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CASE 6066: TEXAS PACIFIC OIL CO. INC.
FOR AN UNORTHODOX GAS WELL LOCATION *y, Inc.*
AND SIMULTANEOUS DEDICATION, LEA COUNTY
NEW MEXICO

Case Number

6066

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
12 October, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Texas Pacific Oil
Company, Inc., for an unorthodox
gas well location and simultan-
eous dedication, Lea County, New
Mexico.

CASE
6066

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:

Michael B. Campbell, Esq.
CAMPBELL, BINGAMAN & BLACK
Santa Fe, New Mexico 87501

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

I N D E X

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MEL SCHROEDER

Direct Examination by Mr. Campbell 3

Cross Examination by Mr. Stamets 8

E X H I B I T S

Applicant Exhibit 1, Plat

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1 MR. STAMETS: Call next Case 6066.

2 MS. TESCHENDORF: Case 6066. Application of
3 Texas Pacific Oil Co., Inc., for an unorthodox gas well
4 location and simultaneous dedication, Lea County, New Mexico.

5 MR. STAMETS: Call for appearances in this case.

6 MR. CAMPBELL: Appearing for Applicant, Texas
7 Pacific, Mike Campbell of Campbell, Bingaman and Black, here
8 in Santa Fe.

9 MR. STAMETS: Any other appearances? I'd like
10 the witness to stand and be sworn, please.

11 (Witness sworn.)

12
13 MEL SCHROEDER

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

16
17 DIRECT EXAMINATION

18 BY MR. CAMPBELL:

19
20 Q Would you please state your name and occupation?

21 A My name is Mel Schroeder. I'm an area engineer
22 with Texas Pacific Oil Company in Midland, Texas.

23 Q And would you state what your application seeks?

24 A We seek the approval for an unorthodox Jalmat gas
25 well location for our State "A" Account - 1 No. 53 Well, and

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1 a simultaneous dedication of this well to a previously ap-
2 proved 480-acre multiple well nonstandard proration unit,
3 comprising the northwest quarter and the south half of Section
4 24, Township 23 South, Range 36 West.

5 Q I am handing you what has been marked as Applicant
6 Exhibit 1. Would you please identify that exhibit and ex-
7 plain what it purports to show?

8 A This is a plat of the area surrounding our State
9 "A" Account 1 lease. The lease has been shaded in in yellow.
10 The heavy cross hatching is the present proration unit as-
11 signed to this lease and the dedication.

12 I've outlined in red the proration unit of interest
13 Our Account 1 - 53 Well is circled in red and pointed out
14 with a red arrow and the description "proposed workover."

15 Q What is the location of the No. 53 Well?

16 A Well, this well is located 1980 feet from the
17 north line and 660 feet from the west line of Section 26.

18 Q And does that well currently have production?

19 A Yes, it is presently a producing Langley-Maddox
20 oil well. It's -- the latest test I have for it is 1 barrel
21 of oil, zero barrels of water, and 100 MCF per day.

22 What we're proposing to do is to go in and dual
23 complete this as a Langley-Maddox oil, Jalmat gas well. The
24 location would be, as far as distances to boundaries, would
25 be a legal or an orthodox location for the 160-acre unit, re-

1 ferring to the northwest quarter. It would also be a legal
2 location for a 320, considering the west half of Section 24,
3 insofar as there are no guidelines for standard locations,
4 orthodox locations for 480-acre units in effect due to the
5 distance from Well No. 25. It is unorthodox.

6 Q Would you explain the status of Wells 24, 25, and
7 32 in that proration unit?

8 A Well, No. 32 is the best well. It's last test
9 was 570 MCF per day. During July it produced 16.57 million
10 cubic feet.

11 Well No. 24 is currently shut-in due to mechanical
12 problems. This well was worked over in July. It was making
13 230 MCF per day based on previous production, which we thought
14 the well was capable of making as much as 370 MCF per day,
15 and based on experience we -- we decided that in all proba-
16 bility the well had fill and we did find fill and did recover
17 remove the fill. Unfortunately, we had quite a few mechanical
18 problems. The packer was stuck; we jarred on the packer, I
19 think, three or four days; the packer wouldn't come. We had
20 to wash over to recover the packer. Once we got the packer
21 out of the hole we found that the tailpipe below the packer
22 had fallen down in the open hole. We had to fish that, and
23 the sum total being that we lost some 700 barrels of fluid
24 during this -- during this workover.

25 It's also been our experience due to low pressure,

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1 in this area, that it takes a long time to recover when you
2 lose large amounts of water, recover this water and get the
3 well back -- back to its former -- former level.

4 And then Well No. 25, which is in the same 160
5 acres as the projected recompletion, is -- on the last test
6 was producing -- produced 60 MCF per day and produced 1865
7 MCF for the month of July. This well was worked over in '74.
8 Again, we had a situation where we had a large amount of fill.
9 We went in and cleaned out the fill four successive times:
10 coming back and finding that the fill was back to the previous
11 level.

12 We attempted to set a line in the well with, in
13 fact ran a line with a bit on the bottom and actually drilled
14 the liner in place. We came back and found that when we
15 tugged back on the liner we found that the liner was some 120
16 feet higher than we had expected to set it. We came back
17 after that and fractured the well with 20,000 gallons of fresh
18 water, hit 30,000 pounds of sand. Since that time the well
19 has steadily decreased, now leveling out at this 60 MCF per
20 day. We know we've got a problem in the well but to rectify
21 the problem in the well will take a very expensive workover
22 with -- with some risk involved as far as what the results
23 will be. We've since determined, since '73, that fracturing in
24 a Jalmat gas well with fresh water is probably not the best
25 thing to do, as it is somewhat susceptible to damage.

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1 We're projecting that Well No. 53 will produce
2 approximately 440 MCF per day. This well -- this proration
3 unit is presently a marginal unit; produced 18,488 MCF during
4 July. A nonmarginal unit for 480 acreage for September is --
5 was 43,540 MCF, so it lacks quite a bit being -- at this time
6 being a nonmarginal unit.

7 Using the projected production from 53 and as-
8 suming that our attempts to return 24 to production is suc-
9 cessful, the total proration unit will have a capacity of
10 1440 MCF per day. Maybe in some low demand months it might
11 be nonmarginal, but I would project that for the remainder
12 of the months it would probably be -- still be a nonmarginal --
13 a marginal proration unit.

14 Q Are there any other four-well 480-acre units, to
15 your knowledge?

16 A Yes, there are; one. It's on the Continental's
17 Myer 23 "B" Lease. It's in Section 23, Township 22 South,
18 Range 36 East.

19 Having four wells on this proration unit would
20 give us acreage per well in this unit 120 acres per well
21 and there are presently 54 proration units in the Jalmat Gas
22 Field with equal to or less than 120 acres per well.

23 Q In your opinion would the grant of this application
24 prevent waste and protect correlative rights?

25 A I think it would.

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1 Q Was Applicant Exhibit 1 prepared by you or under
2 your direction?

3 A Yes, it was.

4 MR. CAMPBELL: I neglected to qualify this witness,
5 Mr. Examiner, if you'd like me to do that, I'd be happy to
6 do it.

7 MR. STAMETS: The witness is considered qualified.

8 MR. CAMPBELL: Thank you. That's all the testimony
9 and all of the exhibits we have on this application.

10
11 CROSS EXAMINATION

12 BY MR. STAMETS:

13 Q What was the order number that set up the original
14 480-acre proration unit?

15 A It was Administrative Order Number NSP-1044.

16 Q 1044. Okay, thank you.

17 MR. STAMETS: Any other questions for the witness?
18 He may be excused.


19 Anything further in this case?

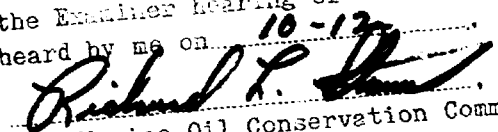
20 The case will be taken under advisement.

21 (Hearing concluded.)
22
23
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.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6066
heard by me on 10-12-1977
New Mexico Oil Conservation Commission

sid morrish reporting service

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Phone (505) 982-9212

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. 6066
Order No. R-5573

APPLICATION OF TEXAS PACIFIC OIL
COMPANY, INC., FOR AN UNORTHODOX
GAS WELL LOCATION AND SIMULTANEOUS
DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 12, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of November, 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, Texas Pacific Oil Company, Inc.,
seeks approval of an unorthodox gas well location for its State
"A" A/C 1 Well No. 53 located 1980 feet from the North line and
660 feet from the West line of Section 24, Township 23 South,
Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico,
to be simultaneously dedicated to a previously approved 480-acre
multiple well non-standard proration unit comprising the NW/4
and S/2 of said Section 24.
- (3) That a well at said unorthodox location will better
enable applicant to produce the gas underlying the proration unit.
- (4) That no offset operator objected to the proposed
unorthodox location.
- (5) That Commission Administrative Order No. NSP-1044
should be superseded.

-2-

Case NO. 6066
Order No. R-5573

(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 Texas Pacific Oil Company's State "A" A/C-1 Well No. 53 located 1980 feet from the North line and 660 feet from the West line of Section 24, Township 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to a previously approved 480-acre multiple well non-standard proration unit comprising the NW/4 and S/2 of said Section 24 and currently dedicated to applicant's State "A" A/C-1 Wells Nos. 24, 25, and 32 located in Units N, F, and J, respectively, of said Section 24.

(2) That Commission Administrative Order No. NSP-1044 is hereby superseded.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

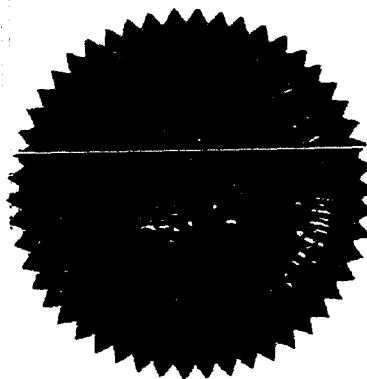
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary



S E A L

jr/

CASE 6065: Application of Odessa Natural Corporation for a special well classification, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the classification of its ARCO-Little Fed. Well No. 1, located in Unit D of Section 32, Township 24 North, Range 3 West, Rio Arriba County, New Mexico, as a gas well rather than an oil well, thereby permitting the continued dedication of the W/2 of said Section 32. Said classification would be in exception to the statewide definition of gas wells, or to the Chacon-Dakota Associated Pool definition of gas wells, whichever is applicable.

CASE 6066: Application of Texas Pacific Oil Company, Inc., for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "A" A/c-1 Well No. 53 located in the center of Unit E of Section 24, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to a previously approved 480-acre multiple well non-standard proration unit comprising the NW/4 and S/2 of said Section 24.

CASE 6067: Application of Texas Pacific Oil Co., Inc., for pool contraction and extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, by the deletion of Section 3, Township 22 South, Range 25 East, therefrom, and the extension of the Revelation-Morrow Gas Pool to include said lands.

CASE 6068: In the matter of the hearing called by the Oil Conservation Commission upon its own motion for the creation and extension of certain pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico:

(a) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Conner-Fruitland Pool. The discovery well is the Odessa Natural Corporation Little Federal Well No. 1 located in Unit K of Section 1, Township 30 North, Range 14 West, NMPM. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 14 WEST, NMPM
Section 1: W/2
Section 12: W/2

(b) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Pictured Cliffs production and designated as the South Gallegos-Pictured Cliffs Pool. The discovery well is the Jerome P. McHugh Nassau Well No. 5 located in Unit A of Section 36, Township 27 North, Range 12 West, NMPM. Said pool would comprise:

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM
Section 36: All

(c) EXTEND the Ojo-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 15 WEST, NMPM
Section 25: S/2 & NW/4
Section 26: All
Section 35: N/2 & SE/4
Section 36: All

and to extend the vertical limits of said pool to include the Fruitland formation and redesignate said pool the Ojo Fruitland-Pictured Cliffs Pool.

(d) EXTEND the WAW-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM
Section 4: NW/4

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM
Section 26: SW/4
Section 27: SE/4
Section 29: All
Section 30: E/2
Section 31: All
Section 32: N/2 & SW/4
Section 33: All
Section 34: N/2 & SW/4

and to extend the vertical limits of said pool to include the Fruitland formation and redesignate said pool the WAW Fruitland-Pictured Cliffs Pool.

(e) EXTEND the Ballard-Pictured Cliffs Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TEXAS PACIFIC OIL COMPANY, INC.

REGIONAL OFFICE
MIDLAND, TEXAS 79701

P. O. BOX 4067
1509 WEST WALL STREET

Case 6066
SEP 12 1977

TELETYPE UNIT
TWX 80-443-524

August 23, 1977

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

Attention: Mr. Joe D. Ramey

Gentlemen:

Texas Pacific Oil Company, Inc., respectfully requests administrative approval of an unorthodox location for State "A" A/c-1 Well No. 53, which is presently a Langlie Mattix oil well and is to be dually completed in the Jalmat (Yates-7 Rivers) Gas Pool. Approval is also requested for amendment to Administrative Order NSP-1044 to include this well in the 480-acre non-standard Jalmat gas proration unit comprising of the S/2 and the NW/4 of Section 24, T-23-S, R-36-E, Lea County, New Mexico. Plat is attached.

All offset operators have been furnished a copy of this request.

Yours very truly,

TEXAS PACIFIC OIL COMPANY, INC.

T. J. Waller
T. J. Waller
Regional Engineer

RDH:cs

Attachments

cc: O.C.C. - Hobbs Continental Oil Company
Gulf Oil Corporation Atlantic Richfield Company
Coquina Oil Corporation

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

P 12 1977

All distances must be from the outer boundaries of the Section.

Operator Texas Pacific Oil Company, Inc.		Lease State "A" A/c-1		CONSERVATION	Well No. 53
Unit Letter E	Section 24	Township 23-S	Range 36-E	County Lea	
Actual Footage Location of Well: 1980 feet from the north line and 660 feet from the west line					
Ground Level Elev. 3345	Producing Formation Jalmat		Pool Jalmat Yates	Dedicated Acreage 480 Acres	

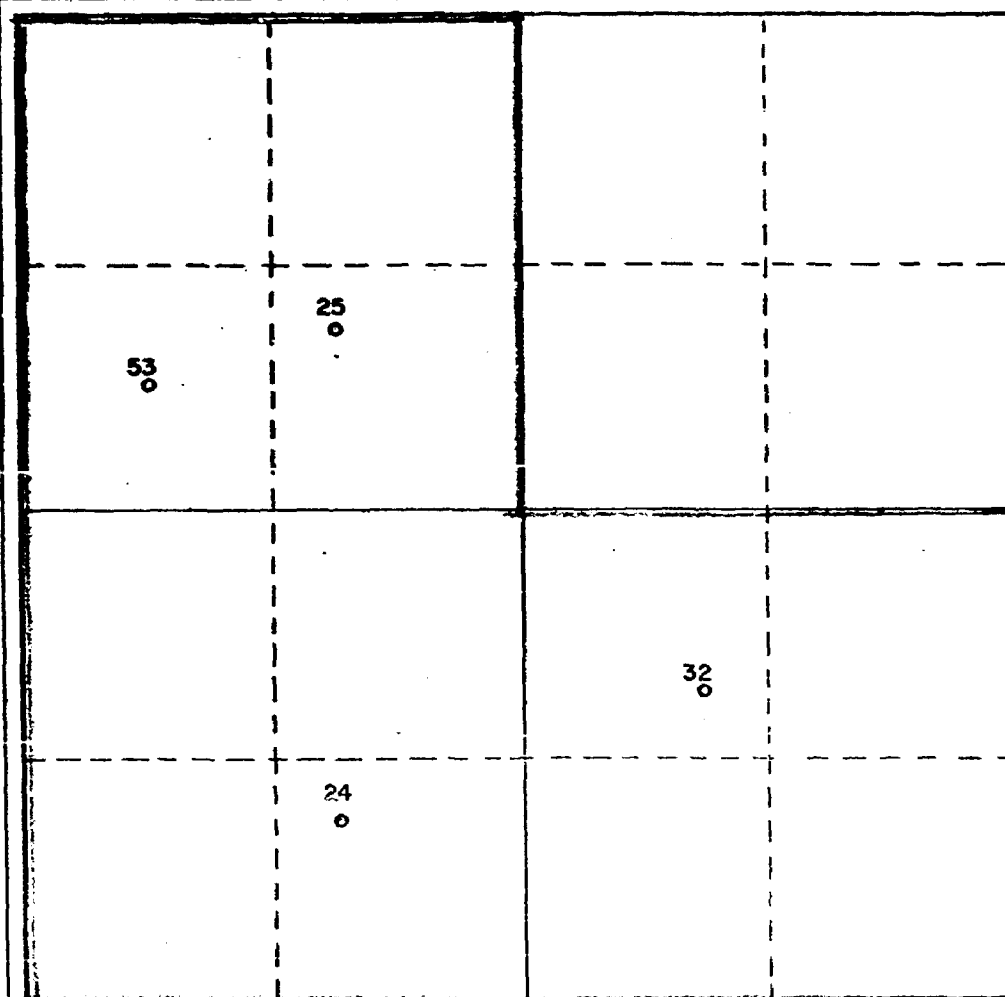
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is 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 actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable well 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.

NSP 1044



CERTIFICATION

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

Name
W. J. McClintock

Position
Dist. Operations Supt.

Company
Texas Pacific Oil Co., Inc.

Date
8-23-77

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

Registered Professional Engineer and/or Land Surveyor

Certificate No.

0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

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. 6066

Order Order No. R- 5573

Bill
APPLICATION OF TEXAS PACIFIC OIL COMPANY, INC.
FOR AN UNORTHODOX GAS WELL LOCATION, AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 12, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of October, 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, Texas Pacific Oil Company, Inc., seeks
for its State "A" A/C-1 Well No. 53 located
approval of an unorthodox gas well location/ -1980 feet from the North
line and 660 feet from the West line of Section 24, Township
23 South, Range 36 East, NMPM, to test the
formation, Jalmat Gas Pool,

Lea County, New Mexico, to be simultaneously dedicated to a
previously approved 480-acre multiple well non-standard proration unit
~~that the said Section 24 is to be dedicated to the~~

(3) That a well at said unorthodox location will better enable
applicant to produce the gas underlying the proration unit.

(4) That no offset operator objected to the proposed unorthodox
location.

(comprising the NW/4 and S/2 of said Section 24.

(5) That Commission Administrative Order No.
NSP1044. should be superseded.

-2-

Case No. _____

Order No. R- _____

(6) (1) 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 Texas Pacific Oil Company (1) That an unorthodox gas well location ~~the~~ *the* State "A" A/C-1 Well No. 53 ~~is hereby approved for a well to be located at a point~~ *is hereby approved for a well to be located at a point* ~~1980~~ *1980*

~~feet from the North line and 660 feet from the West~~

line of Section 24, Township 23 South, Range 36 East

NMPM, Jalmat Gas Pool Pool, Lea County,

New Mexico, to be simultaneously dedicated to a previously approved 480-acre multiple well non-standard proration unit comprising the

(2) That the ~~of said Section~~ 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.

NW/4 and S/2 of said Section 24 and currently dedicated to applicant's State "A" A/C-1 Wells Nos. 24, 25, and 32 located in Units A, F, and J, respectively of said Section 24.

(2) That Commission Administrative Order No. *OSP 1044* is hereby superseded.