

CASE 1228: Sun Oil Co. application for unorthodox well location in undesignated Gallup Gas Pool, San Juan County, N.M.

Case No.

1228

Application, Transcript,
Small Exhibits, Etc.

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

April 15, 1957

Mr. W. W. Walmsley
Sun Oil Company
P.O. Box 1798
Denver 1, Colorado

Dear Sir:

We enclose a copy of Order R-976 issued April 12, 1957, by the Oil Conservation Commission in Case 1228, which was heard on March 21st at Farmington, New Mexico.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encl.

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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1228
Order No. R-970

APPLICATION OF SUN OIL COMPANY FOR
APPROVAL OF AN UNORTHODOX WELL
LOCATION IN AN UNDESIGNATED GALLUP
GAS POOL UNDERLYING SECTION 25,
TOWNSHIP 25 NORTH, RANGE 11 WEST,
NMPM, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF DISMISSAL

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on March 21, 1957, at Farmington, New Mexico, before Warren W. Mankin, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 12th day of April, 1957, the Commission, a quorum being present, having considered the application and the recommendations of the Examiner, Warren W. Mankin, 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 case and the subject matter thereof.

(2) That, by telegram dated March 15, 1957, the applicant requested that its application in this case be dismissed.

IT IS THEREFORE ORDERED:

That the application of Sun Oil Company in Case 1228 be and the same is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

KORIN A. HECHEM, Chairman

MURRAY T. FORMAN, Member

A. L. PORTER, Jr., Member & Secretary



OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 3/22/57

CASE 1228

Hearing Date 10am on 3/21/57 @ Farmington
before

My recommendations for an order in the above numbered cases are as follows:

OK to write order?

Dismissed per

request of Ams
attorney

Warren W. Maurer
Staff Member

Examined

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

1957 MAR 15 PM 1201

SYMBOLS

DL = Day Letter

NL = Night Letter

LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

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(30)

DVA299 PD=FAX DENVER COLO 15 313PNM=

A L PORTER, JR., CARE MR COOLEY=

PHONE 3=7376 NEW MEXICO OIL CONSERVATION

COMMISSION 125 MABRY HALL, CAPITOL BLDG SANTA FE
NMEX=

WITH RESPECT TO CASE 1228 WE RECENTLY FILED A REQUEST
FOR INDEFINITE POSTPONEMENT OF OUR APPLICATION FOR A
HEARING ON A NON=STANDARD LOCATION NO. 1 HAROLD BEGAY
WELL, C NW/SW OF SECTION 25, T. 25 N., R. 11 W., SAN
JUAN COUNTY, NEW MEXICO. WE WISH TO MODIFY OUR REQUEST
FOR A POSTPONEMENT TO DISMISSAL OF OUR APPLICATION
WITHOUT PREJUDICE=

SUN OIL CO ATTORNEY IN FACT=NS CONCERNING ITS SERVICE

SUN OIL COMPANY

ROCKY MOUNTAIN DIVISION

DENVER CLUB BUILDING

P. O. BOX 1798

DENVER 1, COLORADO

March 13, 1937

P. S. JUSTICE
MANAGER

Re: Case 1226
Application for Hearing on
Non-Standard Location
No. 1 Harold Degay Lease
T 14W 37, Sec. 25, T25N, R11E
San Juan County, New Mexico

Mr. A. L. Porter, Jr., Secretary
New Mexico Oil Conservation Commission
Post Office Box 371
Santa Fe, New Mexico

Dear Mr. Porter:

Sun Oil Company has heretofore filed an application for a hearing on a non-standard location affecting the captioned well, and an Examiner Hearing has been set for March 21, 1937, 10:00 A.M., in Farmington, New Mexico.

We are presently compiling additional geological and petroleum engineering data and information which we feel should be presented to the New Mexico Oil Conservation Commission with respect to the No. 1 Harold Degay well, which data and information is not at this time available. Therefore, we respectfully request that the Examiner Hearing on the captioned Case 1226 be indefinitely postponed in order to permit us to either amend our application or gather further supporting evidence to proceed with the application as filed. We recognize that before approval for the production of gas can be given by the Commission, that a non-standard location hearing must be held.

Yours very truly,

W. W. WALMSLEY

W. W. Walmsley
Attorney-in-Fact

cc: Mr. Justice

cc: Independent-Prichard Oil Corporation
C. M. P. Whiting Company
American Exploration Company
Mr. Harold Degay

W. W. Walmsley

MAIL ROOM, ROCKY MOUNTAIN DIVISION

DOCKET: EXAMINER HEARING MARCH 21, 1957

FARMINGTON CITY HALL, 10:00 a.m., FARMINGTON, NEW MEXICO

The following cases will be heard before Warren W. Mankin, Examiner:

CASE 1227:

Application of John J. Eisner for an order authorizing two unorthodox well locations and three non-standard gas proration units in an undesignated Pictured Cliffs Gas Pool and the Blanco Mesaverde Gas Pool in exception to Rule 104 of the Statewide Rules and Regulations and Orders R-110 and R-128-D of the Special Rules and Regulations of the Blanco Mesaverde Gas Pool. Applicant, in the above-styled cause, seeks authorization for an unorthodox well location for its Hanson-Federal Well No. 1 to be located 990 feet from the North line and 682 feet from the West line of fractional Section 6 in an undesignated Pictured Cliffs Gas Pool; applicant further desires authorization for an unorthodox well location for its M. D. Reickhaus Well No. 1 to be located 990 feet from the North line and 700 feet from the West line of fractional Section 7 in an undesignated Pictured Cliffs Gas Pool and the Blanco Mesaverde Gas Pool; applicant further desires approval for a 165.34 acre non-standard gas proration unit consisting of all of fractional Section 6 in an undesignated Pictured Cliffs Gas Pool, said unit to be dedicated to its Hanson-Federal Well No. 1; applicant further desires a 170.32 acre non-standard gas proration unit consisting of all of fractional Section 7 to be dedicated to its Reickhaus Well No. 1 in an undesignated Pictured Cliffs Gas Pool, and in addition applicant desires to form a 335.66 acres non-standard gas proration unit consisting of all of fractional Sections 6 and 7 to be dedicated to its Reickhaus Well No. 1 in the Blanco Mesaverde Gas Pool; all of the above in Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said unorthodox locations and non-standard units are necessitated by the variations of legal sub-divisions in this area.

CASE 1228:

Application of Sun Oil Company for an unorthodox well location in an undesignated Gallup Gas Pool in San Juan County, New Mexico, in exception to Rule 104, Paragraph (2), of the New Mexico Oil Conservation Commission Statewide Rules and Regulations. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox gas well location in an undesignated Gallup Gas Pool for its Harold Legay Well No. 1 located 1580 feet from the South line and 460 feet from the West line of Section 25, Township 25 North, Range 11 West, San Juan County, New Mexico. Application is occasioned by the drilling of a gas well in an area that is generally considered to be oil productive and was drilled under the provisions of Rule 104, Paragraph (2), of the Commission Statewide Rules and Regulations.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 1104
Order No. R-855

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
AMENDING PARAGRAPHS (a), (b), (d),
AND (f) OF RULE 104 OF THE STATE-
WIDE RULES AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m., on July 18, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 10th day of August, 1956, the Commission, a quorum being present having considered the records and the testimony adduced and being fully advised in the premises,

FINDS:

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

(2) That the applicant by the preponderance of the evidence proved the need for a revision of Rule 104, Paragraphs (a), (b), (d), and (f) of the Commission's Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the application of the Oil Conservation Commission for an order amending paragraph (a), (b), (d), and (f) of Rule 104 of the Statewide Rules and Regulations be and the same is hereby approved.

(2) That Rule 104 of the Statewide Rules and Regulations be and the same is hereby amended so that paragraphs (a) through (f) shall read as follows:

RULE 104: WELL SPACING: ACREAGE REQUIREMENTS FOR DRILLING TRACTS

(a) Any well which is to be drilled a distance of one mile or more from another well which has produced oil or gas from the formation to which the proposed well is projected, or one mile or more from the outer boundary of any defined pool which has produced oil or gas from the formation to which the proposed well is projected, shall be classified as a wildcat well. Any well which is to be drilled less

than one mile from the outer boundary of a defined oil or gas pool which has produced oil or gas from the formation to which the proposed well is projected shall be spaced, drilled, operated, and prorated in accordance with the regulations in effect in the nearest such pool, provided that the well is completed in the formation to which it was projected. Provided further, that any well completed in a formation other than the one to which it was originally projected shall be operated and prorated in accordance with the rules and regulations in effect in the nearest pool within one mile which is producing from the formation in which said well is completed. If there is no designated pool for the aforesaid formation within one mile, the well shall be classified as a wildcat well.

(b) (1) Any well classified as a wildcat shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a quarter-quarter section or lot, being a legal subdivision of the U. S. Public Land Surveys and shall be located not closer than 330 feet to any boundary line of such tract, except as noted in paragraph (2) below.

(2) In San Juan, Rio Arriba, and Sandoval Counties, a wildcat well which is projected to a known gas producing horizon shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located 990 feet from the outer boundaries of the tract, provided however, that a tolerance of plus or minus 200 feet is permissible. Provided further, that no well shall be drilled closer than 130 feet to any quarter-quarter section or subdivision inner boundary. Provided further, that the district supervisor of the Commission shall have authority to grant approval for the spacing of any wildcat well in accordance with paragraph (b), subsection (1) above, when such wildcat well is projected to an oil-producing horizon as recognized by the Commission. In the event gas production is encountered in a well which was projected to an oil-producing horizon and which is located according to paragraph (b), sub-section (1) above but does not conform to the above-described gas well location rule, it shall be necessary for the operator to bring the matter to a hearing before approval for the production of gas can be given. In the event oil production is encountered in a well which was projected to a gas-producing horizon and which is located according to the above-described gas well location rule but does not conform to paragraph (b), sub-section (1) above, it shall be necessary for the operator to bring the matter to a hearing before approval for the production of oil can be given.

(c) Each well drilled within a defined oil pool shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the United States Public Land Surveys or on a governmental quarter-quarter section or lot and shall not be drilled closer than 330 feet to any boundary line of such tract or closer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

(d) (1) Each well drilled within a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys and shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to a well drilling to or capable of producing from the same pool, except as noted in paragraph (2) below.

(2) In San Juan, Rio Arriba, and Sandoval Counties, a well drilled within a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the U. S. Public Land Surveys, and shall be located 990 feet from the outer boundaries of the tract, provided however,

-3- Case No. 1104

that a tolerance of plus or minus 200 feet is permissible. Provided further, that no well shall be drilled closer than 130 feet to any quarter-quarter section or subdivision inner boundary.

(e) Notice of Intention to Drill (C-101) for any well shall designate the exact legal subdivision allotted to the well and no C-101 will be approved by the Commission or any of its agents without proper designation of acreage.

(f) The Secretary of the Commission shall have authority to grant an exception to the well location requirements of (b), (c), and (d) above without notice and hearing where application has been filed in due form and

1. The necessity for the unorthodox location is based on topographical conditions, and

2. (a) The ownership of all oil and gas leases within a radius of 660 feet of the proposed location is common with the ownership of the oil and gas leases under the proposed location, except in San Juan, Rio Arriba, and Sandoval Counties where the radius shall be 790 feet from the proposed location, or

(b) All owners of oil and gas leases within such radius consent in writing to the proposed location.

(c) In lieu of paragraph 2 (b) of this rule the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to drill an unorthodox location. The Secretary-Director of the Commission may approve the application if, after a period of twenty days following the mailing of said notice, no operator has made objection to the drilling of the unorthodox location.

II IS FURTHER ORDERED:

That Rule 104, paragraphs (g) through (m), of the Statewide Rules and Regulations remain unchanged.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Secretary & Member

S E A L

SUN OIL COMPANY

ROCKY MOUNTAIN DIVISION
DENVER CLUB BUILDING

DENVER 2, COLORADO

February 14, 1957

P. S. JUSTICE
MANAGER

*Examiner H
C Farmington*

Case # 1228

Mr. A. L. Porter, Jr., Secretary
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Application for Hearing on
Non-Standard Location
#1 Harold Begay
C NW/SW, Sec. 25, T.25N., R. 11 W.
San Juan County, New Mexico

Dear Mr. Porter:

Sun Oil Company has been handed a letter dated February 4, 1957 from Mr. Emery C. Arnold, Supervisor, District #3, directed to Anderson-Prichard Oil Company advising that it will be necessary to bring the matter of a non-standard location on the captioned well to hearing before approval for the production of gas can be given by the Commission.

By agreement with Anderson-Prichard Oil Company, we have assumed operations under the captioned Lease and, therefore, the aforementioned letter has been forwarded to us for action.

The #1 Harold Begay well was initially located by Anderson-Prichard as a standard oil well location (1980 feet from the South line and 600 feet from the West line of Section 25, T. 25 N., R. 11 W.) since it was initially projected to an oil producing horizon. However, the Gallup sand was found not to be oil productive but productive of gas and there-after the well was completed as a gas well.

In accordance with the provisions of Rule 154, Paragraph B, Subsection 2 of the Rules and Regulations of the New Mexico Oil Conservation Commission, we herewith make application for an examiner hearing and a date of hearing on this matter and request that said hearing be held in Farmington, New Mexico.

The names and addresses of parties in interest are set forth as follows:

Anderson-Prichard Oil Corporation
R-400 U.S. National Bank Building
Denver 2, Colorado

Sun Oil Company
P. O. Box 1798
Denver Club Building
Denver, Colorado

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission

February 14, 1957

C. M. & W. Drilling Company
1340 South Santa Fe Drive
Denver, Colorado

Arrowhead Exploration Company
1120 Mile High Center
Denver, Colorado

Harold Begay, Lessor
Huerfano Store
Bloomfield, New Mexico

Should any further information be desired by your office please advise
and we will be happy to respond.

Very truly yours,

SUN OIL COMPANY

By: 

Attorney-in-Fact
Wm. Walmsley

ROL

ROL:mp

cc: -Anderson-Prichard Oil Corp.
-C.M.& W. Drilling Company
-Arrowhead Exploration Company
-Harold Begay

ANDERSON-PRICHARD OIL CORPORATION



DISTRICT IV FIELD OFFICE
SUITE B-100, NEW U. S. NATIONAL BANK BUILDING
1740 BROADWAY
DENVER, COLORADO

PHONE KEYSTONE 4-1819

GENERAL OFFICE
LIBERTY BANK BLDG.
OKLAHOMA CITY 2, OKLAHOMA

February 8, 1957

Our File:
DMA-8-B

Sun Oil Company
P. O. Box 1798
Denver, Colorado

Subject: #1 Harold Begay
C NW SW Section 25-25N-11W
San Juan County, New Mexico

Attention: Mr. Robert O. Lavers

Dear Sir:

Attached is a letter from Mr. Emery C. Arnold, Supervisor, District #3, New Mexico Oil Conservation Commission, relative to the subject well. As stated in Mr. Arnold's letter, this well was located as a standard oil well location, as we anticipated completing this well as an oil well. However we did not find the Gallup sand to be oil productive, but gas productive, and consequently the well was completed as a gas well.

The attached letter and State Order No. R-855 explain the State's position relative to a non-standard gas producing location and the procedure to follow in order to establish an allowable for this well. Since your company has assumed the operation of this lease effective February 1, 1957, we feel that it is their responsibility to institute this hearing before the Commission.

If we can be of further assistance, please advise.

Yours very truly,

KARL A. BASHARA
District Superintendent

Encl.

cc - Mr. Emery C. Arnold, OCC, Aztec, New Mexico
Mr. A. L. Porter, OCC, Santa Fe, New Mexico
Mr. Sam F. Shakely, Oklahoma City
Mr. Duncan V. Patty, Oklahoma City
Mr. C. T. McClure, Oklahoma City

KAB:rw

NEW MEXICO
OIL CONSERVATION COMMISSION
AZTEC, NEW MEXICO

XXXXXXXXXXXX

120 East Chaco
February 4, 1957

Anderson-Prichard Oil Co.
1740 Broadway
Denver, Colorado

Att: Mr. Karl A. Bashara

Dear Mr. Bashara:

We note from your Well Record Form that your #1 Harold Begay well, U. S. Location 88-241-11W has been completed as a gas well in the Galun Formation. This well is located 1980 feet from the South line and 500 feet from the East line of the Section. Therefore, under Rule 1.1.1 as amended by Order 655 it is a non-standard gas well location, although it was drilled as a standard oil well location.

It will, therefore, be necessary for you to bring the matter of the non-standard location to hearing. An appeal for the production of gas can be given, as set out in Rule 1.1.2, paragraph B. Sub-section 2. I would suggest that you make an appeal to Mr. A. L. Porter to set a hearing date on this matter. If you wish an examiner hearing can be set in Aztec or Farmington. If you prefer it can be set for regular hearing in Santa Fe.

We are enclosing a copy of Order 655. If you have any questions please advise.

Very truly

W. L. Porter, District #3

ECA:ks

cc: Mr. A. L. Porter
OCC, Santa Fe, N.M.

BEFORE THE
OIL CONSERVATION COMMISSION
Farmington, New Mexico
March 21, 1957

* * * * *

IN THE MATTER OF:

CASE NO. 1228

* * * * *

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Farmington, New Mexico
March 21, 1957

* * * * *

IN THE MATTER OF:

The application of Sun Oil Company for an
unorthodox well location in an undesignated
Gallup Gas Pool in San Juan County, New
Mexico, in exception to Rule 104, Paragraph
(b) (2), of the New Mexico Oil Conservation
Commission Statewide Rules and Regulations.
Applicant, in the above-styled cause, seeks an
order authorizing an unorthodox gas well loc-
ation in an undesignated Gallup Gas Pool for
its Harold Begay Well No. 1, located 1980 feet
from the South line and 660 feet from the West
line of Section 25, Township 25 North, Range
11 West, San Juan County, New Mexico. Appli-
cation is occasioned by the drilling of a gas well
in an area that is normally considered to be oil
productive and was drilled under the provisions
of Rule 104, Paragraph (b) (1) of the Commission
Statewide Rules and Regulations.

CASE NO. 1228

* * * * *

BEFORE:

Warren W. Mankin, Examiner

EXAMINER MANKIN: The Hearing will come to order. The first
case on the Docket today is Case #1228. Application of Sun Oil Company for an
unorthodox well location in an undesignated Gallup Gas Pool in San Juan County,
New Mexico, in exception to Rule 104, Paragraph (b), Sub-paragraph (2) of New
Mexico Oil Conservation Commission Statewide Rules and Regulations. We have
received a letter requesting dismissal, dated March 13, 1957, from Sun Oil
Company, Denver, Colorado. It reads as follows: "Sun Oil Company has heretofore

filed an application for a hearing on a non-standard location affecting the caption well at an Examiner Hearing that has been set for March 21, 1957, 10:00 A. M., at Farmington, New Mexico. We are presently compiling additional geological and petroleum engineering data and information which we feel should be presented to the New Mexico Oil Conservation Commission with respect to the No. 1 Harold Begay Well which data and information is not at this time available. Therefore, we respectfully request that the Examiner Hearing on the caption case, 1228, be indefinitely postponed in order to permit us to either amend our application, or gather further supporting evidence to proceed with the application, as filed. We recognize that before approval for the production of gas can be given by the Commission, that a non-standard location hearing must be held. Signed C. W. Womsley, Attorney in Fact." Then on March 15, 1957, the Oil Conservation Commission received a telegram from Sun Oil Company to the Oil Conservation Commission, reading as follows: "With respect to Case 1228, we recently filed a request for indefinite postponement of our application for a hearing on a non-standard location, No. 1 Harold Begay Well, center of NW/4 SW/4 of Section 25, Township 25 North, Range 11 West, San Juan County, New Mexico. We wish to modify our request for postponement to dismissal of our application without prejudice. Signed Sun Oil Company, Womsley, Attorney in Fact." Is there objection to dismissal of this case, Case No. 1228? If there is no objection, the case will be dismissed as requested by the applicant.

STATE OF NEW MEXICO)
 : ss
COUNTY OF SANTA FE)

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

Dated at Santa Fe, New Mexico, this 14th day of
May, 1957.

Doris Arnold
Doris Arnold

I do hereby certify that the foregoing is
a true and correct record of the proceedings
before me as Examiner of the
New Mexico Oil Conservation Commission
May 21, 1957