

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
May 23, 1956

IN THE MATTER OF:)
CASE NO. 1077)

TRANSCRIPT OF PROCEEDINGS

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In the matter of the application of Southern Union Gas Company for an order granting an exception to Paragraph 4 of Order R-794 in the Tapacito-Pictured Cliffs Gas Pool of Rio Arriba County, New Mexico.

Applicant, in the above-styled cause, seeks an order approving the drilling of two wells in quarter sections other than the specified NE/4 or SW/4 of each section in said special pool rules which was occasioned by the two other wells drilled prior to the rules which were exceptions to the spacing rules. Applicant desires to drill its Jicarilla well No. 5-E in the NW/4 or 1650 feet from the North line and 1585 feet from the West line of Section 16, Township 26 North, Range 4 West, and its Jicarilla Well No. 3-D in the SE/4 or 1650 feet from the South line and 1090 feet from the East line of Section 32, Township 26 North, Range 3 West, all in Rio Arriba County, New Mexico.

CASE NO. 1077

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next and last case on the Docket for today is Case No. 1077, the application of Southern Union Gas Company for an order granting an exception to Paragraph 4 of Order R-794 in the Tapicito-Pictured Cliffs Gas Pool in Rio Arriba County, New Mexico.

MILLER CARR: My name is Miller Carr; I am an attorney for Southern Union. The witness is Mr. Muennink.

LINWOOD MUENNINK

called as a witness, having first been duly sworn, testified as follows:

BY MR. CARR:

Q. What is your full name?

A. Linwood Stanley Muennink.

Q. What is your position and what are your duties with Southern Union Gas Company?

A. My position is exploration engineer and my duties are involved with the drilling and completion of wells and reservoir calculations in our various gas pools.

Q. How long have you been employed in this capacity for Southern Union?

A. I have been employed for approximately 16 months.

Q. What are your educational qualifications for this job?

A. I graduated from Texas A & I College with a bachelor of Science degree in Natural Gas Engineering.

Q. Are you familiar with our company's operations in the Tapacito area?

A. Yes, I am. I have done some reservoir calculation on this area, as well as deliverabilities and am generally familiar with the drilling operations.

MR. CARR: Are Mr. Muennink qualifications acceptable?

MR. MANKIN: They are.

Q. Mr. Muennink, what is the purpose of Southern Union's application in this case?

A. We are requesting approval of two exceptions to the spacing pattern as set up in paragraph 4 of Order R-794 in regard to the Tapacito-Pictured Cliffs Pool.

Q. Well, in brief, would you give me the purposes and the effect of Order R-794?

A. Order R-794 set up the boundaries of the Tapacito-Pictured Cliffs Gas Pool and established or granted temporary establishment of 320-acre drilling units and also set up the spacing pattern to be --- for wells to be drilled in the Tapacito-Pictured Cliffs Pool plus wells within any two mile limit of that pool to be located in either the NE/4 or the SW/4 of the Section.

Q. Did Order R-794 make any specific exceptions to this NE/4 SW/4 pattern?

A. Order R-794 made three exceptions, I believe. Two of these exceptions were Southern Union Gas Company wells. These two exceptions that we are requesting are located in the same sections as the two existing sections that were granted in Order R-794.

Q. Do you have a plat or a map showing the relative locations of our exceptions that we are requesting?

A. Yes, I do.

Q. Will you describe the information shown on this map?

A. Yes, I will. This map here covers the Tapacito-Pictured Cliffs area and has the existing wells spotted on it. The area that is outlined in red shows the Tapacito-Pictured Cliffs Gas Pool. You will notice that two gas wells, the first I will take the one up in Section 16, Township 26 North, Range 4 West, there is a well circled in green. That is Southern Union's 1-E Jicarilla located in the SE/4. It is the one well that was granted an exception in Rule 794, or in Order 794. The well circled in red which is a diagonal offset to that existing exception is one of the wells, Southern Union Gas Company's 5-E Jicarilla Well located in the NW/4, which we are requesting exception on. Then also in Township 26 North, Range 3 West in Section 32 you will find another gas well circled in green which is the other existing exception which is Southern Union's Jicarilla 1-D well. Also in that same section as the diagonal offset is the proposed location which we are requesting exception on for Southern Union's Jicarilla 3-D Well located in the SE/4 of that section.

Q. Can you give me the history of these two locations which we are asking exceptions for in this case and especially the status of the 5-E Well on April 18, the date of Order R-794.

A. The intention to drill for Southern Union's 5-E Jicarilla Well located in the NW/4 of Section 16, Township 26 North, Range 4 West was approved by the United States Geological Survey on April 2nd, which was prior to the issuance of Order R-794 and Southern Union's Jicarilla 3-D Well, which we are requesting exception on, was approved by the United States Geological Survey on April 30th subject to the Oil Conservation Commission's approval on the unorthodox location.

Q. Mr. Muennink, what in your opinion, is the effect of the existing approved exceptions that were stated in Order R-794?

A. I believe that, being that the existing exceptions have already caused an unconformity in the spacing pattern which will also result in an unbalanced distribution of wells when the field is fully developed.

Q. Again, what would be, in your opinion, the result of the exceptions that we are requesting in this case?

A. Since the well that we are requesting exception on are in the same sections and are diagonal offsets, I do not believe that it would cause any appreciable additional unconformity in the Tapacito-Pictured Cliffs Gas Pool.

Q. Well do you feel that the granting of these exceptions will violate the spirit and purpose of Order R-794?

A. No, I do not believe they will because of the existing exceptions, when Order R-794 was issued, it would have to cause some unconformity or uneven distribution of wells in that area.

MR. CARR: Those are all of the questions I have of the witness.

MR. MANKIN: Mr. Muennink, on that well 5-E in Section 16, which is one of the wells in question in this application, that was previously granted prior to Order R-794 by the U. S. G. S., approval was granted?

A. The Intention to Drill was granted on April 2nd, yes, sir.

MR. MANKIN: And therefore that well has proceeded to drill in this location, even though it is the subject of this particular hearing today.

A. Yes, that is correct.

MR. MANKIN: As a result of those exceptions approved in paragraph 6 of Order R-794 which included two Southern Wells which now in this application today you are asking for diagonal offsets to those wells in the same section. That particular exception granting those wells was all of the wells that Southern Union had that were off-pattern at that time, is that correct?

A. I believe that is correct, yes.

MR. MANKIN: Will there be any other exceptions requested by Southern Union as an exception to this rule for off-pattern wells in the future? Or will this clean up the particular problem that you have at hand?

A. This should clean up the particular problem at the present time and I do not believe or at least not to my knowledge do I know of any existing wells that we would be requesting exception to at a future date. All of the wells that we have in that area are located on this map and I am checking to see, and I do not see any that do not conform to the ----

MR. MANKIN: I am thinking particularly of some of these wells that were temporarily abandoned, such as in Section 18, the abandoned well there is the No. 1-H. You have no particular plans then to recomplete those wells and would therefore require further exception in the future.

A. Not to my knowledge. Although, it may be possible at a future date that we may see fit to go back in one or two of those temporarily abandoned wells, but at the present time I do not know for sure.

MR. MANKIN: I call your attention to your No. 3-D in Section 32, which will be a direct offset to the two gunsight wells, the two Florence wells there in Sections four and five. Is Southern Union's plans to also drill a well in Section 33, in the SW/4?

A. That is in 26, Range 3?

MR. MANKIN: Yes.

A. We do not own a lease on that. Phillips Petroleum holds that lease.

MR. MANKIN: So, if that particular well is drilled on pattern in the SW/4 that would occasion four wells clustered around a corner. Is that correct?

A. That is correct.

MR. MANKIN: And would therefore make a very uneven drainage pattern for 320-acre spacing?

A. Yes, sir, it would.

MR. MANKIN: And therefore might call for further interference tests under this Order as granted to approve or disprove this 320-acre spacing?

A. That is possible. However, if the 3-D Jicarilla Well was located in the NE/4, it would once again cause four wells to be bunched in a very near area when the offset location is drilled in Section 28.

MR. UTZ: Mr. Muennink, does your company have any objection to drilling the 3-D in the SW/4 of Section 32, an orthodox location?

A. We would probably have no great objection except that we have spent money building our location and building roads into that SE/4.

MR. UTZ: Have you spudded the well?

A. No, sir.

MR. UTZ: Can you tell me who owns the acreage in Section 31, the E/2, 26 North and 3 West?

A. I am not sure. I believe that is Southern Union's acreage, but I would not say that for sure. I do not have it marked on this map.

MR. UTZ: Could you give the Commission that information after the hearing or when you get home?

A. Yes, sir, I will.

MR. UTZ: In reference to your well in question, the Southern Union S-E, can you tell me the ownership of the E/2 of Section 17?

A. The E/2 of Section 17 is owned by Southern Union and Aztec.

MR. UTZ: What is the status of the 5-E. Have you spudded that well?

A. Yes, sir. We have spudded and I believe we have set surface.

MR. UTZ: That is all I have.

MR. CARR: Mr. Muennink, I would like to ask you. What, in your opinion, would be the result of the moving of this location of the 3-D Jicarilla with the --- well let me phrase it this way; Don't you believe that with three existing wells, assuming that the SW/4 location to the East is drilled, would there not be an undue amount of drainage on open acreage of Southern Union Gas Company's in that section?

A. It is very possible due to the fact that if we move that 3-D Jicarilla well location over in the SW/4 we would be subject to those three wells draining from the E/2 of our section on which we have no wells located.

Q. Again, don't you feel that the locations of these four wells, although there would be four wells spaced very close together for 320-acre spacing, don't you feel that those wells would probably together drain an equitable area with the other locations, assuming the other locations, undrilled locations around them would all be standard?

A. I feel that they would and I do not believe that if those four wells would be located in that --- bunched together there, that they would cause any unfair or adverse effect on correlative rights due to the fact that these four wells would be counteracting each other in that corner there.

MR. CARR: I have no further questions. I would like to ---

MR. MANKIN: I have another question. Section 33 to the East of the 3-D Well. You mentioned that that was Phillips acreage?

A. Yes, sir.

MR. MANKIN: Has that been farmed out to another operator which is planning operations in the area?

A. I am not familiar with that.

MR. CARR: I would like to ask that this Exhibit 1 be entered in evidence.

MR. MANKIN: Is there objection to entering Exhibit 1 in evidence in this case? If not, it will be so entered.

MR. CARR: I would like to make a final statement in connection with the temporarily abandoned well that we have. That although we have no present plans for going in and working those wells again, we again have made no definite abandonment of those locations and it is possible that at a future date we might want to go back there, although it is not within our planned range now.

MR. MANKIN: Then, Mr. Muennink, referring again to your testimony, you have no plans at the present for going back into these old wells that are off-pattern in the immediate area, say within two miles of the Tapacito Pool. At the present time this will clean up all of the exceptions you have definitely in mind as occasioned by other previously completed wells?

A. That is correct. But as Mr. Carr stated we have not permanently abandoned those locations, but at the present time we have no intention of going into those wells although it is very possible or very likely that we will at a later date.

MR. MANKIN: Is there further question of the witness in this case? If not, the witness may be excused. Is there any further statement to be made in this case?

MR. CARR: I would like in summation to, for the record, to ask that these exceptions be granted and the testimony shows that there is no undue conflict with the spirit and purpose of Order R-794.

MR. MANKIN: If there is nothing else we will take the case under advisement.

STATE OF NEW MEXICO)
 : ss
COUNTY OF SANTA FE

I, Nancy Chowning, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Commission Examiner at Hobbs, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

Dated at Santa Fe, New Mexico this 26th day of September, 1956.

Nancy Chowning