

CASE 6938: ANADARKO PRODUCTION COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
CHAVES COUNTY, NEW MEXICO

CONTINUED

TO

AUGUST 20

CASE NO.

6938

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

September 12, 1980

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

Re: CASE NO. 6938
ORDER NO. R-6450

Applicant:

~~Anadarko Production Company~~

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/ed

Copy of order also sent to:

Hobbs OCD _____ x
Artesia OCD _____ x
Aztec OCD _____

Other

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. 6938
Order No. R-6450

APPLICATION OF ANADARKO PRODUCTION
COMPANY 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 August 20, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of September, 1980, 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, Anadarko Production Company, seeks approval of an unorthodox gas well location for its Dalport Federal Well No. 1 660 feet from the South line and 660 feet from the West line of Section 20, Township 13 South, Range 31 East, NMPH, to test the Queen formation, Southeast Chaves Queen Gas Area, Chaves County, New Mexico.

(3) That the W/2 of said Section 20 is to be dedicated to the well.

(4) That said unorthodox location resulted from the completion as a gas well of a well projected as an oil well at a standard oil well location.

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

-2-

Case No. 6938
Order No. R-6450

(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 Queen formation is hereby approved for the Anadarko Production Company Dalport Federal Well No. 1 located at a point 660 feet from the South line and 660 feet from the West line of Section 20, Township 13 South, Range 31 East, NMPH, Southeast Chaves Queen Gas Area, Chaves County, New Mexico.

(2) That the W/2 of said Section 20 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director


S E A L

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
20 August 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Anadarko Production
Company for an unorthodox gas well
Location, Chaves County, New Mexico.

CASE
6938

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

RICHARD ERICKSON

Direct Examination by Mr. Kellahin 3

E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Structure Map 5

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 MR. STAMETS: We'll call next Case 6938.

2 MR. PADILLA: Application of Anadarko
3 Production Company for an unorthodox gas well location,
4 Chaves County, New Mexico.

5 MR. KELLAHIN: I'm Tom Kellahin of Santa
6 Fe, New Mexico, appearing on behalf of the applicant, and I
7 have one witness.

8
9 (Witness sworn.)

10
11 RICHARD ERICKSON
12 being called as a witness and having been duly sworn upon
13 his oath, testified as follows, to-wit:

14
15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Would you please state your name and
18 occupation?

19 A My name is Richard Erickson. I work for
20 Anadarko Production Company as a geological engineer.

21 Q Mr. Erickson, have you previously testi-
22 fied before the Division?

23 A Yes.

24 Q And have you made a study of the facts
25 surrounding this application by Anadarko?

1 A. Yes.

2 Q. In addition, have you prepared certain
3 exhibits or had exhibits prepared on behalf of your testimony?

4 A. I prepared some of the exhibits and some
5 were prepared by other people.

6 MR. KELLAHIN: We tender Mr. Erickson as
7 an expert witness.

8 MR. STAMETS: The witness is considered
9 qualified.

10 Q. Mr. Erickson, would you turn to what we
11 have labeled Exhibit Number One and identify that for us?

12 A. Exhibit One is the -- illustrates the
13 Anadarko acreage in the area, shown in yellow. The well in
14 question is indicated by the red arrow, and the proration
15 unit is indicated by a red outline.

16 Q. What is the proration unit to be as-
17 signed to the well?

18 A. It would be the west half of Section 20,
19 Township 13 South, Range 31 East.

20 Q. And what is the footage location for
21 that well?

22 A. 660 from the south and west lines.

23 Q. From what formation does the well produce?

24 A. It's producing from the Queen.

25 Q. This well has been drilled?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 1193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.

Rt. 1 Box 159-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 A Yes.

2 Q When was it drilled?

3 A It was drilled in 1978.

4 Q All right. Why was it drilled at this

5 particular location, Mr. Erickson?

6 A It was drilled in this particular location

7 because it was anticipated that the well would be an oil well.

8 Q All right.

9 A And it's --

10 Q Obviously not.

11 A No.

12 Q Let's turn to Exhibit Number Two and look

13 at that. Is the subject well currently capable of producing

14 gas in paying quantities?

15 A It is currently capable of producing gas

16 but -- well, yes.

17 Q It's not now in production, is it?

18 A It is not now, no. It's shut-in.

19 Q Is there any current market for the gas

20 produced from this well?

21 A No.

22 Q Has it ever produced into a pipeline?

23 A No.

24 Q Referring to Exhibit Number Two, now,

25 would you locate for us the well in relation to the Caprock-

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 Queen Oil Pool?

2 A. Okay. The well is indicated by the red
3 dot. The proration unit is colored yellow.

4 The Caprock-Queen Oil Field is located
5 to the east and is that long series of wells.

6 Q. Approximately how many wells have they
7 completed in the Caprock-Queen Field?

8 A. 235.

9 Q. Okay. What was Anadarko's reasons for
10 attempting an oil well location in the southwest quarter of
11 Section 20 when they drilled this well?

12 A. The reasoning was based on -- primarily
13 based on the four wells that are indicated in yellow or blue
14 dots.

15 The two yellow wells were drilled quite
16 some time ago and had cores with oil staining in them. The
17 one in the very southeast corner of that section was drilled
18 first and had 9 feet of oil stained sand. The operator then
19 moved to the northwest in attempt to get up-dip but succeeded
20 in only staying on strike.

21 The blue wells indicate -- the blue dots
22 indicate wells that were either completed as Queen gas wells
23 or had good DST shows of Queen gas.

24 Anadarko's attempt here was to get down-
25 dip from these wells and hopefully into an oil column, and

1 apparently we didn't get down-dip far enough to succeed.

2 Q Was one of the reasons for drilling this
3 as an anticipated oil well, to examine whether or not the
4 Caprock-Queen Field extended in any stringers of oil production
5 farther to the west?

6 A Partly, yes.

7 Q Subsequent to the drilling of this well,
8 have any other wells been drilled by Anadarko in the area?

9 A Yes, we drilled one more well in --

10 Q Where was that?

11 A -- Section 21 in the northwest quarter.

12 Q And what did you find upon drilling that
13 well?

14 A Another gas well.

15 Q Does that well currently produce?

16 A No, it's also shut-in.

17 Q All right. If I understand you correctly,
18 the proposed location, or the location of the drilled well,
19 would have been a standard location for an oil well and you
20 anticipated having an oil well --

21 A Yes.

22 Q -- when it was completed. And that it is
23 unorthodox as a gas well because it is closer to the south
24 line than permitted.

25 A Yes.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 Q All right. Who are the offset operators
2 to the south?

3 A Cities Service.

4 Q What, if any, objection do you have from
5 any of the offset operators as to the proposed location?

6 A None that we know of.

7 Q Would you describe for us, Mr. Erickson,
8 the potential for production from this well in terms of its
9 marketability?

10 A The gas from this well is very low mar-
11 ketability. It has a very high content of nitrogen.

12 Q Are there any gas gathering lines in the
13 area that would take this gas?

14 A No.

15 Q Mr. Erickson, were Exhibits One and Two
16 compiled under your direction and supervision?

17 A Exhibit One was. Exhibit Two was prepared
18 by another geologist.

19 Q Have you examined the information con-
20 tained on Exhibit Two and can you attest to its accuracy and
21 authenticity?

22 A Yes.

23 MR. KELLAHIN: We move the introduction
24 of Exhibits One and Two.

25 MR. STAMETS: These exhibits will be

1 admitted.

2 Q In your opinion, Mr. Erickson, will ap-
3 proval of this application be in the best interests of con-
4 servation, the prevention of waste, and the protection of
5 correlative rights?

6 A Yes.

7 MR. KELLAHIN: That concludes our examin-
8 ation of Mr. Erickson.

9 MR. STAMETS: Are there any questions of
10 the witness? He may be excused.

11 Anything further in this case?

12 The case will be taken under advisement.

13
14 (Hearing concluded.)
15
16
17
18
19
20
21
22
23
24
25

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6938, heard by me on 8-28-1986.
Richard H. Stump, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
20 August 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Anadarko Production
Company for an unorthodox gas well
Location, Chaves County, New Mexico.)

CASE
6938

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

I N D E X

RICHARD ERICKSON

Direct Examination by Mr. Kellahin 3

E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Structure Map 5

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 MR. STAMETS: We'll call next Case 6938.

2 MR. PADILLA: Application of Anadarko
3 Production Company for an unorthodox gas well location,
4 Chaves County, New Mexico.

5 MR. KELLAHIN: I'm Tom Kellahin of Santa
6 Fe, New Mexico, appearing on behalf of the applicant, and I
7 have one witness.

8
9 (Witness sworn.)

10
11 RICHARD ERICKSON

12 being called as a witness and having been duly sworn upon
13 his oath, testified as follows, to-wit:

14
15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Would you please state your name and
18 occupation?

19 A My name is Richard Erickson. I work for
20 Anadarko Production Company as a geological engineer.

21 Q Mr. Erickson, have you previously testi-
22 fied before the Division?

23 A Yes.

24 Q And have you made a study of the facts
25 surrounding this application by Anadarko?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 A. Yes.

2 Q. In addition, have you prepared certain
3 exhibits or had exhibits prepared on behalf of your testimony?

4 A. I prepared some of the exhibits and some
5 were prepared by other people.

6 MR. KELLAHIN: We tender Mr. Erickson as
7 an expert witness.

8 MR. STAMETS: The witness is considered
9 qualified.

10 Q. Mr. Erickson, would you turn to what we
11 have labeled Exhibit Number One and identify that for us?

12 A. Exhibit One is the -- illustrates the
13 Anadarko acreage in the area, shown in yellow. The well in
14 question is indicated by the red arrow, and the proration
15 unit is indicated by a red outline.

16 Q. What is the proration unit to be as-
17 signed to the well?

18 A. It would be the west half of Section 20,
19 Township 13 South, Range 31 East.

20 Q. And what is the footage location for
21 that well?

22 A. 660 from the south and west lines.

23 Q. From what formation does the well produce?

24 A. It's producing from the Queen.

25 Q. This well has been drilled?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

- 1 A. Yes.
- 2 Q. When was it drilled?
- 3 A. It was drilled in 1978.
- 4 Q. All right. Why was it drilled at this
- 5 particular location, Mr. Erickson?
- 6 A. It was drilled in this particular location
- 7 because it was anticipated that the well would be an oil well.
- 8 Q. All right.
- 9 A. And it's --
- 10 Q. Obviously not.
- 11 A. No.
- 12 Q. Let's turn to Exhibit Number Two and look
- 13 at that. Is the subject well currently capable of producing
- 14 gas in paying quantities?
- 15 A. It is currently capable of producing gas
- 16 but -- well, yes.
- 17 Q. It's not now in production, is it?
- 18 A. It is not now, no. It's shut-in.
- 19 Q. Is there any current market for the gas
- 20 produced from this well?
- 21 A. No.
- 22 Q. Has it ever produced into a pipeline?
- 23 A. No.
- 24 Q. Referring to Exhibit Number Two, now,
- 25 would you locate for us the well in relation to the Caprock-

1 Queen Oil Pool?

2 A. Okay. The well is indicated by the red
3 dot. The proration unit is colored yellow.

4 The Caprock-Queen Oil Field is located
5 to the east and is that long series of wells.

6 Q. Approximately how many wells have they
7 completed in the Caprock-Queen Field?

8 A. 235.

9 Q. Okay. What was Anadarko's reasons for
10 attempting an oil well location in the southwest quarter of
11 Section 20 when they drilled this well?

12 A. The reasoning was based on -- primarily
13 based on the four wells that are indicated in yellow or blue
14 dots.

15 The two yellow wells were drilled quite
16 some time ago and had cores with oil staining in them. The
17 one in the very southeast corner of that section was drilled
18 first and had 9 feet of oil stained sand. The operator then
19 moved to the northwest in attempt to get up-dip but succeeded
20 in only staying on strike.

21 The blue wells indicate -- the blue dots
22 indicate wells that were either completed as Queen gas wells
23 or had good DST shows of Queen gas.

24 Anadarko's attempt here was to get down-
25 dip from these wells and hopefully into an oil column, and

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.

Rt. 1 Box 199-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 apparently we didn't get down-dip far enough to succeed.

2 Q Was one of the reasons for drilling this
3 as an anticipated oil well, to examine whether or not the
4 Caprock-Queen Field extended in any stringers of oil production
5 farther to the west?

6 A Partly, yes.

7 Q Subsequent to the drilling of this well,
8 have any other wells been drilled by Anadarko in the area?

9 A Yes, we drilled one more well in --

10 Q Where was that?

11 A -- Section 21 in the northwest quarter.

12 Q And what did you find upon drilling that
13 well?

14 A Another gas well.

15 Q Does that well currently produce?

16 A No, it's also shut-in.

17 Q All right. If I understand you correctly,
18 the proposed location, or the location of the drilled well,
19 would have been a standard location for an oil well and you
20 anticipated having an oil well --

21 A Yes.

22 Q -- when it was completed. And that it is
23 unorthodox as a gas well because it is closer to the south
24 line than permitted.

25 A Yes.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 433-7409

1 Q All right. Who are the offset operators
2 to the south?

3 A Cities Service.

4 Q What, if any, objection do you have from
5 any of the offset operators as to the proposed location?

6 A None that we know of.

7 Q Would you describe for us, Mr. Erickson,
8 the potential for production from this well in terms of its
9 marketability?

10 A The gas from this well is very low mar-
11 ketability. It has a very high content of nitrogen.

12 Q Are there any gas gathering lines in the
13 area that would take this gas?

14 A No.

15 Q Mr. Erickson, were Exhibits One and Two
16 compiled under your direction and supervision?

17 A Exhibit One was. Exhibit Two was prepared
18 by another geologist.

19 Q Have you examined the information con-
20 tained on Exhibit Two and can you attest to its accuracy and
21 authenticity?

22 A Yes.

23 MR. KELLAHIN: We move the introduction
24 of Exhibits One and Two.

25 MR. STAMETS: These exhibits will be

1 admitted.

2 Q In your opinion, Mr. Erickson, will ap-
3 proval of this application be in the best interests of con-
4 servation, the prevention of waste, and the protection of
5 correlative rights?

6 A Yes.

7 MR. KELLAHIN: That concludes our examin-
8 ation of Mr. Erickson.

9 MR. STAMETS: Are there any questions of
10 the witness? He may be excused.

11 Anything further in this case?

12 The case will be taken under advisement.

13
14 (Hearing concluded.)
15
16
17
18
19
20
21
22
23
24
25

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

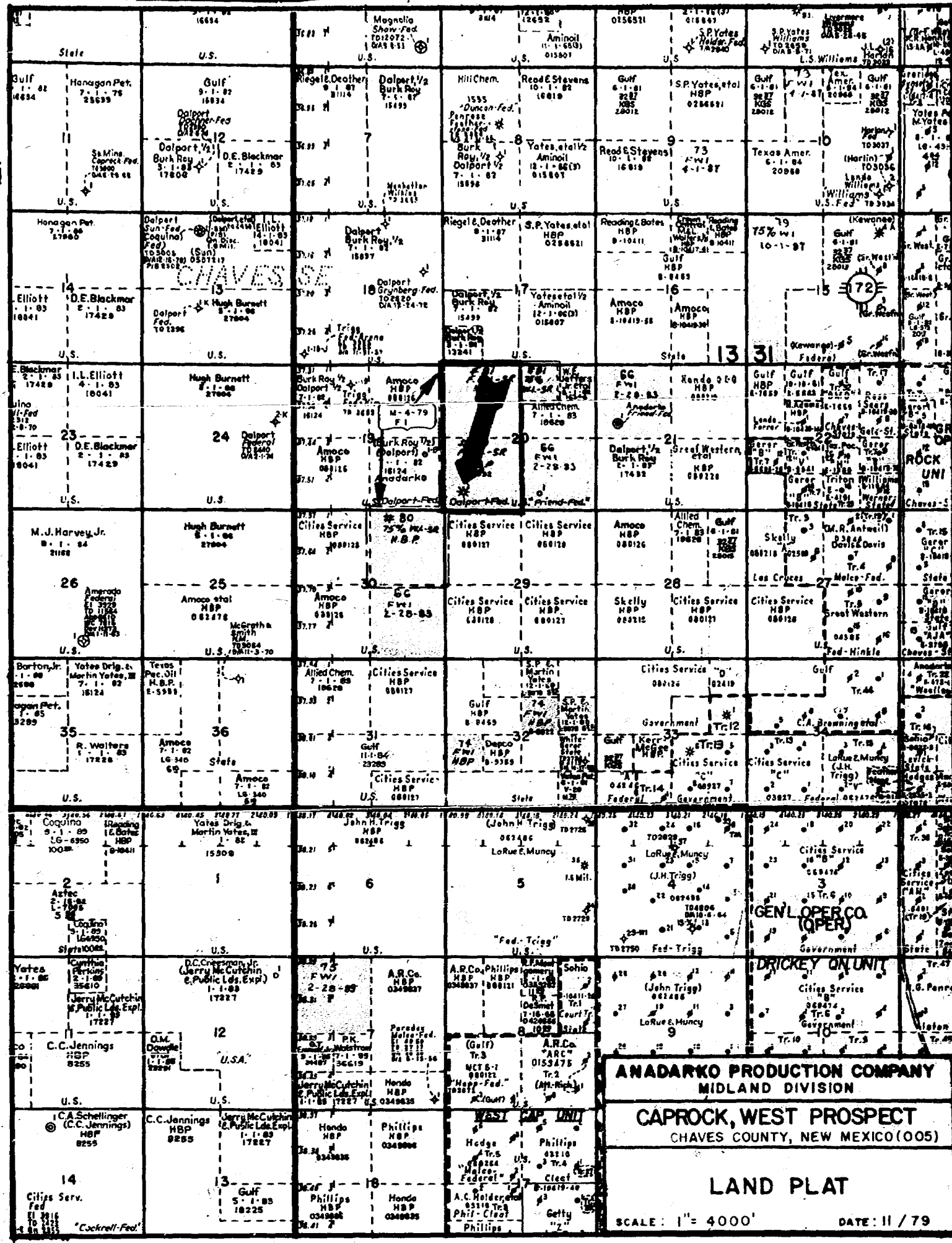
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____ 19____.

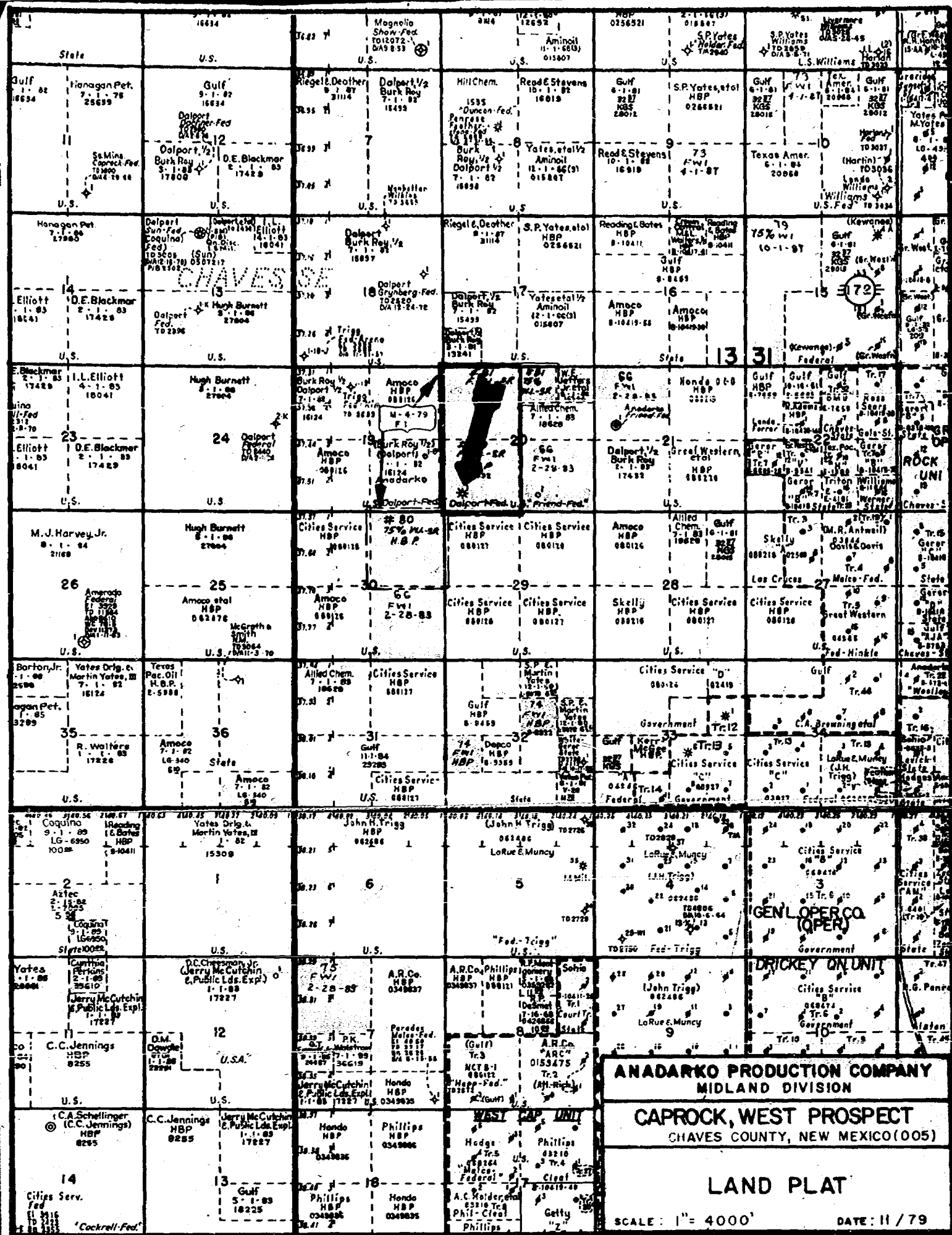
_____, Examiner
Oil Conservation Division

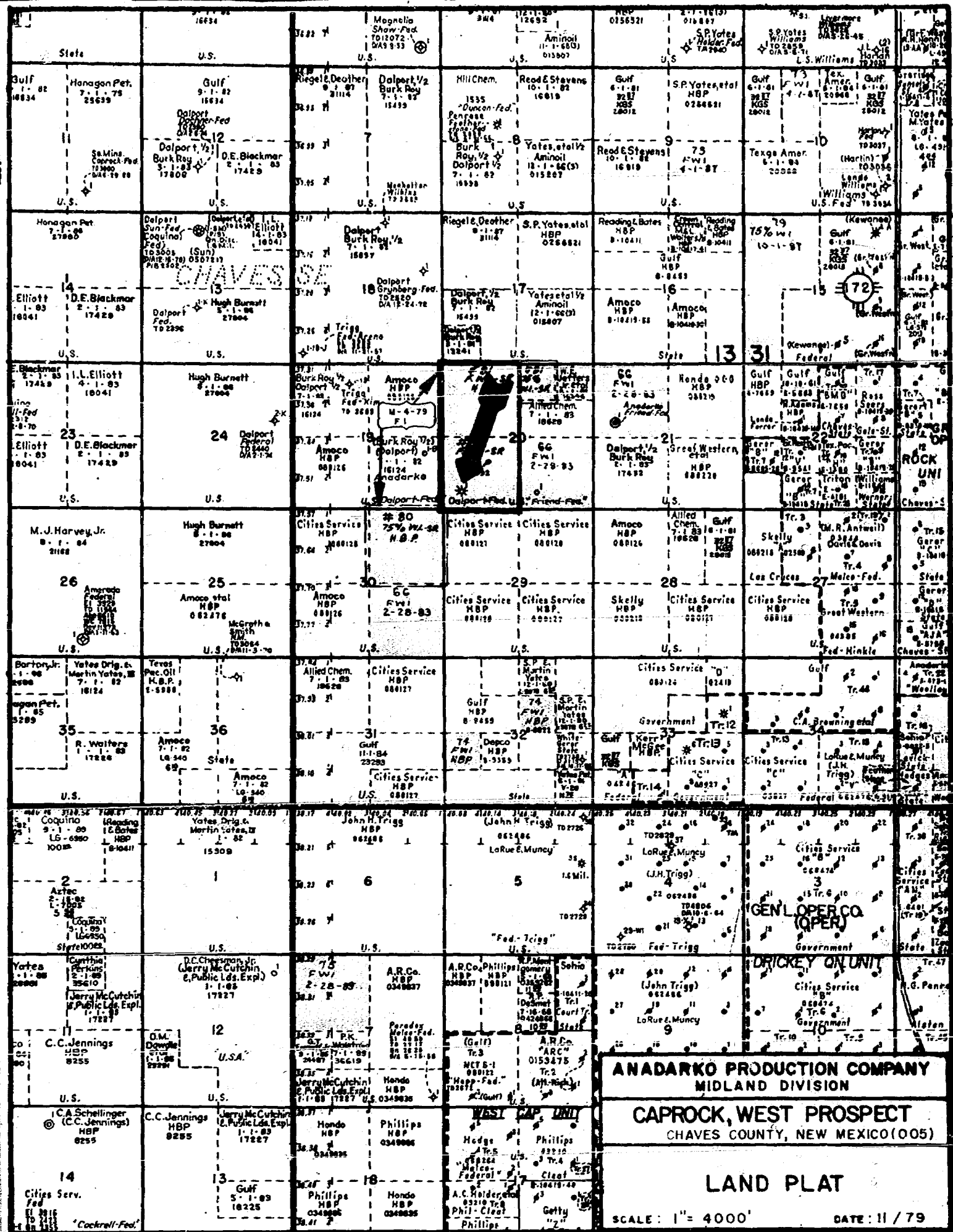
SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25







Dockets Nos. 27-80 and 28-80 are tentatively set for September 3 and 17, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY -- AUGUST 20, 1980

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:

ALLOWABLE: (1) Consideration of the allowable production of gas for September, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for September, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6998: Application of Monsanto Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Back Basin Unit Area, comprising 1,920 acres, more or less, of State and Federal lands in Township 23 South, Range 34 East.

CASE 6999: Application of Gulf Oil Corporation for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a previously approved 320-acre non-standard proration unit comprising the N/2 of Section 36, Township 21 South, Range 36 East, Eumont Gas Pool, to its Harry Leonard NCT-C Well No. 9 located in Unit B, and its No. 8, at an unorthodox location 1980 feet from the North line and 660 feet from the East line of Section 36.

CASE 7000: Application of Cavalcade Oil Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its McClay Well No. 11 2385 feet from the South line and 1834 feet from the West line of Section 33, Township 18 South, Range 30 East, the NE/4 SW/4 of said Section 33 to be dedicated to the well.

CASE 7001: Application of McClellan Oil Corporation for three unorthodox oil well locations, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for three following unorthodox locations for wells to be drilled in Section 24, Township 14 South, Range 29 East, Double L Queen Associated Pool: 1155 feet from the North line and 2145 feet from the East line; 1155 feet from the North and East lines; and 1650 feet from the North line and 1155 feet from the East line; the respective 40-acre tract would be dedicated to each well.

CASE 7002: Application of Orville Slaughter for the amendment of Order No. R-5947, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5947 to provide for the commingling of Oswell-Farmington production from his Sangre de Cristo Well No. 1 with undesignated Fruitland production from Wells Nos. 2 and 2S, all in Section 34, Township 30 North, Range 11 West.

CASE 7003: Application of El Paso Natural Gas Company for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill a well, the surface location of which is 590 feet from the South line and 2400 feet from the East line of Section 1, Township 29 North, Range 13 West; in such a manner as to bottom it within 175 feet of a point 990 feet from the South line and 1650 feet from the West line of said Section 1.

CASE 7004: Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Morrow formations underlying the N/2 of Section 12, Township 19 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6938: (Continued from June 25, 1980, Examiner Hearing)

Application of Anadarko Production Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Dalport Federal Well No. 1 660 feet from the South and West lines of Section 20, Township 13 South, Range 31 East, Southeast Chaves Queen Gas Area, the W/2 of said Section 20 to be dedicated to the well.

CASE 6939: (Continued from June 25, 1980, Examiner Hearing)

Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests at a depth from 2400 feet to 5000 feet below the surface, Turkey Track Field, underlying the NE/4 SE/4 of Section 10, Township 19 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Anadarko Production)
Company for an unorthodox gas well lo-) CASE
cation, Chaves County, New Mexico.) 6938

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation	Ernest L. Padilla, Esq.
Division:	Legal Counsel to the Division
	State Land Office Bldg.
	Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

MR. STAMETS: Call next Case 6938.

MR. PADILLA: Application of Anadarko
Production Company for an unorthodox gas well location, Chaves
County, New Mexico.

MR. STAMETS: At the request of the ap-
plicant this case will be continued to the August 20th Examiner
Hearing.

(Hearing concluded.)

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6938
heard by me on 6-25 1980
Richard L. Shank Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Anadarko Production
Company for an unorthodox gas well lo-
cation, Chaves County, New Mexico.

CASE
6938

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. STAMETS: Call next Case 6938.

MR. PADILLA: Application of Anadarko
Production Company for an unorthodox gas well location, Chaves
County, New Mexico.

MR. STAMETS: At the request of the ap-
plicant this case will be continued to the August 20th Examiner
Hearing.

(Hearing concluded.)

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

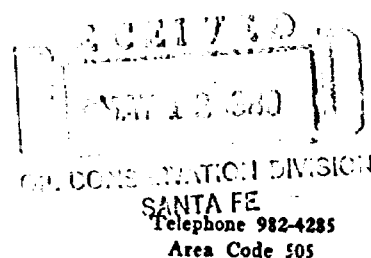
I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____ 19____.
_____, Examiner
Oil Conservation Division

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

- CASE 6935: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and undesignated Gallup production in the wellbore of its June Joy Well No. 2 located in Unit B of Section 25, Township 24 North, Range 10 West.
- CASE 6936: Application of Dugan Production Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 26, Township 30 North, Range 14 West, to be dedicated to a well to be drilled at a standard location thereon. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6916: (Continued from June 4, 1980, Examiner Hearing)
Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinebry production in the wellbore of its State DC Well No. 1, a quadruple completion located in Unit F of Section 19, Township 21 South, Range 37 East.
- CASE 6937: Application of R. N. Hillin for an unorthodox location and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his DWV Well No. 4 to produce gas from the Wolfcamp and Morrow formations thru tubing and the annulus, respectively. Applicant further seeks approval of the unorthodox location of said well in the Wolfcamp and Pennsylvanian formations at a point 800 feet from the South line and 2000 feet from the East line of Section 34, Township 19 South, Range 28 East.
- CASE 6938: Application of Anadarko Production Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Dalport Federal Well No. 1 660 feet from the South and West lines of Section 20, Township 13 South, Range 31 East, Southeast Chaves Queen Gas Area, the W/2 of said Section 20 to be dedicated to the well.
- CASE 6939: Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests at a depth from 2400 feet to 5000 feet below the surface, Turkey Track Field, underlying the NE/4 SE/4 of Section 10, Township 19 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6940: Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6941: Application of Ellwade Corporation for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 129.52-acre non-standard gas proration unit comprising the W/2 of partial Section 33, Township 26 South, Range 30 East, Ross Draw-Wolfcamp area, to be dedicated to its Ross Draw Well No. 1 located in Unit C of said Section 33.
- CASE 6942: Application of Benson-Montin-Greer Drilling Corporation for amendment of Order No. R-2565-B, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 2 of the Special Pool Rules for the West Puerto Chiquito-Mancos Oil Pool as promulgated by Order No. R-2565-B to provide that all 320-acre spacing and proration units in said pool would comprise either the W/2 or the E/2 of a governmental section, provided however, that one injection well would have dedicated thereto the N/2 of Section 1, Township 24 North, Range 1 West, and also that the short 400-acre sections on the South side of Township 27 North, Range 1 West, would each comprise a single spacing unit.
- CASE 6943: Application of Benson-Montin-Greer Drilling Corporation for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Puerto Chiquito-Mancos Unit Area, comprising 9,769 acres, more or less, of Federal, Indian, and fee lands in Townships 26 and 27 North, Ranges 1 East and 1 West.

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501



May 9, 1980

Mr. Joe Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 6938

re: Anadarko Production
Company; Application
for Unorthodox Well
Location, Chaves
County, New Mexico.

Dear Joe:

Please set the enclosed application for hearing on
June 18, 1980.
25

Very truly yours,


W. Thomas Kellahin

cc: Dan Kernaghan
Irley Bonnette
encl.
WTK:msf

RECEIVED
JAN 23 1960
COUNTY CLERK
SANTA FE

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF ANADARKO PRODUCTION COMPANY FOR
APPROVAL OF AN UNORTHODOX WELL LOCATION,
CHAVES COUNTY, NEW MEXICO

Case 6938

APPLICATION

COMES NOW ANADARKO PRODUCTION COMPANY and applies to the New Mexico Energy and Minerals Department, Oil Conservation Division, for approval of an unorthodox gas well location 660 feet from the South line and 660 feet from the west line of Section 20, T13S, R31E, NMPM, Southeast Chaves Queen Gas Area Associated Pool, Chaves County, New Mexico and in support thereof would show:

1. Applicant is the operator of the Dalport Federal No. 1 Well located 660 feet from the South line and 660 feet from the west line of Section 20, T13S, R31E, NMPM in the Southeast Chaves Queen Gas Area Associated Pool.
2. Applicant drilled the subject well at a standard oil well location anticipating that the well would be an oil well.
3. The subject well is a gas well to which Applicant will dedicate 320 acres being the W/2 of the said Section 20.
4. Approval of this Application will not impair the correlative rights of others, will prevent waste and will be in the best interests of conservation.

WHEREFORE Applicant requests that this case be set for hearing before the Division's examiner and that after notice

and hearing, the Application be granted as requested.

KELLAHIN & KELLAHIN

By 

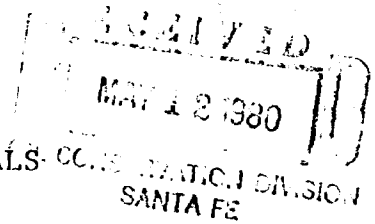
W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF ANADARKO PRODUCTION COMPANY FOR
APPROVAL OF AN UNORTHODOX WELL LOCATION,
CHAVES COUNTY, NEW MEXICO

Case 6938

APPLICATION

COMES NOW ANADARKO PRODUCTION COMPANY and applies to the New Mexico Energy and Minerals Department, Oil Conservation Division, for approval of an unorthodox gas well location 660 feet from the South line and 660 feet from the west line of Section 20, T13S, R31E, NMPM, Southeast Chaves Queen Gas Area Associated Pool, Chaves County, New Mexico and in support thereof would show:

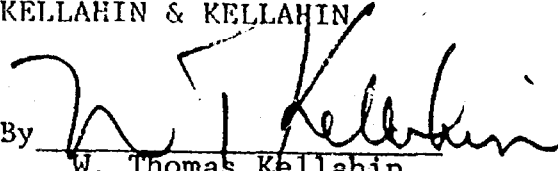
1. Applicant is the operator of the Dalport Federal No. 1 Well located 660 feet from the South line and 660 feet from the west line of Section 20, T13S, R31E, NMPM in the Southeast Chaves Queen Gas Area Associated Pool.
2. Applicant drilled the subject well at a standard oil well location anticipating that the well would be an oil well.
3. The subject well is a gas well to which Applicant will dedicate 320 acres being the W/2 of the said Section 20.
4. Approval of this Application will not impair the correlative rights of others, will prevent waste and will be in the best interests of conservation.

WHEREFORE Applicant requests that this case be set for hearing before the Division's examiner and that after notice

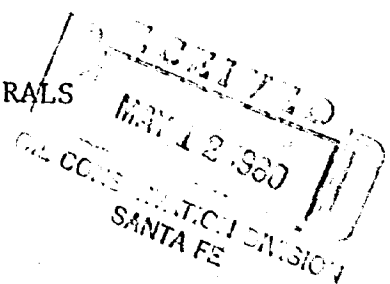
and hearing, the Application be granted as requested.

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501
ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION



IN THE MATTER OF THE APPLICATION
OF ANADARKO PRODUCTION COMPANY FOR
APPROVAL OF AN UNORTHODOX WELL LOCATION,
CHAVES COUNTY, NEW MEXICO

Case 6938

APPLICATION

COMES NOW ANADARKO PRODUCTION COMPANY and applies to the New Mexico Energy and Minerals Department, Oil Conservation Division, for approval of an unorthodox gas well location 660 feet from the South line and 660 feet from the west line of Section 20, T13S, R31E, NMPM, Southeast Chaves Queen Gas Area Associated Pool, Chaves County, New Mexico and in support thereof would show:

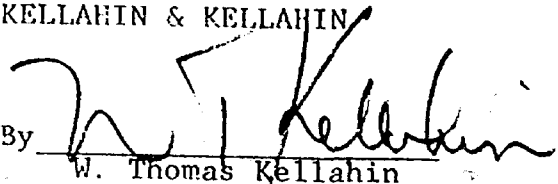
1. Applicant is the operator of the Dalport Federal No. 1 Well located 660 feet from the South line and 660 feet from the west line of Section 20, T13S, R31E, NMPM in the Southeast Chaves Queen Gas Area Associated Pool.
2. Applicant drilled the subject well at a standard oil well location anticipating that the well would be an oil well.
3. The subject well is a gas well to which Applicant will dedicate 320 acres being the W/2 of the said Section 20.
4. Approval of this Application will not impair the correlative rights of others, will prevent waste and will be in the best interests of conservation.

WHEREFORE Applicant requests that this case be set for hearing before the Division's examiner and that after notice

and hearing, the Application be granted as requested.

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

RECEIVED
MAY 12 1980
SANTA FE

IN THE MATTER OF THE APPLICATION
OF ANADARKO PRODUCTION COMPANY FOR
APPROVAL OF AN UNORTHODOX WELL LOCATION,
CHAVES COUNTY, NEW MEXICO

Case 6938

APPLICATION

COMES NOW ANADARKO PRODUCTION COMPANY and applies to the New Mexico Energy and Minerals Department, Oil Conservation Division, for approval of an unorthodox gas well location 660 feet from the South line and 660 feet from the west line of Section 20, T13S, R31E, NMPM, Southeast Chaves Queen Gas Area Associated Pool, Chaves County, New Mexico and in support thereof would show:

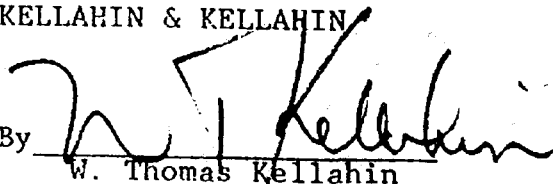
1. Applicant is the operator of the Dalport Federal No. 1 Well located 660 feet from the South line and 660 feet from the west line of Section 20, T13S, R31E, NMPM in the Southeast Chaves Queen Gas Area Associated Pool.
2. Applicant drilled the subject well at a standard oil well location anticipating that the well would be an oil well.
3. The subject well is a gas well to which Applicant will dedicate 320 acres being the W/2 of the said Section 20.
4. Approval of this Application will not impair the correlative rights of others, will prevent waste and will be in the best interests of conservation.

WHEREFORE Applicant requests that this case be set for hearing before the Division's examiner and that after notice

and hearing, the Application be granted as requested.

KELLAHIN & KELLAHIN

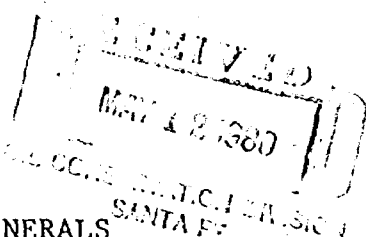
By


W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501
ATTORNEYS FOR APPLICANT

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF ANADARKO PRODUCTION COMPANY FOR
APPROVAL OF AN UNORTHODOX WELL LOCATION,
CHAVES COUNTY, NEW MEXICO



Case 6938

APPLICATION

COMES NOW ANADARKO PRODUCTION COMPANY and applies to the New Mexico Energy and Minerals Department, Oil Conservation Division, for approval of an unorthodox gas well location 660 feet from the South line and 660 feet from the west line of Section 20, T13S, R31E, NMPM, Southeast Chaves Queen Gas Area Associated Pool, Chaves County, New Mexico and in support thereof would show:

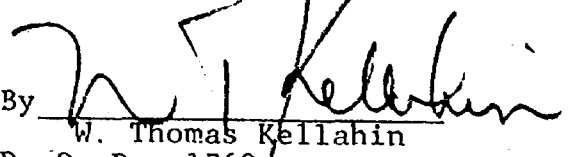
1. Applicant is the operator of the Dalport Federal No. 1 Well located 660 feet from the South line and 660 feet from the west line of Section 20, T13S, R31E, NMPM in the Southeast Chaves Queen Gas Area Associated Pool.
2. Applicant drilled the subject well at a standard oil well location anticipating that the well would be an oil well.
3. The subject well is a gas well to which Applicant will dedicate 320 acres being the W/2 of the said Section 20.
4. Approval of this Application will not impair the correlative rights of others, will prevent waste and will be in the best interests of conservation.

WHEREFORE Applicant requests that this case be set for hearing before the Division's examiner and that after notice

and hearing, the Application be granted as requested.

KELLAHIN & KELLAHIN

By


W. Thomas Kellahin
P. O. Box 1769
Santa Fe, New Mexico 87501
ATTORNEYS FOR APPLICANT

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:

JDR

CASE NO. 6938

ORDER NO. R- 6450

APPLICATION OF ANADARKO PRODUCTION COMPANY

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 Aug 20
June 25, 19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of June, 19 80, 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, Anadarko Production Company
for its Dalport Federal Well No. 1
seeks approval of an unorthodox gas well location/ 660
feet from the South line and 660 feet from the
West line of Section 20, Township 13 South
Range 31 East, NMPM, to test the Queen
formation, Southeast Chaves Queen Gas Area Pool, Chaves
County, New Mexico.

(3) That the W/2 of said Section 20 is to be
dedicated to the well.

(4) That ~~a separate~~ said unorthodox location ~~will better~~
~~resulted from the completion as a gas well of a~~
~~enable applicant to produce the gas underlying the proration unit.~~
~~well projected as an oil well at a standard oil well location.~~

(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 Queen
the Anadarko Production Company Dalport Federal Well No. 1
formation is hereby approved for ~~XXXX 1026~~ located at a point 560
feet from the South line and 660 feet from the West
line of Section 20, Township 13 South, Range 31 East,
NMPM, Southeast Chaves Queen Gas Area ~~XXXX 1026~~, Chaves County,
New Mexico.

(2) That the w/2 of said Section 20 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.