CASE 6228: DEPCO, INC., FOR AN UNDRIHODOX LOCATION, CHAVES COUNTY, NEW MEXICO

CASE NO.

6228

APPlication, Transcripts, Small Exhibits,

ETC.



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

JERRY APODACA

NICK FRANKLIN SECRETARY

June 13, 1978

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$T^{*} = \theta^{*}$	Re:	CASE NO.	6228	
dr. Tom Kellahin		ORDER NO. I	2-5738	
Kellahin & Fox				
Attorneys at Law			professional action to the second	
Post Office Box 1769		Applicant:		
Santa Fe, New Mexico		*		
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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. 6228 Order No. R-5738

APPLICATION OF DEPCO, INC., FOR AN UNORTHODOX LOCATION, CHAVES 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, Depco, Inc., seeks approval of an unorthodox gas well location for its R & S Federal Com Well No. 1 to be drilled at a point 1980 feet from the South line and 990 feet from the West line of Section 17, Township 15 South, Range 28 East, NMPM, to test the Pennsylvanian formation, Buffalc Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.
- (3) That the S/2 of said Section 17 is to be dedicated to the wall.
- (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. 6228 Order No. R-5738

(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 for the Pennsylvanian formation is hereby approved for the Depco, Inc. R & S Federal Com Well No. 1 to be drilled at a point 1980 feet from the South line and 990 feet from the West line of Section 17. Township 15 South, Range 28 East, NMPM, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.
- (2) That the S/2 of said Section 17 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 Division may deem necessary.

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

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Director

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BEFORE THE

NEW MEXICO OLL CONSERVATION COMMISSION

GANTA FE, MEW MEXICO

MAY 17, 1978

COMMISSION HEARING

IN THE MATTER OF:

Application of Depco, Inc. for) an unorthodox location, Chaves) County, New Mexico.

CASE 6228

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

APPEARANCES

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

LANPHERE REPORTING SERVICE

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

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FOR DEPCO, INCORPORATED:

KELLAHIN AND FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico 87501
BY: TOM KELLAHIN, ESQ.

LANPHERE REPORTING SERVICE

P.O.BOX 449 58 SOUTH FEDERAL PLACE SANTA FE, NEW MEXICO 87501

MR. STAMETS: We'll call the next case. 6228.

MS. TESCHENDORF: Case 6228. Application of

STANK AND A CHAPTER MAN

Depco, Inc., for an unorthodox location, Chaves County, New Mexico.

MR. STAMETS: Call for appearances in this case.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, Santa Fe, New Mexico appearing on behalf of the Applicant. And I have one witness to be sworn.

ROBERT E. GROSS

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Gross, would you please state your name, by whom you're employed and in what capacity?

A Robert Gross, employed by Depco, Incorporated, Denver, Colorado as Development Managèr.

Mr. Gross, have you previously tectified before the Oil Conservation Division and had your qualifications as an expert witness accepted and made a matter of record?

A No

Q Would you please state for benefit of the Examiner when and where you obtained your degree?

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. Karan da k

A From the University of Iowa, 1949, Masters degree in Geology.

O Since obtaining your degree, where have you worked and in what capacities?

A I worked as a geologist for Texaco from 1949 to 1962, with Depco since that time, the last 12 years in Denver.

O Mr. Gross, have you made a study of and are you familiar with the facts surrounding this particular application?

A Yes.

MR. KELLAHIN: Mr. Examiner, please we tender Mr. Gross as an expert geologist.

MR. STAMETS: The witness is qualified.

Q (Mr. Kellahin) Refer to what I have marked as Applicant Exhibit No. 1, identify it and state what Depco is seeking to accomplish.

A This is a Structure Map on top of the Atoka and Buffalo Valley Field area. We are seeking a non-standard location in the Buffalo Valley. Field rules call for a northwest-southeast locations in the northwest quarter and southeast quarter. We're seeking a location in the southwest quarter of Section 17.

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the contract of the contract o

- Q What is the proration unit to be assigned to this well?
 - A South half of Section 17.
- Q Is the north half of 17 already dedicated to a producing well?
 - A Yes.
 - Ω What is that well?
 - A The Depco No. 1 R & S State.
- Ω You indicated that the field rules for the Buffalo Valley Field provide for locations either in the northwest quarter or the southeast quarter. Are there any other wells in the field that are off-patterned?
 - A Yes.
 - Q Would you identify those for us please?
- A In Section 6, there's a well in the southwest quarter of Section 5. The well was drilled in the southwest quarter. In Section 7, a well was drilled in the southwest quarter; and Section 18, a well was drilled in the southwest quarter.
- Ω What other information does your Structure Map indicate?
- A It indicates that the proposed location expects to be flat or slightly high to our producing well to the

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SANTA FE, NEV MEXICO 8750

And the second second to the second second

north, and we think this would be the most destrable location.

Okay. Please refer to Exhibit No. 2 and iden-1. sty tify it.

This is Cross-Section which is indicated on the Structure Map, A to A prime. It indicates the producing sand and the R & S State well and shows the other interpretation where that sand is in the adjacent well shown on the Cross-Section.

Commencing with A and running to A Prime, would you summarize the data contained with regard to each of the wells in the Cross-Section?

In well marked A, the Read & Stevens No. 1 Reading & Bates, the sand does not appear to be present at all in that well.

The next well to the south, the Depco R & S State "An, we found a very thin bray type dirty sand in that well which we believe correlates with the pay sand.

In the Depco No. 1 Bogle St., sand is not present The reason is that the sussikin (sic) is too high in there.

In our No. 1 R & S State we had about 20 feet of sand which about 6 feet was porous and productive.

To the south of that, the Depco No. 2 Federal,

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a trace of sand.

Parther to the south the Mountain States

Brotar well, we had about 4 feet of sand but it was tight

and dirty, and it was not productive.

- O There's no control to the east, is there, at this point?
 - A No control at all.
- Q Would you refer to what we marked as Exhibit
 No. 3 and identify that?

A Exhibit 3 is an Isopach Map of the producing sand in Depco No. 1 R & S State, produces in that well and several wells, a number of wells on the main part of the field to the west. It does not produce in any of the other wells in that area.

- Q In your opinion, Mr. Gross, will the proposed location be the optimum location from which to drain this particular proration unit?
 - A Yes.
- Q Based upon your study of this particular area in the exhibits you prepared, in your opinion will the approval of this application be in the best interest of conservation and the prevention of waste and the protection

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of correlative rights?

A Yes.

 Ω Were Exhibits 1, 2 and 3 prepared by you directly or under your direction or supervision?

λ Yes.

MR. KELLAHIN: I move the introduction of Exhibits 1, 2 and 3.

MR. STAMETS: Exhibits will be admitted.

MR. KELLAHIN: That concludes our direct examination.

MR. STAMETS: Mr. Gross, what kind of a deposition do you have here in the Pennsylvania? Is it delta bar channel?

THE WITNESS: There are some channels in there.

I do not believe these are channels. They're more bar
sands, very lenticular sands.

MR. STAMETS: Any other questions of the witness?
You may be excused.

Anything further in this case?

Case will be taken under advisement.

(WHEREUPON, the hearing on this case was concluded.)

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P.O. BOX 49
SS SOUTH FEDERAL PLACE

REPORTURES CORPUTED CATE

I, BETTY J. LANPHERE, a Court Reporter with offices in Santa Fe, New Mexico, do hereby certify 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 23 way of ______, 1978.

BETTY J. LANGHERE, Court Reporter

I do hereby confir that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1978

heard by me on Reaminer

Oil Conservation Division

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SE SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

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2.	The Witness	s - ROBERT	E. GROSS		£:
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1.	Exhibit No.	1 - Struc	cture Map		5
2.	Exhibit No.	2 - Cross	s-Section Map		7
3.	Exhibit No.	3 - Isopa	ach Map		8
	Applicant's	Exhibits	admitted	2,5 ,- 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	9
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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 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:

- 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 East, Lea County, New Mexico, in such a manner as to produce oil from the Wolfcamp 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 Gil & 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)

5 J. 3 & # 3 . . .

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 623: Application of Amoco Production Company for salt water disposal, San Juan County, New Mexico.

 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 Gas
 Com Well No. 3 located in Unit F of Section 33, and from 1104 feet to 1122 feet in its Keys Gas
 Com "F" Well No. 1, located in Unit K of Section 27, all in Township 32 North, Range 10 West,
 Mt. Nebo-Fruitland Pool, San Juan County, New Mexico.

Care 6228

DEPCO, Inc.

Exploration & Production

800 Central LA.: ..TEXAB ...7078

2 1 7 1978

April 14, 1978

Secretary-Director New Mexico Oil Conservation Commission Santa Fe, New Mexico

> Application for Administrative Approval of Unorthodox Location DEPCO, Inc. R & S Federal Com. No. 1 990' FWL & 1980' FSL Sec. 17, T15S - R28E Buffalo Valley Field Chaves Co., New Mexico

Gentlemen:

DEPCO, Inc. respectfully requests administrative approval of the above mentioned well as an unorthodox location in the Buffalo Valley Field. Under Special Rules and Regulations for this field (Rule 2) wells will be drilled in the NW/4 or SE/4, 990' to the outer boundary of the quarter section and no closer than 330' to any governmental quarter - quarter section line.

The enclosed plat indicates the requested location for the well, the location of all completed wells, and the ownership of the offsetting leases. Operators of the offsetting spacing units have been furnished a copy of this application by certified mail.

Yours very truly,

Chief Production Clerk

DRM/vp

OFFSET OPERATORS

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

Mountain States Fetroleum Corporation 1004 Security, Nat'l Bank Bldg. Roswell, New Mexico 88201

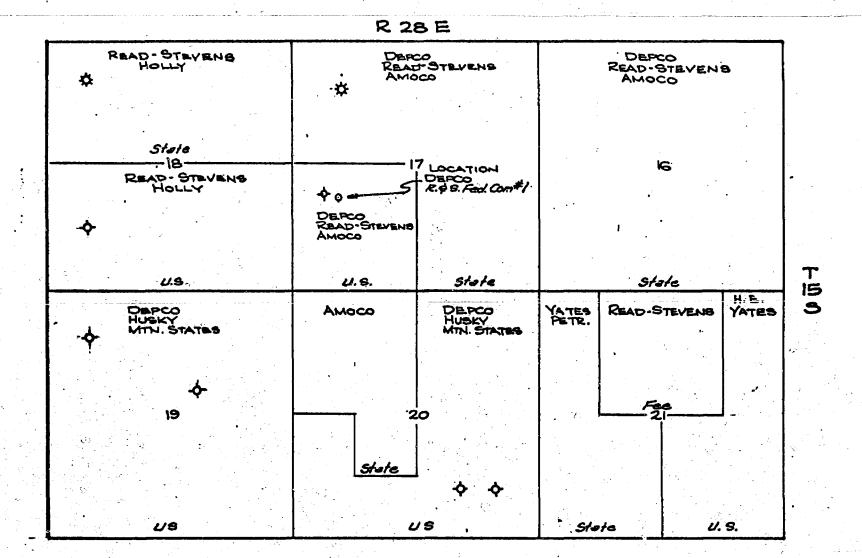
Husky Oil Co. 600 S. Cherry St. Denver, Colo. 80222

Amoco Production Co. P.O. Drawer A Levelland, Texas 79336

Yates Petroleum Corp. 207 S. 4th St. Artesia, New Mexico 88210

Holly Energy 2001 Bryan Tower Suite 2680 Dallas, Texas 75201

Harvey Yates Box 1933 Roswell, New Mexico 88201



CHÀVES CO., NEW MEXICO

DEPCO, Inc.

Exploration & Production



13/3 800 Central ODESSA, TEXAS 79760

April 14, 1978

Secretary-Director New Mexico Oil Conservation Commission Santa Fe, New Mexico

Application for Administrative Approval of Unorthodox Location
DEPCO, Inc. R & S Federal Com. No. 1
990' FWL & 1980' FSL
Sec. 17, T15S - R28E
Buffalo Valley Field
Chaves Co., New Mexico

Gentlemen:

DEPCO, Inc. respectfully requests administrative approval of the above mentioned well is an unorthodox location in the Buffalo Valley Field. Under Special Rules and Regulations for this field (Rule 2) wells will be drilled in the NW/4 or SE/4, 990' to the outer boundary of the quarter section and no closer than 330' to any governmental quarter - quarter section line.

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Yours very truly,

D. R. Mason

Chief Production Clerk

DRM/vp

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

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Holly Energy 2001 Bryan Tower Suite 2680 Dellas, Texas 75201

Harvey Yates
Box 1933
Roswell, New Mexico 88201

R 28 E READ - STEVENS HOLLY DEPCO READ-STEVENS AMOCO Derco Read-Stevens Amoco -# State DEFCO -1B-16 READ- STEVENS HOLLY **\$0** DEPCO READ-STEVENS AMOCO TIS State State U.S. U. S. H.E. YATES DEPCO HUSKY MIN. STATES READ-STEVENS Амосо 19 20 US *U.* 9. US State

CHAVES CO., NEW MEXICO

DEPCO, Inc.

Exploration & Production



800 Central ODESSA, TEXAS 79760

April 14, 1978

Secretary-Director New Mexico Oil Conservation Commission Santa Fe, New Mexico

Application for Administrative Approval of Unorthodox Location DEPCO, Inc. R & S Federal Com. No. 1 990' FWL & 1980' FSL Sec. 17, T15S - R28E Buffalo Valley Field Chaves Co., New Mexico

Gentlemen:

DEPCO, Inc. respectfully requests administrative approval of the above mentioned well as an unorthodox location in the Buffalo Valley Field. Under Special Rules and Regulations for this field (Rule 2) wells will be drilled in the NW/4 or SE/4, 990' to the outer boundary of the quarter section and no closer than 330' to any governmental quarter - quarter section line.

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DRM/vp

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

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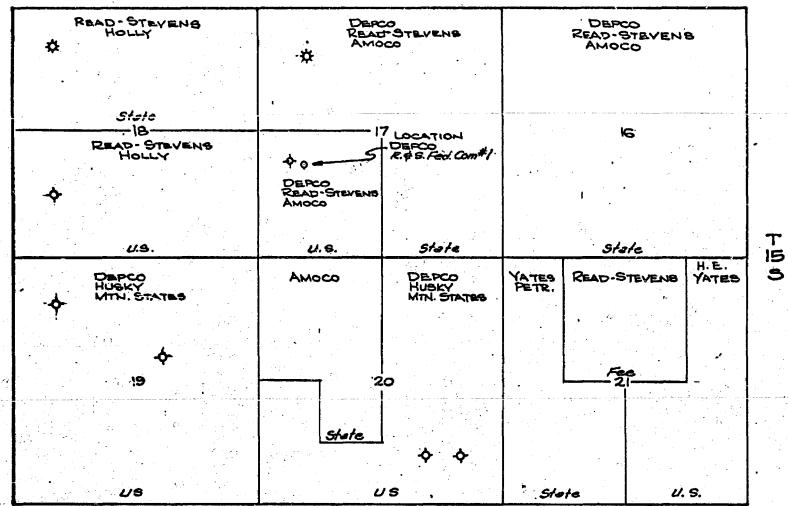
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Roswell, New Mexico 88201

R 28 E



CHAVES CO., NEW MEXICO

DEPCO, Inc.

Exploration & Production



800 Central ODESSA. TEXAS 79760

April 14, 1978

Secretary-Director New Mexico Oil Conservation Commission Santa Fe, New Mexico

Application for Administrative Approval of Unorthodox Location DEPCO, Inc. R & S Federal Com. No. 1 990' FWL & 1980' FSL Sec. 17, T15S - R28E Buffalo Valley Field Chaves Co., New Mexico

Gentlemen:

DEPCO, Inc. respectfully requests administrative approval of the above mentioned well as an unorthodox location in the Buffalo Valley Field. Under Special Rules and Regulations for this field (Rule 2) wells will be drilled in the NW/4 or SE/4, 990' to the outer boundary of the quarter section and no closer than 330' to any governmental quarter - quarter section line.

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Yours very truly,

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DRM/vp

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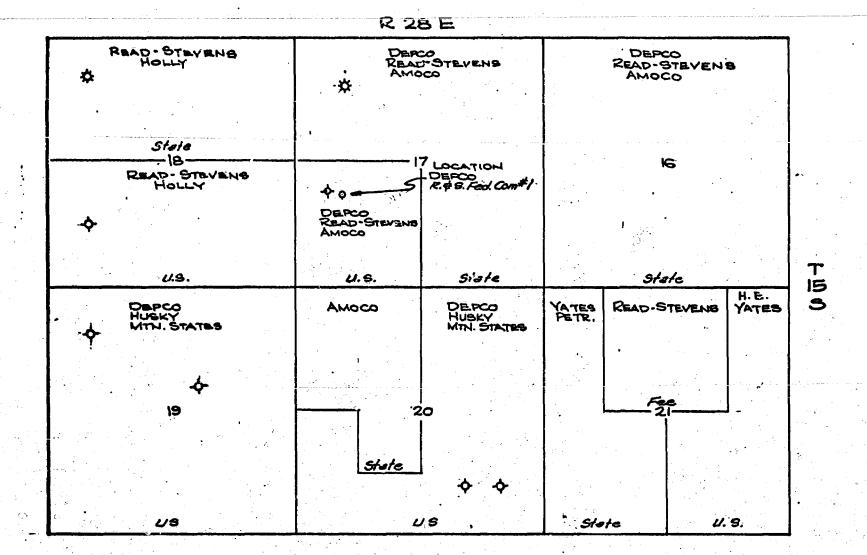
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Harvey Yates Box 1933 Roswell, New Mexico 88201



CHAVES CO., NEW MEXICO

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:

CONSIDERING:
CASE NO. 6228
ORDER NO. R- 5738
APPLICATION OF DEPCO, INC.,
FOR AN UNORTHODOX GAS-WELL-LOCATION,
CHAVES 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.
(2) That the applicant, Depco, Inc.
for its R & S Federal Com Well No. 1 to be located for seeks approval of an unorthodox gas well location/ 1980
feet from the South line and 990 feet from the
West line of Section 17 , Township 15 South
Range 28 East , NMPM, to test the Pennsylvanian
formation, Buffalo Valley-Pennsylvanian/pool, Chaves
County, New Mexico.
(3) That the $S/2$ of said Section 17 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 unorthodo
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Case	No.		
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(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 for the Pennsylvanian Depco, Inc. R & S Federal Com Well No. 1 to be drilled formation is hereby approved for axamble to be located at a point 1980 feet from the South line and 990 feet from the West line of Section 17 , Township 15 South , Range 28 East NMPM, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.
- (2) That the S/2 of said Section 17 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 Division may deem necessary.

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