

Case No.

611

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR THE
PURPOSE OF CONSIDERING:

CASE NO. 611
ORDER NO. R-401

THE APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN ORDER PERMITTING THE UN-
ORTHODOX SPACING OF WELLS IN SECTIONS 7
THROUGH 12, INCL., OF TOWNSHIP 28 NORTH,
RANGE 8 WEST, NMPM, SAN JUAN COUNTY, NEW
MEXICO, THIS BEING AN INCOMPLETE TOWNSHIP
IN WHICH REGULAR SPACING CANNOT BE MAINTAINED.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 17, 1953,
at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico,
hereinafter referred to as the "Commission."

NOW, on this 20th day of January, 1954, the Commission, a quorum
being present, having considered the application and the testimony adduced
at the hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law,
the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Sections 7, 8, 9, 10, 11 and 12 in Township 28 North,
Range 8 West, NMPM, are less than normal in size, containing acreage as follows:

Section 7: 298.76 acres
Section 8: 302.00 acres
Section 9: 297.80 acres
Section 10: 293.84 acres
Section 11: 291.96 acres
Section 12: 294.72 acres

(3) That in order to provide a uniform drilling pattern in line
with the 320-acre pattern previously established by the Commission and by
operators in the area, special drilling units should be established in said
sections as to all wells now drilling or hereafter drilled to the Mesaverde
gas horizon.

(4) That in order to prevent waste and protect correlative rights,
it is necessary that each of the irregular sections considered herein be
classified as a drilling unit, and that all lands within each unit be pooled
as to production of Mesaverde gas.

IT IS THEREFORE ORDERED:

(1) That the following lands shall constitute drilling units for the
production of gas from the Mesaverde horizon:

Township 28 North, Range 8 West, NMPM
All of Section 7, containing 298.76 acres
All of Section 8, containing 302.00 acres
All of Section 9, containing 297.80 acres
All of Section 10, containing 293.84 acres
All of Section 11, containing 291.96 acres
All of Section 12, containing 294.72 acres

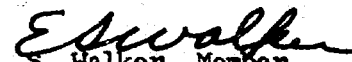
(2) That all lands within each of the above drilling units shall be pooled as to production of gas from the Mesaverde horizon, and only one well shall be drilled on each drilling unit.

(3) That wells shall be located not closer than 660 feet from the outer boundary of any of the above-designated drilling units.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Edwin L. Mechem, Chairman


E. S. Walker, Member


R. R. Spurrier, Member and Secretary

S E A L

01

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
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PURPOSE OF CONSIDERING:

CASE NO. 611
ORDER NO. R-401

THE APPLICATION OF EL PASO NATURAL
GAS COMPANY FOR AN ORDER PERMITTING THE
UNORTHODOX SPACING OF WELLS IN SECTIONS 7
THROUGH 12, INCLUSIVE, OF TOWNSHIP 28 NORTH,
RANGE 8 WEST, NMPM, SAN JUAN COUNTY NEW MEXICO,
THIS BEING AN INCOMPLETE TOWNSHIP IN WHICH REGULAR
SPACING CANNOT BE MAINTAINED.

ORDER OF THE COMMISSION

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This cause came on for hearing at 9 o'clock a.m. on December 17, 1953,
at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico,
hereinafter referred to as the "Commission."

NOW, on this day of January, 1954, the Commission, a
quorum being present, having considered the application and the testimony adduced
at the hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law,
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Section 9: 297.80 acres
Section 10: 293.84 acres
Section 11: 291.96 acres
Section 12: 294.72 acres

³
(3) That in order to provide a uniform drilling pattern in line
with the 320-acre pattern previously established by the Commission and by
operators in the area, special drilling units should be established in said
sections as to all wells now drilling or hereafter drilled to the Mesaverde
gas horizon.

⁴
(4) That in order to prevent waste and protect correlative rights,
it is necessary that each of the irregular sections considered herein be classified
as a drilling unit, and that all lands within each unit be pooled as to production
of Mesaverde gas.

IT IS THEREFORE ORDERED:

(1) That the following lands shall constitute drilling ~~units~~ units
for the production of gas from the Mesaverde horizon:

Township 28 North, Range 8 West, NMPM
All of Section 7, containing 298.76 acres
All of Section 8, containing 302.00 acres
All of Section 9, containing 297.80 acres
All of Section 10, containing 293.84 acres
All of Section 11, containing 291.96 acres
All of Section 12, containing 294.72 acres

(2) ^{That} All lands within each of the above drilling units ~~are hereby~~ ^{shall be} pooled
as to production from the Mesaverde gas horizon, and only one well shall be drilled
on each drilling unit.

(3) ^{That} Wells shall be located not closer than 660 feet from the outer
boundary of any of the above designated drilling units.

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

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

January 22, 1954

Mr. Ben R. Howell
Jones, Hardie, Granbling & Howell
Bassett Tower
EL PASO, TEXAS

Dear Mr. Howell:

RE: Order R-401 in Case 611

We enclose two signed copies of Order No. 401 issued by the Commission in Case 611 with El Paso Natural Gas Company as applicant. We ask that you please transmit a copy to your client.

Very truly yours,

W. B. Haasy
Chief Engineer

WBM:mr

C
O
P
Y

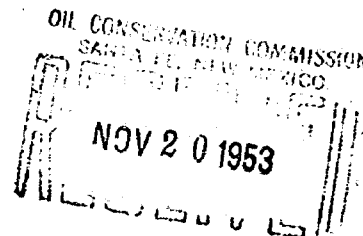
CYRUS H. JONES 1866-1952

THORNTON HARDIE
ALLEN R. GRAMBLING
BEN R. HOWELL
HAROLD L. SIMS
WILLIAM B. HARDIE
JOHN A. GRAMBLING
R. H. FEUILLE

JONES, HARDIE, GRAMBLING & HOWELL

ATTORNEYS AND COUNSELORS AT LAW
SEVENTH FLOOR BASSETT TOWER
EL PASO, TEXAS

November 18, 1953



R. R. Spurrier, Secretary
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Spurrier:

We enclose Application of El Paso Natural Gas Company for approval of unorthodox spacing units in one of the townships which contains fractional sections.

Will you please put this on the docket for hearing and notify us if we have omitted any of the required formalities in this connection.

With best personal regards,

Yours sincerely,

JONES, HARDIE, GRAMBLING & HOWELL

By

BRH/s
enc.

c-El Paso Natural Gas Company
Lease Department

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
at
Santa Fe, New Mexico
December 17, 1953

In the Matter of :

El Paso Natural Gas Company's application for
unorthodox spacing of wells in irregular town-
ship: Township 28 North, Range 8 West, San
Juan County.

Case No. 611

(Notice of Publication read by Mr. Graham).

MR. SETH: Mr. Morrell is the witness. If the Commission
please, this application is to establish drilling and a spacing unit
along the north row of sections in Township 28 North, Range 8 West.
This matter has been considered before by the Commission in the same
general section in relation to the irregular sections along the west
boundaries of the township. This is a slightly different problem.
As indicated, the township is irregular, the north row of sections
is short.

MR. FOSTER MORRELL

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q Mr. Morrell, would you state your name for the record?

A Foster Morrell.

Q By whom are you engaged, Mr. Morrell?

A I am engaged in this case by El Paso Natural Gas Company.

Q What is your profession?

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 108-109, EL CORTEZ BLDG.
PHONES 7-9648 AND 8-9846
ALBUQUERQUE, NEW MEXICO

A I am a petroleum consultant.

Q You have appeared before the Commission in previous hearings, have you not?

A I have.

Q Would you state to the Commission, please, in general, the proposal of El Paso Natural Gas Company in this application?

A As Township 28 North, Range 8 West is not a complete township, it is impossible to obtain drilling units consisting of 320 acres without splitting subdivisions of established public land surveys. For this reason the application for unorthodox spacing is filed.

Q This application pertains only to Mesaverde gas, does it not?

A That is correct.

Q Do you have a reproduction of the official plat on this township?

A I do.

(El Paso Natural Gas Company's Exhibit
No. 1 in Case 611 Marked for Identification)

Q Would you state to the Commission, by referring to this plat, the approximate acreage within each of the sections along the north row?

A The acreage in the sections along the north row of township 28 North, Range 8 West, are as follows: Section 7, 298.76 acres; Section 8, 302.00; Section 9, 287.80; Section 10, 293.84; Section 11, 291.96; Section 12, 294.72 acres.

Q Do you recommend to the Commission that each of these fractional sections be ordered to be a drilling or spacing unit?

A That is correct.

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

Q What would be the result in this particular situation if the normal spacing rule was applied to this township?

A The owners of lease hold rights would be deprived of their right, the opportunity to recover their equitable and just share of the natural gas.

Q Do you believe if this application is granted it will prevent waste, ultimately, and lead to a greater recovery of gas?

A I do.

Q Do you have a recommendation to make to the Commission as to the well locations within the proposed drilling units as recommended?

A I recommend that the wells be drilled not closer than 660 feet from the outer boundary of each section.

Q Do you have any comment to make on the topography in this particular area there?

A In the particular area these sections are cut by canyons and considerable leeway should be allowed for topographic conditions in establishing well locations.

Q Do you have any other comments or recommendations to make, Mr. Morrell?

A I might add that the sections involved, that is Section 7 to 12, inclusive, are all federal lands and that the lease hold, or gas operating rights in these sections are held entirely by El Paso Natural Gas Company.

MR. SETH: We would like to offer the plat in evidence, if the Commission please.

MR. SPURRIER: Without objection it will be admitted.

MR. SETH: Is there any further statement, Mr. Morrell?

A No.

MR. SPURRIER: Is there a question of the witness? If not the witness may be excused. Does anyone have anything further in this case? If not we will take the case under advisement and move on to Case 612.

(Witness excused)

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 611 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on December 17, 1953, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 27th day of December, 1953.

Ada Dearnley
COURT REPORTER

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9846
ALBUQUERQUE, NEW MEXICO

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF EL PASO NATURAL GAS COMPANY FOR
APPROVAL OF UNORTHODOX SPACING IN
SECTIONS 7 THROUGH 12, BOTH
INCLUSIVE, TOWNSHIP 28 NORTH, RANGE
8 WEST, N.M.P.M., SAN JUAN COUNTY,
NEW MEXICO

Case

NO.

611

TO THE HONORABLE COMMISSION:

Your Applicant, EL PASO NATURAL GAS COMPANY, represents that it is a Delaware corporation with a permit to do business in the State of New Mexico, and that it is the present owner and holder of leasehold rights or gas operating rights in and to the herein-after described sections, to wit:

Township 28 North, Range 8 West, N.M.P.M.
San Juan County, New Mexico

Section 7, containing 298.76 acres
Section 8, containing 302.00 acres
Section 9, containing 297.80 acres
Section 10, containing 293.84 acres
Section 11, containing 291.96 acres
Section 12, containing 294.72 acres.

Your Applicant represents that the township is not a complete township and that each of Sections 7 through 12, both inclusive, is a fractional section and that it is impossible to obtain a drilling unit consisting of 320 acres without splitting subdivisions of the established public land surveys.

Your Applicant represents that, pursuant to the terms and provisions of Order No. R-110 entered by the Commission, 320 acre spacing has been established for drilling gas wells to the Mesa-verde formation in San Juan County, New Mexico, and that 320 acre spacing units are not available in the above described sections, and that an appropriate drilling unit in the above described sections is the entire fractional section which, in each instance, is approximately 300 acres.

Your Applicant represents that, unless spacing units consisting of each fractional section attributable to a Mesaverde gas well be established for the above described sections, your

Applicant and other owners of oil and gas leasehold rights will be deprived of their opportunity to recover their just and equitable share of the natural gas in the gas pool lying under said fractional sections.

WHEREFORE, your Applicant respectfully requests than an appropriate order be entered by the Commission establishing each of the fractional sections above described lying in Township 28 North, Range 8 West, N.M.P.M. as an appropriate spacing unit for drilling a gas well to the Mesaverde formation.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY

By

W. S. Howell

Attorney

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 4, 1953

C
O
P
Y

Mr. Gene W. Hewett
Beaver Lodge Oil Corporation
301 Mercantile Commerce Building
Dallas 1, Texas

Dear Mr. Hewett:

I have your letter of November 2nd relative to the location of a well 990' from the East Line and 990' from the South Line, Section 7, Township 28 North, Range 8 West.

Our files do not reflect any telegram sent to P. T. McGrath approving the unorthodox location. As a matter of fact we find no correspondence whatever upon this particular location. It will be necessary therefore, for you to make application for hearing after which hearing you may receive approval for this location. In the meantime you have no authority to produce the well.

Very truly yours,

R. R. Spurrier
Secretary and Director

RRS:vc

cc: Mr. P. T. McGrath
U. S. Geological Survey
Farmington, New Mexico

Oil Conservation Commission
Albuquerque, New Mexico

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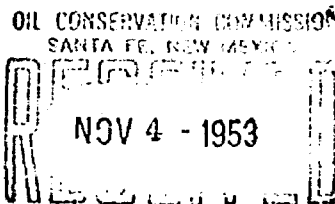
BEAVER LODGE OIL CORPORATION

301 MERCANTILE COMMERCE BUILDING

GENE W. HEWETT
VICE PRESIDENT-SECY-TREAS.

RIVERSIDE-8091
DALLAS 1, TEXAS

November 2, 1953



Mr. R. R. Spurrier
Oil Conservation Commission
Santa Fe, New Mexico

Re: Communitization Section 7, T28N, R8W
San Juan County, New Mexico, contain-
ing 298.76 acres

Dear Mr. Spurrier:

In regard to our telephone conversation today, I wish to confirm that on March 13, 1953, Mr. P. T. McGrath of the U. S. Department of the Interior, Farmington, New Mexico, approved the drilling of a well on captioned Federal acreage, subject to the approval of the New Mexico Oil Conservation Commission of the unorthodox location.

The location of the well is 990 ft. from the East Line, and 990 ft. from the South Line of Section 7. It is our understanding that the New Mexico Oil Conservation Commission sent Mr. McGrath a telegram approving the unorthodox location. 2

This well was drilled and completed shortly thereafter. Beaver Lodge Oil Corporation was the owner of the SE $\frac{1}{4}$ of Section 7 under Federal Lease No. SF-080101. Since that time Beaver Lodge sold its interest to El Paso Natural Gas Company subject to certain reservations.

In Mr. McGrath's approval of March 13, 1953, he stated "unorthodox location" instead of "unorthodox unit." I am not sure whether he meant unorthodox location or unorthodox unit, or both.

We hope that this is the information you desire.

Very truly yours,

Gene W. Hewett

Gene W. Hewett

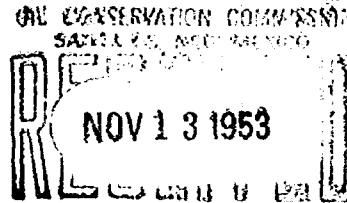
GWH:PS

GENE W. HEWETT
VICE PRESIDENT-SECY-TREAS

BEAVER LODGE OIL CORPORATION

301 MERCANTILE COMMERCE BUILDING

RIVERSIDE-9081
DALLAS 1, TEXAS



November 11, 1953

Mr. R. R. Spurrier
Oil Conservation Commission
Santa Fe, New Mexico

Re: Communitization Section 7, 28-8, N.M.P.M.
Containing 298.76 acres.

Dear Mr. Spurrier:

With regard to captioned unit your office advised us, after we received your letter of November 4, 1953, that the unorthodox location had been approved. However we were advised that we should apply for a hearing for the approval of the unorthodox unit. As noted above the unit contains 298.76 acres which is short of the regular 320 acre unit.

As we advised your office on the telephone the entire lease is now owned and operated by El Paso Natural Gas Company. El Paso has advised us that they will make application with you on behalf of Beaver Lodge Oil Corporation and El Paso Natural Gas Company for the approval of the unorthodox unit. You should be hearing from El Paso almost any day in this regard.

We wish to thank you for your assistance and advice in this matter.

Yours very truly,

BEAVER LODGE OIL CORPORATION

Gene W. Hewett

Gene W. Hewett

GWH/mjm

*Please return for
Case file - 114
N.*