CASE 6227: UNION TEXAS PET. FOR A NON-STANDARD PROPATION UNIT, SAN JUAN COUNTY, NEW MEXICO

CASE NO.

6227

APPlication,
Transcripts,
Small Exhibits,

ETC.



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

JERRY APODACA

NICK FRANKLIN

June 13, 1978

BOST OFFICE ROX 2028 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

Re: CASE NO. 6227

Mr. Paul Eaton ORDER NO.R-5737

Hinkle, Cox, Eaton,
Coffield & Hensley
Attorneys at Law Applicant:
Post Office Box 10
Roswell, New Mexico 88201

Union Texas Petroleum

Dear Sir:

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

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC x

Other Bob Manning

BLFORE THE

NEW MEXICO OIL CONSERVATION COMMISSION SANCA FE, NEW MEXICO

MAY 17, 1978

COMMISSION HEARING

IN THE MATTER OF:

Application of Union Texas Petroleum for non-standard proration unit, San Juan County, New Mexico.

CASE NO. 6227

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

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For the New Mexico Oil Conservation Commission:

Joe Ramey, Chairman
Emery Arnold, Commissioner
Phil Lucero, Commissioner
Richard L. Stamets, Staff Member

Lynn Teschendorf, Esq., Legal Counsel

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LANPHERE REPORTING SERVICE

P.O.BOX 449 S8 SOUTH FEDERAL PLACE SANTA FE, NEW MEXICO 87501

FOR UNION THEXAS PRINCERUM

HINKLE, COX, EATON, COFFIELD & HENSLEY
Attorneys at Law
600 Hinkle Building
P. O. Box 10
Roswell, New Mexico 88201
BY: PAUL EATON, ESO.

FOR EL PASO NATURAL CAS:

E. R. MANNING El Paso Natural Gas El Paso, Texas

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SANTA FE, NEW MEXICO 87501

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MR. STAMETS: Call the next case, 6227.

MS. TESCHENDORF: Case 6227. Application of Union Texas Petroleum for a non-standard proration unit, San Juan County, New Mexico.

MR. EATON: Paul Eaton, firm of Hinkle, Cox, Eaton and Hensley, Roswell, New Mexico representing the Applicant.

We have one witness.

DONALD B. WELLS

the witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. EATON:

- Q Will you please state your name and where you live?
 - A Donald B. Wells. I live in Littleton, Colorado.
 - By whom are you employed and in what capacity?
- A I work for Union Texas Petroleum as Assistant
 District Production Manager for the Rocky Mountain area.
- Ω Would you very briefly state your education and experience in the petroleum industry?
- A Yes, sir. I graduated from Texas Tech. in 1960 and I worked for various service and oil companies in New

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Branch (1984)

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Mexico, Texas and in the Rockies. The last four years Ilve been in Denver as Assistant Production Manager for Union Texas looking over the drilling and producing operations there.

O Mr. Wells, have you previously testified before this commission as a petroleum engineer?

A Yes, sir, I have.

MR. EATON: Are the witness' qualifications satisfactory?

MR. STAMETS: What was your degree from Texas Tech. again, sir?

THE WITNESS: Bachelor of Science and Petroleum Engineering.

MR. STAMETS: The witness is considered qualified.

- Q (Mr. Eaton) Are you familiar with the application of Union Texas Petroleum in this case?
 - A Yes, sir, I am.
 - Q What does the company seek by the application?
- A We desire to have a non-standard proration unit assigned to our Johnston Federal No. 11.
- Q Would you please refer to what has been marked for identification as Applicant's Exhibit No. 1 and state

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What it shows?

A Yes, sir, this is a land map. We've outlined our area of concern today in orange there and our location for the Johnston Federal No. 11 is shown with the orange dot. You see on it marked the various sizes of lots in this.

Because of the legal subdivisions, Range 9 West of Township 31 North does fall into some strange sections, unusual size sections. And as you can see from that the lots vary considerably in size. Because of this variation in the legal subdivision, we're unable to form a standard 160 acre governmental quarter section proration unit.

As you see from that exhibit, it's not added up for you but the lots, when you add up the lots in that southwest quarter they would total to 104.27 acres. In the northwest quarter it would total 105.23 acres.

We desire to have the entire west half of Section 7 assigned to the Johnston Federal No. 11 as a non-standard proration unit.

- Q What is the nearest designated pool?
- A Nearest picture cliffs which is what we desire to drill to is shown on the map. The area to the left of the ashered line there is the Blanco-Picture Cliffs pool.

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en Courte (Section Administration), in the court of the contraction of the court of

A Yes, sir, we have a standard location proration unit filed and approved in the southeast quarter of Section 7 and which we do plan to drill. We're committed for a rig. We should get the rig in about two months.

Mr. Wells, could you have perhaps communitized the four lots in the so called southwest quarter of Section 7 and either with the lots immediately to the north or immediately to the south?

A Yes, sir, we considered this and we discussed it with El Paso who's the operation to the south. It's not indicated on the map. El Paso is the operator in all the sections except to the southwest.

El Paso is of the same agreement with us that they would not try to present their case, but they will be asking for a similar thing later.

We felt that rather than having three less than normal size proration units, we would desire to have the two slightly larger than normal size proration units. We did consider communitization but--

Ω Did you say that El Paso owns the acreage in the surrounding sections?

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A CONTRACT OF THE SECOND SECON

Yes, sir, they lo to the south and to the west and to the north. Koch is the only of their offset operators that we have. They've both been notified, and our Exhibit 2 there is a telegram from Koch waiving objection to our non-standard unit.

Q What about El Paso.

A There's a letter in transit and I believe that El Paso has representatives here that will verify that they have no objection. We do not have that letter in hand.

I'm sorry. It's lost in the mail right now.

Q Is it your understanding that El Paso has sent a letter to the Division?

A Yes, sir, they have. We received our copy today. I think it will be in your mail today.

O Mr. Wells, in your opinion would the approval of the application be in the best interest of conservation and prevention of waste and protection of correlative rights?

A Yes, sir, I do.

Q Was Exhibit No. 1 prepared by you or under your supervision?

A It was.

MR. EATON: Mr. Examiner, we offer Applicant's Exhibits I and 2 into evidence.

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SANTA FE; NEW MEXICO 87501

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MR. STAMETS: These exhibits will be admitted.

MR. EATON: I have no further questions of Mr. Wells.

MR. STAMETS: Mr. Wells, in taking the difference between your standard acreage in there of 160 acres and your two possibilities, they're one of 100 acre unit and the other is a 209 acre unit. It would appear to me that the 209 acre unit is less unorthodox or less non-standard than the 100 acre unit would be.

THE WITNESS: That's what we thought.

MR. STAMETS: Any questions of the witness?

He may be excused.

Anything further in this case?

MR. MANNING: E. R. Manning of El Paso Natural
Gas. El Paso would like to go on record saying we have no
objections to the granting of this unorthodox location.

MR. STAMETS: Thank you, Mr. Manning.
Anything further in this case?
Case will be taken under advisement.

(WHEREUPON, hearing on this case concluded.

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SANTA FE, NEW MEXICO 87591

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REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, a Court Reporter with offices in Santa Fe, New Mexico, do hereby that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED at Santa Fe, New Mexico this 33.0 day of ______, 1973.

BETTY J. LANPHERE, Court Reporter

I do here y series that the foregoing is a compliant to the proceedings in the Examiner hearing of Case No. 6227 heard by moon

Oil Conservation Division

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P.O. BOX 445
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SANTA FE, NEW MEXICO 87591

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EXHIBITS

1. APPLICANT'S Exhibit No. 1		
Land Map	**	6
2. APPLICANT'S Exhibit No. 2 Telegram from Koch		8
Applicant's Exhibits admitt	eđ	9

P. O. BOX 449
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SANTA FE, NEW MEXICO 87501

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TLX KOCH INTL WIC ZCZC 001 WICHITA KS MAY 15 MS UNION TEXAS PETROLEUM SUITE 1122 LINCOLN TOWER DENVER, COLO 80203 DONALD WELLS

839-5528

KOCH INDUSTRIES HAS NO OBJECTION FOR UNION TEXAS FETROL TO DRILL THE JOHNSTON-FEDERAL NO. 11 PICTURED CLIFFS WELLR LOCATED 1190 FEET FROM SOUTH LINE AND 905 FEET FROM WEST LINE SECTION 7, T31N, ROW SAN JUAN COUNTY, NEW MEXICO AND TO ASSIGN ENTIRE VEST HALF OF THE SECTION TO THE VELL FOR FRORATION PURPOSES.

87-1201 \$5-67. ZISER

western union

Telegram

KOCH INDUSTRIES. INC. MNN

> BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION EXHIBIT NO. 2 CASE NO. 6227 Submitted by____ 5-17-78 Hearing Date___

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 6227 Order No. R-5737

APPLICATION OF UNION TEXAS PETROLEUM FOR A NON-STANDARD PRORATION UNIT, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 17, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 12th day of June, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Union Texas Petroleum, seeks approval of a 209.5-acre non-standard gas proration unit comprising the W/2 of partial Section 7, Township 31 North, Range 9 West, MMPM, to be dedicated to a well drilled at a standard location thereon.
- (3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Blanco-Pictured Cliffs Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.
- (4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Blanco-Pictured Cliffs 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. 6227 Order No. R-5737

IT IS THEREFORE ORDERED:

- (1) That Union Texas Petroleum is hereby authorized a 209.5-acre non-standard gas proration unit in the Blanco-Pictured Cliffs Pool comprising the W/2 of partial Section 7, Township 31 North, Range 9 West, NMPM, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

JOE D. RAMEY Director Dockets Nos. 19-78 and 20-78 are tentatively set for hearing on June 7 and 21, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 17, 1978

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROCM, 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:

- CASE 6225: Application of Petroleum Development Corporation for a dual completion, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Sun McKay Federal Well No. 2 located in Unit G of Section 10, Township 19 South, Range 32

 Fast, Lea County, New Mexico, in such a manner as to produce oil from the Wolfeamp formation thru tubing and gas from the Morrow formation thru the casing tubing annulus by means of a cross-over assembly.
- CASE 6226: Application of Barber Oil, Inc. for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Saladar Unit, by the injection of water into the Yates formation through five wells located in Units K, L, N and O of Section 33, Township 20 South, Range 28 East, Saladar-Yates Pool, Eddy County, New Mexico.
- Application of Union Texas Petroleum for a non-standard proration unit, San Juan County, New Mexico.

 Applicant, in the above-styled cause, seeks approval of a 209.5-acre non-standard gas proration unit comprising the W/2 of Section 7, Township 31 North, Range 9 West, Blanco Pictured Cliffs Pool, San Juan County, New Mexico, to be dedicated to a well drilled at a standard location thereon.
 - CASE 6228: Application of Depco, Inc., for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its R&S Federal Com Well No. 1 to be located 1980 feet from the South line and 990 feet from the West line of Section 17, Township 15 South, Range 28 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico, the S/2 of said Section 17 to be dedicated to the well.
 - CASE 6229: Application of Texas Oil & Gas Corporation for a unit agreement, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for its South Wilson State Unit Area comprising 3,200 acres, more or less, of State land in Township 21 South, Range 34 East, Lea County, New Mexico.
 - CASE 6230: Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County,
 New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location for
 its Duffield Fed. Com Well No. 1, a Wolfcamp-Pennsylvanian test to be located 1980 feet from the
 South line and 660 feet from the West line of Section 28, Township 16 South, Range 27 East, Eddy
 County, New Mexico. the S/2 of said Section 28 to be dedicated to the well.
 - CASE 6215: (Continued from May 3, 1978, Examiner Hearing)

Application of Texas Oil & Gas Corporation for a non-standard unit and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard proration unit comprising the N/2 of Section 29, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be located at an unorthodox location 660 feet from the North and West lines of said Section 29.

- CASE 6231: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County,

 New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location

 of its State "JM" Well No. 1, a Morrow test to be located 660 feet from the North and East lines

 of Section 25, Township 18 South, Range 24 East, Eddy County, New Mexico, the N/2 of said Section
 25 to be dedicated to the well.
- CASE 6232: Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Cities
 "JG" Well No. 1 to be located 660 feet from the South and East lines of Section 13, Township 18
 South, Range 24 East, Fordinkus Field, Eddy County, New Mexico, the E/2 of said Section 13 to
 be dedicated to the well.
- CASE 6233: Application of Amoco Production Company for salt water disposal, San Juan County, New Merico.

 Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Ojo Alamo formation through the perforated interval from 1175 feet to 1230 feet in its Cahn Cas Com Well No. 3 located in Unit F of Section 33, and from 1104 feet to 1122 feet in its Keys Cas Com "F" Well No. 1, located in Unit K of Section 27, all in Township 32 North, Range 10 West, Wt. Nebo-Fruitland Pool, San Juan County, New Mexico.



Union Texas Petroleum Division Suita 1122 Lincoln Tower Denver, Colorado 80203

Construction is a

April 17, 1978

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

Re: Johnston-Federal #11 SW SW Section 7-T31N-R9W San Juan County, New Mexico

Gentlemen:

Attached is a copy of the surveyor's plat for our proposed Johnston-Federal No. 11. We propose to drill this well to the Pictured Cliffs. As you are aware, Section 7 is not a standard size section. Therefore, a well drilled in the west half cannot be assigned a normal governmental quarter section proration unit. We respectfully request that administrative approval be granted for a nonstandard proration unit for the subject well. It is our desire to have the entire west half of Section 7 assigned to this well. However, the regular 160-acre proration unit size would be satisfactory.

Should anything prevent the administrative approval of our request, please place the matter on the docket for hearing. Thank you for your assistance.

Yours very truly,

DONALD b. WELLS

Assistant District Production Manager

Encl.

cc: Mr. A. R. Kendrick

New Mexico Oil Conservation Commission

1000 Rio Brazos Road

Aztec, New Mexico 87410

LEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACERAGE DEDICATION PLAT

	e e e e e e e e e e e e e e e e e e e	All distanc	es must be fr	. om the outer bound	taries of the	Section	ţ		
Qraior UNION	TEXAS P	ETROLEUM		Leose JOHNS	TON FEI	DORAL	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Veli No 11	
mit Letter M	Section 7	Township 34 NC	RTH	Ronge 9 WES	T Count	y San Juan			
Actual Feotoge Lee 1190		SOUTH	line and	905	feet from	the WEST	lin	2	
Ground Level Elev. 6619	i	ry Fermation PICTURED CLIF		Pool BLANCO PIC	TURED CI	liffs	Dedicoted	Avereoge: 209.5	Acres
1. Outline the	oceroge dedic	ated to the subject	t well by co	lored pencil or h	ochure ma	rks on the plo	nt below.		Z4
2. If more the interest and ro		s dedicated to th	e well, outl	ine each and id	dentify the	ownership t	hereof (bot	h as to w	orking
		of different owners tion, force-pooling		coted to the wel	II, hove the	e interests of	oli owners l	ceen consol	idoted
() Yes () No	If onswer is "yes	" type of o	consolidation			**************************************		*****

If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this form if

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 complete to the best of my knowledge and belief.

Asst. District Prod.

Position 12 NO.

April 6, 19784

April 6, 19784 Mexico

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.

29 March, 1978

Registered Professional Engineer and/or Land Surveyor

14 Certificate No.

SCALE- INCHES EQUALS 1 MILE

SAN JUAN ENGINEERING COMPANY, FARMINGTON, N. M.

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING: CASE NO. 6227 Order No. R- 5737 APPLICATION OF UNION TEXAS PETROLEUM FOR A NON-STANDARD PRORATION UNIT, SAN JUAN COUNTY, NEW MEXICO. ORDER OF THE DIVISION BY THE DIVISION: This cause came on for hearing at 9 a.m. on May 17 19 78 , at Santa Fe, New Mexico, before Examiner Richard L. Stamets NOW, on this day of May , 1978 , the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof. Union Texas Petroleum (2) That the applicant, seeks approval of a 209.5 -acre non-standard gas proration unit W/2comprising the of Section 7, Township 31 North , Range 9 West ship of North, Range 9 West, NMPM, to be dedicated to a well drilled at a standard location thereon. of said Section

2 1 V

(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Blanco Pictural Cliffs.

Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

١	(4) That approval of the subject application will afford
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	share of the gas in the Blanco-Pictured Cliffs
	Gas Pool, will prevent the economic loss caused by the drilling of
٠,	unnecessary wells, avoid the augmentation of risk arising from
ľ	the drilling of an excessive number of wells, and will otherwise
	prevent waste and protect correlative rights. IT IS THEREFORE ORDERED:
	(1) That 209.5 -acre non-standard gas proration unit
	in the Blanco-Pictured Cliffs
	W/2 of Section 7 , Township 31 North
	Range 9 West , NMPM, San Juan County, New Mexico,
	is hereby established and dedicated to Pusk a well/di led at a
s	andard location thereon located in Unit of said
	Sertion

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

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