

CASE NO.

6369

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date NOVEMBER 8, 1978 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Gus T. Buell	Amoco Production Co	Houston
Jim Pense	✓ ✓ ✓	✓
William S. Jamison	Supron Energy Corporation	Dallas
Jerry L. Lee	SUPRON ENERGY CORP.	DALLAS
JOE A. COLEMAN	HARPER OIL CO	OKLA CITY
Tom Kellahan	Kellahan & Fox	Santa Fe
Lee Nering	Belco Petroleum Corp	Houston
Bill Gressett	OCD	artemia
L.M. Carnes	MESA PETROLEUM CO.	AMARILLO, TEX.
A. P. Williams, Jr.	" "	" "
BARRY F. CANNADAY	" "	" "
Jim Vetter	Beard oil company	" "
CR Kendrick	OCD	OKLA CITY, OKLA Aylee

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
8 November 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Com-) CASE
pany for an unorthodox gas well loca-) 6369
tion and simultaneous dedication. Lea)
County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Guy Buell, Esq.
Post Office Box 3092
Houston, Texas 77001

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
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I N D E X

J. E. PEASE

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E X H I B I T S

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Santa Fe, New Mexico 87501

1 MR. STAMETS: The hearing will please come
2 to order. We'll call first Case 6369.

3 MS. TESCHENDORF: Case 6369. Application of
4 Amoco Production Company for an unorthodox gas well location
5 and simultaneous dedication, Lea County, New Mexico.

6 MR. STAMETS: Call for appearances.

7 MR. BUELL: May it please the Examiner, for
8 Amoco Production Company, the applicant, Guy Buell.

9 MR. STAMETS: I'd like to have the witness
10 stand and be sworn, please.

11 (Witness sworn.)

12
13 J. E. PEASE
14 being called as a witness and having been duly sworn upon
15 his oath, testified as follows, to-wit:

16
17 DIRECT EXAMINATION

18 BY MR. BUELL:

19 Q Mr. Pease, state your full name, please, for
20 the record.

21 A James E. Pease.

22 Q And would you spell your last name?

23 A P-E-A-S-E.

24 Q All right, sir, by whom are you employed,
25 in what location, and in what capacity, please?

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CLERK OF DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
300 FINE BUILDING, NEW YORK 6, N.Y.
TELEPHONE 697-4444

1 A I'm employed by Amoco Production Company, in
2 Houston, Texas, as a Staff Engineer.

3 Q Have you testified before this body on pre-
4 vious occasions, have you not?

5 A Yes, sir.

6 Q And your qualifications as a petroleum engineer
7 are a matter of record in their files?

8 A They are.

9 MR. BUELL: Are there any questions, Mr.
10 Examiner?

11 MR. STAMETS: The witness is considered
12 qualified.

13 Q (Mr. Buell continuing.) Mr. Pease, in con-
14 nection with your appearance here today, would you look
15 first at what has been identified as our Exhibit Number One
16 and state for the record, please, what that exhibit re-
17 flects?

18 A Exhibit One is a map of a portion of the
19 Lusk Morrow Field in Lea County.

20 Q All right, what portion of the pool is it?

21 A It's the north portion.

22 Q How many wells do we have in this pool south
23 of your exhibit?

24 A There are six wells that are not on the ex-
25 hibit that at one time have produced from the Lusk Morrow

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Phone 363-1100, New Number 916-51

1 Pool.

2 Q And how many of those six are still producing
3 at this time?

4 A Two.

5 Q In your opinion does the area covered by
6 Exhibit One show all things pertinent and appropriate to
7 our application here today?

8 A Yes, sir.

9 Q All right, sir, how have you distinguished
10 the wells that are producing from or have produced from
11 the Morrow in the area of the pool shown on your Exhibit
12 One?

13 A These are shown by the yellow dots.

14 Q How many yellow dots do we have?

15 A I counted eleven of them.

16 Q How many of those eleven are still producing?

17 A Seven; or that includes one that's capable
18 of producing there in Section 10 that has not gone on
19 production.

20 Q Waiting on a connection?

21 A Yes, sir.

22 Q All right, sir, let me ask you this. How
23 have you shown the location for our unorthodox well that
24 we're requesting here today?

25 A This is shown by a red dot. It's -- excuse me

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1 Q Is the area that we're looking at here, is
2 it a multi-pay area?

3 A Yes, it is.

4 Q With respect to the deeper pays, what have
5 we produced from in the past and are producing from now?
6 Starting with the most shallow of the deep pays and work
7 your way on down to the Morrow.

8 A Well, we have the Bone Springs formation at
9 about 9900 feet and that's oil.

10 Q How are those wells identified on this ex-
11 hibit?

12 A By just a plain well symbol.

13 Q Conventional well symbol?

14 A Conventional symbol.

15 Q All right, sir. Let's go on down a little
16 deeper.

17 A And then we have the Wolfcamp. There's two
18 current Wolfcamp producers. Those are shown by the green
19 symbols, and there's a third Wolfcamp producer that's not
20 shown. That's --

21 Q Excuse me, is the Wolfcamp productive of oil
22 or gas?

23 A It's oil there.

24 Q Oil pool. All right, sir, is there anything
25 any deeper than that between the Wolfcamp and the Morrow?

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1 A There's some Strawn production over on the
2 west side of the map in Sections 18 and 17.

3 Q You didn't identify it with any particular
4 symbols since it's so far from the area we're looking at?

5 A No, sir.

6 Q Would you anticipate the Strawn to be pro-
7 ductive in the area of our interest here today?

8 A It hasn't been indicated so by the wells
9 drilled in the area.

10 Q All right, sir. What are the primary ob-
11 jectives of our State DR No. 3 Well?

12 A The Wolfcamp zone. It's about -- you'd have
13 to drill about 11,000 feet to make a Wolfcamp producer.

14 Q Now how much deeper is the Morrow below the
15 Wolfcamp?

16 A It would require another 2,000 feet of hole
17 to evaluate all the Morrow zone.

18 Q All right, let me ask you this. What would
19 it cost to drill a Morrow well in this area from the sur-
20 face to the Morrow?

21 A About \$800,000 for a producer, 13,000 foot
22 well.

23 Q What would it cost to take this Wolfcamp ob-
24 jective well the additional 2,000 feet down into the Morrow?

25 A The estimated cost is \$153,000 for a producer

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1 and \$106,000 for a dry hole.

2 Q Now, Mr. Pease, I realize you're going to get
3 into this later in your testimony specifically, but let me
4 ask you this.

5 In the area that we're looking at here is the
6 Morrow pay development erratic? How would you as an en-
7 gineer describe it?

8 A It's very lenticular in nature.

9 Q Is lenticular anything like erratic?

10 A Yes.

11 Q All right, sir, could you recommend that
12 Amoco drill a well to the Morrow in the area of our pro-
13 posed location from the surface to the Morrow?

14 A Not for the Morrow alone.

15 Q Could you recommend the additional what was
16 it, \$160,000 to drill the Wolfcamp well on into the Morrow?

17 A Yes, sir.

18 Q Could you recommend that?

19 A Yes, I could.

20 Q All right, sir, what is the line that connects
21 the three wells in the central portion of your Exhibit
22 Number ONE?

23 A That's a line A-A, which represents Exhibit
24 Number Two. It's a log cross section of these three wells.

25 Q Are you ready to go to that exhibit now?

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1 A Well, I'd like to add a few more things on
2 Exhibit One.

3 Q All right, sir.

4 A Shown by each of these completions for the
5 Morrow gas wells, it's pointed out in the legend but I'd
6 also like to cover it, is cumulative gas production in Bcf,
7 and this is to August 1st of 1978. That would be the top
8 number on the left.

9 The number beside that on the other side of
10 the "X" would be the cumulative condensate production in
11 thousands of barrels.

12 The lower set of numbers represents the latest
13 test data. The first number on the left is the gas rate
14 in Mcf per day. The middle number is the barrels of water
15 production during the test, and the number on the far right-
16 hand side would be the barrels of condensate per day.

17 MR. STAMETS: Excuse me, what was the first
18 number shown, like for the current well in the north half
19 of 16 you had .65? What is that?

20 A That's the cumulative gas production in Bcf
21 to August 1st, 1978.

22 Q Are these production data the latest that
23 are available to you?

24 A Yes, sir.

25 Q Any other comments on Exhibit One?

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1 A No, that is the reason for the changes there,
2 is to make the numbers the latest available.

3 Q All right, sir. Turn to your cross section,
4 now. It's been identified as Exhibit Number Two. That's
5 a generally south/north cross section, is it not?

6 A That's correct.

7 Q What have you added to the logs of the three
8 wells that compose this section?

9 A Well, the logs that we've shown here are the
10 Gamma Ray, the Compensated Neutron Log, and the Compensated
11 Formation Density Logs, and on these logs I've highlighted
12 the clean sections, and by this I would use the Gamma Ray
13 reading of less than 35 API units.

14 These represent the clean sands or the clean
15 limestones.

16 Q How have you highlighted those areas that
17 you were just talking about?

18 A By yellow color.

19 Q All right, sir.

20 A And I've highlighted the current perforated
21 intervals or producing intervals in the wells by the --
22 by pink color.

23 Q Pink or red?

24 A Red, yes.

25 Q Depending on how you look at colors?

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1 A Yes.

2 Q All right, sir, what is the significance of
3 the -- you have several blue horizontal lines across this
4 exhibit. What -- what are they?

5 A These represent major shale intervals, which
6 could be used to zone the Morrow here. I do not have all
7 the Morrow shown, but I do have the bottom portions of
8 each of the wells, from the TD up.

9 Q All right, sir. Now, what -- what was your
10 purpose in identifying and correlating the shale zones all
11 the way across this section?

12 A Well, this vividly then shows that the, as
13 an example, the intervals that are producing in the well
14 to the left, the Petroleum Development Corporation Superior
15 "C" State Well No. 1, are not well developed and are not
16 even perforated in the Amoco State DR No. 1 Well, which is
17 only 1320 feet away.

18 Q 1320 feet separate those two wells?

19 A That's correct.

20 Q All right, let's go from the middle well,
21 our well, to the well on the right and make the same com-
22 parison, but first let me ask you, how far apart are the
23 well in the middle and the well on the right?

24 A It's about 4100 feet between the center well
25 and the well on the right.

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1 Q Less than a mile?

2 A Slightly less than a mile.

3 Q All right, sir, let's make that same comparison
4 going from the middle to the right.

5 A Well, the well on the right, of course, was
6 completed there, as shown, in July of '76 and went on pro-
7 duction in July of '76, so it's -- the well in the center,
8 the Amoco well, was the latest well completed of the three,
9 and while the zones that are producing in the Amoco well
10 appear to extend through the Petroleum Development Corpor-
11 ation Dorothy McKay Federal No. 1, we found virgin pressures
12 in the Amoco well, which was completed about a year and a third
13 after the well on the right had gone on production.

14 Q So while you can correlate some of the per-
15 forated intervals from the -- between these two wells over
16 4000 feet apart, do you have any doubt as to whether or
17 not they are continuous over that area?

18 A At this time it would be uncertain as to
19 whether or not they're connected.

20 Q When you see a well like that well and the
21 Petroleum Development Corporation's Superior "C" State
22 No. 1 only 1320 feet apart, and the lack of continuity in
23 the pay, it would make you question whether or not the pay
24 is continuous over that over 4000 feet?

25 A That is correct, based on the cumulative

1 production from the well on the right and the current pro-
2 ducing rate, it appears that it's draining a very small
3 area.

4 Q Based on your study of this area, Mr. Pease,
5 do you have an opinion as to whether or not there is a
6 good possibility that a well drilled to the Morrow in the
7 location we're requesting could find Morrow gas that
8 couldn't be produced by any of the existing wells?

9 A I think that's highly possible, yes.

10 Q And certainly if that turns out to be the
11 case, that will protect correlative rights and prevent
12 waste?

13 A And prevent waste.

14 Q Let me ask you this. Do you see how drilling
15 and completing a Morrow well at this location can in any
16 way adversely affect the correlative rights of the offset
17 owner?

18 A It certainly wouldn't if the situation was
19 the same as between the two wells on the left.

20 Q When you look at the performance of the well
21 in the southeast quarter of Section 9, would you have a
22 doubt as to whether or not it has the ability to drain any
23 Morrow gas in the area of our proposed location?

24 A I wouldn't think that it would be draining
25 that area.

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1 Q Do you have anything else you'd care to add
2 at this time, Mr. Pease?

3 A No.

4 MR. BUELL: May it please the Examiner, that
5 is all we have by way of direct.

6 I would like to formally offer our Exhibits
7 One and Two.

8 MR. STAMETS: These exhibits will be admitted.

9
10 CROSS EXAMINATION

11 BY MR. STAMETS:

12 Q Mr. Pease, what kind of reserves does Amoco
13 anticipate for the Morrow wells in this area?

14 A Well, for the amount of pay that we saw in
15 the State DR No. 1, we calculated about 7-1/2 Bcf of re-
16 serves by pore volume, but the performance of the well, it's
17 doubtful that it will recover over a Bcf, not much more
18 than that.

19 Q Then the --

20 A The pore volume was 320-acre, based on 320
21 acres.

22 Q Then it doesn't sound very economical.

23 A No, well, you can see the wells on Exhibit
24 One, of the ones I've shown only about three of them are
25 economical wells. There's only, I believe, three that had

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1 cumulative productions over a Bcf, and those that are less,
2 it's extremely doubtful that they'll make a Bcf.

3 At \$800,000 for a well, you'd need somewhere
4 around a Bcf to have an economical well.

5 Q Do you figure your State DR is completed in
6 a new reservoir under the Natural Gas Policy Act?

7 A I'm not an expert on that.

8 Q I don't believe there are any.

9 What's the Wolfcamp spacing?

10 A It's statewide; it's called the East Lusk
11 Wolfcamp; it would be 40 acres.

12 Q 40 acres. And you would expect if you carry
13 this well on to the Morrow formation that you'd recover
14 otherwise uncoverable reserves?

15 A I think that's highly possible.

16 MR. STAMETS: Any questions of the witness?
17 He may be excused.

18 Anything further in this case? We'll take
19 the case under advisement.

20 (Hearing concluded.)
21
22
23
24
25

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Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3023 Main Street (Rm. 205) 471-4400
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is a complete and correct transcript of the hearing heard by me on 11/5/8 at 6368 1978.
Richard H. [Signature] Examiner
Oil Conservation Division

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. 6369
Order No. R-5872

APPLICATION OF AMOCO PRODUCTION COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION AND
SIMULTANEOUS DEDICATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 8, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of November, 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, Amoco Production Company, seeks approval of an unorthodox gas well location for its State "DR" Well No. 3 to be drilled at a point 660 feet from the North line and 660 feet from the East line of Section 16, Township 19 South, Range 32 East, NMPM, to test the Morrow formation, Lusk-Morrow Gas Pool, Lea County, New Mexico.

(3) That the applicant further seeks to simultaneously dedicate the N/2 of said Section 16 to said well and to its State "DR" Well No. 1 located in Unit F of said section.

(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. 6369

Order No. R-5872

(5) 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 Morrow formation is hereby approved for the Amoco Production Company State "DR" Well No. 3 to be drilled at a point 660 feet from the North line and 660 feet from the East line of Section 16, Township 19 South, Range 32 East, NMPM, Lusk-Morrow Gas Pool, Lea County, New Mexico.

(2) That the applicant is further authorized to simultaneously dedicate the N/2 of said Section 16 to the above-described well and to its State "DR" Well No. 1 located in Unit F of said section.

(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-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S B

fd/

NOV -7 1978

ATWOOD, MALONE, MANN & COOTER
A PROFESSIONAL ASSOCIATION
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

CONSERVATION COMM.
Santa Fe

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
BRIAN W. COPPLE

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

RANDAL W. ROBERTS

November 6, 1978

Mr. Joe D. Ramey
Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

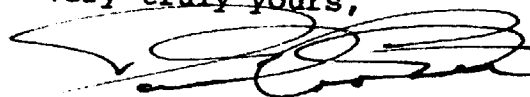
RE: Examiner Hearing November 8, 1978
Case No. 6369 and Case No. 6370

Dear Mr. Ramey:

Please file the enclosed Entries of Appearance in
Cases Nos. 6369 and 6370.

Thank you and with regards, I am

Very truly yours,


Paul Cooter

PC/le

Encls.

cc: Guy Buell, Esq.
w/encls.



BEFORE THE OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

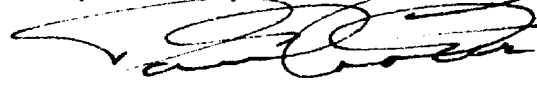
IN THE MATTER OF THE APPLICATION)
OF AMOCO PRODUCTION COMPANY FOR)
AN UNORTHODOX GAS WELL LOCATION)
AND SIMULTANEOUS DEDICATION, LEA)
COUNTY, NEW MEXICO.)

Case No. 6369

ENTRY OF APPEARANCE

The undersigned hereby enter appearance herein in
behalf of AMOCO PRODUCTION COMPANY, with Guy Buell of Houston,
Texas.

ATWOOD, MALONE, MANN & COOTER, P.A.



By

P. O. Drawer 700
Roswell, New Mexico 88201

Attorneys for Amoco Production Company

Dockets Nos. 37-78 and 38-78 are tentatively set for hearing on November 21 and December 6, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 7, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6146: (DE NOVO) (Continued and Readvertised)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6266: (DE NOVO)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Upper Pennsylvanian test well to be located 660 feet from the North and East lines or, in the alternative, 990 feet from the North and East lines of Section 23, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, all of said Section 23 to be dedicated to the well.

Upon application of Harvey E. Yates Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6377: Application of Durham, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section 8, Township 21 South, Range 24 East, Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North and East lines of said Section 8. 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 6378: In the matter of the hearing called by the Oil Conservation Division on the motion of Shell Oil Company to permit Corinne Grace and all other interested parties to appear and show cause why Division Order No. R-3713, which pooled all of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, should not be declared null and void, if said pooling order has not already automatically expired due to non-production.

CASE 6379: Application of Shell Oil Company for pool contraction and pool extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of the N/2 of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, or in the alternative, all of said Section 8, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid N/2 or all of said Section 8.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 8, 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 6369: Application of Amoco Production Company 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 DR Well No. 3 to be drilled 660 feet from the North and East lines of Section 16, Township 19 South, Range 32 East, Lea County, New Mexico, to be simultaneously dedicated with its Well No. 1 located in Unit E to the present 320-acre unit comprising the N/2 of said Section 16.

- CASE 6370:** Application of Amoco Production Company 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 Cilluly B Fed. Well No. 22 to be drilled 2310 feet from the North line and 1980 feet from the West line of Section 33, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated with the current unit Wells No. 3 and 15 located in Units N and H, respectively, to the present 360-acre non-standard proration unit in Section 33.
- CASE 6371:** Application of Doyle Hartman for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Phillips-Woolworth Well No. 1 located 2310 feet from the North line and 1980 feet from the East line of Section 26, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.
- CASE 6372:** Application of Belco Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1495 feet from the North line and 330 feet from the West line of Section 6, Township 23 South, Range 31 East, Los Mendanos Atoka Pool, Eddy County, New Mexico, the W/2 of said Section 6 to be dedicated to the well.
- CASE 6373:** Application of Beard Oil Company for a dual completion, surface commingling, pool creation, and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the gas-gas dual completion of its Manlad Well No. 1 located in Unit E of Section 17, Township 17 South, Range 24 East, Eddy County, New Mexico, to produce gas from the Atoka formation through tubing and the Abo formation through the casing-tubing annulus, and to commingle the production at the surface. Applicant further seeks the creation of a new Abo gas pool and the adoption of special pool rules therefor, including a provision for 320-acre spacing and proration units for a temporary period of one year.
- CASE 6374:** Application of Mesa Petroleum Company for a special oil allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a temporary increase in the oil allowable for its West Knowles Well No. 5 located in Unit H of Section 34, Township 16 South, Range 37 East, West Knowles-Drinkard Pool, Lea County, New Mexico, from 310 barrels to 500 barrels for the 90-day period extending from October 1, 1978 to December 31, 1978.
- CASE 6375:** Application of Harper Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Wantz-Abo, Drinkard, and Blinebry production within the wellbore of its S. J. Sarkeys Well No. 2 located in Unit H of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 6352:** (Continued and Readvertised)
Application of Southland Royalty Company for a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Grenier "A" Well No. 1A located in Unit C of Section 26, Township 30 North, Range 10 West, to produce gas from the Blanco-Pictured Cliffs and Blanco Mesaverde Pools, San Juan County, New Mexico, with separation of the zones to be achieved by means of a polished bore receptacle and mandrel.
- CASE 6346:** (Continued and Readvertised)
Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Chacra production in the wellbore of its Jicarilla K Well No. 14 located in the SE/4 of Section 11, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 6348:** (Continued and Readvertised)
Application of Supron Energy Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Mesaverde and Dakota production in the wellbore of its Starr Well No. 3 located in the NE/4 of Section 5, Township 26 North, Range 8 West, San Juan County, New Mexico.
- CASE 6341:** (Continued from October 11, 1978, Examiner Hearing)
Application of Supron Energy Corporation for dual completions and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the dual completion of its Jicarilla A Well No. 8 located in the NW/4 of Section 23; its Jicarilla E Well No. 7 located in the SE/4 of Section 15; and its Jicarilla E Well No. 8 located in the NW/4 of Section 15, all in Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Mesaverde formation through a separate string of tubing and to commingle Gallup and Dakota production in the wellbores of said wells.

CASE 6342: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla J Well No. 10 located in the SE/4 of Section 26, Township 26 North, Range 5 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Tocito and Dakota production in the wellbore of said well.

CASE 6343: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla H Well No. 8 located in the SE/4 of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Gallup and Dakota production in the wellbore of said well.

CASE 6344: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla F Well No. 1 located in the SW/4 of Section 27, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Mesaverde and Dakota production in the wellbore of said well.

CASE 6345: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production in the wellbore of its Jicarilla H Well No. 7 located in the SW/4 of Section 19, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 6347: (Continued from October 11, 1978, Examiner Hearing)

Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Dakota production in the wellbore of its Jicarilla K Well No. 17 located in the SW/4 of Section 12, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6376: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating an extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Mescalero Sands-Pennsylvanian Gas Pool. The discovery well is Petroleum Development Corporation Estelle Federal Well No. 1 located in Unit E of Section 34, Township 12 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 30 EAST, NMPM
Section 34: W/2

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the Sioux-Yates Pool. The discovery well is Tishman Federal Well No. 1 located in Unit N of Section 5, Township 26 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM
Section 31: NE/4
Section 32: W/2

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 5: W/2

(c) EXTEND the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 31: N/2
Section 32: N/2
Section 33: All

(d) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 26: SE/4

- (e) ~~EXTEND~~ the vertical limits of the Box-Canyon Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include the Canyon and Wolfcamp formations and redesignate said pool as the Box Canyon-Permo Pennsylvanian Gas Pool and extend the horizontal limits of said pool to include therein:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM

Section 13: All
 Section 23: S/2
 Section 26: E/2
 Section 35: E/2
 Section 36: W/2

TOWNSHIP 22 SOUTH, RANGE 21 EAST, NMPM

Section 1: N/2

- (f) ~~EXTEND~~ the North Burton Flats-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 28: S/2
 Section 33: E/2

- (g) ~~EXTEND~~ the East Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 27: S/2

- (h) ~~EXTEND~~ the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 28: N/2

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 10: N/2
 Section 21: S/2

- (i) ~~EXTEND~~ the Comanche Stateline Tansill-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM

Section 33: NW/4

- (j) ~~EXTEND~~ the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM

Section 29: W/2

- (k) ~~EXTEND~~ the East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 22: SW/4 and W/2 SE/4

- (l) ~~EXTEND~~ the Forehand Ranch-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 15: NW/4 SE/4

- (m) ~~EXTEND~~ the Fowler-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 16: SE/4

- (n) ~~EXTEND~~ the Jenkins-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM

Section 28: S/2

- (o) ~~EXTEND~~ the Kennitz-Cisco Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 16: W/2

- (p) ~~EXTEND~~ the East Lusk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 10: N/2 and SW/4
 Section 15: NW/4

- (q) EXTEND the West Malaga-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 9: N/2

- (r) EXTEND the Revelation-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 3: W/2

- (s) EXTEND the Rock Tank-Upper Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 1: All

- (t) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 25: N/2

- (u) EXTEND the Southwest Sulphate-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 14: NE/4 NE/4

- (v) EXTEND the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: NE/4

- (w) EXTEND the Watkins Yates-Seven Rivers-Queen-Grayburg Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 6: SW/4

- (x) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 8: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 4: All

- (y) EXTEND the Wilson-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 14: S/2

- (z) EXTEND the Winchester-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 24: S/2

- (aa) EXTEND the Winchester-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 26: E/2 and SW/4



J. R. Barnett
Regional Engineering
Manager

October 18, 1978

File: TBM-986.51NM-982

Re: Application for Hearing
Lusk-Morrow Gas Pool
Lea County, New Mexico

New Mexico Department of Energy and Minerals
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

Confirming telephone request of October 17, 1978 to Mr. Dan Nutter, Amoco Production Company requests a hearing for obtaining approval of an unorthodox gas well location with simultaneous dedication on a non-standard 320 acre unit in the Lusk-Morrow Gas Pool, Lea County.

Specifically, Amoco desires to penetrate the Morrow zone with possible completion in the State "DR" Well No. 3, located 660' FNL and 660' FEL, Unit A, Section 16, T-19-S, R-32-E, and simultaneously dedicate the N/2 of Section 16 with State "DR" Well No. 1, located in Unit F. The non-standard unit was authorized by Order NSP1053 dated May 27, 1977. The primary objective for Well No. 3 is the Wolfcamp zone from 10,000-11,000 feet for which the well is at an orthodox location. A depth of 13,000 feet would be required to penetrate the Morrow zone.

Attached is a map of the area. Please direct any questions to Mr. Jim Pease, telephone 713-652-5461.

Yours very truly,

J. R. Barnett

JEP:sam
Attachment

Amoco Production Company
Houston Region
500 Jefferson Building
Post Office Box 3092
Houston, Texas 77001

RECEIVED
OCT 29 1978
OIL CONSERVATION COMM.
Santa Fe

Case 6369

DAN NUTTER

Pearce (73) 662-5461 Houston
Cameron Prod Co

unorthodox gas
well loc & mineral
Rusk Morrow Gas Pool

DR #3 660 FNL

660 FEL

16-19-32 Lea

simultaneously

dedicate N/2 16 w/ #1

loc in Unit E

won 1st NSP 1063

unit previously approved

DRAFT

dr/

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. 6369

ORDER NO. R- 5872

APPLICATION OF AMOCO PRODUCTION COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION, AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 8,
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of November, 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, Amoco Production Company
for its DR Well No. 3 to be drilled at a point
seeks approval of an unorthodox gas well location / 660
feet from the North line and 660 feet from the
East line of Section 16, Township 19 South
Range 32 East, NMPM, to test the Morrow
formation, Lus 13-Morrow Gas Pool, Lea

County, New Mexico,
The applicant further seeks to simultaneously dedicate
(3) That ~~the~~ N/2 of said Section 16 ~~is to be~~
~~dedicated to the well.~~ *to said well and to its DR Well No. 1 located in Unit F*
of said section. *State*

(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. _____

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:

(1) That an unorthodox gas well location for the Morrow the Amoco Production Company DR Well No. 3 to be drilled at a point formation is hereby approved for a well to be located at a point 660

feet from the North line and 660 feet from the East

line of Section 16, Township 19 South, Range 32 East

NMPM, Lusk-Morrow Gas Pool, Lea County,

New Mexico, the applicant is further authorized to dedicate simultaneously by dedicate

(2) That the N/2 of said Section 16 shall be dedicated to the above-described well and to its DR Well No. 1 located in Unit F of said Section. State

(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.

5923 13

Amery

CASE 6370: AMOCO PRODUCTION COMPANY FOR
BROMOX GAS WELL LOCATION AND STIMU-
LANTOUS PREDICATION, LEA COUNTY, NEW MEX.