

NOTE: THIS IS A PHOTOGRAPH OF A
RECORDING OF THE LOCATION, GARY
COUNTY, NEW MEXICO

Case Number

6080

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 16, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Orla Petco, Inc., for Case
an unorthodox gas well location, Eddy 6080
County, New Mexico.

BEFORE: Richard L. Stamets, Examiner.

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: Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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

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1 MR. STAMETS: We'll call next case, Case 6080.

2 MS. TESCHENDORF: Case 6080, application of Orla
3 Petco, Inc., for an unorthodox gas well location, Eddy
4 County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason
6 Kellahin, Kellahin & Fox, Santa Fe, appearing on behalf
7 of the applicant. We have one witness to be sworn.

8 (THEREUPON, the witness was sworn.)

9
10 E. R. KENNEDY

11 was called as a witness by the applicant, and having been
12 first duly sworn, testified upon his oath as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you state your name, please?

17 A E. R. Kennedy.

18 Q What business are you engaged in, Mr. Kennedy?

19 A I am a consulting geologist working out of Midland,
20 Texas.

21 Q Have you testified before the Oil Conservation
22 Commission or one of its Examiners and made your qualifications
23 a matter of record?

24 A Yes.

25 Q In connection with your work as a consulting geologist

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1 did you have anything to do with the application of Orla
2 Petco, Inc., in Case 6080?

3 A Yes, sir.

4 Q Did you prepare the application?

5 A I prepared the map.

6 Q What is proposed by the applicant in this case?

7 A We are proposing to drill a well in Section 8,
8 19, 26, at an unorthodox location, nineteen eighty from the
9 south and six-sixty from the west.

10 Q And what pool would this be located in?

11 A That would be undesignated.

12 Q An undesignated pool. Referring to what has been
13 marked as Applicant's Exhibit Number One would you identify
14 that exhibit?

15 A Exhibit One is a land plat showing the drilling
16 unit and the proposed location.

17 Q And does it show the offset ownership to the best
18 of your information?

19 A Yes, sir.

20 Q Referring to what has been marked as Exhibit Number
21 Two, would you identify that exhibit, please?

22 A Exhibit Two is a type log of the area, specifically,
23 and it is the Samedan Ivey No. 1 in the northeast quarter of
24 5, 19, 26.

25 Q On that -- it is essentially the Morrow section in

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1 that well and I have labeled the structural point which I have
2 called the top of the Morrow B and this is a prominent shale
3 in the middle of the Lower Morrow section.

4 I have also labeled the isopach units, designated,
5 arbitrarily designated, Morrow A Sands, Morrow Upper B
6 Sands and Morrow Lower B Sands.

7 Q Is that a designation that is in common use in this
8 area?

9 A I think people use units similar to that, maybe not
10 quite the same.

11 Q But they do break it down in units?

12 A Yes, they do.

13 Q Now, referring to what has been marked as Exhibit
14 Number Three, would you identify that please?

15 A Exhibit Three is a structural map contoured on the
16 structural point as identified on the type log and basically
17 the structure in this area is a dip slope from the northwest
18 to the southeast with an occasional structural salient.

19 The drilling unit is associated with the structural
20 salient and the proposed location is the most favorable place
21 structurally, anyhow, so to reduce the chances of water
22 production.

23 Q Now, has water production been encountered in the
24 lower depths in this area?

25 A By lower depths within the --

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1 Q In the Morrow, yes, structurally --

2 A There are several wells that have produced water
3 on a drill stem test or production test.

4 Q Now, in your opinion, Mr. Kennedy, is all of the
5 unit you proposed to dedicate to this well capable of
6 producing gas from the Morrow?

7 A Yes.

8 Q On the basis of the information that you have at
9 this time?

10 A Yes.

11 Q Now, referring to what has been marked as Exhibit
12 Number Four, would you identify that exhibit, please?

13 A I would like to say a word on Exhibit Four, Five
14 and Six.

15 Morrow production in this area is related to channel
16 sands and with the prime production being in the center of
17 the channels where the sands are well developed and thick
18 and marginal production on the thin edges. Both dry holes
19 have missed the sands completely.

20 Occasionally, low well will also produce water. These
21 particular maps have been contoured on feet with porous sands
22 with porosity greater than six percent.

23 Exhibit Four, specifically, is an isopach of the
24 Morrow A sand. It is more or less a secondary objective in
25 the proposed tests but it is considered a possible pay.

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1 So far, the Morrow A production in this immediate
2 area has been marginal in Section 4 or it produced gas and
3 water as in 18. The proposed location is at a point that
4 we consider it the most favorable for production.

5 Q Now, would you discuss Exhibit Number Five?

6 A Exhibit Number Five is an isopach of the upper Morrow
7 B sands. This is considered our most likely to produce zone.

8 Production is more or less assured in the well in
9 the south half of five and an older well in 17 produced
10 significant amounts of gas but never commercially produced
11 anything.

12 The proposed location is at a location we consider
13 most likely to produce in the drilling unit.

14 Q Now, Exhibit Number Six, would you discuss it, please?

15 A Exhibit Number Six is an isopach of the Lower Morrow
16 B sands. So far they have been disappointing but it is
17 considered a production possibility in this area.

18 The well in Section 4 production tested water from
19 this zone.

20 The well in Section 18 had good shows of gas with
21 very little reservoir rock.

22 Our proposed location is at the most favorable
23 place to encounter production in the Lower Morrow B sands.

24 Q Now, in drilling this well will you test all three
25 of those sands that you have just discussed?

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1 Q Between the three of them do your exhibits indicate
2 that the Morrow is productive, at least, as to one or more
3 of the zones throughout the whole unit?

4 A Yes, we would hope it is.

5 Q Now, when do you propose to commence drilling of
6 this well?

7 A We hope to commence drilling by January 12, 1978.

8 Q Were Exhibits One through Six prepared by you or
9 under your supervision?

10 A Yes, sir.

11 MR. KELLAHIN: At this time we would like to offer
12 Exhibits One through Six.

13 MR. STAMETS: These exhibits will be admitted.

14 Q (Mr. Kellahin continuing.) Now, Mr. Kennedy, if the
15 Commission approves your proposed well location will the
16 correlative rights of the offsetting operators be impaired in
17 any way?

18 A No.

19 MR. KELLAHIN: That's all I have of the witness.

20

21

CROSS EXAMINATION

22 BY MR. STAMETS:

23 Q Mr. Kennedy, I realize from your testimony that the
24 Morrow is your prime target here. Does Orla Petco have rights
25 to the Wolfcamp and other Pennsylvanian formations?

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1 A Yes, we do.

2 Q And I presume you would like this order for a non-
3 standard location to cover all of those formations?

4 A Yes, we would.

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

6 He may be excused. Anything further in this case?

7 MR. KELLAHIN: That's all we have, Mr. Stamets.

8 MR. STAMETS: Take the case under advisement.


9 (THEREUPON, the witness was excused and the
10 case was concluded.)
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REPORTER'S CERTIFICATE

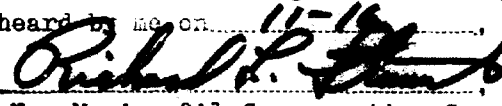
I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and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


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6080,
heard by me on 11-14-77, 1977.


Richard L. [unclear], Examiner
New Mexico Oil Conservation Commission



STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
November 28, 1977



STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6080
ORDER NO. R-5584

Applicant:

Orla Petco, Inc.

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 _____

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. 6080
Order No. R-5584

APPLICATION OF ORLA PETCO, INC.,
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 November 16, 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 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, Orla Petco, Inc., seeks approval of an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line of Section 8, Township 19 South, Range 26 East, NMPM, to test Wolfcamp and Pennsylvanian formations, West Four Mile Draw Field, Eddy County, New Mexico.

(3) That the S/2 of said Section 8 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.

(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.

-2-

Case No. 6080
Order No. R-5584

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for Wolfcamp and Pennsylvanian formations is hereby approved for the Orla Petco, Inc., R. K. Williams Well No. 1 to be located at a point 1989 feet from the South line and 660 feet from the West line of Section 8, Township 19 South, Range 26 East, NMPM, West Four Mile Draw Field, Eddy County, New Mexico.

(2) That the S/2 of said Section 8 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

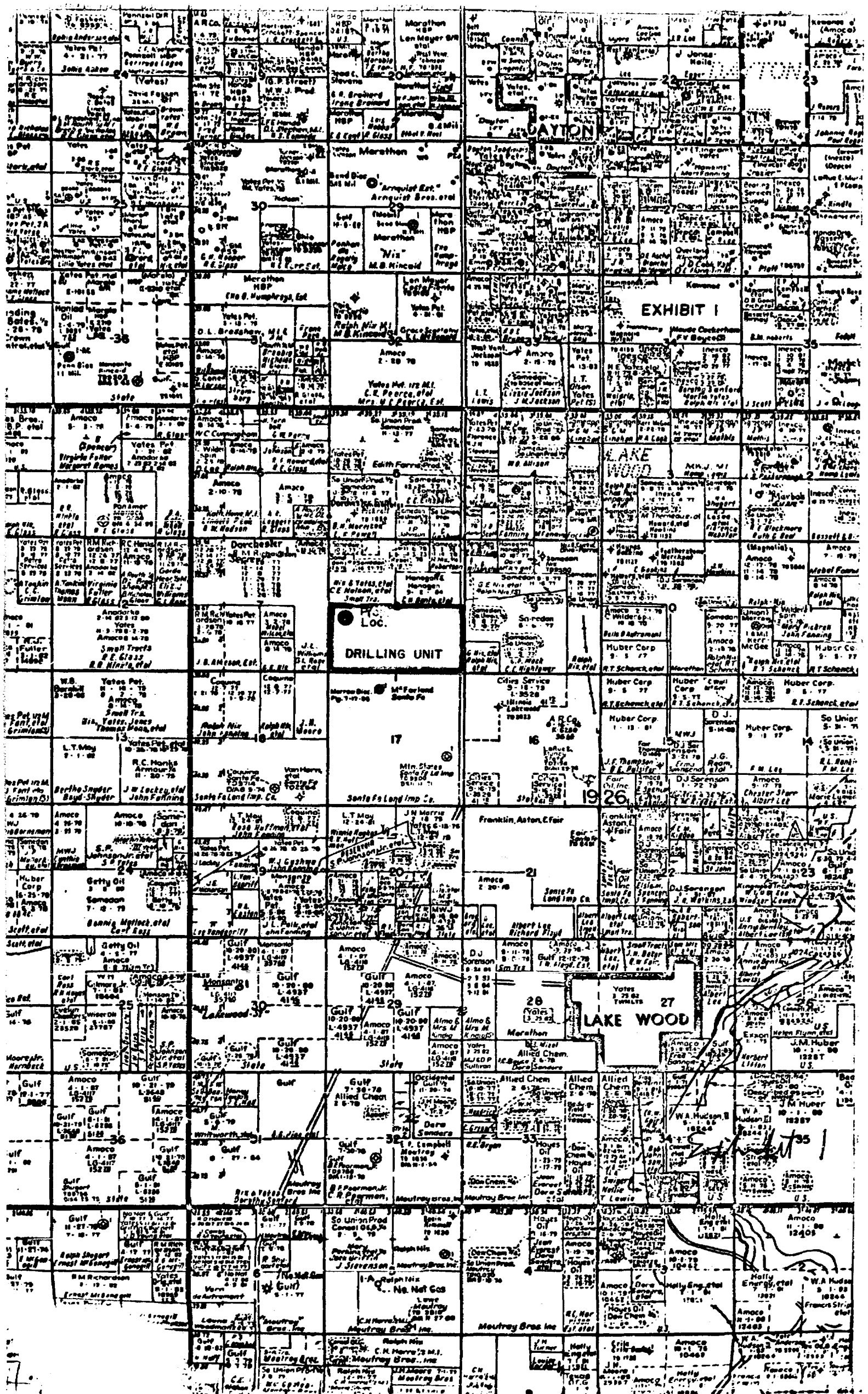


Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/



Dockets Nos. 36-77 and 39-77 are tentatively set for hearing on November 30 and December 14, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 16, 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 December, 1977, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for December, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6079: Application of Dome Petroleum Corporation for a non-standard oil proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 80-acre non-standard oil proration unit comprising the E/2 SW/4 of Section 10, Township 26 North, Range 14 West, Bisti-Lower Gallup Pool, San Juan County, New Mexico.

CASE 6059: (Continued from October 12, 1977, Examiner Hearing)

Application of Dome Petroleum Corporation for pool creation, an oil discovery allowable, and a special depth bracket allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the Leggs-Entrada Oil Pool in Section 11, Township 21 North, Range 10 West, San Juan County, New Mexico, the assignment of approximately 27,020 barrels of oil discovery allowable to its Santa Fe-Leggs Well No. 1 located in Unit O of said Section 11, and the establishment of a special depth bracket allowable of 750 barrels of oil per day for said pool.

CASE 6080: Application of Orla Petco, Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its R. K. Williams Well No. 1 to be located 1980 feet from the South line and 660 feet from the West line of Section 8, Township 19 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 8 to be dedicated to the well.

CASE 6081: Application of Atlantic Richfield Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling in a northwesterly direction of its Lanehart 22 Well No. 1 from a surface location 660 feet from the North and West lines of Section 22, Township 25 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, bottoming said well no closer than 280 feet from the North and West lines of said Section 22.

CASE 6082: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Sand Well Unit Area comprising 3843 acres, more or less, of State, Federal, and fee lands in Township 23 South, Range 35 East, Lea County, New Mexico.

CASE 6083: Application of Sam Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Drinkard and Tubb production in the wellbore of its State 15 Well No. 4 located in Unit P of Section 16, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 6084: Application of Freeport Oil Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance in the West Garrett-Devonian Pool by the injection of water into the Devonian formation through its Mattie Price Well No. 4 located in Unit O of Section 6, Township 17 South, Range 38 East, Lea County, New Mexico.

CASE 6085: Application of Reserve Oil, Inc., for downhole commingling or pool contraction and extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat and Langlie-Mattix production in the wellbore of its Cooper Jal Unit Wells No. 115 in Unit P of Section 13 and Nos. 121, 134, and 209 in Units B, N, and L of Section 24, Township 24 South, Range 36 East, and No. 117 in Unit N of Section 18, and Nos. 150 and 221 in Units L and N of Section 19, Township 24 South, Range 37 East, Lea County, New Mexico, and an administrative procedure for such approval for future wells. In the alternative, applicant seeks the contraction of the vertical limits of the Jalmat Gas Pool underlying said Cooper Jal Unit Area by the deletion of the Yates and Seven Rivers formations therefrom and the extension of the vertical limits of the Langlie-Mattix Pool to include said formations.

ORLA PETCO, INC.

P. O. BOX 1383, MIDLAND, TEXAS 79701
TELEPHONE 915 684-4768

October 11, 1977

Oil Conservation Commission
State of New Mexico
State Land Office Building
Santa Fe, N.M. 87501

Re: Application for non-standard
location

Attention: Mr. Richard Stamets

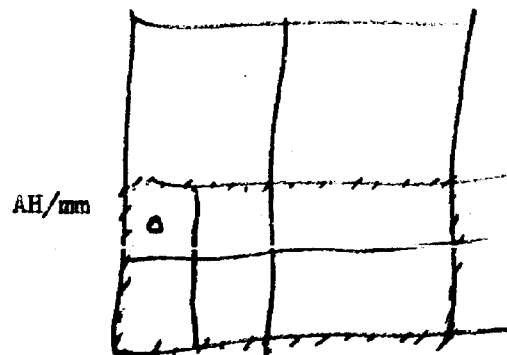
Gentlemen:

Pursuant to our telephone conversation, I am writing this letter to make application for a non-standard location as follows:

- 1) Operator: Orla Petco, Inc.
- 2) Lease Name: R. K. Williams
- 3) Well number: No. 1
- 4) Proposed footage: 1980' FSL & 660' FWL Section 8, T-19-S, R-26-E, Eddy Co.,
New Mexico
- 5) Dedicated acreage: S/2 Section 8 (320 acres)
- 6) Offset Operators: Dorchester Exploration, Coquina, J. H. Moore, David Fasken,
Amoco Production, Yates Petroleum, Samedan, Cities Service
- 7) Well depth: 9500-foot Morrow gas sand test

It is our understanding that this request should be in time to get us on the
docket for your November 16, 1977 hearing.

Should you need any additional information, please let us know.



Very truly yours,

ORLA PETCO, INC.

A. H. Hedden
A. H. Hedden

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:

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Order No. R- 5584

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(2) That the applicant, Orla Petco, Inc., seeks
approval of an unorthodox gas well location 1980 feet from the South
line and 660 feet from the West line of Section 8, Township
19 South, Range 26 East, NMPM, to test the
Wolcamp and Pennsylvanian formations, West Four Mile Draw Field pool,
Eddy County, New Mexico.

(3) That the S/2 of said Section 8 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. 6080

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:

Pennsylvania (1) That an unorthodox gas well location for ~~the~~ *Welfcamp and the Orla R & Co, Inc., R.K. Williams Well No. 1* formations is hereby approved for a well to be located at a point 1980 feet from the South line and 660 feet from the West line of Section 8, Township 19 South, Range 26 East NMPM, *West Four Mile Draw Field* Pool, Eddy County, New Mexico.

(2) That the S/2 of said Section 8 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.

at ~~22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100~~ my