

CASE 2077: Application of EL PASO &
SINCLAIR for 2 191-acre non-standard
gas proration units in S. Blanco-PC.

OK

Case No.

2077

Application, Transcript,
and 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. 2077
Order No. R-1783**

**APPLICATION OF EL PASO NATURAL GAS
COMPANY AND SINCLAIR OIL & GAS COM-
PANY FOR TWO 191-30NE NON-STANDARD
GAS UNITS IN THE SOUTH BLANCO-
PICTURED CLIFFS GAS POOL, RIO ARRIBA
COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 21, 1960, at Santa Fe, New Mexico, before Daniel S. Hutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3rd day of October, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Hutter, 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 the applicant, El Paso Natural Gas Company, is the operator of Federal Lease SF 080472-A which comprises all of Section 18, Township 24 North, Range 3 West, NMEH, Rio Arriba County, New Mexico, by virtue of its right to an assignment of the oil and gas operating rights in said lease from the applicant, Sinclair Oil & Gas Company.

(3) That the Tonkin Federal Well No. 3 is located 1470 feet from the North line and 1750 feet from the East line of said Section 18, and that the Tonkin Federal Well No. 4 is located 1500 feet from the South line and 990 feet from the East line of said Section 18.

(4) That it is proposed to dedicate lots 1 and 2, containing a total of 31.30 acres, more or less, and comprising the NW/4 of said Section 18, together with the NE/4 of said Section 18,

to the above-described Tonkin Federal Well No. 3, thereby establishing a non-standard gas proration unit of 191.30 acres in the South Blanco-Pictured Cliffs Gas Pool.

(5) That it is further proposed to dedicate lots 3 and 4, containing a total of 31.42 acres, more or less, and comprising the SE/4 of said Section 18, together with the SE/4 of said Section 18, to the above-described Tonkin Federal Well No. 4, thereby establishing a non-standard gas proration unit of 191.42 acres in the South Blanco-Pictured Cliffs Gas Pool.

(6) That all of the acreage to be dedicated to the two proposed non-standard gas proration units can reasonably be presumed to be productive of gas from the South Blanco-Pictured Cliffs Gas Pool.

(7) That creation of the two proposed non-standard gas proration units is necessitated by a deviation in the Public Land Survey.

(8) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 191.30-acre non-standard gas proration unit in the South Blanco-Pictured Cliffs Gas Pool, consisting of the NE/4 and lots 1 and 2 of Section 18, Township 24 North, Range 3 West, NMPN, Rio Arriba County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to the Tonkin Federal Well No. 3, located 1470 feet from the North line and 1730 feet from the East line of said Section 18.

(2) That a 191.42-acre non-standard gas proration unit in the South Blanco-Pictured Cliffs Gas Pool, consisting of the SE/4 and lots 3 and 4 of Section 18, Township 24 North, Range 3 West, NMPN, Rio Arriba County, New Mexico, be and the same is hereby established. Said unit is to be dedicated to the Tonkin Federal Well No. 4, located 1500 feet from the South line and 990 feet from the East line of said Section 18.

(3) That each of the above-described non-standard gas proration units shall be assigned an acreage factor for allowable purposes in the proportion that the acreage in the non-standard gas proration unit bears to the acreage in a standard gas proration unit in the South Blanco-Pictured Cliffs Gas Pool, subject to the provisions of the Special Rules and Regulations for said pool.

-3-
CASE No. 2077
Order No. A-1783

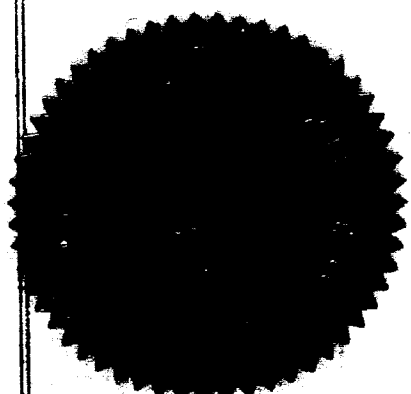
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Furroway
JOHN FURROWAY, Chairman

W. E. Morgan
WILLIAM E. MORGAN, Member

A. L. Foster, Jr.
A. L. FOSTER, JR., Member & Secretary



002/

State of New Mexico
Oil Conservation Commission



P. O. BOX 871
SANTA FE

El Paso & Sinclair

Other _____

Incl. o.c.c.

MAIN OFFICE OCC

BEFORE THE OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
EL PASO NATURAL GAS COMPANY AND
SINCLAIR OIL AND GAS COMPANY FOR THE
ESTABLISHMENT OF A 191.30 ACRE NON-
STANDARD GAS PRORATION UNIT AND A
191.42 ACRE NONSTANDARD GAS PRORATION
UNIT IN THE SOUTH BLANCO PICTURED
CLIFFS GAS POOL, CONSISTING OF THE NE/4
PLUS 31.30 ACRES AND THE SE/4 PLUS 31.42
ACRES, RESPECTIVELY, OF SECTION 18,
TOWNSHIP 24 NORTH, RANGE 3 WEST,
RIO ARriba COUNTY, NEW MEXICO, SAID UNITS
TO BE DEDICATED TO APPLICANTS' TONKIN
FEDERAL NO. 3 AND TONKIN FEDERAL NO. 4
WELLS, RESPECTIVELY.

CASE NO. 2077

A P P L I C A T I O N

COMES NOW El Paso Natural Gas Company and Sinclair Oil
and Gas Company, authorized to do business in the State of
New Mexico, hereinafter called "Applicants," and respectfully
allege and state:

I.

Applicant Sinclair Oil and Gas Company is the lessee
of record of Federal Lease SF 080472-A which covers the above
described proposed proration units. Applicant El Paso Natural
Gas Company has the right to an assignment of the oil and gas
operating rights in and to the land covered by the above
described proposed proration units.

II.

Said Tonkin Federal Nos. 3 and 4 Wells were initially
drilled on standard 160-acre proration units. An additional
31.30 acres, consisting of lots 1 and 2, should be added to the
proration unit for Tonkin Federal No. 3 Well and an additional
31.42 acres, consisting of lots 3 and 4, should be added to the
proration unit for Tonkin Federal No. 4 Well.

III.

Said Tonkin Federal No. 3 Well is located 1470 feet

from the North line and 1750 feet from the East line, and said Tonkin Federal No. 4 Well is located 1500 feet from the South line and 990 feet from the East line of Section 18, Township 24 North, Range 3 West, Rio Arriba County, New Mexico, and are situated in the South Blanco Pictured Cliffs Gas Pool. The exact locations of these wells are shown by a plat which is attached hereto and made a part hereof and marked Applicants' Exhibit "1."

IV.

Applicants seek an order from this Commission approving said proposed nonstandard proration units for the production of gas.

V.

If said order is issued, it will prevent waste and will not prejudice or violate correlative rights.

WHEREFORE, Applicants respectfully request that an order be issued setting this matter down for hearing before an Examiner, that notice thereof be given as required by law and that upon final hearing, an order be issued approving said non-standard proration units.

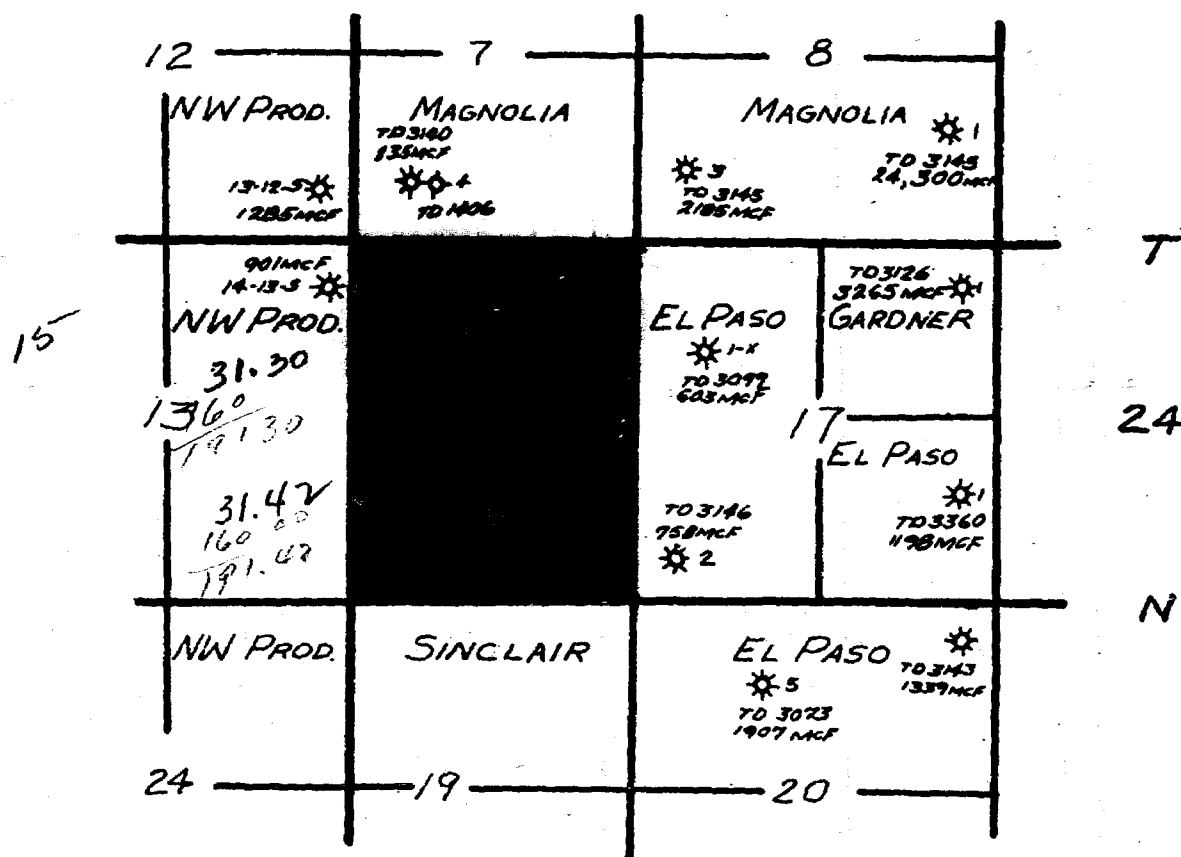
Garrett C. Whitworth
Garrett C. Whitworth
Attorney for El Paso Natural
Gas Company

[Signature]
Attorney for Sinclair Oil and
Gas Company

[Handwritten signature]

R-4-W

R-3-W



APPLICANTS' EXHIBIT "1"

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

1220
(R 11-54)

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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D LLF306 LONG NL PD=MF DALLAS TEX 19=
NEW MEXICO OIL CONSERVATION COMMISSION=
SANTAFE NMEX=

1960 SEP 19 PM 6 0A

Case file

IN THE MATTER OF THE APPLICATION OF EL PASO NATURAL GAS COMPANY AND SINCLAIR OIL AND GAS COMPANY FOR THE ESTABLISHMENT OF A 191.30-ACRE NON-STANDARD GAS PRORATION UNIT, AND A 191.42-ACRE NON-STANDARD GAS PRORATION UNIT IN SOUTH BLANCO PICTURED CLIFFS GAS POOL, CONSISTING OF NORTHEAST QUARTER PLUS 31.30 ACRES AND SOUTHEAST QUARTER PLUS 31.42 ACRES, RESPECTIVELY, OF SECTION EIGHTEEN, TOWNSHIP TWENTY-FOUR NORTH, RANGE THREE WEST, RIO ARRIBA COUNTY, NEW MEXICO, SAID UNITS TO BE DEDICATED TO APPLICANTS TONKIN FEDERAL NO. THREE AND TONKIN FEDERAL NO. FOUR WELLS, RESPECTIVELY, DIXIE MARIE MCLANE, INDIVIDUALLY AND AS INDEPENDENT EXECUTRIX OF THE ESTATE OF ALFRED E. MCLANE, DECEASED, CONSENTS TO AND JOINS IN THE APPLICATION=

DIXIE MARIE MCLANE BY TURNER WHITE ATWOOD MCLANE AND FRANCIS ATTORNEYS IN FACT BY LEWIS CHANDLER PARTNER..=

11 18 AM 20 SEP 1960

MAIN OFFICE 000

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

=191.30 191.42 31.30 31.42.

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
GEORGE A. GRAHAM, JR.

SETH, MONTGOMERY, FEDERICI & ANDREWS

ATTORNEYS AND COUNSELORS AT LAW

301 DON GASPAR AVENUE

SANTA FE, NEW MEXICO

1960 AUG 23 PM 8:40
August 22, 1960

POST OFFICE BOX 828
TELEPHONE YU 3-7315

New Mexico Oil Conservation Commission
Capitol Building
Santa Fe, New Mexico

Gentlemen:

Please find enclosed with this letter three copies of an Application by El Paso Natural Gas Company for a nonstandard proration unit in Rio Arriba County, New Mexico. It would be appreciated if you would file these applications and set the matter for hearing.

If there are any questions please call us.

Very truly yours,

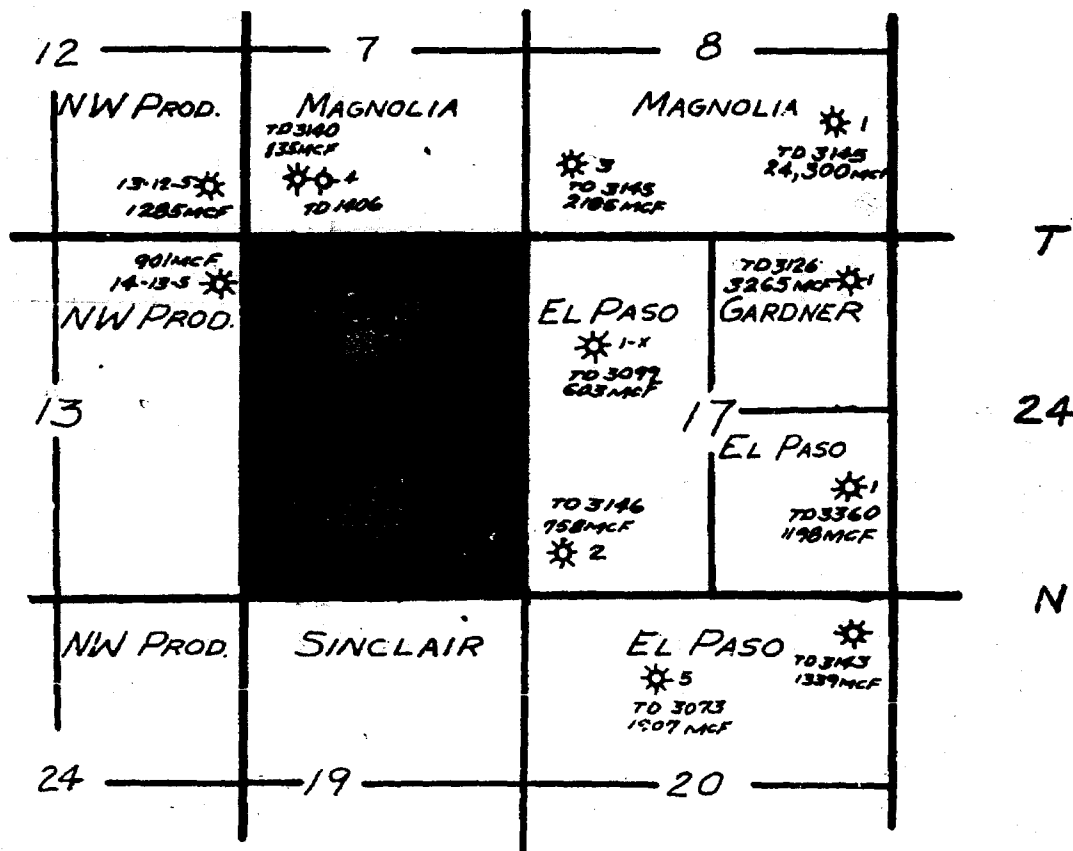


OS:mc
Enclosures

Lockhart
9-9-60
[Signature]

R-4-W

R-3-W



BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 2077

BEFORE THE
OIL CONSERVATION COMMISSION
September 21, 1960

Examiner Hearing

IN THE MATTER OF:

Application of El Paso Natural Gas Company
and Sinclair Oil & Gas Company for two non-
standard gas proration units. Applicants,
in the above-style cause, seek an order
establishing two 191-acre non-standard gas
proration units in the South Blanco-
Pictured Cliffs Gas Pool, Rio Arriba
County, New Mexico, one comprising the
NE¹/₄ and lots 1 and 2 of Section 18, the
other comprising the SE¹/₄ and lots 3 and 4
of said Section 18, both in Township 24
North, Range 3 West. Said units are to be
dedicated respectively to the Tonkin
Federal Well No. 3, located 1470 feet from
the North line and 1750 feet from the East
line of said Section 18 and to the Tonkin
Federal Well No. 4, located 1500 feet from
the South line and 990 feet from the East
line of said Section 18.

CASE NO.
2077

BEFORE:

Daniel S. Nutter, Examiner.
Oliver E. Payne

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: Next case will be 2077.

MR. PAYNE: Case Number 2077, Application of El Paso
Natural Gas Company and Sinclair Oil & Gas Company for two non-
standard gas proration units.

MR. HANNAS: Fred Hannas from Santa Fe, representing the
El Paso Natural Gas Company. Mr. Garrett C. Whitworth will present

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



the testimony.

MR. WHITWORTH: We have one witness, Mr. G. C. Hickson to be sworn.

(Witness sworn.)

GERALD C. HICKSON

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

DIRECT EXAMINATION

BY MR. WHITWORTH:

Q Will you please state your full name and by whom you are employed and in what capacity?

A Gerald A. Hickson, El Paso, proration engineer.

Q Have you previously qualified as an expert witness before this Commission?

A No, sir.

Q Would you briefly state to the Examiner your scholastic training, your experience?

A I graduated as a Petroleum Engineer from Texas Tech in Lubbock, and after graduating I went to work in Hobbs for the New Mexico Oil Conservation Commission as an engineer. In 1959 I went to work for El Paso in Jal as field engineer testing wells and working on storage wells, and in May of 1960 I was transferred to El Paso in capacity of proration engineer.

Q And served in that capacity to the present time?

A Yes, sir.

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Q We ask that the witness' qualifications be accepted.

MR. NUTTER: The witness is qualified.

Q (By Mr. Whitworth) You are familiar with the application in this case?

A Yes, sir, I am.

Q In your opinion why is it necessary to have a hearing on this matter rather than solve it administratively?

A This application meets all the requirements of 5B of the general northwest rules except Number 1, and the acreage involved here is greater than 160 acres on both non-standard units and is not, due to the variation of legal subdivision which is required in Number 1 of 5B.

Q What do the applicants seek in this application?

A We seek to add two lots to each of the standard units in Section 18 of 2⁴-3, lots 1 and 2, totaling 31.3 acres to be deeded to the Tonkin Federal Number 1, and lots 3 and 4, totaling 31.4 acres to be dedicated to the Tonkin Federal Number 1.

Q Have you prepared a plat showing the location of these two wells and the offset operators?

A Yes, sir, I have.

(Whereupon, Applicants' Exhibit Number 1 was marked for identification.)

Q We mark that as Applicant's Exhibit Number 1, is that true?

A Yes, sir.

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Q Would you explain to the Examiner where these wells are located and the offset operators that are depicted by the plat?

A The Federal Tonkin Number 3 is located in the northeast quarter of Section 18, Township 2¹/₂ North, Range 3 West, and the Federal Tonkin Number 4 is located in the southeast quarter of Section 18, Township 2¹/₂ North, Range 3 West. The offset operators are northwest Production Company, Sinclair Oil and Gas, El Paso and Secony Oil Company.

Q What is the federal lease that covers this acreage that is involved here?

A A federal lease SFO80472A.

Q Who is the owner of record of this lease?

A Sinclair Gas Company.

Q What interest does El Paso Natural Gas have with respect to the acreage involved in these two proposals?

A El Paso has right to assignment of one half of the 7/8 working interest on this lease which was originally obtained from Sinclair by Alfred McLane on the farm out.

Q And it is purely an administrative act of receiving the assignment to show El Paso is one half interest, is that true?

A Yes, sir.

Q Who has a right to the assignment of the other one half of the working interest?

A The estate of Alfred E. McLane.

Q Has the estate of Alfred E. McLane consented and joined

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in the application of El Paso Natural Gas Company and Sinclair Oil and Gas Company?

A Yes, sir, they have.

Q They did that by telegram to the Commission, is that true?

A Yes, sir.

Q Who is the operator of this federal lease that you mentioned?

A El Paso Natural Gas Company.

Q Now, what is the acreage that is to be dedicated to Tonkin Federal Number 3 Well?

A The acreage to be dedicated to the Tonkin Number 3 is the north half of Section 18, Township 24 North, Range 3 West.

Q What acreage do we propose to be dedicated to Tonkin Federal Number 4 Well?

A The south half of Section 18, Township 24 North, Range 3 West.

Q Do you know when these two wells were drilled?

A Yes, sir, the Tonkin Federal Number 3 was completed on June the 10th, 1960, and the Tonkin Federal number 4 was completed in November 21, 1959.

Q To what formation were these wells drilled?

A Pictured Cliffs.

Q Are they productive of gas in paying commercial quantities?

A Yes, sir, they are.

Q In your opinion would the two proposed proration units in



this application be productive of gas?

A Yes, sir, I feel they would.

Q Would these two wells drain the proposed area?

A Yes, sir.

Q Why do the applicants in this case want to add the four lots you mentioned to the two standard proration units?

A Well, to prevent the unnecessary and obviously uneconomical drilling of an additional well.

Q Would you say the granting of relief requested in this application would prevent waste and protect correlative rights?

A Yes, sir.

Q Who prepared Applicants' Exhibit Number 1, Mr. Hickson?

A This exhibit was prepared by our Land Department at our request.

Q We ask that Applicants' Exhibit Number 1 be admitted into evidence.

MR. NUTTER: Exhibit Number 1 will be entered.

MR. WHITWORTH: Is there anything you would like to add to your testimony in this case?

A No, sir, I don't believe there is.

MR. WHITWORTH: That is all we have.

MR. NUTTER: Any questions? Mr. Payne.

BY MR. PAYNE:

Q Mr. Hickson, can you tell me what is dedicated to the Pictured Cliffs well to the north on this Magnolia acreage, or is

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that a Picture well?

A That is a Picture well, I don't know the exact acreage dedication.

Q I see. Do you feel it would be economically feasible to dedicate these four lots to the well to be drilled on one of them?

A No, sir, I don't, that would be 60, 62.72 acres, a little over a third of a unit.

Q Do you feel each of these wells would be able to produce the 190 acre allowable?

A I have the AOF, I don't know what the allowable would be on these two units.

Q Are these what you might call fair wells in the South Blanco, or average wells?

A They are probably just average wells.

Q I see. And there is no other well available to which these four lots could be dedicated?

A No, sir.

BY MR. NUTTER:

Q Mr. Hickson, is the ownership of lot 1 and 2 identical with the northeast quarter with the ownership of the northeast quarter of Section 18?

A Yes, sir.

Q Is the ownership of lot 3 and 4 identical with all ownership of the southeast quarter of Section 18?

A Yes, sir.

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Q Would the formation of a unit comprising these four lots result in a unit which had more deviation in size from a standard unit than the formation of the unit which you propose?

A Yes, it would.

Q In other words, 60 acres is further from 160 than 190 is?

A That is correct.

MR. NUTTER: Any further questions? You may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Whitworth?

MR. WHITWORTH: Nothing further.

MR. NUTTER: Does anybody have anything further? We will take the case under advisement, and take case 2079.

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PHONE CN 3-6691

ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
 : ss
 COUNTY OF BERNALILLO)

I, LEW NELSON, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision and that the same is a true and correct record to the best of my knowledge, skill and ability.

Witness my hand and seal this the 30 day of September, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Lew Nelson
 NOTARY PUBLIC

My Commission Expires:
 June 1st, 1964

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2077 heard by me on 9/21, 1960.

[Signature] Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6891

ALBUQUERQUE, NEW MEXICO



I N D E X

WITNESS

DIRECT

CROSS

MR. GERALD HICKSON
By Mr. Whitworth
By Mr. Payne
By Mr. Nutter

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EXHIBIT

FOR
IDENTIFICATION

OFFERED

Applicants' No. 1

3

6

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ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

