

Case Number

6014

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
17 August, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Atlantic Richfield Company) CASE
for an unorthodox gas well location, Eddy) 6014
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.
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Santa Fe, New Mexico

For the Applicant: Paul Eaton, Esq.
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I N D E X

The Witness, I. J. Natour

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1 MR. STAMETS: Call next Case 6014.

2 MS. TESCHENDORF: Case 6014. Application of At-

3 lantic Richfield Company for an unorthodox gas well loca-

4 tion, Eddy County, New Mexico.

5 MR. STAMETS: Do you have a witness you'd like to

6 have sworn, Mr. Eaton?

7 MR. EATON: Yes, sir, we have one.

8 MR. STAMETS: Okay, any other witnesses in this

9 case? Will you stand and be sworn, please?

10 (Witness sworn.)

11 MR. KELLAHIN: May I enter my appearance in this

12 case?

13 MR. STAMETS: Yes.

14 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox,

15 appearing on behalf of Inexco Oil Company.

16 MR. EATON: I'm Paul Eaton of Hinkle, Cox, Eaton,

17 Coffield, and Hensley, appearing on behalf of the Applicant.

18 MR. STAMETS: You may proceed, Mr. Eaton.

19 MR. EATON: Thank you.

20

21 I. J. NATOUR

22 being called as a witness and being duly sworn upon his oath,

23 testified as follows, to-wit:

24

25 DIRECT EXAMINATION

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1 BY MR. EATON:

2 Q Will you please state your name, by whom you are
3 employed, and in what capacity?

4 A My name is I. J. Natour. I'm employed by Atlantic
5 Richfield Company, Midland, Texas, and I'm an Operations
6 Engineer.

7 Q What are your duties as Operations Engineer?

8 A My duties is to look after the Morrow development
9 in Eddy and Lea County, New Mexico, and it's been my duties
10 for the last two-and-a-half years.

11 Q And are you familiar with the application in this
12 case?

13 A Yes, sir.

14 Q Have you previously testified before this Com-
15 mission and had your qualifications accepted?

16 A Yes.

17 MR. EATON: Are the witness' qualifications ac-
18 ceptable?

19 MR. STAMETS: They are.

20 MR. KELLAHIN: Excuse me, would you spell your last
21 name for me, please?

22 A N-A-T-O-U-R.

23 MR. KELLAHIN: Thank you.

24 Q (Mr. Eaton continuing.) Mr. Natour, what does
25 Atlantic Richfield seek by the application in this case?

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1 A. Atlantic Richfield seeks the approval of unortho-
 2 dox well location in Eddy County, New Mexico, being 1980
 3 from the south line and 330 feet from the west line of
 4 Section 6, Township 21 South, Range 27 East, with essentially
 5 the west half of that elongated section dedicated to this
 6 well.

7 Q Would you please refer to what has been marked
 8 as Applicant's Exhibit Number 1 and state what that exhibit
 9 represents?

10 A. Exhibit Number 1 is a land map showing all the
 11 wells drilled on or around our proration Unit. Also shows
 12 the ownership of the leases around it, and outlined in red
 13 is dedicated the proposed proration unit for that well with
 14 the proposed location shown as that red box.

15 Q Who are the owners of the surrounding acreage?

16 A. To the north we have Mobil Oil Company; to the
 17 east, Read and Stevens; to the northwest is Baskin; and to
 18 the west is Inexco Oil Company; to the southwest is Mobil;
 19 to the south of Monsanto Oil Company.

20 Q Have you notified the offset owners of the -- your
 21 application in this case?

22 A. Yes, sir, we did.

23 Q Have you secured waivers from them?

24 A. We have waivers from everybody except Inexco Oil
 25 Company.

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1 Q Are those waivers reflected in your Exhibit Number
 2 2?

3 A Yes, sir, they're a copy of the waivers. Exhibit
 4 Number 2 is a copy of the waivers.

5 Q All right. Before discussing Inexco, will you
 6 refer to Exhibit Number 3 and state what that exhibit is?

7 A Yes, sir. That's an acreage -- New Mexico Oil
 8 Conservation Commission Oil Location and Dedication Plat
 9 which shows our footage from the boundary of the proration
 10 unit and also shows the proration unit outlined in these
 11 hatch lines.

12 Q Your proposed well is the Kurland Federal Number 2?

13 A Yes, sir, that's correct.

14 Q All right. Now, please refer to what has been
 15 marked as Applicant's Exhibit 4 and state what that exhibit
 16 is?

17 A Exhibit Number 4 is a structural map, and essen-
 18 tially a production map showing the wells and the current
 19 production formation.

20 The orange color refers to the production from the
 21 Strawn Formation. The blue refers to the Atoka Formation
 22 production. The green is the Morrow producers, and the
 23 yellow, dry holes.

24 It also shows our proposed location.

25 Q All right, now why is your proposed location an

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1 unorthodox location, and to what extent is it an unorthodox
2 location?

3 A. The New Mexico Oil Conservation Commission state-
4 wide rule, I believe, it's 104, specifies that orthodox
5 locations have to be 1980 from the shorter side and 660 from
6 the longer side of the proration unit. So our unorthodox
7 location is 1980 from the south, which is within New Mexico
8 Oil Commission ruling, and 330 is not. So we're unorthodox
9 by 330 feet.

10 Q. All right. Now, why do you desire to locate 330
11 feet from the west line?

12 A. Okay, this Exhibit Number 4 shows, like I said,
13 a structure map, which is essentially a southeast dip, and
14 it is a regional dip in the area.

15 If I may direct your attention to the well just
16 directly east to the proposed location, it is our Kurland
17 Federal Number 1, which was completed in the Morrow for
18 about 3.2 calculated absolute open-flow potential, and right
19 after we put that well on the line we had experienced some
20 water encroachment into that well, and the gas structure
21 shoved that well in, killed that well, and never did regain
22 it back.

23 So we came up the hole and perforated that well
24 in the Strawn Formation, and right now it's making about
25 500 McF a day and about 35 barrels of oil a day from the

1 Strawn.

2 Our proposed location is 75 feet, approximately
3 75 feet, higher structurally than our Kurland Number 1. It
4 is also on about the same structure position as the newly
5 completed Inexco Federal -- Inexco Avalon Federal Number 1,
6 which is direct southwest offset of our proposed location.
7 This well was completed for 21.7 million.

8 They encountered the same sand that we encountered
9 in our Kurland Number 1; however, it was thicker and it was
10 gas productive rather than water-bearing sand.

11 So we would like to drill our well at the proposed
12 location to gain structural position; at the same time to
13 protect correlative rights.

14 Q Is the Inexco well in an unorthodox location?

15 A Yes, sir. Inexco's well is located, I believe,
16 800 feet from the south and 350 feet from the east line,
17 which makes it 350 feet from our lease line, and we had
18 signed waivers -- we had waived objection to Inexco's lo-
19 cation when they send us the waiver.

20 Q Now, I believe you stated that you have not re-
21 ceived any waiver from Inexco in connection with this ap-
22 plication.

23 A We have not received any waiver, that's right.

24 Q Do you know what Inexco's position is with re-
25 spect to this well?

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1 A. No, sir, they called my District Engineer and
2 asked him why we wanted to drill the well at this location,
3 and we told them we would like to protect our correlative
4 rights, and we haven't heard from them as far as waiving or not
5 waiving that objection for an unorthodox location.

6 Q. In your opinion, Mr. Natour, will approval of the
7 application in this case be in the interest of conservation
8 and protection of correlative rights and the prevention of
9 waste?

10 A. Yes, sir, definitely is. If I may bring, as the
11 last thing, to the Commission attention, that all three
12 wells to the west of our acreage, the Strawn well to the
13 north was drilled by Baskin to the Morrow and it is unortho-
14 dox location. Inexco's well, the south -- southwest offset
15 to our location, is unorthodox; and the Mobil well in Sec-
16 tion 12 is also unorthodox location.

17 So I do believe it is for the prevention of waste
18 and to protect the correlative rights of everybody involved
19 in the area.

20 Q. Were these exhibits either prepared by you or
21 under your supervision?

22 A. Yes, sir, sure were.

23 MR. EATON: All right. Mr. Examiner, we ask that
24 the exhibits be accepted into evidence, and we have no
25 further questions of the witness.

1 MR. STAMETS: The exhibits will be admitted.

2 Are there questions of the witness?

3 MR. KELLAHIN: If the Examiner please.

4
5 CROSS EXAMINATION

6 BY MR. KELLAHIN:

7 Q. Mr. Natour.

8 A. Yes.

9 Q. There's a well not identified by a color code in
10 the extreme southwest corner of Section 6.

11 A. Southwest?

12 Q. Yes, sir.

13 A. Are you talking about a bad hole?

14 Q. Yes, sir. What was that about?

15 A. That is a shallow test. If I remember correctly,
16 it's either 600 feet or 900 feet, shallow test.

17 Q. That was certainly not a sufficient depth to test
18 the Morrow?

19 A. No, sir. No, sir. The Morrow in this area is --
20 it's around 11,000, 11,100 feet; somewhere in that area.

21 Q. Based upon your studies, Mr. Natour, is there an
22 acceptable standard location within this unit from which
23 you can drain your acreage?

24 A. Well, the location -- orthodox location would be
25 1980 from the south and 660 from the west line. And I be-

1 lieve, based on my studies of the general area, that if we
2 do go to 660 feet, our risk of not encountering a good Mor-
3 row Sand is greatly increased by drilling at 660 feet from
4 the line, plus our correlative rights, I believe, would be
5 violated if we go to 660 feet.

6 What we're trying to do here, Mr. Kellahin, is
7 drill a well on trend for that Morrow Sand. We do believe
8 that there is some kind of a pinchout to the west of this --
9 these three wells, our proposed well, the Inexco well, and
10 that Mobil well, and that pinchout is what's contributing
11 to the gas trap in this area.

12 Q. Let me talk about your Exhibit 2, I believe it is.
13 Is that your Morrow structure map?

14 A. The Morrow structure map, I believe, is Exhibit 4.

15 Q. All right, sir, Exhibit 4. Let's look at the --

16 A. Yes, sir.

17 Q. I'm looking at your contour line at 7900 feet.

18 A. Yes, sir.

19 Q. Where it just offsets to the east the proposed
20 indicated by the red dot.

21 A. Yes, sir.

22 Q. All right, sir. I know in preparing these you
23 can't be that accurate on this small a map, and I want to
24 find out what your intent is.

25 At a point 1980 --

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1 A. Yes, sir.

2 Q. -- out of the short end --

3 A. Yes, sir.

4 Q. -- and at a point 330 out of the long side, does

5 that location lie right upon your contour line at 7900, and

6 if not, on which side?

7 A. Well, I don't have my scales here. The drafting

8 department prepared these exhibits for me, so I assume they

9 would put on scale, and if it's not right on it, Mr. Kellahin,

10 it's going to have to be approximately to the west of that

11 line.

12 Q. All right.

13 A. But that could be interpretive.

14 Q. Okay. Is there any advantage to being to the west

15 of that contour line as opposed to being to the east of

16 that contour line?

17 A. Definitely is.

18 Q. And what is that?

19 A. You gain a structure. You gain a structure at

20 the same time you're on trend with good producers, meaning

21 the Inexco well and the Mobil well; especially the Inexco

22 well.

23 Q. Have you done any calculations of what the anti-

24 cipated drainage pattern will be for this particular well?

25 A. What do you mean by anticipated drainage pattern?

1 Q Well, I assume at this point you can only estimate
2 that this would be a radial drainage pattern?

3 A Well, you'd like to assume it is, and you never --
4 you're never really sure about the Morrow since it's depo-
5 sited in lenses and you've got discontinuities, and what
6 have you, in these deposits. You're never sure if it is a
7 radial -- I'd like to think of it as a radiant, yes.

8 Q Based upon your study and knowledge of this parti-
9 cular area, Mr. Natour, what portion of the gas will come
10 from the Inexco acreage?

11 A If -- if we would assume that it is a drainage
12 area, and if we would assume that the pipeline take from both
13 wells are equal, I would say it's exactly the same as what
14 the Inexco well is producing from our acreage.

15 Q Would you know what that percentage is?

16 A No, sir. But if the two pipelines are taking the
17 same amount of -- if the two wells are capable of producing
18 the same amount and the pipelines are taking it, I believe
19 we're looking at about the same percentage.

20 Q Is there any advantage to following your 7900
21 foot contour line and moving your proposed location farther
22 to the north?

23 A Yes, sir.

24 Q Is there any advantage to doing that?

25 A No, sir.

1 Q Why not?

2 A Because I believe your sands going north are de-
3 creasing in thickness; the sands are thinning going to the
4 north following that 7900 feet.

5 Q What evidence directs you to that conclusion?

6 MR. EATON: Do you desire that this be introduced
7 into the record as an exhibit?

8 A Yes, sir. I desire this be introduced as Exhibit
9 Number 5.

10 This newly introduced Exhibit Number 5 is a cross
11 section running from Point B in the north on that map, cross
12 section map, Point B is in the north, tying the Mobil Oil
13 Company Federal State Com Number 1, which is to the left-
14 hand side of that cross section, and moving east, which is
15 moving down to our Kurland Number 1, that Inexco Federal --
16 Inexco Avalon Federal Number 1, then down to the Mobil Fed-
17 eral 12.

18 If I may direct the Examiner's attention to this
19 exhibit and to the Morrow marker, which is the thickest --
20 the dashed line on that cross section, and down to the Lower
21 Morrow interval -- it's directly below that Morrow marker --
22 and carry that through from our Kurland well to the Inexco
23 Avalon Federal Number 1, we can see the same correlative
24 sands in both wells, and we can see the sands in our well
25 where we perforated and produced water plus gas, that the

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1 thickness of that sand increased greatly -- I would say
2 about four times, three or four times increase in sand thick-
3 ness -- and that's essentially what we're looking at.

4 Plus, if I may direct your attention to the Mobil
5 Federal State Com Number 1, which is the northeast of our
6 proposed location and the same interval that we're talking
7 about, we're seeing a reduced thickness or a decrease in
8 thickness going to the northeast. So definitely there is
9 some build-up in and around that Inexco well that was not
10 evident before the Inexco well was drilled, and it's that
11 particular sand lense is thinning to the southeast -- south-
12 west, and it's thinning to the northeast and it's thickening
13 at the Inexco well and our location, our proposed location.

14 Q Would you, Mr. Natour, take my copy of your Ex-
15 hibit Number 4 and I will give you a pen, if I can find one,
16 and if you would indicate for me, based upon your studies,
17 what you believe to be the wells included in this particular
18 Morrow pool and what your best estimate is of the extension
19 of that pool?

20 A Are you talking about this particular pool right
21 here that's perforated in the Inexco well or all the lenses
22 in the total Morrow section?

23 Q I'm estimating the total lenses in all the Morrow
24 sections for these particular wells that you've correlated.
25 Will you use my pen so I can see that?

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1 A. Yes, sir. Yes, sir. I definitely believe it
 2 covers this well, okay.

3 Q. By "this well" you mean what?

4 A. Our Kurland Federal Number 1, which is the east
 5 offset and it is orange color. We have not seen a log on
 6 the Reed and Stevens well, which is in the southeast, so
 7 somewhere in between these two wells, or maybe included the
 8 Reed and Stevens, would be one limit, and I'd also believe --
 9 of course we don't have any control to the west -- west of
 10 that Inexco well -- to really define it. Now, if we had --
 11 the closest well is about, how would you say, two miles, I
 12 think, two miles from that Avalon Federal Number 1 operated
 13 by Inexco. Okay?

14 Q. I understand that. Now, what do you --

15 A. So someplace here in between, right in here some-
 16 place, would probably be the west limit and I cannot tell
 17 you what the east limit is because I haven't seen the log
 18 on this well. It could include this well and also it could
 19 come somewhere in between our Kurland Federal Number 1 and
 20 the Reed and Stevens well.

21 Q. And what do you estimate to be the northern limit
 22 of this Morrow Formation?

23 A. It definitely covers this well.

24 Q. Which well is that?

25 A. The Mobil Federal State Com Number 1, because we

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1 can carry the sand directly across that cross section in
2 the Lower and Upper Morrow, and it definitely goes down
3 through the Mobil Federal Number 12, which is second south-
4 west offset to our proposed location.

5 Q. That answers my question.

6 A. Yes, sir. What we are -- what we are really
7 after in this application is gaining some consecutive posi-
8 tion, at the same time encountering the best Morrow sand
9 to reduce our risk in drilling this well.

10 MR. KELLAHIN: Thank you. I have no further
11 questions.

12
13 CROSS EXAMINATION

14 BY MR. STAMETS:

15 Q. Mr. Natour.

16 A. Yes, sir.

17 Q. With your well located as you have proposed --

18 A. Yes, sir.

19 Q. -- and both it and the Inexco well producing --

20 A. Yes, sir.

21 Q. -- is there a potential there for creating an
22 excessive pressure sink and sucking in this down-dip water
23 and the final result being your wells watering out while
24 there is still a lot of gas left in the area?

25 A. It's going to take time before the water encroaches

1 up-dip 75 feet. Now, how long a time, I haven't really made
2 any calculations, Mr. Stamets, but to protect our correla-
3 tive rights I believe we need to drill a well to get the gas
4 under our acreage at the proposed location.

5 Q Well, suppose that you moved to a location, say,
6 1980 from -- well, no, let me rephrase that. Suppose you
7 moved right in the center of Lot 13, 660 feet from the west
8 line of the section.

9 A Yes, sir.

10 Q Would you anticipate that -- that's obviously
11 about the same structural position.

12 A Same structural position but I would anticipate
13 a decrease in the sand thickness. We can look here, Mr.
14 Stamets, at the cross section. I believe we show in about
15 ten, twenty, thirty, I'd say about thirty-five or forty
16 feet in the Lower Morrow Sand in that Inexco well, and going
17 across to the Federal State Com Number 1, operated by Mobil,
18 we only have about ten feet, so there is definitely a loss
19 in pay going to the northeast, although structural position
20 is the same, or within the accuracy of the structural map,
21 but definitely we're losing net pay, productive net pay.

22 Q It would appear that you don't even have to move
23 that far. If you'll look at the Inexco Avalon Federal 1
24 and the Mobil Federal 12, there seems to be considerable
25 difference in the pay zones in those two wells and there's --

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1 look to be as close as the one you propose to the Inexco
2 well.

3 A. Definitely, however, Mobil Federal Number 12 en-
4 countered a thicker sand in the lowest interval in the Mor-
5 row. It's about thirty-five feet, I would think, that we
6 did not have in any other well across that cross section.

7 What I'm saying, Mr. Stamets, is that build-up,
8 that build-up in the Lower Morrow just directly below that
9 Morrow marker we looked at in that -- let's look at that
10 Inexco well, Avalon Federal Number 1, and at that thick
11 dashed line. Directly below that we have two zones, one
12 about -- as accurate we can read this log right here, it
13 would probably be about five or six feet. Then the one be-
14 low it looks to be about thirty feet. We can carry these
15 two zones across to the Mobil well, which is to the east
16 of the Inexco well -- I mean to the righthand side of the
17 Inexco well, we can see that that thing is down -- the upper
18 zone is about the same thickness, but the lower zone is
19 down to, what would you say, ten feet?

20 And now moving to the Kurland Federal Number 1,
21 which is to the east, we're looking at about the same thick-
22 nesses as the Mobil Federal -- the Mobil Federal 12 Com
23 Number 1, which is approximately, about ten feet in that
24 lower zone, and also going to the Mobil Federal State Com
25 Number 1, which is the well to the left of that cross sec-

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1 tion, that thing is staying about, oh, eight feet, probably,
2 that particular zone we're carrying across.

3 So we've definitely seen a build-up in that parti-
4 cular zone in that -- in and around that Inexco Federal
5 Number 1 and going either way northeast or southwest, you
6 are losing that thickness.

7 MR. STAMETS: Any other questions of the witness?

8 MR. EATON: No, but, Mr. Examiner, we ask that
9 the Applicant's Exhibit Number 5 be admitted into evidence.

10 MR. STAMETS: Okay. All five of the exhibits are
11 admitted. The witness may be excused.

12 We have received a letter in this case. I'd like
13 to have that read into the record.

14 MS. TESCHENDORF: Letter of Hanagan Petroleum Cor-
15 poration states, as operator of a producing Morrow gas well
16 approximately one mile south in the south half of Section 12,
17 21, 26, the proposed unorthodox well location in the Burton
18 Flats Morrow Gas Pool, Hanagan Petroleum Corporation wishes
19 to object to the drilling of this well at the proposed
20 location.

21 Should the Commission approve the drilling of this
22 well at the requested location Hanagan Petroleum Corpora-
23 tion appeals to the Commission to seriously consider an
24 allowable penalty should the well be completed as a Morrow
25 gas well.

1 MR. KELLAHIN: Would you tell me again where that
2 Hanagan well is located, please, again?

3 MR. NATOUR: It's the uncolored well in the south
4 half of Section 12.

5 MR. KELLAHIN: Thank you.

6 MR. EATON: Mr. Examiner, in view of the Hanagan
7 letter, I would like to ask for a comment from this witness,
8 if I may.

9 MR. STAMETS: You certainly may.

10 MR. EATON: You heard, Mr. Natour, the contents
11 of the letter from Hanagan Petroleum Corporation read into
12 the record.

13 MR. NATOUR: Yes, sir.

14 MR. EATON: Do you have any comments in connection
15 with that statement?

16 MR. NATOUR: Yes, sir. I'd like to bring up to
17 the attention of the Commission that the Hanagan well is
18 unorthodox location.


19 MR. STAMETS: Anything further? The witness may
20 be excused.

21 Anything further in the case? The case will be
22 taken under advisement.

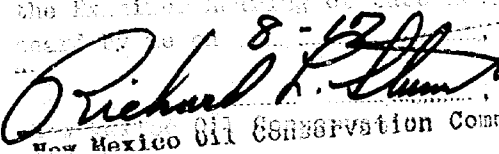
23 (Hearing concluded.)
24
25

REPORTER'S CERTIFICATE

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


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner's hearing of case No. 6014
dated 8-12-77.

Richard L. Stum, Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

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Re: CASE NO. 6014
ORDER NO. R-5589

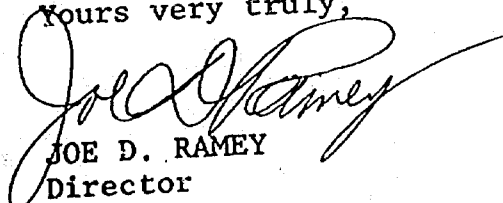
Applicant:

Atlantic Richfield Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other Tom Kellahin, Hugh Hanagan

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. 6014
Order No. R-5589

APPLICATION OF ATLANTIC RICHFIELD
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 17, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of November, 1977, the Commission,
a quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 6014 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-
above 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

jr/

Atlantic Richfield Company

North American Producing Division
Permian District
Post Office Box 1610
Midland, Texas 79701
Telephone 915 682 8631



NOV - 3 1977
CONSERVATION COMMISSION

November 1, 1977

Mr. Richard L. Stamets
New Mexico Oil Conservation Commission
State Land Office Bldg.
Santa Fe, New Mexico

Dear Mr. Stamets:

Atlantic Richfield Company requests withdrawal of our application for approval of an unorthodox gas well location submitted at the August 17, 1977 Examiner Hearing under Case 6014. The previously submitted application was for the Kurland Federal Well No. 2, located 1980' FSL and 330' FWL of Section 6, T-21S, R-27E, Burton Flat - Morrow Gas Pool, Eddy County, New Mexico.

Very truly yours,

W. T. Porter

W. T. Porter

WTP/agp

[Handwritten signature]

Atlantic Richfield Company

Legal Division
Post Office Box 2319
Dallas, Texas 75221
Telephone 214 651 4073

Duncan W. Holt, Jr.
Senior Attorney



July 25, 1977

Mr. David Faskan
Henry Engineering
807 1st National Bank Bldg.
Midland, Texas 79701

Monsanto Oil Company
1330 Midland Nat'l Bank Tower
Midland, Texas 79701

Inexco Oil Company
Suite 1900
1100 Milam
Houston, Texas 77002

Read & Stevens, Inc.
P. O. Box 2126
Roswell, New Mexico 88201

✓ Mobil Oil Corporation
P. O. Box 633
Midland, Texas 79701

Gentlemen:

Attached is a copy of an application filed by Atlantic Richfield Company with the New Mexico Oil Conservation Commission requesting approval of an unorthodox well location 1980 feet North of the South line and 330 feet East of the West line of Section 6, Township 21 South, Range 27 East, Eddy County, New Mexico.

If you have no objection to the proposed location, please so note in the space provided below and return one copy of this letter, so noted, to Atlantic Richfield Company, Attention: Mr. W. T. Porter, Post Office Box 1610, Midland, Texas 79701.

Your prompt attention to this matter will be greatly appreciated.

Yours very truly,

Duncan W. Holt, Jr.
Duncan W. Holt, Jr.

DWH:sb
Attachment

Objection to the proposed
location is hereby waived.

MOBIL OIL CORPORATION

By

R. Morris 8/2/77

Atlantic Richfield Company

Legal Division
Post Office Box 2819
Dallas, Texas 75221
Telephone 214 651 4873

JUL 27 1977



Duncan W. Holt, Jr.
Senior Attorney

July 25, 1977

✓ Mr. David Faskan
Henry Engineering
807 1st National Bank Bldg.
Midland, Texas 79701

Monsanto Oil Company
1330 Midland Nat'l Bank Tower
Midland, Texas 79701

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1100 Milam
Houston, Texas 77002

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Roswell, New Mexico 88201

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Midland, Texas 79701

Gentlemen:

Attached is a copy of an application filed by Atlantic Richfield Company with the New Mexico Oil Conservation Commission requesting approval of an unorthodox well location 1980 feet North of the South line and 330 feet East of the West line of Section 6, Township 21 South, Range 27 East, Eddy County, New Mexico.

If you have no objection to the proposed location, please so note in the space provided below and return one copy of this letter, so noted, to Atlantic Richfield Company, Attention: Mr. W. T. Porter, Post Office Box 1610, Midland, Texas 79701.

Your prompt attention to this matter will be greatly appreciated.

Yours very truly,

Duncan W. Holt, Jr.
Duncan W. Holt, Jr.

DWH:sb
Attachment

Objection to the proposed
location is hereby waived.

David Faskan
By *James B. Henry* 8-28-77

RECEIVED
AUG 01 1977
Legal Dept.

Atlantic Richfield Company

Legal Division
Post Office Box 2319
Dallas, Texas 75221
Telephone 214 651 4873

Duncan W. Holt, Jr.
Senior Attorney

RECEIVED

JUL 27 AM.

MIDLAND, TEXAS



July 25, 1977

Mr. David Faskan
Henry Engineering
807 1st National Bank Bldg.
Midland, Texas 79701

✓ Monsanto Oil Company
1330 Midland Nat'l Bank Tower
Midland, Texas 79701

Inexco Oil Company
Suite 1900
1100 Milam
Houston, Texas 77002

Read & Stevens, Inc.
P. O. Box 2126
Roswell, New Mexico 88201

Mobil Oil Corporation
P. O. Box 633
Midland, Texas 79701

Gentlemen:

Attached is a copy of an application filed by Atlantic Richfield Company with the New Mexico Oil Conservation Commission requesting approval of an unorthodox well location 1980 feet North of the South line and 330 feet East of the West line of Section 6, Township 21 South, Range 27 East, Eddy County, New Mexico.

If you have no objection to the proposed location, please so note in the space provided below and return one copy of this letter, so noted, to Atlantic Richfield Company, Attention: Mr. W. T. Porter, Post Office Box 1610, Midland, Texas 79701.

Your prompt attention to this matter will be greatly appreciated.

Yours very truly,

Duncan W. Holt, Jr.
Duncan W. Holt, Jr.

DWH:sb
Attachment

Objection to the proposed
location is hereby waived.

MONSANTO COMPANY

By

W. Mitchell

DATE: 8/1/77

Atlantic Richfield Company

Legal Division
Post Office Box 2819
Dallas, Texas 75221
Telephone 214 651 4873

Duncan W. Holt, Jr.
Senior Attorney



July 25, 1977

Mr. David Faskan
Henry Engineering
807 1st National Bank Bldg.
Midland, Texas 79701

Monsanto Oil Company
1330 Midland Nat'l Bank Tower
Midland, Texas 79701

Inexco Oil Company
Suite 1900
1100 Milam
Houston, Texas 77002

✓ Read & Stevens, Inc.
P. O. Box 2126
Roswell, New Mexico 88201

Mobil Oil Corporation
P. O. Box 633
Midland, Texas 79701

Gentlemen:

Attached is a copy of an application filed by Atlantic Richfield Company with the New Mexico Oil Conservation Commission requesting approval of an unorthodox well location 1980 feet North of the South line and 330 feet East of the West line of Section 6, Township 21 South, Range 27 East, Eddy County, New Mexico.

If you have no objection to the proposed location, please so note in the space provided below and return one copy of this letter, so noted, to Atlantic Richfield Company, Attention: Mr. W. T. Porter, Post Office Box 1610, Midland, Texas 79701.

Your prompt attention to this matter will be greatly appreciated.

Yours very truly,

Duncan W. Holt, Jr.
Duncan W. Holt, Jr.

DWH:sb
Attachment

Objection to the proposed
location is hereby waived.

Read & Stevens, Inc.
By *John L. Anderson Jr.*

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-102
Superseded 4-1-74
Effective 1-1-75

All distances must be from the outer boundaries of the section

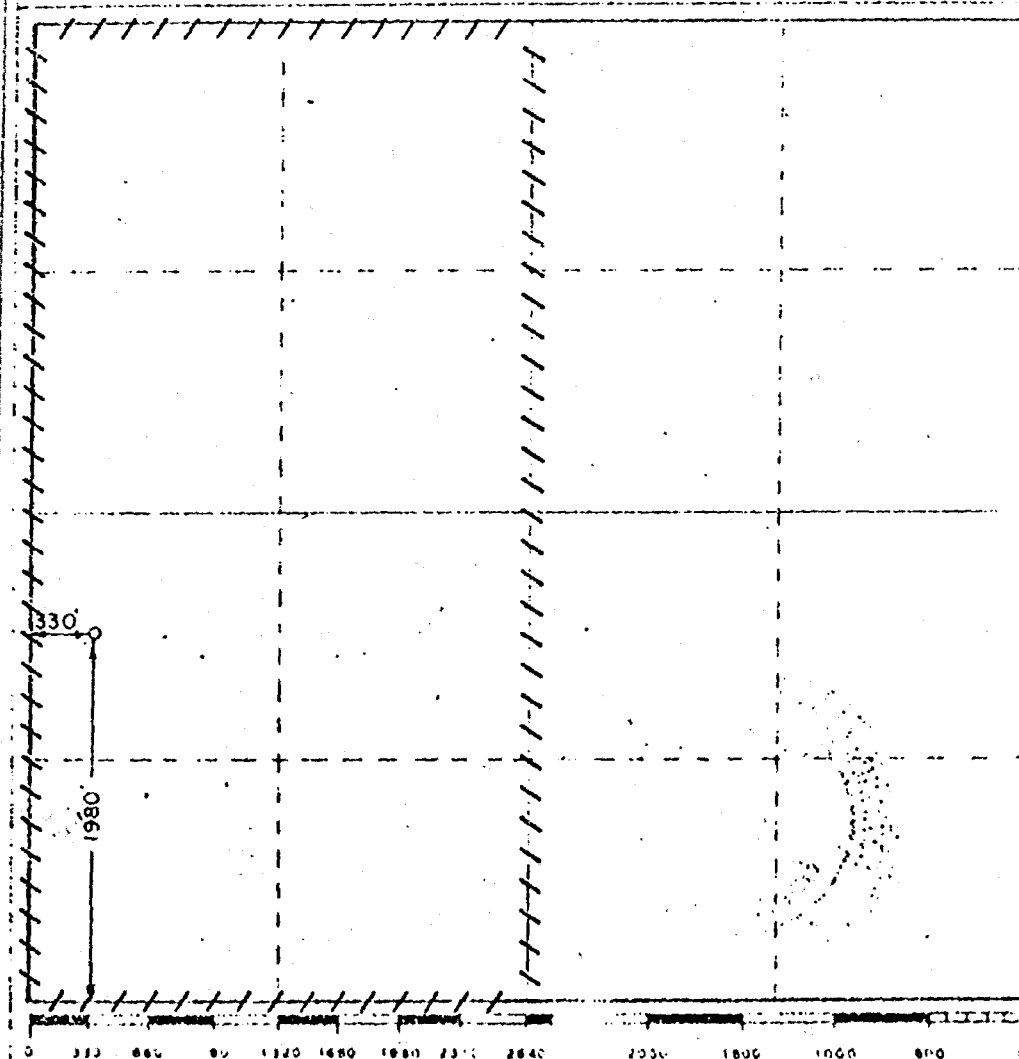
Lessee Atlantic Richfield Co.		Lessor Kurland Fed.		Section 2
Tract L	Section 6	Range 21 South	Meridian 27 East	County D Eddy
Year 1980		Direction South	Distance 330	Direction West
Area 3151.7		Location West Burton Flat		Area 308.48

- Outline the acreage dedicated to the subject well by colored pencil or hard-lead pencil on the plat below
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, forced-pooling, etc.

☒ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated (Use reverse side of this form if necessary) _____

No allowable will be assigned to the well until all interests have been consolidated by communitization, unitization, forced-pooling, or otherwise or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief.

[Signature]
Dist. Dir. Supt.

Atlantic Richfield Company

7/18/77

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

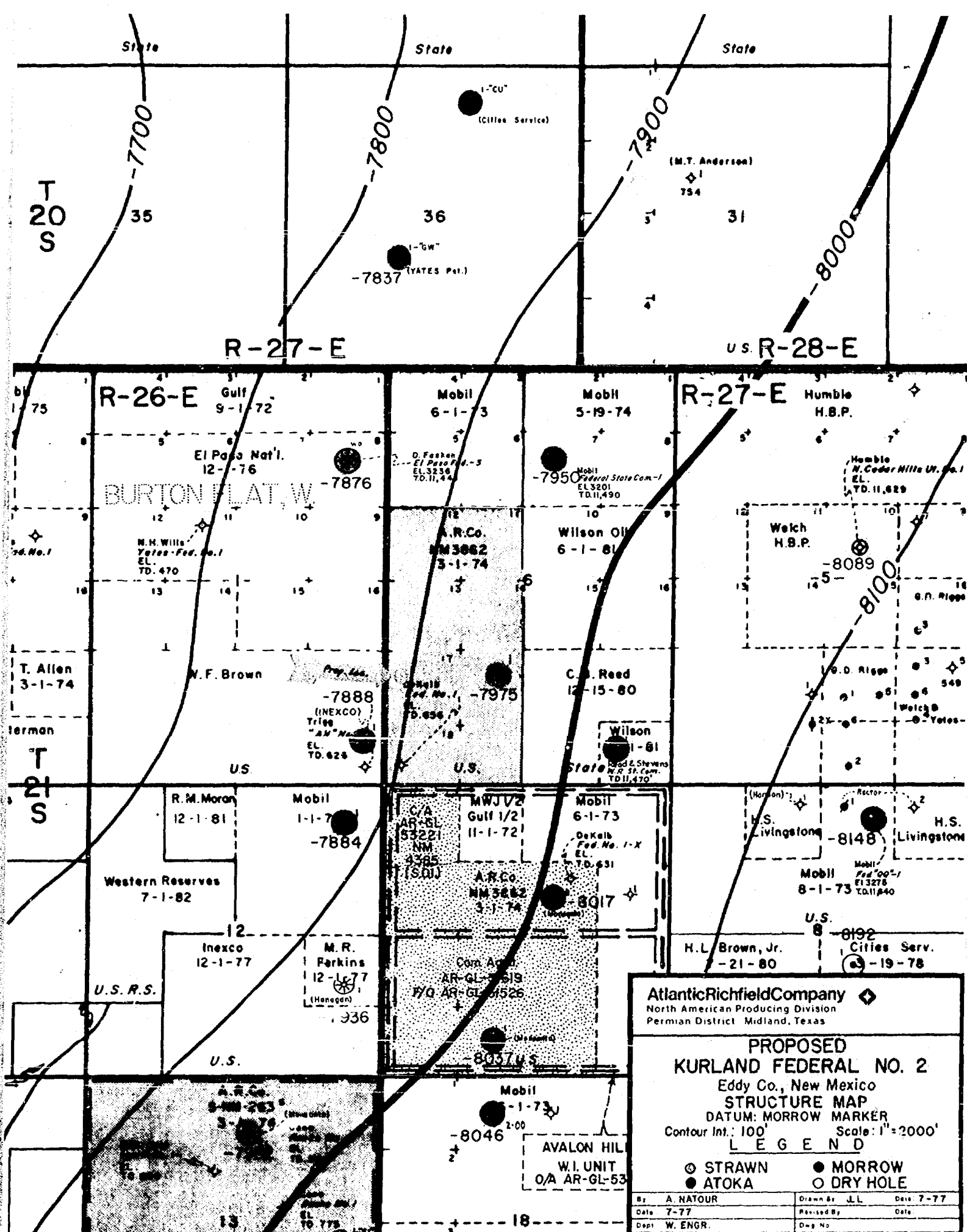
Date Surveyed

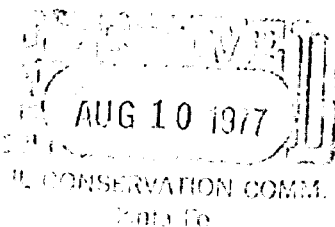
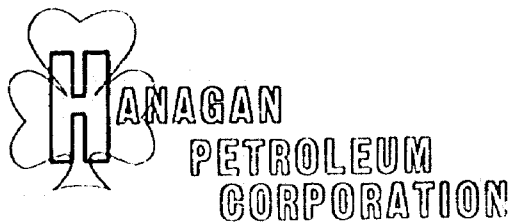
July 12, 1977

Registered Professional Engineer and Land Surveyor

[Signature]
John W. West

676





PHONE 505 - 623-5053
J. P. WHITE BUILDING
POST OFFICE BOX 1737
ROSWELL, NEW MEXICO
88201

August 9, 1977

Certified Mail - Return Receipt Requested

[Handwritten signature]

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

Re: Examiner Hearing (8/17/77)
Docket No. 26-77
Case 6014, Unorthodox Gas Well Location
Burton Flat Morrow Gas Pool, Eddy Co., N. Mex.

Gentlemen:

As operator of a producing Morrow gas well approximately one mile south (S $\frac{1}{2}$ Sec. 12, 21S-26E) of the proposed unorthodox well location in the Burton Flat Morrow gas pool, Hanagan Petroleum Corporation wishes to object to the drilling of this well at its proposed location.

Should the Commission approve the drilling of this well at the requested location, Hanagan Petroleum Corporation appeals to the Commission to seriously consider an allowable penalty should the well be completed as a Morrow gas well.

Sincerely yours,

[Handwritten signature: Hugh E. Hanagan]

Hugh E. Hanagan
Vice President
Hanagan Petroleum Corporation

HEH/pjt

- CASE 6011: Application of Tenneco Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco Mesaverde and Basin Dakota production in the wellbores of its Jicarilla "A" Well No. 1 in Unit L of Section 18, "B" Well No. 8 in Unit B of Section 15, "C" Wells Nos. 4, 5, 6, 7, and 8, located, respectively, in Units F and I of Section 24, F of Section 14, and M and E of Section 13, all in Township 26 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 6012: Application of Tenneco Oil 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 Strawn formation through the perforated interval from 11,174 feet to 11,236 feet in its Jones Federal Well No. 1, located in Unit K of Section 23, Township 19 South, Range 31 East, Eddy County, New Mexico.
- CASE 6013: Application of HNG Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 9, Township 24 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. 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 6014: Application of Atlantic Richfield Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1980 feet from the South line and 330 feet from the West line of Section 6, Township 21 South, Range 27 East, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, the W/2 of said Section 6 to be dedicated to the well.
- CASE 6015: Application of Atlantic Richfield Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1980 feet from the South line and 660 feet from the East line of Section 32, Township 20 South, Range 27 East, Avalon-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of said Section 32 to be dedicated to the well.

Dockets Nos. 27-77 and 28-77 are tentatively set for hearing on August 31 and September 14, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 17, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:** (1) Consideration of the allowable production of gas for September, 1977, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for September, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6001: (Continued from August 3, 1977, Examiner Hearing)

Application of Mesa Petroleum Co. for an exception to 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 Primo Well No. 1-A located in Unit D of Section 6, Township 31 North, Range 10 West, San Juan County, New Mexico, from the vertical limits of the Blanco-Mesaverde Pool as defined by said order.

CASE 6007: Application of Gulf Energy and Minerals Company for a non-standard proration unit, simultaneous dedication and unorthodox locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 600-acre non-standard proration unit comprising all of Section 4 except the NE/4 NW/4 thereof, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its J. F. Janda Wells Nos. 7 located in Unit K and Nos. 12 and 13, at unorthodox locations in Units O and P, respectively, of said Section 4.

CASE 6008: Application of Texaco Inc. for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its Central Vacuum Unit Area, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, by the injection of water into the Grayburg-San Andres formation through 55 wells.

CASE 6009: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the S/2 of Section 29, Township 18 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. 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 5992: (Readvertised)

Application of Burleson & Huff for compulsory pooling, a non-standard unit, and an unorthodox location, 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 at an unorthodox location 2310 feet from the North and West lines of said Section 14, or in the alternative to drill another well at a standard location. 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 6010: Application of Manana Gas Inc. for compulsory pooling and an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 13, Township 30 North, Range 12 West, Basin-Dakota Pool, San Juan County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 840 feet from the South line and 1400 feet from the West line of said Section 13. 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.

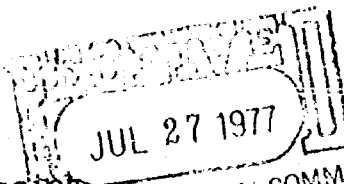
Atlantic Richfield Company

Legal Division
Post Office Box 2819
Dallas, Texas 75221
Telephone 214 651 4873

Duncan W. Holt, Jr.
Senior Attorney



July 25, 1977



Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501
OIL CONSERVATION COMM.
Santa Fe

Re: Application of Atlantic Richfield Company
for an Unorthodox Well Location W/2 of
Section 6, Township 21 South, Range 27
East, Eddy County, New Mexico

Gentlemen:

Enclosed in triplicate is application of Atlantic Richfield Company in the subject matter. Approval is requested for the application.

The offset operators are named in paragraph 6 of the application. Each has been furnished with a copy of the application.

Very truly yours,

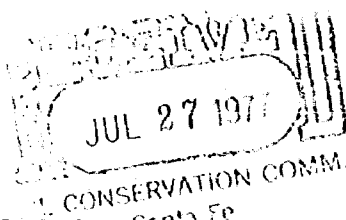
Duncan W. Holt, Jr.
Duncan W. Holt, Jr.

DWH:sb

Enclosure

cc: Oil Conservation Commission (w/attach.)
Attention: Mr. William Gressett
Artesia, New Mexico 88210

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO



Case 6014

Application of Atlantic Richfield Company for an Unorthodox Gas Well Location, Eddy County, New Mexico. Applicant seeks approval of an Unorthodox Gas Well Location 1980 feet North of the South Line and 330 feet East of the West Line of Section 6, Township 21 South, Range 27 East to Test the Morrow Zone of Pennsylvanian age and the Dedication to said well of the West-Half (W/2) of said Section 6.

Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Comes Atlantic Richfield Company, acting by and through, the undersigned attorney, and hereby makes application for approval for an unorthodox gas well location. Said location is 1980 feet North of the South line and 330 feet East of the West line of Section 6, Township 21 South, Range 27 East, Eddy County, New Mexico, said well to be projected to approximately 11,400 feet to test the Morrow Zone of Pennsylvanian age, and the dedication to said well of the West-Half (W/2) of said Section 6. In support of this application, the Applicant respectfully shows:

1. Statewide Rule 104 specifies that an orthodox well location will be 1,980 feet from the nearest end boundary and 660 feet from the nearest side boundary.
2. Applicant believes that the proposed unorthodox location is the most strategic position to obtain production from the Morrow Zone of Pennsylvanian age.
3. The West-Half (W/2) of said Section 6 is covered by oil and gas leaseholds owned by the Applicant. The proposed well will be designated as Kurland Federal Well No. 2.
4. It is believed that the granting of this application is justified in the interest of conservation, prevention of waste and the protection of correlative rights.
5. Attached hereto is a plat showing the ownership of all leases offsetting the spacing unit for which the unorthodox location is sought and also all wells completed thereon.
6. The offset operators are David Faskan, whose address is Henry Engineering, 807 1st National Bank Building, Midland, Texas 79701; Inexco Oil Company, whose address is Suite 1900, 1100 Milam, Houston, Texas 77002; Mobil Oil Corporation, whose address is P. O. Box 633, Midland, Texas 79701; Read & Stevens, whose address is P. O. Box 2126, Roswell, New Mexico 88201 and Monsanto Oil Company, whose address is 1330 Midland National Bank Tower, Midland, Texas 79701, all of which have been sent copies of the application.

WHEREFORE, Applicant prays that notice be issued on this application as required by law; that the application be set for hearing before an Examiner at Santa Fe, New Mexico at the earliest convenient date and after hearing, a special order be entered approving the application for said unorthodox location.

Respectfully submitted,

Duncan W. Holt, Jr.
Duncan W. Holt, Jr.
Post Office Box 2819
Dallas, Texas 75221

214-651-4873

Clarence E. Hinkle
Hinkle, Bondurant, Cox & Eaton
Post Office Box 10
Roswell, New Mexico 88201

ATTORNEYS FOR APPLICANT
ATLANTIC RICHFIELD COMPANY

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-124
Effective 1-1-55

All distances must be from the corner boundaries of the section

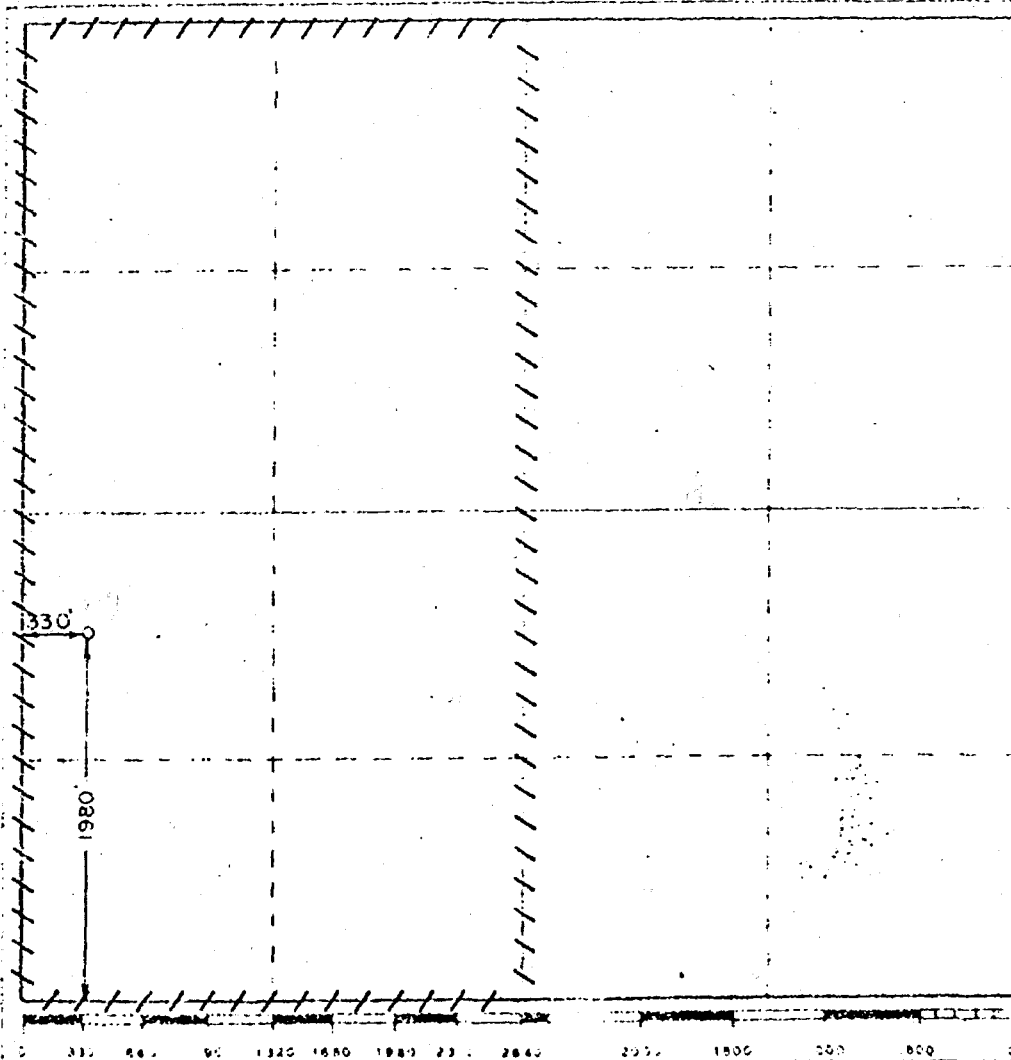
Operator Atlantic Richfield Co.		Lessee Kurland Fed.		Date JUL 27 1977		Page 2	
Section L-6	Range 21 South	Meridian 27 East	County DONALD EDDY				
Year 1980	Direction South	Distance 330	Direction West				
Distance 3151.7	Direction North	Location West Burton Flat			Distance 308.48		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have a tract been consolidated (use reverse side of this form if necessary) _____

No allowable will be assigned to the well until all interests have been consolidated by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

[Signature]
Dist. Dir. Supt.

Atlantic Richfield Company

7/18/77

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

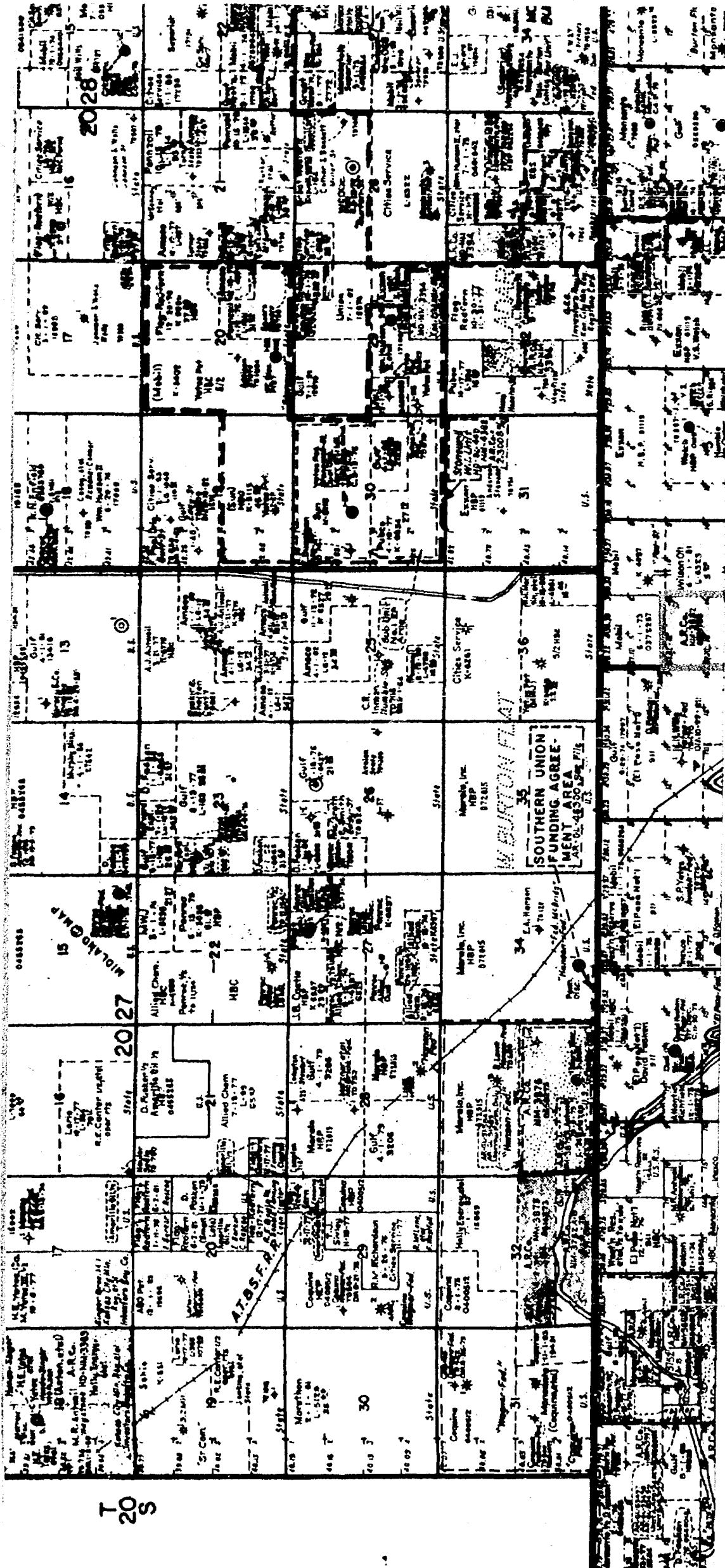
Date Surveyed

July 12, 1977

Registered Professional Surveyor
No. 10122

[Signature]
John W. West

676



DRAFT

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

dr/

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 6014

Order No. R- 5589

APPLICATION OF ATLANTIC RICHFIELD
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 17, 19 77,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of November, 19 77, the Commission,
a quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 6014 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.

