, such that a well located
at a standard location would probably encounter Pictured Cliffs sand with
marginal productive capacity.
4. The proposed location would place the well within commercial pay
characteristics so as to improve the recovery of gas from the Ballard Pictured
Cliffs Pool on the said lease.
5. The movement of the well from a standard location is toward the
interior of applicant's lease.
6. The granting of this application will be in the interest of
preventing waste and will not impair correlative rights.

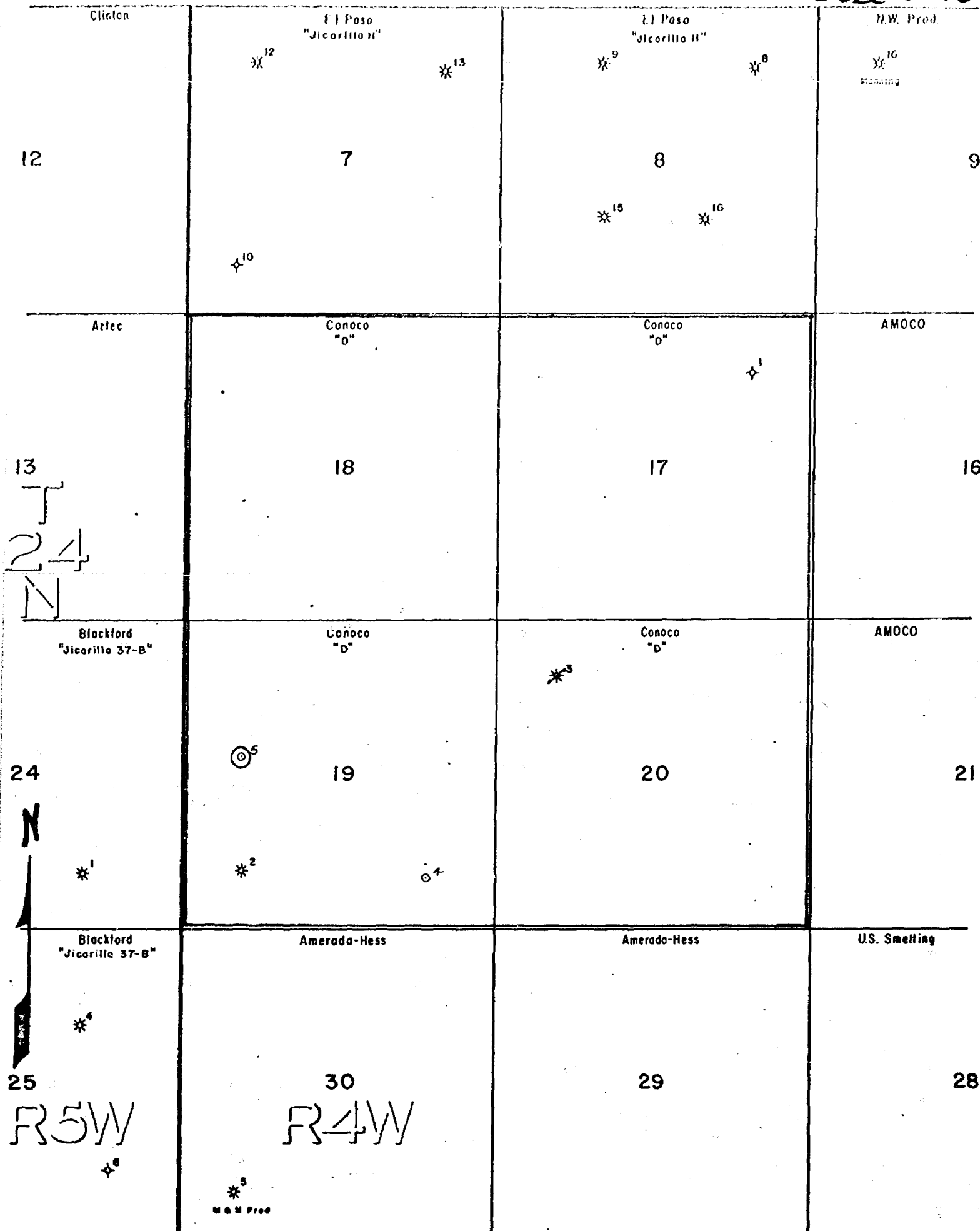
WHEREFORE, applicant respectfully requests this matter be set for hearing
before the Commission's duly appointed examiner and upon hearing an order be entered
authorizing the non-standard location as described above.


Respectfully submitted,

CONTINENTAL OIL COMPANY


L. P. Thompson
Division Manager

Case 5990



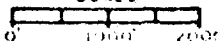


PRODUCTION DEPARTMENT
HOBBS DIVISION

AXI APACHE "D" LEASE

RIO ARriba COUNTY, NEW MEXICO

SCALE



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. 5990

Order No. R- 5503

APPLICATION OF CONTINENTAL OIL COMPANY
FOR AN UNORTHODOX ~~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 July 20, 19 77,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of July, 19 77, 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.

gas well location for ~~of~~ its AXI Apache "D" Well No. 5 to be ~~located~~ drilled
approval of an unorthodox ~~gas well location~~ 2310 feet from the North
line and 990 feet from the West line of Section 19, Township
24 North, Range 4 West, NMPM, ~~to test the~~
 formation, Ballard-Pictured Cliffs Pool,
Rio Arriba County, New Mexico.

(3) That the NW 1/4 of said Section 19 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.

-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:

The Commission 10/1/64
(1) That an unorthodox gas well location for the ~~applicant's~~ ^{AXI Apache "D" Well No. 5} ~~formation~~ is hereby approved for a ~~well~~ ^{drilled} to be located at a point 2310 feet from the North line and 990 feet from the West line of Section 19, Township 24 North, Range 4 West NMPM, Ballard-Pictured Cliffs Pool, Rio Arriba County, New Mexico.

(2) That the NW 1/4 of said Section 19 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.