

BURR & COOLEY
ATTORNEYS AND COUNSELORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO
87401

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JOEL B. BURR, JR.
WM. J. COOLEY

TELEPHONE 325-1702
AREA CODE 505

October 3, 1969

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
P. O. Box 2088
Santa Fe, New Mexico

Gentlemen:

Forwarded herewith are original and three copies of Application of Tenneco Oil Company for an alternative unorthodox gas well location, and for authority to construct and use off-lease storage facilities for liquids produced therefrom. We request that this Application be set down for hearing at the Commission's earliest convenience.

The City of Farmington and the surface owner, C. R. Irvin, are being notified of this Application by carbon copies of this letter and the subject Application.

Very truly yours,

BURR & COOLEY

By *William J. Cooley*
William J. Cooley

WJC:jjh
Enclosures

cc: Mr. C. R. Irvin
2705 E. Main
Farmington, New Mexico

cc: City of Farmington
800 Municipal Drive
Farmington, New Mexico 87401

DOCKET MAILED

Date 10-24-69

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
 OF TENNECO OIL COMPANY FOR AN ALTERNA-)
 TIVE UNORTHODOX GAS WELL LOCATION IN)
 THE BASIN-DAKOTA GAS POOL, SAN JUAN)
 COUNTY, NEW MEXICO, AND FOR AUTHORITY)
 TO CONSTRUCT AND USE OFF-LEASE STORAGE)
 FACILITIES FOR LIQUIDS PRODUCED)
THEREFROM.)

CASE NO. 4249

A P P L I C A T I O N

COMES NOW the Applicant in the above styled and numbered cause, by and through its attorneys, BURR & COOLEY, 152 Petroleum Center Building, Farmington, New Mexico,, and would show the Commission as follows:

1. That heretofore, on July 7, 1969, the Applicant made Application to the Oil Conservation Commission for an unorthodox gas well location in the Basin-Dakota Gas Pool at a point 2250 feet from the north line and 600 feet from the east line of Section 11, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and that in connection with said Application the Applicant advised the Commission that it proposed to form a drilling and proration unit in the Basin-Dakota Gas Pool comprising the North Half of said Section 11, and further that all of said proposed drilling and proration unit was situated within the limits of the City of Farmington, New Mexico, with the exception of a small tract lying south and east of the Denver & Rio Grande Western Railroad Company right-of-way. The Commission was further informed with respect to said Application that it was not feasible to drill within the limits of the City of Farmington for the reasonable

fact that said portion of the proposed unit is highly developed for commercial and residential uses. It was also pointed out that the drilling location proposed in the previous Application was bounded closely on the south by the Animas River, thus making the most feasible location for the proposed well between the south line of the railroad right-of-way and the north bank of the Animas River.

2. On February 26, 1969, the Applicant, acting through its attorneys, notified the City of Farmington that it proposed to drill the subject well in that portion of the unit lying south and east of the railroad right-of-way, without specifying the exact proposed location of said well, and requested advice as to whether it would be necessary to obtain permission from the City of Farmington prior to drilling the proposed well, a copy of which letter is attached hereto as Exhibit "A".

3. On February 27, 1969, Applicant's attorneys received a response to their letter to the City of Farmington advising that that portion of the proposed unit which lies south and east of the railroad right-of-way is outside the corporate limits of the City of Farmington, and that consequently no location permits would be required from the City of Farmington. A copy of this letter is attached hereto as Exhibit "B".

4. The aforementioned Application was assigned Case No. 4186 by the Commission and was presented to and heard by an Examiner for the Commission on August 27, 1969, at which time no objection to the proposed Application was voiced.

5. On August 29, 1969, attorneys for Applicant received a complaint from C. R. Irvin, 2705 E. Main, Farmington, New Mexico,

the surface owner of the property on which the proposed unorthodox location was situated, to the effect that drilling of the well at that location would cause surface damage in the amount of approximately \$40,000.00 by virtue of the fact that it would destroy the value of the property as a commercial lot. It was the suggestion of Mr. Irvin that the proposed well be drilled on waste lands which are situated on an island in the Animas River. Mr. Irvin also advised that the City of Farmington would object to the drilling of the well at the approved unorthodox location despite the fact that it was outside the City Limits for the reason that the location was closer than 200 feet to an existing building belonging to Mr. Irvin within the City Limits.

6. On September 2, 1969, Applicant's attorneys wrote the City Attorney for the City of Farmington explaining the situation and requesting verification of the City's position with respect to this matter, a copy of which letter is attached hereto as Exhibit "C".

7. On September 4, 1969, Applicant's attorneys received a reply from the City Attorney, which made it clear that although the well was to be drilled outside the City Limits, the City would not approve of it being drilled within 200 feet of a building located inside the City Limits, and further that the City "may wish to join the landowner in seeking to enjoin the drilling and operation of the well." A copy of this letter is attached hereto as Exhibit "D".

8. That in view of the belated opposition voiced by both the landowner and the City of Farmington to the unorthodox location originally proposed by the Applicant and approved by the Commission in Order No. R-3822, Applicant proposed to relocate the proposed

unorthodox well at a point 2390 feet from the north line and 275 feet from the east line of said Section 11, which point is on an island in the Animas River and is not objectionable either to the surface owner or to the City of Farmington. That approval of the alternate unorthodox location hereinabove proposed will not cause waste nor adversely effect the correlative rights of any owner in the Basin-Dakota Gas Pool.

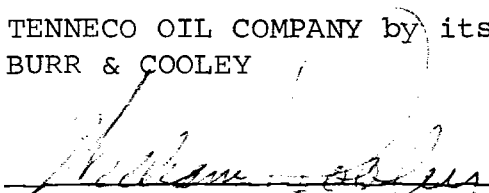
9. That in the event the above proposed alternative unorthodox well location is approved, Applicant proposes to construct an off-
lease tank battery in which to store all liquid hydrocarbons produced
from the subject well at a point 1500 feet from the south line and 820 feet from the east line of said Section 11, which location is on the northwest side of the Animas River, and thus more readily accessible to existing roads.

10. That a certified plat of the proposed alternate unorthodox well location and the proposed off-lease tank battery is attached hereto as Exhibit "E".

WHEREFORE, Applicant prays that the above proposed alternative unorthodox gas well location in the Basin-Dakota Gas Pool, San Juan County, New Mexico, and the off-lease storage for said well be authorized and approved by the Commission.

Respectfully submitted,

TENNECO OIL COMPANY by its attorneys,
BURR & COOLEY


152 Petroleum Center Building
Farmington, New Mexico 87401